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Time : 1½ Hours

FIRST-TERM**ECONOMICS****Subject Code**

H	4	6	5	2
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Total No. of Questions : 40 (Printed Pages : 12)

Maximum Marks : 40

- INSTRUCTIONS** :
- (i) All questions are compulsory.
 - (ii) All questions are MCQs type and carry only one mark each.
 - (iii) Every question has four choices A, B, C and D and only one of them is the correct answer.
 - (iv) On the OMR sheet darken completely with a ball point pen. Only one bubble you will consider as the most appropriate answer.
 - (v) Use Blue or Black ball point pen only.
 - (vi) For each question, you will be awarded one mark, if you have darkened only the bubble corresponding to the correct answer. In all other cases, you will get zero mark. There is no negative marks.
 - (vii) Once the bubble is filled with pen it is not possible to change the answer.
 - (viii) Use of any calculating device is not allowed.

1. Diagrammatic presentation showing combination of two goods giving a consumer the same level of satisfaction.
 - (A) Indifference set
 - (B) Indifference curve
 - (C) Indifference schedule
 - (D) Indifference map.

2. All points on the production possibility frontier denote
- (A) Attainable combination
 - (B) Unattainable combination
 - (C) Underutilisation of resources
 - (D) Overutilisation of resources.
3. Sonu has an income of Rs. 100/-. He purchased 12 units of Good 1 at a price of Rs. 5/- each. If the price of Good 2 is Rs. 10- each, how many units as Good 2 can he buy ?
- (A) 4 units
 - (B) 10 units
 - (C) 8 units
 - (D) 12 units.
4. When total utility becomes maximum, then marginal utility is
- (A) Negative
 - (B) Positive
 - (C) Zero
 - (D) Constant.
5. A labour intensive technique of production will use
- (A) 10 units of labour, 3 units of capital
 - (B) 1 unit of labour, 2 units of capital
 - (C) 2 units of labour, 15 units of capital
 - (D) 3 units of labour, 10 units of capital.

6. The convex slope of an indifference curve denote that
- (A) Consumption of both goods increases
 - (B) Consumption of one good increases other decreases
 - (C) Consumption of both goods decreases
 - (D) Consumption of one good is constant other increases.
7. Sum total of utility derived by a consumer from the consumption of all units of a commodity :
- (A) Consumers equilibrium
 - (B) Producers equilibrium
 - (C) Marginal utility
 - (D) Total utility.
8. A consumer with monotonic preference will choose which of the following bundle of two goods ?
- (A) 1 apple, 2 mangoes
 - (B) 2 apples, 3 mangoes
 - (C) 4 apples, 3 mangoes
 - (D) 5 apples, 4 mangoes.
9. At a price of Rs. 100 Tina buys 4 T-shirts and her total expenditure is Rs. 400/-. When the price rises to Rs. 300/-, she buys 2 T-shirts and her expenditure rises to Rs. 600/- In this situation the elasticity of demand is
- (A) Greater than unitary
 - (B) Unitary elastic
 - (C) Less than unitary
 - (D) Relatively elastic.

10. The law of demand explains the relationship between
- (A) Income and quantity demanded
 - (B) Own price and quantity demanded
 - (C) Price of related goods and quantity demanded
 - (D) Taste and preference and quantity demanded.
11. Which of the following combination is a good example of complementary goods ?
- (A) Nescafe and Tea
 - (B) Computer hardware and Computer software
 - (C) Ball pen and Gel pen
 - (D) Sandals and Shoes.
12. What is the price elasticity of demand when price changes by 10% and quantity demanded changes by 25% ?
- (A) 2.4
 - (B) 0.4
 - (C) 2.5
 - (D) 0.2
13. With an increase in income, demand for which goods will increase ?
- (A) Normal goods
 - (B) Inferior goods
 - (C) Capital goods
 - (D) Giffen goods.
14. Price elasticity of demand is not determined by which of the following factors ?
- (A) Habit of a consumer
 - (B) Availability of substitutes
 - (C) Population
 - (D) Diversity of uses.

15. A tabular representation of different quantities of a commodity purchased by number of buyers at a particular price.
- (A) Market demand schedule
 - (B) Market demand curve
 - (C) Individual demand schedule
 - (D) Individual demand curve.
16. If the price elasticity of demand is 5, then the demand is
- (A) Perfectly elastic
 - (B) Relatively elastic
 - (C) Perfectly inelastic
 - (D) Relatively inelastic.
17. In the geometric method of measuring price elasticity of demand at which point elasticity of demand is equal to one ?
- (A) Point on the Y-axis
 - (B) At mid point
 - (C) Point on the X-axis
 - (D) Point in between X-axis and mid point.
18. The price elasticity of demand for necessary goods will be
- (A) $\epsilon_d > 1$
 - (B) $\epsilon_d = \infty$
 - (C) $\epsilon_d < 1$
 - (D) $\epsilon_d = 1$.

