PART A

(Compulsory. Each sub question carries 1 mark)

Q1. Select the most appropriate answer from the options given below:

1. Primary sector of the economy includes-  
   a. farming  
   b. manufacturing  
   c. mining  
   d. finance

2. Secondary sector of the economy includes:  
   a. fishing  
   b. mining  
   c. banking  
   d. finance

3. Tertiary sector of the economy includes:  
   a. forestry  
   b. water supply  
   c. retail  
   d. electricity

4. Which of the following is not a regulatory body?  
   a. SEBI  
   b. RBI  
   c. CBDT  
   d. UTI

5. GDP of a country can be measured by which method?  
   a. Expenditure  
   b. Income  
   c. Value-added  
   d. All of the above
Q2. State whether the following statements are true or false:

a. Economics is the science of choice  
true

b. Oligopsony is a market dominated by many sellers and a few buyers  
true

c. Price takers have a low market share and a low price sensitivity  
true

d. Electricity is included in the tertiary sector of the economy  
true

e. Gas is included in the secondary sector of the economy  
true

Q3. Fill in the blanks with appropriate words:

a. The primary sector of the economy is the sector making direct use of -------resources  
primary

b. Economic indicators fall into three categories- leading, lagging and -----------  
timing

c. National income is the total value of a country’s final output of all new goods and ----------- produced in one year  
national

d. For its continuous development, India formulates and implements -----------year plans  
planning

e. Dividend is a part of profits that are available for distribution to -----------  
dividend

Q4. Expand the abbreviations-

a. LRAC  
long run average cost

b. IMF  
International Monetary Fund

c. STCI  
State Technical University

d. NABARD  
National Bank for Agriculture and Rural Development

e. FII  
Foreign Institutional Investors

PART B

Answer any 4 questions . Each question carry 20 marks ( 4 x20 = 80 Marks)

Q5. Write short notes on (any four) 4 x5 =20

a. Euro issues  
euro currency

b. Factors of production  
inputs

c. Financial markets  
capital markets

d. Human Development Index  
human development

e. Commercial Papers  
corporate debt

f. Quality culture  
organizational culture

Q6.  
20 marks

a. Explain the attributes of financial statements  
financial

b. Explain the limitations of financial statement analysis  
limited

Q7. Explain the concept of demand. Classify the types of demand  
20 marks

Q8.  
20 marks

a. Discuss the role of government in an economy  
government

b. Discuss the effects of globalization  
global
Q9.  
20 marks

a. Discuss the features of lease.

b. Distinguish between lease and hire-purchase.

Q.10. A choice is to be made between two competing proposals which require an equal investment of Rs. 50000/- and are expected to generate net cash flows as under: 20 marks

<table>
<thead>
<tr>
<th>Year</th>
<th>Project A (Rs)</th>
<th>Project B (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25000</td>
<td>10000</td>
</tr>
<tr>
<td>2</td>
<td>15000</td>
<td>12000</td>
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<tr>
<td>3</td>
<td>10000</td>
<td>18000</td>
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<td>4</td>
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<td>25000</td>
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<tr>
<td>5</td>
<td>12000</td>
<td>8000</td>
</tr>
<tr>
<td>6</td>
<td>6000</td>
<td>4000</td>
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</tbody>
</table>

Cost of capital of the company is 10%. The following are the present value factor at 10% p.a:

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV factor (@10%)</td>
<td>0.909</td>
<td>0.826</td>
<td>0.751</td>
<td>0.683</td>
<td>0.621</td>
<td>0.564</td>
</tr>
</tbody>
</table>

Which proposal should be selected using NPV method? Suggest the best project.