

रोल नं.

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Roll No.

परीक्षार्थी कोड को उत्तर-पुस्तिका के मुख-पृष्ठ 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 **12** 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 **30** 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 **12** 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 **30** questions.
- **Please write down the serial number of the question before attempting it.**
- 15 minute 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 घंटे

अधिकतम अंक : 100

Time allowed : 3 hours

Maximum Marks : 100

सामान्य निर्देश :

- (1) दोनों खण्डों के **सभी** प्रश्न अनिवार्य हैं ।
- (2) प्रत्येक प्रश्न के निर्धारित अंक उसके सामने दिए गये हैं ।
- (3) प्रश्न संख्या **1-5** तथा **16-20** अति लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक का **1** अंक है । प्रत्येक का उत्तर केवल **एक वाक्य** में ही अपेक्षित है ।

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- (4) प्रश्न संख्या 6-8 और 21-23 लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक 3 अंक हैं । प्रत्येक का उत्तर सामान्यतः 60 शब्दों से अधिक नहीं होना चाहिए ।
- (5) प्रश्न संख्या 9-11 और 24-26 भी लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के 4 अंक हैं । प्रत्येक का उत्तर सामान्यतः 70 शब्दों से अधिक नहीं होना चाहिए ।
- (6) प्रश्न संख्या 12-15 और 27-30 व्याख्यात्मक उत्तर वाले प्रश्न हैं, जिनमें प्रत्येक के 6 अंक हैं । प्रत्येक का उत्तर सामान्यतः 100 शब्दों से अधिक नहीं होना चाहिए ।
- (7) उत्तर संक्षिप्त तथा तथ्यात्मक होने चाहिए तथा यथासंभव ऊपर दी गई सीमा के अंतर्गत ही दिए जाने चाहिए ।

General Instructions :

- (1) *All questions in both sections are compulsory.*
- (2) *Marks for questions are indicated against each question.*
- (3) *Question No. 1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in **one** sentence.*
- (4) *Question No. 6-8 and 21-23 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.*
- (5) *Question No. 9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.*
- (6) *Question No. 12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.*
- (7) *Answers should be brief and to the point and the above word limit be adhered to as far as possible.*

खण्ड – अ

SECTION – A

1. एक उत्पादक व्यवसाय चलाने के लिए ऋण लेता है लेकिन व्यवसाय का प्रबंधन स्वयं करता है । अंतर्निहित लागत की पहचान कीजिए । 1

A producer borrows money to run a business but manages the business himself.
Identify implicit cost.

2. एक फर्म एक वस्तु की अधिक मात्रा केवल कीमत कम करके ही बेच सकती है । उसकी सीमांत सम्प्राप्ति (आगम) :

(सही विकल्प चुनिए)

- (a) औसत सम्प्राप्ति (आगम) से अधिक होगी
(b) औसत सम्प्राप्ति (आगम) से कम होगी
(c) औसत सम्प्राप्ति (आगम) के समान होगी
(d) शून्य होगी 1

A firm is able to sell more quantity of a good only by lowering the price. The firm's marginal revenue, as he goes on selling, would be :

(choose the correct alternative)

- (a) Greater than average revenue
(b) Less than average revenue
(c) Equal to average revenue
(d) Zero

3. माँग में कमी कब होती है ? 1

When does 'decrease' in demand take place ?

4. 'केवल कुछ बड़े विक्रेता' इसकी विशेषता है :

(सही विकल्प चुनिए)

- (a) पूर्ण प्रतियोगिता
- (b) एकाधिकारिक प्रतियोगिता
- (c) अल्पाधिकार
- (d) उपरोक्त में से कोई नहीं

1

'A few big sellers' is a characteristics of : (choose the correct alternative)

- (a) Perfect competition
- (b) Monopolistic competition
- (c) Oligopoly
- (d) None of the above

5. एक फर्म की सीमांत सम्प्राप्ति (आगम) इस बाजार में निरंतर स्थिर रहती है : (सही विकल्प चुनिए)

- (a) पूर्ण प्रतियोगिता
- (b) एकाधिकारिक प्रतियोगिता
- (c) अल्पाधिकार
- (d) उपरोक्त सभी