19. Due to heavy rain, production of onion was affected. There has been a continuous rise in the price of onions for the past two days resulting in consumer buying more quantity today as
- (A) Consumer expects price to fall in the future
 - (B) Consumer expects price to rise in the future
 - (C) Consumer expects price to remain constant in the future
 - (D) Consumer is indifferent towards price rise.
20. Due to birth of twins in a family, the demand for baby items increased as a result there will be
- (A) Extension of demand
 - (B) Contraction of demand
 - (C) Increase in demand
 - (D) Decrease in demand.
21. Which of the following is Transfer earning ?
- (A) Rent
 - (B) Salaries
 - (C) Interest
 - (D) Scholarship.
22. National income by expenditure method includes
- (A) Expenditure on final goods and services
 - (B) Expenditure on old shares and bonds
 - (C) Expenditure on intermediate goods
 - (D) Expenditure on second hand goods.

23. The market value of final goods and services produced domestically in a year inclusive of depreciation is
- (A) NNP at MP
 - (B) GNP at MP
 - (C) NDP at MP
 - (D) GDP at MP.
24. A firm earns a higher margin of profit and distributes it among the shareholders as
- (A) Dividend
 - (B) Social security contribution
 - (C) Corporate profit tax
 - (D) Mixed income.
25. Real flow in the circular flow of national income is flow of
- (A) Interest and profit
 - (B) Consumption expenditure
 - (C) Rent and wages
 - (D) Goods and services.
26. Non-monetary exchange will include
- (A) Services of a doctor
 - (B) Services of a waiter
 - (C) Services of a mother
 - (D) Services of a lawyer.

27. Which of the following is a negative externality caused by a chemical industry started in a locality ?
- (A) Development of roads
 - (B) Creation of employment
 - (C) Air and water pollution
 - (D) Development of eco-tourism.
28. A carpenter purchased wood from a saw mill worth Rs. 2000, makes a chair and sells it to a furniture showroom for Rs. 5000/- later Mr. Ajay (consumer) purchases this chair from the showroom for Rs. 8000/- for his domestic use. What is the gross value added to the product by value added method ?
- (A) Rs. 15,000/-
 - (B) Rs. 7,000/-
 - (C) Rs. 8,000/-
 - (D) Rs. 6,000/-
29. In the estimation of national income, counting the value of a good more than once will
- (A) Overestimate national income
 - (B) Underestimate national income
 - (C) Correctly estimate national income
 - (D) Not affect calculation of national income.
30. Mr. Shyam earns Rs. 50,000/- a month as salary, pays income tax of Rs. 1,000/-, fine of Rs. 1,000/-, educational fee of Rs. 5,000/-, so his personal disposable income will be
- (A) Rs. 50,000/-
 - (B) Rs. 49,000/-
 - (C) Rs. 43,000/-
 - (D) Rs. 48,000/-

31. In the saving function at break-even point
- (A) $S = Y$
 - (B) $S = 0$
 - (C) $S < Y$
 - (D) $S > Y$
32. Ms. Siya, a graduate is willing to work at prevailing wage rate but she is unable to be gainfully employed. So it is a case of
- (A) Voluntary unemployment
 - (B) Involuntary unemployment
 - (C) Under-employment
 - (D) Disguised unemployment.
33. One of the Fiscal policy measure to correct deficient demand is
- (A) To reduce taxes
 - (B) To increase taxes
 - (C) To reduce expenditure on public works programme.
 - (D) To increase cash reserve ratio.
34. Private investment expenditure as a component of aggregate demand primarily depends on
- (A) Factor income
 - (B) Personal income
 - (C) Personal disposable income
 - (D) Rate of interest.

35. What will be average propensity to save when income is Rs. 50 crores, saving is Rs. 25 crores ?
- (A) 0.5 crores
 - (B) 0.2 crores
 - (C) 5 crores
 - (D) 2 crores
36. Investment multiplier is calculated as
- (A) $\Delta I/\Delta Y$
 - (B) $\Delta Y/\Delta C$
 - (C) $\Delta Y/\Delta I$
 - (D) $\Delta C/\Delta Y$
37. Expenditure on the construction of dams, public roads with an objective of social welfare is
- (A) Private household expenditure
 - (B) Private investment expenditure
 - (C) Government expenditure
 - (D) Net exports.
38. Which of the following is included in the calculation of national income by income method ?
- (A) Black money
 - (B) Income from gambling
 - (C) Windfall gains
 - (D) Production for self-consumption.

39. India exported goods to USA worth Rs. 50,000/- crores, U.K. worth Rs. 80,000/- crores and imported goods worth Rs. 40,000/- crores. Thus net exports of India will be
- (A) Rs. 90,000/- crores
 - (B) Rs. 80,000/- crores
 - (C) Rs. 50,000/- crores
 - (D) Rs. 1,30,000/- crores.
40. The sum total of expenditure on domestically produced goods and services during an accounting year
- (A) Aggregate demand
 - (B) Aggregate supply
 - (C) Excess demand
 - (D) Deficient demand.