रोल नं.
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 **29** 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 जाएगा । 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 **29** 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 घण्टे   *अधिकतम अंक : 100*

Time allowed : 3 hours   *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 – 3** तथा **15 – 19** अति लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक का **1** अंक है । इनका प्रत्येक का उत्तर **एक वाक्य** में ही अपेक्षित है ।

(iv) प्रश्न संख्या **4 – 8** और **20 – 22** लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **3** अंक हैं । प्रत्येक का उत्तर सामान्यतः **60** शब्दों से अधिक नहीं होना चाहिए ।

(v) प्रश्न संख्या **9 – 10** और **23 – 25** भी लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **4** अंक हैं । प्रत्येक का उत्तर सामान्यतः **70** शब्दों से अधिक नहीं होना चाहिए ।

(vi) प्रश्न संख्या **11 – 14** और **26 – 29** दीर्घ उत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **6** अंक हैं । प्रत्येक का उत्तर सामान्यतः **100** शब्दों से अधिक नहीं होना चाहिए ।

(vii) उत्तर संक्षिप्त तथा तथ्यात्मक होने चाहिए तथा यथासंभव ऊपर दी गई शब्द 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 question.

(iii) Questions No. **1 – 3** and **15 – 19** are very short-answer questions carrying **1** mark each. They are required to be answered in **one sentence** each.

(iv) Questions No. **4 – 8** and **20 – 22** are short-answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.

(v) Questions No. **9 – 10** and **23 – 25** are also short-answer questions carrying **4** marks each. Answers to them should normally not exceed **70** words each.

(vi) Questions No. **11 – 14** and **26 – 29** are long-answer questions carrying **6** marks each. Answers to them should normally not exceed **100** words each.

(vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

खण्ड अ

SECTION A

1. एक उपभोक्ता केवल दो वस्तुओं का उपभोग करता है । यदि दोनों में एक वस्तु की कीमत गिरती है, तो अनधिमान वक्र : (सही विकल्प चुनिए)   *1*

   (अ)   ऊपर की ओर खिसकता है

   (ब)   नीचे की ओर खिसकता है

   (स)   ऊपर और नीचे दोनों ओर खिसक सकता है

   (द)   नहीं खिसकता है

   A consumer consumes only two goods. If price of one of the goods falls, the indifference curve : (Choose the correct alternative)

   (a)   Shifts upwards

   (b)   Shifts downwards

   (c)   Can shift both upwards or downwards

   (d)   Does not shift

2. एकदिष्ट अधिमान से क्या अभिप्राय है ?   *1*

   What are monotonic preferences ?

3. यदि वस्तु Y की कीमत में वृद्धि से वस्तु X की माँग बढ़ती है, तो दोनों वस्तुओं के बीच यह सम्बन्ध है : (सही विकल्प चुनिए)   *1*

   (अ)   प्रतिस्थापी

   (ब)   पूरक

   (स)   सम्बन्धित नहीं

   (द)   एक साथ माँग की जाने वाली

   If with the rise in price of good Y, demand for good X rises, the two goods are : (Choose the correct alternative)

   (a)   Substitutes

   (b)   Complements

   (c)   Not related

   (d)   Jointly demanded

4. पूर्ति की कीमत लोच के माप के साथ जुड़े धन-चिह्न (plus sign) की तुलना में माँग की कीमत लोच के माप के साथ ऋण-चिह्न (minus sign) क्यों जुड़ा होता है ? समझाइए । *3*

Why is minus sign attached to the measure of price elasticity of demand of a normal good in comparison to the plus sign attached to the measure of price elasticity of supply ? Explain.

5. कारण बताते हुए, निम्नलिखित तालिका पर आधारित उत्पादन संभावना वक्र के आकार पर टिप्पणी कीजिए : *3*

वस्तु X (इकाई)	वस्तु Y (इकाई)
0	20
1	18
2	14
3	8
4	0

Giving reason, comment on the shape of Production Possibilities Curve based on the following table :

Good X (units)	Good Y (units)
0	20
1	18
2	14
3	8
4	0

6. 'सर्व शिक्षा अभियान' का भारतीय अर्थव्यवस्था के उत्पादन संभावना वक्र पर क्या प्रभाव पड़ेगा और क्यों ?

