(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 revenue.
Q.2. What does a rightward shift of demand curve indicate?
Q.3. Under which market form is a firm a price maker.
Q.4. What is the behavior of total variable cost when output increases?
Q.5. What do you mean by implicit cost in economics.
Q.6. Explain the problem of ‘what to produce ‘with the help of an example.
Q.7. Why can a firm not earn abnormal profits under perfect competition in the long run?
   OR
   Why is the demand curve of a firm under monopolistic competition more elastic than under monopoly? Explain.
Q.8. A consumer consumes only two goods X and Y and is in equilibrium. Price of good Y falls. Explain the reaction of consumer through the utility analysis.
Q.9. The price elasticity of supply of a good commodity is 1.5, A firm supplies 300 units of it at a price of Rs. 6 per unit. At What price will it supply 450 units?
Q.10. How is the demand for a good affected by a fall in income of the buyer? Explain
Q.11. Explain the relationship between AVC and MC. Use diagram.
Q.12. How does nature of a commodity affect elasticity of demands?
Q.13. Draw a straight line demand curve touching both the axis. Determine elasticity of demands at different points on demand curve.

OR

Draw straight line supply curve showing es =0 , es =1 , es>1 and es<1

Q.14. Why does a consumer attains equilibrium when marginal rate of substitution between two goods become equal to price ratio of these two goods. Explain with the help of a schedule.

Q.15. Explain producer’s equilibrium with the help of MC and MR curve in perfect competition.

Q.16. Market for a good is in equilibrium. Explain what would happen if:-

(i). Market price becomes less than equilibrium price.

(ii). Market price becomes greater then equilibrium price

and how equilibrium in restored.

OR

How equilibrium price is determined in the market. Explain with the help of a schedule?

Section B

Q.17. Define excess demand in macroeconomics?

Q.18. What do you mean by Tax?

Q.19. What is the maximum value of multiplier?

Q.20. What is meant by cash reserve ratio?

Q.21. What does zero primary deficit indicate?

Q.22. Calculate net value added at MP from following data:-

(i) Sales                                                  500

(ii) Opening stock                                         40

(iii) Closing stock                                         60

(iv) Depreciation                                          30

(v) Profits                                                100

(vi) Purchase of Raw material                              250

(vii) Purchase of machinery                                150

Q.23. Differentiate between Balance of Trade and Balance of Payment.
Q.24. From the following data about a government budget find out (a) revenue deficit (b) fiscal deficit (c) primary deficit.

(i) Tax Revenue 97
(ii) Capital Receipts 84
(iii) Non Tax Revenue 60
(iv) Borrowings 82
(v) Revenue expenditure 230
(vi) Interest Payments 70

Q.25. Define money supply. Briefly explain its any two components.

Q.26. Differentiate between capital expenditure and revenue expenditure?

OR

Distinguish between direct tax and indirect tax. What is the basis of classifying taxes in to direct tax and indirect tax?

Q.27. Explain ‘Banker to Government’ function of central bank.

OR

How does change in ‘Banj rate’ and ‘Marginal requirement of loan’ affect money supply in the economy.

Q.28. Explain the concept of investment multiplier.

Q.29. Why is supply curve of foreign exchange positively slopped?

Q.30. State whether the following statements are true or false. Give reasons

1. Equilibrium level of income is solely determined by AD in the short run.
2. When MPC is zero, the value of multiplier will also be zero.
3. If the saving function of an economy is given as \( S = -40 + 0.2Y \), then value of MPC is 0.8.
4. Equilibrium level of income, output and employment is determined only at full employment.

Q.31. Explain expenditure method to determine national income. Also state two precautions.

OR

Explain the following

(i). Circular flow of income
(ii). Leakages and injections
Q.32. Calculate private income, personal income and personal disposable income from following data.

(i). GNP
(ii). Savings of non departmental enterprises
(iii). NIT
(iv). Consumption of fixed capital
(v). Income of government from property and entrepreneurship
(vi). Net factor income to abroad
(vii). Direct taxes paid by households
(viii). Corporation tax
(ix). Net retained earnings of private sector enterprises
(x). Net current transfer from abroad
(xi). Current transfer from government administrative departments