

SUBJECT : ECONOMICS

MICRO ECONOMICS

CHAPTER-1

1. What is economic problem? Explain causes of economic problem.
2. Distinguish between Micro and Macro Economics.
3. Distinguish between Normative and Positive Economics.
4. Distinguish between Planned Economy, Market Economy & Mixed Economy.
5. What is Production possibility curve? Give its properties and assumptions.
6. Define following central problems.
 - (a) What to produce?
 - (b) How to produce?
 - (c) For whom to produce?
7. Define effect of following on PPC.
 - (a) Natural calamity
 - (b) Import of Capital Goods
 - (c) Unemployment
 - (d) Inefficient use of Technology
 - (e) Swachta Abhiyan
 - (f) Make in India etc.
8. Why does PPC slope downward & concave to origin? Can PPC be a straight line?

CHAPTER-2

1. Define utility & concepts of utility.
2. Why TU and MU are related to each other?
3. Explain Law of Diminishing Marginal Utility. Does it have any exceptions? What happens if we consume after saturation.
4. Explain Consumer's Equilibrium in Single Commodity case.
5. Explain Consumer's Equilibrium in two commodity case.
6. Explain what happens in following situations.
 - (a) $\frac{MU_x}{P_x} > \frac{MU_m}{P_m}$
 - (b) $\frac{MU_x}{P_x} < \frac{MU_m}{P_m}$
 - (c) Price of X changes in Single Commodity Case.
 - (d) $\frac{MU_x}{P_x} > \frac{MU_y}{P_y}$
 - (e) $\frac{MU_x}{P_x} < \frac{MU_y}{P_y}$

CHAPTER-3

1. Distinguish between Cardinal and Ordinal Utility Analysis.
2. What is indifference curve explain with the help of Schedule and figure.
3. Define following properties of IC.
 - (a) IC slopes downward.
 - (b) IC is convex to origin (Why).
 - (c) Higher IC shows higher level of satisfaction.
 - (d) Two ICs never intersect each other.
 - (e) IC neither touch OX axis, OY axis.

4. What is Budget Line/Budget Set? In which situations Budget Line Shift/Rotate?
5. Define Consumer's Equilibrium by IC approach & what happened in following situations.
 - (a) $MRS > \frac{P_x}{P_y}$
 - (b) $MRS < \frac{P_x}{P_y}$

CHAPTER-4

1. Distinguish between change in demand & change in Qd.
2. Show effect of following on demand curve.
 - (a) Change in price of substitute
 - (b) Change in price of complementary Good
 - (c) Change in Income
 - (d) Change in Taste & preference
3. Why does demand curve shift L.H.S./R.H.S.
4. Why does demand curve slope downward? In which situations demand curve slopes upward.
5. What are the determinants of demand? Give brief explanation.

CHAPTER-5

1. Why does demand rectangular hyperbola if $E_d = 1$?
2. Define different degrees of E_d (Use diagram).
3. Define following methods to find E_d .
 - (a) Total Expenditure method
 - (b) Percentage/Proportionate method
 - (c) Geometric/Graphic/Point method
4. How following affect Price elasticity of demand?
 - (a) Nature of commodity
 - (b) Price level
 - (c) Habit of consumer
 - (d) Postponement of use
 - (e) Income of consumer
 - (f) Time
 - (g) Availability of substitute
 - (h) Proportion of income spent of commodity

CHAPTER-6

1. What is production function? Explain difference concepts of production.
2. Distinguish between short run & long run production function.

OR

Distinguish between Returns to a factor & Returns to Scale.

3. Define law of variable proportions.

OR

Define Returns to a factor.

4. Explain Relationship of
 - (a) TP and MP
 - (b) AP and MP

5. In which situations (causes). Increasing returns to a factor is applicable.
6. In which situations (causes). Distinguish returns to a factor is applicable.
7. What is Ideal factor ratio? What happened it Ideal factor ratio crossed.
8. Show Print of Inflexion by drawing TP and MP curves.

