

## INTERMEDIATE EXAMINATION – 2019 (ANNUAL)

### ECONOMICS

**Note : Answer All questions.**

**Total No. of Questions (कुल प्रश्नों की संख्या) : 83**

**Time : 3 Hours 15 Minutes (समय : 3 घंटे 15 मिनट)**

**Full Marks (पूर्णांक) : 100**

#### Instructions for the Candidates : परीक्षार्थियों के लिये निर्देश

1. Candidates are required to give their answers in their own words as far as practicable .  
परीक्षार्थी यथा सम्भव अपने शब्दों में ही उत्तर दें।
2. Figures in the Right Hand Margin Indicates Full Marks .  
छाहिनी ओर हाशिये पर दिये हुये अंक पूर्णांक निर्दिष्ट करते हैं।
3. 15 Minutes of Extra Time has been Allotted for the Candidates to Read the Question Paper .  
इस प्रश्न पत्र को ध्यानपूर्वक पढ़ने के लिये 15 मिनट का अतिरिक्त समय दिया गया है।
4. The Question Paper is Divided into Two Sections : **Section – A** and **Section – B** .  
यह प्रश्न पत्र दो खण्डों में है : खण्ड – A तथा खण्ड – B .
5. In **Section – A** , there are 50 Objective Types Questions which are Compulsory . Each carrying 1 Mark . Darken the Circle with Blue / Black Ball Pen against the Correct Option on OMR Answer Sheet provided to you . Do Not use Whitener / Liquid / Blade / Nail etc on OMR Sheet, Other the Result will be Invalid .  
खण्ड – A, में 50 वास्तु निष्ठ प्रश्न हैं। सभी प्रश्न अनिवार्य हैं, प्रत्येक के लिये 1 अंक निर्धारित है। इन का उत्तर उपलब्ध कराये गये OMR उत्तर पत्र कमें दिये गये सही वक्त को नीले / काले बॉल पेन से भरें। किसी भी प्रकार के व्हाइटनर / तरलपदार्थ / ब्लेड / नाखून आदि का उत्तर पुस्तिका में प्रयोग करना मना है अन्यथा परीक्षापरिणाम अमान्य होगा।
6. In **Section – B** , there are **25 Short Answer Questions** , Each carrying 2 Marks , Out of which **Any 15 Questions are to be Answered** . Apart from this , there are **8 Long Answer Questions** , Each carrying 5 Marks , Out of which **Any 4 Questions to be Answered** .  
खण्ड – B, में 25 लघु उत्तरीय प्रश्न हैं। प्रत्येक प्रश्न के लिये 2 अंक निर्धारित हैं, जिसमें से किन्हीं 15 प्रश्नों का उत्तर देना अनिवार्य है। इनके अतिरिक्त इस खण्ड में 8 दीर्घ उत्तरीय प्रश्न दिये गये हैं। प्रत्येक के लिये 5 अंक निर्धारित हैं, जिसमें से किन्हीं 4 प्रश्नों का उत्तर देना है।
7. Use of any Electronic Appliances is Strictly Prohibited .  
किसी प्रकार के इलेक्ट्रॉनिक उपकरण का प्रयोग पूर्णतया वर्जित है।

## SECTION-A(खण्ड - अ)

### Objective Type Questions/ वस्तुनिष्ठप्रश्न

- Q.1.** समष्टि अर्थशास्त्र के अन्तर्गत निम्न में किसका अध्ययन किया जाता है ?  
(A)राष्ट्रीय आय (B) पूर्ण रोजगार (C) कुल उत्पादन (D) उपर्युक्त सभी

Which of the following is studied under Macro Economics ?

- (A)National Income (B) Full Employment (C) Total Production (D) All of these

**Sol. (D)**

- Q.2.** आर्थिक समस्या मूलतः किस तथ्य की समस्या है ?  
(A)चुनाव की (B) उपभोक्ता चयन की (C) फर्मचयन की (D) इनमें से कोई नहीं

To which factor, economic problem is basically related to -

- (A) Choice (B) Consumer's selection  
(C) Firm selection (D) None of the above

**Sol. (A)**

- Q.3.** सीमान्त उपयोगिता ह्रास नियम के प्रतिपादक है —  
(A\*) गोसेन (B) एडम स्मिथ (C) चैपमेन (D) हिक्स

The propounder of Law of diminishing marginal utility is -

- (A) Gossen (B) Adam smith (C) Chapman (D) Hicks

**Sol. (A)**

- Q.4.** किस प्रकार की वस्तुओं के मूल्यमें कमी होने से माँग में वृद्धि नहीं होती ?  
(A)अनिवार्य वस्तुएँ (B) आरामदायक वस्तुएँ (C) विलासिता वस्तुएँ (D) इनमें से कोई नहीं

In which type of goods, price fall does not make any increase in demand ?

- (A) Necessity Goods (B) Comfort Goods (C) Luxury Goods (D) None of these

**Sol. (A)**

- Q.5.** माँग की लोच कितने प्रकार की होती है ?  
(A) तीन (B) पाँच (C) छः (D) सात

How many types elasticity of demand has ?

- (A) Three (B) Five (C) Six (D) Seven

**Sol. (B)**

- Q.6.** सम-सीमान्त उपयोगिता नियम के विचार के मूल प्रतिपादक कौन थे ?  
(A)मार्शल (B) गोसेन (C) रिकार्डो (D) मिल

Who basically propounded the concept of law of Equimarginal utility ?

- (A) Marshall (B) Gossen (C) Ricardo (D) Mil

**Sol. (B)**

**Q.7.** वह कौन – सा समय है जिसमें उत्पादन के सभी साधन परिवर्तित किये जा सकते हैं ?

- (A) अल्पकाल (B) दीर्घकाल (C) अतिदीर्घकाल (D) तीनों

At which time all the factors of production may be changed ?

- (A) Short run (B) Long run (C) Very long run (D) All of these

**Sol. (B)**

**Q.8.** परिवर्तनशील अनुपातों का नियम सम्बन्धित है –

- (A) अल्पकाल एवं दीर्घकाल दोनों से (B) दीर्घकाल से  
(C) अल्पकाल से (D) अति दीर्घकाल से

Law of variable problem is related to -

- (A) Both short run & long run (B) Long run  
(C) Short run (D) Very long run

**Sol. (C)**

**Q.9.** मौद्रिक लागत में निम्नलिखित में किसे सम्मिलित किया जाता है ?

- (A) सामान्य लाभ (B) व्यक्त लागतें (C) अव्यक्त लागतें (D) उपर्युक्त सभी

Which of the following is included in money cost ?

