# SAMPLE PAPER 8

**Maximum Marks : 200** **Time : 60 Minutes**

***General Instructions :***

*(i) This paper consists of 50 MCQs, attempt any 40 out of 50*

*(ii) Correct answer or the most appropriate answer: Five marks (+5)*

*(iii) Any incorrect option marked will be given minus one mark (-1)*

*(iv) Unanswered/Marked for Review will be given no mark (0)*

*(v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options*

*(vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question.*

*(vii) Calculator / any electronic gadgets are not permitted.*

**1.** ______ is Domestic Income:

(1) $GDP_{MP}$ (2) $NDP_{FC}$
(3) $NNP_{MP}$ (4) $GNP_{FC}$

**2.** How do we get the primary deficit from the fiscal deficit?

(1) By adding interest
(2) By subtracting interest
(3) By adding net exports
(4) By subtracting net exports

**3.** If the amount of LRR is 20% and the initial deposit is ₹ 1000 crores, then it will create the total amount of money in the economy equal to ________.

(1) ₹ 6000 crores (2) ₹ 5000 crores
(3) ₹ 7000 crores (4) ₹ 8000 crores

**4.** From the set of statements given in Column A and Column B, choose the correct pair of statement:

| Column A | Column B |
|---|---|
| **1.** Reduction of pollution | **(a)** Microeconomics |
| **2.** Problems due to unemployment | **(b)** Microeconomics |
| **3.** Shift in the demand curve | **(c)** Microeconomics |
| **4.** Government expenditure on building of roads | **(d)** Microeconomics |

(1) 1 – (a) (2) 2 – (b)
(3) 3 – (c) (4) 4 – (d)

**5.** Identify the correct pair of terms and definitions from the following Columns I and II:

| Column I | Column II |
|---|---|
| **1.** Production Function | **(a)** Shows the functional relation between physical inputs and physical output of a good. |
| **2.** Short Run Production Function | **(b)** All the factors of production are variable. |
| **3.** Long Run Production Function | **(c)** One factor of production is variable and all others are fixed |
| **4.** Long Run Production Function | **(d)** Addition to utility |

(1) 1 – (a) (2) 2 – (b)
(3) 3 – (c) (4) 4 – (d)

**6.** If India exports goods worth ₹20 crores and imports goods worth ₹30 crores, it will have a ________.

(1) Surplus of ₹10 crores in balance of trade
(2) Deficit of ₹10 crores in balance of trade
(3) Deficit of ₹50 crores in balance of trade
(4) None of these

**7.** Which other monetary policy instrument the RBI cannot use?

(1) Open Market Operations
(2) Cash Reserve Ratio
(3) Margin Requirement
(4) Deficit Financing

**8.** __________ shows the functional relation between physical inputs and physical output of a good.

(1) Production function (2) Supply function
(3) Cost function
(4) None of the above

**9.** What are the four factors of production?
(1) Land, Labour, Capital, Income
(2) Land, Labour, Capital and Entrepreneurship
(3) Choice, Growth, Opportunity cost, Land
(4) Allocation of Resources, Utilisation, Opportunity Cost, Capital

**10.** If the percentage increase in the quantity demanded of a commodity is less than the percentage fall in its price, then elasticity of demand is:
(1) $> 1$ (2) $= 1$
(3) $< 1$ (4) $= 0$

**11.** In a/an .................... market of television, the brand 'R.G.' was leading the market share. Its nearest competitor 'Digi' suddenly changed the strategy by bringing in a new model of mobile phone at a relatively lesser price. In response 'R.G.' too slashed its price.
(1) Monopoly
(2) Monopolistic Competition
(3) Oligopoly
(4) Perfect Competition

**12.** _________ is the difference between gross and net:
(1) Depreciation (2) NFIA
(3) Net Indirect Tax (4) Subsidies

**13.** When there are infinitely small changes in price and demand, then the .................... method is used.
(1) Proportionate (2) Geometric
(3) Percentage (4) All of the above

**14.** Cut in Repo rate by RBI is likely to __________ the demand for goods and services in the economy.
(1) Increase (2) Decrease
(3) Either (1) or (2) (4) Neither (1) nor (2)

**15.** The government fixes the exchange rate in case of fixed exchange rate regime.
(1) The statement is true.
(2) The statement is false as the government fixes the exchange rate in case of flexible exchange rate regime.
(3) The statement is false as the government fixes the exchange rate in case of managed exchange rate.
(4) None of the above.

