



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (15x2=30)

- i. Positive Economics
- ii. Opportunity Cost
- iii. Substitutes vs. compliments.
- iv. Law of Supply
- v. Microeconomics vs. Macroeconomics
- vi. Price discrimination
- vii. Perfect competition
- viii. Balance of trade
- ix. Tools of Monetary Policy
- x. Cost-push Inflation
- xi. Increasing returns to scale
- xii. Scarcity and choice
- xiii. Slope of the demand curve.
- xiv. Types of taxes
- xv. Market Equilibrium

Q.2. Answer the following questions.

- 1. Explain the law of Equi- marginal utility using examples. (10)
- 2. a. How nominal GNP is different from real GNP? (4)
b. What are the various phases of a business cycle? (6)
- 3. Explain the following:
 - a. Income elasticity of demand (5)
 - b. Cross elasticity of demand (5)