

**Series OSR/1**

कोड नं. **58/1/2**  
Code No.

रोल नं.

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Roll No.

परीक्षार्थी कोड को उत्तर-पुस्तिका के मुखपृष्ठ पर अवश्य लिखें।

Candidates must write the Code on the title page of the answer-book.

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ 8 हैं।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए कोड नम्बर को छात्र उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में 32 प्रश्न हैं।
- कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, प्रश्न का क्रमांक अवश्य लिखें।
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है। प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जायेगा। 10.15 बजे से 10.30 बजे तक छात्र केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे।
- Please check that this question paper contains 8 printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains 32 questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

## अर्थशास्त्र ECONOMICS

निर्धारित समय : 3 घण्टे]

Time allowed : 3 hours ]

[ अधिकतम अंक : 100

[ Maximum marks : 100

**सामान्य निर्देश :**

- (i) दोनों खण्डों के सभी प्रश्न अनिवार्य हैं।
- (ii) प्रत्येक प्रश्न के निर्धारित अंक उसके सामने दिए गए हैं।
- (iii) प्रश्न संख्या 1-5 तथा 17-21 अति लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक का 1 अंक है। इनका उत्तर केवल एक वाक्य में ही अपेक्षित है।

[P.T.O.]



- (iv) प्रश्न संख्या 6-10 और 22-26 लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के 3 अंक हैं। प्रत्येक का उत्तर सामान्यतः 60 शब्दों से अधिक नहीं होना चाहिए।
- (v) प्रश्न संख्या 11-13 और 27-29 भी लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के 4 अंक हैं। प्रत्येक का उत्तर सामान्यतः 70 शब्दों से अधिक नहीं होना चाहिए।
- (vi) प्रश्न संख्या 14-16 और 30-32 व्याख्यात्मक उत्तर वाले प्रश्न हैं, जिनमें प्रत्येक के 6 अंक हैं। प्रत्येक का उत्तर सामान्यतः 100 शब्दों से अधिक नहीं होना चाहिए।
- (vii) तारांकित (\*) प्रश्न मूल्याधारित प्रश्न हैं।
- (viii) उत्तर संक्षिप्त तथा तथ्यात्मक होने चाहिए तथा यथासंभव ऊपर दी गई सीमा के अंतर्गत ही दिए जाने चाहिए।

**General Instructions :**

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each.
- (iii) Question Nos. 1-5 and 17-21 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- (iv) Question Nos. 6-10 and 22-26 are short-answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
- (v) Question Nos. 11-13 and 27-29 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
- (vi) Question Nos. 14-16 and 30-32 are long-answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.
- (vii) Questions marked star (\*) are value based questions.
- (viii) Answer should be brief and to the point and the above word limit should be adhered to as far as possible.

**खण्ड अ**

**Section A**

- |     |   |   |
|-----|---|---|
| 1.  | पूर्ण अल्पाधिकार से क्या अभिप्राय है ?<br>What is perfect oligopoly ?   | 1 |
| 2.  | ‘एक कारक के प्रतिफल’ का अर्थ बताइए।<br>Give meaning of ‘returns to a factor.’   | 1 |
| 3.  | बजट रेखा की परिभाषा दीजिए।<br>Define budget line.   | 1 |
| *4. | सरकार द्वारा किए गए उपायों से बेरोज़गारी कम हो जाती है। उत्पादन संभावना सीमा के संदर्भ में इसका आर्थिक मूल्य बताइए।<br>Unemployment is reduced due to the measures taken by the government. State its economic value in the context of production possibilities frontier. | 1 |



