Economics (COQP10)

[CUET]

Micro Economics:

- Consumer Theory or Behavior: Demand, Utility, Indifference Curve, Revealed Preference Theory, Consumer Surplus
- Production Theory: Production Function, Law of Variable Proportions, Returns to Scale, Cost Function, types and concepts
- Price and Output determination in Market: Perfect and Imperfect Competition (Monopoly, Price Discrimination, Monopolistic, Duopoly and Oligopoly models) General Equilibrium, Efficiency and Welfare: Equilibrium and efficiency under pure exchange andproduction; overall efficiency and welfare economics, externality

Macro Economics:

- National Income Accounting
- Income and Output Determination: Aggregate Demand and Aggregate Supply, Effective Demand Principle, Classical and Keynesian Theory

Money and Inflation:

- Demand and Supply of Money, Money Multiplier and High-Powered Money, Credit Creation, Role of Reserve Bank of India and Commercial Banks, Quantitative Theories of Money, Philip's Curve
- Monetary and Fiscal Policy of India and its role.

Consumption and Investment Function:

- Permanent, Relative and Life Cycle Hypothesis, determinants of business fixedinvestment; residential investment and inventory investment, Multiplier and Accelerator
- Open Economy Models: Mundell and Fleming Model (IS, LM and BP curve), Balance ofPayments, exchange rate determination, Purchasing Power Parity
- Economic Growth: Harrod-Domra Model, Solow Model

Statistical Methods in Economics:

- Mean, Mode, Median, Dispersion, Skewness, Quartile Deviation, Average Deviation, Standard Deviation
- Correlation
- Simple Regression Model Probability Distribution Sampling

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Mathematical Methods in Economics:

- Sets and Vector
- Functions of one and several real variables Single and Multi-variable optimization
- Integration of functions
- Difference equations
- Determinants Matrix
- Linear Programming Probability
- Differential Equations

Indian Economy:

Overview of colonial economy:

- Macro Trends: National Income; population; occupational structure.
- Agriculture: Agrarian structure and land relations; agricultural markets and institutions – credit, commerce and technology; trends in performance and productivity; famines. Railways and Industry: Railways; the de-industrialization debate; evolution of entrepreneurial and industrial structure; nature of industrialization in the interwar period; constraints to industrial breakthrough; labor relations.
- Economy and State in the Imperial Context
- The imperial priorities and the Indian economy; drain of wealth; international trade, capital.
- Flows and the colonial economy – changes and continuities; government and fiscal policy.
- New Economic Policy:
- Public Economics: Public and Private Goods, Externalities, Budget, Deficits, Public Debt, Fiscal Federalism in India,
- Taxation: its economic effects; dead weight loss and distortion, efficiency and equity considerations, tax incidence, optimal taxation.
- International Trade Theories: Adam Smith, Ricardo, Heckscher-Ohlin model and NewTrade Theories

1. If two commodities are complementary, the direction of change of cross elasticity of demand between them will be

(A) Infinity
(B) Negative
(C) Positive
(D) Zero

cross price elasticity x,y

$$e_c^{xy} = \frac{\%\ \text{chng in } Q^x}{\%\ \text{chng in } P_y} = \frac{dQ^x}{dP_y} \cdot \frac{P_y}{Q^x} \approx \frac{\Delta Q^x}{\Delta P_y}$$

$e_c > 0$ (substitute)

$e_c < 0$ (complementary)

$\Delta P_y > 0$ Y↓

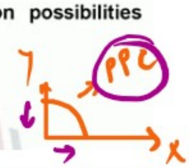
$\Delta x > 0$ X↑

substitutes: X↓ Y↑

concave to the origin

3. The bowed shape of the production possibilities curve illustrates.

a) Law of Increasing Marginal Cost
b) The production is inefficient
c) The production is unattainable
d) The demand is relatively elastic



4.Income effect is negative in the case of: -
Normal goods
superior goods
giffen goods

$e_c < 0$ [complementary]
$e_c = 0$ } unrelated goods

substitutes: X↓ Y↑
↑ P_x P_y

5.If demand curve is more elastic than Marginal revenue will be
A. positive.
B. Negative.
C. Straight line.

PPC: ① definition
② Slope → opportunity cost (MRT)

6.If two commodities are perfect substitutes, the shape of the indifference curve:
1.will be a straight line
2. will a tight angle
3. will slope downwards

③ shapes of PPC
① concave → increasing opp cost
② convex → decreasing
③ straight → const
④ efficiency & inefficiency

7.In which market situation, the firm in a particular industry decide to join together as a single unit for the Purpose of maximize their joint profits and to share the market?
1 Perfect competition
2 Monopoly
3 Oligopoly
4 Monopolistic competition

8.If the income effect is positive for both the goods X and Y, then the income consumption curve will slope:

1. upward to the right
2. backward to the left
3. parallel to X axis
4. downward to the right

⑤ Types of Goods
1. Normal → M↑ → Q↑
2. Inferior → M↑ → Q↓

09.In which of the following kind of goods,law of demand does not operate?
(A)Normal goods
(B)Giffenn goods
(C)veblen goods
(D)both b and c

Law of Demand (Normal) → P↑ → Q↓ (inverse)

Q1.arrange these theories into chronological order.
1.Bertrand model. 2, Edgeworth model
3. Chamberlin model. 4.Cournot model.
5.Stackelberg model.
A. 4,1,3,2,5.
B. 4,1,2,5,3.
C. 4,3,1,2,5
D. 4,1,2,3,5

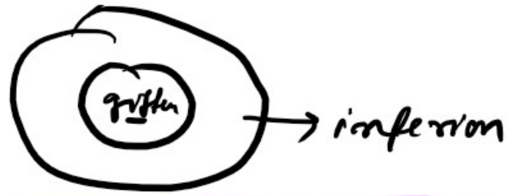
Giffen goods → P↑ → Q↑ (positive) (violation of law of demand)

23. Gossens first law.
A. Law of equi-marginal utility.
B. Law of diminishing marginal utility.
C. Law of marginal utility.
D. Law of demand.

* All giffen goods are INFERIOR GOODS but viu versa is not true.

24.Who among the following economists are associated with the concept of Quasi rent ?
A. Marshal
J. Robinson
D. Ricardo
Answer from the code
(1) Only I and III
(2) I and II
(3) All the three

[redacted] Answer from the code
(1) Only I and III
(2) I and II
(3) All the three
(4) Only III



Price effect = SE + IE

(1) **Normal goods** → -ve + +ve
↳ -ve SE is more than +ve IE

∴ PE is -ve
(Demand downward)

(2) **Giffen goods** → +ve + -ve

+ve SE > -ve IE

PE is +ve
(demand curve is positive)

(3) **Inferior goods** → SE -ve + IE -ve

PE → -ve

(Demand curve is negative)

∴ Normal & Inferior → Law of demand holds
Giffen → violation.