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ECONOMICS OFFICIAL PAPER - 2025

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ECONOMICS – CUET 2025

1. Match List-I with List-II

List-I	List-II
(A) TVC	(I) AVC × quantity
(B) SAC	(II) AVC + AFC
(C) TC	(III) TVC + TFC
(D) LRMC	(IV) (TC at q_1 units) - (TC at q_{1-1} units)

Choose the correct answer from the options given below:
(a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
(c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

2. Select the correct statements regarding macroeconomics.
(A) Macroeconomics deals with the aggregate economic variables of an economy.
(B) Macroeconomics emerged as a separate subject in the 1930s due to Keynes.
(C) Macroeconomics is a combination of households, firms, and the government sector only in open economy.
(D) Macroeconomics takes into account various inter - linkages which may exist between the different sectors of an economy.
Choose the correct answer from the options given below:
(a) (A), (B) and (D) only
(b) (A), (B) and (C) only
(c) (A), (B), (C) and (D)
(d) (B), (C) and (D) only

3. When the income of domestic consumers increases, their spending will increase and thus spending on imported goods is also likely to increase. This leads to_________of domestic currency?
(a) Revaluation. (b) Appreciation.
(c) Depreciation. (d) Devaluation.

4. Currency notes and coins cannot be refused by any citizen of the country for settlement of any kind of transaction due to which they are called ....
(a) Fiat money. (b) Legal tenders.
(c) Broad money. (d) Narrow money.

5. From the following statements about a firm's supply curve, select the correct statements:
(A) Technological progress is expected to shift the supply curve of a firm to the right.
(B) An increase in input prices is expected to shift the supply curve of a firm to the left.
(C) A decrease in input prices is expected to shift the supply curve of a firm to the left.
(D) The imposition of a unit tax shifts the supply curve of a firm to the left.
Choose the correct answer from the options given below:
(a) (A), (B) and (D) only
(b) (A), (B) and (C) only
(c) (A), (C) and (D) only
(d) (B), (C) and (D) only

6. "General Theory of Employment, Interest and Money" by John Maynard Keynes was written in?
(a) 1933 (b) 1936
(c) 1929 (d) 1919

7. Suppose that the unit tax imposed by the government is Rs 50. Then, if the firm produces and sells 100 units of the good, the total tax that the firm must pay to the government is
(a) Rs. 500. (b) Rs. 5000.
(c) Rs. 50. (d) Rs. 100.

8. Given a cash reserve ratio of 20 percent, reserves of Rs 100 create deposits of ________?
(a) Rs. 5 (b) Rs. 100
(c) Rs. 500 (d) Rs. 20

9. Identify the exchange rate system in which central bank of a country intervene to buy and sell foreign currencies in an attempt to moderate exchange rate movements whenever they feel that such actions are appropriate.
(a) Moderate floating.
(b) Dirty floating.
(c) Flexible exchange rate.
(d) Fixed exchange rate.

10. The process of Buying and selling of bonds issued by the Government by the central bank is called.
(a) Open Market Operations.
(b) Credit Creation.
(c) Money Supply.
(d) Reverse Repurchase.

11. Arrange the following concept emerges in context of consumer equilibrium.
(A) Transfer his expenditure from Good Y to Good X .
(B) Sacrifice more of Good Y to gain Good X .
(C) Till, Marginal Rate of Substitution $(\mathrm{MRS_{xy}})$ = Market Rate of Exchnage.
(D) Suppose, Marginal Rate of Substitution (MRS_{xy}) > Market Rate of Exchnage.
Choose the correct answer from the options given below:
(a) (A), (B), (C), (D)
(b) (D), (B), (A), (C)
(c) (B), (A), (D), (C)
(d) (C), (B), (D), (A)

12. The difference between the government's total expenditure and its total receipts excluding borrowing.
(a) Fiscal Deficit. (b) Primary Deficit.
(c) Revenue Deficit. (d) Monetary Deficit.

13. The total cost of a firm is Rs 80 for 3 units of output, Rs 95 for 4 units of output, and Rs. 115 for 5 units of output. What is the marginal cost for the 5th unit of output?
(a) Rs. 20. (b) Rs. 15.
(c) Rs. 13. (d) Rs. 16.

14. Select the correct statements from the following with regard to cost curves:
(A) Short run marginal cost, average variable cost and short run average cost curves are ' U '-shaped.
(B) SMC curve cuts the AVC curve from below at the minimum point of AVC.
(C) SMC curve cuts the AFC curve from below at the minimum point of AFC.
(D) Average fixed cost curve is downward sloping.
Choose the correct answer from the options given below:
(a) (A), (B) and (D) only
(b) (A), (B) and (C) only
(c) (A), (B), (C) and (D)
(d) (B), (C) and (D) only

15. The balance of payments records the transactions in goods, services and assets between residents of a country with the rest of the world for a specified time period. Identify the main accounts in the balance of payments.
(a) Current account and Fixed account.
(b) Capital account and fixed account.
(c) Budget account and Flexible account.
(d) Current account and capital account.

16. Suppose an individual with same working condition got three alternative job in his hand he has selected the best and need to forgone the next best alternative. Identify the indicated cost in the aforesaid statement.
(a) Total cost. (b) Marginal cost.
(c) Differential cost. (d) Opportunity cost.

17. Among the following, which features are correct with regard to Revenue receipts.
(A) Receipts that are redeemable.
(B) Recurring receipts that do not lead to a claim on the government.
(C) Receipts from different taxes.
(D) Receipts that take into account the effects of tax proposals made in the finance bill.
Choose the correct answer from the options given below:
(a) (A), (B) and (D) only
(b) (A), (B) and (C) only
(c) (A), (B), (C) and (D)
(d) (B), (C) and (D) only

18. Identify the major sectors in the domestic economy.
(a) Government and household sector.
(b) Firms and government.
(c) Firms, government and household sector.
(d) Firms, government, household sector and trade.

19. Match List-I with List-II

List-I	List-II
(A) Parallel inward shift in budget line	(I) $M/p_1 > M/p_1$.
(B) Parallel outward shift in budget line	(II) $M/p_1 < M/p_1$.
(C) Budget line steeper	(III) $M' < M$
(D) Budget line flatter	(IV) $M' > M$

Choose the correct answer from the options given below:
(a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
(c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

20. Identify the tax imposed by the government that do not depend on income.
(a) Indirect tax. (b) Lump-sum tax.
(c) Proportional tax. (d) Corporate tax.

