

NIOS PYQ's SOLUTIONS

PREVIOUS YEARS' QUESTIONS & ANSWERS



APRIL-2026

Your Path to Success

SECTION - A

Q1 - The measure of central tendency summarizes the data in a :

(A) Single value

(B) Two values

(C) Three values

(D) Any number of values

Answer – (A) Single value

Q2 – Quartile deviation equals :

(A) $\frac{Q_1-Q_3}{2}$

(B) $\frac{Q_2-Q_1}{2}$

(C) $\frac{Q_3-Q_1}{2}$

(D) $\frac{Q_1-Q_2}{2}$

Answer - (C) $\frac{Q_3-Q_1}{2}$

Q3 - Correlation may be :

(A) Negative

(B) Linear

(C) Non-Linear

(D) Any one of the above

Answer - (D) Any one of the above

Q4 - Index number measures this type of change:

(A) Absolute

(B) Relative

(C) Both absolute and relative

(D) Real

Answer - (B) Relative

Q5 - The basic problem central to an economy relates to:

(A) Production

(B) Consumption

(C) Distribution

(D) All the above

Answer - (D) All the above



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Q6 - Production Possibility Curve Shows production possibilities of this number of sets of goods:

(A) 1 **(B) 2**

(C) 3 **(D) Any number**

Answer - (B) 2

Q7 - The problem of distribution of output relates to this central problem:

(A) What to produce **(B) How to produce**

(C) For whom to produce **(D) All the above**

Answer - (C) For whom to produce

Q8 - X and Y are substitute goods. When price of X rises, demand for Y:

(A) Rises **(B) Falls**

(C) Remains unchanged **(D) Any of the above**

Answer - (A) Rises

Q9 - Elasticity of demand has the following dimension :

(A) Price elasticity **(B) Income elasticity**

(C) Cross elasticity **(D) All the above**

Answer - (D) All the above

Q10 - In economics the following is treated as cost :

(A) Explicit cost **(B) Implicit cost**

(C) Normal profit **(D) All the above**

Answer - (D) All the above

Q11 - At the production level when marginal cost becomes equal to average cost, average cost becomes:

(A) Minimum **(B) Constant**

(C) Both (A) and (B) **(D) Maximum**

Answer - (C) Both (A) and (B)



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Q12 - Which of the following is not a determinant of supply of commodity ?

(A) Technology **(B) Tax**

(C) Income of the buyer **(D) None of the above**

Answer - (C) Income of the buyer

Q13 - "Change in quantity supplied" takes place due to change in:

(A) Price of the good **(B) Price of the related good**

(C) Price of input **(D) All the above**

Answer - (A) Price of the good

Q14 - Perfectly elastic supply curve is a straight line curve which is :

(A) Upward sloping **(B) Downward sloping**

(C) Parallel to X-axis **(D) Parallel to Y-axis**

Answer - (C) Parallel to X-axis

Q15 - Which one has least number of sellers?

(A) Monopoly **(B) Oligopoly**

(C) Monopolistic competition **(D) All the above**

Answer - (A) Monopoly

Q16 - Value of output equals :

(A) $Q \times P$ **(B) Sales + Change in stock**

(C) Both (A) and (B) **(D) None of the above**

Answer - (C) Both (A) and (B)

Q17 - In national income measurement commission received by broker is treated as:

(A) Profit **(B) Wages**

(C) Output **(D) Transfer**

Answer - (C) Output



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Q18 - The income accruing to entrepreneur is:

(A) Wages **(B) Interest**

(C) Profit **(D) Transfer income**

Answer - (C) Profit

Q19 - The broad measure of money supply is:

(A) M_1 **(B)** M_2

(C) M_3 **(D)** M_4

Answer - (C) M_3

Q20 - Government budget is prepared at the :

(A) Central level **(B) State level**

(C) Local level **(D) All the above**

Answer - (D) All the above

Q21 - Fill in the blanks :

Arithmetic mean is computed by using _____ method and assumed _____ method.