अथवा

भारत में बड़े स्तर पर विदेशी पूँजी के आने से उत्पादन संभावना वक्र पर क्या प्रभाव पड़ने की संभावना है और क्यों ? *3*

What will be the impact of "Education for All campaign" (Sarv Shiksha Abhiyan) on the Production Possibilities Curve of the Indian economy and why ?

OR

What will likely be the impact of large scale inflow of foreign capital in India on Production Possibilities Curve and why ?

7. अधिकतम कीमत निर्धारण से क्या अभिप्राय है ? सामान्यतः इसे किस प्रकार की वस्तुओं पर लगाया जाता है ? रेखाचित्र का उपयोग कीजिए । *3*

What is maximum price ceiling ? On what type of goods is it normally imposed ? Use diagram.

नोट : *निम्नलिखित प्रश्न केवल **दृष्टिहीन परीक्षार्थियों** के लिए प्रश्न संख्या 7 के स्थान पर है ।*

Note : *The following question is for the **Blind Candidates** only in lieu of Q. No. 7.*

अधिकतम कीमत निर्धारण और न्यूनतम कीमत निर्धारण के बीच अंतर समझाइए । *3*

Explain the difference between maximum price ceiling and minimum price ceiling.

8. एकाधिकारात्मक प्रतियोगिता में 'उत्पाद विभेद' विशेषता का महत्त्व समझाइए । *3*

Explain the significance of the feature 'product differentiation' in monopolistic competition.

9. आपूर्ति से क्या अभिप्राय है ? तकनीकी प्रगति का एक वस्तु की आपूर्ति पर पड़ने वाला प्रभाव समझाइए ।

अथवा

'पूर्ति में परिवर्तन' से क्या अभिप्राय है ? एक वस्तु पर कर लगाने का उसकी पूर्ति पर पड़ने वाला प्रभाव समझाइए । *4*

What is supply ? Explain the effect of technological progress on supply of a good.

OR

What is 'change in supply' ? Explain the effect of tax imposed on a good on the supply of the good.

10. एक उपभोक्ता एक वस्तु पर, जिसकी कीमत ₹ 5 प्रति इकाई है, ₹ 200 व्यय करता है । जब कीमत 20 प्रतिशत गिर जाती है, तो भी वह ₹ 200 ही व्यय करता है । प्रतिशत विधि द्वारा माँग की कीमत लोच ज्ञात कीजिए ।

4

A consumer spends ₹ 200 on a good priced at ₹ 5 per unit. When the price falls by 20 percent, he continues to spend ₹ 200. Find the price elasticity of demand by percentage method.

11. एक वस्तु का बाज़ार संतुलन में है । वस्तु की आपूर्ति में 'कमी' आती है । इस परिवर्तन के कारण होने वाले प्रभावों की शृंखला समझाइए ।

6

Market for a good is in equilibrium. Supply of the good 'decreases'. Explain the chain of effects of this change.

12. एक उत्पादक की संतुलन की शर्तों के पीछे तर्काधार समझाइए ।

6

Explain the rationale behind the conditions of equilibrium of a producer.

13. परिवर्ती अनुपातों के नियम के कुल उत्पादन के संदर्भ में विभिन्न चरण बताइए । प्रत्येक चरण के पीछे कारण भी दीजिए । रेखाचित्र का प्रयोग कीजिए ।

6

What are the different phases in the Law of Variable Proportions in terms of Total Product ? Give reasons behind each phase. Use diagram.

नोट : *निम्नलिखित प्रश्न केवल **दृष्टिहीन परीक्षार्थियों** के लिए प्रश्न संख्या 13 के स्थान पर है ।*

Note : *The following question is for the **Blind Candidates** only in lieu of Q. No. 13.*

एक संख्यात्मक उदाहरण की सहायता से परिवर्ती अनुपातों के नियम के कुल उत्पादन के संदर्भ में विभिन्न चरण बताइए । प्रत्येक चरण के पीछे कारण भी दीजिए ।

6

State, on the basis of numerical example, the different phases in the Law of Variable Proportions in terms of Total Product. Give reasons behind each phase.

