

Term End External Examination 1st Semester (Session-Feb 2025)

Subject: Multidisciplinary Course

Course No and Title: ECO0221/ Introductory Economics

Time: 1.15 hours Max Marks:50 Min. Marks:20

Section A: Objective Type Questions

Q1. Choose the appropriate Answer: (4x1.5=06)

- i. Why does the demand curve slope downward?
A Substitution effect B Income effect
C Diminishing marginal utility D All of the above
- ii. Which of the following causes a rotation in the budget line rather than a parallel shift?
A A change in consumer income B A change in preference
C A change in the price of goods D None of the above
- iii. Which of the following is not classified as a factor of production?
A Land B Labor
C Capital D Commercial Banks
- iv. Which of the following does not qualify as a monetary policy tool?
A CRR B SLR
C Tax D Repo rate

Section-B: Descriptive Type Questions (Short Type)

Q2: Answer all the Questions (4 x 4 =16)

- i. How does a change in income affect the budget line?
- ii. Identify and explain two key exceptions to the law of demand.
- iii. How do CPI and WPI differ as measures of inflation?
- iv. What are the primary objectives of fiscal policy in an economy?

Section – C: Descriptive Type Questions (Medium Type)

Answer all the questions: (2 x 7=14)

- Q3.** What are major determinants of demand? How do these factors interact to influence consumer purchasing behaviour?

OR

The marginal utility of good decreases as consumption increases. Explain the economic rationale behind this concept.

- Q4.** Discuss the different measures of money supply and their significance.

OR

Explain the circular flow of income in a three-sector economy. How do households, firms and the government interact in this model?

Section – D: Descriptive Type Questions (Long Type)

Answer any one of the following: (1 x 14=15)

- Q5.** What does an indifference curve represent? Explain why it is typically convex to the origin.
- Q6.** How does the RBI use monetary policy to achieve inflation targeting in India? Explain its framework, key tools and implementation strategy.