CHAPTER-7

1. Give definition of following:

(a) Explicit and Implicit Cost	(b) Production cost & Selling cost
(c) Fixed Cost and Variable Cost	(d) TC, TFC & TVC
(e) AC, AFC & AVC	
2. MC is always variable why?
3. AFC curve is rectangular hyperbola why?
4. When output rises difference between AVC & AC curve become smaller & smaller why?
5. Draw the following curves on same graph.

(a) AVC	(b) AFC
(c) AC	(d) MC
6. Draw relationship between following:

(a) AC and MC	(b) MC and TC
(c) AVC and MC	(d) TVC and MC
7. Why AC and MC curves are 'U' shaped.

CHAPTER-8

1. Define AR, TR and MR.
2. Draw relationship between TR, AR and MR.
3. Using Schedule and figure show shape of revenue curve in following markets.

(a) Perfect Competition Market
(b) Monopoly
(c) Monopolistic Competition Market
4. AR curve is firm's demand curve why?
5. AR = Price prove.
6. Can MR be zero +ve? Explain situation.
7. Show elasticity of demand in different market situations.

CHAPTER-9

1. Define Produces & producer's Equilibrium.
2. Distinguish between Gross Profit and Net Profit.
3. Explain Normal Profit, Extra Normal Profit and Sub Normal Profit.
4. Define producer's Equilibrium by MC and MR approach.
5. What happened if

(a) $MC > MR$
(b) $MC < MR$
6. How producer got equilibrium if we use TR and TC approach.

CHAPTER-10

1. Distinguish between Supply & QS.
2. Distinguish between Stock and Supply.

3. Show effect on supply curve in following situations.
 - (a) Change in price of substitute
 - (b) Change in Technology
 - (c) Change in price of Inputs
 - (d) Rise/fall in number of firms
4. Distinguish between change in supply & change in QS.
5. In which situations supply curve shift R.H.S./L.H.S.
6. What is price elasticity of supply? How it is measured (methods).
7. Explain determinants of ES.

CHAPTER-11

1. Distinguish between
 - (a) Perfect Competition Market & Monopoly
 - (b) Monopoly & Monopolistic Competition
 - (c) Monopolistic Competition & PCM
 - (d) Oligopoly & Monopolistic Competition Market
2. Define Perfect Competition Market its features & Implications.
3. Define Monopoly Competition Market its features & Implications.
4. Define Monopolistic Competition Market its features & Implications.
5. Under PCM firm is price taker why?
6. Monopolistic is price maker why?
7. Define types of Oligopoly.
8. Difference between price discrimination & product differentiation.

CHAPTER-12

1. Show chain effect of
 - (a) Change in demand
 - (b) Change in supply
2. Define price ceiling & price floor also explain their implications (Administered price).
3. Show Implications of Excess Demand & Excess Supply.
4. If both demand & supply curve changes, but does not affect equilibrium price. How? (show by diagram)

MACRO ECONOMICS

CHAPTER-1

1. Define following:
 - (a) Produces Good
 - (b) Consumer good (Types)
 - (c) Capital Goods
 - (d) Investment (Types)
2. What is depreciation/consumption of fixed capital goods?
3. Difference between of fixed capital & capital loss.
4. What is depreciation reserve fund? What happened if it is not maintained?
5. Difference between Stock and Flow.
6. Define Real Flow & Money Flow. How these are opposite to each other.

CHAPTER-2

1. Give definition of following:
 - (a) GDP_{MP}
 - (b) GNP_{MP}
 - (c) NDP_{MP}
 - (d) NNP_{MP}
 - (e) GDP_{FC}
 - (f) GNP_{FC}
 - (g) NDP_{FC}
 - (h) NNP_{FC}
 - (i) NDP_{FC} to Pvt. Sector
 - (j) Private Income
 - (k) Personal Income
 - (l) Personal disposable income
 - (m) NDY and $GNDY$
2. Rising GDP is an Index of welfare. Give arguments in favour and against.
3. Define positive and negative externalities and their effect on welfare.
4. What is GDP deflator?

CHAPTER-3

1. Explain Income method to measure National Income. What are its precautions?
2. Explain Expenditure method to measure NY? What are its precautions?
3. Explain Value Added/Product Method to measure National Income. (Precautions)
4. List 20 items which are included/Not included in national income (cause).
5. What is problem of double counting? How it can be avoided.
6. Do practice of numerical.