1

Marginal revenue of a firm is constant throughout under : (choose the correct alternative)

- (a) Perfect competition
- (b) Monopolistic competition
- (c) Oligopoly
- (d) All the above

6. एक उपभोक्ता केवल दो वस्तुओं X और Y का उपभोग करता है। सीमांत प्रतिस्थापन दर 1 है। वस्तु X और Y की कीमतें क्रमशः ₹ 3 और ₹ 4 प्रति इकाई हैं। क्या उपभोक्ता संतुलन में है? उसकी आगे प्रतिक्रिया क्या होगी? कारण दीजिए।

3

A consumer consumes only two goods X and Y. The Marginal Rate of Substitution is 1. Prices of X and Y are ₹ 3 and ₹ 4 per unit respectively. Is the consumer in equilibrium? What will be further reaction of the consumer? Give reason.

7. X और Y वस्तुओं की कीमत माँग लोच क्रमशः शून्य और $(-)$ 1 है। इनमें से किसकी माँग अधिक लोचदार है और क्यों ? 3

Price elasticity of demand for the two goods X and Y are zero and $(-)$ 1 respectively. Which of the two is more elastic and why ?

8. न्यूनतम कीमत निर्धारण का अर्थ और इसके परिणाम समझाइए।

अथवा

एक वस्तु की माँग में 'वृद्धि' के कारण होने वाले प्रभावों की श्रृंखला समझाइए। 3

Explain the meaning of 'minimum' price ceiling and its implications.

OR

Explain the chain of effects of 'increase' in demand of a good.

9. एक वस्तु की माँग पर उपभोक्ता की आय बढ़ने के प्रभाव समझाइए। 4

Explain the effect of change in income of a consumer on demand of a good.

10. ऐसा उत्पादन फलन किस प्रकार का है जिसमें केवल एक आगत की वृद्धि की जाती है जबकि अन्य आगतों को स्थिर रखा जाता है। ऐसे उत्पादन फलन में कुल उत्पाद का व्यवहार बताइए।

अथवा

लागत की परिभाषा दीजिए। जैसे-जैसे उत्पादन में वृद्धि की जाती है (a) कुल स्थिर लागत और (b) कुल परिवर्ती लागत का व्यवहार बताइए। 4

What type of production function is this in which only one input is increased and others kept constant ? State the behaviour of total product in this production function.

OR

Define cost. State the behaviour of (a) Total Fixed Cost and (b) Total Variable Cost as output is increased.

11. पूर्णतया लोचदार पूर्ति से क्या अभिप्राय है ? जब कीमत प्रति इकाई ₹ 2 गिर जाती है तो पूर्ति 100 इकाई से घटकर 80 इकाई हो जाती है । आपूर्ति की कीमत लोच 2 है । परिवर्तन से पूर्व की कीमत का परिकलन कीजिए ।

4

What is perfectly elastic supply ? When price falls by ₹ 2 per unit, supply falls from 100 units to 80 units. Price elasticity of supply is 2. What was the price per unit before change ? Calculate.

12. इस पूर्वधारणा पर आधारित, कि कोई भी उत्पादन साधन सभी वस्तुओं के उत्पादन में एक जैसा कुशल नहीं होता, उत्पादन सम्भावना तालिका की सहायता से 'अवसर लागत' और 'परिवर्तन की सीमांत दर' अवधारणाएँ समझाइए ।

6

Explain the concepts of Opportunity Cost and Marginal Rate of Transformation using a production possibility schedule based on the assumption that no resource is equally efficient in production of all goods.

13. एक उपभोक्ता केवल दो वस्तुओं X और Y का उपभोग करता है । सीमांत उपयोगिता विश्लेषण की सहायता से उपभोक्ता संतुलन की शर्तें समझाइए ।

6

A consumer consumes only two goods X and Y. Explain the conditions of consumer's equilibrium using Marginal Utility Analysis.

