Sample Paper 1
2015
Section A

Time : 3 Hrs   **MM :100**

Instructions

⬝ All questions in both the sections are compulsory.

⬝ Questions Nos 15 and 17 – 21 are very short answer questions carrying 1 mark each. They are required to be answerd in one sentence each.

⬝ Questions Nos 610 and 22-26 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.

⬝ Questions Nos 1113 and 27-29 are short answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.

⬝ Questions Nos 1416 and 30-32 are short answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.

⬝ Answer should be brief and to the point and the above word limit be adhered to as far as possible

⬝ Questions Nos 5 and 29 are value based

Section 1: Micro Economics

1. Give two reasons behind central problems of an economy.

2. Define elastic demand.

3. What happens to equilibrium quantity of a commodity if there is equal decrease in its dd and equal increase in its supply?

4. In which market a firm have indeterminate AR Curve?

5. Demand for petrol has increased. However supply cannot be increased due to heavy import cost. Suggest how the demand for petrol can be decreased?

Hint- a. By promoting other alternative / non conventional resources i.e. CNG

b. By using more and more public transport

6. Distinguish between decrease in resources and unemployment of resources. Give one example of each. Use PPC.

7. Does demand curve for a commodity always downward sloping?

Or

If price of one commodity increase how it will affect the dd for its related goods.

8. Show the affect of following factors on elasticity of dd for a commodity.

a. Income group

b. Habit of consumer

c. Price level

9. Calculate price elasticity of demand if fall in price of commodity is 20%, Rise in demand for commodity is 30% and initial price of commodity are Rs. 5 per unit.

10. Sate whether the following statements are T/F. Give reason

1. In short run AC=AVC
2. Summation of MC=TC
3. MP intersect AP at its max.

11. Why entry in oligopoly is difficult? In what form oligopoly put restrictions on entry of new firms in competition.

12. A consumer is consuming two good x and y in her given income and given price of both goods. If price of y comm.falls explain the reaction of buyer.

13. Define MC how it is related with AVC?

Or

Why TC and TVC moves in parallel. Can they join?

14. A. What will be the elasticity of supply at a point on straight line supply curve.

B. How does cost saving technology will affect the supply curve of a commodity?

15. Why consumer equilibrium by IC approach is determined on budget line. What wouldhappen if MRSxy Px/Py.

16. Explain the short run behavior of MPP. Use schedule and diag. which is the best state and why? Or

How does o/p determined by a firm under imperfect market by using MR-MC approach.

Why should MC be rising?

Section B : Macro economics

17. Define money supply

18. What is min value of APS?

19. Define voluntary unemployment?

20. What do you mean by foreign exchange?

21. What do you mean by autonomous items?

22. from the following data calculate GNDI.

Item	Rs. (CR.)

GDPMP	4680
Consumption of fixed cap	600
Factor income from Ab	(-) 200
Excise duty	50
Subsidies	20
Current transfer from Row	120

23. Explain how externalities are limitation in taking GDP as an Index of welfare?

Or

Giving reason classify the following into final good and intermediate goods
a. Car purchased by taxi driver
b. Machines installed by a factory
c. Jeans & T shirt purchased by a retailer

24. Explain " Unit of account function of money?

25. How reserve ratio are used to control the flow of credit in an economy?

26. Why supply of forex increase with rise in exchange rate?

27. a) If MPC is 0 what will be the value of K.

b) Can APC be greater than 1.

c). MPC can be greater than 1 in specific circumstances?

28. from the following data related to govt. budget? Find out

a) Revenue deficit b) fiscal deficit

Item	Rs. Cr.
Tax revenue	400
Debt	120
Interest payment	50
Capital receipts	100
RE	60
Receipts from Tax	40

Or

By giving reason classify the followings into direct tax and indirect tax

a. entertainment tax b. Corporate profit tax

c. VAT d. Sales tax

29. In situation of Revenue deficit. If govt. is not able to raise taxes or reduces. Public expenditure. What measures will you suggest to cope up with this situation.

30. In an economy S= -50+ 0.5y is the saving function (Where S= saving and Y = National income) and investment expenditure is 7000. Calculate Eqm level of national income. Consumption expenditure at eqm level of national income.

