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NATIONAL INSTITUTE OF TECHNOLOGY GOA

Farmagudi, Ponda, Goa-403401

Programme Name: B.Tech.

End Semester Examinations, May-2022

Course Name: Economics

Date: 21-05-2022

Duration: 3 Hours

Course Code: HS 250

Time: 09:30AM to 12:30 PM

Max. Marks: 100

ANSWER ALL QUESTIONS

You may start with any section and complete the section before beginning the next section.

SECTION A (5X 4Marks = 20Marks)

- Q1. Explain the shift in the budget line and change in slope of the budget line with the help of a neat diagram.
- Q2. Discuss in detail nominal GDP & real GDP. Among these two, which is a more reliable indicator to measure a country's economic growth and why?
- Q3. What is the marginal rate of substitution? Explain the concept with an appropriate diagram.
- Q4. The Cross elasticity of demand for metro rides is 0.8 and the total ridership per day is 1.5 lakh. If the prices of bus rides rise by 5% the change in total metro rides will be?
- Q5. What is the law of diminishing marginal returns? Explain with an appropriate diagram.

SECTION B (10X 5Marks = 50Marks)

- Q6. What are the methods of measuring national income?
- Q7. What are the conditions for profit maximization in a perfectly competitive market?
- Q8. Explain the term 'crowding out' effect with the help of an appropriate diagram.
- Q9. "RBI hikes the repo rate by 40 basis points and it reaches 4.4.% on 5th May 2022 with an immediate effect.". According to you:
- What are the major reasons behind the unusual sudden hike in repo rate?
 - Among the goods and money market sectors, which of them is going to affect immediately? why?
 - How the policy changes are going to affect the above sector?
 - What is the repo rate?

Q10. What is the income offer curve? Draw appropriate diagrams of the income offer curve for the following commodities a) Normal goods b) Inferior goods c) perfect complements d) perfect substitutes.

Q11. What are the instruments of monetary policy? Discuss in detail.

Q12. Explain the properties of the indifference curve with the help of suitable diagrams.

Q13. Discuss in detail about long-run supply curve, output decision and equilibrium of industry with respect to a) Constant cost industry b) Increasing cost industry c) Decreasing cost Industry.

Q14. Explain the structure of the balance of payment. Discuss its components a) current account and b) capital account.

Q15. Explain the following concept with the help of an appropriate diagram a) Shut down point b) Break-even point c) Perfect competitive equilibrium

SECTION C (3X 10Marks = 30Marks)

Q.16 Explain each of the following terms in two appropriate sentences. Answers carrying more than two sentences and inappropriate explanations will be undervalued.

a) Monetary Policy	f) Price consumption curve
b) Price offer curve	g) Budget constraint
c) Saving function	h) Marginal Product
d) Marginal Revenue	i) Production function
e) Giffen Good	j) Balance of Trade

Q17. Given the good and money market variables; $C = 60 + 0.75Y_d$, $I = 160 - 10i$, $G = 100$, $T = 60$, $M_d = 0.2Y - 5i$, $M_s = 90$

- Calculate a) IS and LM function b) Equilibrium interest rate c) Equilibrium income
- What happens to equilibrium income and interest rate when government increases expenditure by 65.

Q18. From the given information calculate total revenue(TR), Profit, marginal revenue(MR), marginal cost(MC), and find the profit-maximizing equilibrium level of output.

P	Q	TR	TC	Profit	MR	MC
15	1		20			
15	2		27			
15	3		32			
15	4		36			
15	5		43			
15	6		53			
15	7		68			
15	8		86			
15	9		106			
15	10		128			