Time: 3 hrs.   **Maximum Marks-100**

Note:

i. This question paper consists of 50 questions in all.

ii. All questions are compulsory.

iii. Marks are given against each question.

iv. **Section A consists of -**

a. Q.No. 1 to 20 – Multiple Choice type questions (MCQs) carrying 1 mark each. Select and write the most appropriate option out of the four options given in each of these questions. An internal choice has been provided in some of these questions. You have to attempt only one of the given choices in such questions.

b. Q.No. 21 to 35 – Objective type questions carrying 02 marks each (with 2sub-parts of 1 mark each). Attempt these questions as per the instructions given for each of the questions 21 –35.

v. **Section B consists of -**

a. Q.No. 36 to 42 - Very Short questions carrying 02 marks each to be answered in the range of 30 to 50 words.

b. Q.No. 43 to 48 – Short Answer type questions carrying 04 marks each to be answered in the range of 50 to 80 words.

c. Q.No. 49 to 50 – Long Answer type questions carrying 06 marks each to be answered in the range of 80 to 120 words.

Q. No	Question Paper	Marks
	Section – A	
1.	Find out wrong statements regarding central problem on economy- A. Resources are scarce. B. Wants are limited. C. Alternative uses of resources are possible. D. None of these	1
2.	(i) Which one of the following is true about the concept of demand for a commodity- A. Demand is an effective desire. B. Demand for a commodity is always at the price C. Demand is expressed with reference to a particular time period D. All of the above. **or**	1

	(ii) Which one of the following is not a determinant of demand: (a) Consumers' Expectations (b) Climatic Factors (c) Input Prices (d) Distribution of Income.	
3.	Identify the reason which causes change in the quantity demanded for a product? A. changing prices of related products B. decreasing price of product C. increasing consumer income D. changing consumer tastes	1
4.	(i) Which of the following is not an exception to the law of demand? A. Griffin goods B. Status symbol goods C.Goods Expected to be Scarce D. Normal goods **or** (ii) As the income of a consumer increases, the demand for goods like jowar/maize will _____ A. Increase B. Remain constant C. Decreases D. None of the above	1
5.	(i) An increase in the price of good X leads to increases the demand for a good y. Identify the type of goods. A. X and Y are substitute goods. B. X and Y are complementary goods. C. X is normal whereas Y is inferior good D. X is inferior where Y is normal good **or** (ii) Which of the following are reasons for an upward sloping of demand curve- A . Quality –price relationship B . Giffen Goods C . Emergency. D . All of these	1
6.	Identify correct degree of perfectly inelasticity demand –	1

	A .Ed = 0 B. Ed > 1 C. Ed < 1 D. Ed = 1	
7.	An Increase in the demand is shown when -------------- from its original position A. the curve shifts to the right B. the curve shifts to the left C. movement along the curve there is no change D. movement along with the curve	1
8.	The nature of perfectly elastic supply is...... A. Parallel to y-axis B. Parallel to x-axis C. Upward Sloping start from the point of origin. D. Downward Sloping.	1
9.	(i) The price in perfect competition is determined by A. Industry B. Firms C. Buyers D. Sellers **or** (ii) _____ is the form of imperfect market in which there are large number of buyersand sellers of a particular product (Fill in the blank with correct alternative) A . Oligopoly B . Monopoly C . Monopolistic competition D . Perfect competition	1
10.	In which of the following market the close substitute of a commodity is not available - A. oligopoly B. Monopoly C. Monopolistics D. Perfect competition	1
11.	(i) Interdependence of firms is the significant feature of --------------- A. Monopolistic competition B. Monopoly C. Duopoly D. Oligopoly **or** (ii) -------------------refers to a situation where a producer sells the same product at different prices to different buyers. (Fill in the blank with correct option) A . Sellers law B . Buyers discrimination C . Price discrimination D , All of the above	1