21. When more and more workers are applied on the fixed land then the marginal productivity of additional worker will _______ to the total output.
(a) Rise.
(b) Become Horizontal.
(c) Become Vertical.
(d) Fall.

22. Match List-I with List-II

List-I	List-II
(A) Normal profit	(I) Minimum level of profit need by firm to be in business.
(B) Shut down point	(II) Minimum level of LRAC curve
(C) Break-even point	(III) Profit Over and above normal profit
(D) Super-normal profit	(IV) The point on which firm earn only normal profit.

Choose the correct answer from the options given below:
(a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
(c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

23. Assume that the marginal propensity to consume is 0.8. The tax multiplier will then be _________?
(a) 4 (b) -4
(c) -5 (d) 5

24. Which of the following will not lead to flow of foreign currency into the home country.
(a) Exports by a country lead to the purchase of its domestic goods and services by the foreigners.
(b) People want to purchase goods and services from other countries.
(c) Foreigners send gifts or make transfers.
(d) The assets of a home country are bought by the foreigners.

25. Match List-I with List-II.

List-I	List-II
(A) GDP_{MP}	(I) NNP_{FC} + NIT
(B) GDP_{FC}	(II) NNP $_{MP}$ - NIT
(C) NNP_{MP}	(III) GDP_{FC} + NIT
(D) NNP_{FC}	(IV) GDP $_{MP}$ - NIT

Choose the correct answer from the options given below:
(a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
(c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

26. Arrange the following in correct sequence for calculating National Income.
(A) Add Net Factor income from aboard.
(B) Deduct value of Intermediate Goods.
(C) Calculate the value of output.
(D) Deduct Depreciation and NIT.
Choose the correct answer from the options given below:
(a) (A), (B), (C), (D) (b) (A), (C), (B), (D)
(c) (B), (A), (D), (C) (d) (C), (B), (D), (A)

27. Aggregate demand for final goods consists which of the following?
(A) Ex-ante consumption.
(B) Ex-ante Investment.
(C) Government spending.
(D) Effective demand.
Choose the correct answer from the options given below:
(a) (A), (B) and (D) only
(b) (A), (B) and (C) only
(c) (A), (B), (C) and (D)
(d) (B), (C) and (D) only

28. Marginal product (MP) and the average product (AP) curves are inverse ' U '-shaped. which of the following is correct for AP and MP .
(a) Average product curve cuts the marginal product curve from above at the maximum point of marginal product curve.
(b) Average product curve cuts the marginal product curve from above at the minimum point of marginal product curve.
(c) Marginal product curve cuts the average product curve from above at the minimum point of average product curve
(d) Marginal product curve cuts the average product curve from above at the maximum point of average product curve.

29. Given the production function $f(tx_1, tx_2) > t.f(x_1, x_2)$, what it exhibit:
(a) Increasing returns to scale.
(b) Constant returns to scale.
(c) Decreasing returns to scale.
(d) Returns to scale.

30. Arrange the following statements related to money multiplier process in correct sequence.
(A) The bank has Rs 140 as deposits.
(B) The bank has Rs 80 to lend.
(C) A bank has a initial deposits of Rs 100 and needs to keep reserves as 20 per cent.
(D) The bank lends 50% of lending amount to Sonia.
Choose the correct answer from the options given below:
(a) (A), (B), (C), (D) (b) (A), (C), (B), (D)
(c) (B), (A), (D), (C) (d) (C), (B), (D), (A)

31. Fiscal Responsibility and Budget Management Act (FRBMA) was framed in which year.
(a) 2001 (b) 2002
(c) 2003 (d) 2004

32. Let us say a firm produces Rs 100 worth of goods per year, Rs 20 is the value of intermediate goods used by it during the year and Rs 10 is the value of capital consumption. Calculate the Gross value added.
(a) Rs. 90 per year. (b) Rs. 100 per year.
(c) Rs. 70 per year. (d) Rs. 80 per year.

33. Arrange the following in correct sequence, to correct the problem of mismatch between supply and demand forces:
(A) There is excess demand in the market.
(B) All other things remain the same as price rises, quantity demanded falls and quantity supplied increases.
(C) Some consumers who are either unable to obtain the commodity at all or obtain it in insufficient quantity will be willing to pay more than the prevailing prices.
(D) The market moves towards the point where the quantity that the firms want to sell is equal to the quantity that the consumers want to buy.
Choose the correct answer from the options given below:
(a) (A), (B), (C), (D) (b) (A), (C), (B), (D)
(c) (B), (A), (D), (C) (d) (C), (B), (D), (A)

34. Which of the following indicate that the goods and services are evaluated at some constant set of prices?
(a) National disposable Income.
(b) Real GDP.
(c) Nominal GDP.
(d) GNP_{MP}.

35. The government-imposed lower limit on the price that may be charged for a particular good or service. What this lower limit is called?
(a) Price ceiling. (b) Price floor.
(c) Price line. (d) Minimum price.

36. Arrange the following statements related to foreign exchange market (fixed exchange rate) in correct sequence.
(A) RBI intervenes to purchase the dollars for rupees in the foreign exchange market in order to absorb this excess supply.
(B) The government will fix a higher exchange rate by making the rupee cheaper for foreigners.
(C) Supply of dollars exceeds the demand for dollars.
(D) The Indian government wants to encourage exports.
Choose the correct answer from the options given below:
(a) (D), (B), (C), (A) (b) (A), (C), (B), (D)
(c) (B), (A), (D), (C) (d) (C), (B), (D), (A)

37. Match List-I with List-II.

List-I	List-II
(A) Assets	(I) Create Credit
(B) Liabilities	(II) Firm Owes to others
(C) Central Bank	(III) Control Credit
(D) Commercial Banks	(IV) Firm can Claim from others

Choose the correct answer from the options given below:
(a) (A) - (IV), (B) - (II), (C) - (III), (D) - (I)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
(c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

38. Which function tells us the relation between inputs and output?
(a) Consumption. (b) Production.
(c) Demand. (d) Supply.

39. Identify the net contribution made by a firm from the following:
Domestic sales + Export + Change in stock - value of intermediate consumption.
(a) Net value added.
(b) Value added.
(c) Gross value added.
(d) Gross domestic product.

40. Nation Income - Undistributed profits - Net interest payments made by households - Corporate tax + Transfer payments to the households from the government and firms, is
(a) Personal Disposable Income.
(b) Personal Income.
(c) Gross National Income.
(d) Net National Income.

