



PART A

I. Choose the correct answer:

1. Traditionally the subject matter of Economics has been studied under the following broad branches.
 - a. Micro and macroeconomics.
 - b. Positive and normative
 - c. Deductive and inductive
 - d. None of the above
2. The firm's profit is denoted by
 - a. Σ
 - b. (\emptyset)
 - c. Δ
 - d. Π
3. The value of GDP at the current prevailing prices is
 - a. Real GDP
 - b. GDP at factor cost
 - c. Nominal GDP
 - d. NDP
4. The banks which are a part of the money creating system of the economy are
 - a. Bankers
 - b. Commercial banks
 - c. RBI
 - d. None of the above
5. In the situation of excess demand
 - a. Demand is less than the level of output
 - b. Demand is more than the level of output
 - c. Supply is less than the level of output
 - d. Supply is more than the level of output.

II. Fill in the blanks

6. In reality all economies are _____ .
7. Price taking behaviour is the single most distinguishing characteristic of _____ market.
8. SMC curve cuts the AVC curve at the _____ point of AVC curve from _____ below.
9. Economic exchanges without the use of money are referred to as _____ .
10. Size of the multiplier depends on the value of _____ .

III. Match the following.

- | | | |
|-----|-------------------------|-------------------------------|
| 11. | A. | B |
| | i. Linear demand curve | a. TC |
| | ii. $TFC + TVC =$ | b. Repo |
| | iii. Normal profit. | c. $d(P) = a - bp$ |
| | iv. PDI. | d. Zero profit |
| | v. Repurchase Agreement | e. Non-monetary exchange |
| | | f. Personal disposable income |

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

12. What is average product?
13. Write the meaning of cost function of the firm
14. Give the meaning of supernormal profit.
15. What is GDP deflator?
16. What is fiat money?

PART-B

V. Answer all of the following questions:

17. What is opportunity cost?
18. What is monotonic preference?
19. What are long run costs?
20. What are the features of capitalistic economy?
21. Name and write the meaning of two kinds of trade in external sector.
22. Distinguish between stock and flow with the example.
23. What do you mean by externalities? Mention its two types.
24. Mention two functions of money.
25. What role of RBI is known as lender of last resort?
26. Give the meaning of excess demand and deficient demand.

27. Give the meaning of investment multiplier and write its formula.
28. What are the four factors of production? mention their rewards.
29. What do you mean by inferior goods? Give example.
30. State the law of demand.

PART-C

VI. Answer all of the following questions.

31. Briefly explain how the family of a farmer, teacher can use their resources to fulfil their needs in a simple economy
32. Explain the differences between normal and inferior goods with examples.
33. Explain isoquant with the help of the diagram.
34. Write about shutdown point, normal profit and break even point.
35. Briefly explain in what way macroeconomics is different from micro economics.
36. Explain the role of the government (state) and household sector in both developed and developing countries.
37. Write a short note on the concept of final good.
38. Explain the circular flow of income of an economy.
39. 'Money acts as a convenient unit of account'. Explain this sentence with the example.
40. Give the meaning of aggregate demand function. How can it be obtained graphically?
41. Explain the investment function with the help of graphs.

PART-D

VII. Answer all of the following questions.

42. Explain the optimal choice of consumer with the help of a diagram.
43. Explain the movement along the demand curve and shift in demand curve with the help of two diagrams.
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 TR and AR of a firm under perfect competition with the help of diagrams.
46. Explain the macroeconomic identities.
47. Explain a numerical example to show that all the three methods of estimating GDP gives us the same answer.
48. Explain the functions of money and how does money overcome the shortcomings of barter system?.

PART-E

VIII. Answer all of the following.

49. A consumer wants to consume 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 many bananas can she consume if she spends her entire income on that good?
 - b. how many mangoes can she consume if she spends her entire income on that good?
 - c. Is the slope of budget line downward or upward?
 - d. Are the bundles on the budget line equal to the consumers income or not?
 - e. if you want to have more of bananas you have to give up mangoes. Is it t
50. Find the missing products in the following table.

Factor	TP	MP	AP
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

50. Write a note on demonetisation.

25. What do you mean by externalities ? mention its two types.
26. Give the meaning of CRR and SLR.
27. How does bank rate influence money supply?.
28. Give the meaning of investment multiplier and write its formula.
29. Give the meaning of paradox of thrift.
30. State the law of demand.

PART-C

VI. Answer all of the following questions.

31. Briefly explain the production possibility Frontier.
32. Explain the indifference map with a diagram.
33. Briefly explain the budget set with the help of a diagram.
34. Explain the determinants of a firm's supply curve.
35. Briefly explain in what way macro economics is different from micro economics.
36. Explain the working of the economy of a capitalist country.
37. Illustrate unplanned accumulation and accumulation of inventories with an example.
38. Write a note on externalities.
39. Briefly explain the functions of RBI.
40. Give the meaning of aggregate demand function. How can it be obtained graphically?
41. Explain the consumption function.

PART-D

VII. Answer all of the following questions.

42. Explain the features of indifference curves with the help of diagrams.
43. Explain the market demand with the help of diagrams.
44. Explain the law of variable proportions with the help of a diagram.
45. Explain the short run supply curve of a firm with the help of a diagram.
46. Explain the macroeconomic identities.
47. Write down the limitations of using GDP as an index of welfare of a country.
48. Explain the effect of an autonomous change in aggregate demand on income and output.

PART-E

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 - d. Are the bundles on the budget line equal to the consumers income or not?
 - e. if you want to have more of bananas you have to give up mangoes. Is it true?
50. Compute the total revenue marginal revenue and average revenue schedules in the following table when market price of each unit of good is Rs. 10.

Qty sold	TR	MR	AR
0			
1			
2			
3			
4			
5			
6			

51. Write a note on demonetisation.