



Part A

I. Choose the correct answers.

1X5=5

1. The scarce resources of an economy have
 - a) Competing usages
 - b) Unlimited usages
 - c) Single usages
 - d) None of the above.

2. The consumption bundles that are available to the consumers depend on
 - a) Color and shape
 - a) Price and income
 - b) Income and quality
 - c) None of the above

3. $NNP = GNP -$
 - (a) Deduction
 - (b) Depreciation
 - (c) Investment
 - (d) None of the above

4. When Demand exceeds the available output under conditions of high level of employment, this may give rise to
 - a) Inflation
 - b) Deflation
 - c) Stabilization
 - d) None of the above.

5. Which of the following is an example for 'Paper Taxes'
 - a) Income Tax
 - b) Excise Tax
 - c) Wealth Tax
 - d) Customs Taxes

II. Fill in the blanks.

1x5=5

6. Scarcity of resources gives raise to.....
7. Method of adding two individual demand curve is called.....
8. The domestic country may sell goods to the rest of the world. These are called
9. A part of the revenue is paid out as for the services rendered by the land
10. _____ Is a mixture of fixed and flexible exchange rate system.

III. Match the following.

1X5=5

- | | |
|-------------------------------|---------------------------|
| 11. a. Domestic service | i. Broad money |
| b. Service of a teacher. | ii. Non-Monetary exchange |
| c. Centrally planned economy. | iii Paper gold. |
| d. M_3 and M_4 | iv. Broad money |
| e. SDR | v. Government |

IV. Answer the following questions in a sentence.

1x5=5

12. Give the meaning of micro economics.
13. Write the equation of a demand function.
14. Expand CPI.

15. Give the meaning of investment multiplier. Write its formula
16. What do you mean by open economy?

Part B

V. Answer any nine the following questions in four sentences each.

2x9=18

17. Distinguish between positive and normative economics.
18. Mention two different approaches which explain consumer behavior?
19. Write the meaning of opportunity cost with an example.
20. Give the meaning of oligopoly market.
21. Define market equilibrium.
22. Who are Macro Economics decision makers?
23. What is the difference between consumer goods and capital goods?
24. What is Time deposit?
25. Define Average Propensity to save (APS).
26. Give the meaning of progressive Tax.
27. Why do people demand foreign exchange?

Part C

VI. Answer any seven of the following questions in twelve sentences each.

4x7=28

28. Briefly explain in what way Macro Economics is different from Micro Economics.
29. Write a note on production possibility frontier.
30. Explain the indifference map with a diagram.
31. Explain the determinants of a firm's supply curve.
32. Briefly explain the monopolistic competition market.
33. Explain the role of government (states) and household in both developed and developing countries
34. Explain the circular flow of income of an economy
35. Write a note on legal definition of money.
36. Give the meaning of Aggregate demand function. How can it be obtained graphically?
37. Does public debt impose a burden? Explain.
38. Explain the merits and demerits of Flexible and fixed exchange rate system.

Part D

VII. Answer any four of the following questions in twenty sentences each.

6x4=24

39. Explain the law of diminishing marginal and utility with the help of a table and diagram.
40. Explain market supply curve with the help of diagram.
41. Explain the market equilibrium with the fixed number of firms with the help of diagram.
42. Explain the short run equilibrium of a monopolist firm, when the cost of production is positive by using TR and TC curves with the help of diagram.
43. 'The fiscal deficit gives borrowing requirements of the government'. Elucidate.
44. Write down a numerical example to show that all the three methods of estimating GDP gives us the same answer.
45. Explain the classification of receipts.

Part E

VIII. Answer any two of the following questions in fifteen sentences each.

5x2=5

46. A consumer wants to consume two goods. The price of bananas is Rs.4 and the price of mangoes he is Rs.5 the consumer income is Rs.20.
 - A. How much bananas can she consume if she spends her entire income on that good.
 - B. How much mangoes can she consumes 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 are 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?

47. Calculate the cost concepts.

Out put	TFC	TVC	TC	AFC	AVC	AC	MC
1	50		70	50			
2		30		25		40	
3			90		13.33		
4	50	60	110	12.5		27.5	
5		90		10	18		

48. Give the formula of the following macroeconomics identities.

GDP, GNP, NDP, NNP, Personal income.

