

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8      Total number of printed pages : 4

## PART—A

*(Answer Question No.1 which is compulsory and any three of the rest from this part.)*

1. (a) State, with reasons in brief, whether the following statements are true or false :
  - (i) The slope of indifference curve indicates marginal rate of substitution.
  - (ii) At equilibrium of a firm under perfect competition, AR will be equal to MR.
  - (iii) "Economics is the science of choice making." Definition given by Samuelson.
  - (iv) Negative balance of trade does not indicate negative balance of payments.
  - (v) National income is the aggregative money value of all final goods and services produced in the country over a period of time, usually one year.
- (b) Distinguish between *any two* of the following :
  - (i) 'Cardinal approach of utility analysis' and 'ordinal approach of utility analysis'.
  - (ii) 'Returns to a factor' and 'returns to scale'.
  - (iii) 'Micro economics' and 'macro economics'.

*(3 marks each)*

*(5 marks each)*

2. (a) What do you understand by the concept of 'demand function' ?

(3 marks)

- (b) A consumer buys 50 units of a commodity at Rs.4 per unit. When its price falls by 25%, its demand rises to 100 units. Find out price elasticity of demand.

(4 marks)

- (c) "Product differentiation and selling expenses form the foundation of monopolistic competition." Explain.

(8 marks)

3. (a) Write short notes on *any two* of the following :

- (i) Marginal rate of technical substitution
- (ii) Iso-cost lines
- (iii) Ridge lines.

(4 marks each)

- (b) (i) Fill-up the blanks in the following table :

*Agricultural Output with Fixed Land and Variable Units of Labour*

<i>Labour (Units)</i>	<i>Total Output (Tonnes)</i>	<i>Average Output (Tonnes)</i>	<i>Marginal Output (Tonnes)</i>
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1	8	8	....
2	20	....	12
3	36	12	....
4	....	12	12
5	55	....	7
6	60	....	5
7	....	....	0

(4 marks)

- (ii) Narrate few aspects relating to supply of labour in a country.  
(3 marks)
4. (a) What is meant by 'credit control' ? What are its main categories ? Explain bank rate as a leading instrument of credit control.  
(8 marks)
- (b) What do you understand by 'consumption function' ? State various factors that determine consumption function.  
(7 marks)
5. (a) Briefly explain *any two* of the following concepts :  
(i) Reflation  
(ii) Hyper-inflation  
(iii) Deflation.  
(4 marks each)
- (b) State and explain 'comparative cost advantage theory' of international trade as propounded by David Ricardo.  
(7 marks)

**PART—B**

(Answer ANY TWO questions from this part.)

6. (a) "Business environment of a firm is the totality of external circumstances which it faces and over which it has little or no control." Comment.  
(7 marks)
- (b) Explain briefly *any two* of the following :  
(i) Concept of X-inefficiency  
(ii) Social goods  
(iii) State regulation  
(iv) Industrial sickness.  
(4 marks each)

7. (a) What do you mean by the term 'dualism' ? How far is it applicable to Indian economy ?

(7 marks)

- (b) Medium and large scale industries, financial institutions and other business establishments are important segments of mixed economy like India. Comment.

**OR**

Quality of life of Indian population is related to its size and employment level. Comment.

(8 marks)

8. (a) Write a note on various reforms that have been introduced in the Indian financial sector in recent years.

(7 marks)

- (b) Comment on *any two* of the following :

- (i) Liberalisation is the encouragement of direct foreign investment and technology.
- (ii) Infrastructure, by their very nature, tend to be commercially non-viable.
- (iii) A subsidy is a negative tax.
- (iv) Foreign trade of a country is believed to be a major contributor to its economic growth.

(4 marks each)

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