

## OBJECTIVES

Fill in the blanks:-

- 1) scarcity definition of economics is given by Robbin.
- 2) Transport of timber from forest to market creates place utility.
- 3) The author of book 'wealth of Nation' is Adam smith.
- 4) When quantity offered for sale increases merely because price has risen, it is known as Extension in supply.
- 5) A peon in an office becomes clerk, is a case of Vertical mobility.
- 6) As income rises, percentage expenditure on food & necessities of life decreases.



- 7) wealth is a fund & income is flow.
- 8) mineral water is economic good.
- 9) The services of domestic servants are non-material goods.
- 10) Marshall defined economics as a science of material welfare.
- 11) The Bhakra dam is social or communal.
- 12) Sand in Rajputana desert is not wealth because it does not possess utility.
- 13) Sensitiveness of supply to changes in price is called as elasticity of supply.
- 14) Food, cloth, shelter are the things without which we cannot exist.
- 15) Sales tax is indirect tax.
- 16) Macroeconomics we study the economic system as a whole.
- 17) Marshall's def'n of economics has been criticized by Lionel Robbins.
- 18) Where commodity is stored for future use, it is called as time utility.
- 19) Prof. Adam Smith is known as father of economics.
- 20) The main causes of inflation are increase in money supply & decrease in production.



- 21) When value is expressed in terms of money it is called as Price.
- 22) If change in price is 1% & change in demand 1% then demand will be called unity elasticity.
- 23) Free goods have a great value in use.
- 24) When total utility is at maximum, marginal utility is at zero.
- 25) Water is a free good.
- 26) If more is demanded at the same price, it is a case of increase in demand.
- 27) Skill, intelligence etc. of a person are personal type of good.
- 28) The transformation of log of wood into piece of furniture is form of form utility.
- 29) Demand for common salt is inelastic.
- 30) All money is wealth but all wealth is not money.
- 31) A motor car for a college student is luxuries.
- 32) personal income minus personal taxes is called disposable income.
- 33) The work of selling what you don't want & buying what you want is called Exchange.



- 34) J.M. Keynes is known as father of modern economics.
- 35) consumer gets maximum satisfaction when marginal utility is zero.
- 36) The term micro-economics is derived from a Greek word.
- 37) wealth is the means & welfare is the end.
- 38) Economics is social science.
- 39) The term macro-economics is derived from a Greek word makros.
- 40) Extension of demand means more demand at less price.
- 41) Decrease in supply means less is offered at the same price or same quantity is offered at higher price.





state true or false :-

17. Capital is a fund while income is stock.  
→ False. [Flow].
21. Total utility is the utility of the first unit of commodity.  
→ False. [Initial utility].
37. A demand for common salt is elastic.  
→ False (Inelastic).
41. Negative wealth refers debts owned by individuals.  
→ True.
51. In progressive taxation, as income increases, tax increases.  
→ True.
61. A power of a commodity to get other things in its exchange is called utility.  
→ False. [value]
71. Value expressed in terms of money is called price.  
→ True.
81. Consumption means the satisfaction of wants by the use of commodities & services.  
→ True.
91. Mixed economy is the combination of private & public sector.  
→ True.
101. Price of commodity measures its total utility.  
→ False. (Marginal utility).



- 11) The demand is elastic when a small change in price may lead to great change in demand.  
→ True.
- 12) The rate at which the commodity exchanges for others is known as value.  
→ True.
- 13) Prodn is a process of transformation of certain resources into products.  
→ True.
- 14) Maximum profit will be at the point where  $MC = MR$ .  
→ True.
- 15) Income tax is indirect tax.  
→ False.
- 16) Economics is primarily a study of wealth.  
→ True.
- 17) Utility is subjective.  
→ True.
- 18) Economics is a positive science only.  
→ False.
- 19) Air has high value in exchange.  
→ False.
- 20) Income is a fund.  
→ False. (Income is a flow.)
- 21) cosmopolitan wealth comprises of good climate.  
→ False. (National wealth.)



22) Price & demand have inverse relationship.  
→ True.

23) Demand curve always slopes upward & to the right.  
→ False. [downward]

24) All wealth is capital.  
→ False. (All capital is wealth.)

25) Decreases in supply signifies the same quantity offered at a lower price.  
→ False. (At high price.)

26) Consumption of a good destroys its utility.  
→ True.