Passage: Equality of the Marginal Rate of Substitution and the Ratio of the Prices
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves. If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle. Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

41. The rate at which the consumer is able to substitute one good for the other in the market is indicated by
(a) Slope of Indifference curve.
(b) Slope of Budget line.
(c) Slope of consumer selection.
(d) Marginal rate of substitution.

42. Which of the following indicates the slope of Budget Line?
(a) (-) P_1/P_2 (b) P_1/P_2
(c) $(-)P_2/P_1$ (d) P_2/P_1

43. The rate at which the consumer is willing to substitute one good for the other is indicated by:
(a) Monotonic Preferences.
(b) Slope of Indifference curve.
(c) Price ratio.
(d) Slope of Budget line.

44. The optimum bundle of the consumer is located at the point where:
(a) Budget line = Indifference curve.
(b) Indifference curve = Slope of budget line.
(c) Slope of indifference curve = Slope of budget line.
(d) Slope of indifference curve = Budget line.

45. Which goods are represented by a straight-line Indifference Curve?
(a) Complementary Goods.
(b) Substitute Goods.
(c) Joint Products/Goods.
(d) By-Products.

Passage Macroeconomics: Economy as a whole
The founding father of modern economics, had suggested that if the buyers and sellers in each market take their decisions following only their own self-interest, economists will not need to think of the wealth and welfare of the country as a whole separately. For various purposes macroeconomists had to study the effects in the markets of taxation and other budgetary policies, and policies for bringing about changes in money supply, the rate of interest, wages, employment, and output. Macroeconomics has, therefore, deep roots in microeconomics because it has to study the aggregate effects of the forces of demand and supply in the markets.
In a simplified economy, the households may dispose off their earnings by spending their entire income on the goods and services produced by the domestic firms as other channels if disposing their income are closed. The factors of production use their remunerations to buy the goods and services which they assisted in producing. The aggregate consumption by the households of

the economy is equal to the aggregate expenditure on goods and services produced by the firms in the economy.

46. There is no leakage from the system then, in which form the entire income of the economy comes back to the producers?
(a) Sales revenue.
(b) Factor payment.
(c) Aggregate Expenditure.
(d) Aggregate Consumption.

47. The decision of an individual economic agent is the study of __________?
(a) Markets.
(b) Macroeconomics.
(c) Microeconomics.
(d) Administration.

48. Which of the following study the aggregate effects of the forces of demand and supply in the markets?
(a) Aggregate Demand.
(b) Aggregate Supply.
(c) Microeconomics.
(d) Macroeconomics.

49. In which of the following method the flow is measured as the sum total of all factor payments?
(a) Product Method.
(b) Expenditure Method.
(c) Income Method.
(d) First in First out Method.

50. Who among the following is called as the founding father of modern economics?
(a) Alfred Marshall.
(b) J. S. Mill.
(c) Adam Smith.
(d) John Marynard Keynes.

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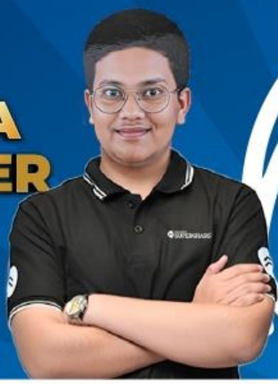

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& many more...

ANSWER KEY AND EXPLANATIONS

1. **(a)** (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
Explanation:
(A) TVC (Total Variable Cost)
TVC = AVC × Quantity
(B) SAC (Short-run Average Cost)
SAC = AVC + AFC
(C) TC (Total Cost)
TC = TFC + TVC
(D) LRMC (Long-run Marginal Cost)
LRMC = Change in TC when output changes by one unit
Mathematically: LRMC = TC at q_1 – TC at (q_1 – 1)
TVC = AVC × Quantity: Because AVC (Average Variable Cost) is cost per unit of output, multiplying by quantity gives total variable cost.
SAC = AVC + AFC: Since in the short run, average cost is the sum of variable and fixed cost per unit.
TC = TVC + TFC: Total cost includes both fixed and variable costs.
LRMC = ΔTC/ΔQ, and when ΔQ = 1, LRMC = TC(q_1) – TC(q_1 – 1)

2. **(a)** (A), (B), and (D) only
Explanation:
(A) is true because macroeconomics studies aggregates like GDP, inflation, etc.
(B) is true since Keynes is the founder of modern macroeconomics.
(C) is incorrect because households, firms, and government are part of both closed and open economies; only the foreign sector is added in an open economy.
(D) is true as macroeconomics involves inter-sectoral linkages such as circular flow of income.

3. (c) Depreciation
Explanation:
An increase in imports raises demand for foreign currency, which leads to higher supply of domestic currency in the forex market. This increased supply weakens the domestic currency, causing it to depreciate under a flexible exchange rate system. Hence, option (c) is the correct answer.

4. **(b)** Legal tenders.
(a) Fiat money: It is money that has no intrinsic value but is declared as money by the government (e.g., paper currency). While true, this does not guarantee compulsory acceptance.
(b) Legal tenders: Correct. These are currency notes and coins issued by the central authority (RBI/government) that must be accepted in payment of debt and transactions.
(c) Broad money: Refers to money supply that includes narrow money (M1) plus time deposits and other liquid assets — not relevant here.
(d) Narrow money: Includes currency and demand deposits, but doesn't directly relate to the concept of compulsory acceptance.

5. **(a)** (A), (B), and (D) only
(A) This is correct because technological advancements improve production efficiency, enabling firms to produce more output at the same or even lower cost. As a result, firms are willing to supply more at every price level, leading to a rightward shift of the supply curve.
(B) This is correct as higher input costs increase the overall cost of production, making it less profitable for firms to supply the same quantity. Therefore, firms reduce supply, causing a leftward shift in the supply curve.
(C) This is incorrect because lower input prices reduce the cost of production, thereby increasing the firm's willingness to supply at each price level. This causes a rightward, not leftward, shift of the supply curve.
(D) This is correct because a unit tax increases the cost of producing each unit, decreasing profitability. As a result, firms reduce the quantity supplied at every price, leading to a leftward shift of the supply curve.

6. **(b)** 1936
John Maynard Keynes wrote this book as a response to the Great Depression of the 1930s. In it, he challenged classical economic theories by arguing that aggregate demand determines overall economic activity and employment. His work laid the foundation for government intervention in the economy and established macroeconomics as a separate branch of economics. Hence, option (b) is the correct answer.

