ECONOMICS

(Three hours and a quarter)

StudentBounty.com -----(The first 15 minutes of the examination are for reading the paper only. Candidates must NOT start writing during this time).

Answer Question 1 (compulsory) from part I and SEVEN questions from part II. *The intended marks for questions are given in [].* _____

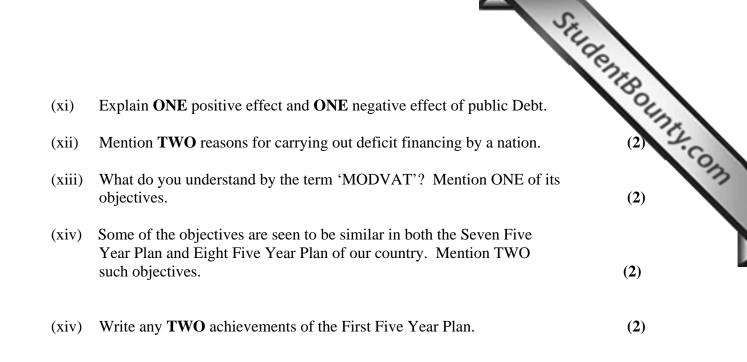
PART I

QUESTION 1

[2x15=30Marks]

Answer briefly each of the items (i) to (xv) in this question.

(i)	What do you understand by "Law of Supply"? Illustrate it with a labelle diagram.	ed (2)
(ii)	State TWO differences between utility Approach and Indifference curv analysis.	e (2)
(iii)	Explain TWO relationships that Average Revenue shares with Margina Revenue.	ll (2)
(iv)	Define oligopoly. Explain ONE of its characteristics.	(2)
(v)	"VMP is equal to MRP under perfect competition". Is this also true in of imperfect competition? Why?	case (2)
(vi)	Distinguish between real flows and money flows.	(2)
(vii)	Which of the national income aggregates is technically known as nation income? Define it.	al (2)
(viii)	What is 'Double Counting'? How can it be avoided? Write TWO meth	nods. (2)
(ix)	How is balance of trade different from balance of payments?	(2)
(x)	'Exploitation' and 'Dislodging of domestic industries' are two disadvantages of international trade. Explain how the trading countries sometimes, exploited and their domestic industries dislodged through international trade.	are, (2)
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PART II

(Answer any SEVEN questions)

QUESTION 2

a)	How can our country trade with other countries using the absolute cost theory? Explain with an example.	(5)
b)	With the help of labelled diagrams, explain what would happen to the equilibrium price and quantity if: (a) demand increases in larger proportion than the increase in supply, and (b) demand and supply increase by the same proportion.	(5)
QUI	ESTION 3	
a)	'Law of demand may not operate in many cases'. Explain FIVE such cases.	(5)
b)	Write FIVE achievements in the field of manufacture and trade during the Sixth Five Year Plan.	(5)

QUESTION 4

- StudentBounty.com Discuss any $\ensuremath{\textbf{FIVE}}$ causes of disequilibrium in the Balance of Payments that a) are applicable to our economy.
- Define and explain the law of Variable Proportions using an appropriate b) diagram.

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QUESTION 5

a)	Explain briefly FIVE reasons in support of your answer.	(5)
b)	Describe the Marginal Productivity Theory of Distribution using a diagram.	(5)
QUES	TION 6	
a)	From the First Five Year Plan to Fifth Five Year Plan, identify ONE most important priority opted by the government from each plan and give reasons for each priority.	(5)
b)	With the help of a diagram, explain the short-run equilibrium of a firm under perfect competition earning super-normal profit.	(5)
QUES	TION 7	
a)	'GNH is a better measure than GDP in promoting the happiness of the people'. Do you agree? Give FIVE reasons and explain them.	(5)
b)	Explain circular flow of Income and Expenditure in a Three Sector Model using a diagram.	(5)

(5)

QUESTION 8

- StudentBounty.com What are the differences between international and internal trade? Write a) **FIVE** differences.
- b) What is a budget? Describe the budgetary policy of our country.

QUESTION 9

- 'Deficit Financing is both good and bad for a country like ours'. Discuss a) THREE good and TWO bad effects.
- b) What do you understand by the term 'Fiscal Policy'? Explain any FOUR methods how fiscal policy can be used to accelerate economic growth in an underdeveloped economy. (5)

QUESTION 10

- Explain the income method of estimating national income of an economy. a) (5)
- From the information given below, compare the elasticity of supply from b) commodity A and commodity B.

(5)

(5)

Commodity A		Commodity B	
Price(Nu.per unit)	Supply (units)	Price (Nu. Per unit)	Supply (units)
10	100	8	40
12	140	10	80