

ECONOMICS

(318)

[Maximum Marks : 100]

Time : 3 Hours]

- Note :
- (i) This Question Paper consists of 50 questions in all.
 - (ii) All questions are compulsory.
 - (iii) Marks are given against each question.
 - (iv) Section-A consists of—
 - (a) Question Nos. 1 to 20—Multiple choice-type questions (MCQs) carrying 1 mark each. Select and write the most appropriate option out of the four options given in each of these questions.
 - (b) Question Nos. 21 to 35—Objective-type questions carrying 2 marks each (some questions with 2 sub-parts of 1 mark each). Attempt these questions as per the instructions given for each of the questions.
 - (v) Section-B consists of—
 - (a) Question Nos. 36 to 42—Very short answer-type questions carrying 2 marks each to be answered in the range of 30 to 50 words.
 - (b) Question Nos. 43 to 48—Short answer-type questions carrying 4 marks each to be answered in the range of 50 to 80 words.
 - (c) Question Nos. 49 and 50—Long answer-type questions carrying 6 marks each to be answered in the range of 80 to 120 words.

An internal choice has been provided in some of these questions in Section-B. You have to attempt only one of the given choices in such questions.

- (1) Answers of all questions are to be given in the Answer-Book given to you.
- (2) 15 minutes time has been allotted to read this Question Paper. The Question Paper will be distributed at 2:15 p.m. From 2:15 p.m. to 2:30 p.m., the students will read the Question Paper only and will not write any answer on the Answer-Book during this period.

SECTION-A

Note : Question Numbers 1 to 20 are MCQs of 1 mark each.

1. Nominal GDP is measured taking the
(A) current year prices (B) base year prices
(C) Any of these (D) None of these 1
2. Which of the following is a wrong statement? 1
 - (A) All economies face economic problems. ✓
 - (B) Unlimited wants and limited resources are the main causes of economic problems.
 - (C) If one want is satisfied, another want arises.
 - (D) None of the above



3. The disadvantage of absolute measure of dispersion is that
- comparative study of two or more series is not possible
 - it shows incorrect measure
 - it may be calculated in different units
 - None of the above
4. Mark the one that is **not** true.
- Demand for a commodity is the same as desire for the commodity.
 - Desire means merely a wish to have a commodity.
 - Every desire is not a want.
 - Demand is referred with quantity, price and given period of time.
5. Which of the following statements is **not** true about opportunity cost?
- It is the cost of the next best alternative foregone.
 - It is the value of the alternative commodity that is not produced.
 - It is the opportunity lost.
 - It is the amount that can be gained in the future.
6. Out of the following, which is a direct tax?
- Customs duty
 - Service tax
 - Gift tax
 - None of these
7. Which of the following examples is a real flow?
- Rent paid to households
 - Wages paid to labour
 - Households receive goods and services from firms
 - Households receive interest from firms
8. Excess demand of a good at a price leads to
- movement of price away from equilibrium
 - movement of price towards equilibrium
 - No effect on price
 - None of the above
9. When due to fall in income level the demand curve shifts, it is referred to as
- decrease in demand
 - increase in demand
 - extension of demand
 - contraction of demand
10. If GDP at FC = ₹ 13,000, depreciation = ₹ 1,000 and NFIA = ₹ 100, then NNP at FC will be
- ₹ 13,100
 - ₹ 14,100
 - ₹ 12,100
 - ₹ 11,900



11. If NFIA is negative, then GDP at MP will be
 (A) less than GNP at MP (B) equal to GNP at MP
 (C) more than GNP at MP (D) None of these 1
12. If gross primary deficit is ₹ 1,200 crores and interest payments are ₹ 150 crores, then fiscal deficit is
 (A) ₹ 1,350 crores (B) ₹ 1,050 crores
 (C) ₹ 1,200 crores (D) ₹ 150 crores 1
13. A firm's average fixed cost (AFC) is ₹ 20 at 6 units of output. What will be AFC at 4 units of output?
 (A) ₹ 20 (B) ₹ 30
 (C) ₹ 40 (D) ₹ 50 1
14. If price rises from ₹ 10 to ₹ 20 and quantity supplied remains constant at 20 units, then elasticity of supply is
 (A) more than one (B) less than one
 (C) perfectly elastic (D) perfectly inelastic 1
15. PPC will be a straight line when
 (A) production is under constant returns
 (B) MRT is constant on all points
 (C) Both (A) and (B)
 (D) None of the above 1
16. Age of 10 students of a class is reported below :
- | | | | | | | | | | | |
|----------------|----|----|----|----|----|----|----|----|----|----|
| Age (in years) | 17 | 18 | 17 | 19 | 20 | 21 | 18 | 17 | 19 | 20 |
|----------------|----|----|----|----|----|----|----|----|----|----|
- The modal age is
 (A) 20 years (B) 21 years
 (C) 18 years (D) 17 years 1
17. Price elasticity of demand equals to one when
 (A) % change in quantity demanded is equal to % change in price
 (B) demand curve is a rectangular hyperbola
 (C) Both (A) and (B)
 (D) None of the above 1
18. Identify the incorrect statement about median.
 (A) Median is a positional value.
 (B) The data need not be arranged in the ascending or descending order.
 (C) It divides the distribution into two equal halves.
 (D) In case of discrete series, cumulative frequency must be calculated. 1



19. The problem of allocation of resources refers to the problem of
- (A) What to produce
 - (B) For whom to produce
 - (C) How to produce
 - (D) All of these

20. Select the wrong option regarding coefficient of variation.

- (A) It is a relative measure of variation
- (B) It is used for the comparison of variability
- (C) Quartile deviation is used for its calculation
- (D) Arithmetic mean is the average taken to calculate it

Note : Answer Question Numbers 21 to 35 given below.