14. एक उपभोक्ता केवल दो वस्तुओं का उपभोग करता है, प्रत्येक की कीमत एक रुपया प्रति इकाई है । यदि उपभोक्ता दोनों वस्तुओं का ऐसा संयोग चुनता है जिसकी सीमांत प्रतिस्थापन दर 2 है, तो क्या उपभोक्ता संतुलन में है ? कारण दीजिए । समझाइए ऐसी स्थिति में एक विवेकी उपभोक्ता क्या करेगा ।

अथवा

एक उपभोक्ता केवल दो वस्तुओं X और Y का उपभोग करता है, जिनकी कीमतें क्रमश: ₹ 2 और ₹ 1 प्रति इकाई हैं । यदि उपभोक्ता दोनों वस्तुओं का ऐसा संयोग चुनता है जिसमें X की सीमांत उपयोगिता 4 और Y की भी 4 है, तो क्या उपभोक्ता संतुलन में है ? कारण दीजिए । समझाइए ऐसी स्थिति में एक विवेकी उपभोक्ता क्या करेगा । सीमांत उपयोगिता विश्लेषण का उपयोग कीजिए । *6*

A consumer consumes only two goods, each priced at Rupee one per unit. If the consumer chooses a combination of the two goods with Marginal Rate of Substitution equal to 2, is the consumer in equilibrium ? Give reasons. Explain what will a rational consumer do in this situation.

OR

A consumer consumes only two goods X and Y whose prices are ₹ 2 and ₹ 1 per unit respectively. If the consumer chooses a combination of the two goods with marginal utility of X being 4 and that of Y also being 4, is the consumer in equilibrium ? Give reasons. Explain what will a rational consumer do in this situation. Use Marginal Utility Analysis.

खण्ड ब
SECTION B

15. सरकारी बजट में प्राथमिक घाटा इसके बराबर है : (सही विकल्प चुनिए) *1*

(अ)   ब्याज भुगतान

(ब)   ब्याज भुगतान – उधार

(स)   उधार – ब्याज भुगतान

(द)   उपर्युक्त में से कोई नहीं

Primary deficit in a government budget equals : (Choose the correct alternative)

(a)   Interest payments

(b)   Interest payments less borrowings

(c)   Borrowings less interest payments

(d)   None of the above

16. 'समग्र माँग' के कोई दो घटक बताइए ।   *1*

Name any two components of 'aggregate demand'.

17. यदि सीमांत उपभोग प्रवृत्ति = 0, गुणक का मूल्य यह होगा : (सही विकल्प चुनिए)   *1*

(अ)   0

(ब)   1

(स)   0 और 1 के बीच

(द)   अनन्त

If MPC = 0, the value of multiplier is : (Choose the correct alternative)

(a)   0

(b)   1

(c)   Between 0 and 1

(d)   Infinity

18. अन्य बातें पूर्ववत रहने पर जब विदेशी मुद्रा सस्ती होती है, तो राष्ट्रीय आय पर यह प्रभाव पड़ने की संभावना है : (सही विकल्प चुनिए)   *1*

(अ)   सकारात्मक

(ब)   नकारात्मक

(स)   सकारात्मक व नकारात्मक दोनों

(द)   कोई प्रभाव नहीं

Other things remaining the same, when foreign currency becomes cheaper, the effect on national income is likely to be : (Choose the correct alternative)

(a)   Positive

(b)   Negative

(c)   Positive and negative both

(d)   No effect

19. इनमें से कौन-सा राजस्व व्यय है ?   *1*

   (अ)   शेयर खरीदना

   (ब)   उधार देना

   (स)   आर्थिक सहायता

   (द)   भूमि अधिग्रहण पर व्यय

   Which one of these is a revenue expenditure ?

