Series: SSO/1

Code No. 58/1/1

Roll No. | | | | | | | |

Candidates must write the Code No. on the title page of the answer-book.

- Please check that this question paper contains **8** printed pages maps.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **32** questions.
- **Please write down the serial number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed a 10.15 a. From 10.15 a.m. to 10.30 a.m. the student will read the question paper only and will not write any answer on the answer script during this period.

ECONOMICS

Time allowed: 3 hours] [Maximum marks: 100

General Instruction:

(i) All questions in both the section are compulsory.

(ii) Marks for questions are indicated against each.

(iii) Questions Nos. 1 – 5 and 17 – 21 are very short – answer questions carrying 1 mark each. They are required to be answered in one sentence each.

(iv) Question Nos. 6 – 10 and 22 – 26 are short – answer questions carrying 4 marks each. Answer to them should normally not exceed 60 words each.

(v) Question Nos. 11 – 13 and 27 – 29 are also short – answer questions carrying 6 marks each. Answer to them should normally not exceed 70 words each.

(vi) Question Nos. 14 – 16 and 30 – 32 are long – answer questions carrying 6 marks each. Answer to them should normally not exceed 100 words each.

(vii) Answers should be brief and to the point and the above word limits should be adhered to as for as possible.

SECTION – A

Q1. Give two examples of Microeconomic studies. [1]

Q2. When is the demand of a commodity said to be inelastic? [1]

Q3. Define fixed cost. [1]

Q4. What causes a downward movement along a supply curve? [1]

Q5. Define monopoly [1]

Q6. Why does an economic problem arise? Explain. [3]

OR

Explain the problem of 'What to produce.' [3]

Q7. Distinguish between a normal good and an inferior good. Give example in each case. [3]

Q8. How is the price elasticity of demand of a commodity affected by the number of its substitutes? Explain. [3]

Q9. Explain the meaning of 'increase in supply' and increase in quantity supplied' with the help of a schedule. [3]

Q10. Why is a firm under Perfect Competition a price – taker? Explain. [3]

Q11. Complete the following table: [4]

Output (units)	**Average Variable Cost (Rs.)**	**Total Cost (Rs.)**	**Marginal Cost (Rs.)**
1	--------	60	20
2	18	-------	-------
3	--------	-------	18
4	20	120	-------
5	22	-------	-------

OR

Complete the following table:

Output (units)	**Price (Rs.)**	**Total Revenue (Rs.)**	**Marginal Revenue (Rs.)**
4	9	36	
5	-------	-------	4
6	-------	42	--------
7	6	-------	-------
8	-------	40	-------

Q12. Commodities X and Y have equal elasticity of supply. The supply of X rises from 400 units 500 units due to a 20 percent rise in price. Calculate the percentage fall in supply of Y if its price falls by 8 percent. [4]

Q13. From the following schedule find out the level of output at which the producer is in equilibrium. Give reasons for your answer. [4]

Output (Units)	**Price (Rs.)**	**Total Cost (Rs.)**
1	24	26
2	24	50
3	24	72
4	24	92
5	24	115
6	24	139
7	24	165

Q14. Explain the causes of a rightward shift in demand curve of a commodity of an individual consumer. [6]

OR

Explain the conditions of consumer's equilibrium in case of [6]

(i) Single commodity and

(ii) Two commodities.

Use utility approach.

Q15. Giving reasons, state whether the following statements are true or false: [6]

(i) When there are diminishing returns to a factor, total product always decreases.

(ii) Total product will increase only when marginal product increases.

(iii)When marginal revenue is zero, average revenue will be constant.

Q16. With the help of a diagram explain the effect of "decrease" in demand of a commodity on its equilibrium price and quantity. [6]

For blind candidates only in lieu of Q. No. 16:

Define equilibrium price. How is it affected by a "decrease" in demand of a commodity?

SECTION – B

Q17. Why is repayment of loan a capital expenditure? [1]

Q18. What is meant by excess demand in Macroeconomics?

Q19. What can be the minimum value of investment multiplier?

Q20. Define bank rate.

Q21. Define involuntary unemployment.

Q22. Complete the follow table: [3]

Income	Saving	Marginal Propensity to Consume	Average Propensity to Save
0	-12		
20	-6	-------	-------
40	0	-------	-------
60	6	-------	-------

Q23. State any three points of distinction between Central Bank and Commercial Banks. [3]

Q24. How can a government budget help in reducing inequalities of income? Explain.

Q25. Explain the circular flow of income.

OR

Distinguish between intermediate products and final products. Give examples.

Q26. List the items of the current account of balance of payments account. Also define 'balance of trade.'

Q27. Explain the meaning and two merits of fixed foreign exchange rate. [4]

OR

Explain two sources each of demand and supply of foreign exchange.

Q28. State the four functions for money. Explain any one of them.

Q29. Distinguish between:

(i) Direct tax and indirect

(ii) Revenue deficit and fiscal deficit

Q30. How will you treat the following while estimating domestic factor income of India? Give reasons for your answer. [6]

(i) Remittances from non – resident Indians to their families in India.

(ii) Rent paid by the embassy of Japan in India to a resident Indian.

(iii) Profits earned by branches of foreign bank in India.

Q31. Given consumption function C = 100 + 0.75 Y (where C = consumption expenditure and Y = national income) and investment expenditure Rs. 1000, calculate: [6]

(i) Equilibrium level of national income.

(ii) Consumption expenditure at equilibrium level of national income

OR

What changes will take place to bring an economy in equilibrium if

(i) Planned savings are greater than planned investment and

(ii) Planned savings are less than planned investment.

Q32. Calculate "gross national product at factor cost" from the following data by [6]

(i) Income method, and

(ii) Expenditure method.

		(Rs. In croses)
(i)	Private final consumption expenditure	1,000
(ii)	Net domestic capital formation	200
(iii)	Profits	400
(iv)	Compensation of employees	800
(v)	Rent	250
(vi)	Government final consumption expenditure	500
(vii)	Consumption of fixed capital	60
(viii)	Interest	150
(ix)	Net current transfers from rest of the world	(-)80
(x)	Net factor income from abroad	(-)10
(xi)	Net exports	(-)20
(xii)	Net indirect taxes	80