**16.** Identify the correct pair of items from the following Columns I and II:

| Column I | Column II |
|---|---|
| 1. Perfectly elastic supply | (a) Es > 1 |
| 2. Perfectly inelastic supply | (b) Es < 1 |
| 3. Unitary elastic supply | (c) Es = 1 |
| 4. Relatively elastic supply | (d) Es = 0 |

(1) 1 – (a) (2) 2 – (b)
(3) 3 – (c) (4) 4 – (d)

**17.** There is a....................type of competition in monopolistic competition.
(1) Non-Price (2) Price
(3) Cut throat (4) Situational

**18.** The rate of increase in ________________ due to a unit increment in income is called marginal propensity to consume.
(1) Ex-post consumption
(2) Ex-ante consumption
(3) Both (1) and (2)
(4) None of the above

**19.** _________ is the difference between Domestic Income and National Income.
(1) NFIA (2) Net Indirect Tax
(3) Depreciation (4) All of the above

**20.** Identify the incorrect statement from the following.
(1) A government budget is an annual financial statement showing item wise estimates of expected revenue and anticipated expenditure during a fiscal year.
(2) A government uses monetary instruments of taxation and subsidies with a view of improving the distribution of income and wealth in the economy.
(3) A government undertakes commercial activities that are of the nature of natural monopolies; and which are established and managed for social welfare of the public.
(4) A government reduces the inequality in the distribution of income and wealth by imposing taxes on the rich and giving subsidies to the poor, or spending more on welfare of the poor.

**21.** Condition los equilibrium in monopoly
(i) MC is equal to MR
(ii) MC curve cuts the MR from below.
(1) Option (i) is correct
(2) Option (ii) is correct
(3) Both options are correct
(4) None of the above.

**22.** A ________ is the lowest legal price that can be paid in a market for goods and services, labour, or financial market.
(1) Price ceiling (2) Price floor
(3) Both (1) and (2) (4) None of the above

**23.** The money supply in Indian economy is generally measured in which of the following forms.

(1) Currency (notes and coins) with the public + Demand deposits + Other deposits held with the Reserve Bank of India.

(2) Currency (notes and coins) with the public + Demand deposits + Other deposits held with the Reserve Bank of India + Post Office saving deposits

(3) Currency (notes and coins) with the public + Demand deposits + Other deposits held with the Reserve Bank of India + Time deposits of all commercial banks and co-operative banks (excluding interbank time deposits)

(4) All of the above

**24.** Decrease in Cash Reserve Ratio will lead to _______.

(1) fall in aggregate demand.

(2) rise in aggregate demand.

(3) no change in aggregate demand.

(4) fall in general price level.

**25.** Identify the correct pair of items from the following Columns I and II:

| Column I | Column II |
|---|---|
| (1) Utility | (a) Bread and butter |
| (2) Normal Goods | (b) Rise in price |
| (3) Contraction in demand | (c) Capacity of a commodity to satisfy human wants |
| (4) Complementary goods | (d) Positively related |

(1) 1 – (a) (2) 2 – (b)

(3) 3 – (c) (4) 4 – (d)

**26.** Which of the following is a component of capital account?

(1) Loans

(2) Foreign investments

(3) Change in Foreign Exchange Reserves

(4) All of these

**27.** The marginal revenue curve shows the relationship between _______and _______.

(1) Marginal revenue, quantity produced

(2) Marginal Revenue, quantity sold

(3) Marginal cost, quantity produced

(4) Marginal cost, quantity sold

**28.** Factor Cost is the:

(1) Market Value (2) Money Value

(3) Transfer Value (4) None of the above.

**29.** If increase in demand is greater than the increase in supply, then equilibrium price will:

(1) Decrease

(2) Increase

(3) Remain same

(4) Cannot be determined

**30.** Demand deposits include

(1) Saving account deposits and fixed deposits

(2) Saving account deposits and current account deposits

(3) Current account deposits and fixed deposits

(4) All type of deposits

**31.** When does the government put price ceiling?

(1) Government believes that prices are too high.

