

[Total Marks: 100

QP code: 30013

(3 Hours)

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

1, Explain any two of the following:

(a) Response to incentives with the help of three examples.

- Meaning and identification of how people respond to incentives with 3 examples

(b) Opportunity cost and decision-making.

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

(c) Trade-off between inflation and unemployment.

- Meaning and relation between inflation and unemployment with the help of a diagram

2. Examine any two of the following:

(a) Circular Flow of Income model.

- Diagrammatic Representation and Explanation

(b) Plot the graph for the following function:

$$Y = 9 + 12X$$

- Graphical Representation

(c) Positive and normative economics.

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

3. Attempt any two of the following:

(a) What is a price ceiling? When is it effective?

- Meaning of price ceiling
- Effectiveness of a price ceiling to be identified with the help of a diagram.

(b) Discuss the relationship between price elasticity of demand and total revenue.

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

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

Price (inRs.)	Individual A Quantity Demanded (in units)	Individual B Quantity Demanded (in units)
80	40	55
70	44	58
60	46	62
50	48	65
40	50	68

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

4. Examine any two of the following:

(a) **Relation between opportunity cost and comparative cost advantage with the help of an example.**

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

(b) **Policy of Protection.**

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

(c) **Absolute Cost Advantage principle with the help of one example.**

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

5. Explain any two of the following:

(a) **Why is it more efficient to organise economic activity through markets?**

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

(b) **Role of assumptions in the study of economics.**

- Meaning and Need for Assumptions

(c) **Graphical representation of changes in equilibrium when the supply curve shifts to the right.**

- Diagrammatic Representation and Explanation

(d) **Production possibility curve with the help of an example.**

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