

Note: -

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat tables/diagrams wherever necessary.
4. Write answers to all main questions on new page.

Q. 1 (A) Complete the correlation :

(5)

1. General equilibrium : Macro Economics : : : Micro Economics
2. Toys made of clay : : : Woollen clothes : Place utility
3. Tea and coffee : : : Electricity : Composite demand.
4. Expansion of supply: Price rises : : Contraction of supply :
5. Perfect Competition : : : Monopoly : Single seller.

(B) Assertion and Reasoning :

(5)

1. **Assertion (A)** : Micro Economics is the basis of Welfare Economics.
Reasoning (R) : Micro Economics studies individual units.
(i) (A) is true but (R) is false.
(ii) (A) is false but (R) is true.
(iii) Both (A) and (R) are true and (R) is the correct explanation of (A).
(iv) Both (A) and (R) are true and (R) is not the correct explanation of (A).
2. **Assertion (A)** : Utility depends on intensity of wants.
Reasoning (R) : Human wants are unlimited.
(i) (A) is true but (R) is false.
(ii) (A) is false but (R) is true.
(iii) Both (A) and (R) are true and (R) is the correct explanation of (A).
(iv) Both (A) and (R) are true and (R) is not the correct explanation of (A).
3. **Assertion (A)** : Expenditure method measures elasticity of demand at a given point on the demand curve.
Reasoning (R) : Total expenditure refers to the product of price and quantity demanded.
(i) (A) is true but (R) is false.
(ii) (A) is false but (R) is true.
(iii) Both (A) and (R) are true and (R) is the correct explanation of (A).
(iv) Both (A) and (R) are true and (R) is not the correct explanation of (A).
4. **Assertion (A)** : The expenditure incurred on purchasing machinery is a variable cost.
Reasoning (R) : The expenditure incurred on variable factors is known as variable cost.
(i) (A) is true but (R) is false.
(ii) (A) is false but (R) is true.
(iii) Both (A) and (R) are true and (R) is the correct explanation of (A).
(iv) Both (A) and (R) are true and (R) is not the correct explanation of (A).
5. **Assertion (A)** : Product differentiation is the main feature of monopolistic competition.
Reasoning (R) : There is freedom of entry and exit in monopolistic competition.
(i) (A) is true but (R) is false.
(ii) (A) is false but (R) is true.
(iii) Both (A) and (R) are true and (R) is the correct explanation of (A).
(iv) Both (A) and (R) are true and (R) is not the correct explanation of (A).

Q 2. (A) Identify and explain the concepts from the given illustrations: (9)

1. Raja Ram decided to take all decisions related to production, such as what and how to produce on his own.
2. The CBZ Private Limited Company received Rs. 5000 per unit of output sold in the market.
3. My friend bought an identical friendship band at a lesser price than paid by me from the same shop.

(B) Distinguish between: (9)

1. Stock and Supply
2. Slicing method and Lumping method
3. Natural Monopoly and Legal Monopoly

Q.3. Answer the following questions: (12)

1. State and explain any four factors influencing elasticity of demand.
2. Explain the determinants of supply. (Any 4)
3. Explain any four features of oligopoly.

Q.4. State with reasons whether you agree or disagree with the following statements: (12)

1. The scope of Macro Economics is limited.
2. There is no exception to the Law of Diminishing Marginal Utility.
3. Price is the only determinant of demand.

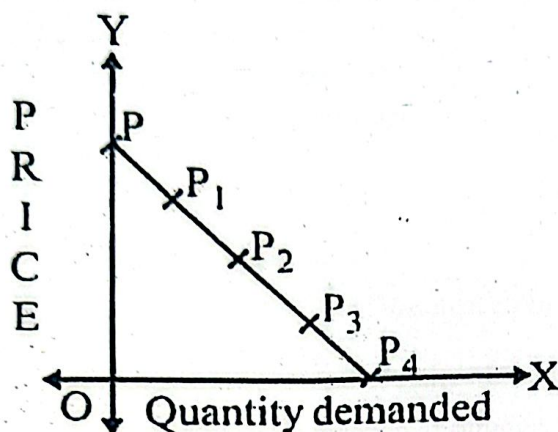
Q.5. Study the following table / figure / passage and answer the following questions given below : (12)

(i) Observe the following table and answer the questions given below : (4)

Price of Apple [Per Kg ₹]	Demand [Per Kg]	Supply [Per Kg]
100	50	10
200		20
	30	30
400	20	
500		50

- (1) Complete the above table. (2)
- (2) Derive an equilibrium price with the help of a suitable diagram based on the above table. (2)

- (ii) In the following diagram 'PP4' is a linear demand curve. On the basis of the given diagram answer the following questions :



- (1) Demand at point 'P2' is relatively inelastic. Is this statement true or false? (1)
- (2) Identify the type of price elasticity of demand at point 'P'. (1)
- (3) What is denoted on the 'X' axis in the above diagram? (1)
- (4) Which method of measuring elasticity of demand is represented in the above diagram? (1)

- (iii) Observe the following passage and answer the questions given below: (4)

As per a survey conducted by Galaxy Enterprise it was observed that in Panji there was an increase in the demand for biscuits. This was due to the change in people's taste and habits.

Considering this an opportunity, the Galaxy enterprise borrowed capital from the Bank of India, purchased wheat from the farmers and started producing biscuits. The company had competition from Andromeda Foods Ltd. a producer of cream biscuits. One more research conducted by the Galaxy Enterprise made them realise that with the rise in demand for biscuits, the demand for tea also has increased.

Galaxy Enterprise started a chain of teashops in Panji with an intention of creating competition to Andromeda.

- (1) Find out the examples of types of demand from the above passage:
 - (a) Direct demand (1)
 - (b) Indirect demand (1)
- (2) Give your opinion with reference to above passage. (2)

Q.6. Answer in detail: (Any 2) (16)

1. State and explain the Law of demand with its exceptions.
2. What is elasticity of demand? Explain the different types of elasticity of demand.
3. What is Perfect competition? Explain how price get determine under perfect competition.