14. "पूर्ति वक्र में खिसकाव" और "पूर्ति वक्र के साथ-साथ चलन" में अंतर समझाइए । प्रत्येक के लिए जिम्मेदार एक कारक बताइए । रेखाचित्रों का प्रयोग कीजिए ।

Explain the difference between "Shift of Supply Curve" and "Movement along Supply Curve". State one factor responsible for each. Use diagrams.

दृष्टिबाधित परीक्षार्थियों के लिए :

मान लीजिए एक वस्तु के केवल दो विक्रेता हैं । इस मान्यता के आधार पर वैयक्तिक आपूर्ति तालिका से बाजार पूर्ति तालिका प्राप्त करने की प्रक्रिया समझाइए । एक संख्यात्मक उदाहरण लीजिए ।

6

For blind candidates :

Explain the derivation of market supply schedule from individual's supply schedules assuming that there are only two sellers. Take a numerical example.

15. निम्नलिखित के परिणाम समझाइए :

- (a) एकाधिकारिक प्रतियोगिता में उत्पाद विभेद
- (b) पूर्ण प्रतियोगिता में पूर्ण ज्ञान

अथवा

निम्नलिखित के परिणाम समझाइए :

- (a) अल्पाधिकार में फर्मों के बीच परस्पर निर्भरता
- (b) पूर्ण प्रतियोगिता में विक्रेताओं की बड़ी संख्या

6

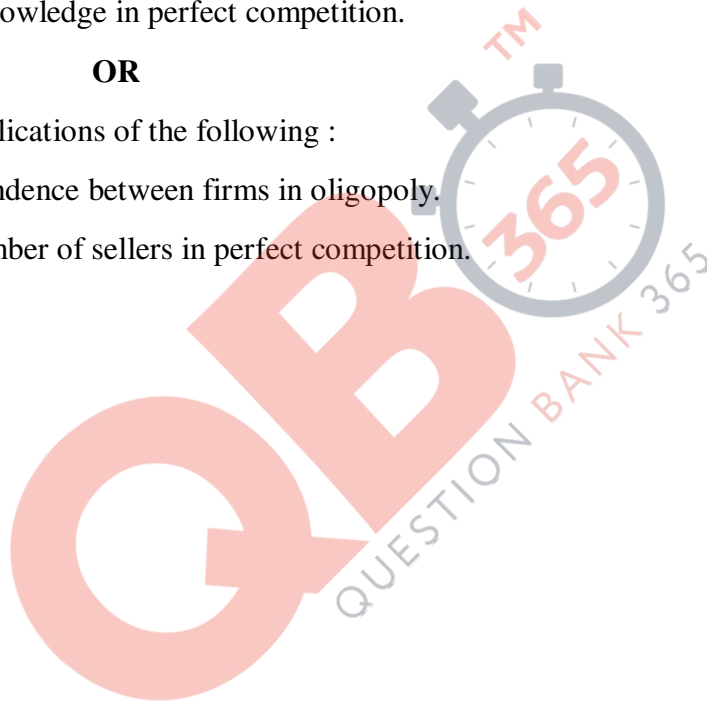
Explain the implications of the following :

- (a) Product differentiation in monopolistic competition.
- (b) Perfect knowledge in perfect competition.

OR

Explain the implications of the following :

- (a) Interdependence between firms in oligopoly.
- (b) Large number of sellers in perfect competition.



खण्ड – ब

SECTION – B

16. सकल निवेश की परिभाषा दीजिए ।

1

Define Gross Investment.

17. उत्पादन में अचल पूँजीगत परिसम्पत्तियों के प्रयोग में होने वाले अप्रत्याशित अप्रचलन को यह कहते हैं :

(सही विकल्प चुनिए)

- (a) अचल पूँजी का उपभोग
- (b) पूँजीगत हानि
- (c) आय हानि
- (d) उपरोक्त में से कोई नहीं

1

Unforeseen obsolescence of fixed capital assets during production is :

(choose the correct alternative)

- (a) Consumption of fixed capital
- (b) Capital loss
- (c) Income loss
- (d) None of the above

18. प्राथमिक घाटे से क्या अभिप्राय है ?

1

What is primary deficit ?

