

General Instructions:

1. All questions in both the sections are compulsory.
2. Marks for questions are indicated against each.
3. Question Nos. **1** and **13** are very short answer questions carrying **1** mark for each part. They are required to be answered in one sentence each.
4. Question Nos. **2-5** and **14-17** are short answer questions carrying **3** marks each. Answer to them should not normally exceed 60 words each.
5. Question Nos. **6-9** and **18-21** are also short answer questions carrying **4** marks each. Answer to them should not normally exceed 70 words each.
6. Question Nos. **10-12** and **19-24** are long answer questions carrying **6** marks each. Answers to them should not normally exceed **100** words each.
7. Answers should be brief and to the point and the above word limits be adhered to as far as possible.
8. All of the questions should be answered at one place.

ECONOMICS 2005 Compartment (Delhi)

SECTION - A

Q1. Answer the following questions:

1x4

- a) State any two causes of an economic problem.
- b) Define demand schedule.
- c) What is equilibrium price?
- d) Draw average revenue curve of a firm under perfect competition.

Q2. Explain the central problem of 'for whom to produce'.

3

Q3. Define utility. Describe the law of diminishing marginal utility.

3

Q4. Price elasticity of demand of a good is (-) 2. 40 units of this good are bought at a price of Rs. 10 per unit. How many units will be bought at a price of Rs. 11 per unit? Calculate.

3

Q5. Explain the effect of 'technological changes' on the supply of a product.

3

Q6. Define marginal revenue. State the relation between total revenue and Marginal revenue.

4

Q7. Calculate total variable cost and marginal cost at each given level of output from the following table:

4

Output (units)	0	1	2	3	4
Total Cost (Rs.)	40	60	78	97	124

Q8. Explain the feature 'large number of buyers and sellers' of a perfectly competitive market.

4

Or Explain the feature 'differentiated products' of a market with monopolistic competition.

Q9. Explain the chain of effects on demand, supply and price of a commodity caused by a leftward shift of its demand curve. Use diagram.

6

Q10. Explain the law of demand and the reasons behind it. Use diagram. **6**

Q11. All the inputs, used in production of a good, are increased in the same proportion. What are its possible effects on 'total physical product'? Explain by using numerical examples. **6**

Or Explain the Law of Variable Proportions and the reasons behind it.

Q12. Distinguish between fixed cost and variable cost and give one example of each. Draw Average Total Cost, Average Variable Cost and Marginal Cost Curves in a single diagram. **3, 3**

SECTION - B

Q13. Answer the following questions: **1X4**

- a) Define macroeconomics.
- b) Give one example showing the difference between micro- economics and macroeconomics.
- c) What is a government budget?
- d) A country's balance of trade is Rs. 100 crores and value of export of goods is Rs. 175 crores. Find out value of import of goods.

Q14. Calculate Gross Value Added at Factor Cost from the following data: **3**

	(Rs. lakhs)
(i) Consumption of fixed capital	5
(ii) Sales	100
(iii) Subsidies	2
(iv) Closing stock	10
(v) Purchases of raw materials	50
(vi) Opening stock	15
(vii) Indirect taxes	10

Q15. State the meaning and components of aggregate demand. **3**

Q16. As a result of increase in investment by Rs. 20 crores, national income rises by Rs. 100 crores find out Marginal Propensity to Consume. **3**

Q17. Distinguish between revenue receipts and capital receipts in a government budget. Give one example of each. **3**

Q18. Explain the 'medium of exchange' function of money. **4**

Or Explain the 'measure of value' function of money.

Q19. Explain the 'acceptance of deposits' function of commercial banks. **4**

Q20. Explain the concept of 'revenue deficit' in a government budget. What does this deficit indicate? **4**

Q21. State two sources of demand and two sources of supply of foreign exchange. **4**

Q22. Differentiate between factor payment and transfer payment. Explain briefly the concept of 'mixed income of self-employed'. **3+3**

Q23. Calculate (i) Net Domestic Product at Factor Cost, and (ii) Personal Income from the following data: **3+3**

	(Rs. crores)
a) Private final consumption expenditure	700
b) Savings of non-departmental enterprises	20
c) Net domestic fixed capital formation	100
d) Undistributed profits	5
e) Change in stock	10
f) Corporation tax	35
g) Net exports	40
h) Income from property and entrepreneurship accruing to the government administrative departments	
i) National debt interest	30
j) Government final consumption expenditure 150	40
k) Current transfers from government	150
l) Net factor income from abroad	25
m) Net current transfers from the rest of the world	(-) 10
n) Net indirect taxes	10
o) Personal taxes	60
	35

Q24. Explain and graphically represent the concept of deflationary gap. Explain any one-measure of removing this gap. **4+2**

Or

Explain and graphically represent the concept of inflationary gap. Explain any one measure of removing this gap.