7. **(b)** Rs. 5000.
A unit tax means a fixed tax is imposed on each unit sold. This is the amount the firm must pay to the government.
Given:
Unit tax = Rs. 50 (i.e., tax imposed per unit of the good)
Quantity produced and sold = 100 units
Total Tax = Unit Tax × Quantity Sold
= Rs. 50 × 100 = Rs. 5000
Hence, option (b) is the correct answer.

8. **(c)** Rs. 500
Given:
Cash Reserve Ratio (CRR) = 20% = 0.20
Reserves = Rs. 100
Formula:
Deposit Multiplier = 1 / CRR
= 1 / 0.20 = 5
Now,
Total Deposits = Deposit Multiplier × Reserves
= 5 × 100 = Rs. 500

9. **(b)** Dirty floating.
Explanation:
A dirty floating exchange rate system (also known as a managed float) is a system where the exchange rate is primarily determined by market forces, but the central bank occasionally intervenes to stabilize or influence the currency's value when it is deemed necessary. This intervention may be done to avoid excessive volatility, correct trade imbalances, or maintain competitiveness in international markets.
In contrast:

(a) Moderate floating is not a standard term used in exchange rate systems.
(c) Flexible exchange rate is one where the currency is entirely determined by market forces, with no central bank intervention.
(d) Fixed exchange rate is a system where the currency is pegged to another currency or basket of currencies, and the central bank maintains this fixed rate through continuous buying and selling.
Therefore, the system where the central bank intervenes only occasionally to moderate market fluctuations is known as dirty floating. Hence, option (b) is the correct answer.

10. **(a)** Open Market Operations.
Open Market Operations (OMO) refer to the process by which the central bank (like the RBI in India) buys or sells government bonds in the open market to control the money supply in the economy.
When the central bank buys government securities, it injects liquidity into the banking system, encouraging lending and increasing money supply.
When it sells government securities, it absorbs excess liquidity, reducing the money supply.
This tool is a part of the monetary policy used to manage inflation, control credit, and stabilize the currency.
In contrast:
(b) Credit Creation refers to the process by which commercial banks create money through lending.
(c) Money Supply is the total stock of money in the economy, not the process of influencing it.
(d) Reverse Repurchase (Reverse Repo) is a short-term borrowing mechanism where the central bank borrows money from commercial banks by selling securities with an agreement to repurchase.

11. **(b)** (D), (B), (A), (C)
(D) Suppose, Marginal Rate of Substitution (MRS_{xY}) > Market Rate of Exchange
This is the starting point. It means the consumer is willing to sacrifice more of Good Y for Good X than the market requires — i.e., he values Good X more than what the market price indicates.
(B) Sacrifice more of Good Y to gain Good X
Since MRS_{xY} > price ratio, the consumer sacrifices more of Good Y to get more of Good X.
(A) Transfer his expenditure from Good Y to Good X
To correct this imbalance, the consumer spends less on Good Y and more on Good X until the marginal utility per rupee spent on both becomes equal.
(C) Till, Marginal Rate of Substitution (MRS_{xY}) = Market Rate of Exchange
This is the point of consumer equilibrium, where the consumer has no further incentive to reallocate spending between the two goods.

12. **(a)** Fiscal Deficit.
Explanation:
Fiscal Deficit is the difference between the government's total expenditure and its total receipts excluding borrowings. In other words, it reflects the amount the government needs to borrow to meet its expenditure when its revenue (excluding borrowings) falls short.
Formula:
Fiscal Deficit = Total Expenditure – (Revenue Receipts + Non-debt Capital Receipts)
Other options:
(b) Primary Deficit = Fiscal Deficit – Interest Payments. It shows how much borrowing is for purposes other than interest payments.
(c) Revenue Deficit = Revenue Expenditure – Revenue Receipts. It focuses only on the current income and expenses of the government.
(d) Monetary Deficit is not a standard term used in fiscal policy.

13. **(a)** Explanation:
Marginal Cost (MC) is the additional cost incurred to produce one more unit of output. It is calculated as the change in total cost (ΔTC) divided by the change in quantity (ΔQ).
Given:
Total Cost for 4 units = Rs. 95
Total Cost for 5 units = Rs. 115
Apply the formula:
MC of 5th unit = TC at 5 units – TC at 4 units
= Rs. 115 – Rs. 95
= Rs. 20
This means the cost of producing the 5th unit alone is Rs. 20, regardless of the total average cost. Hence, option (a) is the correct answer.

14. **(a)** (A), (B) and (D) only
(A) Short run marginal cost, average variable cost and short run average cost curves are 'U'-shaped.
This is correct because due to the law of variable proportions, cost initially decreases due to increasing returns and then rises due to diminishing returns, resulting in a U-shaped pattern for SMC, AVC, and SAC. Hence, option (A) is correct.
(B) SMC curve cuts the AVC curve from below at the minimum point of AVC.
This is correct as SMC intersects AVC at its minimum point. When SMC is less than AVC, AVC falls; when SMC exceeds AVC, AVC rises, so the intersection must occur at the lowest point of AVC. Hence, option (B) is correct.
(C) SMC curve cuts the AFC curve from below at the minimum point of AFC.
This is incorrect because AFC does not have a minimum point; it continuously falls as output increases. Also, marginal cost never intersects AFC since AFC is derived from fixed cost which remains unchanged. Hence, option (C) is not correct.
(D) Average Fixed Cost curve is downward sloping.
This is correct because AFC = TFC/output, and as output increases, the same fixed cost is spread over more units, causing AFC to continuously decline. Hence, option (D) is correct.

15. **(d)** Current account and capital account.
The Balance of Payments (BoP) is a systematic record of all economic transactions between the residents of a country and the rest of the world during a given time period. It is mainly divided into two key components: the current account and the capital account.

Current Account records transactions related to goods (exports and imports), services (like tourism, banking), income (wages, interest), and current transfers (like remittances or gifts).
Capital Account includes transactions in financial instruments and assets, such as foreign direct investment (FDI), portfolio investment, loans, banking capital, and other capital flows.
Options like fixed account, flexible account, or budget account are not components of the BoP and hence are incorrect.

