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Q.P. Code : 24116

Synoptic Answers

- a) Absolute command model — Central authority enjoys supreme power. MKT mechanism is replaced by central planning. (02)
- b) ~~Substantive~~ Ideology — is a systematic set of beliefs, opinions and doctrine about social, economic and political phenomena, which is possessed by individual, classes and nations. Ideology shape the nature & efficiency of the citizens of the country. (02)
- c) Economic efficiency — indicates maximum output production with the resources available to the economy. Both the quantity and quality of goods should be maximum by avoiding waste of resources. (02)
- d) Negative non-economic incentives — public shame, press criticism, imprisonment, social boycott, etc. (02)
- e) Profit motive — is a powerful incentive under laissez faire capitalism that influences allocation of resources. (02)
- f) Consumer sovereignty — consumer with his unlimited freedom is sovereign to spend his income as he likes. He is free to choose or express his preference. (02)
- g) Communism — is a classless society, where govt. is not required. It leads to individual participation in social system, so there is no exploitation of workers as well as there is absence of surplus value.

Communism is for people. Thus Communism implies pleasure, happiness, satisfaction and total freedom from exploitation. (02)

iii) Use value of commodity — is determined by its utility. It is realised only when commodity is consumed for direct ~~sat~~ satisfaction of human wants. Use value constitutes the substance of all wealth. (02)

Q1] ii) a) F — Explain. (02)

marks per answer)

b) F

c) T

d) F

e) T

f) F

g) T

h) T

Q2. a) Definition or general explanation of eco sys.

Functions of eco^e sys — Determination of prodⁿ and allocation of resources; Organisation of production process; Income distribution; provision for the future; economic growth & dynamism. (10)

b) Explaining forces influencing gradual evolution of an economic sys such as natural & climatic factors, historical factors, philosophy and value sys, ... etc. (10)

c) Prybyla's two fold classification — (10)

i) Perfectly competitive market sys

ii) Absolute Command model. (10)

Q.3.a) Note on economic incentives. —

3) Explaining both positive and negative monetary incentives. — (10)

b) Freedom under capitalism — discuss in detail kind of freedom enjoyed by consumer, producer, investor, employer, employee, etc. (10)

c) Definition of efficiency — along with ~~criteria~~ allocative, distributive and productive tests for criteria of efficiency. (10)

Q.4.a) Features of laissez faire capitalism. — self interest, freely functioning price mechanism, consumers sovereignty, profit motive & pvt. enterprise, existence of competition, institution of pvt. property. — (10)

b) Demerits of capitalism — wasteful competition, rapid growth not ensured, inequalities in income & wealth distribution, economic instability & unemployment, constant class struggle & exploitation. — (10)

c) Role of price mechanism — facilitates price determination of goods, resource allocation, ~~equality~~ distribution of income and wealth. — (10)

Q.5.a) Theory of surplus labour & its drawbacks along with assumptions. — Surplus labour is the excess value created by labour over its labour power. — (10)

b) Note on materialistic interpretation of history. — stating Marx's views on capitalist sys as only a transitional event. Acc to Marx, prodn is subject to natural laws & distribution to social laws. Consumption stands

neglected and the exchange is placed
between the production and consumption.
The historical social relations can be
better understood through a proper
analysis of the inter-relation between
these ~~four~~ categories of economic activity.

c). Acc. to Marx, Profit is the ratio of surplus value to total capital. Theory of profit depends on the rate of ~~accum~~ capital accumulation. \uparrow in capital \uparrow competition. $\& \therefore$ ~~capitalist~~ adopt more $\&$ more K -intensive techniques of production, to produce cheaply $\&$ sell cheaply. This acc. to Marx results in \uparrow in profit. despite \uparrow in output, with progress of K lism.

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