5. अर्थशास्त्र में लागत से क्या अभिप्राय है ?  
What is meant by cost in economics ? 1
6. सीमांत सम्प्राप्ति (आगम) और औसत सम्प्राप्ति (आगम) के बीच संबंध बताइए।  
अथवा  
कुल लागत और सीमांत लागत के बीच संबंध बताइए।  
State the relation between marginal revenue and average revenue.  
Or  
State the relation between total cost and marginal cost. 3
7. 'किसके लिए उत्पादन किया जाय' केन्द्रीय समस्या समझाइए।  
Explain the central problem 'for whom to produce.' 3
8. एक वस्तु की कीमत माँग लोच  $(-)$ 1 है। जब इसकी प्रति इकाई कीमत एक रुपया गिरती है, तो इसकी माँग 16 इकाई से बढ़कर 18 इकाई हो जाती है। परिवर्तन से पूर्व की कीमत का परिकलन कीजिए।  
Price elasticity of demand of a good is  $(-)$ 1. When its price per unit falls by one rupee, its demand rises from 16 to 18 units. Calculate the price before change. 3
9. एक अल्पाधिकार बाजार में फर्मों को परस्पर निर्भर क्यों कहा जाता है ? समझाइए।  
Why are the firms said to be interdependent in an oligopoly market ? Explain. 3
10. जैसे-जैसे उत्पादन में वृद्धि की जाती है, औसत स्थिर लागत का व्यवहार क्या रहता है ? ऐसा क्यों होता है ?  
What is the behaviour of average fixed cost as output is increased ? Why is it so ? 3
11. परिवर्ती अनुपातों के नियम के अनुसार सीमांत उत्पाद का व्यवहार बताइए। इस व्यवहार के कारण समझाइए।  
State the behaviour of marginal product in the law of variable proportions.  
Explain the causes of this behaviour. 4
12. एक उपभोक्ता केवल दो वस्तुओं का उपभोग करता है। उपयोगिता विश्लेषण की सहायता से उपभोक्ता संतुलन की व्याख्या कीजिए।  
अथवा  
एक उपभोक्ता केवल दो वस्तुओं A और B का उपभोग करता है और संतुलन में है। दिखाइए कैसे जब वस्तु B की कीमत गिरती है तो वस्तु B की माँग बढ़ती है। उपयोगिता विश्लेषण की सहायता से इस प्रश्न का उत्तर दीजिए। 4



A consumer consumes only two goods. Explain consumer's equilibrium with the help of utility analysis.

Or

A consumer consumes only two goods A and B and is in equilibrium. Show that when price of good B falls, demand for B rises. Answer this question with the help of utility analysis.

13. संबंधित वस्तुओं की कीमतों में परिवर्तन के कारण किसी वस्तु की माँग में होने वाले परिवर्तन की व्याख्या कीजिए।

4

Explain the change in demand of a good on account of change in prices of related goods.

14. एक वस्तु का बाजार संतुलन में है। वस्तु की माँग में “कमी” हो जाती है। बाजार के दोबारा संतुलन में आने तक इस परिवर्तन के कारण होने वाले प्रभावों की श्रृंखला समझाइए। रेखाचित्र का प्रयोग कीजिए।

6

Market for a product is in equilibrium. Demand for the product “decreases.” Explain the chain of effects of this change till the market again reaches equilibrium. Use diagram.

- नोट : निम्नलिखित प्रश्न केवल दृष्टिहीन परीक्षार्थियों के लिए प्रश्न संख्या 14 के स्थान पर है।  
एक वस्तु का बाजार संतुलन में है। वस्तु की माँग में “कमी” हो जाती है। बाजार के दोबारा संतुलन में आने तक इस परिवर्तन के कारण होने वाले प्रभावों की श्रृंखला समझाइए। पहले और बाद के संतुलनों पर कीमतों की तुलना कीजिए।

6

**Note :** The following question is for the **Blind Candidates** only in lieu of Q. No. 14.

Market of a commodity is in equilibrium. Demand for the commodity “decreases.” Explain the chain of effects of this change till the market reaches equilibrium again. Compare the prices at the old and new equilibrium.

15. अनधिमान वक्र विश्लेषण की सहायता से उपभोक्ता संतुलन की शर्तें समझाइए।

6

अथवा

अनधिमान वक्रों की तीन विशेषताएँ समझाइए।

Explain the conditions of consumer's equilibrium with the help of the indifference curve analysis.

Or

Explain the three properties of the indifference curves.



16. एक फर्म के बारे में निम्नलिखित सूचना से, सीमांत लागत और सीमांत सम्प्राप्ति (आगम) के आधार पर फर्म का संतुलन उत्पादन ज्ञात कीजिए। कारण बताइए। इस उत्पादन पर लाभ भी ज्ञात कीजिए।

6

उत्पादन (इकाई)	कुल सम्प्राप्ति (आगम) (रु.)	कुल लागत (रु.)
1	7	8
2	14	15
3	21	21
4	28	28
5	35	36

From the following information about a firm, find the firms equilibrium output in terms of marginal cost and marginal revenue. Give reasons. Also find profit at this output.

