

PRINCIPLES OF ECONOMICS

Time: 3 Hours

Maximum Marks: 50

**PART A**

(Answer **ANY TWO** questions. Each carries **TEN** marks.)

(2 x 10 = 20)

- I. Explain with an example, Law of Diminishing Returns. Why is this law applicable only to agriculture sector?
- II. Distinguish between demand and desire. Explain briefly the factors that affects quantity demanded of a commodity.
- III. Explain briefly how a consumer attains equilibrium under indifference curve analysis?
- IV. Prove that when total utility is maximum marginal utility becomes zero.

**PART B**

(Answer **ANY THREE** questions. Each carries **FIVE** marks.)

(3x 5 = 15)

- V. State and explain Law of Supply with the help of an example.
- VI. Explain briefly five types of price elasticity of demand.
- VII. Features of Perfect Competitive market.
- VIII. Economics is a science of choice- Comment
- IX. Explain briefly movement along the same demand curve
- X. Briefly explain Law of maximum satisfaction

**PART C**

(Answer **ANY TEN** questions. Each carries **ONE AND A HALF** marks.)

(10 x 1 ½ = 15)

- XI. (a). Good
- (b). Service
- (c). Wealth
- (d). Bobber's definition of demand
- (e). Great Depression of 1930's
- (f). Value
- (g). Giffen good
- (h). Substitute good
- (i). Elasticity of demand
- (j). Alfred Marshall's definition of economics
- (k). Marshallian Scissors
- (l). Diminishing Marginal Rate of Substitution
- (m). Inflation
- (n). National Income
- (o). Economic activity

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