16. **(d)** Opportunity cost
Opportunity cost refers to the value of the next best alternative foregone when a choice is made. In the given scenario, the individual had three job offers under the same working conditions. He selected the best option, which means he had to give up the second-best alternative. The value or benefit of this forgone alternative job is his opportunity cost.
Total cost refers to the overall expenditure incurred.
Marginal cost refers to the additional cost of producing one more unit of output.
Differential cost refers to the difference in costs between two alternatives.
None of these apply to the decision described, except opportunity cost, which specifically deals with trade-offs in choice-making.

17. **(d)** (B), (C) and (D) only
(A) Receipts that are redeemable
This is incorrect because revenue receipts are not redeemable or repayable; they do not create any liability for the government. Redeemable receipts like borrowings fall under capital receipts. Hence, option (A) is not correct.
(B) Recurring receipts that do not lead to a claim on the government
This is correct because revenue receipts occur regularly and do not result in any repayment obligation. They include both tax and non-tax revenues, such as interest, fees, and fines. Hence, option (B) is correct.
(C) Receipts from different taxes
This is correct as tax revenues form a major part of revenue receipts. These include income tax, GST, customs duty, and other tax collections which are non-repayable. Hence, option (C) is correct.
(D) Receipts that take into account the effects of tax proposals made in the finance bill
This is correct because budget estimates of revenue receipts consider the expected impact of new tax proposals and changes introduced in the finance bill. Hence, option (D) is correct.

18. **(c)** Firms, government and household sector.
(a) Government and household sector
This is incorrect because it excludes the firm sector, which plays a central role in production and investment activities within the economy. Hence, option (a) is not correct.
(b) Firms and government
This is also incorrect as it leaves out the household sector, which is essential as a consumer of goods and services and a supplier of factors of production. Hence, option (b) is not correct.
(c) Firms, government and household sector
This is correct because these three constitute the major sectors of the domestic economy. Households supply factors of production and consume goods, firms produce goods and services, and the government regulates, provides public goods, and redistributes income. Hence, option (c) is correct.
(d) Firms, government, household sector and trade
This is incorrect because trade refers to interaction with the rest of the world, which falls under the foreign sector, not the domestic economy. Hence, option (d) is not correct.

19. **(d)** (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
(A) Parallel inward shift in budget line – (III) $M' < M$
This is correct because a parallel inward shift means the consumer's income has decreased while prices remain unchanged. Therefore, the new income M' is less than the original income M. Hence, (A) matches with (III).
(B) Parallel outward shift in budget line – (IV) $M' > M$
This is correct because a parallel outward shift implies an increase in income with unchanged prices. The new income M' is greater than the original income M. Hence, (B) matches with (IV).
(C) Budget line steeper – (I) $M/p_1 > M/p_1$
This is correct as the budget line becomes steeper when the price of Good 1 increases relative to Good 2, reducing the slope's denominator. This indicates M/p_1 has changed compared to the previous ratio, making the slope steeper. Hence, (C) matches with (I).
(D) Budget line flatter – (II) $M/p_1 < M/p_1$
This is correct as the budget line becomes flatter when the price of Good 1 decreases relative to Good 2, making M/p_1 larger in comparison, and reducing the slope. Hence, (D) matches with (II).

20. **(b)** Lump-sum tax.
(a) Indirect tax
This is incorrect because while indirect taxes (like GST or excise duty) are not directly levied on income, the amount paid can vary depending on how much a person consumes, which may indirectly depend on income. Hence, option (a) is not correct.
(b) Lump-sum tax
This is correct because a lump-sum tax is a fixed amount of tax imposed by the government that does not vary with the level of income, output, or consumption. Every individual pays the same amount, regardless of their ability to pay. Hence, it is independent of income. Hence, option (b) is correct.
(c) Proportional tax
This is incorrect because a proportional tax means the tax rate remains constant, but the tax amount increases with income. It is still income-dependent. Hence, option (c) is not correct.
(d) Corporate tax
This is incorrect because corporate tax is imposed on the profits of companies, which clearly depends on the income earned by them. Hence, option (d) is not correct.

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21. **(d)** Fall.
(a) Rise
This is incorrect because marginal productivity may rise initially due to better utilization of resources, but when more and more workers are added to a fixed amount of land, overcrowding and inefficiencies occur, eventually leading to a decline in marginal productivity. Hence, option (a) is not correct.
(b) Become Horizontal
This is incorrect because marginal productivity does not become constant or horizontal when more workers are added to a fixed factor; it changes — usually falls — due to diminishing returns. Hence, option (b) is not correct.
(c) Become Vertical
This is incorrect as marginal productivity is never represented as vertical; vertical change implies infinite productivity which is unrealistic. Hence, option (c) is not correct.
(d) Fall
This is correct due to the Law of Diminishing Marginal Returns, which states that when additional units of a variable input (like labour) are added to a fixed input (like land), the marginal product of the additional input eventually declines. After a certain point, each new worker contributes less additional output than the previous one.

22. **(c)** (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(A) Normal profit – (I) Minimum level of profit need by firm to be in business This is correct because normal profit represents the minimum profit that a firm must earn to remain operational in the long run. It is considered as an implicit cost and is required to retain the entrepreneur in the business. Hence, (A) matches with (I).
(B) Shut down point – (II) Minimum level of LRAC curve This is correct because the shut down point occurs when the firm's price just covers its average variable cost in the short run. This coincides with the lowest point of the short-run AVC curve and is related to the minimum viable production level. In long-run equilibrium under perfect competition, it aligns with the minimum point of the LRAC. Hence, (B) matches with (II).
(C) Break-even point – (IV) The point on which firm earn only normal profit This is correct because the break-even point is where total revenue equals total cost, implying zero economic profit. At this point, the firm is earning just enough to cover all explicit and implicit costs, i.e., only normal profit. Hence, (C) matches with (IV).
(D) Super-normal profit – (III) Profit over and above normal profit This is correct as super-normal profit, also called abnormal profit or economic profit, is the surplus of total revenue over total cost, including normal profit. It reflects returns beyond the minimum required for the firm to stay in business. Hence, (D) matches with (III).

23. **(b)** -4
Explanation:
Formula for Tax Multiplier (Tm): Tm = $\frac{MPC}{1-MPC}$
Given: MPC (Marginal Propensity to Consume) = 0.8
Tax Multiplier = $-\frac{0.8}{1-0.8} = -\frac{0.8}{0.2} = -4$
Hence, option (b) is the correct answer.

