

B. Mark Study, Assignments, Solvate, Projects, Mock Papers . Questions and Answers. Free Forever.

- C. Question No. 1-4 and 13-16 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- D. Question no. 5-6 and 17-18 are short answer questions carrying three marks each. Answers to them should normally not exceed 60 words each.
- E. Question No. 7-9 and 19-21 are also short answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.
- F. Question no. 10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should normally not exceed 100 words each.
- G. Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

Section A

1

Why is economic problem regarded as the problem of choice?

[1]

2

What effect does an increase in input price have on supply curve?

[1]

3

Define indifference curve.

[1]

4

What is meant by market period?

[1]

5

What does the average fixed cost curve look like? Why does it look so?

[3]

OR

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6

Does production take place on a PP curve? Explain.

[3]

7

Price of a good falls from ₹ 10 to ₹ 8. As a result its demand rises from 80 units to 100 units. What can you say about price elasticity of demand by total expenditure method?

[4]

8

Explain law of variable proportion with the help of TPP and MPP curves.

[4]

OR

The following table gives the average product schedule of labour. Find the total product and marginal product schedules. It is given that the total product is zero at zero level of labour employment.

L	1	2	3	4	5	6
AP _L	2	3	4	4.25	4	3.5

[4]

91

Can there be a positive level of output that a profit maximizing firm produces in a competitive market at which market price is not equal to marginal cost? Give an explanation.

[2]

92

Giving reasons, state whether the following statements are true or false.

When equilibrium price of a good is less than its market price, there will be competition among the sellers.

[2]

[2]

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102

'If a product price increases, a family's spending on the product has to increase.' Defend or refute.

[4]

OR

Distinguish between extension of demand and contraction of demand with the help of a diagram.

(b) What is 'movement along a demand curve'? Show it with the help of a diagram.

(c) What causes an upward movement along a demand curve of a commodity?

[6]

111

A new technique of production reduces the marginal cost of producing stainless steel. How will this affect the supply curve of stainless steel utensils?

[2]

112

Consider the demand for a good. At price Rs 4, the demand for the good is 25 units. Suppose price of the good increases to Rs 5, and as a result, the demand for the good falls to 20 units. Calculate the price elasticity .

[4]

121

What are uses of national income accounting?

[2]

122

From the following data calculate GDP at MP :

(₹ in crores)

(i) Value of output in primary sector 2,000

(ii) Intermediate consumption of secondary sector 800

(iii) Intermediate consumption of tertiary sector 1,000

(iv) Net factor income from abroad

-30

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(v) Net indirect taxes

300

(vi) Value of output in tertiary sector

1,400

(vii) Value of output of secondary sector

1,800

(viii) Intermediate consumption of tertiary sector

600

[4]

Section B

13

Give examples of macroeconomic aggregates.

[1]

14

Give legal definition of money.

[1]

15

What is GNP deflator?

[1]

16

Which institution performs the function of a Clearing House in commercial banking system?

[1]

17

In an economy 75% of increase in income is spent on consumption. Investment is increased by ₹ 1000 crores. Calculate:

(a) Total increase in income, and

(b) Total increase in consumption expenditure.

[3]

OR

Relationship between APC and APS. Can the value of APS be negative? If yes, when?
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[3]

181

As a result of increase in investment by ₹125 crores, national income increases by ₹ 500 crores.
Calculate MPC.

[2]

182

In an economy MPS is 0.2. Investment increases by 1000 crores. Calculate total increase in national income.

[1]

19

Calculate (a) Private income, and (b) Personal disposable income from the following data:

(₹ in crores)

(i) Income from property and entrepreneurship to govt. adm. deptt.	500
(ii) Savings of non-departmental public enterprises.	100
(iii) Corporation tax	80
(iv) Income from domestic product accruing to private sector	4500
(v) Current transfers from govt. administrative departments	200
(vi) Net factor income from abroad	-50
(vii) Direct personal taxes	150
(viii) Indirect tax	220
(ix) Current transfers from rest of world	80
(x) Savings of private corporate sector	500

[4]

20

Explain the 'medium of exchange' function of money. How has it solved the related problem created by barter?

[4]

21

Calculate Gross National Disposal Income (GNDI) from the following data.

(₹ in crores)

(i) National income (NNP at FC)

2,000 3,000 1,000

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(ii) Net current transfers from rest of world 200 300 150

(iii) Consumption of fixed capital 100 150 100

(iv) Net factor income from abroad -50 -50 -10

(v) Net indirect taxes (NIT) 250 250 80

[4]

OR

What is meant by National Disposable Income (NDI)? How is it derived?

[4]

22

What do you understand by fiscal deficit? What problem can fiscal deficit create? How is it financed?

[6]

OR

Explain the basis of categorising different items of expenditure in a government budget into revenue expenditure and capital expenditure. Quote two examples of each.

[6]

23

Explain national income equilibrium through aggregate demand and aggregate supply. Use diagram. Also explain the changes that take place in an economy when the economy is not in equilibrium.

[6]

241

Define flexible foreign exchange rate system. State any two merits and two demerits of flexible exchange rate system.

[3]

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[3]