(2) Government believes that prices are too low.

(3) Government wants to show who is the boss.

(4) None of the above

**32.** The term "balance of trade" denotes the difference between the exports and imports of _________ in a country.

(1) Services (2) Invisible

(3) Goods (4) None of these

**33.** Which of the following is the determinant of market demand?

(1) Income of the consumers

(2) Season and weather

(3) Price of related goods

(4) All of the above

**34.** Read the following statements carefully and choose the correct alternatives given below:

**Statement 1:** Revenue Expenditure is expenditure incurred for purposes other than the creation of physical or financial assets of the central government.

**Statement 2:** Revenue Expenditure relates to those expenses incurred for the normal functioning of the government departments.

**Alternatives:**

(1) Both the statements are true.

(2) Both the statements are false.

(3) Statement 1 is true and Statement 2 is false.

(4) Statement 2 is true and Statement 1 is false.

**35.** **Assertion (A):** When Average Cost is constant, AC curve is at its minimum point.

**Reason (R):** At this point, MC curve cuts AC curve, which implies MC = AC.

(1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).

(2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).

(3) Assertion (A) is true, but Reason (R) is false.

(4) Assertion (A) is false, but Reason (R) is true.

**36.** **Assertion (A):** Elasticity of supply of gold is unitary elastic.

**Reason (R):** The unitary elastic supply is equal to one. R

(1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).

(2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).

(3) Assertion (A) is true, but Reason (R) is false.

(4) Assertion (A) is false, but Reason (R) is true.

**37.** What value can the depreciation never have?

(1) Zero (2) Positive

(3) Negative (4) None of the above

**38.** Break-even point occurs when :

(1) Y = S (2) S = O

(3) Y = C (4) both (b) and (c)

**39.** High Powered Money includes:

(1) C + DD + OD (2) C + R + ER

(3) C + R + TD (4) C + DD + TD

**40.** The other name for law of production is ________.

(1) Law of Producers

(2) Law of Variable Proportions

(3) Law of Producer's Variable

(4) None of the above

**41.** **Statement 1:** Marginal revenue curve is parallel to x-axis.

**Statement 2:** The slope of marginal revenue curve is upward sloping.

(1) Both the statements are true.

(2) Both the statements are false.

(3) Statement 1 is true but statement 2 is false.

(4) Statement 1 is false but statement 2 is true.

**42.** Which of the following will be excluded when one is calculating National Income through the Value Added Method?

(1) Intermediate Good

(2) Services for self Consumption

(3) Second Hand Goods

(4) All of the above.

**43.** Which of the following is a limitation of microeconomics?

(1) It helps in formulating government policies.

(2) Microeconomics fails to explain the functioning of an economy as a whole.

(3) It cannot explain unemployment, poverty, illiteracy, and other problems prevailing in the country.

(4) Both (2) and (3)

**44.** Aggregate Demand is not determined by which of the following:

(1) Consumption Expenditure

(2) Investment Expenditure

(3) Net Exports

(4) Government Policies

**45.** Identify the correctly matched pair of items in Column A to that in Column B:

| Column A | Column B |
|---|---|
| 1. Income tax | (a) Revenue receipts |
| 2. Corporation tax | (b) Capital receipts |
| 3. Machinery | (c) Revenue expenditure |
| 4. Borrowing | (d) Revenue receipts |

(1) 1 – (a) (2) 2 – (b)

(3) 3 – (c) (4) 4 – (d)

**46.** ________ is the part of Profit.

(1) Corporate Tax (2) Dividend

(3) Retained Earnings (4) All of the above

I. **Read the following passage and answer the question that follows:**

The ordinal list revolution originates in the criticism of the psychological foundations of the theory of demand, namely, the principle of decreasing marginal utility as Alfred Marshall ([1890] 1898) used it. The rejection of hedonist hypotheses led Irving Fisher (1892) and Pareto (1896 -97, 1900, 1909) to favour an objective or "positive" approach to economic concepts. The "ordinal list revolution" (Omarzabal 1995, 116) is grounded in a methodological transformation of economics that put the facts of objective experience as a foundation of economics and provided a research program for the ensuing years (Green and Moss 1993; Lewin 1996).

