

hour

Instructions to candidates:

- i) All questions are compulsory
- ii) Marks for each question are indicated against each to the right.
- iii) Question Nos. 1 & 2 are objective type questions carrying 1 mark each.
- iv) Question Nos. 3 & 4 are short answer type questions carrying 2 marks each.
Answer should not exceed 40 words each.
- v) Question Nos. 5 – 7 are also short answer type questions carrying 3 marks. .
- vi) Question Nos. 8 are long answer type questions carrying 5 marks each.
Answer should not exceed 100 words.
- vii) Internal choice to be exercised in question No. 8

1. When demand is perfectly inelastic, the price elasticity of demand is:
A) 0
B) 1
C) Infinity
D) Greater than 1
2. What does a point inside the production possibility curve represent?
A) Efficient use of resources
B) Unattainable production level
C) Unemployment or underutilization of resources
D) Economic growth
3. A consumer has a monthly budget of ₹600 to spend on two goods: Apples and Bananas. The price of apples is ₹30 per kg, and the price of bananas is ₹20 per kg.
(a) Write the equation of the budget line.
(b) Plot the intercepts of the budget line.
4. Rahul visits the local market to buy mangoes. Last week, the price of mangoes was ₹100 per kg, and he bought 2 kg. This week price dropped to ₹80 per kg. As a result Rahul bought 3kg mangoes.
(a) What economic concept does this behaviour illustrate?
(b) Why did Rahul increase the quantity of mangoes he purchased?
5. State and explain the central problems of an economy.
6. The price of a product increases from ₹100 to ₹120. As a result, the quantity demanded decreases from 500 units to 400 units. Calculate the price elasticity of demand using the percentage method.
7. Consumers expect that laptop prices will rise significantly next month. How will this effect the current demand for laptops? Explain with the help of diagram.
8. State and explain the Law of Demand with the help of schedule and diagram

OR

State and explain the Law of Diminishing Marginal Utility with the help of a schedule and diagram.