21. Write True or False :

1×2=2

- (a) When income increases, a part of the income is saved.
- (b) MPC is always more than one.

22. Fill in the blanks :

1×2=2

- (a) A balanced budget is when government expenditure is equal to its ____.
- (b) A ____ budget is when government expenditure exceeds its receipts.

23. Write True or False :

1×2=2

- (a) Average variable cost can fall even when marginal cost is rising. *f*
- (b) The difference between total cost and total variable cost falls with increase in output. *T*

24. Fill in the blanks :

1×2=2

- (a) Recovery of loan is a ____ receipt.
- (b) ____ expenditure creates assets for the government.

25. Write True or False :

1×2=2

- (a) Transfer payments do not cause any value addition in the economy.
- (b) Inventory investment refers to the change in stock during the year.

26. Fill in the blanks :

1×2=2

- (a) When price elasticity of supply is 1.1, it is called ____ supply.
- (b) When price elasticity of supply is 0.1, it is called ____ supply.



27. Write True or False : 1×2=2
(a) Domestic territory does not include the territorial waters.
(b) Domestic territory includes embassies of the country located in other countries.
28. Fill in the blanks : 1×2=2
(a) If $MPC = 0.8$, the value of multiplier is ____.
(b) If $MPS =$ ____, the value of multiplier is 2.
29. Write True or False : 1×2=2
(a) An increase in the number of firms leads to 'expansion in supply'.
(b) Fall in the productivity of wheat will lead to a downward movement along the same supply curve of wheat.
30. Fill in the blanks : 1×2=2
(a) Household income and expenditure is an example of ____ correlation.
(b) If the graph of correlation is not in a straight line, then it is ____ correlation.
31. Write True or False : 1×2=2
(a) If the goods X and Y are substitutes, a rise in the price of X will result in a rightward shift in the demand curve of Y .
(b) If a household buys more of a commodity due to increase in income, then the given commodity must be an inferior one.
32. Fill in the blanks : 1×2=2
Arithmetic mean is called ____ average while median is called measure of ____.
33. Fill in the blanks : 1×2=2
Related goods are of two types, ____ goods and ____ goods.
34. Write True or False : 1×2=2
(a) Quartile divides a series into three equal parts.
(b) Cumulative frequency is important in calculating median in discrete and continuous series.
35. Fill in the blanks : 1×2=2
Any point on PP curve shows that resources are ____ and ____ utilized.



SECTION-B

36. Explain any *one* reason for a consumer to buy less of a commodity at the same price. 2

37. Why are exports included in the estimation of GDP? 2

Or

How is net export different from net factor income from abroad?

38. A 5% fall in the price of X leads to a 10% rise in demand. A 20% rise in the price of Y leads to a 6% fall in demand. Which of the two X and Y is more elastic? Calculate. 2

39. What is autonomous investment? Explain. 2

Or

What is saving function? Explain.

40. Distinguish between fixed cost and variable cost. 2

Or

Distinguish between explicit cost and implicit cost.

41. Define a budget. What are the *two* components of a budget? 2

Or

What is non-tax revenue of the government? Give *two* examples.

42. What is a production possibility schedule? 2

43. List the steps to calculate mean deviation from median. 4

Or

Enumerate the steps to calculate median in continuous series.

44. Distinguish between the following : 4

(a) Individual demand and Market demand

(b) Change in demand and Change in quantity demanded

Or

Explain the following factors affecting market demand :

(a) Distribution of income and wealth

(b) Season and weather conditions



45. In the following cost schedule, average fixed cost at 4 units of output is ₹ 5. Find the TFC, TVC, AFC and AC of the firm for the given levels of output :

Output (in units)	1	2	3	4	5	6
TC (₹)	50	65	75	95	130	185

46. Prepare a schedule and explain it to determine equilibrium price in a perfect market.

Or

"In a perfect market, firms have to accept the price determined by the industry." Explain it with the help of a diagram.

47. Explain the concept of break-even point for an economy with the help of a schedule.

48. Explain in any two ways how the government finances the deficit in the budget.

49. State the formula of computation of mode in a continuous series. Give the full forms of its components.

50. Calculate the Private Income from the data given below :

Sl. No.	Items	₹ (in crore)
1.	Income from property and entrepreneurship accruing to government	150
2.	NDP at FC	3,000
3.	Savings of non-departmental enterprises	30
4.	Net current transfers from ROW	35
5.	Net factor income from abroad	(-20)
6.	National debt interest	10
7.	Net current transfers from government	20

Or

Calculate (a) GDP at MP and (b) GNP at FC from the data given below :

Sl. No.	Items	₹ (in crore)
1.	Compensation of employees	2,500
2.	Profit	700
3.	Mixed income of self-employed	7,500
4.	Government final consumption expenditure	3,000
5.	Rent	400
6.	Interest	350
7.	Net factor income from abroad	50
8.	Net indirect taxes	150
9.	Depreciation	70
10.	Net exports	40