Mathematically, ordinalism is entirely based upon the idea that one can dispense with the use of a specific utility function and that no meaning shall be attached to utility measurement, except as an ordinal principle. Clearly, the development of ordinalism must be separated from the introduction of the concept of the indifference curve. Ordinalism was first advocated in Fisher's "Mathematics Investigations" (1892) and Pareto's Sunto (1900) and Manual ([1909] 1971), while the indifference curve had appeared in F. Y. Edge worth's Mathematical Psychics (1881). It was thus only through Fisher's and Pareto's recasting that the concept of the indifference curve became irreversibly associated with the promotion of ordinalism.

Along the way, the recasting of the theory of choice along ordinal list lines raised a number of issues (about integrability, measurability, and complementarity) that would be progressively settled. A reasonable closing date for the ordinalist revolution is 1950, after Houthakker's (1950) and Samuelson's (1950) contributions.

From the late 1920s, the Paretian school was progressively gaining a larger audience while the use of the concept of marginal utility and other derivative concepts was challenged. Consequently, demand theory was recast along the principles of individual preferences and ordinal utility functions. Nevertheless, English authors proved very silent about the meaning of indifference curves. Most if not all of the reflections after 1920 about the nature of indifference curves took place in America, mainly under the impulse of Henry Schultz at Chicago. This is an American story.

-- *Source: hal.archives-ouvertes.fr/hal-01771855/document*

**47.** Which of the following is not the way of studying Utility?

(1) Cardinal Approach (2) Ordinal Approach
(3) Both (1) and (2) (4) Neither (1) nor (2)

**48.** How is utility measured in Ordinal utility theory?

(1) In utility
(2) Through Indifference curves
(3) In rupees
(4) Through Accounting

**49.** Consider the given statement:

Under Cardinal Utility approach, utility is measured in utility.

(1) The statement is true
(2) The statement is false, as in Ordinal Utility the utility is measured in utility
(3) The statement is false, as in Cardinal Utility the utility is measured with indifference curves
(4) The statement is false as in Cardinal Utility, utility cannot be measured.

**50.** .................... is a curve showing different combination of two goods, each combination offering the same level of satisfaction to the consumer.

(1) Indifference Curve
(2) Marginal Utility Curve
(3) Both (1) and (2)
(4) None of the above

❑❑❑

# SOLUTIONS

**1.** Option (2) is correct.

*Explanation:* Domestic income (NDPFC) is the net money value of all the final goods and services produced within the domestic territory of a country during a period of one year.

**2.** Option (2) is correct.

*Explanation:* Primary deficit refers to the difference between fiscal deficit of the current year and interest payments on the previous borrowings. By deducting interest payment from fiscal deficit, we get primary deficit.

Primary Deficit = Fiscal Deficit – Interest Payments.

**3.** Option (2) is correct.

*Explanation:* If the amount of LRR is 20% then the initial deposit of ₹1000 crores would create the total amount of money in the economy worth ₹ 1000 × 1/0.2 = ₹ 5000 crores.

**4.** Option (3) is correct.

*Explanation:* In microeconomics, shift in demand curve occur when a determinant of demand other than price changes.

**5.** Option (1) is correct.

*Explanation:* Production function can be defined as the functional relationship between physical inputs and physical output of a good.

**6.** Option (2) is correct.

*Explanation:* The term "balance of trade" denotes the difference between the exports and imports of goods in a country. Balance of trade refers to the visible items only. It is the difference between the value of merchandise (goods) exports and imports. Balance of Trade = Export of visible goods – Import of visible goods. Here, exports of goods worth ₹20 crore is less than the imports of goods worth ₹30 crore. Therefore, there is a deficit of ₹10 crores in balance of trade.

**7.** Option (4) is correct.

*Explanation:* Deficit financing is an instrument of fiscal policy.

**8.** Option (1) is correct.

*Explanation:* Production function shows the functional relationship between inputs and physical output of a good.

Output = f(Land, Labour)

**9.** Option (2) is correct.

*Explanation:* The four factors of production are defined as goods and services needed to carry out production i.e., land, labour, capital and entrepreneurship. They are available in limited quantities in relation to the demand.

**10.** Option (3) is correct.

*Explanation:* As the percentage change in quantity demanded is less than the percentage change in the price, it is elasticity is less than 1 and is relatively inelastic.