Output (units)	Total Revenue (Rs.)	Total Cost (Rs.)
1	7	8
2	14	15
3	21	21
4	28	28
5	35	36

#### खण्ड ब

#### Section B

17. सीमांत उपभोग प्रवृत्ति की परिभाषा दीजिए।  
Define marginal propensity to consume. 1
18. भुगतान संतुलन में 'चालू खाता घाटा' से क्या अभिप्राय है ?  
What is 'current account deficit' in the balance of payments ? 1
19. माँग जमाओं से क्या अभिप्राय है ?  
What are demand deposits ? 1
20. पूर्ण रोजगार का अर्थ बताइए।  
Give meaning of full employment. 1
21. सरकारी बजट की परिभाषा दीजिए।  
Define government budget. 1



22. मुद्रा के 'मूल्य-संचय' कार्य का महत्व समझाइए। 3  
 अथवा  
 मुद्रा के 'विनिमय का माध्यम' कार्य का महत्व समझाइए।  
 Explain the significance of 'store of value' function of money.  
 Or  
 Explain the significance of 'medium of exchange' function of money.
23. भुगतान संतुलन घाटे का अर्थ समझाइए। 3  
 Explain the meaning of balance of payments deficit.
24. भारत के लोगों द्वारा घूमने के लिए विदेशों को जाना बढ़ा है। इसका विदेशी विनिमय दर पर क्या प्रभाव पड़ने की संभावना है और कैसे ? 3  
 Visits to foreign countries for sightseeing etc. by the people of India is on the rise. What will be its likely impact on foreign exchange rate and how ?
25. बाह्य कारण (बाहरी प्रभाव) की परिभाषा दीजिए। ऋणात्मक बाहरी प्रभाव का एक उदाहरण दीजिए। इसका कल्याण पर क्या प्रभाव पड़ता है ? 3  
 Define externalities. Give an example of negative externality. What is its impact on welfare ?
26. सरकारी बजट के संदर्भ में क्या निम्नलिखित राजस्व व्यय है या पूँजीगत व्यय ? कारण बताइए। 3  
 (i) कर इकट्ठा करने पर होने वाला व्यय।  
 (ii) कम्प्यूटर खरीदने पर होने वाला व्यय।  
 Is the following revenue expenditure or capital expenditure in the context of government budget ? Give reason.  
 (i) Expenditure on collection of taxes.  
 (ii) Expenditure on purchasing computers.
- \*27. सरकार सार्वजनिक वस्तुओं के उत्पादन पर अपना व्यय बढ़ा देती है। यह किस आर्थिक मूल्य को दर्शाता है ? समझाइए। 4  
 Government raises its expenditure on producing public goods. Which economic value does it reflect ? Explain.
28. मुद्रा आपूर्ति की परिभाषा दीजिए और इसके घटक समझाइए। 4  
 अथवा  
 केन्द्रीय बैंक का 'अंतिम ऋणदाता' कार्य समझाइए।  
 Define money supply and explain its components.  
 Or  
 Explain the 'lender of last resort' function of central bank.



29. एक अर्थव्यवस्था, जो कि संतुलन में है, के बारे में निम्नलिखित आँकड़ों से स्वतंत्र (स्वायत्त) उपभोग व्यय का परिकलन कीजिए :

राष्ट्रीय आय = 1200

सीमांत बचत प्रवृत्ति = 0.20

निवेश व्यय = 100

Calculate autonomous consumption expenditure from the following data about an economy which is in equilibrium.

National income = 1200

Marginal propensity to save = 0.20

Investment expenditure = 100

30. समग्र माँग और समग्र पूर्ति की सहायता से राष्ट्रीय आय का संतुलन समझाइए। रेखाचित्र का प्रयोग कीजिए। यह भी समझाइए कि यदि अर्थव्यवस्था संतुलन में न हो तो अर्थव्यवस्था में क्या परिवर्तन आते हैं।

अथवा

उपभोग वक्र से बचत वक्र प्राप्त करने के दौरान लिए जाने वाले चरण बताइए। रेखाचित्र का प्रयोग कीजिए।

Explain national income equilibrium through aggregate demand and aggregate supply. Use diagram. Also explain the changes that take place in an economy when the economy is not in equilibrium.

Or

Outline the steps required to be taken in deriving saving curve from the given consumption curve. Use diagram.

नोट : निम्नलिखित प्रश्न केवल दृष्टिहीन परीक्षार्थियों के लिए प्रश्न संख्या 30 के स्थान पर है।

समग्र माँग की परिभाषा दीजिए। समग्र माँग और समग्र पूर्ति की सहायता से राष्ट्रीय आय का संतुलन समझाइए। यह भी समझाइए कि अर्थव्यवस्था संतुलन में न हो तो अर्थव्यवस्था में क्या परिवर्तन आते हैं ?

