

ECONOMICS (49)

MARKS: 80

TIME: 3 HOURS

NOTE:

- 1) All questions are compulsory**
- 2) Draw tables and diagrams wherever necessary**
- 3) Figures to the right indicate full marks**
- 4) Write answers to all main questions on a new page**

Q.1.A. Assertion and Reasoning type of questions:

(5) [20]

1. Assertion (A): Utility is a relative concept.

Reasoning (R): Utility varies from time to time and place to place.

Options:

1. (A) is True and (R) is False
2. (A) is False but (R) is True
3. Both (A) and (R) are True and (R) is the correct explanation of (A)
4. Both (A) and (R) are True and (R) is not the correct explanation of (A)

2. Assertion (A): Degree of price elasticity is less than one ($ed < 1$) in case of relatively inelastic demand.

Reasoning (R): Change in demand is more than the change in price.

Options:

1. (A) is True and (R) is False
2. (A) is False but (R) is True
3. Both (A) and (R) are True and (R) is the correct explanation of (A)
4. Both (A) and (R) are True and (R) is not the correct explanation of (A)

3. Assertion (A): Index numbers are electronic devices.

Reasoning (R): Index number measures changes in an economic variable or a group of variables over a period of time.

Options:

1. (A) is True and (R) is False
2. (A) is False but (R) is True
3. Both (A) and (R) are True and (R) is the correct explanation of (A)
4. Both (A) and (R) are True and (R) is not the correct explanation of (A)

4. Assertion (A): While computing national income, value of intermediate goods or raw materials is not considered.

Reasoning (R): Separate accounting of the values of intermediate goods along with the accounting of the value of final product would mean double counting.

Options:

1. (A) is True and (R) is False

2. (A) is False but (R) is True
3. Both (A) and (R) are True and (R) is the correct explanation of (A)
4. Both (A) and (R) are True and (R) is not the correct explanation of (A)

5. **Assertion (A):** Foreign trade is trade within the boundaries of a nation.

Reasoning (R): Foreign trade includes import trade, export trade and entrepot trade.

Options:

1. (A) is True and (R) is False
2. (A) is False but (R) is True
3. Both (A) and (R) are True and (R) is the correct explanation of (A)
4. Both (A) and (R) are True and (R) is not the correct explanation of (A)

Q.1.B. Complete the Correlation: (5)

1. Mikros: Small :: : Large
2. Consumer goods: :: Producer's goods: Indirect demand
3. : Few sellers :: Monopoly: Single seller
4. Tax on goods and services : Indirect tax :: Tax on income and property:
5. Money market: Short term funds :: : Long term funds

Q.1.C. Give economic term: (5)

1. Aggregate of utility derived by a consumer from all units of a commodity consumed.
2. Degree of responsiveness of quantity demanded to a change in income only.
3. Net addition made to the total revenue by selling an extra unit of a commodity.
4. Wear and tear of capital assets during the process of production.
5. Payment made by citizens of a particular locality in exchange for certain special facilities given to them by the authorities.

Q.1.D. Find the odd word: (5)

1. Theory of Factor Pricing – Rent, Wages, Tariff, Interest
2. Exceptions to law of demand – Inferior goods, Prestige goods, Habitual goods, Capital goods
3. Features of Monopolistic Competition- Homogenous product, Free entry and exit, Selling cost, Concept of group
4. Market Supply Curve – price and supply relationship, graphical presentation, downward sloping, all sellers' supply
5. Sources of external debt – foreign government, foreign banks, international organizations, central bank

Q.2.A Identify and Explain the concepts: (Any 3) (6) [12]

- i. Mayur collected information about the total employment, total investment, and total savings in the country during the financial year 2020-21
- ii. Rehana demanded coffee powder, sugar, and milk for preparing coffee at home.
- iii. Silk n Shine company distributed free samples of shampoo to visitors at various malls to create more demand for its product.

- iv. Rustom, a retired government employee receives a monthly pension of Rs 10,000/-.
- v. Western Bank provides demat facility, safe deposit lockers, mobile banking facility to its customers.