19. सरकार द्वारा 'विनिवेश' का अर्थ है : (सही विकल्प चुनिए)

- (a) अपनी अचल पूँजीगत परिसम्पत्तियाँ बेचना
- (b) अपने सार्वजनिक उद्यमों के शेयर बेचना
- (c) अपने भवन बेचना
- (d) उपरोक्त सभी

1

Disinvestment by government means : (choose the correct alternative)

- (a) Selling of its fixed capital assets
- (b) Selling of shares of public enterprises held by it.
- (c) Selling of its buildings
- (d) All the above

20. भुगतान संतुलन घाटा : (सही विकल्प चुनिए)

- (a) चालू लेखा भुगतान का चालू लेखा प्राप्ति पर आधिक्य
- (b) पूँजी लेखा भुगतान का पूँजी लेखा प्राप्ति पर आधिक्य
- (c) स्वतंत्र भुगतान का स्वतंत्र प्राप्ति पर आधिक्य
- (d) समायोजन हेतु भुगतान का समायोजन हेतु प्राप्ति पर आधिक्य

1

Balance of Payments 'deficit' is the excess of : (choose the correct alternative)

- (a) Current account payments over current account receipts.
- (b) Capital account payments over capital account receipts.
- (c) Autonomous payments over autonomous receipts.
- (d) Accommodating payments over a accommodating receipts.

21. यदि वास्तविक आय 400 हो और कीमत सूचकांक 100 हो, तो मौद्रिक आय का परिकलन कीजिए ।

3

Given real income to be 400 and price index be 100, calculate nominal income.

22. एक संख्यात्मक उदाहरण लेकर औसत उपभोग प्रवृत्ति और सीमांत उपभोग प्रवृत्ति के बीच भेद कीजिए ।

अथवा

समझाइए अभावी माँग दूर करने में सरकारी व्यय किस प्रकार सहायक हो सकता है ।

3

Distinguish between Average Propensity to Consume and Marginal Propensity to Consume using a numerical example.

OR

Explain how can government spending be helpful in removing deficient demand.

23. संतुलन राष्ट्रीय आय ज्ञात कीजिए :

स्वतंत्र उपभोग व्यय = 120

सीमांत उपभोग प्रवृत्ति = 0.9

निवेश व्यय = 1100

3

Find equilibrium national income :

Autonomous consumption expenditure = 120

Marginal propensity to consume = 0.9

Investment expenditure = 1100

24. सरकार बाल टीका कार्यक्रम पर व्यय करती है । इसके सकल घरेलू उत्पाद और कल्याण पर प्रभाव समझाइए ।

4

Government spends on child immunization programme. Analyse its impact on Gross Domestic Product and welfare of the people.

25. मुद्रा का 'लेखा की इकाई' कार्य समझाइए । वस्तु-विनिमय से उत्पन्न संबंधित समस्या का निवारण इसके कारण कैसे हो पाया है ?

अथवा

मुद्रा का 'आस्थगित भुगतान' कार्य समझाइए । वस्तु-विनिमय से उत्पन्न संबंधित समस्या का निवारण इसके कारण कैसे हो पाया है ?

4

Explain the 'Unit of Account' function of money. How has it solved the related problem created by barter ?

OR

Explain the 'Standard of deferred payment' function of money. How has it solved the related problem created by barter ?

26. केन्द्रीय बैंक का 'जारीकर्ता बैंक' कार्य समझाइए ।

4

Explain the 'bank of issue' function of central bank.

27. राजस्व प्राप्ति से क्या अभिप्राय है ? अर्थव्यवस्था में स्थिरता लाने में सरकारी बजट का योगदान समझाइए ।

अथवा

सरकारी बजट से क्या अभिप्राय है ? अर्थव्यवस्था में संसाधनों के आवंटन को प्रभावित करने में सरकारी बजट की भूमिका समझाइए ।

6

What are revenue receipts ? Explain the role of government budget in bringing stability in the economy.

OR

What is government budget ? Explain the role of government budget in influencing allocation of resources in the economy.