27) In direct tax, the impact & incidence are on same person.  
→ True.

28) Economics is a normative science only.  
→ False. (Positive as well as normative)

29) Diamonds have high value in use.  
→ False. [value in exchange]

30) Wealth is fund.  
→ True.

31) Koyana dam is cosmopolitan wealth.  
→ False. (social or communal wealth)

32) A cat to the doctor is necessity.  
→ True.

33) Demand increases as price increases.  
→ False. [Demand decreases.]



34) Demand curve always slopes downward & to the right.  
→ True.

35) All capital is wealth. → True.

36) Increase in supply signifies the same quantity offered at a lower price.  
→ True.

37) Income is fund & wealth is flow.  
→ False. [wealth is fund & income is flow.]

38) Demand for luxuries goods is inelastic.  
→ False. [elastic].

39) J. M. Keynes is the father of 'Modern Economics.'  
→ True.

40) Increase in wealth means increase in welfare.  
→ False.

41) Excise duty is a direct tax.  
→ False (indirect tax).

42) Indirect taxes are paid on income levels.  
→ False.

43) Supply is relative term.  
→ True. (like demand, supply.)

44) Wants have alternative means.  
→ True.

45) Stock is a potential supply.  
→ ~~True~~ True.



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Define The following Terms:→

1)

Economic good :-

Economic goods are those goods which are scarce & can be had only on payment.

2)

Wealth :-

Anything which has value is called as wealth.

3)

Value :-

Exchange power of commodity is known as value.

4)

Price :-

Value expressed in terms of money is called as price.

5)

Utility :-

Want satisfying quality in a good is called as utility.

6)

Investment :-

Additions in the nation's physical stock is known as investment.

7)

Consumption :-

Satisfaction of wants by the use of commodities & services.

8)

Production :-

creation or addition of value or wealth.

OR.

prod<sup>n</sup> is a process of transformation of certain resources into products.



9) Good:-

Anything which satisfies the human wants is called a good.

10) Direct tax:- A direct tax is one which is really paid by the person on whom it is legally imposed.

11) Supply:-

Supply may be defined, 'as a schedule of respective quantities of the good which people are ready to offer for sale at all possible prices.' OR

Supply means the quantity offered for sale at a certain price.

12) Public Good:-

Public goods are those which are common to all & owned by society or public. eg. college, hospital.

13) Personal income:-

Personal income is the sum of all incomes actually received by all individuals or households during a given year.

14) Joint Demand:-

When several things are demanded for a joint purpose, it is a case of a joint demand.

15) Free good:-

Free goods are those goods that must be in such plenty that you can have as much of them as you like without any payment.



16) Demand :-

"Various quantities of a give commodity or service which consumers would buy in one market in a given period of time at various prices, or at various incomes or at various prices of related goods." is called as demand.

OR

Demand means desire backed by willingness & ability to pay.

17) Tax :-

A tax is defined as "compulsory contribution of the wealth of a person or body of persons for the services of the public powers.

18) Agri. Economics :-

Agri. Economics as a "study of relationships arising from the wealth getting & wealth using activity of man in agriculture."

OR. It is an applied science which is mainly concerned with economic problems that are associated with farmer's effort to make a living.

19) Micro-economics.

Micro economics studies the behaviour of individual decision making unit, such as consumer, resource owner & business firms.

20) Marginal utility :-

It may be defined as the addition to the total utility by the consumption of the last unit considered just worthwhile.

21) Economic activity :-

The farmer tilling his field, the work-man working in factory, a doctor attending to his patients, teacher teaching his students. So, they are all engaged in what called economic activity.



22) Welfare Economics:-

Welfare economics is that branch of economic analysis which is concerned primarily with the establishment of criteria that can provide a positive basis for adopting policies which are likely to maximize social welfare.

23) Extension in supply:-

When the quantity offered for sale increases merely because price has risen it is known as extension in supply.

Reference Books →

1) Elementary Economic Theory by K.K. Dewett  
& J.D. Verma

2) Agricultural Economics -

By - S. Subba Reddy.

P. Raghu Ram.

T.V. Neelkant Sastry.



Luxuries:- Luxuries are those which satisfy superfluous wants of individuals. These are neither essential for life nor increase the efficiency.  
harmless, harmful, defense.

\* Govt. Expenditure on administration is revenue expenditure.

→ False