- (A) Normal Profit (B) Explicit Cost (C) Implicit Cost (D) All of these

**Sol. (D)**

**Q.10.** उत्पादन की मात्रा में परिवर्तन का प्रभाव –

- (A) स्थिर एवं परिवर्तनशील लागतों पर पड़ता है। (B) केवल परिवर्तनशील लागतों पर पड़ता है  
(C) केवल स्थिर लागतों पर पड़ता है। (D) इनमें से कोई नहीं

Change in quantity of production has effects on -

- (A) Both Fixed and Variable Cost (B) Only Variable Cost  
(C) Only Fixed Cost (D) None of above

**Sol. (B)**

**Q.11.** किस बाजार AR = MR में होता है ?

- (A) एकाधिकार (B) एकाधिकार प्रतियोगिता  
(C) (A) तथा (B) दोनों में (D) पूर्ण प्रतियोगिता

In which market AR = MR ?

- (A) Monopoly (B) Monopolistic competition  
(C) Both (A) and (B) (D) Perfect competition

**Sol. (D)**

**Q.12.** पूर्ण प्रतियोगिता में क्या स्थिर रहता है ?

- (A) AR (B) MR (C) AR तथा MR (D) इनमें से कोई नहीं

In perfect competition which of the following remains constant ?

- (A) AR (B) MR (C) Both AR and MR (D) None of the above

**Sol. (C)**

**Q.13.** पूर्ति नियम को निम्नलिखित में कौन-सा फलन प्रदर्शित करता है ?

- (A)  $S = f(P)$  (B)  $S = \left(\frac{1}{P}\right)$  (C)  $S = f(Q)$  (D) इनमें से कोई नहीं

Which of the following function shows the law of supply ?

- (A)  $S = f(P)$  (B)  $S = \left(\frac{1}{P}\right)$  (C)  $S = f(Q)$  (D) None of these

**Sol. (A)**

**Q.14.** पूर्ति में कमी के निम्नलिखित में कौन-से कारण हैं ?

- (A) उत्पादन लागत में वृद्धि (B) स्थानापन्न वस्तुओं की कीमतों में वृद्धि  
(C) उद्योग में फर्मों की संख्या में कमी (D) उपर्युक्त सभी

The reason of decrease in supply is -

- (A) Increase in production cost (B) Increase in price of substitute  
(C) Fall in number of firms in the Industry (D) All of the above

**Sol. (D)**

**Q.15.** जो वक्र पहले बढ़ता है, फिर स्थिर होकर घटना आरम्भ करता है, वह कौन सा वक्र कहलाता है ?

- (A) APP (B) MPP (C) TPP (D) उपरोक्त सभी

A curve which rises first and starts declining after that is called ?

- (A) APP (B) MPP (C) TPP (D) All of these

**Sol. (D)**

**Q.16.** उत्पादन में वृद्धि के साथ-साथ कुल लागत एवं कुल परिवर्तनशील लागत में अंतर -

- (A) घटता जाता है (B) बढ़ता जाता है (C) स्थिर रहता है (D) इनमें से कोई नहीं।

With increase in output; the difference between total cost and total variable cost -

- (A) Decrease (B) Increase (C) Remains constant (D) None of these

**Sol. (C)**

**Q.17.** किस बाजार में वस्तु विभेद पाया जाता है ?

- (A) शुद्ध प्रतियोगिता (B) पूर्ण प्रतियोगिता (C) एकाधिकार (D) एकाधिकारी प्रतियोगिता

Which of the following does not characterize the business environment ?

- (A) Pure competition (B) Perfect competition  
(C) Monopoly (D) Monopolistic competition

**Sol. (D)**

**Q.18.** एकाधिकार बाजार किसे दर्शाता है ?

- (A) उत्पादन प्रक्रिया (B) वितरण प्रणाली  
(C) बाजार प्रवृत्ति (D) इनमें से कोई नहीं

What does a monopolistic market show ?

- (A) Production Process (B) Distribution system  
(C) Nature of market (D) None of these

**Sol. (C)**

**Q.19.** एकाधिकार के लिए निम्नलिखित में कौन सा कथन सही है ?

- (A) फर्म कीमत निर्धारक होती है (B) माँग वक्र ऋणात्मक ढाल वाला होता है  
(C) कीमत विभेद की सम्भावना हो सकती है (D) उपर्युक्त सभी

Which one of the following is true for monopoly ?

- (A) Firm is price maker (B) Demand curve slopes downwards  
(C) Price discrimination possibility arises (D) All of the above

**Sol. (D)**

**Q.20.** किसी वस्तु का मूल्य निर्धारित होता है –

- (A) माँग के द्वारा (B) पूर्ति के द्वारा (C) माँग एवं पूर्ति के द्वारा (D) सरकार द्वारा

The price of a good is determined by -

- (A) Demand (B) Supply  
(C) Both demand & supply (D) Government

**Sol. (C)**

**Q.21.** बाजार मूल्य सम्बन्धित होता है –

- (A) अति अल्पकालीन मूल्य से (B) सामान्य मूल्य से (C) स्थायी मूल्य से (D) इनमें से सभी

Market price is associated with -

- (A) Price for very short period (B) Normal Price  
(C) Permanent Price (D) All of above

**Sol. (A)**

**Q.22.** माँग में परिवर्तन के निम्नलिखित में से कौन से कारण है ?

- (A) उपभोक्ता की आय में परिवर्तन (B) सम्बन्धित वस्तुओं की कीमत में परिवर्तन  
(C) जनसंख्या वृद्धि (D) उपर्युक्त सभी

Which is a reason of change in demand ?

