

MODEL PAPER 2

SUBJECT: ECONOMICS

TIME : 3 HOURS

MARKS: 100

PART – A

I. Choose the correct answer:

5x1 =5

1. The equation of budget line is

(a) $p x + p_1 x_1 = M$

(b) $M = p_0 x_0 + p x$

(c) $p_1 x_1 + p_2 x_2 = M$

(d) $Y=M x + C$

2. The product in a perfect competition are

a) Heterogeneous products

b) Homogeneous products

c) Luxury goods

d) Necessary goods

3. The year of Great Depression

a) 1920

b) 1889

c) 1929

d) 2018

4. The value of GDP at the current prevailing prices is

a) Real GDP

b) GDP at factor cost

c) Nominal GDP

d) NDP

5. Value of MPC lies between

a) 1 and 2

b) 0 and 1

c) 2 and 4

d) 0 and 0.5

II. Fill in the blanks:

5x1 =5

6. Scarcity of resources give rise to _____.

7. Want satisfying capacity of a commodity is _____.

8. The point of minimum AVC where the SMC curves cuts the AVC curves is called _.

9. The net contribution made by a firm is called its _____
10. The principal motive for holding money is to carry out _____

III. Match the following:

5x1 =5

- | | | |
|-----|------------------------|---------------------------|
| 11. | A | B |
| | 1. Complementary goods | a) Perfect information |
| | 2. LRAC | b) Non- Monetary exchange |
| | 3. Perfect competition | c) Long run Average cost |
| | 4. Domestic service | d) Y - C |
| | 5. Savings | e) Pen & Ink |

IV. Answer the following question in a sentence/word.

5x1 =5

12. What do you mean by cardinal utility analysis?
13. Give the meaning of super normal profit.
14. How do we get Personal Disposable Income?
15. What is Fiat Money?
16. Write the meaning of autonomous consumption.

PART – B

V. Answer any NINE of the following questions in four sentences each.

9x2 =18

17. Distinguish between Micro and Macro Economics.
18. What is monotonic preference?
19. What do you mean by inferior goods? Give example?
20. What is Isoquant?
21. Write the meaning of opportunity cost with an example.
22. Give the meaning of price elasticity of supply and write its formula.
23. Name and write the meaning of two kinds of trade in external sector.
24. Distinguish between stock and flow. Give example.
25. What are the four factors of production? Mention their rewards.
26. Write the equation of GDP_{MP} and GDP_{FC} .
27. Give the meaning of CRR and SLR.
28. State the credit control instruments of RBI.
29. Write the meaning of excess demand and deficient demand.
30. Give the meaning of investment multiplier. Write its formula.

PART – C

VI. Answer any SEVEN of the following questions in 12 sentences each.

7x4 =28

31. Write a short note on a centrally planned economy.
32. Write the difference between total utility and marginal utility.
33. Briefly explain the budget set with the help of a diagram.
34. Write a brief note on return to scale.
35. Write a short note on profit maximization of a firm under the following conditions
a) $P=MC$ b) MC must be non-decreasing at q_0
36. Explain the working of the economy of a capitalist country.
37. Write a note on externalities.
38. Explain the circular flow of income of an economy.
39. Illustrate unplanned accumulation and decumulation of inventories with an example.
40. Briefly explain the functions of RBI.
41. Briefly explain consumption function.

PART – D

VII Answer any FOUR of the following questions in 20 sentences each.

4x6 =24

42. Explain the features of indifference curves with the help of diagrams.
43. Explain the optimal choice of consumer with the help of diagram.
44. A firm's SMC schedule is shown in the following table. TFC is Rs.100. find TVC, TC, AVC and SAC. Schedules of the firm.

Q	0	1	2	3	4	5	6
SMC	--	500	300	200	300	500	800

45. Explain market supply curve with the help of diagram
46. Briefly explain the expenditure method of measuring GDP.
47. Explain the functions of money. How does money overcome the short comings of a barter system.
48. Discuss the Paradox of thrift.

PART – E

VIII. Answer any TWO of the following project oriented questions.

2x5 =10

49. A consumer wants to consumes two goods. The Price of Bananas is Rs 5 and the price of mango is Rs.10 The consumer income is Rs 40.

- a) How much Bananas can she consume if she spend her entire income on that good?
- b) How much mangoes can she consume if she spend her entire income on that good?
- c) Is the slope of budget line downward or up word?
- d) Are the Bundles on the budget line equal to the consumer's income or not?
- e) If you want to have more of Bananas you have to give up mangoes. Is it true?

50. Find the missing products in the following table.

Factor 1	TP	MP _L	AP _L
0	0	0	0
1	10	-	10
2	24	-	12
3	40	16	13.33
4	-	10	-
5	-	6	11.2
6	57	1	9.5

(For blind students only)

Explain the meaning of TP, MP and AP)

51. Write a note on Demonetization.
