Economics

Time 3 Hrs

(i) All questions are compulsory

(ii) Questions No. 1-5 and 17–21 are very short answer questions carrying 1 mark each.

(iii) Question No. 6-10 and 22-26 are short answer questions carrying 3 marks each.

(iv) Questions No. 11-13 and 27-29 are also short answer question carrying 4 marks each.

(v) Questions No. 14-16 and 30-32 are long – answer questions carrying 6 marks each.

Section A

Q.1. Define marginal cost?

Q.2. When is the demand for a good said to be perfectly inelastic?

Q.3. Under which market form a firm is having homogenous products?

Q.4. What happens to total revenue of a firm when it is able to sell more at constant price?

Q.5. what is opportunity cost?

Q.6. Explain the central problem of ‘for whom to produce’?

Q.7. Differentiate between collusive and non-collusive oligopoly?

Or

Q. Explain the implication of ‘product differentiation’ in monopolistic competition?

Q.8. What is a budget line. Why is it downward slopping?

Q.9. A consumer buys 60 units of a good at price Rs 8 per unit. How many units of this good will he buy if price falls by Rs 2. Elasticity of demand is given as (-1.5).

Q.10. How is the supply of a good affected by the rise in the price of inputs used in production of that good?

Q.11. Why is the Average Revenue equal to Marginal Revenue under perfect competition?

Q.12. Differentiate between ‘Decrease in demand’ and ‘Decrease in quantity demanded’?

Q.13. Explain the law of diminishing marginal product with the help of a schedule?

Or

Q. why is MC curve ‘U’ shaped in short run?
Q.14. Explain ‘Producers equilibrium’ with the help of MC and MR schedule in the perfect competition?

Q.15. Equilibrium price may change or may remain constant with the decrease in both demand and supply. Explain with the help of diagram?

Or

Q. At a given price there is Excess demand for a good in the market. How is equilibrium price determined? Use diagram.

Q.16 Explain the conditions of consumers equilibrium under indifference curve approach?

Section B

Q.17. Can the value of APS be negative? If yes when?

Q.18. Give one example of an ‘externality’ which reduces welfare of people?

Q.19. What is managed floating exchange rate?

Q.20. What are demand deposits?

Q.21. What do you mean by involuntary unemployment?

Q.22. Explain the effect of appreciation of domestic currency on Imports?

Q.23. Determine Intermediate cost from the following data?

(i) Price per unit of output (Rs) 30
(ii) output sold (units) 300
(iii) Excise duty (Rs) 50
(iv) Depreciation (Rs) 30
(v) subsidy(Rs) 40
(vi) Net value added at factor cost 7000

Q.24. Differentiate between factor income and transfer income?

or

Q. Differentiate between stock and flow with examples?

Q.25. Distinguish between ‘Autonomous’ and ‘Accommodating’ transactions of BOP account?

Q.26. Briefly explain the problem of double counting?

Q.27. In an economy the consumption function is given as C=300+0.75Y. Investment expenditure is Rs 3700. Calculate Equilibrium level of Income and consumption expenditure?
Q.28. How can budgetary policy be used to reduce inequalities of income?

or

Q. Explain the ‘price stability’ objective of government budget?

Q.29. Classify the following in to Revenue Expenditure and Capital Expenditure. Give Reasons

(i) Expenditure on subsidies

(ii) Payment of past loans

(iii) Interest paid on borrowed amount

(iv) purchase of shares by government

Q.30. Explain the process of credit creation by Commercial Banks?

Q.31. Why must Aggregate demand be equal to Aggregate supply at equilibrium level of Income, Output and Employment? Explain with the help of a diagram?

Or

Q. What happens when Planned savings are not equal to Planned Investment in the economy? How equilibrium level of output is determined. Use diagram.


1. Private final consumption expenditure 4000
2. Gross domestic capital formation 3700
3. Net Indirect Tax 100
4. Change in stock 200
5. Net domestic fixed capital formation 3300
7. Net Exports 150
8. Net current transfer from abroad 250
9. Net factor Income from abroad 50