- (A) Change in Consumer's Income (B) Change in prices of Related Goods  
(C) Population increase (D) All of these

**Sol. (D)**

**Q.23.** बाजार में वस्तु की कीमत उस बिन्दु पर निर्धारित होती है, जहाँ –

- (A) वस्तु की माँग > वस्तु की पूर्ति (B) वस्तु की माँग < वस्तु की पूर्ति  
(C) वस्तु की माँग = वस्तु की पूर्ति (D) इनमें से कोई नहीं

Price of a good is determined at a point where -

- (A) Demand > Supply (B) Demand < Supply (C) Demand = Supply (D) None of these

**Sol. (C)**

**Q.24.** समष्टि अर्थशास्त्र अध्ययन है –

- (A) अर्थव्यवस्था में रोजगार के अवसर का (B) वस्तुओं की पूर्ति नियम का  
(C) स्कूटर में माँग की लोच का (D) बाजार में गेहूँ की कीमत का

Macro Economics studies -

- (A) Employment opportunities in economy (B) Consumption Theory  
(C) Elasticity of demand in Scooter (D) Price of wheat in market

**Sol. (A)**

**Q.25.** स्टॉक के अन्तर्गत निम्नलिखित में कौन शामिल है ?

- (A) मुद्रा का परिमाण (B) धन  
(C) गोदाम में रखे गेहूँ की मात्रा (D) उपर्युक्त सभी

Which one of the following is included in 'Stock' ?

- (A) Quantity of money (B) Wealth  
(C) Quantity of wheat stored in warehouse (D) All of these

**Sol. (D)**

**Q.26.** घिसावट व्यय किसमें सम्मिलित रहता है ?

- (A)  $GNP_{MP}$  (B)  $NNP_{MP}$  (C)  $NNP_{FC}$  (D) किसी में नहीं

Depreciation expenses are included in -

- (A)  $GNP_{MP}$  (B)  $NNP_{MP}$  (C)  $NNP_{FC}$  (D) None of these

**Sol. (A)**

**Q.27.** राष्ट्रीय आय में निम्नलिखित में से किसे शामिल किया जाता है ?

- (A) लगान, मजदूरी ब्याज (B) लगान, मजदूरी, वेतन  
(C) लगान, लाभ, ब्याज (D) लगान, मजदूरी, वेतन, ब्याज, लाभ

Which one is included in National Income ?

- (A) Rent, Wage, Interest (B) Rent, Wage, Salary  
(C) Rent, Profit, Interest (D) Rent, Wage, Salary, Interest, Profit

**Sol. (D)**

**Q.28.** एक अर्थव्यवस्था में कौन-सा क्षेत्र सम्मिलित रहता है ?

- (A) प्राथमिक (B) द्वितीयक (C) तृतीयक (D) ये सभी

Which sector is included in an economy ?

- (A) Primary (B) Secondary (C) Tertiary (D) All of these

**Sol. (D)**

**Q.29.** द्वितीयक क्षेत्र में निम्नलिखित में कौन सी सेवाएँ सम्मिलित हैं ?

- (A) बीमा (B) विनिर्माण (C) व्यापार (D) बैंकिंग

Which one is included in Secondary Sector ?

- (A) Insurance (B) Manufacturing (C) Trade (D) Banking

**Sol. (B)**

**Q.30.** कौन सा कथन सत्य है ?

- (A)  $MPC + MPS = 0$  (B)  $MPC + MPS < 1$   
(C)  $MPC + MPS = 1$  (D)  $MPC + MPS > 1$

Which one is true ?

- (A)  $MPC + MPS = 0$  (B)  $MPC + MPS < 1$   
(C)  $MPC + MPS = 1$  (D)  $MPC + MPS > 1$

**Sol. (C)**

**Q.31.** निवेश के निर्धारक घटक कौन-से हैं ?

- (A) पूँजी की सीमान्त क्षमता (B) ब्याज की दर (C) (A) और (B) दोनों (D) इनमें से कोई नहीं

Which is the determining factor for investment ?

- (A) Marginal Efficiency of capital (B) Interest Rate  
(C) Both (A) and (B) (D) None of above

**Sol. (C)**

**Q.32.** कीन्स का गुणक सिद्धांत निम्नलिखित में किसके बीच सम्बन्ध स्थापित करता है ?

- (A) निवेश तथा आय के बीच (B) आय तथा उपभोग के बीच  
(C) बचत तथा निवेश के बीच (D) इनमें से कोई नहीं

Keynesian multiplier establishes relationship between

- (A) Investment and Income (B) Income and consumption  
(C) Saving and Investment (D) None of these

**Sol. (A)**

**Q.33.** अवस्फीतिक अन्तराल की दशायें—

(A) माँग में तेजी से वृद्धि होती है।

(B) पूर्ति में तेजी से वृद्धि होती है।

(C) पूर्ति एवं माँग दोनों बराबर होते हैं।

(D) इनमें से कोई नहीं

In the situation of deflationary gap -

(A) Demand increase rapidly

(B) Supply increase rapidly

(C) Both demand & Supply are equal

(D) None of these

**Sol. (B)**

**Q.34.** कीन्स की अर्थव्यवस्था में न्यून माँग की दशा को किस नाम से पुकारा है ?

(A) पूर्ण रोजगार सन्तुलन

(B) अपूर्ण रोजगार सन्तुलन

(C) (A) और (B) दोनों

(D) इनमें से कोई नहीं

In Keynesian Economics, the state of deficit demand is called as -

(A) Full employment equilibrium

(B) Non full employment equilibrium

(C) Both (A) & (B)

(D) None of these

**Sol. (B)**

**Q.35.** न्यून माँग को ठीक करने के लिए निम्नलिखित में कौन से मौद्रिक उपाय किए जा सकते हैं ?

(A) बैंक दर में कमी

(B) खुले बाजार में प्रतिभूतियों खरीदना

(C) नकद कोष अनुपात को कम करना

(D) उपर्युक्त सभी

Which monetary measures may be adopted to correct deficient demand ?

(A) Reduction in Bank Rate

(B) Buying securities in open market

(C) Reducing Cash Reserve Ratio

(D) All of the above

**Sol. (D)**

**Q.36.** वस्तु-विनिमय प्रणाली के निम्नलिखित में कौन-से लाभ हैं ?

(A) सरल प्रणाली

(B) आपसी सहयोग में वृद्धि

(C) आर्थिक असमानताएँ नहीं

(D) उपरोक्त सभी

What are the advantage of Barter System ?