24. **(b)** People want to purchase goods and services from other countries.
(a) Exports by a country lead to the purchase of its domestic goods and services by the foreigners This is incorrect because exports bring in foreign currency when foreigners buy domestic goods. It leads to inflow of foreign exchange. Hence, option (a) is not correct.
(b) People want to purchase goods and services from other countries This is correct because when residents import goods and services, they pay foreign sellers in foreign currency. This results in outflow, not inflow, of foreign exchange. Hence, option (b) is the correct answer.
(c) Foreigners send gifts or make transfers This is incorrect because such unilateral transfers are counted as current transfers and bring foreign currency into the home country. Hence, option (c) is not correct.
(d) The assets of a home country are bought by the foreigners This is incorrect because foreign investment in domestic assets like property, shares, or businesses leads to capital inflow and brings in foreign currency. Hence, option (d) is not correct.

25. **(d)** (A) – (III), (B) – (IV), (C) – (I), (D) – (II)
(A) GDP_{MP} – (III) GDP_{FC} + NIT This is correct because GDP at market prices includes net indirect taxes (NIT) added to GDP at factor cost. So, $GDP_{MP} = GDP_{FC}$ + NIT. Hence, (A) matches with (III).
(B) GDP_{FC} – (IV) GDP_{MP} – NIT This is correct because to convert GDP at market price into GDP at factor cost, we subtract net indirect taxes. So, GDP_FC = GDP_MP – NIT. Hence, (B) matches with (IV).
(C) NNP_{MP} – (I) NNP_{FC} + NIT This is correct because NNP at market price is obtained by adding NIT to NNP at factor cost. So, $NNP_{MP} = NNP_{FC}$ + NIT. Hence, (C) matches with (I).
(D) NNP_{FC} – (II) NNP_{MP} – NIT This is correct because to convert NNP at market price into NNP at factor cost, we subtract net indirect taxes. So, NNP_{FC} = NNP_{MP} – NIT. Hence, (D) matches with (II).
Hence, option (d) is the correct answer.

26. **(d)** (C), (B), (D), (A)
(A) Add Net Factor Income from Abroad This is done at the end to convert domestic income into national income. Hence, it comes last.
(B) Deduct value of Intermediate Goods This step removes the value of intermediate consumption from the total output to avoid double counting. It gives Gross Value Added at Market Price.
(C) Calculate the value of output This is the first step where total output produced by all production units is estimated.
(D) Deduct Depreciation and NIT Depreciation is subtracted to move from gross to net, and NIT is subtracted to move from market price to factor cost.

27. **(b)** (A), (B) and (C) only
(A) Ex-ante consumption This is correct because ex-ante consumption refers to the planned

consumption expenditure on final goods and services, which forms a core part of aggregate demand. Hence, option (A) is correct.

(B) Ex-ante investment This is correct because it represents planned investment spending by firms on capital goods, which is also a key component of aggregate demand. Hence, option (B) is correct.

(C) Government spending This is correct as government final consumption expenditure and investment are part of aggregate demand for goods and services. Hence, option (C) is correct.

(D) Effective demand This is incorrect because effective demand refers to the level of aggregate demand at which the economy is in equilibrium, not an actual component of aggregate demand itself. It is the outcome, not a part of the components. Hence, option (D) is not correct.

28. **(d)** Marginal product curve cuts the average product curve from above at the maximum point of average product curve

Explanation:

(a) Average product curve cuts the marginal product curve from above at the maximum point of marginal product curve This is incorrect because it is the marginal product (MP), not the average product (AP), that cuts through the AP curve, and not at the maximum of MP. Hence, option (a) is not correct.

(b) Average product curve cuts the marginal product curve from above at the minimum point of marginal product curve This is incorrect because AP never cuts MP; in fact, the MP curve intersects the AP curve. Also, the intersection does not occur at the minimum of MP. Hence, option (b) is not correct.

(c) Marginal product curve cuts the average product curve from above at the minimum point of average product curve This is incorrect because the MP curve cuts the AP curve at its maximum point, not at its minimum. Hence, option (c) is not correct.

(d) Marginal product curve cuts the average product curve from above at the maximum point of average product curve This is correct as per the law of variable proportions. When MP > AP, AP rises, and when MP < AP, AP falls. Thus, MP intersects AP from above at the point where AP is maximum. Hence, option (d) is the correct answer.

29. **(a)** Increasing returns to scale

Explanation:

This means that if all inputs are increased by a factor of t, the output increases by more than t times. This is the definition of increasing returns to scale, where the proportional increase in output is greater than the proportional increase in inputs.

Hence, option (a) is correct.

(b) Constant returns to scale is incorrect because under constant returns, $f(tx_1, tx_2) = t \cdot f(x_1, x_2)$. Hence, option (b) is not correct.

(c) Decreasing returns to scale is incorrect because that would imply $f(tx_1, tx_2) < t \cdot f(x_1, x_2)$. Hence, option (c) is not correct.

(d) Returns to scale is too vague as it does not specify the nature of returns (increasing, decreasing, or constant), and is thus not a precise answer. Hence, option (d) is not correct.

30. **(d)** (C), (B), (D), (A)

Explanation:

(C) A bank has a initial deposits of Rs 100 and needs to keep reserves as 20 per cent This is the first step where the bank receives a deposit and sets aside 20% (Rs 20) as reserves. Hence, (C) comes first.

(B) The bank has Rs 80 to lend After setting aside Rs 20 as reserves from the Rs 100 deposit, the bank can lend Rs 80. Hence, (B) comes second.

(D) The bank lends 50% of lending amount to Sonia Out of the Rs 80 available for lending, the bank gives 50% (i.e., Rs 40) to Sonia, which continues the credit creation process. Hence, (D) is the third step.

(A) The bank has Rs 140 as deposits This refers to the total deposits now present due to the multiplier effect (initial Rs 100 plus Rs 40 received from Sonia's spending). Hence, (A) is the last step in the sequence.

31. **(c)** 2003

The Fiscal Responsibility and Budget Management Act (FRBM Act) was enacted by the Parliament of India in 2003. It received presidential assent on August 26, 2003, and came into effect on July 5, 2004. The Act was introduced to institutionalize fiscal discipline, reduce deficits, and improve macroeconomic stability.