अथवा

बचत फलन से क्या अभिप्राय है ? उपभोग फलन से इसे कैसे प्राप्त कर सकते हैं ? समझाइए।

Note : The following question is for the **Blind Candidates** only in lieu of Q. No. 30.

Define aggregate demand. Explain national income equilibrium through aggregate demand and aggregate supply. Also explain the changes that take place in an economy when the economy is not in equilibrium.

Or

What is saving function ? How it is derived from the consumption function ? Explain.



31. निम्नलिखित से 'कारक लागत पर निवल राष्ट्रीय उत्पाद' और 'निजी आय' का परिकलन कीजिए :

	(अरब रु.)
(i) राष्ट्रीय ऋण पर ब्याज	60
(ii) मजदूरी तथा वेतन	600
(iii) विदेशों को निवल पूँजीतर (चालू) हस्तांतरण	20
(iv) किराया	200
(v) सरकार द्वारा हस्तांतरण	70
(vi) ब्याज	300
(vii) सरकार को प्राप्त कारक लागत पर निवल देशीय उत्पाद	400
(viii) नियोजकों द्वारा सामाजिक सुरक्षा अनुदान	100
(ix) विदेशों को निवल कारक आय का भुगतान	50
(x) लाभ	300

Calculate 'net national product' at factor cost and 'private income' from the following :

	(Rs. Arab)
(i) National debt interest	60
(ii) Wages and salaries	600
(iii) Net current transfers to abroad	20
(iv) Rent	200
(v) Transfer payments by government	70
(vi) Interest	300
(vii) Net domestic product at factor cost accruing to government	400
(viii) Social security contributions by employers	100
(ix) Net factor income paid to abroad	50
(x) Profits	300

32. कारण बताते हुए समझाइए कि बाजार कीमत पर सकल घरेलू उत्पाद का अनुमान लगाते समय निम्नलिखित के साथ क्या व्यवहार करना चाहिए ?

- फर्म द्वारा मैकेनिक को फीस का भुगतान ।
- बैंक से लिए गए कार ऋण पर एक व्यक्ति द्वारा किया गया ब्याज का भुगतान ।
- फर्म द्वारा अपने प्रयोग के लिए कार खरीदने पर व्यय ।

Giving reason explain how should the following be treated in estimating gross domestic product at market price ?

- Fees to a mechanic paid by a firm.
- Interest paid by an individual on a car loan taken from a bank.
- Expenditure on purchasing a car for use by a firm.



# SENIOR SCHOOL CERTIFICATE EXAMINATION


## MARCH-2014

### MARKING SCHEME – ECONOMICS (Delhi)


(SET - 2)

#### Expected Answers / Value Points

##### GENERAL INSTRUCTIONS:

1. Please examine each part of a question carefully and allocate the marks allotted for the part as given in the marking scheme below. TOTAL MARKS FOR ANY ANSWER MAY BE PUT IN A CIRCLE ON THE LEFT SIDE WHERE THE ANSWER ENDS.
2. Expected suggested answers have been given in the Marking Scheme. To evaluate the answers the value points indicated in the marking scheme be followed.
3. For questions asking the candidate to explain or define, the detailed explanations and definitions have been indicated alongwith the value points.
4. For mere arithmetical errors, there should be minimal deduction. Only  $\frac{1}{2}$  mark be deducted for such an error.
5. Wherever only two / three or a “given” number of examples / factors / points are expected only the first two / three or expected number should be read. The rest are irrelevant and must not be examined.
6. There should be no effort at “moderation” of the marks by the evaluating teachers. The actual total marks obtained by the candidate may be of no concern to the evaluators.
7. Higher order thinking ability questions are assessing student’s understanding / analytical ability.
8.  indicates value based questions.

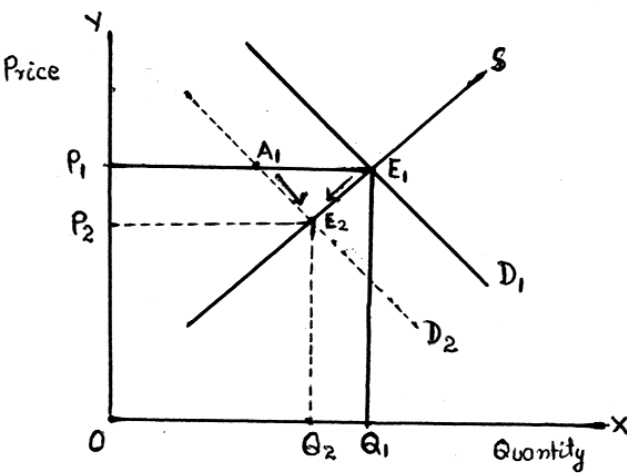
*General Note :* In case of numerical question no mark is to be given if only the final answer is given.

