

Economic Theories
Higher Secondary- +2
Model Question bank
One Marks Questions

Choose the best answer

Lesson -1

1. Author of Wealth Definition-Adam Smith
2. Author of Scarcity Definition-Lionnel Robbins
3. Average Economic Welfare concept is exposed by- Samuelson
4. Economics is – Both
5. we are using in economics – Both

Lesson -2

6. Basic Economic Problems are generally seen in social structure – all
7. Classical Economics is – self sufficiency economics
8. The basic power which is functioning the capitalism – profit
9. Production, distribution and decision making are in Economics of Socialism – central planning commission
10. Slow work and Corruption are the basic cause for the following – inefficient production

Lesson -3

11. Basic Needs and luxury goods are called as – classification of free goods.
12. indifference Curve Approach was introduced by – J.R.Hicks and R.G.D.Allen
13. Utility is – relates to internal and psychological concept
14. One good consumption is denotes – Law of diminishing marginal utility
15. Consumer Surplus is – Potential price-actual price

Lesson -4

16. Demand for goods are depends on – all the above
17. Law of demand expresses – inverse relationship between price and quantity of goods
18. Increasing of demand is understanding through – moving on same curve
19. Proportional change of demand due to change in price is – price elasticity of demand
20. Determinants of Supply – all the above

Lesson -5

21. In equilibrium price – all the above
22. Above equilibrium price is – $S > D$
23. Rate of change in demand - relates to change in price
24. Role of time in equilibrium price is introduced by – Alfred Marshall
25. During the long period – all factors are variable

Lesson -6

26. Production is – creation of utility
27. The initial supply of land is – zero
28. Labour force cannot be divide from – labourer
29. The remuneration of capital is – interest
30. -----undertaking person is only successful entrepreneur. (risks)

Lesson -7

31. Real cost is – all the above
32. Money cost includes – implicit and explicit costs
33. Social cost is – all the above
34. Average fixed cost is obtain from divide of – TFC/Q
35. Marginal income is obtain from divide with - total income

Lesson -8

36. Perfect competition market prevailing position is – large number (unlimited) of sellers
37. When the firm is attain equilibrium – $MC=MR$
38. Firm is also an industry in – monopoly
39. An important form of sales cost is – advertisement

40. In perfect competition, the shape of demand curve is – horizontal

Lesson -9

41. Rent is one of the remunerations given for the usage of the following – land

42. Profit is the remuneration of – organization

43. Why the labour force is needed – obtained demand

44. The author of Quasi rent – Marshall

45. The author of liquidity preference theory – J.M.Keynes

Lesson -10

46. A revolution was created in macro economic thought – J.M.Keynes

47. Classical economic theory assumes -----prevailing in an economy (Full employment)

48. The basic problems of macro economics – income and employment

49. Keynes used -----to explain the simple theory of determination of income. (aggregate demand and aggregate supply)

50. Marginal propensity to consume - $\Delta c/\Delta y$

Lesson -11

51. monetary policy implements by – central bank

52. Circulation of money among the people is – M1

53. When bank rate can be increased – inflation

54. What prevailing during inflation – sellers earns profit

55. The increasing of price and demand stagnation is called as – stagflation

Lesson -12

56. Public Finance, income and expenses are relates to – public sector

57. Tax income – type of taxes

58. Joint Republic have – central, State and local body organization

59. Compulsory payment imposed by government – tax

60. Zero budget consider every year treat as a -----year. (new)

Fill in the blanks:

Lesson : 1

1. What is Micro..... (small)

2. Production means..... (Utility)

3. Exchange of goods again goods..... (Barter system)

4. Economic means..... (Social Economics)

5. Different types Wealth..... (Sea)

Lesson : 2

6. On the Basics of Classical Economics problems ... & ...(means and ways)

7. In Capitalistic economics ... is the identical way (price)

8. Production curve is also called as (production end)

9. Socialistic economics main aim ...(social / co-operative)

10. In Mixed economy, economic actives are controlled by ... (Private and Public)

Lesson: 3

11. (Consume) is used by goods and services

12. Wants means (Competitive)

13. Marshall's way means (Utility way)

14. When Marginal utility is zero Total utility is ...(maximum)

15. Equilibrium curve means ...(centre)

Lesson: 4

16. Why does demand curve downward sloping ...(Diminishing marginal utility)

17. Individual consumption are....(Market Consumption)

18. Prestigious demand (veblen)

19. Elasticity of Demand introduced by (Alfred Marshall)

20. Price Changes leads to supply changes ...(elasticity supply)

Lesson: 5

21. supply determinations...(Price)