Or

Given consumption function C=100 + .75Y C= Consumption expenditure and Y = national income . Calculate:-

a) Equilibrium level of national income

b) Consumption expenditure at equilibrium level of national income

31. . From the following data calculate

a. GDPFC   b. FY to AB

Items	(Rs. In Cr.)
Compensation of employees	9000
Profits	1200
Dividends	500
GNDMP	1400
Rent	450
Interest	100
Gross domestic capital formation	700
Net fixed capital formation	200
Change in stock	40
Factor income form abroad	60
Net indirect taxes	120

32. Which of the following items is a part of compensation of employees? Give reason

a. medical expenses of a firm on treatment of employee

b. Commission received on the sale of second hand good

c. Retirement pension

Sample paper 2

Time : 3 Hrs   **MM :100**

Instructions

1. All questions in both the sections are compulsory.
2. Questions Nos 1-5 and 17 – 21 are very short answer questions carrying 1 mark each. They are required to be answerd in one sentence each.
3. Questions Nos 6-10 and 22-26 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
4. Questions Nos 11-13 and 27-29 are short answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
5. Questions Nos 14-16 and 30-32 are short answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.
6. Answer should be brief and to the point and the above word limit be adhered to as far as possible.
7. Questions Nos 21 and 29 are value based

Section1 – Micro Economics

1. Define Scarcity.

2. What happen to TE if Ed is less than unitary and price falls.

3. Define excess supply.

4. What do you mean by a good being a substitute of other good?

5. Give two examples of oligopoly.

6. Massive unemployment shifts PPC to the left" Defend or refute. Explain.

7. Explain the relationship b/w income of a buyer and her dd for a commodity.

<div align="center">Or</div>

Define MRS xy. Why it diminishes?

8. Draw downward slopped dd curve touching both axis mark any five point on it and compare the Ed on these points .

9. The price elasticity of demand for good X is known to be twice that of good Y. Price X falls by 5% while that of good Y. rises by 5% what are the %age changes in the quantities of X & Y?

10. Can AVC falls when me is rising. Use diagram.

11. Distinguish b/w decrease in supply and decrease in qty supplied .

12. " Higher IC shows higher utility" Explain.

13. How TVC curve is derived from MC curve

Or

AFC of producing 3 units is Rs 10 calculate TC, TVC, AC by using following information.

O/P:	1	2	3	4	5	6	7
MC:	110	97	63	17	25	40	55

14. A. In order to determine producer equilibrium Why MC should be rising

B. Explain the nature of AR- MR curve into imperfect competition.

15. a. Distinguish between monopoly and oligopoly market.

b. In short run when firm changes one factor o/p keeping other as fixed. Why MP diminishes

16. " Equilibrium quantity may or may not change " Explain by using schedule.

or

If Income of a buyer increase how does equilibrium price and qty of normal goods will be affected. Give Chain affect

Section B:Macro Economics

17. Give 2 examples of components which are not includes in money supply.

18. Define investment demand function.

19. If APC is .75 and income is Rs. 1000 cr. Calculate level of consumption.

20. If exchange rate b/w Rs. and pound changes from Rs. 40= 1 £ to Rs. 35 = £1. Is Indian currency depreciated or appricated.

21. Demand for electricity has increased. However supply cannot be increased due to lack of resources. Explain how, in any two ways, demand for electricity can be decreased.

22 .From following estimate operating surplus

i) Value of gross O/P at market price   70000

ii) Purchase of raw material   18000

iii) Expenditure on fuel	3000
iv) Net indirect taxes	9000
v) Wages & Salaries	25000
vi) Profits	2000

23. Giving reason classify the followings into transfer payment or factor payments

a. Pocket allowances b. commission received on sale of share.

c. old age pension.

Or

Explain how distribution of GDP is a limitation in taking GDP as an index of welfare.

24. How money overcome the drawback of store of values of barter system.

25. How does change in legal reserve affects the credit creation by commercial bank?

26. Distinguish between Fixed and flexible exchange rate . Give two merits of each method.

27. Define depreciation of currency. How does it will affect exports and imports of domestic country.

Or

Explain Inverse relationship between forex rate and dd for foreign exchange.

