
Procedure to Answer 2 Marks Questions

1. Give example wherever possible.
2. If a simple question is asked, like 'what is variable cost?' write at least 2 sentences.
3. Don't spend too much time on this section.
4. Getting full 1 mark on each question means a whopping TEN marks in total with minimum effort

Note

1. According to PU board, the answer must have at least 2 sentences.
2. In 1 marks question, your concept awareness is tested.
3. The following questions (next page) are the only ones according to the blue print which can be asked for 1 mark.

Micro-Economics

Introduction to Micro-Economics

1. What do you mean by economics?
2. Define an economy.
3. Why does an economic problem arise?
4. What is a planned economy?
5. What is a market economy?
6. What do you mean by mixed economy?
7. What is positive economics?
8. What is normative economics?
9. Define micro-economics.
10. Who first coined the terms 'micro' and 'macro' economics?
11. Is the study of sugar factory a microeconomic study or a macroeconomic study?

Theory of Consumer Behavior

1. What is utility?
2. Who introduced the law of diminishing marginal utility?
3. Define an indifference curve.
4. Define budget set.
5. Define budget line.
6. What do you mean by 'monotonic preferences'?
7. What is MRS?
8. What is an indifference map?
9. Why is MRS always diminishing?

Demand Analysis

1. What is demand?
2. $Q_d=f(p)$ is the demand function. Identify the independent variable in it.
3. State the law of demand.
4. What is the relationship between price and demand for complementary goods?
5. What do you mean by normal good?
6. Why does the demand curve shift?
7. Name the method of adding two individual demand curve horizontally.
8. Give the meaning of elasticity of demand.
9. Write the simplified formula of income elasticity of demand.

Production and Cost

1. What is production?
2. Define production function.
3. Give the meaning of total product.
4. What is average product?
5. Define marginal product.
6. Define isoquant.
7. What do you mean by cost?
8. What is fixed cost?
9. Define variable cost.
10. Define total cost.
11. What is average variable cost?
12. What is average cost?
13. Define marginal cost.
14. What is the shape of MC and AC curves?
15. Who introduced the concept of real cost?

Perfect Competition

1. What is market?
2. Who is a price taker in perfect competition?
3. What do you mean by revenue?
4. How do you calculate the average revenue?
5. Give the meaning of supply.
6. Write the formula to calculate the price elasticity of supply.
7. $MR = TR_n - ?$
8. What is meant by price mechanism?
9. What is equilibrium?
10. What do you mean by equilibrium price?

Imperfect Competition

1. What is monopoly?
2. What is a monopolistic competition?
3. What is an oligopoly?
4. What is meant by product differentiation?
5. Define profit.
6. Define abnormal profit.
7. Define normal profit.
8. How can you say monopolist is a price maker?
9. Define price rigidity.
10. From where do you buy electricity for home? What are the characteristics of that market?

Macro-Economics

Introduction to Macro-Economics

1. What do you mean by macro-economics?
2. Who traced Macro-economics first?
3. What do you mean by 'laissez faire' policy?
4. Which policy was proved wrong by the Great Depression?

National Income Accounting

1. Give the meaning of national income.
2. What are final goods?
3. What are intermediate goods?
4. What is deducted from GDP to arrive at NDP?
5. Give the meaning of per capita income.
6. What is economic welfare?
7. What are externalities?

Money and Banking

1. What is barter system?
2. What is money?
3. Define money according to Walker.
4. Mention two primary functions of money.
5. What is high powered money?
6. What is demand for money?
7. Give the meaning of supply of money.
8. Expand ATM.
9. What is narrow money?
10. What is broad money?
11. What is primary deposit?
12. What is bank rate?
13. Give the meaning of overdraft.
14. What is cash reserve ration?
15. What is statutory liquidity ratio?

Consumption and Investment Function

1. What do you mean by consumption?
2. What is saving?
3. Give the meaning of investment.'
4. State the meaning of marginal propensity to consume.
5. What is multiplier?

Government Budget and the Economy

1. What is budget?
2. Give the meaning of deficit budget.
3. Name the two accounts of a government budget.
4. Give any two examples of direct tax.
5. Define fiscal policy.
6. Brief the meaning of progressive tax.
7. State any two sources of non-tax revenue.
8. Give the meaning of deficit financing.
9. How is primary deficit calculated?
10. What is fiscal deficit?

Open Economy

1. What do you mean by open economy?
2. Give the meaning of foreign trade.
3. What is meant by balance of trade?
4. State the meaning of exchange rate.
5. What do you understand by flexible exchange rate?