32. **(d)** Rs. 80 per year

Formula:

Gross Value Added (GVA) = Value of Output – Value of Intermediate Consumption

Given:

Value of output = Rs. 100

Intermediate goods = Rs. 20

So, GVA = 100 – 20 = Rs. 80

Note: Capital consumption (i.e., depreciation of Rs. 10) is not subtracted while calculating Gross Value Added; it is subtracted only when calculating Net Value Added.

33. **(b)** (A) There is excess demand in the market.

This is where the problem begins: demand is greater than supply.

(C) Some consumers who can't obtain enough of the commodity are willing to pay more than the current price.

This leads to upward pressure on the price.

(B) As price rises (all other things remaining the same), quantity demanded falls and quantity supplied increases.

This begins to reduce the excess demand.

(D) The market moves towards equilibrium where quantity supplied = quantity demanded.

Problem resolved.

34. **(b)** Real GDP

Explanation: Real GDP measures the value of final goods and services produced in an economy adjusted for inflation. It evaluates output using constant base year prices, thus reflecting the real level of production without the influence of changing prices. Hence, option (b) is the correct answer.

(a) National disposable income is incorrect because it includes income from abroad and transfers but does not focus on price levels.
(c) Nominal GDP is incorrect because it measures the value of output at current prices, which include inflation.
(d) GNP_MP is also at market prices, which means it is evaluated at current prices, not constant prices.

35. **(b)** Price floor
Explanation: A price floor is a minimum price set by the government above the equilibrium price, below which the good or service cannot be sold. It is usually imposed to protect producers (like minimum support price for farmers). Hence, option (b) is the correct answer.
(a) Price ceiling is incorrect because it refers to a maximum allowable price, not a minimum.
(c) Price line is not an economic control term.
(d) Minimum price is a general term and less precise than price floor, which is the correct economic terminology.

36. **(a)** (D), (B), (C), (A)
(D) The Indian government wants to encourage exports This is the first step as it sets the policy intention. By promoting exports, the government aims to make Indian goods cheaper and more competitive abroad. Hence, (D) comes first.
(B) The government will fix a higher exchange rate by making the rupee cheaper for foreigners This follows from the policy objective. Under a fixed exchange rate system, the government can deliberately set a higher exchange rate (i.e., more rupees per dollar) to make Indian exports cheaper for foreigners. Hence, (B) comes second.
(C) Supply of dollars exceeds the demand for dollars As Indian exports increase and foreign demand rises, more dollars flow into the economy than are demanded, leading to an excess supply of dollars in the foreign exchange market. Hence, (C) comes third.
(A) RBI intervenes to purchase the dollars for rupees in the foreign exchange market in order to absorb this excess supply Under a fixed exchange rate regime, the RBI intervenes by buying up the excess dollars to maintain the fixed exchange rate and stabilize the market. Hence, (A) comes last.

37. **(a)** (A) - (IV), (B) - (II), (C) - (III), (D) - (I)
Explanation:
(A) Assets – (IV) Firm can claim from others This is correct because assets are economic resources or claims that a firm owns and can realize in the future, such as loans given, investments, or receivables. Hence, (A) matches with (IV).
(B) Liabilities – (II) Firm owes to others This is correct because liabilities represent obligations or debts a firm must repay, like loans taken, salaries payable, or other dues. Hence, (B) matches with (II).
(C) Central Bank – (III) Control Credit This is correct because the central bank regulates and controls credit in the economy through monetary policy tools such as repo rate, CRR, SLR, and open market operations. Hence, (C) matches with (III).
(D) Commercial Banks – (I) Create Credit This is correct because commercial banks create credit by accepting deposits and giving loans, leading to a multiplier effect in the money supply. Hence, (D) matches with (I).

38. **(b)** Production
Explanation:
(a) Consumption is incorrect because consumption refers to the use of goods and services by households and does not relate to input-output relations. Hence, option (a) is not correct.
(b) Production is correct because the production function shows the technological relationship between inputs (like labor and capital) and the resulting output. It mathematically expresses how much output can be produced with a given set of inputs. Hence, option (b) is the correct answer.
(c) Demand is incorrect because it shows the relationship between the price of a good and the quantity demanded, not input-output. Hence, option (c) is not correct.
(d) Supply is incorrect because it relates the quantity of a good a firm is willing to sell at various prices, not the relationship between inputs and output. Hence, option (d) is not correct.

39. **(a)** Net value added
Formula:
Net Value Added (NVA) = Domestic Sales + Exports + Change in Stock – Intermediate Consumption – Depreciation
In the given expression:
Domestic sales + Exports + Change in stock – Value of intermediate consumption gives us Gross Value Added (GVA).
Net contribution refers to Net Value Added, i.e., GVA minus depreciation.
Since depreciation is not explicitly mentioned, but "net contribution" is asked, we interpret that the given expression has already accounted for depreciation or the answer refers conceptually to net value added, not gross.

40. **(b)** Personal Income
Explanation:
Formula:
Personal Income (PI) = National Income (NI) – Undistributed Profits – Corporate Tax – Net Interest Payments by Households + Transfer Payments
Let's break down the components given in the question:
Nation(al) Income: The starting point
– Undistributed Profits: Part of corporate income not received by individuals
– Net Interest Payments made by households: Interest households pay, reducing their income
– Corporate Tax: Taxes paid by companies that don't reach individuals directly
+ Transfer Payments to households from government and firms: Income received by households without any productive contribution (like pensions, subsidies)
This process adjusts national income to reflect the actual income received by households, whether

earned or unearned. It gives us Personal Income, which is the total income actually received by individuals and households before personal taxes.

41. **(b)** Slope of Budget line
Explanation:
(a) Slope of Indifference curve is incorrect because it represents the Marginal Rate of Substitution (MRS), i.e., the rate at which the consumer is willing to substitute one good for another, not how the market allows her to. Hence, option (a) is not correct.
(b) Slope of Budget line is correct because it shows the rate at which the consumer can substitute one good for another in the market, based on their prices. It reflects the price ratio of the two goods. Hence, option (b) is the correct answer.
(c) Slope of consumer selection is incorrect as it is not a standard term in microeconomics and does not refer to substitution rates. Hence, option (c) is not correct.
(d) Marginal rate of substitution is incorrect in this context because it refers to the consumer's willingness to substitute goods, not what the market allows. Hence, option (d) is not correct.

42. **(a)** (–) P_1/P_2
Explanation:
(–) P_1/P_2 is correct because the slope of the budget line is given by the negative of the price ratio of the two goods. If Good 1 is on the X-axis and Good 2 is on the Y-axis, then the slope is $-P_1/P_2$, showing the rate at which the market allows substitution between the two goods while keeping the consumer within the budget. Hence, option (a) is the correct answer.