28. From a consumption function draw a saving function. Explain the process of derivation.

29 If BOP of a country is in deficit. Suggest any 2 steps to be taken by the central bank to balance the account.

30. Define fiscal deficit. Can there be fiscal deficit without revenue deficit? States its any 3 implications?

31. Define deflationary gap. How tax rate and bank rate are used to combat this situation?

Or

Define Excess demand. How it measure. How does a public expenditure and margin requirement of loans is used to combat this problem.

32. Calculate NDP at MP , Personal income and Personal disposable income

i) Private consumption expenditure	500
ii) Govt. Consumption expenditure	100
iii) Change in stock	50

iv) Gross fixed investment   190

v) Depreciation   50

vi) Net foreign investment   70

vii) Net indirect taxes   50

viii) Surplus of govt.   20

ix) Corporation Tax   60

x) Undistributed profit   30

xi) Transfer payment   20

xii) personal direct taxes   50

Sample paper 3.

Time : 3 Hrs   MM :100

Instructions

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7. Questions Nos 21 and 29 are value based

Section1 – Micro Economics

1. In case of strike of labour PPC will shift to the left T/F.

2. What will be elasticity of supply of a supply curve passing through the origin having and angle of 60 degree.

3. Define Giffen goods.

4. What do you mean by production function?

5. Define price rigidity.

6. Why PPC is concave to the origin?

7. Why people purchase more at same price?

<div align="center">Or</div>

A consumer wants to consume two goods. The prices of the two goods are Rs 4 and Rs 5 respectively. The consumer's income is Rs 20.

(i) Write down the equation of the budget line.
(ii) How much of good 1 can the consumer consume if she spends her entire income on that good?
(iii) What is the slope of the budget line?
8. Distinguish b/w cardinal approach and ordinal approach.

9. A seller of potatoes sells 80kg. a day with the price of potatoes is Rs. 4 per kg. The elasticity of supply of potatoes is known to be 2. How much qty will this seller supply when the price rises by Rs. 5 per kg.?

10. Define explicit costs. From the followings identify which is explicit cost or which is implicit cost. (a) Rent for shed b) Involvement of family members in production

11. How does change in excise duty affects the supply curve of a firm.

12. In his given income and given price of a commodity how many units of that commodity a consumer will purchase?

13. Why the difference b/w AC and AVC goes on diminishing. Can they join with each other?

<div align="center">or</div>

Why SAC is U Shaped.

14. A. with increase in an extra unit of variable I/P in comparison of fixed factors ultimately a stage comes when MP diminishes. Give reason.

B. Explain the nature of AR curves into different market.

<div align="center">Or</div>

Giving reason. State whether the following statements are true or false.

1. When TP is increasing MP always increases.
2. Min. of AVC always lies, on the left of min of ATC
3. If TR is constant then AR Curve have –ve slope.
4. If MR is increasing TR will increase at diminishing rate.
15. Explain the implications of the following features of market structure

▢ Free entry and exit if firms under perfect competition.

▢ Heavy interdependence among firms under oligopoly.

16. If dd for a commodity increase. Explain its chain affect on equilibrium price and qty. Use schedule.

Section B.:Macro Economics

17. Define legal money.

18. What do you mean by ex anti savings

19. If MPC is .50 what will be the value of investment multiplier.

20. Define frictional unemployment.

21. If BOT of India is in deficit with one country, It means it is in deficit with all trade partners"Do you agree with this statement?

22. There are 3 industries in economy A, B, & C. Compute B's sale to C if profits of B and C are equal.

i) A sells his O/P to B for Rs. 600 and distributes his value added b/w profit and wages equally.

ii) B Sells his total product to C and C sells his total product to final consumers.

iii) B's total wage payment is equal to A's wage payment

iv) Total wages are equal to the total profits in the economy

v) National product is Rs. 1400

23. Explain how does non monetary transactions are limitations in taking GDP as on Index of welfare .

Or

Why change in inventories are added in capital formation?

24. Distinguish b/w legal money and demand deposits.

25. Explain the "Bank of government" function of central bank.

26. "BOP is always balanced". Justify

27. If level of investment is increased in an economy how it will affect equilibrium O/P & AD?

28. What are the basis used to classify govt. expenditure into Revenue expenditure and capital expenditure.

Or

Explain the " growth objective" of govt. budget.

