

Answer any 8 questions from 1 to 10. Each carries 1 score.

(8 × 1 = 8)

1. For whom to produce is the problem related to
 - (a) Selection of goods and services
 - (b) Distribution of national income
 - (c) Determination of price
 - (d) Technology of production

2. The slope of indifference curve is
 - (a) Marginal opportunity cost
 - (b) $-P_1/P_2$
 - (c) Marginal rate of substitution
 - (d) $\Delta S/\Delta Y$

3. Shape of Average Fixed Cost curve
 - (a) 'U' shape
 - (b) Inverted 'U' shape
 - (c) Rectangular hyperbola
 - (d) 'S' shape

4. In a perfect competitive market
 - (a) $AR > MR$
 - (b) $AR < MR$
 - (c) $AR = MR$
 - (d) None of these

5. If firms can enter and exit the market freely, then
 - (a) $P > \min. AC$
 - (b) $P = \min. AC$
 - (c) $P < \min. AC$
 - (d) None of these

6. If demand is greater than supply then the situation is
 - (a) Excess supply
 - (b) Excess demand
 - (c) Equilibrium
 - (d) Excess output

7. Which one of the following is related to Macro Economics ?
- (a) Utility
 - (b) Demand for apple
 - (c) National Income
 - (d) Profit of a firm
8. Gross Value Added (GVA) at basic prices is
- (a) GVA at factor cost + Net production taxes
 - (b) GVA at factor cost – Net production taxes
 - (c) GVA at factor cost + Net indirect tax
 - (d) GVA at factor cost – Net indirect tax
9. $M_1 = \text{Currency} + \underline{\hspace{2cm}}$
- (a) Time deposit
 - (b) Demand deposit
 - (c) Bank rate
 - (d) Post office deposit
10. Which one of the following equation is correct ?
- (a) $MPS = S/Y$
 - (b) $MPC = C/Y$
 - (c) $MPS = 1 - MPC$
 - (d) $MPC = 1 + MPS$

Answer any 4 questions from 11 to 15. Each carries 2 scores.

(4 × 2 = 8)

11. Mention any two factors which determine price elasticity of a commodity.
12. Draw Long-run Average Cost Curve and Long-run Marginal Cost Curve in a single diagram.
13. Mention four sectors of an economy from the view point of macro economics.
14. If $CRR = 20\%$, find money multiplier.

15. Complete the following table :

Income	Saving	APC	APS
500	200		
1000	500		
1200	600		
1500	700		

Answer any 4 questions from 16 to 20. Each carries 3 scores.

(4 × 3 = 12)

16. Babu wants to consume apple and orange with the money income of ₹ 150. Their market prices are 15 and 10 respectively.

- Find horizontal intercept.
- Find vertical intercept.
- Find slope of the budget line.

17. Explain three stages of Law of Returns to Scale.

18. The following table shows the total revenue and total cost of a firm. Calculate the profit at each level of output. Determine also the market price of the good.

Quantity Sold	TR (₹)	TC (₹)	Profit
0	0	5	
1	5	7	
2	10	10	
3	15	12	
4	20	15	
5	25	23	
6	30	33	
7	35	40	

19. Explain three situations in which GDP cannot be used as an index of welfare.

20. Explain any two limitations to credit creation of commercial banks.

Answer any 4 questions from 21 to 25. Each carries 4 scores.

(4 × 4 = 16)

21. With the help of diagrams explain short-run shut down point and short-run break even point of a firm under perfect competitive market.
22. With the help of diagrams explain change in equilibrium price and output.
- (a) Both supply and demand curves shift rightwards.
- (b) Both supply and demand curves shift leftwards.
23. Write a short note on Emergence of Macro Economics.
24. Suppose a consumer buys 90 kg of rice and 5 metre of cloth in a year. In the year 2020 the price of a kg of rice was ₹ 10 and a piece of cloth was ₹ 100. Now suppose that the prices have gone up to 15 and 120 respectively in 2024. Calculate consumer price index.
25. If autonomous consumption is 20, Investment is 30, $MPC = 0.8$, find equilibrium income in a two sector economy.

Answer any 4 questions from 26 to 30. Each carries 5 scores.

(4 × 5 = 20)

26. (a) Explain central problems of an economy in relation to allocation of scarce resources.
- (b) Mention the mechanism which is used to solve these problems in atleast two economies.
27. Distinguish between movement along the demand curve and shifts in the demand curve with the help of diagrams.

28. What are average fixed cost, average variable cost and average cost of a firm? How are they related?
29. (a) What do you mean by price ceiling?
 (b) Explain it with the help of a diagram.
 (c) Write its two consequences.
30. With the help of a diagram explain effect of an autonomous change in aggregate demand on income and output.

Answer any 2 questions from 31 to 33. Each carries 8 scores.

(2 × 8 = 16)

31. In the short-run and long-run a firm's profit is maximum if three conditions are satisfied.
 (a) State the three conditions.
 (b) Explain these conditions.
 (c) Draw diagrams.
32. (a) Draw circular flow of income and expenditure in a two sector economy.
 (b) Mark three methods of measurement of national income in it.
 (c) Explain these three methods.
33. (a) Explain the functions of Central Bank. (4)
 (b) Explain policy tool of Central Bank to control money supply. (4)