Answer – direct, mean

Q22 - Fill in the blanks :

(i) The measure of _____ helps us to know the degree of variability of data.

(ii) The difference between the largest and smallest value in a distribution is called _____.

Answer – (i) dispersion (ii) range

Q23 - Fill in the blanks :

(i) The relation between price and supply is an example of _____ correlation.

(ii) If the two variables change in the same direction and in the same proportion the correlation between the two is _____ positive.

Answer – (i) positive, (ii) perfect



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Q24 - Fill in the blanks :

(i) When demand of a good rises its price _____

(ii) Price and demand are _____ related.

Answer – (i) rises, (ii) inversely

Q25 - Fill in the blanks:

_____ in demand means rise in demand at the same _____ .

Answer - Increase, price

Q26 - State True or False :

(i) Normal profit is a part of business cost.

(ii) Average fixed cost remains fixed with increase in output.

Answer - (i) True, (ii) False

Q27 - Fill in the blanks :

The other name of explicit cost is _____ cost and of implicit cost is _____ cost.

Answer – money, imputed

Q28 - Fill in the blanks :

Forces of _____ and _____ determine the price.

Answer - demand, supply

Q29 - Fill in the blanks :

The relation between the three economic activities of production, consumption and investment is that they are _____ and _____.

Answer - interrelated, interdependent

Q30 - Fill in the blanks:

(i) The money receipt which does not involve any sacrifice on the part of the recipient is called _____ income.

(ii) Production is an addition to the _____ of the existing commodity.

Answer – (i) transfer, (ii) value



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Q31 - Fill in the blanks :

Compensation of employees includes all _____ and _____ benefits accruing to the employee.

Answer – monetary, non-monetary

Q32 - Fill in the blanks :

(i) Relation between consumption and level of income is called consumption _____.

(ii) Ratio between consumption and income _____ propensity to consume.

Answer – (i) function, (ii) Average

Q33 - State True or False:

(i) Saving curve intersects X-axis.

(ii) Consumption curve intersects Y-axis.

Answer – (i) True, (ii) True

Q34 - Fill in the blanks :

Margin requirement is _____ method which Bank Rate is _____ method of credit control.

Answer – qualitative, quantitative

Q35 - Fill in the blanks :

The major source of capital receipts of government are recovery of loans, _____ and _____.

Answer – borrowings, disinvestment

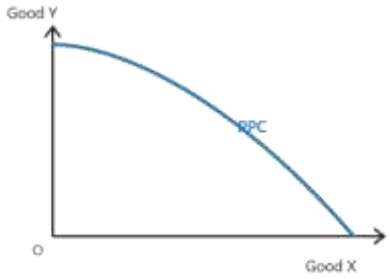


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SECTION - B

Q36 - Draw a normal Production Possibilities Curve marking axes and curve clearly.

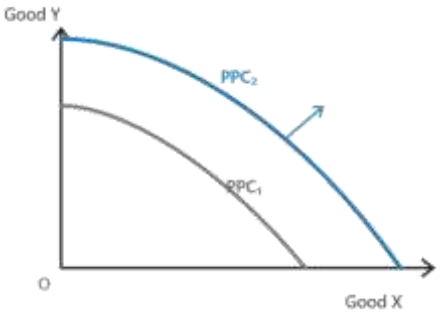
Answer – A Production Possibilities Curve (PPC) shows the maximum possible combinations of two goods that an economy can produce using given resources and technology. It slopes downward and is concave to the origin because producing more of one good requires sacrificing some of the other.



OR

Draw a Production Possibility Curve showing growth of resources.

Answer – Growth in resources or improvement in technology increases the productive capacity of an economy. It shifts the PPC outward, showing that the economy can produce more of both goods.



Q37 - Distinguish between labour-intensive and capital-intensive techniques of production.

Answer –

Basis	Labour-intensive technique	Capital-intensive technique
Main input	Uses more labour relative to capital.	Uses more machinery and capital relative to labour.
Suitable when	Labour is available in large quantities.	Capital and machinery are readily available.
Example	Handloom weaving and handicrafts.	Automated factories using advanced machinery.

