

1. A consumer wants to consume two goods. The price of bananas is Rs. 4 and the price of mangos is Rs. 5. The consumer income is Rs. 20.
 - a) How much bananas can he consumer if he spends his entire income on the good?
 - b) How much mangos can he consume if he spends his entire income on that good?
 - c) Is the slope of the budget line upward or downward?
 - d) Are the bundles on the budget line equal to the consumer income or not?
 - e) If you want to more bananas you have to give up mangos. Is it true?

A consumer can get 5 bananas for spending his entire income on the good

A consumer can get 4 mangos for spending his entire income on the good

The slope of a budget line is always downward indicating the substitution effect.

All the bundles on the budget line are equal to the consumer income.

To get more bananas the consumer must give up mangos due to the effect of marginal rate of substitution.

2. Find the missing products in the following.

Factor 1	TP	MP	AP
0	0	0	0
1	10	-	10
2	24	-	12
3	40	16	13.33
4	-	10	-
5	-	6	11.2
6	57	1	9.5

Factor 1	TP	MP	AP
0	0	0	0
1	10	10	10
2	24	14	12
3	40	16	13.33
4	50	10	12.5
5	56	6	11.2
6	57	1	9.5

$TP = f(x_1, x_2)$ where x_1 and x_2 are the input factors

$MP = TP_n - TP_{n-1}$

$AP = TP/\text{factor}$

3. Compute the total revenue, marginal revenue and average revenue schedules in the following table when market price of each unit of goods is Rs. 10

Quantity Sold	TR	MR	AR
0			
1			
2			
3			
4			
5			
6			

Quantity Sold	TR	MR	AR
0	0	0	0
1	10	10	10
2	20	10	10
3	30	10	10
4	40	10	10
5	50	10	10
6	60	10	10

$$TR = pxq$$

$$AR = TR/q$$

$$MR = TR_n - TR_{n-1}$$

4. Write a note on demonetization

Demonetisation refers, therefore, to the process of deciding that certain coins and banknotes can no longer be exchanged for goods and services. In India, it was announced on 8th November, 2016 that the Rs. 500 and Rs. 1000 banknotes would cease to qualify as valid tender from 9th November, 2016 onward.

Old coins and notes being replaced with new designs: Sometimes, certain denominations of old notes and coins are replaced with newer models. In this situation, the older coins can be officially demonetized. The reasons for such move includes:

- elimination of fake notes,
- reduce corruption,
- stop terror funding, and
- bring unused idle cash into the banking channel, etc.

Demonetisation in India has worked in the many ways in India. India's demonetisation process has tackled the country's problem of counterfeit notes.

The process of demonetisation in India has not been without its challenges. It has, however, had both positive and negative impacts in the short-term. It remains to be seen if the positive impacts will be long-lasting.

5. Prepare a budget on monthly income and expenditure of your family.

Income Sources (In Rs.) Per Month	
Mother	45000
Father	45000
Total	90000
Expenditure (In Rs.) Per Month	
Rent	15000
School Fees	5000
Automobile Loan	22000
Food	8000
Travel	4000
Entertainment	5000
Total	59000
Savings (In Rs.) Per Month	
Bank Account	36000
Mutual Funds	5000
Total	41000

6. Name the currencies of any five of the following countries.

USA, UK, Germany, Japan, China, Argentina, UAE, Bangladesh, Russia

USA – US Dollar

UK – Great Britain Pound

Germany – Euro

Japan – Yen

China – Yuan / Renminbi

Argentina – Argentine Peso

UAE - United Arab Emirates Dirham

Bangladesh – Bangladeshi Taka

Russia – Russian Ruble