(A) Simple system

(B) More mutual co-operation

(C) No Economic Disparties

(D) All of above

**Sol. (D)**

**Q.37.** मुद्रा विकास क्रम का सही अनुक्रम कौन-सा है ?

(A) वस्तु मुद्रा, पत्र मुद्रा, धातु मुद्रा

(B) वस्तु मुद्रा, धातु मुद्रा, पत्र मुद्रा, साख मुद्रा,

(C) साख मुद्रा, धातु मुद्रा, पत्र मुद्रा

(D) इनमें से कोई नहीं



Which is the correct order of money evolution ?

- (A) Commodity money, Paper money, Metal money
- (B) Commodity money, Metal money, Paper money, Credit money
- (C) Credit money, Metal money, Paper money
- (D) None of these

**Sol. (B)**

**Q.38.** व्यापारिक बैंकों द्वारा स्वीकार की जाने वाली प्रमुख जमाएँ कौन सी है ?

- (A) चालू जमा
- (B) बचत जमा
- (C) सावधिक जमा
- (D) उपरोक्त सभी

Deposits accepted by the commercial banks -

- (A) Current Deposits
- (B) Saving Deposits
- (C) Time Deposits
- (D) All of these

**Sol. (D)**

**Q.39.** ATM का पूर्ण रूप क्या है ?

- (A) एनी टाईम मनी
- (B) ऑल टाईम मनी
- (C) ऑटोमेटेड टेलर मशीन
- (D) (A) और (B) दोनों

The full form of ATM is -

- (A) Any Time Money
- (B) All Time Money
- (C) Automated Teller Machine
- (D) Both A & B

**Sol. (C)**

**Q.40.** साख नियंत्रण के प्रमुख उद्देश्य निम्नलिखित में कौन से है ?

- (A) कीमत स्थिरता स्थापित करना
- (B) विदेशी विनिमय दर में स्थिरता लाना
- (C) उत्पादन एवं रोजगार वृद्धि के उपाय करना
- (D) उपरोक्त सभी

Which is the major objective of credit control ?

- (A) To maintain price stability
- (B) To stabilize exchange rate
- (C) To promote production and employment
- (D) All of the above

**Sol. (D)**

**Q.41.** केन्द्रीय बैंक द्वारा कौन-सी मुद्रा जारी की जाती है ?

- (A) चलन मुद्रा
- (B) साख मुद्रा
- (C) सिक्के
- (D) इनमें से सभी

Which type of currency is issued by Central Bank ?

- (A) Currency notes
- (B) Credit money
- (C) Coins
- (D) All of the above

**Sol. (A)**

**Q.42.** निम्नलिखित में से कौन अप्रत्यक्ष कर है ?

- (A) उत्पाद शुल्क
- (B) बिक्री कर
- (C) सीमा शुल्क
- (D) इनमें से सभी

Which of the following is an Indirect Tax ?

- (A) Excise Duty (B) Sales Tax (C) Custom Duty (D) All of the above

**Sol. (D)**

**Q.43.** बजट प्राप्तियों के संघटक निम्नलिखित में कौन है ?

- (A) राजस्व प्राप्तियाँ (B) पूँजीगत प्राप्तियाँ (C) (A) और (B) दोनों (D) इनमें से कोई नहीं

Which is component of Budget Receipt ?

- (A) Revenue (B) Capital Receipt (C) Both (A) and (B) (D) None of the above

**Sol. (C)**

**Q.44.** प्रत्यक्ष कर है –

- (A) आयकर (B) उपहार कर (C) (A) और (B) दोनों (D) इनमें से कोई नहीं

Direct tax -

- (A) Income Tax (B) Gift Tax (C) (A) and (B) Both (D) None of these

**Sol. (C)**

**Q.45.** निम्नलिखित में से कौन-सा व्यय एक पुल के निर्माण में होता है ?

- (A) पूँजीगत व्यय (B) राजस्व व्यय (C) (A) और (B) दोनों (D) इनमें से कोई नहीं

Which type of expenditure is made in bridge construction ?

- (A) Capital Expenditure (B) Revenue Expenditure  
(C) Both (A) and (B) (D) None of these

**Sol. (A)**

**Q.46.** व्यापार संतुलन का अर्थ होता है –

- (A) पूँजी के लेन-देन से (B) वस्तुओं के आयात एवं निर्यात से  
(C) कुल क्रेडिट तथा डेबिट से (D) ये सभी

Balance of Trade means -

- (A) Capital Transaction (B) Import & Export of Goods  
(C) Total Debit and Credit (D) All of these

**Sol. (B)**

**Q.47.** अदृश्य मदों के अन्तर्गत निम्नलिखित में किसे सम्मिलित किया जाता है ?

- (A) बैंकिंग (B) जहाजरानी (C) सूचना (D) ये सभी

Which one is the invisible item of Balance of payments ?

- (A) Banking (B) Shipping (C) Communication (D) All of above

**Sol. (D)**

**Q.48.** चालू खाते की निम्नलिखित में कौन-सी मदें हैं ?

- (A) दृश्य मदों का आयात      (B) पर्यटकों का खर्च      (C) दृश्य मदों का निर्यात      (D) उपर्युक्त सभी

Which one is the item of Current Account ?

- (A) Import of Visible items      (B) Expenses of Touris  
(C) Export of Visible items      (D) All of these

**Sol. (D)**

**Q.49.** पूँजी खाते के अन्तर्गत निम्नलिखित में किसे शामिल किया जाता है ?

- (A) सरकारी सौदे      (B) निजी सौदे      (C) विदेशी प्रत्यक्ष विनियोग      (D) उपर्युक्त सभी

Which one is the item of Capital Account ?

- (A) Government Transactions      (B) Private Transations  
(C) Foreign Direct Investment      (D) All of above

**Sol. (C)**

**Q.50.** बैंकिंग लोकपाल योजना घोषणा किस वर्ष की गई ?

- (A) 1990      (B) 1995      (C) 1997      (D) 2000

Banking Ombudsman scheme was announced in the year -

- (A) 1990      (B) 1995      (C) 1997      (D) 2000

**Sol. (B)**

## SECTION - B

**Q.1.** Write any two problems of an Economy.

**(1 Mark)**

अर्थव्यवस्था की कोई दो समस्याएँ लिखें।

**Sol.** (i) What to produce.  
(ii) How to produce.

**Q.2.** Mention any two factors that affect price of elasticity of demand.

**(1 Mark)**

माँग की लोच को प्रभावित करने वाली किन्हीं दो तत्वों को बताइए।

**Sol.** (i) Nature of commodity.  
(ii) Close substitute.

**Q.3.** What is the meaning of budget line ?

बजट रेखा क्या अर्थ है ?

