

## ECONOMICS

*Time allowed : 3 hours Maximum marks: 100*

*Note:*

- i. All questions in both the sections are compulsory.*
- ii. Marks for questions are indicated against each.*
- iii. Question Nos. 1-5 and 17-21 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.*
- iv. Question Nos. 6-10 and 22-26 are short-answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.*
- v. Question Nos. 11-13 and 27-29 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.*
- vi. Question Nos. 14-16 and 30-32 are long-answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.*
- vii. Answers should be brief and to the point and the above word limit be adhered to as far as possible.*

### Section-A

- Q.1. Give two examples of fixed costs. 1
- Q.2. If two demand curves intersect, which one has higher elasticity of demand? 1
- Q.3. Will an economic problem arise when means and wants both are limited? 1
- Q.4. In imperfect competition what is TR when  $MR=0$ ? 1
- Q.5. If a farmer grows pulses and wheat how will an increase in the price of pulses affect the supply curve of wheat? 1
- Q.6. "Massive unemployment will shift the PPC to the left", defend or refute. 3
- Q.7. Explain the three causes of a rightward shift in the demand curve.

OR

- Distinguish between extension of demand and increase in demand. Use diagrams. 3
- Q.8. What is meant by the assumption other things remain constant on which the law of supply is based? 3
- Q.9. Explain the 'law of diminishing marginal utility' with the help of a diagram and schedule. 3
- Q.10. A 5% fall in price of a commodity leads to 10% rise in its demand. A consumer buys 40 units of the commodity at a price of Rs. 10 per unit. How many units will he buy at a price of Rs. 12 per unit? 3
- Q.11. Explain four features of an oligopoly market. 4

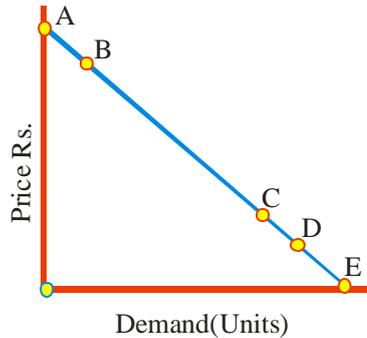
OR

- What is the implication of 'many sellers' and product differentiation' in monopolistic competition.
- Q.12. Complete the following table: 4

Price (Rs.)	Output (Rs.)	TR (Rs.)	MR (Rs.)
7			
	2		3
4	3	12	
	4		(-) 4

Q.13 The diagram shows AE is the demand curve of a commodity. On the basis of the diagram, state whether the following. Statements are true or false. Give reason for your answer. 4

- (1) Demand at point 'B' is price inelastic.
- (2) Demand at point 'C' is more price elastic than at point 'B'.
- (3) Demand at point 'C' is price elastic.
- (4) Price elasticity of demand at point 'C' is greater than price elasticity of demand at point 'D'



Q.14 Giving reason, state whether the following statement are true or false. 6

- a. When there are diminishing returns to a factor total product always decreases.
- b. When there are diminishing returns to a factor marginal and total product both always fall.
- c. Increase in total product always indicates that there are increasing returns to factor.

Q.15 what will be impact on market price and the quantity exchanged when:

- a) There is rightward shift in the demand curve.
- b) The demand curve is perfectly elastic and supply curve shifts
- c) Both the demand and supply curves decrease in the same proportion.

OR

If demand curve shifts rightwards and supply curve shifts leftwards, the equilibrium price would certainly rise. But equilibrium quantity may increase, decrease or remain unchanged. Show with diagrams. 6

Q.16

Output (units)	TR (Rs.)	TC (Rs.)
1	50	60
2	60	65
3	68	68
4	70	60
5	75	75
6	80	95

Give:

- (1) Output levels showing loss.
- (2) Output levels showing break-even point.

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(3) Output levels showing producer's equilibrium. Why is he in equilibrium at this level of output? 6

### Section-B

- Q.17. what are Ex-ante savings? 1  
 Q.18 Give two macro economic variables. 1  
 Q.19 If MPC and MPS are equal, what is the value of the multiplier? 1  
 Q.20 how is primary deficit calculated? 1  
 Q.21 Define CRR. 1  
 Q.22 Distinguish between domestic product and national product. When can domestic product be more than national product? 6

OR

A machine purchased by a firm or a household is always a final good (commodity). Do you agree? Give reasons for your answer. 3

- Q.23 Explain the meaning of fixed foreign exchange rate. Give 2 merits of this system. 3  
 Q.24 Explain two measures adopted to reduce fiscal deficit. 3  
 Q.25 Give three sources of demand of foreign exchange. 3  
 Q.26 how does bank rate policy help RBI to control credit? 3  
 Q.27 calculate 'value of output' from the following data: 4

Items	₹ in lakh
Net value added at factor cost	100
Intermediate consumption	75
Excise duty	20
Subsidy	5
Depreciation	10

- Q.28 What is inflationary gap? Explain with a diagram. 4  
 Q.29 What are the primary functions of money? Explain. 4

OR

How does money help to overcome the problem of double coincidence of wants?

- Q.30 In an economy the equilibrium level of income is ₹12000crore. The ratio of MPC and MPS is 3:1. Calculate the additional investment needed to reach a new equilibrium level of income of ₹20,000crore. 6  
 Q.31 State whether the following are true or false. Give reasons. 6  
 (1) Capital formation is a flow.  
 (2) Remittances from abroad are included in estimation of GNP.  
 (3) Services are intermediate goods.

- Q.32 Calculate  $NDP_{FC}$  and GNDI. 6

	Items	Rs. in Crores
1.	Net Current Transfers from Row	-5
2.	Private Final consumption expenditure	250
3.	NFIA	15
4.	Govt. Final consumption expenditure	50

5.	Consumption of fixed capital	25
6.	Net exports	-10
7.	Subsidies	10
8.	Net Domestic Capital Formation	30
9.	Indirect Tax	20

OR

Calculate NI by (i) income method (ii) expenditure method.

	Items	Rs. in Crores
1.	Net Domestic Capital formation	360
2.	Interest	200
3.	Rent	300
4.	Private Final consumption expenditure	1300
5.	Govt. final consumption expenditure	730
6.	Net Exports	-20
7.	Net Indirect Taxes	70
8.	Net Current transfers from Row	80
9.	Consumption of fixed capital	60
10.	NFIA	-50
11.	Profits	600
12.	Compensation of Employees	1200