28. राष्ट्रीय आय संतुलन को व्यक्त करने की दो वैकल्पिक शर्तें प्राप्त कीजिए । संतुलनों को एक ही रेखाचित्र पर दिखाइए ।

6

Derive the two alternative conditions of expressing national income equilibrium. Show these equilibrium conditions on a single diagram.

दृष्टिबाधित परीक्षार्थियों के लिए :

राष्ट्रीय आय संतुलन को व्यक्त करने की दो वैकल्पिक शर्तें समझाइए । जब अर्थव्यवस्था संतुलन में न हो तो इसके कारण होने वाले प्रभाव समझाइए ।

For the blind candidates :

Derive the two alternative conditions of expressing national income equilibrium. Explain the effects when economy is not in equilibrium.

29. भारतीय निवेशक विदेशों से उधार लेते हैं । निम्नलिखित प्रश्नों के उत्तर दीजिए :

- (a) भुगतान संतुलन लेखा में किस उप-लेखा में और किस पक्ष में इस उधार को दर्ज करेंगे ? कारण दीजिए ।
(b) विनिमय दर पर पड़ने वाले इस उधार के प्रभाव की व्याख्या कीजिए ।

6

Indian investors borrow from abroad. Answer the following :

- (a) In which sub-account and on which side of the Balance of Payments Account will this borrowing be recorded ? Give reason.
(b) Explain what is the impact of this borrowing on exchange rate.

30. 'कारक लागत पर निवल घरेलू उत्पाद' और 'निजी आय' ज्ञात कीजिए :

(करोड़ ₹)

(i) सकल राष्ट्रीय प्रयोज्य आय	600
(ii) विदेशों को निवल चालू हस्तांतरण	(-) 20
(iii) अचल पूँजी का उपभोग	60
(iv) सरकार द्वारा चालू हस्तांतरण	30
(v) अप्रत्यक्ष कर	100
(vi) सरकार को प्राप्त आय	80
(vii) आर्थिक सहायता	10
(viii) विदेशों को निवल कारक आय	(-) 10
(ix) राष्ट्रीय ऋण पर ब्याज	40
(x) वैयक्तिक कर	150

4, 2

Calculate Net Domestic Product at Factor Cost and Private Income :

(₹ crore)

(i) Gross National Disposable Income	600
(ii) Net current transfers to abroad	(-) 20
(iii) Consumption of fixed capital	60
(iv) Current transfers from government	30
(v) Indirect tax	100
(vi) Income accruing to government	80
(vii) Subsidies	10
(viii) Net factor income to abroad	(-) 10
(ix) National debt interest	40
(x) Personal tax	150

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SENIOR SCHOOL CERTIFICATE EXAMINATION
MARCH-2016

MARKING SCHEME – ECONOMICS (FOREIGN)

Expected Answers / Value Points

(SET-1)

GENERAL INSTRUCTIONS :

- 1 The Marking Scheme carries only suggested value points for the answers. These are only Guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the marks be awarded accordingly.
- 2 As per orders of the Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.
- 3 All the Head Examiners/Examiners are instructed that while Evaluating the answer scripts, if the answer is found to be totally incorrect, the (x) should be marked on the incorrect answer and awarded '0' marks.
- 4 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.
- 5 Expected suggested answers have been given in the Marking Scheme. To evaluate the answers the value points indicated in the marking scheme should be followed.
- 6 For questions asking the candidate to explain or define, the detailed explanations and definitions have been indicated alongwith the value points.
- 7 For mere arithmetical errors, there should be minimal deduction. Only $\frac{1}{2}$ mark should be deducted for such an error.
- 8 Where 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.
- 9 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.
- 10 Higher order thinking ability questions are for assessing a student's understanding / analytical ability.

General Note: In case of a numerical question, no marks should be awarded if only the final answer has been given, even if it is correct.