**Sol.** Budget line is a line which shows all those combinations of two goods which a consumer can afford by using his entire monetary on both the commodities. At every point on the budget line total income will be equal to total expenditure. Budget line depends on prices of two commodities and monetary income of consumer .

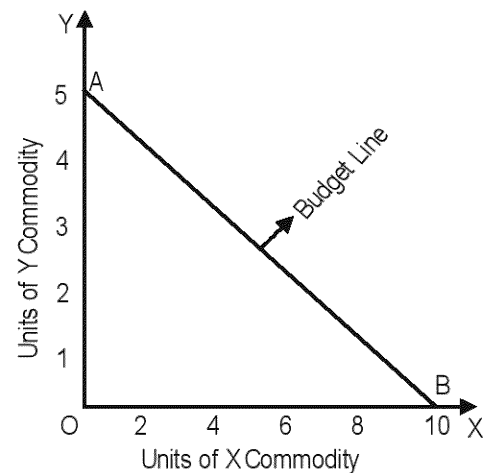
Vertical intercept of budget line represents the amount of Y commodity that can be purchased by the consumer if he spends his entire monetary income on Y commodity. Horizontal intercept of budget line represents the amount of X commodity that can be purchased by the consumer if he spends his entire monetary income on X commodity .

Budget line is a line which shows all those combinations of two goods which a consumer can afford by using his entire monetary income on both the commodities.

At every point on the budget line total income will be equal to total expenditure.

$$(P_x \times Q_x) + (P_y \times Q_y) = M.I$$

Here -  $P_x$  = Price of X commodity ;  
 $P_y$  = Price of Y commodity ;  
 $Q_x$  = units of X commodity ;  
 $Q_y$  = units of Y commodity and  
M.I. = Monetary income of consumer.



**Q.4.** Give two examples of variable cost.

परिवर्तनशील लागत के दो उदाहरण दीजिए।

**Sol.** (i) Raw material (ii) Labour

**Q.5.** Mention any two factors which affect the supply of a commodity.

वस्तु की पूर्ति को प्रभावित करने वाले किन्हीं दो कारकों को बताएं ?

**Sol.** (i) Change in price of given commodity  
(ii) Change in price of input

**Q.6.** What are the two main features of monopoly ?

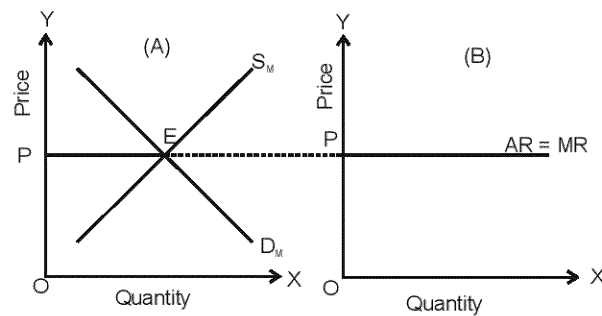
एकाधिकार की दो प्रमुख विशेषताएं क्या हैं ?

**Sol.** (i) Single producer  
(ii) No close substitute available in market.

**Q.7.** Who determines price under perfect competition ?

पूर्ण प्रतियोगिता में कीमत निर्धारण कौन करता है ?

**Sol.**



In perfect competition market, the price of the commodity is determined by the powers of market demand and market supply.

It means that the firms are adopting the dependent price policy, because they are producing a very minute fraction of the total supply of the market.

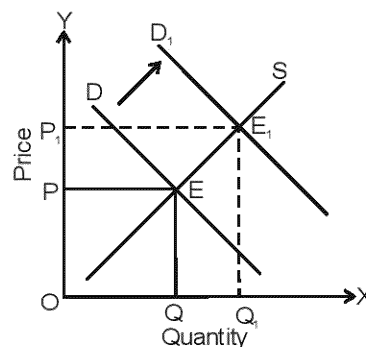
**Q.8.** How is price affected by increase in Demand ?

**Sol.** Demand of a commodity affects its price positively. Therefore as the quantity demanded increases and supply remains constant, the equilibrium price and equilibrium quantity, both will increase.

In the present diagram on the X axis -

Quantity of the commodity on the Y axis -

Price of the commodity .



**Q.9.** What is Rent ?

**Sol.** Rent is any Payment to an owner or factor of production for use of the factor. Such as amount payable to the landlord for the use of land.

**Q.10.** Which transactions determine Balance of Trade ?

**Sol.** Visible import and export of material goods.

**Q.11.** Give two examples of Direct Tax.

**Sol.** Income Tax and Corporation Tax.

**Q.12.** What is meant by credit control ?

**Sol.** Credit control is a major weapon of the monetary policy used to control the demand and supply of money in the economy.

**Q.13.** State any two qualities of good money.

**Sol.** (i) Acceptable to all  
(ii) Durability

**Q.14.** Write any two importance of Macro Economics.

**Sol.** (i) It is very important for evaluating the over all performance of the economy in the terms of national income.  
(ii) It helps to bring a check on various national problems like inflation, unemployment, balance of payment etc.

**Q.15.** What is an open Economy ?

**Sol.** It is an economy in which there are economic activities between the domestic community & outside people and Business can trade in goods & services with other people & businesses in the international community & funds can flow as investments across the border..

**Q.16.** What do you mean by GNP ?

**Sol.** Gross National Product at market price is the sum of market value of all final Goods and Services produced by the normal residents of a country during an accounting year .

**Q.17.** Define Secondary Sector of the economy.

**Sol.** It includes industries that produce a finished, usable product are involved in construction. This sector takes the out put of primary sector and manufactures finished goods.

**Q.18.** What is meant by aggregate supply ?

**Sol.** Aggregate Supply is the total supply of all final goods and services by all the producers or sellers of the economy at given price level.

**Q.19.** Write two main causes of Excess Demand ?

**Sol.** (i) Increase in money supply due to deficit financing.  
(ii) Increase in demand due to Increase in credit-facilities.

**Q.20.** What is meant by Monetary Policy ?

**Sol.** Monetary policy is a programme of action undertaken by the central bank to control & Regulate the demand. For supply of money with the public & the flow of credit – to achieving predetermined macro economic goals.