22. Agriculture, business, growth & division ... (extra ways)
23. Changes due to price level...(equilibrium)
24. Modern economist age divided into ...(short period) & (Long period)
25. In Market period supply line..(vertical)

Lesson:6

26. Land and Labour (basic) productivity
27. An enquire into the nature and causes of wealth of nation by...(Adam Smith)
28. Market Expansion is determined by (Division of work)
29. (Capital)...depend on to produce other goods
30. (Production) depends on firms input and output determinations

Lesson:7

31. Money cost ...(nominal cost)
32. Economic Profit means Total Revenue and ...(Economic cost) relation
33. Non change determination and change determination... (short time)
34. Total cost means...(Total non change cost and change cost)
35. Marginal cost curve is in ...(U) shape.

Lesson :8

36. Perfect competition firms produce (same product)
37. Firms average income is higher than average cost...(extra profit)
38. Perfect Competition a firm (price taker)
39. In Monopoly production is designed (Legal Monopoly)
40. Monopolistic Completion market depends ..(co-operative)

Lesson: 9

41. Marginal productivity theory ...(common)
42. Marginal productivity theory... (end)
43. Alternative wage means ...(opportunity)
44. Money wage means...(nominal wage)
45. Newly business started ...(Entrepreneurs)

Lesson : 10

46. Consumers function ...(Income) and ...(consumption)
47. (Marginal Savings).. depends on Income and savings
48. 1930's Great Depression mainly due to (Investment down)
49. (Liquidity).. means persons money on hand
50. Initial investment ... (Multipliers)

Lesson:11

51. Exchange of Goods again Goods ...(Barter system)
52. Deflation means (Price fall)
53. $MV=PT$ introduced ...(Ireving Fisher)
54. Hyper inflation ...(speed inflation)
55. Monetary policy controlled by (Inflation)

Lesson 12

56. (Government finance) depends on government different ways of income.
57. Direct and proposition subsidies not depend on ()
58. Basic theory of Imposing Tax ...(Imposing tax policy)
59. Direct and Indirect tax ...(present changes)
60. (Slower increasing tax)...proposition tax.

Match the following

Lesson -1

- | | |
|--------------------------|-----------------------|
| 1. Theories of Economics | - Marshall |
| 2. First Noble Prize | - Timbergon and Frish |
| 3. Dynamic Approach | - period of time |
| 4. Wealth | - Holdings |
| 5. Income | - Flow |

Lesson -2

- 6. Minimum production cost - maximum benefit
- 7. Opportunity cost - next best alternative good are sacrifice
- 8. Private property rights - laissez fair policy
- 9. Domination of Rulers - socialism
- 10. Market powers - Supply, demand and price

Lesson -3

- 11. Wants - advertisements
- 12. Theories of Economics - Marshall
- 13. Maximum Social benefits - Hicks and Daltan
- 14. Indifference curve - ordinary quality
- 15. Luxury Goods - Diamond Ornaments

Lesson -4

- 16. Price, Demand- direct relationship - Veblan Effect
- 17. Tea and Coffee - Substitute goods
- 18. The division of two points - curve
- 19. Ed>1 - Perfectly elasticity of demand
- 20. Zero Cross elasticity of demand - not related between X and Y

Lesson -5

- 21. Equilibrium - intersection of price and quantity
- 22. Perfect elasticity - D>S
- 23. Discount Price - to sale of stock of the year
- 24. Long run supply curve- high elastic
- 25. Short run price - demand and supply

Lesson -6

- 26. An entrepreneur is an innovator - Prof. Shumpeter
- 27. Division of labour - Adam Smith
- 28. Production Function - Cobb Douglas
- 29. Compilation of risks - Halley
- 30. Physical work - Marshall

