Part A

I.   Answer all the following questions in One sentences each.   **1x5=5**

I. Choose the correct answers.

1. Which of the following is a macroeconomic variable?
    a) Individual demand
    b) Aggregate demand
    c) Firms output
    d) Price of a good.

2. The equation of budget line is
    a) $Px + P1x1 = M$
    b) $M = P0x0 + Px$
    c) $P1x1 + P2x2 = M$
    d) $Y = Mx + C$

3. The change in output per unit of change in input is called,
    a) Marginal product
    b) Average product
    c) Total product
    d) Product

4. The rate at which the RBI lends money to commercial banks against securities
    a) Bank rate
    b) Repo rate
    c) Reverse Repo rate
    d) None of the above

5. The consumers and producers can choose between domestic and foreign goods, this market linkage is called
    a) Financial Market linkage
    b) Output Market linkage
    c) Labor Market linkage
    d) None of the above

II.   Fill in the blanks.   **1x5=5**

6. In reality, all economies are...............
7. The demand for a good moves in the .... direction of its price
8. With the zero production cost, when the total revenue of monopoly firm is maximum, the profit is......................
9. Marginal product and Average product curves are ………. in shape.
10. The Bretton Woods conference held in the year………………

III.   Match the following.   **1X5=5**

11. i. Adam Smith   a. Dirty floating
    ii. Positive economics   b. operation of invisible hand.
    iii. Unitary elasticity of demand   c. QD=QS
    iv. Managed floating   d. functioning of mechanism
    v. Market equilibrium   e. |ed| = 1

IV.   Answer the following questions in a sentence.   1x5=5

12. What is normative economics?
13. Expand MRS.
14. What is Fiat Money?
15. Write the meaning of full employment level of income.
16. Who are 'free-riders'?

Part B

V.   Answer any nine the following questions in four sentences each.   2x9=18

17. What is opportunity cost?
18. Give the meaning of supernormal profit.
19. When do we say that, there is an excess demand in the market?
20. What is depreciation?
21. Give the meaning of oligopoly market.
22. Distinguish between stock and flow. Give example
23. What is Time deposit?
24. Write the meaning of excess demand and deficient demand.
25. Give the meaning of Paradox of thrift.
26. What do you mean by public provision?
27. Name and write the meaning of two kinds of trade in external sector.
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Part C

VI.   Answer any seven of the following questions in twelve sentences each.   4x7=28

28. Write a short note on centrally planned economy.
29. What are the differences between substitutes and compliments?
30. Explain the features of perfect competition.
31. Show the relationship between average revenue and marginal revenue of a monopoly market with the help of diagrams.
32. Explain the role of government and household sector in both developed and developing countries.
33. Illustrate unplanned accumulation and decumulation of inventories with an example.
34. Write the meaning of Transaction Motive and Speculative motive of demand for money and Liquidity trap.
35. Explain the effect of an autonomous change in aggregate demand in income and output.
36. Briefly explain the revenue deficit and fiscal deficit.
37. Briefly explain the effects of an increase in demand for imports in the foreign exchange market with the help of a diagram.

Part D

VII.   Answer any Four of the following questions in twenty sentences each.   6x2=12

38. Explain the movement along the demand curve and shift in demand curve with the help of two diagrams.
39. Explain to short run supply curve of the firm with the help of a diagram.
40. Explain the simultaneous shift of demand and supply curves in perfect competition with the help of diagrams.
41. Explain the short run equilibrium of a monopoly firm with the help of the simple case of zero cost.
42. Write down some of the limitations of using GDP as an index of welfare of a country.
43. 'The fiscal deficit gives borrowing requirements of the government'. Elucidate.
44. Write a note on balance of payment.

Part E

VIII. Answer any two of the following questions in fifteen sentences each.   5x2=10

45. Imagine there are only 3 consumers in a market. They are x y & z their demand for a good is given as follows. Calculate the market demand for the goods.

Price	X's demand	Y's demand	Z's demand	Market Demand
2	160	200	300	
4	140	180	250	
6	120	150	210	
8	100	100	150	
10	80	70	110	
12	60	30	70	
14	40	10	50	

46. Compute the total revenue, marginal revenue and average revenue schedules in the following table when market price of each unit of good is Rs.10.

Quantity Sold	TR	MR	AR
0			
1			
2			
3			
4			
5			
6			

47. Write the story of Gold smith Lala on the process of deposit and loan (credit) creation by commercial banks.

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