   (a)   Purchase of shares

   (b)   Loans advanced

   (c)   Subsidies

   (d)   Expenditure on acquisition of land

20. कारण बताते हुए समझाइए कि भुगतान संतुलन लेखा में विदेशों को दिया गया दान कहाँ दर्ज
   किया जाता है ।   *3*

   Giving reasons explain where charity to foreign countries is recorded in
   the Balance of Payments Accounts.

21. यदि वास्तविक सकल देशीय उत्पाद ₹ 200 हो और मौद्रिक सकल देशीय उत्पाद ₹ 210
   हो, तो कीमत सूचकांक (आधार = 100) का परिकलन कीजिए ।   *3*

   If the Real Gross Domestic Product is ₹ 200 and the Nominal Gross
   Domestic Product is ₹ 210, calculate the Price Index (base = 100).

22. भुगतान संतुलन लेखा में स्वायत्त (स्वंतत्र) लेनदेन और समायोजन हेतु लेनदेन के अर्थ
   बताइए ।

<div align="center">**अथवा**</div>

   भुगतान संतुलन लेखा में 'व्यापार संतुलन' और 'चालू खाता संतुलन' के अर्थ बताइए ।   *3*

   Give the meanings of 'autonomous' transactions and 'accommodating'
   transactions in the Balance of Payments Accounts.

<div align="center">**OR**</div>

   Give the meanings of Balance of Trade and Balance on Current Account
   of Balance of Payments Accounts.

23. एक अर्थव्यवस्था संतुलन में है । निम्नलिखित से निवेश व्यय ज्ञात कीजिए : *4*

राष्ट्रीय आय = 750

स्वायत्त उपभोग = 200

सीमांत बचत प्रवृत्ति = 0·4

An economy is in equilibrium. Find the Investment Expenditure from the following :

National Income = 750

Autonomous Consumption = 200

Marginal Propensity to Save = 0·4

24. केन्द्रीय बैंक का 'सरकार का बैंक' कार्य समझाइए ।

अथवा

केन्द्रीय बैंक का 'बैंकों का बैंक' कार्य समझाइए । *4*

Explain 'Government's Bank' function of the central bank.

OR

Explain 'Bankers' Bank' function of the central bank.

25. हम ऐसा क्यों कहते हैं कि वाणिज्य बैंक मुद्रा का सृजन करते हैं जबकि हम यह भी कहते हैं कि करेंसी जारी करने का एकमात्र अधिकार केन्द्रीय बैंक को है ? समझाइए । वाणिज्य बैंकों द्वारा मुद्रा सृजन का राष्ट्रीय आय पर क्या प्रभाव पड़ने की संभावना है ? *4*

Why do we say that commercial banks create money while we also say that the central bank has the sole right to issue currency ? Explain. What is the likely impact of money creation by the commercial banks on national income ?

26. स्फीतिकारी और अपस्फीतिकारी प्रवृत्तियों से लड़ने में सरकारी बजट की भूमिका समझाइए । *6*

Explain the role of government budget in fighting inflationary and deflationary tendencies.

27. कारण बताते हुए समझाइए कि राष्ट्रीय आय का अनुमान लगाते समय निम्नलिखित के साथ क्या व्यवहार किया जाना चाहिए : *6*

(i) एक फर्म द्वारा निगम कर का भुगतान

(ii) एक कारखाने द्वारा स्वयं उपयोग के लिए मशीन खरीदना

(iii) एक चिकित्सालय द्वारा नर्सों के लिए यूनीफॉर्म खरीदना

Giving reasons explain how should the following be treated in estimation of national income :

(i) Payment of corporate tax by a firm

(ii) Purchase of machinery by a factory for own use

(iii) Purchase of uniforms for nurses by a hospital

28. 'स्फीतिकारी अंतर' से क्या अभिप्राय है ? आरक्षित नकदी निधि अनुपात की इस अंतर को दूर करने में भूमिका समझाइए ।

अथवा

'अभावी माँग' से क्या अभिप्राय है ? इस अंतर को दूर करने में 'मार्जिन सम्बन्धी अपेक्षाओं' की भूमिका समझाइए । *6*

What is 'inflationary gap' ? Explain the role of Cash Reserve Ratio in removing this gap.