**Q.21.** Write any two recommendations by first Narsimham committee.

**Sol.** (i) SCR which are around 38.5% was brought down 28%  
(ii) CRR was also brought down 14% to 10%.

**Q.22.** What is marginal utility ?

**Sol.** "The change in total utility with the consumption of one extra unit of the commodity, is known as marginal utility ." or "The utility derived from the last unit of the commodity is known as marginal utility ."

$$MU = TU_n - TU_{n-1}$$

Here, MU = Marginal Utility

TU = Change in total utility

$TU_n$  = Total utility from 'n' units of commodity.

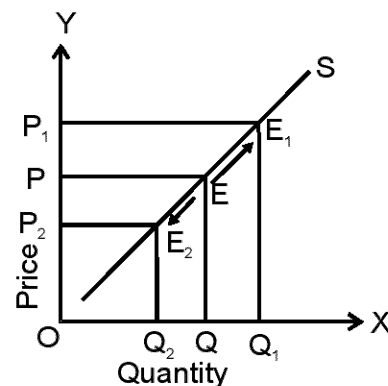
**Q.23.** What is the relationship between price and demand?

**Sol.** There is inverse relationship between price and demand. Expansion of demand with fall in price & contraction of demand with rise in Price.

**Q.24.** State the law of supply.

**Sol.** "Expansion in supply at higher prices and contraction in supply at lower prices, is known as law of supply, when other factors remains constant".

$P_x$	$S_x$
1	40
2	50
3	60



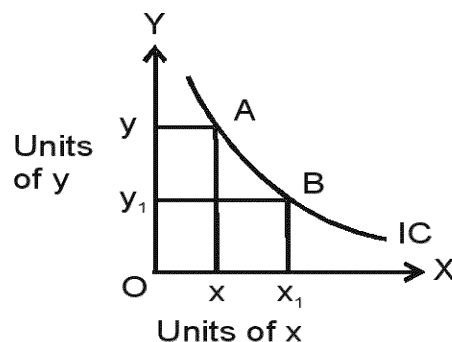
**Q.25.** What is meant by Fixed Cost ?

**Sol.** The cost of production which incurred on fixed factors of production, is known as fixed cost. It does not change with the change in output.

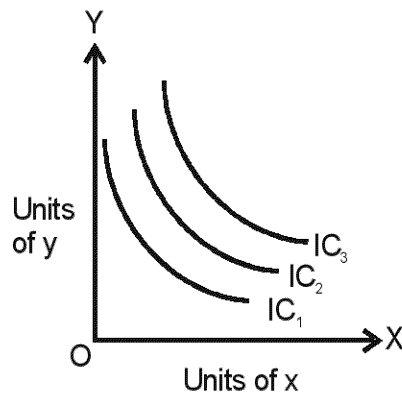
For example - Rent, wages to permanent employees, interest, Premium of insurance etc.

**Q.26.** Explain the characteristic of Indifference curve.

**Sol.** (i) Points along with the same indifference curve represents the same level of satisfaction . All the points along the same indifference curve represents all those combination of two commodities which provides the same level of satisfaction to the consumer.

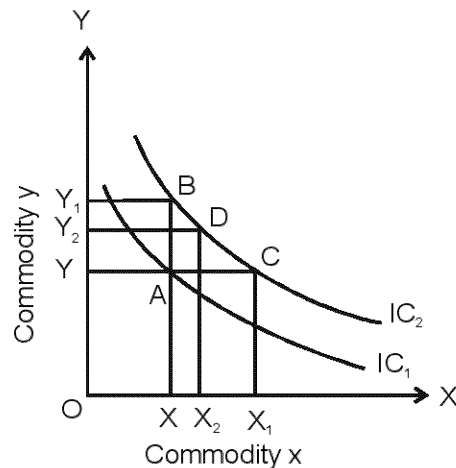


- (ii) Different Indifference curve represents different level of satisfaction. If many indifference curves are shown in single diagram then every indifference curve represent different level of satisfaction.



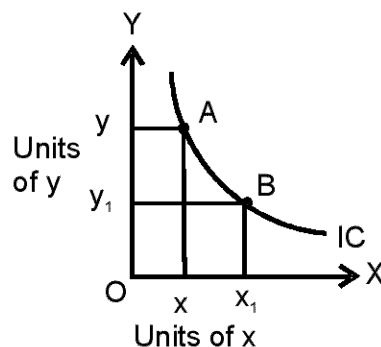
Curves nearer to origin represents lower level of satisfaction and curves which are away from origin represent higher level of satisfaction.

- (iii) Higher indifference curve represents higher level of satisfaction.  
Higher indifference curve shows higher level of satisfaction in comparison to lower indifference curve, because along the higher indifference curve we are using more units of



one commodity with the same units of another commodity or more units of both the commodities. Therefore the satisfaction level of such combinations will be more .

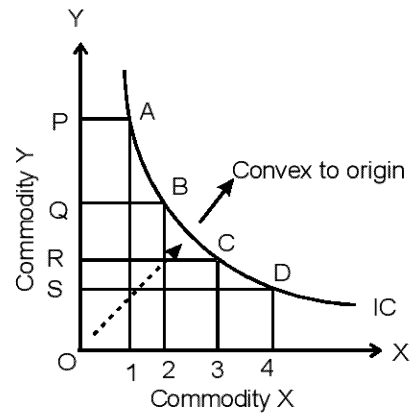
- (iv) Indifference curves are negative sloping. Indifference curves are always slopes downwards to the right or negative sloping, because if consumer increases units of one commodity, then to maintain the same level of satisfaction consumer has to decrease the units of another commodity.





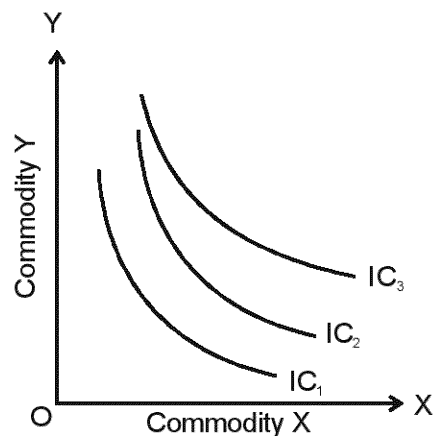
So as the units of X is increased then units of Y has to be decreased and vice-versa. Due to this negative relationship indifference curves are downward sloping .