29. The market price of US dollar has increased considerably leading to rise in price of the imports of essential goods. What can central bank do to ease the situation?

30. a. Define GDFC. State its components.
b. Equilibrium of National income always strike at full employment level" Defend or refute Justify

<center>Or</center>

How does equilibrium of NY is attained by C+I approach. If this equilibrium is below full employment, how much additional investment is required to attain full employment.

31. By giving reason state whether the followings will be include in NY or not.

a. A part of wheat which is produced by farmer is consumed by itself.
b. Maintenance of machines by a firm
c. Medical allowance given by employer to its employees.

32. Calculate 'National Income' and 'private income from the following

Items	Rs (in Cr)
(a) Net current transfers to ROW	10
(b) Private final consumption exp.	600
(c) National debt interest	15
(d) Net exports	(-)20
(e) Current transfers from Govt.	5
(f) NDPFC occurring to govt.	25
(g) Govt. final consumption exp.	100
(h) Net indirect tax	30
(l)Net domestic capital formation	70
(m)Net income from abroad	10

Numerical Section

Sample Paper – I

1. When the price is Rs. 5/unit of commodity the total revenue is Rs. 800. When its price rises by 20 percent , TR increases by Rs. 400. Calculate its price elasticity of supply.

2. When the price of a commodity falls by Rs. 2 per unit, its quantity demanded increase by 10 units.

Its Ed is (-)1. Calculate its quantity demanded at the pricebefore change which was Rs. 10 per unit.

3. Determine Ed using percentage method:

Quantity	20	30
Total outlay	100	120

4. Calculate MC and AVC at each level

O/P	0	1	2	3	4
TC(Rs.)	100	160	212	280	356

5. Find out the maximum profit situation of a producer by comparing his MC and MR,

in the following table

O/P	1	2	3	4	5	6
MR(Rs.)	10	9	8	7	5	2
MC(Rs.)	4	5	6	7	9	12

6. Calculate value of output and GVAMP

Items	(Rs. Cr.)
(a) Purchase of intermediate Input	200
(b) Consumption of fixed capital	50
(c) Indirect taxes	75
(d) Subsidies	25
(e) Wages and Salaries	400
(f) Rent	60
(g) Interest	40
(h) Profits	100
(i) Sales	800
(j) Change in Stock	100

7. Let the demand function Q= 10-2P. Find Ed at a price of 5/2

8. Find the maximum profit Situation from the table

Output	1	2	3	4	5	6
TR	50	60	68	70	75	80

| TC | 60 | 65 | 68 | 60 | 75 | 95 |

(a) O/P level showing loss (b) O/P level showing max profit

(c) O/P level showing break-even point

Sample Paper-II

1. Given below is the cost schedule of a firm. Its AFC is Rs. 20 when it produces 8 units.

O/P units	1	2	3
AVC	30	28	32

2. Find out the maximum profit situation of producer by comparing TC & TR:-

O/P	1	2	3	4	5
AR	10	9	8	7	6
AC	10	7	6	6	7

3. An increase in investment in a country leads to increase in NY by Rs. 200Cr. If MPC is .75,

Calculate the following

a. Change in investment
b. Change in C
4. Given MPC= 0.9 and increase in investment equal to Rs. 100. Calculate the following
a. Value of multiplier
b. Change in savings
c. Change in income
5. Let Slope of demand curve = -0.5, calculate Ed when initial price is Rs. 20 per unit and initial quantity is 50 units of the commodity.

6. A consumer buys 160 units of a goods at a price Rs. 8/unit. Price falls to Rs. 6/unit. How much quantity will the consumer buy at the new price if Ed is (-) 2?

7. If MPC is 0.9, what is the value of multiplier? How much investment is needed to increase NY by Rs. 5000 Cr.?

8. In an economy, C= 300 + 0.5 Y and I = Rs. 600. Calculate the following.

a. Equilibrium level of income

b. Consumption expenditure at equal level of income.