OR

What is 'deficient demand' ? Explain the role of 'Margin Requirements' in removing this gap.

29. राष्ट्रीय आय और निजी आय परिकलित कीजिए :   *6*

<div align="right">(₹ करोड़)</div>

(i)	निवल आयात	5
(ii)	निवल देशीय पूँजी निर्माण	15
(iii)	वैयक्तिक आय	90
(iv)	राष्ट्रीय ऋण पर ब्याज	10
(v)	निगम कर	25
(vi)	सरकारी अंतिम उपभोग व्यय	20
(vii)	विदेशों को निवल कारक आय	(–) 5
(viii)	निवल अप्रत्यक्ष कर	10
(ix)	अवितरित लाभ	0
(x)	निजी अंतिम उपभोग व्यय	100

Calculate National Income and Private Income :

<div align="right">(₹ crores)</div>

(i)	Net imports	5
(ii)	Net domestic capital formation	15
(iii)	Personal income	90
(iv)	National debt interest	10
(v)	Corporate tax	25
(vi)	Government final consumption expenditure	20
(vii)	Net factor income to abroad	(–) 5
(viii)	Net indirect tax	10
(ix)	Undistributed profits	0
(x)	Private final consumption expenditure	100

SENIOR SCHOOL CERTIFICATE EXAMINATION
MARCH-2015
MARKING SCHEME – ECONOMICS (FOREIGN)
(SET-II)
Expected Answers / Value Points
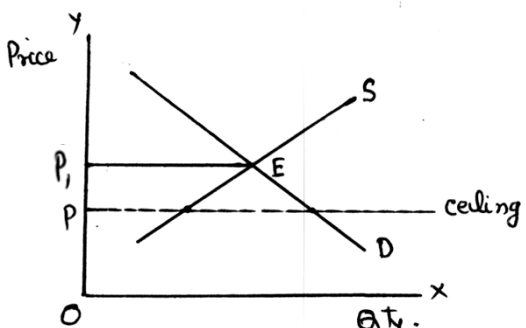
GENERAL INSTRUCTIONS :

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 ½ 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.

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

C2	Expected Answer / Value Points	Distribution of Marks
1	**(b)** Does not shift	1
2	Monotonic preferences mean that as consumption increases total utility also increases alongwith.	1

5	Good X (Units)	Good Y (Units)	MRT		1½
	0	20	-		
	1	18	2Y:1X		
	2	14	4Y:1X		
	3	8	6Y:1X		
	4	0	8Y:1X		

Since MRT is increasing, PP curve is downward sloping and concave to the origin.

(Diagram not required)

| | | 1½ |

6	Education raises efficiency by making a worker a skilled worker. This will increase production potential shifting the PP curve upwards.	
	(Diagram not required)	3

OR

Inflow of foreign capital into the country means increase in resources. This will raise production potential of the country leading to upward shift of PP curve.

(Diagram not required)

| | 3 |

7		

		1

Maximum price ceiling refers to imposition of upper limit on the price of a good by the government. For example OP is price ceiling while OP_1 is equilibrium price. Producers are not allowed to sell good at a price greater than OP. The ceiling is normally imposed on goods needed by masses, like wheat, rice, sugar etc.

| | 2 |

For blind Candidates Only :
Maximum price ceiling refers to imposition of upper limit on the price of a good by the government while minimum price ceiling refers to imposition of a lower limit on the price of a good by government.