Q.2.B. Distinguish between: (Any 3) (6)

- i. Partial Equilibrium and General Equilibrium
- ii. Expansion of demand and Contraction of demand
- iii. Local market and National market
- iv. Laaspeyre's Price Index Number and Paasche's Price Index Number
- v. Public revenue and Public debt

Q.3. Answer the following: (Any 3) (12)

- i. Explain the Ratio method of measuring price elasticity of demand
- ii. Explain Changes in Supply with suitable diagrams
- iii. Explain the different concepts of national income
- iv. Explain any four functions of Reserve Bank of India
- v. Explain the role of foreign trade (any four points)

Q.4. State with reasons whether you Agree or Disagree with the following statements: (Any 3) (12)

- i. The scope of macroeconomics includes only the theory of general price level and inflation.
- ii. Utility is an ethically neutral concept.
- iii. Supply curve of labour is backward bending.
- iv. Price discrimination is the only feature of monopoly.
- v. Output method includes value added approach.

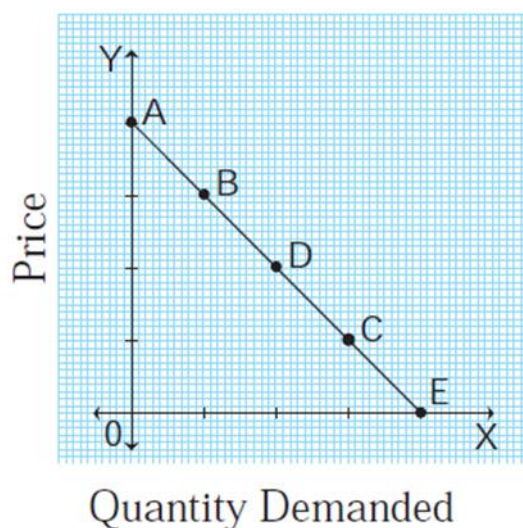
Q.5 Study the following table, diagram, passage and answer the questions given below it: (Any 2) (08)

i.

| Price of banana (per dozen) in ₹ | Demand (in dozen) | Supply (in dozen) | Relation between DD and SS |
|----------------------------------|----------------------|----------------------|----------------------------|
| 10 | 500 | 100 | DD > SS |
| 20 | 400 | <input type="text"/> | DD > SS |
| 30 | <input type="text"/> | 300 | DD = SS |
| 40 | 200 | <input type="text"/> | DD < SS |
| 50 | <input type="text"/> | 500 | DD < SS |

1. Complete the above table (2 marks)
2. Derive the equilibrium price from the above schedule with the help of a suitable diagram

ii.



1. Observe the linear demand curve AE and complete the table given below: (2 marks)

| POINT | Coefficient of elasticity | Type of Price elasticity |
|-------|---------------------------|-----------------------------|
| A | $ed = \infty$ | <input type="text"/> |
| B | <input type="text"/> | Relatively elastic demand |
| D | $ed = 1$ | <input type="text"/> |
| C | $ed < 1$ | Relatively inelastic demand |
| E | <input type="text"/> | Perfectly inelastic demand |

2. Identify the above method of measuring price elasticity of demand with the formula. (2 marks)

iii. The first organised stock exchange in India was started in 1875 at Bombay and it is stated to be the oldest in Asia. In 1894 the Ahmedabad Stock Exchange was started to facilitate dealings in the shares of textile mills there. The Calcutta stock exchange was started in 1908 to provide a market for shares of plantations and jute mills. Madras stock exchange was started in 1920. At present there are 24 stock exchanges in the country, 21 of them being regional ones with allotted areas. Two others set up in the reform era, viz., the National Stock Exchange (NSE) and Over the Counter Exchange of India (OICEI), have mandate to have nation-wide trading. Stock Exchanges are being administered by their governing boards and executive chiefs. Policies relating to their regulation and control are laid down by the Ministry of Finance. Government also

Constituted Securities and Exchange Board of India (SEBI) in April 1988 for orderly development and regulation of securities industry and stock exchanges.

1. Identify the reason for starting the Calcutta stock exchange. (1 mark)
2. Identify the stock exchanges that function at the national level. (1mark)
3. Give your opinion on the above passage. (2 marks)

Q.6. Answer in detail: (Any 2)

(16)

- i. Explain the law of demand with a suitable table and diagram. State any 3 exceptions
- ii. Explain the types of Index numbers and its significance in Economics (any 4 points)
- iii. Examine the reasons for continuous growth in public expenditure in India.