

Choose the correct options from the following codes

- a) Both A and R are True and R is the correct explanation of A
- b) Both A and R are True but R is not the correct explanation of A
- c) A is true, but R is False.
- d) A is False, but R is True.

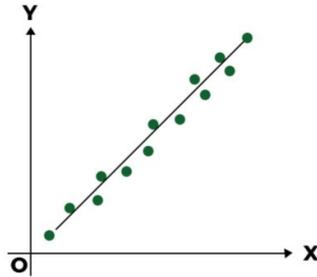
OR

Which of the following diagrams is used to find the value of mode graphically?

- a) Pie chart
- b) Bar graph
- c) Histogram
- d) None of these

Q6. The given diagram represents

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- a) Negative correlation
- b) High degree of positive correlation
- c) Moderate degree of negative correlation
- d) Low degree of positive correlation

CASE -BASED QUESTIONS:-

Read the following news report and answer question nos.7-10 on the basis of the same:

The Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade is releasing index numbers of wholesale price in India for the month of December, 2020(Provisional) and for the month of October, 2020 (Final) in this press release. Provisional figures of Wholesale Price Index (WPI) are released on 14th of every month (next working day) with a time lag of two weeks of the reference month and compiled. With data received from institutional sources and selected manufacturing units across the country. After 10 weeks, the index is finalized and final figures are released and then frozen thereafter.

The rate of inflation, based on monthly WPI, stood at (1.22%) (Provisional) for the month of December,2020 (over December, 2019) as compared to (2.76%) during the corresponding month of the previous year. The index for this major group declined by (-3.11%) to 146.5 (provisional) in December, 2020 from 151.2(provisional) for the month of November, 2020.

Prices of Crude Petroleum & Natural Gas (5.47%), Minerals (5.36%) and Non-food Articles (0.36%) increased in December, 2020 as compared to November, 2020. Prices of Food Articles (-4.85%) declined in December, 2020 as compared to November, 2020.

Q7 Rate of inflation is generally measured with the help of:

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(Choose the correct alternative)

- a) Wholesale Price Index (WPI)
- b) Consumer Price Index (CPI)
- c) Both A and B
- d) Neither A nor B

Q8. P_0 indicates: (Choose the correct alternative)

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- a) Price of current year
- b) Price of base year
- c) Quantity of base year
- d) Quantity of current year

OR

Draw a 'Less Than' and 'More Than' ogive from the following distribution:

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Profits (In Rs. In Lakhs)	10-20	20-30	30-40	40-50	50-60	60-70
No. of Companies	4	7	10	20	17	2

Q17. a) Calculate the value of Median for the following data:-

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Size	10-20	20-30	30-40	40-50
Frequency	42	25	58	40

b) Calculate Mode for the following data by grouping method:-

Marks	10	12	14	16	18	20
No. of Students	2	6	8	8	2	1

SECTION – B (Introductory Microeconomics)

Q18. When consumption of a commodity changes from 5 to 8 units, total satisfaction changes from 15 to 30 utils. Utility derived from each additional unit is_____.

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- a) 2 utils b) 5 utils c) 10 utils d) 15 utils

OR

Law of diminishing marginal utility states that as more and more units of a commodity is consumed, marginal utility:

- a) Begins to increase b) Remains constant
c) Begins to decrease d) Becomes zero

Q19. The elasticity coefficient for perfectly elastic demand curve is –

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- a) zero b) one c) infinity d) none of the above

Q20. Slope of the Demand curve is calculated as:-

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- a) Change in price/change in quantity demanded c) Either (a) or (b)
b) Change in quantity demanded / change in price d) Neither (a) nor (b)

Q21. When MP rises, TP ____

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- a) Increases at diminishing rate b) Increases at increasing rate
c) Is maximum and constant d) Falls

OR

Which of the following statements is true about the production function?

- a) It shows the technological relationship between cost and inputs
b) It shows the functional relationship between output and input
c) It shows the technological relationship between price and inputs
d) It shows the economic relationship between output and input

Q22. Identify the Odd One Out:-

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- a) TFC is a horizontal line parallel to X axis b) TC is an inverted S shaped curve
c) AVC is a U shaped Curve d) MP is an inverted U shape curve

- Q23. Price Elasticity of Supply is always: 1
- a) Positive due to the direct relationship between price and quantity supplied.
 - b) Negative due to the Indirect relationship between price and quantity supplied.
 - c) Positive due to the inverse relationship between price and quantity supplied.
 - d) Negative due to the constant relationship between price and quantity supplied.

