

GENERAL INSTRUCTIONS:-

- (i) Marks for questions are indicated against each.
- (ii) Question Nos. 1-6 and 21-24 are very short -answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- (iii) Question Nos. 7-10 and 25-26 are short -answer questions carrying 3 marks each. Answers to them should normally not exceed 60 words each.
- (iv) Question Nos. 11-14 and 27-28 are also short -answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.
- (v) Question Nos. 15-20 and 29-30 is long-answer question carrying 6 marks each. Answer should normally not exceed 100 words each.
- (vi) Answer should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION- A

1. Define marginal rate of transformation. 1
2. A shift in the budget line, when prices are constant, is due to:
 - (a) Change in demand
 - (b) Change in income
 - (c) Change in preferences
 - (d) Change in utility
3. Average fixed cost is indicated by: 1
 - (a) A rectangular hyperbola
 - (b) A straight line parallel to X-axis.
 - (c) A straight line parallel to Y-axis.
 - (d) A U-shaped curve.
4. Homogeneous products are sold under: 1
 - (a) Collusive oligopoly
 - (b) Non-collusive oligopoly
 - (c) Perfect oligopoly
 - (d) Imperfect oligopoly
5. Rahul have three options of a job, offering him a salary of Rs.20,000, Rs.25,000, and Rs. 30,000 respectively. What is Rahul's opportunity cost? 1
6. As water resources are limited in our economy, suggest one measure of economizing water resources so that it would not become a future problem for us. 1
7. Why does an economic problem arise? Explain. 3
OR
8. Explain with examples the central problem of "what to produce." 3
Explain the relation between total utility and marginal utility.
OR
- State and explain the condition of consumer's equilibrium in case of a single good.
9. Distinguish between Returns to a Factor and Returns to a Scale. 3
10. Explain "large number of buyers and sellers" feature of a perfectly competitive market. 3
11. Define Production Possibility Curve. Why is it downward sloping left to right? 4
12. Explain the difference between inferior goods and normal goods. Give example in each case. 4

223
4

✓ 13. Complete the following table:-

Output(Units)	Price (Rs.)	Total Revenue (Rs.)	Marginal Revenue(Rs.)
-----	10	-----	10
-----	7	-----	4
-----	5	-----	1
-----	3	-----	(--)3

✓ 14. Using a diagram explain what happens to the PPC of Kashmir if the widespread floods have led to the destruction of human lives? 4

✓ 15. Explain the condition of consumer's equilibrium with the help of indifference curve analysis. 6

OR

✓ Explain three properties of the indifference curves.

✓ 16. (a) A producer starts a business by investing his own savings and hiring the labour. Identify implicit and explicit costs from this information. Explain. 3+3=6

(b) A firm's revenue rises from ₹ 400 to ₹ 500 when the price of its product rises from ₹ 20 per unit to ₹ 25 per unit. Calculate the price elasticity of supply. $E_s = 0$

✓ 17. Market for a good is in equilibrium. There is simultaneous "increase", both in demand and supply of the good. Explain its effect on market price. 6

✓ 18. (a) It is because of high degree of interdependence that firm's demand curve remains indeterminate under oligopoly. Comment. 3+3=6

(b) Imagine yourself as a CEO of a global software company like Microsoft. How

(b) Imagine yourself as a CEO of a global software company like Microsoft. How will you decide your price policy?

✓ 19. Explain the change in demand for a good on account of change in price of related goods. 6

✓ 20. (a) Explain the distinction between "change in quantity supplied" and "change in supply". Use diagram. 3+3=6

(b) From the table find out the level of output at which the producer is in equilibrium. Give reasons for your answer.

Output (Units)	Marginal Cost (₹)	Total Revenue (₹)
1	12	10
2	10	20
3	8	30
4	10	40
5	12	50

SECTION B

✓ 21. Define flow variables. 1

✓ 22. GDP at current prices is known as: 1

i) Nominal GDP

iii) GDP at Factor Cost

ii) Real GDP

iv) GDP at Market Price

✓ 23. Value of output is: 1

i) Sales + Closing Stock

iii) Sales + Change in stock

ii) Sales - Opening Stock

iv) Sales - Closing Stock

✓ 24. Is Contribution to provident fund by the employees added in the estimation of national income? 1

25. Explain how "externalities" are a limitation of taking gross domestic product as an index of welfare. 3

26. Explain the circular flow of income. 3

OR

✓ If the Nominal GDP is ₹ 1200 and Price Index (with base=100) is 120, calculate Real GDP.

27. Distinguish between "real" gross domestic product and "nominal" gross domestic product. Which of these is a better index of welfare of the people and why? 4

✓ 28. Calculate "Sales" from the following data:

Items	₹ in lakh
(i) Intermediate Costs	700
(ii) Consumption of fixed capital	80
(iii) Change in stocks	(---)50
(iv) Subsidy	60
(v) Net value added at factor cost	1,300
(vi) Exports	50

$VO = GDP + P = \text{Sales} + \text{chg in stock}$
 $NAPFC$
 $GDPFC$

29. a) An ambassador in US embassy in India stays in his job for a period exceeding one year. 3+3=6

Would he be treated as a resident or non-resident of India? Give reason.

b) Giving reason explain how should the following be treated in estimating national income:

- (i) Expenditure on fertilizers by a farmer
- (ii) Purchase of tractor by a farmer.

30. Find (a) National Income, and (b) Gross National Disposable Income 6

Items	(Rs. in crore)
(i) Net current transfers to abroad	5
(ii) Private final consumption expenditure	200
(iii) Subsidies	20
(iv) Net domestic fixed capital formation	40
(v) Net factor income to abroad	10
(vi) Government final consumption expenditure	50
(vii) Change in stocks	(--)10
(viii) Net imports	(--)20
(ix) Consumption of fixed capital	30
(x) Indirect tax	60

$GNDP$
 $GDPFC$