12.	Personal Income = Private Income- (----------)- Undistributed Profit. Choose Correct Answer. A . NFIA B . Depreciation C . Corporate tax. D . Interest on National Debt	1
13.	(i) The basis of the difference between domestic product and national income is _____. . A. Depreciation B. Net Indirect Tax C. Net Factor Income From Abroad D. All of These **or** (ii) Which of the following is the actual definition of transfer payments? A. Transfer payments refer to the payments made as compensation to the employees within an organization B. Transfer payments refer to the payments made to workers on transferring from one job to another C. Transfer payments refer to the payments made without any exchange of goods and services D. None of the above	1
14.	(i) Identify the correct formula for calculating Net indirect taxes: A. Indirect Tax – Subsidy B. Indirect Tax + Subsidy C. Indirect Tax + depreciation D. Indirect Tax-depreciation **or** (ii) Which of the following items are not included while measuring the Gross National Product? A. Illegal and leisure activities B. Purely financial transactions C. Transferring of used goods and non-market goods and services D. All of the above	1
15.	Marginal Propensity to Consume is equal yo---------------- A. Change in total consumption divided by change total income B. Ratio between consumption and income C. Neither A nor B D. Both A & B	1

16.	(i) Condition for Break-Even point is – A. $\frac{Y}{C}$ B. $Y \times C$ C. Y = C D. Y + C **or** (ii) The slop of graphical presentation of induced investment is – A . Upward sloping moving from left to right. B . Downward sloping moving from right to left. C . Parallel to x-axls. D . Parallel to y- axis.	1
17.	Period of Financial year is -------------------. A. 1st March to 28th February B. 1st April to 31st March C. 1st January to 31st December D. None of these	1
18.	(i) An annual statement of the estimated receipts and expenditures of the government over the fiscal year is known as-------------- A, Accounts B. Expenditure C. Budget D. Income estimate **or** (ii) Which one is not the objective of Government Budget? A. Economic Development B. Imbalanced Regional Development C. Redistribution of Income and Wealth D. Proper utilization of resources.	1
19.	(i) The government expenditures which do not creates assets is known as - A. Capital Expenditure B. Revenue Expenditure C. Both A and B D. None of these or (ii) Government budget is a financial statement of A. Actual expenditure and actual receipts (B. Expected expenditure and expected receipts C. Expected expenditure D. Expected receipts	1
20.	Which of the following is the capital expenditure for the government? A. Maintenance of public property B. Repayment of Loan C. Payment of salaries to government employees	1

	D, Providing free education and health services to people	
21.	Fill in the blank. A . If the value of two variables moves in the same direction, the correlation is said to be positive----------------. B . The coefficient of correlation range between-------------------.	2
22.	(i) What will be the value of degree of correlation – A . If all points lie on a rising straight line the correlation is perfectly positive--------------- B . If all points lie on a falling straight line the correlation is perfectly negative--------------. **or** (ii) Write Yes/No for the given statement- A . In calculating the coefficient of correlation, the value of deviations from the actual mean of both series is either positive or negative. B. The value of coefficient of correlation will alwayays be more than one.	2
23.	Write down the formula - simple aggregate and average of price relative method methods for calculating Index Number.	2
24.	Write Yes/No for given statement- A .The Paasche`s index number is based on the base year quantity. B . "It may be kept in mind that the base year should be a normal year and economically stable yea." Write	2
25.	Find out any two false statements of the median – A . Median is the positional value in the middle of a series B . the value of the median lies below the range of the median class. C . Cumulative frequency is not taken into consideration for calculating the median. D . The Upper value of the class interval is considered L1 of median class.	2
26.	Fill in the blanks- In a production process when more units of labour are used in proportion to capital, it is termed a------------------. Alternatively, when the proportion of capital used is more than labour, the production process is called a -------------------technique.	2
27.	Answer yes/No- A. Does PPC diagram of touch bo x-axis and y-axis. B . The shape of PPC convex to the point of origin.	2

