



Time allowed: 3 HOURS

Maximum Marks: 100

**General Instructions:**

- All questions in both sections are compulsory. However, there is internal choice in some questions.
- Marks for questions are indicated against each question.
- Question No.1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
- Question No.6-8 and 21-23 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- Question No.9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- Question No.12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

**SECTION - A**

Q1. State one assumption for the construction of the curve that shows the possibilities of potential production of two goods in an economy. 1

Q2. What is patent right. 1

Q3. The period of time, when supply is fully adjusted to change in demand is called: 1

- a) Short period. b) Very Short Period
- c) Mid period. b) Long Period

Q4. Give an example of Positive and normative science. 1

Q5. Under which market form, a firm's marginal revenue is always equal to price. 1

Q6. Identify which of the following is not true for the indifference curves. Give valid reasons for choice of your answer: 3

- a) Lower indifference curve represents lower level of satisfaction.
- b) Two regular convex to origin indifference curves can intersect each other.
- c) Indifference curve must be convex to origin at the point of tangency with the budget line at the consumer's equilibrium.

OR

If IC is not convex at the point of equilibrium, the consumer cannot reach the point of stable equilibrium Comment. 1

Q7. a) Arrange the following coefficients of price elasticity of demand in ascending order: 3

-1.1, -0.3, -0.7, -0.8

b) A consumer spend Rs. 80 on a commodity when its price is Rs.1 per unit and spend Rs.96 when its price is Rs. 2 per unit. Calculate price elasticity of demand for the commodity by percentage method. 3

Q8. Reactions of consumers are different in different market situation and it depend on the following conditions: 3

i) Explain the reaction of consumer under the oligopoly market when the goods are not comes under the category of usable. 1

ii) Explain the reaction of the consumer under the situation of monopolistic when two or more firms equally launches the wide variety of similar products but under the different segmentation 3

Q9. Demand curve is the falling portion of Average revenue curve. Do you agree? support your answer with valid reason. 4

OR

Draw in a single diagram the average revenue and marginal revenue curves of a firm which can sell any quantity of the good at a given price. Explain 4

Q10. Observe the following condition: 4

"Water purity is a big issue in some major cities and it create the demand of packaged mineral water bottle but the price of these water bottle are really high", which ultimately raises the burden of expenditure on consumers budget. Suggest some remedies to overcome the situation of high priced water bottle. 4

Q11. Explain the central problem of the choice of products to be produced. 4

Q12. Explain the concept of Marginal Rate of Substitution and its behaviour in the Indifference Curve analysis. Use diagram. 6

Q13. a) If supply curve is in a straight line, what is the elasticity of supply? (3+3)

b) Explain the effect of following changes of the demand and supply of the commodity on the equilibrium price and equilibrium quantity. 6

i) Change in the nature of technology

ii) Change in the price of the commodity in the near future

iii) Changes in the price of raw material

iv) Changes in the price of complimentary goods

Q14. State the phases in the behaviour of total product as per the Law of Variable Proportions. Use diagram. 6

OR

a) What is the behaviour of average fixed cost as output is increased? Why is it so? (3+3)

b) Explain the condition of Producer Equilibrium with the help of numerical example. Use marginal cost and marginal revenue approach. 6

Q15. Define Price Ceiling? What is the common purpose for the price ceiling imposed by the government? Explain any one likely consequence of this nature of intervention by the government in the price determination process. 6

OR

Define Price floor. What is the common purpose of fixation of floor price by the government? Explain any one likely consequence of this nature of intervention by the government. 6

**SECTION - B**

Q16. Can the value of average propensity to save be negative? If yes, when

? 1

Q17. What are Demand deposits. 1

Q18. The maximum value of multiplier is.....When the value of MPC is:..... 1

- (a) Infinity, Zero (b) Infinity, One.
- (c) One, Infinity (d) None of these

Q19. Current transactions are of -----nature. 1

- (a) Flow (b) Stock
- (c) Both stock and flow (d) none of the above

Q20. Define Cash reserve ratio. 1

Q21. Distinguish between revenue receipts and capital receipts in a government budget. Give two examples of each. 3

Q22. Now days our respected Prime Minister Shri Narendra Modi Ji announces the "START-UP" INDIA, a new and innovative policy to define the new dimensions in the field of self employment, What is the objectivity of this initiative taken by the Prime Minister in the situation of controlling many economic issues. 3

Q23. From the following, calculate gross value added at factor cost: 3

Particulars	Rs in lakhs
sales	5000
Intermediate consumptions on primary stage of the production process	3500
profit	700
Tax relief	400
Consumption of fixed capital	600
Opening stock	600
Closing stock	200

Q24. Explain the distinction between Autonomous and Accomodating transactions in balance of payments. Also explain the concept of balance of payment deficit in this context. 4

Q25. Explain the derivation of the consumption function with the saving function with the help of equation and graphical representation? 4

Q26. Government across nations are too much worried about the term primary deficit. Do you think the fiscal deficit is necessarily inflationary in nature. support your answer with valid reasons. 4

Q27. Given consumption function  $C=100+0.75Y$  (where C=consumption expenditure and Y= national income) and investment expenditure is Rs. 1000 calculate: 6

i) Equilibrium level of national income.

ii) Consumption expenditure at equilibrium level of national income.

Q28. Give reasons; explain how the following are treated in National income: 6

i.) Wheat grown by a farmer but used entirely for family's consumption.

ii.) Salaries paid to non resident Indians working in Indian embassy in America

iii.) Profit earned by Indian bank from its branches abroad.

Q29. With the effect of demonetisation there is a huge rush in the front of commercial bank not in the front of Central bank, explain all the necessary functions of the commercial bank which justify the importance of commercial bank for the economy. 6

Q30. From the following information, calculate: 6

(a) National income.

(b) Personal disposable income and

S. No.	Items	(Rs.in crore)
i	Profit	1500
ii	Rent	1300
iii	Income from domestic product accruing to private sector	3000
iv	Mixed income of self employed	600
v	Compensation of employees	3000
vi	Reimbursement to the employees for medical expenses	300
vii	Depreciation	200
viii	Excess of factor income to rest of the world over factor income from rest of the world	50
ix	Excess of imports over exports	40
x	Corporate profit tax	200
xi	Net retained earnings of private enterprises	150
xii	Interest	1100
xiii	Net indirect taxes	350
xiv	Direct personal taxes	100

**TIPS**

- Go through the entire paper and in question involving choice, decide which one to answer.
- Students may first attempt those questions which you may know well. However, try to answer the questions in serial order.
- Stick to word limit. Do not waste time in counting words as there is no negative marking.
- Answers should be neat, clean and properly arranged. There should be conceptualized. To have better presentation of answer, underlining the headings and key points.
- Solve Numerical problems stepwise. Be careful to mention the units and highlights the final answer.



नोट- यह प्रतिदर्श प्रश्न पत्र है जरूरी नहीं है यही प्रश्न परिषदीय परीक्षा में आए।