

MODEL QUESTIONS

SET-1

SUB-ECONOMICS

Time : 3 Hrs.

Max.Marks : 100

Instructions :

1. **Q. No. 1 to Q. No. 5 and 17 to 21** are very short answer type carrying **1 mark each**. Answer these questions in one sentence only.
2. **Q. No. 6 to 10 and Q. No. 22 to 26** are short answer type carrying **3 marks each**. Answer to them should not normally exceed 60 words each.
3. **Q. No. 11 to 13 and Q. No. 27 to 29** are short answer type carrying **4 marks each**. Answer to them should not normally exceed 70 words each.
4. **Q. No. 14 to 16 and Q. No. 30 to 32** are long answer type carrying **6 marks each**. Answer to them should not normally exceed 100 words each.
5. *There is no words limitation for numerical questions.*

SECTION A

1. What do you mean by scarcity of resources?
2. Define budget constraint.
3. Why does an indifference curve convex to the origin?
4. Define resume.
5. What do you mean by equilibrium price of a commodity?
6. Distinguish b/w increase in quantity demanded and increase in demand.
7. Explain the central problem of an economy. What to produce? With an example.
8. Prove there is inverse relationship b/w price and demand of a commodity on the basis of law of equi-marginal utility.

9. Explain the derivation of TVC from MC with the help of numerical example.
10. Explain the relationship between AR and MR when :
 - (a) More quantity sold at the same price.
 - (b) More quantity sold at lower price.
11. Explain the concept of MRS with the help of suitable numerical example.
12. The price elasticity of supply of a commodity Y is half the price elasticity of supply of commodity X. 16% rise in price of X results in 40% rise in its supply. If the price of Y falls by 8%, calculate the %age fall in its supply.
13. Distinguish b/w collusive and non-collusive oligopoly. Also explain that mutual interdependent of firm, feature of oligopoly.

Or

Find out that level of output, at which a producer will be in equilibrium on the basis of following information.

Output :	1	2	3	4	5	6	7
Price (Rs.):	7	7	7	7	7	7	7
TC (Rs.):	8	15	21	26	33	41	50

14. Why does a consumer in equilibrium when MRS equal to ratio of prices of two goods?
15. Explain the implication of the following of perfect competition :
 - (a) Homogeneous Product
 - (b) Free entry and exit of firms
16. Distinguish b/w change in quantity supplied and change in supply.

Or

Explain the law of variable proportion with the help of TPP and MPP curves.

SECTION B

17. Define Aggregate Demand.
18. Define Planned Saving.

19. What do you mean by NFIA?
20. Define Balance of Payment.
21. Define government's budget.
22. Distinguish between final goods and intermediate goods.
23. Define money supply. How does it measure? Explain.
24. What do you mean by under employment equilibrium? Explain.
25. State the components of current account of BOP.
26. Calculate net value added at factor cost from :

		(₹ Crores.)
(i)	Subsidy	40
(ii)	Sales	800
(iii)	Consumption of fixed capital	30
(iv)	Exports	100
(v)	Intermediate purchases	500
(vi)	Opening stock	50
(vii)	Import of raw materials	60
(viii)	Closing stock	20
(ix)	Purchase of machinery for own use	200

[Ans.: ₹280 cr.]

Or

- How does a Commercial Bank differ from other financial institutions? Explain.
27. How does government reduce income inequality money the society through its budgetary policy?
 28. Explain the concept of inflationary gap with the help of suitable diagram.
 29. Distinguish between current A/c and capital a/c of BOP.

30. Explain the process of money creation by commercial banks with numerical example.

Or

Define revenue deficit, fiscal deficit and primary deficit. Distinguish b/w Direct Tax and indirect Tax.

31. If an economy consumption function is $C = 75 + 0.85Y$ and investment expenditure (I) is Rs. 3500 crore. Calculate :
- (i) equilibrium level of income.
 - (ii) consumption expenditure at equilibrium level of income.
 - (iii) savings at equilibrium level of income.
32. Explain any 3 limitation of GDP as an indicator of welfare.