28.	(i) Draw PPC curve and show growth of resources and under utilization of resources on the same curve. **or** (ii) Complete the missing data of PPC Schedule and also mention formula of MRT. <table><tr><td>Combination</td><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td><td>F</td></tr><tr><td>Guns(Units)</td><td>16</td><td>14</td><td>12</td><td>-</td><td>5</td><td>0</td></tr><tr><td>Butter(Units)</td><td>0</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>MRT</td><td>-</td><td>1</td><td>2</td><td>3</td><td>-</td><td>5</td></tr></table>	2
29.	(i) A .MC cuts --------------point of AC ,then MC -------------. B .Draw AC and MC curve in single diagram. or A . Shape of MC Curve lie ------------------ B . Does AFC curve touches x-axis. Yes/No.	2
30.	(i) A .Supply Curve is said to be unitary elastic, when-supply curve is a straight line passing through the point og------------ -. B. If the price elasticity of supply is more than one, 10% increase in the price may result more than -------------------- increase in the quantity supplied. **or** (ii) Draw diagram for each case of elasticity of supply- A . Es = infinity B . Es = 0	2
31.	A .Increase in rate of taxes -------------decreases the supply of commodity. B . Is supply of Monalisa painting an example of inelastic supply. Yes/No	2
32.	(i) Given the formula to calculate Gross National product at Product Market Price i.e. GNPat MP = Private Final Consumption Expenditure + Govt. Final Consumption Expenditure + Gross Domestic Fixed Capital Formation + Change in Stock + Net Export + NFIA. Calculate any two – i . NNPatMP Ii . NDPat MP iii. GNPat FC **or** (ii) Fill up the missing component in the formula – Private Incme = Income from NDpatFC accruing to Private	2

	Sector + ------------------- +national Debt Interest + ----------------------- + Net Current Transfers From the rest of the World.	
33.	(i) Are the following included in the estimation of National Income a country? i. Bonus received by employees.(Yes/No) ii. Profit earned by a branch of Indian in London.(Yes/No) or (ii) Fill up the missing component in the formula – Private Incme = Income from NDPatFC accruing to Private Sector + ------------------- +national Debt Interest + ----------------------- + Net Current Transfers From the rest of the World.	2

34.	(i) MPS is 0.2 and investment increases by ` 200 crores , then calculate –
	A. Value of Multiplier and,
	B. Change in income.
	 or (ii) Write down the formula -
	   A. Saving Function,
	   B. Consumption Function.
		2

35.	(i) Give appropriate term related to two concepts of the Govt. Budget- A. When, the Govt. expenditure = Govt. Receipt B. When, the Govt. expenditure > Govt. Receipt **or** Two examples of capital receipts of the Govt. are given below. Write Yes/no. A . External Borrowings. B . Tax Receipt.	2
	Section – B	
36.	(i) Explain the steps for calculating median in a continuous series. **or** (ii) Explain the steps for calculating Mode in a continuous series.	2
37.	Calculate arithmetic mean from the given data.	2
38.	Draw diagrams to show perfectly inelastic demand and unitary elastic demand.	2
39.	(i) Show different degrees of elasticity on a straight - line demand curve. **or**	2

For question 37:

Marks	0 - 20	20 -40	40 - 60	60 - 80
No. of students	12	14	16	8

	(ii) Price(Rs.) Quantity De Total Expenditure ? 11 ? 11 ? 77 Put the value and make interpretation about the degree of elasticity.	
40.	(i) Enumerate four precautions that should be taken while estimating national income by income method. **or** (ii) Distinguish between 'Intermediate Goods' and 'Final Goods'.	2
41.	(i) Define aggregate demand. Mention its various components. or (ii) Draw diagram to determine equilibrium income and employment with the help of AD - AS approach.	2
42.	"The introduction of the circulation of money has got an upper hand over the barter system". On the basis of this statement discuss two disadvantages of the barter system and two advantages of the circulation of money.	2
43.	List out four factors which affect price elasticity of demand. Briefly explain these factors.	4
44.	(i) What are the assumptions of the law of supply? **or** (ii) Explain the Law of supply under the following headings-Statement of the Law, Schedule, Graphical Presentation and Interpretation of the Graph	4
45.	(i)Under a perfectly competitive market, "A firm is a price taker, not a price maker". Explain the statement with the help of a diagram. or (ii) Explain two features of "Interdependence of firms and Group behavior" with suitable illustrations of oligopoly market.	4
46.	Suggest two monetary and two fiscal policies each to control the inflationary situation of an economy.	4
47.	(i) RBI is an apex body and performs various functions to regulate the banking system in our economy". Briefly explain any four functions to justify the statement. **or** (ii) "A higher LRR creates l less amount of money and lower LRR would creates higher amount of money in an economy. Justify."	4