Lesson -7

- 31. Average cost - one unit cost
- 32. Total cost - TFC+TVC
- 33. Long run average cost - planning curve
- 34. MC_n - $TC_n - TC_{n-1}$
- 35. Profit - $TR - TC$

Lesson -8

- 36. World Market - Gold and Silver
- 37. Consumer Sovereign - perfect competition
- 38. South Africa - diamond
- 39. Technical monopoly - Coco cola
- 40. monopolistic Competition - E.H.Chamberlin

Lesson -9

- 41. Wage theory of surplus - Walker
- 42. Waiting interest theory - Marshall theory
- 43. Credit finance theory - Neoclassical theory
- 44. Dynamic theory of profit - Clark
- 45. Risk bearing theory of profit - Halley

Lesson -10

- 46. Aggregate demand - $C+I+G+(X-M)$
- 47. Sloping curve - Vertival/ horizontal
- 48. K - $1/1-MPC$ (or) $1/MPS$ (or) $\Delta y/\Delta I$
- 49. Y - $c+s$
- 50. Keynes - liquidity preference

Lesson -11

- 51. Credit level, credit control - interest rate
- 52. credit level control - imposing
- 53. Cheap money policy - low interest rate
- 54. Wages and prices are pushing each other – Creeping inflation
- 55. Value of money - power of purchase

Lesson -12

- 56. St. tax imposing method - Adam Smith
- 57. Increasing rate of tax - best tax method
- 58. Fiscal (monetary) policy - discount and incentives
- 59. Diminishing rate of tax - reducing the tax rate
- 60. Balanced Budget - equal of income and expenditure

One mark questions:**Lesson:1**

- 1. Other name of Economics- Political Economics
- 2. Combination of Econometrics – Statistics and Mathematical Economics
- 3. Ricardo way – classification theory of rent
- 4. Two examples of free goods- air, sun light
- 5. Other name for Money income- extra income.

Lesson:2

- 6. If Classical economics is a separate economics – Yes
- 7. Why does production increases in Capitalist- Profit motive.
- 8. Over production leads to- fall
- 9. Socialistic achieving countries – China and Cuba
- 10. Planning is made in Mixed Economy?.. Yes

Lesson:3

- 11. Utility means- power of stratifying wants
- 12. Other name for diminishing marginal utility – Gossen II law
- 13. Equilibrium level means- getting two same types of equilibrium
- 14. Equilibrium means- getting two different types of equilibrium
- 15. Other name for Financial Line- Price line.

Lesson:4

- 16. Basic Economic Theory – Other things remaining the same
- 17. How demand changes during boom and depression- during boom demand increases and during depression demand decreases.
- 18. What is point method- demand line.
- 19. Income elasticity of demand- Income changes due to demand changes.
- 20. There is no changes in labour force, demand inelasticity, trade union will increase wage? Yes

Lesson:5

- 21. Common equilibrium means- there is no changes occur.
- 22. Which determining demand curve shifting- Income, taste
- 23. period of time defined by – Alfred Marshall
- 24. Example for Normal investment- Heavy machinery , building
- 25. Whether market period supply stable- Yes

Lesson:6

- 26. Social changes done by- Entrepreneurs
- 27. How internal changes takes place- industries internal source.
- 28. Other name for equilibrium production theory- equilibrium production curve.
- 29. Producers equilibrium – $MRTS_{xy} = P_x/P_y$
- 30. Cobb doglegs production function – $Q = bLaCb$

Lesson:7

- 31. When Constant Average income, Marginal income is – MR remains constant
- 32. Marginal revenue means- Total revenue added

33. Break even analysis means – No profit and no loss.
34. U shaped curve means short period costs line.
35. Average cost is counted by – Tc/q

Lesson :8

36. Industries means – Combination of different firms.
37. Public workers are done by – Government
38. How Government control monopoly- Imposing tax
39. Important aspects of Monopoly- Different commodities
40. MRTP Act was passed in which year- 1969

Lesson :9

41. According to Ricardo all lands get fertility- No
42. All lands get equal fertility whether it gets rent- Yes
43. Ageo interest theory author – bome.
44. Profit- rent theory author- Walker
45. Schumpeter’s profit theory – Innovation