| | 3 |

8	Product differentiation means that consumers differentiate between the

9	Supply refers to the quantity of a good the producers are willing to produce at a price during a period of time.	1
	Technological progress, by raising productivity, brings down per unit cost. Price remaining unchanged, profit increases. This induces producers to supply more.	3
	OR	
	"Change in supply" refers to increase / decrease in supply due to a change in any factor other than the own price of the good.	1
	Imposition of tax raises cost. Price remaining unchanged, profit falls. So producers supply less.	3
10	**Price Exp. Demand** 5 200 40 4 200 50	1½
	$E_p = \dfrac{P}{Q} \times \dfrac{\Delta Q}{\Delta P}$	1
	$= \dfrac{5}{40} \times \dfrac{10}{-1}$	1
	$= -1.25$	½
	(No marks if only the final answer is given)	
11	- Given equilibrium, Supply 'decrease' .	
	- Price remaining unchanged, excess demand emerges.	
	- Excess demand leads to competition among buyers causing price to rise.	
	- Rise in price causes fall (contraction) in demand and rise (expansion) in supply.	6
	- Rise in price continues till the market is in equilibrium again at a higher price.	
	(Diagram not required)	
12	**The equilibrium conditions are :**	
	i) MC = MR and **(ii)** MC > MR after equilibrium.	
	Suppose MC > MR. In this situation it will be profitable for the firm to produce more or less depending upon relative changes in MC and MR till MC = MR. Suppose MC < MR. It will be profitable for the producer to produce more till MC = MR.	3
	MC = MR is a necessary condition but not sufficient to ensure equilibrium. If after MC= MR output, MC<MR if more is produced, it will be profitable for the firm to produce more. If after MC= MR output MC > MR, it will not be profitable to produce more and the firm will be in equilibrium.	3

| 13	**The Phases are :**	
	Phase : I TP rises at increasing rate i.e. upto A	
	Phase : II TP rises at decreasing rate i.e. between A and B.	½x3
	Phase : III TP falls i.e. after B.	

Reasons :

Phase I : Initially variable input is too small as compared to the fixed input, As production starts there is efficient use of the fixed input leading to rise in productivity of the variable input on account of division of labour. As a result TP rises at increasing rate.

Phase II : After a level of output, pressure on fixed input leads to fall in productivity of the variable input. As a result TP continues to rise but at a decreasing rate.

1x3

Phase III : The amount of variable input becomes too large in comparison to the fixed input causing decline in TP.

1½
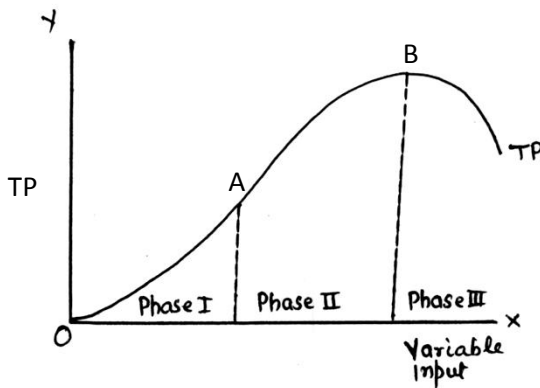
For Blind Candidate Only

Variable input (Units)	TP (Unit)	MP (Unit)
1	6	6
2	20	14
3	32	12
4	40	8
5	40	0
6	37	-3

1½

Phases :

(1) TP increases at increasing rate upto 2 units.

½x3

(2) TP increases at decreasing rate upto 5 units.

14	Let the two goods be X and Y. Given Px =1 , Py = 1 and MRS = 2, the consumer is said to be in equilibrium when
	
	MRS = $\frac{P_x}{P_y}$
	
	Substituting values we find that
	
	$2 > \frac{1}{1}$ or MRS > $\frac{P_x}{P_y}$
	
	MRS > $\frac{P_x}{P_y}$ means that consumer is willing to pay more for one more unit of X as compared to what the market demands.
	
	   - The consumer will buy more and more of X.
	   - As a result MRS will fall due to the Law of Diminishing Marginal Utility.
	   - This will continue till MRS = $\frac{P_x}{P_y}$ and consumer is in equilibrium.
	
	(Diagram not required)
	
	OR
	
	Given P_x = 2 , P_y = 1 and MU_x=4 , $MU_y = 4$, the consumer will be in equilibrium when
	
	$$\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$$
	
	Substituting values, we find that consumer is not in equilibrium because :
	
	$\frac{4}{2} < \frac{4}{1}$ Or $\frac{MU_x}{P_x} < \frac{MU_y}{P_y}$
	
	Since per rupee MU_x is lower as compared to per rupee MU_y , the consumer will buy less of X and more of Y. As a result MU_x will rise and MU_y will fall till $\frac{MU_x}{P_x}$ and $\frac{MU_y}{P_y}$ are equal again and the consumer is in equilibrium.
	