A2	Expected Answer / Value Points	Distribution of Marks
1	If in an oligopoly market firms produce homogeneous products, it is called perfect oligopoly.	1
2	Returns to a factor refers to change in output when only one input is changed, other inputs remaining unchanged.	1
3	Budget line is the locus of points, each point representing a bundle of the two goods which cost the consumer exactly his income.	1
 4	The economic value of reduction in unemployment is that it will help the economy in realizing its production potential.	1



5	Cost in economics refers to the sum of actual money expenditure on inputs and the estimated value of the free inputs supplied by the owner.	1
6	<p>When <math>MR &lt; AR</math>, <math>AR</math> falls  When <math>MR = AR</math>, <math>AR</math> is constant  When <math>MR &gt; AR</math>, <math>AR</math> rises</p> <p style="text-align: center;"><b>OR</b></p> <p>When <math>TC</math> rises at a decreasing rate, <math>MC</math> falls.  When <math>TC</math> rises at an increasing rate <math>MC</math> rises.  When <math>TC</math> rises at a constant rate <math>MC</math> is constant.</p>	3  3
7	For whom to produce means that who will buy the goods and services produced. Clearly, those who have income will be able to buy. So, the problem amounts to how the national income is distributed in an economy.	3
8	$E_p = \frac{P}{Q} \times \frac{\Delta Q}{\Delta P}$ $-1 = \frac{P}{16} \times \frac{2}{-1}$ $2P = 16 \text{ or } P=8$ <p style="text-align: right;">(No marks if only the final answer is given)</p>	1  1½  ½
9	When there are only a few firms in the market, it is likely that each firm has some knowledge as to how its rivals operate. Each firm expects reactions from the rival firms. Therefore, each firm in deciding price and output, takes into account the expected reactions by the rival firms. In this way the firms are interdependent on each other.	3
10	<p>AFC falls continuously as output is increased.  It is because, even when output is increased TFC remains unchanged.</p> <p style="text-align: right;">(Diagram not required)</p>	1 2
11	<p><b>There are three phases of change in MP :</b></p> <p><b>(1) MP rises :</b> Because when the variable input is increased, efficient utilization of the fixed inputs takes place due to specialisation. This raises efficiency of the variable input.</p> <p><b>(2) MP falls but is positive:</b> Because beyond a point increasing variable input puts pressure on fixed inputs leading to decline in efficiency.</p> <p><b>(3) MP continues to fall and is negative:</b> Because there is so much pressure of the variable input on the fixed inputs that total product starts declining.</p> <p style="text-align: right;">(To be marked as a whole. Diagram not required)</p>	4
12	<p>Assuming that the only two goods the consumer consumes are X and Y, the conditions of equilibrium are :</p> <p><b>(1)</b> <math>\frac{MU_x}{P_x} = \frac{MU_y}{P_y}</math></p> <p><b>(2)</b> MU falls as more is consumed</p> <p><b>Explanation :</b> (1) Suppose <math>\frac{MU_x}{P_x} &gt; \frac{MU_y}{P_y}</math>. The consumer will not be in equilibrium because per rupee MU of X is greater than per rupee MU of Y. This will induce the</p>	1  ½



