

**MAHATMA GANDHI UNIVERSITY
FIFTH SEMESTER – BA PROGRAMME IN ECONOMICS**

Model Question Paper

**OPEN COURSE
FUNDAMENTALS OF ECONOMICS
(Formerly READINGS IN ECONOMICS)**

(Answers may be written either in English or in Malayalam.)

Time : 3 Hrs

Total Weightage : 25

Part A – Objective Type Questions (in bunches of 4)

I. Choose the correct alphabet only.

1. In Micro Economics, the term 'micro' means
(A) small (B) millionth part (C) microscopic (D) All the above
 2. The method of reasoning from particular to general
(A) induction (B) deduction (C) rationalizing (D) logic
 3. Additional satisfaction derived from successive units of commodity
(A) average utility (B) marginal utility
(C) equi-marginal utility (D) total utility
 4. When price elasticity coefficient is one, demand is
(A) elastic (B) inelastic (C) unit elastic (D) perfectly elastic
- (Weightage 1)
5. Impact of a tax is
(A) the immediate resting place of the burden (B) the final resting place
(C) either a or b (D) none of the above
 6. Deficit budget is one where
(A) revenue exceeds expenditure (B) revenue equals expenditure
(C) revenue falls short of expenditure (D) all the above
 7. Downward movement in economic activity is
(A) inflation (B) boom (C) recovery (D) recession
 8. During deflation value of money
(A) decreases (B) increases (C) remains constant
(D) either increase or decrease

(Weightage 1)

9. A financial instrument whose legal title can be easily transferred is
 (A) share (B) debenture
 (C) negotiable instrument (D) gilt-edged securities
10. Market for short term lending and borrowing
 (A) capital market (B) money market
 (C) foreign exchange market (D) none of the above
11. Debentures issued by the government is called
 (A) share (B) stock (C) bond (D) insurance policy
12. The exchange rate which is predetermined by the government is called
 (A) floating (B) fixed (C) spot (D) forward
 (Weightage 1)
13. Which of the following is a qualitative credit control method?
 (A) direct action (B) open market operations
 (C) variations in cash reserve ratio (D) bank rate policy
14. Chairman of the Indian Planning Commission is
 (A) Finance Minister (B) RBI Governor
 (C) President of India (D) Prime Minister
15. Period of the current Five Year Plan of India
 (A) 2006-11 (B) 2007-12 (C) 2008-13 (D) 2009-14
16. Kerala is in the _____ stage of demographic transition
 (A) I stage (B) II stage (C) III stage (D) IV stage
 (Weightage 1)

Part B - Short Answer Questions

II. Answer any five out of eight, not exceeding 50 words.

17. Distinction between micro and macro Economics
18. Law of supply
19. Direct and indirect taxes
20. Features of negotiable instruments
21. Internet banking
22. Balance of trade
23. Green revolution
24. Kerala model of development

(Weightage $1 \times 5 = 5$)

Part C - Short Essays

III. Answer any four questions not exceeding 150 words. Each question carries 2 weightages.

25. Basic economic problems
26. Sources of public revenue
27. Phases of trade cycle
28. Functions of commercial banks
29. Measures to correct balance of payments disequilibrium
30. Changing pattern of India's industrialization

(Weightage $2 \times 4 = 8$)

Part D - Long Essays

IV. Answer any two questions not exceeding 450 words. Each question carries 4 weightages.

31. Discuss the main features of the 11th Five Year Plan.
32. Explain briefly the functions of the RBI.
33. Examine the different types of price elasticity of demand

(Weightage $4 \times 2 = 8$)