OR

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Explain optimum utilization of resources in brief.

Answer – Optimum utilisation means using all available resources fully and efficiently without unnecessary waste. A point on the PPC shows full and efficient use of resources. A point inside the PPC indicates underutilisation, unemployment or idle resources.

Q38 - Differentiate between individual demand and market demand.

Answer –

Basis	Individual demand	Market demand
Meaning	Quantity of a good that one consumer is willing to buy at a given price during a given period.	Total quantity demanded by all consumers at that price during the same period.
Calculation	Based on the demand of one consumer.	Obtained by adding the individual demands of all consumers.
Example	Demand for apples by one student.	Total demand for apples by all students in a market.

Q39 - Explain general meaning of elasticity of demand.

Answer - Elasticity of demand measures how much quantity demanded responds to a change in one of its determinants. The main types are price elasticity, income elasticity and cross elasticity of demand. Price elasticity measures the response of quantity demanded to a change in the good's own price.

Q40 - State any two factors on which price elasticity of supply depends.

Answer – 1. Nature of the commodity : Perishable goods, such as fresh vegetables, generally have less elastic supply because they cannot be stored for long.

2. Time period : Supply is less elastic in the very short period. Over a longer period, producers can adjust their resources and increase supply more easily.

OR

Explain how supply is affected if government reduces tax on goods.

Answer – A reduction in tax lowers the cost of production. Producers are therefore willing to supply more at the same price. Consequently, the supply curve shifts to the right. Other things remaining constant, equilibrium price tends to fall and equilibrium quantity tends to increase.



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Q41 - Explain the consumption function in brief.

Answer – The consumption function expresses the relationship between consumption expenditure and income. As income rises, consumption generally rises, but by less than the increase in income.

The equation is: $C = a + bY$

Here, C = consumption, a = autonomous consumption, b = marginal propensity to consume (MPC), and Y = income, where $0 < b < 1$.

OR

Explain in brief the saving function.

Answer - The saving function expresses the relationship between saving and income. Saving is the part of income left after consumption expenditure.

$$S = Y - C$$

Since $C = a + bY$,

$$S = -a + (1 - b)Y$$

Here, S = saving and $1 - b$ = marginal propensity to save (MPS).

Q42 - Explain the difference between Current Account and Saving Account of commercial banks.

Answer –

Basis	Current account	Savings account
Main users	Generally maintained by businesses.	Generally maintained by individuals and households.
Withdrawals	Money can be deposited or withdrawn any number of times without the restrictions described for savings accounts.	Withdrawals may be subject to limits or restrictions.
Interest	Generally, does not offer interest.	Offers a nominal rate of interest.
Main purpose	Frequent business transactions.	Personal savings and day-to-day banking.

Q43 - Calculate mean marks of a class using direct method:

Marks	**0-8**	**8-16**	**16-24**	**24-32**	**32-40**
No. of Student	**2**	**4**	**8**	**10**	**6**

Answer –



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Formula:

$$\bar{X} = \frac{\sum fm}{\sum f}$$

Here, m is the midpoint of each class interval.

$$m = \frac{Lower\ limit + Upper\ limit}{2}$$

Calculation table

Marks	f	**Midpoint** (m)	(fm)
0–8	2	4	8
8–16	4	12	48
16–24	8	20	160
24–32	10	28	280
32–40	6	36	216
Total	30	—	712

Therefore,

$$\bar{X} = \frac{712}{30}$$

$$\bar{X} = 23.73\ marks$$

Answer: The mean marks of the class are 23.73 marks.

Q44 - When price of a good falls by 2 per unit it's demand rises from 50 units to 70 units. Price elasticity of demand is 2. Calculate price of the good before change.