Lesson 10

46. In England and America free trade was controlled by - Great Depression
47. J.P.Say’s Market – supply create its one demand
48. Employment, interest and money developed by – J.M.Keynes
49. Total demand and Total supply meeting point- Keynes curve
50. Multiplier – $K = 1/1 - MPC$

Lesson 11

51. Money supply controlled by which Bank- Central Bank / RBI
52. Dear money policy was followed in – inflation period
53. No changes in price, inflation occur – controlled inflation
54. Wage fall will solution for deflation – No
55. Hyper inflation attaining country – German

Lesson 12

56. Tax means – compulsory payment
57. “VAT” means- Value Added Tax
58. Common Tax imposing means-
59. Types of Financial policy – equilibrium and non equilibrium financial policy
60. Public debt- Debt obtained from public persons

3 marks questions

1. What are the basic economic problems prevailing in a county?
2. State the common economic methods.
3. Write basic features of socialism.
4. Is Indian economy a mixed economy? Explain.
5. What is opportunity cost?
6. What is Equilibrium price?
7. Differentiate- change in demand and moving of demand curve.
8. What are the reasons for moving of supply curve?
9. Differentiate- short term and long term.
10. Write a short note on market period.
11. Write the types of utility.
12. What is labour force?
13. What is division of labour?
14. What are the forms of capital?
15. What is production function? Classify.
16. What is economic cost?
17. What is marginal cost?
18. What are the relationship between MC and AC?
19. What are the divisions of economics?

20. What are the types of goods?
21. What are the features of indifference curve?
22. Why demand curve slopes downward?
23. What are the types of elasticity of demand?
24. What are the assumptions of marginal productivity theory?
25. What is wage theory of standard of living?
26. What are the three purposes of liquidity preference theory?
27. What are the two factors depending by Aggregate demand?
28. Write a short note on multiplier.
29. Write the definition of money.
30. What are the credit level controlling instruments?
31. What is the subject concept of public finance?
32. What is the Adam Smith's tax implementation policy?
33. What are the types of taxes?
34. Write about consumer surplus according to Marshall.
35. Differentiate free goods and economic goods.
36. What is the Alfred Marshall's definition about economics?
37. What are the reasons for wants?
38. What are the difference between real wages and money wages?
39. What is Zero budget?
40. Define Monetary policy.

10 marks questions

Lesson -7

Expenses and income

1. Write the relationship between AR and MR curve.
2. Explain - short run average cost curve.
3. Explain the marginal cost with illustration.
4. Explain the relationship between SAC and SMC.
5. Explain about long run average cost curve.
6. Write the drawbacks of Say's law of market.
7. What are the factors are determining the consumption other than income?
8. Explain the simple theory of Keynes's determination of income.
9. Explain the consumption function with illustration.
10. Explain Keynes's liquidity preference theory.

10 marks questions

Lesson -12

11. Explain tax imposing system. Or What is tax imposing law? Or What is st. law of imposing tax?
12. What are the important taxable income and non-taxable income of the State government?
13. Explain the annual budget. Balanced and imbalanced budget- Explain.
14. Differentiate direct and indirect tax.

Lesson -8

15. Briefly explain the classification of market.
16. Explain the characteristics of perfect competition.
17. What are the controlling measures of monopoly?

Lesson -9

18. Explain the merits and demerits of division of labour.
19. Explain in order of characteristics of capital.
20. What are the characteristics of entrepreneurs?

20 marks questions

Lesson -3

Consumer Theory

1. What are the characteristics of human wants? Explain.
2. Explain the law of diminishing marginal utility with diagram.
3. Explain in detail the law of demand.

Lesson -4

4. What are the types of elasticity of demand? What are the measuring methods of elasticity of demand? Explain.

Lesson -8

Structure of market and price fixation

1. How is price and output determined in short period under perfect competition? Explain.
2. Analyze the merits and demerits of monopoly.
3. How the price and output determined under monopoly? Explain.

Lesson -9

Marginal productivity theory of distribution

1. Explain - Marginal productivity theory of distribution.
2. Analyze Ricardo's theory of rent.
3. Explain the theory of credit finance interest.

Lesson -11

Monetary policy

1. Explain the purpose and instruments of monetary policy.
2. Discuss the causes, effects and controlling measures of inflation.

All the Best