43. **(b)** Slope of Indifference curve
Explanation:
(a) Monotonic Preferences is incorrect because it refers to the assumption that more of a good is always preferred to less, but it does not quantify the rate at which a consumer is willing to trade one good for another. Hence, option (a) is not correct.
(b) Slope of Indifference curve is correct because it represents the Marginal Rate of Substitution (MRS), which indicates the exact rate at which a consumer is willing to substitute one good for another while maintaining the same level of satisfaction. Hence, option (b) is the correct answer.
(c) Price ratio is incorrect because it represents the rate at which goods can be substituted in the market, not according to the consumer's preferences. Hence, option (c) is not correct.
(d) Slope of Budget line is incorrect because it shows the market trade-off based on prices, not the consumer's personal willingness to substitute goods. Hence, option (d) is not correct.

44. **(c)** Slope of indifference curve = Slope of budget line
Explanation:
(a) Budget line = Indifference curve is incorrect because budget lines and indifference curves are not equal quantities; they are different concepts—one represents affordability and the other represents preferences. Hence, option (a) is not correct.
(b) Indifference curve = Slope of budget line is incorrect because it equates a curve with a slope, which is not conceptually valid. Hence, option (b) is not correct.
(c) Slope of indifference curve = Slope of budget line is correct because this condition signifies that the rate at which the consumer is willing to substitute goods (MRS) equals the rate allowed by the market (price ratio). This point of tangency gives the consumer's optimum bundle, ensuring maximum satisfaction within the budget. Hence, option (c) is the correct answer.
(d) Slope of indifference curve = Budget line is incorrect as it mismatches slope and curve concepts, just like option (b). Hence, option (d) is not correct.

45. **(b)** Substitute Goods
Explanation:
(a) Complementary Goods is incorrect because complementary goods are consumed together and are represented by L-shaped indifference curves, not straight lines, since the utility does not increase unless both goods are increased together. Hence, option (a) is not correct.
(b) Substitute Goods is correct because in the case of perfect substitutes, a consumer is willing to substitute one good for another at a constant rate. This results in a straight-line indifference curve, showing constant marginal rate of substitution (MRS). Hence, option (b) is the correct answer.
(c) Joint Products/Goods is incorrect as joint products are produced together and are not defined in the context of consumer preferences or indifference curves. Hence, option (c) is not correct.
(d) By-Products is incorrect because by-products are a production concept and do not relate to the shape of an indifference curve in consumer theory. Hence, option (d) is not correct.

46. **(c)** Aggregate Expenditure
Explanation:
(a) Sales revenue is incorrect because it is the outcome of aggregate expenditure, not the complete flow that reflects all spending in the economy. It also doesn't capture the circular flow idea fully. Hence, option (a) is not correct.
(b) Factor payment is incorrect because it refers to income paid to factors of production (wages, rent, interest, profit), not the return flow of income to producers. Hence, option (b) is not correct.
(c) Aggregate Expenditure is correct because in a simplified economy with no leakages (like savings, taxes, or imports), all income earned by households is spent on goods and services produced by firms. This total spending is called aggregate expenditure, which returns to producers as income. Hence, option (c) is the correct answer.
(d) Aggregate Consumption is close but not fully accurate. It refers to spending by households, but aggregate expenditure includes both consumption and investment (in real models). Hence, option (d) is not correct.

47. **(c)** Microeconomics
(a) Markets is incorrect because while markets are a focus of study, this term does not specify who is making decisions. The question asks specifically

about individual economic agents, not broader market behavior. Hence, option (a) is not correct.
(b) Macroeconomics is incorrect because macroeconomics deals with the economy as a whole, studying aggregates like national income, inflation, and employment, not individual decisions. Hence, option (b) is not correct.
(c) Microeconomics is correct because it focuses on the decision-making behavior of individual economic units, such as consumers, firms, and workers, and how they interact in specific markets. It deals with choices, preferences, prices, and allocation of resources at the individual level. Hence, option (c) is the correct answer.
(d) Administration is incorrect as it refers to management or execution of policies and does not involve economic analysis of decision-making. Hence, option (d) is not correct.

48. **(d)** Macroeconomics
(a) Aggregate Demand is incorrect because it refers to the total demand for goods and services in an economy, but it is only one part of macroeconomic analysis, not the branch of study itself. Hence, option (a) is not correct.
(b) Aggregate Supply is incorrect for the same reason—it refers only to the total output supplied in the economy, not the discipline that studies overall effects. Hence, option (b) is not correct.
(c) Microeconomics is incorrect because it studies individual units such as firms and households, not the aggregate demand and supply effects across the whole economy. Hence, option (c) is not correct.
(d) Macroeconomics is correct because it deals with the aggregate behavior of the economy, including overall demand, supply, price levels, income, output, and employment. It studies how the forces of demand and supply operate at the national or global level, not just in individual markets. Hence, option (d) is the correct answer.

49. **(c)** Income Method
Explanation:
(a) Product Method is incorrect because it measures national income based on the value of final goods and services produced, not by factor payments. Hence, option (a) is not correct.
(b) Expenditure Method is incorrect as it measures national income through the total spending on final goods and services by households, firms, government, and foreign sector. Hence, option (b) is not correct.
(c) Income Method is correct because it calculates national income by adding all factor payments made to the factors of production, such as wages, rent, interest, and profit. It reflects the income earned from production. Hence, option (c) is the correct answer.
(d) First in First out Method is irrelevant here; it's a cost accounting method for inventory valuation and not related to national income accounting. Hence, option (d) is not correct.

50. **(c)** Adam Smith
Explanation:
(a) Alfred Marshall is incorrect because he is known for refining classical economics and for contributions to microeconomics, not as the founding father of economics. Hence, option (a) is not correct.
(b) J. S. Mill is incorrect because while he was an important economist and philosopher, he came after Smith and expanded on existing ideas rather than founding the discipline. Hence, option (b) is not correct.
(c) Adam Smith is correct as he is widely regarded as the father of modern economics, especially for his book "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776), which laid the foundation for classical economics. Hence, option (c) is the correct answer.
(d) John Maynard Keynes is incorrect though he is a major figure in macroeconomics, he came much later and is not considered the founder of the discipline itself. Hence, option (d) is not correct.

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