Answer – Given:

- Initial quantity demanded, $Q_1 = 50$
- New quantity demanded, $Q_2 = 70$
- Change in price, $\Delta P = -₹2$
- Price elasticity of demand, $E_d = -2$
- Initial price, $P =?$

Formula:

$$E_d = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q_1}$$



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Step 1: Calculate the change in quantity demanded.

$$\Delta Q = Q_2 - Q_1 = 70 - 50 = 20$$

Step 2: Substitute the values.

$$-2 = \frac{20}{-2} \times \frac{P}{50}$$

$$-2 = -10 \times \frac{P}{50}$$

$$-2 = -\frac{P}{5}$$

$$P = 2 \times 5 = ₹10$$

$$Initial\ price = ₹10\ per\ unit$$

Answer: The price of the good before the change was ₹10 per unit. The negative sign indicates the inverse relationship between price and quantity demanded.

Q45 - With 10 percent rise in price of a good, supply increases from 60 units to 75 units. Calculate Price elasticity of supply.

Answer - Given:

- Initial supply, $Q_1 = 60$
- New supply, $Q_2 = 75$
- Percentage increase in price = 10%

Formula:

$$E_s = \frac{\%\ change\ in\ quantity\ supplied}{\%\ change\ in\ price}$$

Step 1: Calculate the change in supply.

$$\Delta Q_s = 75 - 60 = 15$$

Step 2: Calculate the percentage change in supply.

$$\%\Delta Q_s = \frac{15}{60} \times 100$$

$$\%\Delta Q_s = 25\%$$

Step 3: Calculate price elasticity of supply.

$$E_s = \frac{25}{10}$$



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$$E_s = 2.5$$

Answer: Price elasticity of supply is 2.5. Since it is greater than 1, supply is more than unit elastic.

Q46 - Explain ceiling price and it's effects.

Answer – A ceiling price is the maximum price fixed by the government below the equilibrium price to protect consumers from excessively high prices. **Example:** Government may fix a maximum rent for houses to protect tenants.

Effects of Ceiling Price:

1. **Protection of consumers:** It prevents sellers from charging prices above the fixed limit.
2. **Excess demand:** At the controlled price, quantity demanded exceeds quantity supplied, creating a shortage of goods.

OR

Explain floor price and it's effects.

Answer – A floor price is the minimum price fixed by the government above the equilibrium price to protect producers or sellers from excessively low prices. **Example:** The government may fix minimum wages to protect workers from low wages.

Effects of Floor Price:

1. **Protection of sellers:** It prevents the price from falling below the fixed minimum level.
2. **Excess supply:** At a binding floor price, quantity supplied may exceed quantity demanded, creating a surplus.

Q47 - Explain how rate of interest plays a role in influencing a person's decision to consume.

Answer – The rate of interest influences a person's decision to spend money now or save it for future use.

Role of Rate of Interest:

1. **Higher interest rate:** People may prefer to save money in banks to earn more interest and postpone some consumption.
2. **Lower interest rate:** The benefit of saving becomes smaller, which may encourage present consumption.
3. **Immediate needs:** According to Keynes, in the short run, people may continue consuming to satisfy urgent needs regardless of the interest rate.



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OR

Explain how rate of interest plays a role in influencing decision regarding capital investment.

Answer – The rate of interest influences capital investment by determining the cost of borrowing money for productive activities.

Role of Rate of Interest:

1. **High interest rate:** Borrowing becomes expensive, so producers may reduce or postpone investment in machinery and buildings.
2. **Low interest rate:** Borrowing becomes cheaper, encouraging producers to invest more.
3. **Economic growth:** Higher investment increases productive capacity and may promote economic growth.

Q48 - Explain the budgetary policy issue of 'On what items government should spend.'

Answer - The government must decide how to allocate its limited financial resources among different public needs through its budget.

Main Areas of Government Expenditure:

1. **Economic growth:** Spending on industries, roads, railways and other infrastructure promotes development.
2. **Public welfare:** Expenditure on education, healthcare and essential services improves people's living conditions.
3. **Reducing inequalities:** Welfare programmes and support for poorer sections help reduce income inequalities.
4. **Price stability:** Spending on essential goods and public distribution helps keep necessities affordable.

OR

Explain 'provision of employment opportunities' objective of government budget.