Sample Paper – III

1. From the following data calculate

a. GDPFC b. FY to AB

Items	Rs. In Cr.)
(a) Compensation of employees	800
(b) Profits	200
(c) Dividends	50
(d) GNDMP	1400
(e) Rent	150
(f) Interest	100
(g) Gross domestic capital formation	300
(h) Net fixed capital formation	200
(i) Change in stock	50
(j) Factor income form abroad	60
(k) Net indirect taxes	120

2. Calculate NNPFC and gross National disposable income fro the following-

Items

(a) Savings of non departmental enterprise 50

(b) Income from property & entrepreneur 70

Ship occuring to gov. depart.

(c) Personal tax 90

(d) National debt interest 20

(e) Retained earning of Pvt. Corpt. Sector 10

(f) Current transfer payments by govt. 40

(g) Consumption of fixed capital 60

(h) Corporation tax 30

(i) Net indirect taxes 80

(j) Net current transfers from Row (-) 10

(k) Personal disposable income 1000

3. In an economy 75 percent of increase in income is spent on consumption. Investment is increase by Rs. 1000 crores. Calculate total increase in income

Total increase in consumption exp.

4. Total revenue is Rs. 400 when the price of the commodity is Rs. 2/unit. When price rises to rs. 3/unit, the quantity, supplied is 300 units. Calculate ES?

5. When price of a commodity falls by Rs. 1/unit its quantity demanded rises by 3 units. Its price elasticity of dd is (-2). Calculate its quantity demanded if the price before the changes was Rs. 10/unit.

6. From the following schedule find out the level of o/pat which the producer is in equilibrium, using MC and MR approach. Give reasons for your answer.

Price	8	7	6	5	4
O/P	1	2	3	4	5
TC (Rs.)	6	11	15	18	23

7. In an economy the eqm of income is Rs. 12,000 cr. The ratio of MPC and MPS is 3:1. Calculate additional investment needed to reach a new equilibrium level of income of Rs. 20,000 cr.

8. Calculate (a) GDPMP (b) FY from AB:-

Item	Rs
(a) Profits	500
(b) Exports	40
(c) Compensation of employees	1500
(d) GNPFC	2800
(e) Net current transfers from ROW	90
(f) Rent	300
(g) Interest	400
(h) Factor income to abroad	120
(i) Net indirect taxes	250
(j) Net domestic capital formation	650
(k) Gross fixed capital formation	700
(l) Change in stock	50

Sample Paper IV

1. When the price of a commodity rises from Rs. 4/unit to Rs. 5/unit, TR increases from Rs. 600 to Rs. 750. Calculate ES.

2. Total fixed cost of a firm is Rs. 60. Given below its AVC Schedule. Calculate its MC. ATC at each level of output.

Output (units)	1	2	3
AVC(Rs.)	20	16	18

3. The quantity demanded of a commodity falls by 5 units when its prices rises by Rs. 1 per unit. Its price elasticity of demand is (-) 1.5. Calculate the price before change, if at this price quantity demanded was 60 units

4. From the following schedule find out the level of output at which the producer is in equilibrium. Give reasons for your answer. (use TR and TC approach)

O/P	1	2	3	4	5
MR	8	6	4	2	0
TC	6	11	15	18	23

5. Calculate (a) GDPFC and (b) factor income to abroad from the following data:-

Item	Rs
(a) GNPFC	3750
(b) Compensation of Employess	2000
(c) Net Exports	(-) 50
(d) Profits	700
(e) Net domestic capital formation	1000
(f) Opening stock	150
(g) Closing stock	200
(h) Gross fixed capital formation	1000
(i) Interest	600
(j) Rent	400
(k) Factor income from abroad	20

6. In an economy the consumption function is C= 500+0.75Y where C is consumption expenditure and Y is income. Calculate the _ level of income and consumption exp. When investment expenditure is Rs. 5000.