- (v) Indifference curves are convex towards the origin. Indifference curves are convex towards the origin because marginal rate of substitution continuously decreases. It is because as the stock of one commodity increases its marginal importance for the consumer will continuously



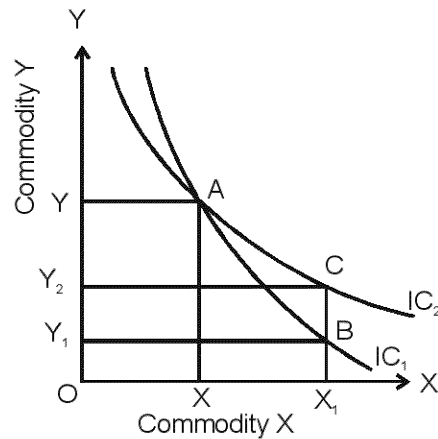
decreases, therefore he is ready to sacrifice lesser and lesser units of one commodity for the every extra unit of another commodity to maintain the same level of satisfaction.

- (vi) Indifference curve need not be parallel to each other. Indifference curve may be or may not be parallel to each other, it depends on marginal rate of substitution. If marginal rate of substitution is same for two indifference curves then the



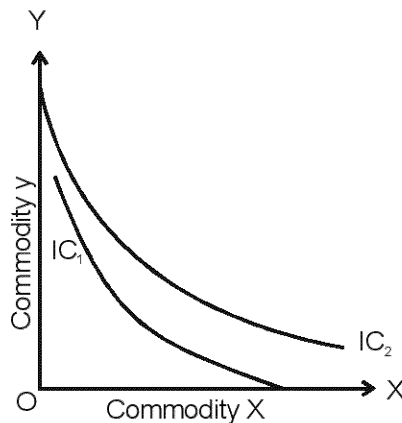
slope of the curves would be same and the curves would be parallel to each other. But if marginal rate of substitution is different then curves would be non-parallel to each other.

- (vii) Indifference curves never intersect each other. Two or more indifference curves never intersects each other, because every indifference curve shows different combinations of two goods which represents different level of satisfaction.



If two indifference curves intersect each other then it will discard the basic assumption, that higher indifference curve shows higher level of satisfaction

- (viii) Indifference curves never touches any of the axis. Indifference curve do not touches any of the axis, because if indifference curve touches any of the axis then it would mean that the quantity of one commodity becomes zero.



If indifference curve touches X axis then it means that units of Y commodity becomes zero and if indifference curve touches Y axis then it means units of X commodity becomes zero. As ordinal approach considers that consumer is consuming two or more commodities at a time.

**Q.27.** What are the exceptions of Law of Demand ?

**Sol.** The reasons responsible for this are as follows :

- (i) **Giffen goods** : There is a positive relationship between price of commodity and demand of Giffen goods (such as Maize, barley, etc.), which means that there is a fall in demand of giffen goods with the fall in its price and vice-versa. As the price of Giffen goods decreases consumer shift the resources from Giffen goods to normal or superior goods and as a result demand for Giffen goods decreases even with the decrease in their prices.
- (ii) **Prestigious goods (Goods of distinction)** : There are many consumers which purchases certain goods only for their prestige or to use those goods as to show their status (as a status symbol).

For eg. Jewellery, precious stones, old paintings, etc. As the price of these goods increases they become more prestigious and that's why these type of consumers increase their demand and as the price of these goods decreases they become less prestigious or becomes a normal goods and that's why they will decrease their demand.

- (iii) **Necessary Goods** : The demand of necessary goods is less affected by the change in price, such as demand of food grains, salts, demand of medicine for patient, etc. The demand of these goods does not decrease with the rise of price and demand of these goods does not increase even with the fall in their price.
- (iv) **Addiction** : When the consumer becomes an addict of using a particular commodity or particular trademark or particular brand then his demand remains unaffected even with the change in its price because he require a definite amount at definite time.
- (v) **Expectation of further change in price in near future** : As price of the commodity rises and there is expectation of further rise in price in near future then consumer will demand more units of the commodity presently even with the increase in its prices (because the consumer prefers to purchase the commodity when the commodity is cheaper).  
But if the price of the commodity falls and there is expectation of further fall in price in near future, then the consumer will decrease the demand presently even with the decrease in prices.

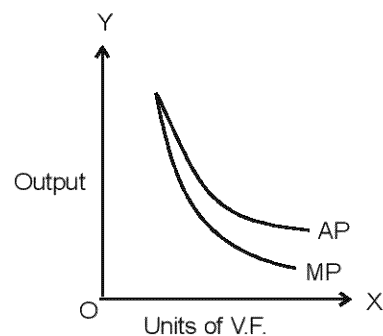
**Q.28.** Explain the law of Diminishing Return.

**Sol.** **Law of diminishing returns** :- In short run period, when other factors of production remains constant. If MP decreases with the increase in units of variable factor, then it is termed as law of decreasing returns.

**Assumptions –**

- (i) This law is only related to short run period.
- (ii) One factor of production is variable while others are fixed.
- (iii) Units of variable factor are homogeneous and divisible.
- (iv) Management and production technique will remains constant.
- (v) Output is expressed in physical terms not in

Fixed Factors	N (V.F.)	TP	AP	MP
1	1	40	40	40
1	2	70	35	30
1	3	90	30	20
1	4	100	25	10



When this law applies to a firm its MP and AP of variable factor both decreases, with the increase in units of variable factor, but MP is lesser than AP.

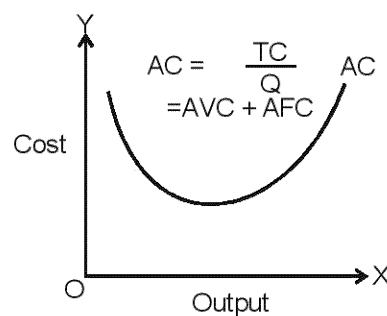
Therefore AP and MP both curves are downward sloping.