48.	Complete the following table –					4

Output (Units)	Total Cost (Rs.)	Average Variable Cost(Rs.)	Average Cost(Rs.)	Marginal Cost(Rs.)
0	40	-	-	-
1	-	20	-	-
2	-	18	-	-
3	-	16	-	-
4	-	16	-	-

49.	Describe the steps to measure standard deviation by the assumed mean method in a continuous series and also mention the formula for calculation.	6

50.	(i) Calculate national income from following data –	6

Items — **Rs.**

1. Profit — 1000
2. Mixed income of self employed — 10000
3. Dividend — 200
4. Interest — 400
5. Compensation of employees — 5000
6. Net Factor Income from Abroad — 100
7. Consumption of fixed capital — 400
8. Net export — (-) 200
9. Net indirect taxes — 800
10. Net current transfer to rest of the world — 400
11. Rent — 500

or

(ii) Calculate national income from following data –

Items	Rs.(in cr.)
1. Private Final consumption Expenditure	10,00
2. Government Final Consumption Expenditure	2000
3. Export	60
4. Import	100
5. Consumption of Fixed Capital	50

	6. Gross Domestic Fixed Capital Formation	600		
	7. Change in Stock	100		
	8. Factor Income to Abroad	40		
	9. Factor Income From Abroad	90		
	10. Indirect Tax	700		
	11. Subsidies	50		
	12. Net curren transfer to Abroad	(-30)		

<div align="center">**MARKING SCHEME**</div>
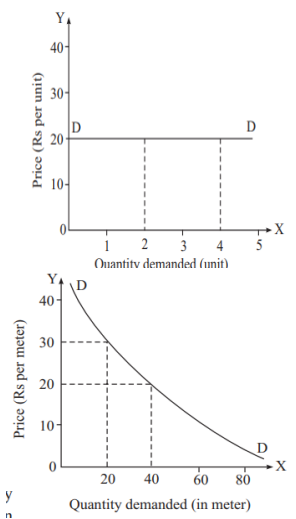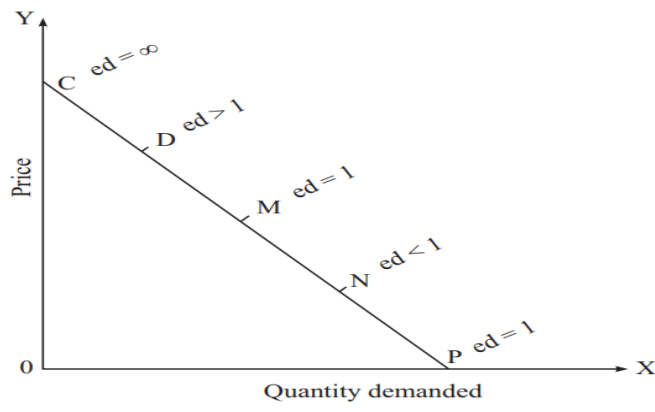
SUBJECT: ECONOMICS (318)   **MAX MARKS: 100**