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C1	Expected Answer / Value Points	Distribution of Marks
(SECTION-A)		
1	Imputed salary of the producer	1
2	(b) Less than AR	1
3	When there is decrease in demand due to a factor other than own price of the good or naming a factor like fall in price of substitute, etc.	1
4	(c) oligopoly	1
5	(a) Perfect Competition	1
6	The consumer is not in equilibrium because $MRS > \frac{P_x}{P_y} \text{ or } 1 > \frac{3}{4}$ Since the consumer is willing to pay more for good X than the market requires, the consumer will buy more of good X and less of good Y, continue to do so till MRS declines enough to become equal to $\frac{P_x}{P_y}$	1 2
7	Y is more elastic than X because one percent change in price of good Y leads to one percent change in quantity demanded while one percent change in good X has no effect on demand of good X.	3
8	For certain goods and services, government sets minimum price. This minimum price is called minimum price ceiling. This price is normally set at a level higher than the equilibrium price. This leads to excess supply. Since producers are not able to sell all they want to sell, they illegally sell the good or service below the minimum price. OR 'Increase' in demand leads to excess demand . Since buyers will not be able to buy all they want to buy, competition among buyers emerge leading to rise in price. Rise in price leads to fall (contraction) in demand and rise (expansion) in supply. This continues till demand is equal to supply at a new equilibrium price which is higher than the earlier price	1 2 3
9	If the good is a 'normal good', a rise in income will raise the demand for that good. If the good is an 'inferior good' a rise in income will reduce the demand of a good. (Diagram not required) (Answer based on fall in income is also correct)	2 2
10	Short run production function. - Initially TP increases at increasing rate. - After a certain level of output TP increases at decreasing rate. - Ultimately TP falls	1 3

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	OR Cost is the sum of actual money expenditure on inputs and imputed expenditure on inputs supplied by the owner, including normal profit. TFC remains unchanged as output is increased. Initially TVC increases at decreasing rate upto a certain level of output and then increases at increasing rate.	1 1 2																								
11	Perfectly elastic supply refers to supply which changes drastically even when there is a small change in price. $ES = \frac{P}{Q} \times \frac{\Delta Q}{\Delta P}$ $2 = \frac{P}{100} \times \frac{-20}{-2}$ $P = \frac{400}{20} = \text{Rs. } 20$	1 1½ 1 ½																								
12	Suppose the only two goods produced are X and Y. <table><tr><td>Combinations</td><td>X (Units)</td><td>Y (Units)</td><td>MRT(=ΔY : ΔX)</td></tr><tr><td>A</td><td>0</td><td>20</td><td>-</td></tr><tr><td>B</td><td>1</td><td>18</td><td>2Y:1X</td></tr><tr><td>C</td><td>2</td><td>14</td><td>4Y:1X</td></tr><tr><td>D</td><td>3</td><td>8</td><td>6Y:1X</td></tr><tr><td>E</td><td>4</td><td>0</td><td>8Y:1X</td></tr></table> (or any other relevant schedule) Opportunity Cost refers to the quantity of one good foregone to obtain more quantity of the other good. For example when we move from combination A to B the economy foregoes 2 units of Y to obtain one more units of X. So opportunity cost of obtaining 1X is 2Y. MRT means quantity of one good sacrificed to produce an additional unit of the other good. For example , When we move from combination B to C the MRT is 4Y:1X. MRT increases as to produce more of good X. We need to transfer less and less efficient resources from good Y.	Combinations	X (Units)	Y (Units)	MRT(=ΔY : ΔX)	A	0	20	-	B	1	18	2Y:1X	C	2	14	4Y:1X	D	3	8	6Y:1X	E	4	0	8Y:1X	2 2 2
Combinations	X (Units)	Y (Units)	MRT(=ΔY : ΔX)																							
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C	2	14	4Y:1X																							
D	3	8	6Y:1X																							
E	4	0	8Y:1X																							
13	The conditions of consumer to be in equilibrium are (1) $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$ (2) MU falls as more of a good is consumed. Explanation: (1) suppose $\frac{MU_x}{P_x}$ is greater than $\frac{MU_y}{P_y}$. This shows that per rupee MU_x is higher than per rupee MU_y. The consumer is induced to buy more of X and less of Y. This continues till MU_x falls and MU_y rises enough to make $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$ i.e. to reach back to the equilibrium. (Answer based on $\frac{MU_x}{P_x} < \frac{MU_y}{P_y}$ is also correct) (2) The condition that MU_x falls as more of good X is consumed is required because unless it is not so the consumer may end up consuming only one good and not reach equilibrium.	1 1 3 1																								

