

QP Code:

[Total Marks: 100

(3 Hours)

Q Pcode: 30015

- N.B. :** (1) All questions are compulsory
(2) Each question carries equal (20) marks
(3) Draw neat diagrams wherever necessary

1. Attempt any two of the following:

(a) Explain with the help of two examples the concept of trade-off.

- Meaning and why trade-off takes place with two examples

(b) Explain with the help of two examples how people respond to incentives.

- Meaning and identification of how people respond to incentives with examples

(c) Discuss how economic activity is organised through markets.

- Explanation on how economic activity is organised through markets
- Reasons why it is needed

2. Explain any two of the following with the help of two examples:

(a) Distinction between positive and normative economics.

- Meaning and features of positive and normative economics with the help of examples

(b) Circular flow of income model.

- Diagrammatic Representation and Explanation

(c) Plot the graph for the following function:

$$Y = 12 + 18X$$

- Graphical Representation

3. Attempt any two of the following:

(a) Given the demand schedules of two individuals, derive the market demand schedule and market demand curve.

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Price (inRs.)	Individual A Quantity Demanded (in units)	Individual B Quantity Demanded (in units)
70	33	47
60	35	48
50	37	50
40	49	55
30	51	59

- Calculation and diagrammatic representation of the market demand schedule and market demand curve

(b) With the help of a graph, identify the steps to analyze the changes in equilibrium when the supply curve shifts to the left.

- Diagrammatic Representation and Explanation

(c) Discuss the meaning and effectiveness of price floor,

- Meaning of price ceiling
- Effectiveness of a price ceiling to be identified with the help of a diagram.
- Diagrammatic Representation and Explanation

4, Attempt any two of the following:

(a) Discuss the policy of protection.

- Meaning and features with merits and demerits of policy of protection

(b) With the help of two examples, explain 'Comparative Cost Advantage' principle.

- Meaning and identification of the relation between comparative cost advantage and opportunity cost through an example

(c) Explain the concept of production possibility curve with the help of an example and diagrammatic representation.

- Meaning and diagrammatic representation of production possibility curve through an illustration

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5. Explain any two of the following:

(a) **Significance of opportunity cost in decision making with the help of two examples.**

- Meaning and relation between opportunity cost and decision-making with the use of examples

(b) **Price elasticity of demand and total revenue.**

- Meaning and derivation of relationship between price elasticity of demand and total revenue.

(c) **Role of assumptions in economic analysis.**

- Meaning and Need for Assumptions

(d) **Absolute Cost Advantage principle with the help of two examples.**

- Meaning and identification of the absolute cost advantage principle through an example
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