Q. No.	EXPECTED VALUE POINTS FOR EACH STEP	DISTRIBUTION OF MARKS	TOTAL MARKS
1.	B.	1	1
2.	(i) D. or (ii) C.	1	1
3.	B.	1	1
4.	(i) D. or (ii) (C)	1	1
5.	(i) A. or (ii) D.	1	1
6.	A.	1	1
7.	A.	1	1
8.	B.	1	1
9.	(i) A. or (ii) A.	1	1
10.	B.	1	1
11.	(i) D. or (ii) C.	1	1
12.	C	1	1
13.	(i) C. or (ii) C.	1	1
14.	(i)A. or (ii) D.	1	1
15.	A.	1	1
16	C.	1	1
17	B.	1	1
18	(i) C. or (ii) B.	1	1
19	(i) B. or (ii) B.	1	
20	A.	1	1
21	A. - Positive Correlation B. - 0 to ±1	1+1	2
22	(i) A. - Positive , B. - Negative or (ii) A. - True, B. - False	1+1	2
23	Simple Aggregate Method- $$p_{01} = \frac{\sum P_1}{\sum P_0} \times 100$$ or Simple Average of Price Relative Method- $$P_{01} = \frac{\frac{\sum P_1}{\sum P_0} \times 100}{N}$$	1+1	2
24	A. True. , B. True.	1+1	2
25	False Statements are- B and C	1+1	2
26	Labour-intensive, Capital-intensive.	1+1	2
27	A. No . B. Yes	1+1	2
28	A. B. 9, & 4	1+1	2
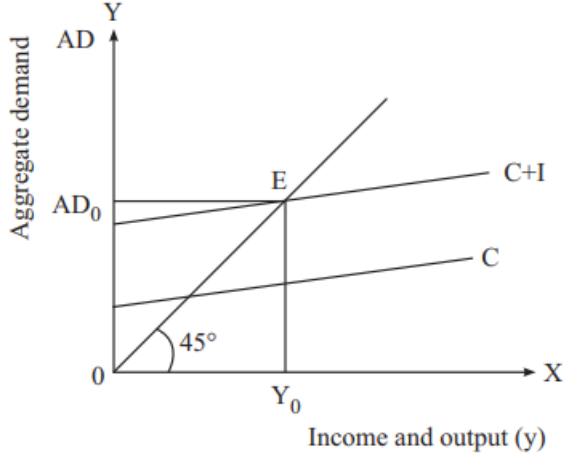
29	(i) A. AC, increases. (ii) Or A. U-Shaped. B. No.	1/2+1/2+1	2
30	A. Origine, B. 10% or A. B.	1+1	2
31	A. Decrease, B. Yes	1+1	2
32	(i) A. NNP at MP= GNP at MP – Depreciation. B. NDP at MP = GNP at MP – Depreciation - NFIA. C. GNP at FC = GNP at MP – Net Indirect Tax. (ii) NFIA, Current Transfer from Govt.		
33	(i) A. Yes., B. Yes or (ii) Direct Tax paid by Household, Miscellaneous Receipt of the Govt.	1+1	2
34	(i) A. K=5 B. Change in income Rs. 1000 cr.	1+1	2

	or **(ii) A. S= -a + (1-b)Y** **B. C= a + bY**		
35	**(i) A. Balanced Budget, B. Deficit Budget.** **or** **(ii) A. Yes. B. No.**	**1+1**	**2**

36	The steps involved in the calculation of median are as follows:
	Step 1: Calculate Cumulative Frequencies
	Step 2: Ascertain [$\frac{N}{2}$] th item.
	Step 3: Find out the cumulative frequency which includes [$\frac{N}{2}$] th item and corresponding class frequency. The corresponding class of this cumulative frequency is called the median class.
	Step4: Apply Formula M=$l_1 + \frac{\frac{N}{2} - c.f.}{f} \times i$
	                 or
	  • Determine the modal class which as the maximum frequency.
	  • Value of the mode can be calculated by the formula –
	
	$$\text{Mode} = l_1 + \frac{f_1 - f_0}{2f_1 - f_0 - f_2} \times i$$
	
	l1 = lower limit of the modal class
	f1 = frequency of the modal class
	f0 = frequency of the preceding the modal class
	f2 = frequency of the succeeding the modal class
	i = class interval of the modal class
		2	**2**

37	<table><tr><td>Marks</td><td>M.V.(m)</td><td>No. of Students (f)</td><td>fm</td></tr><tr><td>0 – 20 20 – 40 40 – 60 60 - 80</td><td>10 30 50 70</td><td>12 14 16 8</td><td>120 420 800 560</td></tr><tr><td></td><td></td><td>N = 50</td><td>∑fm = 1900</td></tr></table> $$\overline{X} = \frac{\Sigma fm}{N}$$	**1+1**	**2**

