

Series SSR/1

Code No. **58/1/2**

Roll No.

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Candidates must write the Code on the title page of the answer- book.

- Please check that this question paper contains **11** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **32** questions.
- **Please write down the Serial Number of the questions before attempting it.**

## ECONOMICS

Time allowed: 3 hours]

[maximum marks: 100

### ***General Instructions:***

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each.
- (iii) Question Nos. **1** to **5** and **17** to **21** are very short answer questions carrying one mark each. They are required to be answered in one sentence each.
- (iv) Question Nos. **6** to **10** and **22** to **26** are short answer questions carrying three marks each. Answer to them should not normally exceed **60** words each.
- (v) Questions Nos. **11** to **13** and **27** to **29** are also short answer questions carrying Nos. **11** to **13** and **27** to **29** are also short answer questions carrying four marks each. Answers to them should not normally exceed **70** words each.
- (vi) Question Nos. **14** to **16** and **30** to **32** are long answer questions carrying six marks each. Answer to them should not normally exceed **100** words each.
- (vii) Answer should be brief and to the point and the above word limit be adhered to as far as possible.

1. Define market demand.
2. What does cost mean in economics?
3. Define revenue.
4. Define market for a good.
5. Give meaning of 'opportunity cost'.
6. When price of a good falls from Rs.10 per unit to Rs.9 per unit, its demand rises from 9 units to 10 units. Compare expenditures on the good to find price elasticity of demand.
7. What is the relation between good X and good Y in each case, if with fall in price of X demand for good Y (i) rises and (ii) falls? Give reason.
8. Explain the effect of technical progress on the supply of a good.

**OR**

Explain the effect of rise in input prices on the supply of a good.

9. State three features of monopolistic competition.
10. Explain the central problem 'how to produce'.
11. Complete the following table:

Output (Units)	Total Variable Cost (Rs.)	Average Variable Cost (Rs.)	Marginal Cost (Rs.)
1	10	-----	-----
-----	-----	8	6
3	27	-----	-----
-----	-----	10	13

**OR**

Output (Units)	Total Variable Cost (Rs.)	Average Variable Cost (Rs.)	Marginal Cost (Rs.)
1	-----	12	-----
2	20	-----	-----
-----	-----	10	10
4	40	-----	-----

12. Explain the conditions leading to profit maximization by a producer. Use total cost and total revenue approach.

13. Complete the following table:

Output (Units)	Total Variable Cost (Rs.)	Average Variable Cost (Rs.)	Marginal Cost (Rs.)
1	-----	15	-----
2	-----	-----	26
3	11	-----	-----
2	-----	3	-----

14. Explain the Law of Variable Proportions through the behavior of both Total Product and Marginal Product. Give reasons.

**OR**

Explain “Returns to Scale” using numerical examples. Given reasons.

15. Market for a good is in equilibrium. What is the effect on equilibrium price and quantity if the proportionate increase in market demand is greater than increase in market supply. Use diagram.

**For Blind Candidates only in lieu of Q.No. 15**

Market for a good is in equilibrium. What is the effect on equilibrium price and quantity if the proportionate **increase** in market demand is greater than increase in market supply. Use schedules

16. A consumer consumes only two goods. Explain his equilibrium with the help of utility approach.

## **Section B**

17. Define deflationary gap.

18. What is a central bank?

19. State any one objective of government budget.

20. Define flexible exchange rate system.

21. Give meaning of full employment.

22 When exchange rate of foreign currency rises, its supply rises. How? Explain.

23. State components of the current account of the balance of payments account.  
 24. What is bank rate policy? How does it work as a method of credit control?

**OR**

What are 'open market operations'? How do these work as a method of credit control?

25. Give meanings of capital receipts and revenue receipts with an example of each.  
 26. Calculate 'intermediate consumption' from the following data:

	(Rs. lakhs)
(i) Value of output	200
(ii) Net value added at factor cost	80
(iii) Sales tax	15
(iv) Subsidy	5
(v) Depreciation	20

27. What is 'fiscal deficit'? What are its implications?  
 28. As a result of increase in investment national income rises by Rs. 600 crores. If marginal propensity to consume is 0.75, calculate the increase in investment.  
 29. Give four agency functions of commercial banks.

**OR**

Explain the acceptance of deposits function of commercial banks.

30. giving reasons explain how the following are treated while estimation national income:

- (i) Payment of fees to a lawyer engaged by a firm.
- (ii) Rent free house to and employee by an employer.
- (iii) Purchases by foreign tourists.

31. Calculate Gross National Product at Market Price an Net National Disposable income from the following data:

	(Rs. Crores)
(i) Net current transfer to abroad	(-) 5
(ii) Profits	70
(iii) Consumption of fixed capital	30
(iv) Rent	40
(v) Indirect tax	20
(vi) Interest	100
(vii) Royalty	10
(viii) Compensation of employees	600
(ix) Subsidy	5
(x) Net factor income from abroad	(-) 25