**11.** Option (3) is correct.

*Explanation:* In oligopoly, there are only few firms. If they compete on the basis of price, there is likely to be price war and the firm may loose. So, the firm adopts measures other than price for competing like customer care, after sale service, free gifts, etc. This is non-price competition.

**12.** Option (1) is correct.

*Explanation:* $NNP_{FC} = GNP_{FC}$ – Depreciation

**13.** Option (2) is correct.

*Explanation:* Geometric method was suggested by Prof. Marshall and is used to measure the elasticity at a point on the demand curve.

(i) When there are infinitely small changes in price and demand, then the 'Geometric Method' is used.

(ii) This method is also known as 'Graphic Method' or 'Point Method' or 'Arc Method'. Elasticity of demand (Ed) is different at different points on the same straight line demand curve.

(iii) In order to measure Ed at any particular point, lower portion of the curve from that point is divided by the upper portion of the curve from the same point.

**14.** Option (1) is correct

*Explanation:* To correct the situation of deficient demand RBI will reduce repo rate. Banks in turn will reduce lending rate of interest, so there will be more demand for loans. This will increase money supply and correct the situation of deficient demand.

**15.** Option (1) is correct.

*Explanation:* The system of exchange rate in which exchange rate is officially declared and fixed by the government is called fixed exchange rate system. Fixed exchange rate is not determined by the forces of demand and supply in the market. Such a rate of exchange has been associated with Gold Standard System during 1880-1914.

**16.** Option (3) is correct.

*Explanation:* In case of unitary elastic supply, percentage change in quantity supplied is equal to percentage change in price. Hence, elasticity of supply is equal to one.

**17.** Option (1) is correct.

*Explanation:* Non-price competition like selling cost and advertisement is present in monopolistic competition.

**18.** Option (2) is correct.

*Explanation:* MPC is the ratio between change in consumption and change in income.

**19.** Option (1) is correct.

*Explanation:* Net Factor Income from Abroad is the difference between the income earned from abroad for rendering factor services by the normal residents of the country to the rest of the world and the income paid for the factor services rendered by non-residents in the domestic territory of a country.

**20.** Option (2) is correct.

*Explanation:* Budget of a government shows its comprehensive exercise on the taxation and subsidies. A government uses fiscal instruments of taxation and subsidies with a view of improving the distribution of income and wealth in the economy. A government reduces the inequality in the distribution of income and wealth by imposing taxes on the rich and giving subsidies to the poor, or spending more on welfare of the poor. It reduces income of the rich and raises the living standard of the poor, thus, leads to equitable distribution of income.

**21.** Option (3) is correct.

*Explanation:* Condition for equilibrium :

(a) Marginal cost is equal to marginal revenue.

(b) Marginal cost curve cuts the marginal revenue curve from below.

**22.** Option (2) is correct.

*Explanation:* Price floor is the minimum price which is decided by the government and fixed above the equilibrium price to be paid in a market for goods and services, labour, or financial market.

**23.** Option (4) is correct.

*Explanation:* The money supply in Indian economy is generally measured in following forms:

(i) $M_1$ = Currency (notes and coins) with the public + Demand deposits + other deposits held with the Reserve Bank of India

(ii) $M_2 = M_1$ + Post Office saving deposits

(iii) $M_3 = M_1$ + Time deposits of all commercial banks and co-operative banks (excluding interbank time deposits)

(iv) $M_4 = M_3$ + Total deposits with the Post Office Saving Organisation (excluding National Saving Certificate)

**24.** Option (3) is correct.

*Explanation:* A decrease in CRR would all other things being equal, increase aggregate demand.

**25.** Option (4) is correct.

*Explanation:*

**Utility** : Capacity of a commodity to satisfy human wants.

**Normal Goods** : When price increases, demand decreases

**Contraction in Demand** : Rise in Price

**Complementary Goods** : Positively related

**26.** Option (4) is correct.

*Explanation:* Capital account is that account which records all such transactions between residents of a country and rest of the world which cause a change in the asset or liability status of the residents of a country or its government. The main components of capital account are Loans, Foreign investments and change in Foreign Exchange Reserves.

**27.** Option (3) is correct.

*Explanation:* The marginal revenue shows the relationship between marginal cost and quantity produced.