7. ED of a good is (-) 1. The consumer buys 50 units of that good when price is Rs. 2/unit. How many units will the consumer buy if the price rise to Rs. 4/unit? Answer this question with the help of total expenditure method of determining Ed

8. A producer supplies 200 units of a good at Rs. 10/unit ES is 2. How many units will the producer will supply at Rs. 11/unit

9. Calculate private income:-

Items	Rs
(a) National debt interest	10
(b) Personal disposable income	150

(c) Personal taxes   50

(d) Corporate profit taxes   25

(e) Retained earnings of put corporations 5

[Ans: Rs. 230 Crore]

Sample Paper – V

1. Complete the following table :-

O/P(Rs.)	1	2	3	4	5
AVC(Rs.)	-	18	-	20	22
TC(Rs.)	60	-	-	120	-
MC(Rs.)	20	-	18	-	-

2. Complete the following table :-

O/P	5	6	7	8	5
P(Rs.)	9	-	-	6	-
TR(Rs.)	36	-	42	-	40
MR(Rs.)	-	4	-	-	-

3. Commodity X and Y have equal price elasticity of supply. The supply of X rises from 400 units due to a 20% rises in its price. Calculate the percentage fall in supply of Y if its price falls by 8%.

4. From the following schedule find out the level of output at which the producer is in equilibrium. Give reason –

O/P	1	2	3	4	5
P(Rs.)	24	24	24	24	24
TC	26	50	72	92	115

5. Complete the following table:-

Income	0	20	40	60
Savings	-12	-6	0	6
MPC	-	-	-	-
APS	-	-	-	-

6. Given consumption function C=100+0.754, and investment expenditure is Rs.1000,

Calculate – Equilibrium level of National income consumption expenditure at equilibrium level of National income.

7. Calculate GNPFC from following by –

(a) Income method (b) Expenditure method

Items Rs. (in cr)

(a) Private final consumption exp.   1000

(b) Net domestic capital formation   200

(c) Profits   400

(d) Compensation of Employees   800

(e) Rent   250

(f) Govt final consumption exp.   500

(g) Consumption of fixed capital   60

(h) Interest   150

(i) Net current transfers from Row   (-) 80

(j) Net factor income from Abroad   (-) 10

(k) Net Exports   (-) 20

(l) Net Indirect taxes   80

[Ans. GNPFC= Rs. 1650]

Value Based Questions (Chapterwise- by Ultimate)

1. Do you think concept of opportunity cost is important in economics? How

2. " Value of money always remain same' defend or Refute.

3. In expansion we move on the same curve, whereas in increase in demand we shift on another curve. What is the principle difference between these two concepts when in both case dd is more?

4. Are more elastic dd , less elastic dd and elastic dd same? How?

5. Is it right to say that law of variable proportion and law of diminishing returns same?

6. Without time element , we cannot analyse the behavior of output. Why?

7. We analyse behavior of output in reference of factor input not in refrence of non factor input. why?

8. Out of four factors of production entrepreneur is more important . Do you agree?

9. A firm is not able to recover its short run variable costs. will you suggest producer to stop producer? Justify your answer.

10. A firm under monopoly is a price maker. It means firm can charge any price from the buyer. Defend or refute.

11. An entrepreneur organized all factors of production to earn money by producing goods and services, but that entrepreneur do not have any direct claim on the profit of firm, why he organized these factors?

12. In monopolistic market, there is product differentiation, then firm can charge any price from the buyer. Do you agree?

13. Ramlal says that "with increase in price demand decrease but with decrease in dd price also false." Do you agree?

14. In economics opportunity cost is very important than why opportunity cost of services of housewife is not included in national income(Or it is called as non monetary activity)?

15. Ram is a farmer, he consumed a part of wheat he produced in his farm, national income consider imputed value of this consumption, whereas his consumption of another good X is not included in national income as it is classified as non monetary good. Justify this classification.

16. If in an economy production level is low.What steps should be taken by the government.

Give any two suggestions.

17. Income of a poor increase but this increase in income is not permanent, on other hand income of a business tycoon also increased, compare the consumption pattern of both.

18. If purchasing power of an economy is high but due to under utilization of resources production is low ,so there is inflationary pressure in an economy .Give your suggestions to solve this situation

19. People save in term of money. But due to dynamism in economies price level continue to rise. Give your suggestions to maintain stability in the value of money.

20. If there is revenue deficit in budget of a country , and govt neither can raise taxes nor can reduce public expenditure. How govt. can overcome from this situation ? Give any 2 suggestions.

21. "If BOT of India is in deficit with one country, It means it is in deficit with all trade partners"Do you agree with this statement? Justify.

22. If BOP of a country is in deficit. Suggest any 2 steps to be taken by the central bank to balance the account.

23. US $ have strong position in forex market, meanwhile some other currencies have more value than $. Why?