	<p>consumer to buy more of X by reducing expenditure on Y. It will lead to fall in <math>MU_x</math> and rise in <math>MU_y</math>. This will continue till <math>\frac{MU_x}{P_x} = \frac{MU_y}{P_y}</math>.</p> <p><b>(2)</b> Unless MU falls as more of a good is consumed the consumer will not reach equilibrium.</p> <p>(Explanation based on <math>\frac{MU_x}{P_x} &lt; \frac{MU_y}{P_y}</math> is also correct.)</p> <p style="text-align: center;"><b>OR</b></p> <p>Given <math>\frac{MU_A}{P_A} = \frac{MU_B}{P_B}</math> (Consumer is in equilibrium)</p> <p>Given that <math>P_B</math> falls, then</p> <p><math>\frac{MU_A}{P_A} &lt; \frac{MU_B}{P_B}</math> (Or <math>\frac{MU_B}{P_B} &gt; \frac{MU_A}{P_A}</math>)</p> <p>Since per rupee MU of B is higher than per rupee MU of A, the consumer will reduce expenditure on A and increase that on B. So, when <math>P_B</math> falls, demand for B rises.</p>	<p><b>2</b></p> <p><math>\frac{1}{2}</math></p> <p><b>4</b></p>
<b>13</b>	<p>Related goods are either substitutes or complements. When the price of the substitute good rises (falls) it makes the given good relatively cheaper (expensive), so it is substituted for the other good (the other good is substituted for). As a result the demand for the given good will increase (decrease).</p> <p>If price of a complementary good rises (falls), its demand falls (rises). As complementary goods are used jointly the demand for given good will fall (rise).</p>	<p><b>2</b></p> <p><b>2</b></p>
<b>14</b>	 <p>- <math>OP_1</math> is the equilibrium price and <math>OQ_1</math> is the equilibrium quantity. Demand decreases so that demand curve shifts to the left. The new demand curve is <math>D_2</math></p> <p>- This creates an excess supply (<math>A_1E_1</math>) at the existing price <math>OP_1</math>.</p> <p>- The excess supply creates competition among sellers, resulting in fall in price.</p> <p>- Fall in price leads to rise in demand and fall in supply as indicated by the arrows.</p> <p>- These changes continue till the market reaches new equilibrium at <math>E_2</math> with a lower price <math>OP_2</math> and lower quantity <math>OQ_2</math>.</p> <p><b>For the blind candidate :</b></p> <ul style="list-style-type: none"> <li>• Decrease in demand results in excess supply.</li> <li>• Excess supply causes competition among sellers which reduces price</li> <li>• Fall in price results in rise in demand and fall in supply.</li> </ul>	<p><b>2</b></p> <p><b>4</b></p>

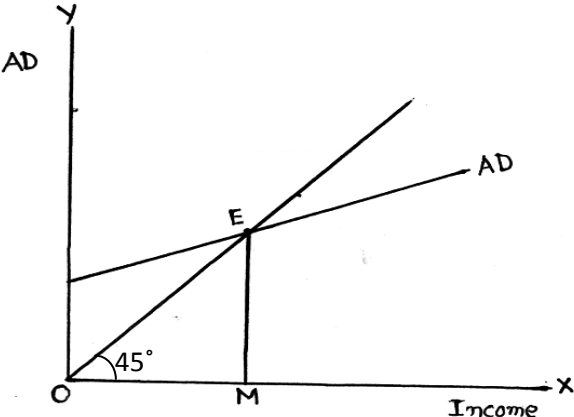
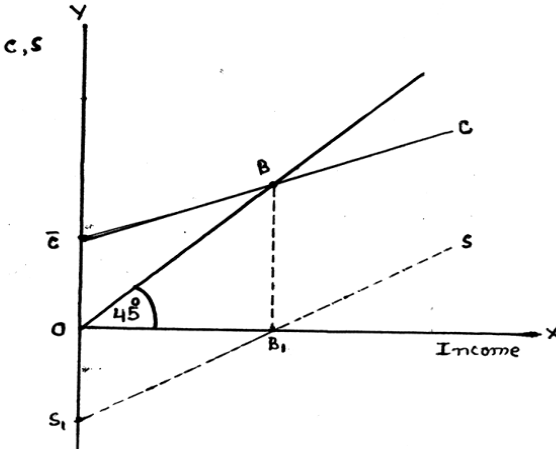


