

- 14 Draw TFC, TVC and TC curves in one diagram and also establish their relationship with each other. 6
- 15 Why does the government impose price ceiling at a price lower than the equilibrium price? 6

OR

Explain the following features of the perfect competition:

- i) Large number of buyers and sellers
- ii) Homogeneous product

SECTION B

- 16 Goods purchased for satisfaction of human wants are called; 1
- i) Capital goods
 - ii) Intermediate goods
 - iii) Consumption goods
 - iv) Durable goods
- 17 $NDP_{fc} = NDP_{mp}$ when : 1
- i) Indirect taxes are zero
 - ii) When net indirect taxes are zero
 - iii) when subsidies are zero
 - iv) When NFIA is zero
- 18 Which of these is a revenue expenditure? 1
- i) Purchase of shares
 - ii) Loans advanced
 - iii) subsidies
 - iv) Expenditure on acquisition of land
- 19 Fall in the value of assets due to expected obsolescence is 1
- i) Capital loss
 - ii) Shut down point
 - iii) depreciation
 - iv) break-even point
- 20 Primary deficit in a budget equals to 1
- i) Interest payment
 - ii) Borrowings less interest payment
 - iii) interest payment less borrowings
 - iv) None of these
- 21 i) What is investment multiplier? 3
- ii) How is the value of multiplier determined by the value of MPC?

OR

Explain how the equilibrium level of income is determined by $S = I$ approach. Give relevant schedule.

- 22 Calculate NNDI from the given data: 3

	(₹ crores)
i) Net current transfer from rest of the world	40
ii) Net factor income from abroad	(-) 20
iii) Consumption of fixed capital	60
iv) Net indirect taxes	80
v) NNP _{mp}	480

- 23 An economy is in equilibrium. Calculate marginal propensity to save from the following: 3

National Income = ₹ 1000 crores
 Autonomous consumption = ₹ 100 crores
 Investment Expenditure = ₹ 200 crores

- 24 What is mixed income? Explain it with the help of an example 4

- 25 State whether the following statements are true or false. Give reasons for your answer: 4

- 1) Capital formation is a flow
- 2) Bread is always a consumer good
- 3) Old age pension is a current transfer
- 4) An official working in Indian embassy in America is a normal resident of India.

OR

Calculate NDPfc from the following data:

(₹ in crores)

i)	GNPmp	14,000
ii)	Depreciation	600
iii)	Indirect taxes	1,000
iv)	Subsidies	200
v)	Factor income received from abroad	400
vi)	Factor income paid abroad	500

- 26 Explain any two precautions to be taken while estimating National Income by the income method. 4
- 27 If government increases the slab of the direct tax (income tax) being paid by the top bracketed people (income wise), explain which objective of budget government is fulfilling and why? 6
- 28 In the budget for the year 2013-14, the government proposed to raise the excise duty on cement. It is also proposed to raise the income tax on individuals earning more than rupees one crore per annum. 6
- i) Identify and explain the type of taxes proposed by the government.
 - ii) Was the objective only to earn revenue for the government?
 - iii) What possible welfare objectives could the government be considering?

- 29 Distinguish between APS and MPS. Can the value of APS be negative? If yes, when? 6

OR

Distinguish between APC and MPC. The value of which one of the two can be greater than one?

- 30 Calculate GNPfc, NDPmp and NNPfc from the given data: 6

(₹ crores)

i)	Indirect tax	50
ii)	Consumption of fixed capital	60
iii)	Net factor income received from abroad	(-) 10
iv)	NDPfc	120
v)	Net current transfers paid to R.O.W.	30
vi)	Subsidies	25