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SARDAR PATEL UNIVERSITY
SEMSTER END EXAMINATION MARCH/APRIL - 2016
B.A. (ADVANCED ENGLISH MEDIUM)
F.Y BA II - Semester (UNDER CBCS) (Reg. & NC)
UA02CEEC02 - Elements of Economic Theory-II

Day and Date: Friday, 1st April 2016
Time: 10.30 am to 12.30 pm

Total Marks: 60

Note : All the questions are compulsory,
Figures to the right indicate marks,
Draw diagrams and cite examples wherever necessary.

Q1) Attempt the following -

(15)

1. _____ is the condition of equilibrium in the labour market.
A) $MCL = VMPL$ B) $MPPL.PX$ C) $MPP=VMPL$ D) $MR=MC$

2. The point where market demands will be the same to market supply
A) Equilibrium in perfect competition B) equilibrium in imperfect competition
C) Equilibrium competition D) all of the answers are correct

3. Underperfect competition, restrictions on entry into an industry
A) Do not exist B) Apply to labour but not to capital
C) Apply to both capital and labour D) apply to capital but not to labour.

4. A general rise in the price level indicates a _____ in the value of money and a general fall in prices indicates a _____ in the value of money.
A) Fall, rise B) fall, fall C) rise, rise D) rise, fall

5. According to _____, "Quasi-rent is the income derived from machines and other appliances for production by man"
A) Marshall B) Friedman C) Adam Smith D) Ricardo

6. For a market to be characterized by monopoly, there must be
A) large number of firms with no one able to influence price B) Freedom of entry and exit
C) Indistinguishable products being sold D) A single seller

7. A firm operating in a perfectly-competitive industry faces a demand that is
A) Vertical B) Horizontal C) Downward sloping D) Upward sloping

8. Find the odd one out from the following groups -
A) Bank of Maharashtra, Barclays bank, Oriental Bank of Commerce, Indian Bank, IDBI bank
B) Bank of India, Corporation Bank, Indian Bank, IDBI Bank, Axis bank
C) ICICI Bank, Canara Bank, Central Bank of India, Punjab National Bank, Indian Bank
D) Canara Bank, State Bank of India, Lakshmi Vilas Bank, KarurVysya Bank, United Bank of India

9. Rent is the price paid for the use of

- A) Capital B) Organisation C) Labour D) Land

10. The compulsory charge levied by the government is

- A) Licence B) Gifts and grants C) Loan D) Tax

11. Banking sector falls under

- A) Agriculture B) Service sector; C) Manufacturing D) Industrial sector

12. _____ is not a direct tax.

- A) Personal Income Tax B) Service tax C) Wealth Tax D) Corporate Income Tax

13. Public finance is concerned with the income and expenditure of

- A) Private sector B) Agricultural sector C) Public authorities D) Industrial sector

14. The total money value of final goods and services produced in the country excluding depreciation is called

- A) NDP B) GDP C) NNP D) GNP

15. Which of the following statements about a monopoly is TRUE?

- A) There is restriction to entry or exit
B) The good produced by a monopoly has close substitutes
C) Monopolist is not the only producer of the good
D) All of these

Q2. A) Discuss the assumption and criticism of Marginal Productivity theory of distribution.

B) Explain the Ricardian theory of Rent. (15)

OR

Q2. Explain in detail functions of Commercial and Central Bank. (15)

Q3. Explain the meaning of direct and indirect taxes and discuss their merits and demerits. (15)

OR

Q3. What is perfect competition? Explain the short run and long run equilibrium of a perfectly competitive firm. (15)

Q4. Attempt **ANY TWO** of the following: (15)

- A) Characteristics of Monopoly
B) Defects of Barter system
C) Causes of increase in Public Expenditure
D) Interest

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