CHAPTER-4

1. What is Barter System? Explain its drawbacks (difficulties).
2. Define steps to the evolution of money.
3. What is plastic money? Explain its importance.
4. Distinguish between static and dynamic functions of money.
5. Explain Primary & Secondary functions of money.
6. Money separated the sale & purchase. How?
7. Who supply money in India & How?
8. What is money supply? Explain different concepts of supply of money in India.
9. We don't add money with govt. and banking system in supply of money. Why?
10. Money is origin of growth for an economy. How?

CHAPTER-5

1. Distinguish between Central Bank & Commercial Bank.
2. Explain functions of Central Bank.
3. What is Credit Creation/Money Creation? Explain process of money creation by numerical example.

4. Show effect of change in following on supply of Money/Credit Creation.
 - (a) Repo rate/Bank Rate
 - (b) CRR & SLR
 - (c) Open Market Operations
 - (d) Margin requirement
 - (e) Credit Rationing
 - (f) Moral Suasion
5. What is monetary policy explain components of monetary policy?
6. Difference between Bankrate & Repo rate.

CHAPTER-6

1. What is aggregate demand? Explain its components.
2. Define consumption function. How it is derived by equation?
3. Define following (use schedule & figure)
 - (a) APC
 - (b) MPC
 - (c) APS
 - (d) MPS
4. Can APC be greater than one & why?
5. Can APS be negative and why?
6. Distinguish between Autonomous Consumption & Induced Consumption.

CHAPTER-7

1. Draw Equilibrium level of income and output by $AD = AS$ approach.
2. Draw equilibrium level of income and output by $I = S$ approach.
3. Show simultaneous equilibrium of $AD = AS$ & $I = S$ (Schedule & figure).
4. What happened if
 - (a) $AD > AS$
 - (b) $AD < AS$
 - (c) $I > S$
 - (d) $I < S$
5. What is investment multiplier show its working with numerical example.
6. MPC and Multiplier are positively related. Prove it.
7. Multiplier work in both directions (a) Forward (b) Backward. How?

CHAPTER-8

1. Define excess Demand/Inflationary Gap its causes & consequences.
2. Define deficit demand/Deflationary Gap its causes & consequences.
3. Define following:
 - (a) Voluntary & Involuntary Unemployment
 - (b) Frictional & Structural Unemployment
 - (c) Natural rate of Unemployment
4. How monetary policy be used to cope with Inflationary & deflationary Gap.
5. How fiscal policy be used to correct the excess and deficit demand.

CHAPTER-9

1. Define Budget & Objective of Govt. Budget.
2. Distinguish between following
 - (a) Direct tax & Indirect tax
 - (b) Progressive tax & Regressive tax
 - (c) Capital Budget & Revenue Budget
3. State & explain items of non tax revenue receipts of Govt. Budget.
4. Define components of Govt. Budget. Draw a chart.
5. What is Budget deficit? Explain its types.
6. How Budget deficit can be corrected?

CHAPTER-10

1. Distinguish between Balance of Payment & Balance of Trade.
2. Distinguish between Capitals A/c of BOP and Current A/c of BOP.
3. Distinguish between Accommodating and Autonomous items of BOP.
4. What are the causes of disequilibrium in BOP?
5. Equilibrium & disequilibrium in BOP. How it can be shown?
6. Rising Capital A/c (Surplus) is harmful for a country why?

CHAPTER-11

1. Distinguish between fixed & flexible exchange rate.
2. Define procedure of Brettonwoods system of exchange rate.
3. Explain sources of demand & supply of foreign exchange.
4. Distinguish between Devaluation & Depreciation of domestic currency.
5. Show effect of following on export & import of a country.
 - (a) Depreciation of domestic currency/Appreciation of foreign currency.
 - (b) Appreciation of domestic currency/Depreciation of foreign currency.
6. What is managed floating? How it help the country to manage its BOP?
7. Distinguish between SPOT Market & Forward Market.
8. What are the functions of Foreign Exchange Market?