- 14** Shift of supply curve takes place when there is a change in supply due to a factor other than own-price of the good . For example, suppose tax rate on the good is reduced. This reduces cost and shifts the supply curve from S_1 to S_2 . Price remaining unchanged. Supply increases from OQ_1 to OQ_2

(Answer based on any other factor is also correct)

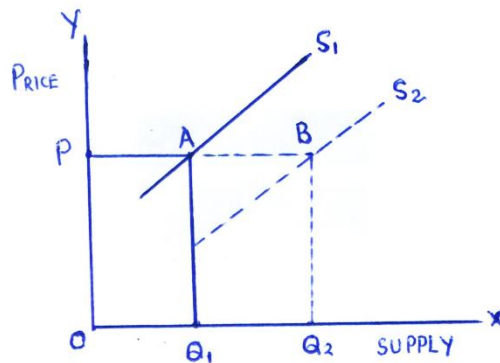


Diagram
Example (factor)
Explanation

1
1
1

(Answer based on leftward shift is also correct)

Movement along the supply curve takes place when there is change in own price of the good. Suppose own price rises, this expands supply. The change is shown along the same supply curve S , from A to B leading to change in quantity supplied from OQ_1 to OQ_2

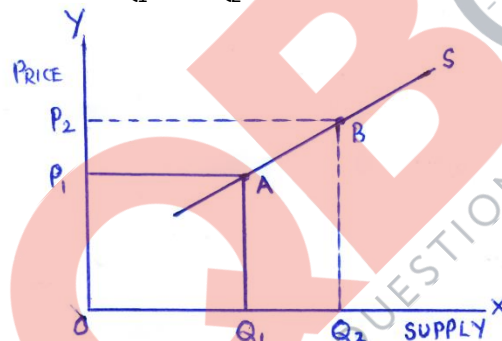


Diagram
Example (factor)
Explanation

1
1
1

(Answer based on fall in price is also correct)

For the blind candidates

Market Supply schedule is derived by summing up supplies of all the suppliers of the good at each price. Suppose there are only two firms A and B producing a good. The supply curve is derived from the figures as given below.

Price(Rs.)	Supply by A	Supply by B	Market Supply
20	100	80	180
25	200	150	350

2

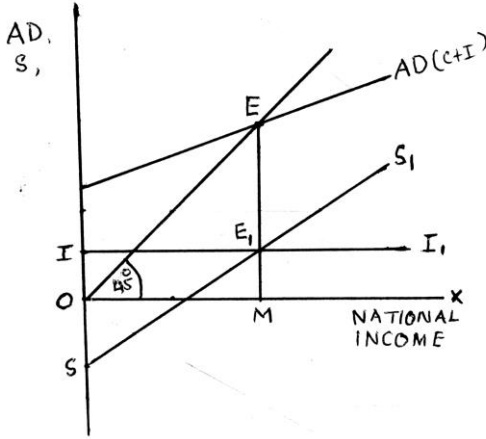
4

(Explanation based on fall in price is also correct)

15	(a) Product differentiation implies that buyers differentiate products of firms various as different. So they are willing to pay different prices for the products of different firms . This product differentiation gives the power to an individual firm to influence the market price on their own. (b) Perfect knowledge implies that buyers are fully aware of price in market and sellers of technique of production. Knowledge by buyers further implies that no buyer is willing to pay a higher price for the product of any firm. Knowledge by sellers implies that cost of production is same for all producers. OR (a) Interdependence between firms in an oligopoly market implies that an individual firm takes into consideration the likely reactions of its rival firms before making a move to change price or output. It is possible because it is assumed that rival firms may react. (b) Large number of sellers means that number of firms are large enough so that contribution to total output of the industry by any individual firm is negligible. So, no single firm is in a position to influence the market price on its own by changing its own output. Thus, Price remains unchanged.	3 3 3 3
	<u>SECTION - B</u>	
16	<u>Gross investment</u> is addition to stock of capital before making allowance for depreciation.	1
17	(b) Capital loss.	1
18	Fiscal deficit (or borrowing) less interest payments.	1
19	(b) Selling of shares of public enterprises held by it.	1
20	(c) Autonomous payments over autonomous receipts.	1
21	$Real\ income = \frac{Nominal\ income}{Price\ Index} \times 100$ $400 = \frac{Nominal\ income}{100} \times 100$ $Nominal\ income = 400$	1½ 1 ½
22	MPC is the ratio of change in consumption expenditure (ΔC) to change in total income (ΔY). Suppose ΔC = 70 and ΔY = 100 then $MPC = \frac{70}{100} = 0.7$ (or any other example) APC is the ratio of total consumption expenditure (C) to total income (Y). Suppose C = 80 and Y = 100 then $APC = \frac{80}{100} = 0.8$ (or any other example)	1 ½ 1 ½