- Q24. Which of the following is not true for Price Floor? 1
- a) It is the minimum price, below which the commodity will not be sold in the market.
 - b) The excess supply created will be used as a buffer stock.
 - c) This is introduced for the benefits of the consumers.
 - d) It is also termed as Minimum Support Price

CASE -BASED QUESTIONS:-

Read the following and answer question nos. 25-27 on the basis of the same:

Perfect competition refers to a market situation where there are a very large number of buyers and sellers who deal in identical product. Under perfect competition, the price of the commodity is fixed by the market. There are a huge number of sellers selling identical products, therefore a single producer cannot influence the price by changing the level of output. Thus the firms are called price takers. They have no market control and receive the market price for their output.

In perfect competition, a firm has to accept the same price as determined by the industry. The firm can sell any quantity of a commodity at that particular price. Therefore, it can be said that the price remains constant. When the price remains same at every level of output, it means that no firm is in the position to influence the price. This means that, the revenue from every additional unit (MR) is equal to AR.

When price remains constant, firms can sell any quantity of output at the given price. As a result, the MR or AR curve is a horizontal straight line parallel to the x-axis. Since MR remains constant, TR also increases at a constant rate. Due to this, the TR curve is a positively sloped straight line. As TR is zero at zero level of output, the TR curve starts from the origin.

- Q25. In a Perfect competition a firm is a – 1
- a) Price taker b) Price maker c) Oligopoly d) None of these
- Q26. Which of the following factors is not a characteristic of perfect competition? 1
- a) A large number of buyers and sellers
 - b) Well-informed buyers and sellers about product prices
 - c) Individual firms spend a considerable amount on advertising
 - d) No restrictions on entry into or exit from the industry
- Q27. Read the following statement given below and choose the correct alternative. 1
- Statement 1- When MR remains constant, TR also increases at a constant rate.
Statement 2- The TR curve is a positively sloped straight line.
- a) Statement 1 is correct and statement 2 is incorrect b) Both are correct
 - c) Statement 1 is incorrect and statement 2 is correct d) Both are incorrect

Q28. Draw and explain the supply curves showing: 3

- a) $E_s=1$ b) $E_s>1$ d) $E_s<1$

Q29. a) Explain the meaning of producer's equilibrium. 3

b) In the following table, find out the level of output, at which the producer will be in equilibrium. Give reason for your answer.

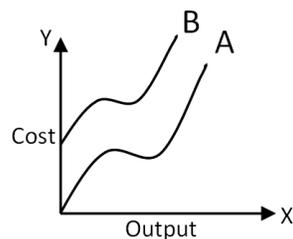
Output (units)	1	2	3	4
Marginal Revenue (Rs)	8	8	8	8
Marginal Cost (Rs)	10	8	7	8

Q30. Calculate TC and AVC from the following data:- 4

Units of Output	1	2	3	4
AFC	60	30	20	15
MC	32	30	28	30

OR

On the basis of given diagram, answer the following questions:



- a) Identify the two curves 'A' and 'B'.
b) Why are the curves inversely S-shaped? Give reason.
c) Curve 'A' is starting from the origin? Explain why?
d) Curve 'B' is making an intercept on Y-axis. Explain.

Q31. Explain the properties of Production Possibility Curve. 4

Q32. Briefly explain the concept of price ceiling with a suitable diagram. 4

OR

Good Y is the substitute of Good X. The price of Y falls. Explain the chain of effects of this change in the market of X.

Q33. Explain how the following factors affects the price elasticity demand of the commodity:- 6

- a) Nature of Commodity b) Level of Price c) Number of Uses

OR

- a) What do you mean by an 'complementary good'? Give at least one example.
b) What do you mean by substitute good? Give examples of two goods which are substitutes of each other.
c) What is the relation between good x and good y in each case,
(i) if with a fall in price of x demand for good y rises and
(ii) if with a fall in price of x demand for good y falls? Give reason.

Q34. Explain the concept of Consumer equilibrium with a suitable diagram and schedule for a single commodity. 6

