

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 5

## 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 correct or incorrect :
- (i) Income elasticity coefficient for a normal product would always be negative.
  - (ii) Devaluation is currency appreciation undertaken by the government.
  - (iii) Economic goods are available in plenty and are freely available.
  - (iv) Marginal efficiency of capital measures the expected rate of return.
  - (v) Deflation is beneficial to all sections of the society.
- (2 marks each)
- (b) Comment on **any two** of the following :
- (i) Economics is a science or an art depending on who uses it and for what purpose.
  - (ii) National income estimates are faulty in terms of their conceptual approach.
  - (iii) Indifference curves do not intersect each other.
  - (iv) Saving is necessarily equal to investment.
- (5 mark each)
- (c) Choose the most appropriate answer from the given options in respect of the following :
- (i) The view that 'Economics is neutral between ends' was expressed by —
    - (a) Robbins
    - (b) Marshall
    - (c) Pigou
    - (d) Adam Smith.
  - (ii) Demand for a commodity refers to —
    - (a) Desire for the commodity
    - (b) Need for the commodity
    - (c) Quantity demanded for that commodity
    - (d) Quantity of a commodity demanded at different prices during any particular period of time.

- (iii) Which of the following is also known as planning curve —
- Long run average cost curve
  - Short run average cost curve
  - Average variable cost curve
  - Average fixed cost curve.
- (iv) Which of the following is not a characteristic of a perfectly competitive market —
- Large number of buyers and sellers
  - Perfect mobility of factors of production
  - Informative advertising to ensure that consumers have good information.
  - Freedom of entry into and exit out of the market.
- (v) If marginal revenue exceeds marginal cost, a monopolist should —
- Increase output
  - Decrease output
  - Keep out the same because profits are maximised where marginal revenue exceeds marginal cost
  - Raise the price.

(1 mark each)

2. (a) Distinguish between **any two** of the following :
- 'Demand deposits of banks' and 'time deposits of banks'.
  - 'M<sub>1</sub> measure of money supply' and 'M<sub>3</sub> measure of money supply' as used in India.
  - 'Positive economics' and 'normative economics'.
  - 'Fixed exchange rate' and 'floating exchange rate'.

(4 marks each)

- (b) Give the meaning and types of 'price discrimination'. How does a monopolist maximise his profit under such situation ?

(7 marks)

3. (a) Write short notes on **any three** of the following :
- Product differentiation
  - External economies
  - Ridge lines
  - Say's Law
  - Effects of inflation.

(3 marks each)

(b) Fill in the blanks in the following table :

<i>Output (Units)</i>	<i>Total Fixed Cost (Rs.)</i>	<i>Total Variable Cost (Rs.)</i>	<i>Total Cost (Rs.)</i>	<i>Average Cost (Rs.)</i>	<i>Marginal Cost (Rs.)</i>
0	10	–	–	–	–
1	10	10	–	–	–
2	10	18	–	–	–
3	10	24	–	–	–
4	10	28	–	–	–
5	10	32	–	–	–
6	10	38	–	–	–
7	10	46	–	–	–
8	10	56	–	–	–
9	10	68	–	–	–

(6 marks)

4. (a) Explain the 'short run production function' with suitable example and diagram.

(6 marks)

(b) What are the properties of isoquant ?

(6 marks)

(c) A consumer demands 50 units of a commodity when the price of this commodity is Rs.10 per unit. The quantity demanded decreases to 45 when its price increases to Rs.11 per unit. Calculate the price elasticity of demand.

(3 marks)

5. (a) Distinguish between 'national income at constant prices' and 'national income at current prices'.

(5 marks)

(b) Discuss the functions of the 'central bank' in an economy.

(5 marks)

(c) Discuss the concept of disequilibrium in balance of payments. What measures can be taken to correct it ?

(5 marks)

### PART—B

(Answer ANY TWO questions from this part.)

6. (a) State, with reasons in brief, whether the following statements are correct or incorrect :

(i) Budgetary balance is important component of fiscal policy.

(ii) Business environment of a firm is the totality of external circumstances over which it has little or no control.

- (iii) In India, growth in population has also led to increased urbanisation.
- (iv) Our road transport system still suffers from some basic drawbacks.
- (v) In India, government is pursuing a policy of what is known as phased disinvestments of public sector undertakings.

*(2 marks each)*

- (b) Choose the most appropriate answer from the given options in respect of the following :
- (i) Which of the following statements is correct about the Industrial Policy, 1991 —
    - (a) Policy made it compulsory for the industry to obtain licence.
    - (b) It abolished licensing for all projects except 18 industries of strategic and security importance.
    - (c) It gave dominant position to the public sector.
    - (d) None of the above.
  - (ii) Which of the following statements is correct about India —
    - (a) The tertiary sector contributes the maximum to the 'gross domestic product' (GDP).
    - (b) It is basically a socialist economy.
    - (c) The distribution of income and wealth is quite equitable.
    - (d) None of the above.
  - (iii) India's rank in world population is —
    - (a) First
    - (b) Second
    - (c) Third
    - (d) Fourth.
  - (iv) In infrastructure of an economy, we include —
    - (a) Power
    - (b) Transport
    - (c) Banking
    - (d) All of the above.
  - (v) Population density means —
    - (a) Number of persons living per square kilometre
    - (b) Number of persons living per kilometre
    - (c) Ratio of population living below poverty line to total population
    - (d) Number of persons in a village.

*(1 mark each)*

7. (a) What do you mean by 'economic environment' ?  
(3 marks)
- (b) What do you mean by 'market structure' ? Discuss important aspects of the market structure.  
(6 marks)
- (c) "India suffers from several problems like those of regional disparities and income inequalities." Discuss.  
(6 marks)
8. (a) Write short notes on **any three** of the following :  
(i) Industrial sickness  
(ii) Declining role of public sector  
(iii) Components of Indian financial system  
(iv) Banking sector reforms in India.  
(4 marks each)
- (b) Discuss in brief with example the meaning of 'disguised unemployment'.  
(3 marks)