	(Diagram not required)
		3
		
		3
		
		3
		
		3

	SECTION - B	
15	**(c)** Borrowings less Interest payment.	1
16	1. Private final consumption expenditure 3. Government final expenditure 2. Investment Expenditure 4. Net Exports **(Any Two)**	½ x2
17	**(b)** 1	1
18	**(b)** Negative	1
19	**(c)** Subsidies	1

21	$Real\ GDP = \dfrac{Nominal\ GDP}{Price\ Index} \times 100$	**1½**
	$200 = \dfrac{210}{Price\ Index} \times 100$	**1**
	$Price\ Index = \dfrac{210 \times 100}{200}$	
	$= Rs.\ 105$	**½**
	(No marks if only the final answer is given)	
22	A BOP transaction independent of the state of BOP, i.e. undertaken on its own, is autonomous transaction.	**1½**
	A BOP transaction influenced by the state of BOP, i.e. by deficit or surplus is accommodating transaction.	**1½**
	OR	
	Balance of trade = Exports of goods less imports of goods.	**1½**
	Balance on current account = Receipts of foreign exchange on account of current transactions – Payment of foreign exchange on account of current transaction.	**1½**
23	$Y = \bar{C} + MPC(Y) + I$	**1½**
	$750 = 200 + (1 - 0.4)(750) + I$	**2**
	$I = 750 - 200 - 450 = 100$	**½**
	(No marks if only the final answer is given)	
24	The central bank is the sole authority for the issue of currency in the country. It promotes efficiency in the financial system. Firstly, because it leads to uniformity in the issue of currency, Secondly, because it gives Central Bank control over money supply.	**4**
	OR	
	As the bankers to banks, the Central Bank holds a part of the cash reserves of commercial banks from these reserves. It lends to commercial banks when they are in need of funds. Central bank also provides cheque clearing and remittance facilities to the commercial banks.	**4**
	(To be Marked as a whole)	
25	Money supply has two components: Currency and demand deposits with commercial banks. Currency is issued by the central bank while deposits are created by commercial banks by lending money to the people. In this way	**2**

	aggregate supply. While reducing its own expenditure government, can bring down aggregate demand during inflation. During deflation government can increase its expenditure. To raise aggregate supply, tax concessions and subsidies can also be used.	**6**
27	**(i)** Payment of Corporate Tax is a transfer payment and therefore not included in national income.	**2**
	(ii) Purchase of machine for own use is investment expenditure by firm and thus included in national income.	**2**
	(iii) Purchase of uniforms for nurses by a hospital is intermediate cost for the hospital and thus not included in national income **(No marks if the reason is not given)**	**2**
28	**The Inflationary Gap** is the amount by which aggregated demand exceeds aggregate supply at the full employment level. It is called inflationary because it leads to rise in the price level.	**2**
	Cash Reserve Ratio: is that percentage of bank deposits which are held as reserves with the central bank. Central Bank has the right to fix CRR. The central bank can reduce inflationary gap by raising CRR. Raising CRR will reduce lending capacity of the commercial banks. Less lending will leads to fall in aggregate demand helpful in reducing inflation.	**4**
	OR	
	Deficient Demand: is the amount by which the aggregated demand falls short of aggregate supply at full employment level. It causes fall in price level.	**2**
	A margin requirements: is the difference between the amount of the loan and market value of security offered by the borrower against the loan. If the margin imposed is 40%, then the bank is allowed to give loan only upto 60% of the value of security. By reducing margin the lending capacity of the banks can be raised. More lending will leads to more aggregate demand, that is helpful in reducing deficient demand.	**4**
29	$N.I. = x + vi + ii - i - vii - viii$	**1½**
	$= 100 + 20 + 15 - 5 - (-5) - 10$	**1**
	$= Rs. 125$ Crore.	**½**
	$Private\ Income = iii + v + ix$	**1½**
	$= 90 + 25 + 0$	**1**
	$= Rs. 115$ Crore	**½**
	(No marks if only the final answer is given)	