	<ul style="list-style-type: none"><li>Excess supply is reducing.</li><li>These changes continue till demand and supply are equal at new price.</li><li>New equilibrium price is less</li></ul>	6																														
15	<p>Let the two goods the consumer consumes be X and Y. The two conditions of equilibrium are :</p> <p>(1) <math>MRS = \frac{P_x}{P_y}</math></p> <p>(2) MRS falls as more of X is consumed in place of Y.</p> <p><b>Explanation :</b></p> <p>(1) Suppose <math>MRS &gt; \frac{P_x}{P_y}</math> i.e. consumer is not in equilibrium. It means that to obtain one more unit of X consumer is willing to sacrifice more units of Y as compared to what is required in the market. The consumer buys more of X. MRS falls and continue to fall till it is equal to <math>\frac{P_x}{P_y}</math> and the consumer is in equilibrium.</p> <p>(2) Unless MRS falls as consumer consumes more of X , the consumer will not reach equilibrium again.</p> <p style="text-align: right;">(Explanation based on <math>MRS &lt; \frac{P_x}{P_y}</math> is also correct)</p> <p style="text-align: center;"><b>OR</b></p> <p><b>The Three properties are</b></p> <p>(i) IC slopes downwards from left to right.</p> <p>(ii) IC is strictly convex</p> <p>(iii) IC to the right has higher utility.</p> <p><b>Explanation :</b></p> <p>(1) Slopes downward because to consume more of good X , the consumer must give up some quantity of good Y so that the consumer remains on the same level of satisfaction.</p> <p>(2) Strictly convex because it is assumed that MRS continuously falls due to the law of diminishing marginal utility.</p> <p>(3) IC to the right has higher utility level because it is assumed that higher consumption means higher utility.</p>	<p>1</p> <p>1</p> <p>3</p> <p>1</p> <p>1x3</p> <p>1</p> <p>1</p> <p>1</p>																														
16	<table><tr><th>Output</th><th>TR</th><th>TC</th><th>MR</th><th>MC</th></tr><tr><td>1</td><td>7</td><td>8</td><td>7</td><td>8</td></tr><tr><td>2</td><td>14</td><td>15</td><td>7</td><td>7</td></tr><tr><td>3</td><td>21</td><td>21</td><td>7</td><td>6</td></tr><tr><td>4</td><td>28</td><td>28</td><td>7</td><td>7</td></tr><tr><td>5</td><td>35</td><td>36</td><td>7</td><td>8</td></tr></table> <p style="text-align: right;"><b>Equilibrium</b></p> <p>The producer is in equilibrium at 4 units of output</p> <p><b>Reasons (1)</b> MC = MR</p> <p style="padding-left: 40px;"><b>(2)</b> MC &gt; MR after equilibrium</p> <p><b>Profit</b> = TR – TC = 28- 28 = 0</p>	Output	TR	TC	MR	MC	1	7	8	7	8	2	14	15	7	7	3	21	21	7	6	4	28	28	7	7	5	35	36	7	8	<p>2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
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1	7	8	7	8																												
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	<b><u>SECTION - B</u></b>	
<b>17</b>	MPC is the ratio of 'change in consumption expenditure' to 'change in income'	<b>1</b>
<b>18</b>	When foreign exchange receipts in the current account fall short of foreign exchange payments, it is called current account deficit.	<b>1</b>
<b>19</b>	The deposits which can be withdrawn from the banks on demand, through cheques.	<b>1</b>
<b>20</b>	Full employment is a situation in which all those who are able and willing to work at the prevailing wage rate find work.	<b>1</b>
<b>21</b>	Government budget is an annual financial statement showing estimated receipts and estimated expenditure of government.	<b>1</b>
<b>22</b>	<p>The significance of money as a store of value is that money can be stored for use in future. One can use one's present income in future because money comes in convenient denominations and is easily portable.</p> <p style="text-align: center;"><b>OR</b></p> <p>Medium of exchange function has solved the problem of double coincidence of wants. The buyer can pay money to the seller and the seller in turn can buy what he wants to buy. Money facilitates the exchange.</p>	<b>3</b>                    <b>3</b>
<b>23</b>	Deficit in the BOP occurs when autonomous foreign exchange receipts fall short of autonomous foreign exchange payments. Autonomous transactions are those which are not influenced by other transactions in the BOP.	<b>3</b>
<b>24</b>	It will raise demand for foreign exchange for spending the same in foreign countries. Supply of foreign exchange remaining unchanged, exchange rate is likely to rise.	<b>3</b>
<b>25</b>	<p>Externalities refer to the benefits (or harms) a firm or an individual causes to another for which it is not paid (or penalised)</p> <p><b>Example :</b> Polluting river by an oil refinery Or any other relevant example.</p> <p><b>Impact :</b> Reduces welfare through negative effect on health</p>	<b>1</b>                    <b>1</b>                      <b>1</b>
<b>26</b>	<p><b>(i)</b> Expenditure on collection of taxes is revenue expenditure because it neither creates any asset nor reduces any liability.</p> <p><b>(ii)</b> Expenditure on purchasing computers is capital expenditure because it creates assets.</p>	<b>1 ½</b>                    <b>1 ½</b>
<b>27</b>	<p>Increased expenditure by government on public goods like defence, maintaining law and order etc. increases their availability to the people of the country. For example more expenditure on maintaining law and order raises the sense of security among the people. Any such expenditure raises welfare of the people.</p> <p style="text-align: right;">(To be marked as a whole)</p>	<b>4</b>