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	OR	
	Deficient demand means excess of AS over AD at full employment . Since government expenditure is component of AD, increasing it will help in removing deficient demand in the economy.	3
23	$Y = \bar{C} + MPC(Y) + I$ $Y = 120 + 0.9 (Y) + 1100$ $0.1Y = 120 + 1100 = 1220$ $Y = \text{Rs. } 12200$	1 1 1
24	Government spending on child immunization programme is government consumption final expenditure. Therefore, it raises GDP. Since such a programme improves health, it will raise efficiency level of people and increase welfare.	4
25	Unit of account function of money means that money can be used for quoting prices or recording transactions. This removes the difficulty of keeping accounts and makes possible the existence of financial institutions. OR Deferred payments are postponed payments to be made in future. Such payments arise on account of borrowing and lending activities. It has removed the problem of absence of financial institutions in the barter system. It has also removed the problem of trading in wider areas.	4 4
26	Central bank is the sole authority to issue currency in the country. Since no other authority is allowed, this ensures uniformity in issue of currency. Since currency with public is a part of money supply, it gives the central bank some control over money supply in the economy.	4
27	<u>Revenue receipts</u> are the receipt which do not create any liabilities nor lead to reduction in any assets. <u>Stability in the economy</u> means keeping fluctuations in general price level within limits. When there is inflation, government can reduce its own expenditure to bring down the price level. When there is deflation government can increase its own consumption expenditure to fight it. Government can also use taxes and subsidies to influence personal disposable income and bring economic stability in the country. OR Government budget is a statement showing estimated government expenditure and receipts during a financial year. Government can encourage production of selected goods and services by providing tax concessions. For example electricity generation etc. Government can also give subsidies to enterprises who are willing to undertake production in backward areas etc. In this way government budget can be used to influence allocation of resources in the country. Increasing taxes and reducing subsidies will have the opposite effect.	1 5 1 5

28	AD = AS(i) $(C + I) = (C + S)$ S = I(ii)  AD = AS is at E where AD curve intersect 45° line at E S = I is at E', when saving curve intersects investment curve at equilibrium national income is OM. For blind Candidates: AD = AS(i) $(C + I) = (C + S)$ S = I(ii) Suppose $AD > AS$ or $S < I$, then inventory will fall short of desired level. The producers will raise output AS will rise till $AD = AS$ i.e. point E. (Answer based on $AD < AS$ or $S > I$ is also correct)	2 2 2 3 3
29	(a) Borrowings from abroad are recorded in the capital account of the B.O.P. because these give rise to foreign exchange liabilities. These are recorded on the credit side because these bring foreign exchange into the country. (b) Borrowing from abroad raise supply of foreign exchange. Demand for foreign exchange remaining unchanged, exchange rate is likely to fall.	2 2 2
30	$NDP_{fc} = i - iii + ii - v + vii + viii$ $= 600 - 60 + (-20) - 100 + 10 + (-10)$ $= \text{Rs. 420 Crore}$ $\text{Private Income} = NDP_{fc} - vi - ii + iv + ix - viii$ $= 420 - 80 - (-20) + 30 + 40 - (-10)$ $= \text{Rs. 440 Crore}$	2 1½ ½ 1 ½ ½