**28.** Option (2) is correct.

*Explanation:* Market Value if the Market Cost and Transfer Value is the cost of Transfer payments.

**29.** Option (2) is correct.

*Explanation:* When demand and supply both increase, but increase in demand is greater than the increase in supply, then equilibrium price will rise and equilibrium quantity will also rise.

**30.** Option (2) is correct.

*Explanation:* A demand deposit is money deposited into a bank account with funds that can be withdrawn on-demand at any time.

**31.** Option (1) is correct.

*Explanation:* When the government thinks that the prices are too high for the essential commodities like food, medicine etc, then government sets the maximum price that producers can charge, this price lies below the equilibrium price so as the price ceiling can be effective.

**32.** Option (3) is correct.

*Explanation:* Balance of trade is the net difference of import and export of all visible items between the normal residents of a country and rest of the world.

**33.** Option (4) is correct.

*Explanation:* Determinants of Demand : Important determinants of demand are:

(a) Price of commodity,
(b) Price of related commodities,
(c) Money income of the consumers,
(d) Tastes and preferences of consumers,
(e) Changes in weather conditions,
(f) Changes in population,
(g) Distribution of income,
(h) Changes in structure of population,
(i) Changes in quantity of money,
(j) Distribution of National Wealth,
(k) Phases of business cycles,
(l) Change in saving habits

**34.** Option (1) is correct.

*Explanation:* Revenue Expenditure is expenditure incurred for purposes other than the creation of physical or financial assets of the central government. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to state governments and other parties, even though some of the grants may be meant for creation of assets.

**35.** Option (1) is correct.

*Explanation:* MC curve cuts AC curve which means MC =AC. And in this stage, Average cost is constant and is at its minimum point.

**36.** Option (4) is correct.

*Explanation:* When the unitary elastic supply is said to be one when the percentage change in quantity supplied is equal to percentage change in price. Elasticity of supply of gold is more elastic as percentage change in quantity supplied is greater than percentage change in price.

**37.** Option (3) is correct.

*Explanation:* There can be either no depreciation or some depreciation, but negative depreciation is never possible.

**38.** Option (4) is correct.

**39.** Option (2) is correct.

*Explanation:* C - Currency
R - Required reserve
ER - Excess reserve

**40.** Option (2) is correct.

*Explanation:* The other name for law of production is law of variable proportion or returns to a factor or returns to a variable factor.

**41.** Option (3) is correct.

*Explanation:* Marginal revenue curve is equal to price axis in a perfectly competitive market. Hence, it is parallel to x-axis.

**42.** Option (4) is correct.

*Explanation:* Intermediate goods and second hand goods will lead to the problem of double counting. As no value is added for self consumption, thus it is not included in the calculation of National Income.

**43.** Option (4) is correct.

*Explanation:* Microeconomics helps in formulating economic policies which enhance productive efficiency and results in greater social welfare. But it has a limitation. Microeconomics fails to explain the functioning of an economy as a whole. It cannot explain unemployment, poverty, illiteracy and other problems prevailing in the country.

**44.** Option (4) is correct.

*Explanation:*

AD=C+I+G+X-M

Where,

C = Household Consumption Expenditure

I = Private Investment Expenditure

G = Government Expenditure

X-M = Net Exports

**45.** Option (1) is correct.

*Explanation:* Revenue Receipts are the receipts that neither create any liability nor reduction in assets of the government. It includes tax revenues like income tax, corporation tax and non-tax revenue like fines and penalties, special assessment, escheat, etc.

**46.** Option (3) is correct.

*Explanation:* As Retained Earnings are kept aside from the profit, they are actually a part of profit.

**47.** Option (4) is correct.

*Explanation:* Utility can be studied both cardinally and ordinally.

**48.** Option (2) is correct

*Explanation:* In Ordinal utility theory, the utility is measured through indifference curve.

**49.** Option (1) is correct

*Explanation:* In case of cardinal utility approach the utility is measured in terms of utils and so is comparable.

**50.** Option (1) is correct.

*Explanation:* The Marginal utility Curve is the curve that represents the marginal utility that is the change in utility as the consumption increases by 1 unit. Indifference Curve shows the combination of two goods that gives the same amount of satisfaction.