28	<p>Money supply refers to the stock of money in the country on a particular day. It has two components : Currency with public outside the banks and demand deposits with banks. Demand deposits are deposits which can be withdrawn by writing cheque. Both these are directly usable for carrying out transactions at will.</p> <p style="text-align: center;"><b>OR</b></p> <p>Lending of money by the Central Bank to commercial banks in times of emergent need is referred to as the 'lender of last resort' function of the central bank.</p>	<p style="text-align: center;"><b>4</b></p> <p style="text-align: center;"><b>4</b></p>
29	<p><math>Y = \bar{C} + MPC(Y) + I</math>  <math>1200 = \bar{C} + (1 - 0.2)1200 + 100</math>  <math>\bar{C} = 1200 - 960 - 100 = 140</math></p> <p style="text-align: right;">(No marks if only the final answer is given)</p>	<p style="text-align: center;"><b>1½</b></p> <p style="text-align: center;"><b>1½</b></p> <p style="text-align: center;"><b>1</b></p>
30	<div style="text-align: center;">  </div> <p>The national income is in equilibrium when <math>AD = AS</math>. In the figure the equilibrium is at E, the intersection of the AD curve and the <math>45^\circ</math> line. The equilibrium income is OM.</p> <p>When the economy is not in equilibrium AD is not equal to AS. Suppose <math>AD &gt; AS</math>, it will lead to fall in inventories with the producers. The producers in turn will produce more to reach the desired level of inventories : This raises AS till it becomes equal to AD.</p> <p style="text-align: right;">(Answer based on <math>AD &lt; AS</math> is also correct)</p> <p style="text-align: center;"><b>OR</b></p> <div style="text-align: center;">  </div>	<p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>2</b></p> <p style="text-align: center;"><b>3</b></p> <p style="text-align: center;"><b>3</b></p>

	<p><b>Steps :</b></p> <p>(i) <math>\bar{C}C</math>, is the given consumption curve on OY axis take <math>OS_1</math> equal to <math>O\bar{C}</math>.</p> <p>(ii) Draw a <math>45^\circ</math> line from point of origin. It intersects <math>\bar{C}C</math> at B.</p> <p>(iii) From point B draw a perpendicular on OX which cuts OX at <math>B_1</math>.</p> <p>(iv) Join <math>S_1</math> and <math>B_1</math> by a straight line and extend it to S.</p> <p>(v) <math>SS_1</math> is the saving curve</p> <p><b>For Blind Candidates</b></p> <ul style="list-style-type: none"> <li>- The sum of demand of all goods and services is called aggregate demand.</li> <li>- Equilibrium level of income is that level of income at which aggregate demand and supply are equal.</li> <li>- When the economy is not in equilibrium then aggregate demand and supply are not equal. Suppose aggregate demand is greater than aggregate supply. This will reduce inventories. To make up this deflation producers will produce more.</li> <li>- This will increase aggregate supply and ultimately it will become equal to aggregate demand.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p>Relation between saving and income is saving function</p> $C = \bar{C} + MPC(Y)$ $S = Y - C$ $= Y - \bar{C} + MPC(Y)$ $= -\bar{C} + (1 - MPC)Y$ <p>This is derivation of saving function from C function.</p>	<p>3</p> <p>1</p> <p>2</p> <p>3</p> <p>2</p> <p>4</p>
31	<p><math>NNP_{fc} = (ii + viii) + iv + vi + x - ix</math></p> <p><math>= (600 + 100) + 200 + 300 + 300 - 50</math></p> <p><math>= Rs\ 1450\ arab</math></p> <p>Private income <math>= NNP_{fc} - vii + I + v - iii</math></p> <p><math>= 1450 - 400 + 60 + 70 - 20</math></p> <p><math>= Rs\ 1160\ arab</math></p> <p style="text-align: right;">(No marks if only the final answer is given)</p>	<p>2</p> <p>1½</p> <p>½</p> <p>1</p> <p>½</p> <p>½</p>
32	<p>(i) <u>Fees paid to mechanic by a firm</u> is not included because it is an intermediate cost of the firm.</p> <p>(ii) <u>Interest paid by an individual</u> is not included because the loan is taken to meet consumption expenditure and therefore interest paid on such a loan is not a factor payment.</p> <p>(iii) <u>Expenditure on purchasing car by a firm</u> is included because it is an investment expenditure, a final expenditure.</p> <p style="text-align: right;">(No marks if the reason is not given)</p>	<p>2</p> <p>2</p> <p>2</p>