Answer - Providing employment opportunities is an important objective of the government budget. It aims to create jobs and help people earn income.

Measures to Create Employment:

1. **Public-sector enterprises:** Establishing government enterprises creates employment opportunities.
2. **Public works programmes:** Construction of roads, bridges, canals and buildings generates jobs.



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3. **Support to private industries:** Subsidies, tax concessions and other incentives encourage businesses to expand production and employ more workers.

4. **Small-scale industries:** Grants and low-interest loans encourage cottage, village and small-scale industries, which generate employment.

Q49 - Calculate Mean Deviation from median:

x	5	10	15	20	25
f	2	5	8	10	5

Answer – Step 1: Calculate total frequency and cumulative frequency.

$$N = \sum f = 2 + 5 + 8 + 10 + 5 = 30$$

x	f	Cumulative frequency (cf)
5	2	2
10	5	7
15	8	15
20	10	25
25	5	30

Step 2: Calculate the median.

For a discrete frequency series, the textbook method locates the median using the cumulative-frequency column and the position $(N + 1)/2$.

$$Median\ position = \frac{N+1}{2}$$

$$= \frac{30+1}{2} = 15.5th\ item$$

The cumulative frequency equal to or next higher than 15.5 is 25. The corresponding value of x is 20.

$$M_d = 20$$

Step 3: Calculate mean deviation from the median.

Formula:

$$MD = \frac{\sum f|x - M_d|}{N}$$



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x	f	$\lvert x - M_d \rvert$	$f\lvert x - M_d \rvert$
5	2	15	30
10	5	10	50
15	8	5	40
20	10	0	0
25	5	5	25
Total	30	—	145

Step 4: Substitute into the formula.

$$MD = \frac{145}{30}$$

$$MD = 4.8333 \ldots$$

$$Mean\ Deviation\ from\ median = 4.83$$

Answer: The mean deviation from the median is 4.83.

Q50 - Calculate Private income:

		₹ crore
(i)	NDP_{fc}	1000
(ii)	National debt interest	10
(iii)	Saving of non-departmental enterprises	20
(iv)	Net current transfers from government	15
(v)	Net current transfers from rest of the world	30
(vi)	Income from property and entrepreneurship accruing to government	5
(vii)	Net factor income from abroad	7

Answer – Step 1: Calculate income from domestic product accruing to the private sector.

Formula:

$$Private\ sector\ domestic\ income = NDP_{fc} - Income\ accruing\ to\ government - Savings\ of\ non\ departmental\ enterprises$$

Substituting the values:

$$= 1{,}000 - 5 - 20$$

$$= ₹975\ crore$$



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Step 2: Calculate private income.

Formula:

$$Private\ income = Private\ sector\ domestic\ income + Net\ factor\ income\ from\ abroad + National\ debt\ interest + Net\ current\ transfers\ from\ government + Net\ current\ transfers\ from\ ROW$$

Substituting the values:

$$= 975 + 7 + 10 + 15 + 30$$

$$Private\ income = ₹1{,}037\ crore$$

Answer: Private income is **₹1,037 crore**.

OR

Calculate National income:

		(₹000)
(i)	Compensation of employees	2,000
(ii)	Profit	500
(iii)	Rent	70
(iv)	Dividend	100
(v)	Exports	300
(vi)	Imports	400
(vii)	Net factor income from abroad	(-) 200
(viii)	Interest	250

Answer - Step 1: Write the formula.

Using the income method:

$$National\ Income = Compensation\ of\ employees + Profit + Rent + Interest + Net\ factor\ income\ from\ abroad$$

Step 2: Identify the relevant figures.

Exports and imports are not required for this calculation because they belong to the expenditure method. Dividend is not added separately because it is already included in Profit:



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$$National\ Income = 2{,}000 + 500 + 70 + 250 - 200$$
$$= 2{,}820 - 200$$
$$= ₹2{,}620\ thousand$$

Answer: National income is **₹2,620 thousand**, or **₹26,20,000**.



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Thank you!

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