**Q.29.** Explain the meaning of average cost. In short-run, why is the cost curve U shaped ? Discuss.

**Sol.** "The cost of all types of means of production which incurred on the production of single unit of output, on an average, is known as AC." It is the sum of average fixed cost and average variable cost, therefore it is also termed as average total cost or per unit total cost. It can be calculated by dividing the total cost by the total number of units produced.

$$AC = AVC + AFC \text{ OR } AC = TC/Q$$

Q	AFC	AVC	AC
0	--	--	--
1	100	100	200
2	50	90	140
3	33.3	80	113.3
4	25	80	105
5	20	84	104
6	16.6	90	106.6
7	14.3	97.1	111.4
8	12.5	105	117.5



The slope of AC curve is just like 'U' shaped due to implementation of laws of returns in the firm. Initially when law of increasing returns applies to the firm, its AC decreases. When law of constant returns applies, AC reaches to its minimum point and later with the increase in output, law of diminishing returns applies and that's why AC increases.

**Q.30.** Explain the Income method for calculating National Income.

**Sol.** **Income method involves the following steps :**

**(I) Identification and Classification of Producing Enterprises :** First of all the producing enterprises in the domestic territory is identified which employ different factor input. Then all the producing enterprises are broadly classified in three –

- (a) Primary Sector:** Those producing enterprises are included in this sector which produces goods by exploiting natural resources, such as land, water, forest, mines etc. This sector includes agriculture and allied activities, fishing, forestry and logging, mining and quarrying.
- (b) Secondary Sector:** Those producing enterprises which uses the produced goods of primary sector as a raw material for production process, are included in

secondary sectors. Such as construction; manufacturing; water, electricity and gas supply.

- (c) **Tertiary Sector:** Those producing enterprises which produces services for primary and secondary sector is included in this sector, such as banking, insurance, transportation, communication, trade and commerce, etc.

(II) **Classification of Factor Income :** The income received by different factors in these producing sectors is classified in following groups :

- (a) **Compensation of Employees :** It is the Economic Return which is given to the Labourer for their labour services which includes Wages and Salaries in Cash , Payment in Kinds, Employers Contribution in Social Security Schemes, etc.
- (b) **Operating Surplus:** It refers the Income from Property and Entrepreneurship. It occurs in Private and Government Enterprises which includes Rent , Royalty , Interest and Profit (Dividend + Corporation Tax + Undistributed Profit) .
- (c) **Mixed Income :** It refers to the Income of the Self Employed Person which uses means of production owned by himself such as income earned by doctor from his own clinic, etc.

(III) **Calculation of Domestic Factor Income ( $NDP_{FC}$ ) :** All these factor income is added at individual enterprises level and then by adding factor income of similar enterprises we receive factor income of industry and by adding factor income of all the industries we receive  $NDP_{FC}$ . While calculating domestic income we have to add all factor income which is generated inside the domestic territory whether it is generated by normal residents or non residents .

(IV) **Calculation of National Income:** National Income can be obtained by Adding Factor Income from Abroad and Deducting Factor Income to Abroad to  $NDP_{FC}$  .

$NNP_{FC} = NDP_{FC} + \text{Net Factor Income from Abroad}$   
Net Factor Income from Abroad: It refers to the difference between the income received from abroad for rendering factor services by normal residents and the income paid for the factor services rendered by non-residents in domestic territory of a country.

**Q.31.** Explain the concept of Domestic Product. Distinguish between Gross Domestic Product and Gross National Product.

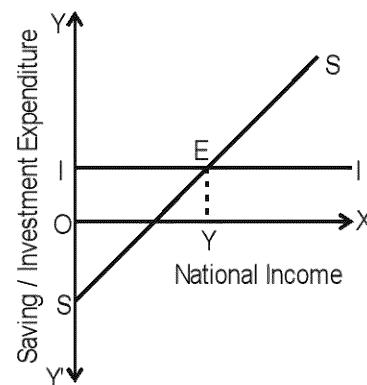
**Sol.** Domestic product is the sum of value added by all the producers in the domestic territory of a country during a year. It means all value-added activities which are performed within the domestic territory would be included, whether this activity is done by the Indians or foreigners.

Gross Domestic Product	Gross National Product
Domestic product is the sum of value added by all the producers in the domestic territory of a country during a year, whether the value added is done by Indians or foreigners.	National product is the sum of value added by the Normal residents of a country whether with in the domestic territory or out side the domestic territory.
It is an Territorial concept because it define with the reference to domestic territory.	It is an Economic concept because it define with the reference to productive efforts of Normal Residents.
It does not include Net Factor Income from Abroad.	It includes Net Factor Income from Abroad.

**Q.32.** How employment is determined by savings and investment ?

**Sol.** The Equilibrium Level of output of an economy can be determined by A.D.(C + I) and A.S.(C + S) approach or by I and S approach. Both these approaches provides the same conclusions. By S and I approach, the economy will be in equilibrium at that income level where saving and investment are equal or saving function curve intersects the investment function curve.

Y	C	S	I	Effect on empl./ output / Income
0	20	-20	10	Empl. ↑
40	50	-10	10	AD > AS Output ↑
80	80	0	10	Income ↑
120	110	+10	10	→ Equilibrium AD = AS
160	140	+20	10	Empl. ↓
200	170	+30	10	AD < AS Output ↓
240	200	+40	10	Income ↓



In the present diagram SS is the saving function curve, which shows the desired saving at each level of income by all the savers of the economy. Saving function curve starts from below the origin because at lower income levels savings are negative (because consumption is more than income). As the income increases saving will also increases. That's why saving function curve is upward sloping.

Here we assumes that firms plans to invest the same amount at different level of income (autonomous investment), therefore investment curve is parallel to X axis.

At 'E' point in present diagram  $I = S$ , which shows the equilibrium point of economy. So at output level 'OY' planned saving and planned investment are equal to 'EY'. In the present example when income was Rs 120 crores saving and investment are equal to Rs 10 crores each. Therefore Rs 120 crore is equilibrium level of income of economy.

**Q.33.** What do you mean by inflation ? Does it affect price and output ? Give reason.

**Sol.** Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time.

Due to inflation the general price level rises, each unit of currency buys fewer goods and services; consequently, inflation reflects a reduction in the purchasing power per unit of money – a loss of real value in the medium of exchange and unit of account within the economy.

In the situation the rising prices stimulate the production of all goods – both of consumption and of capital goods. As producers get more and more profit, they try to produce more and more by utilising all the available resources the their disposal.

However, such favourable effects of inflation upon production are not always found. Sometimes, production may come to a standstill position despite rising prices, as was found in recent years in developing countries like India.