	$$= \frac{1900}{50}$$ $$= 38$$		
38	**(i)** Perfectly Elastic Demand Unit Elastic Demand A B (You can take any data of price and quantity demanded)	1+1	2
39	(i) Ed = $\frac{Lower\ Segment\ of\ Straight\ line}{Upper\ Segment\ of\ Straight\ line}$ or (ii) Price – Rs. 7 Quantity -11 Total Expenditure – Rs.77. As total expenditure remains the same, the nature of elasticity of demand will be unitary elastic demand.	2	2

| 40	(i) For precautions are as follows - • Production for self consumption Should be included • Sale of second hand goods Should not • Commission paid to the broker for sale and purchase second hand goods should be included • Value of intermediate goods should not be included • Income generated from illegal activities should not be included (Any four points) or **(ii) Intermediate goods** are those goods which are meant either for reprocessing or for resale. Goods used in the production process during an accounting year are known as intermediate goods. These are non-durable goods and services used by the producers such as raw materials, oil, electricity, coal, fuel etc. **Final Goods** which are used either for final consumption by the consumers or for investment by the producers is known as are known as final goods. For example, bread, butter, biscuits etc. used by the consumer.	2	2
41	Aggregate demand of an economy is defined as the total demand for goods and services at the given price level Components of aggregate demand- AD = C+I+G+(X-M) Where, C = Household Consumption I = Investment G = Government Consumption Expenditure (X – M) = Net Export. Or	2		2

42	Two Disadvantages of Barter System- • Lack of double coincidence of wants • Lack of common unit of measurement Two Advantages of Money • Medium of Exchange • Measure of Value	2	2
43	Four Factors Which Affects Price Elasticity of Demand – • Nature of Commodity • Availability of substitute Goods • Price Level • Habits (You can take any other points and explain these points briefly).	4	4
44	Two factors effecting elasticity of supply- • Nature of commodity. • Cost of Production. • Time period. • Natural Constraint. or Statement-The law of supply shows the relationship between price and quantity supplied of a commodity when all other determinants of supply remain constant. Assumption- • Price of other related goods should remain the same • There should be no change in the price of inputs (factors) • Technology of production should not change • There is no change in the taxation policy of the government • Objective of the firm should not change	1+1+1+1	4

(any four)
Supply Schedule-

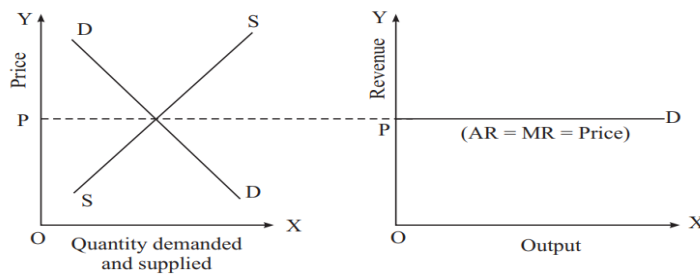| Price(Rs.)	Quantity Supplied(Units)
10	50
20	100
30	150
40	200
50	250

Supply Curve-
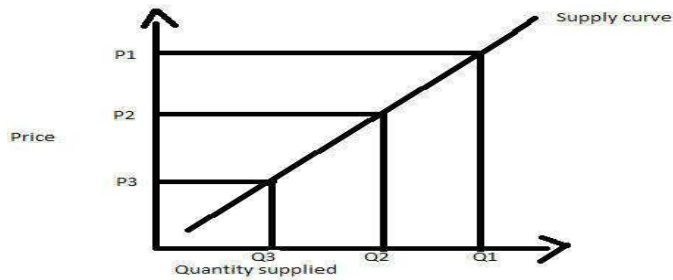
(Draw graph accoding to schedule)

| 45 | (i) Under perfect competition, the industry determines the price by the forces of demand and supply. Firms have to accept the price determined by the industry and offer their output at this price. This can be shown with the help of the following diagram

(Brief explanation on the basis of graph)
<div align="center">or</div>
(ii)
Interdependence of firm in oligopoly-
Interdependence means that the firms in the market must take into account the likely reactions of their rivals to any change in price, output or forms of non-price competition. It is a key aspect of business competition and behaviour in an oligopoly.
Ex- Coke(Soft drink)
Group Behaviour | 2+2 | 4 |

	there are a few firms under oligopoly, there is a tendency among them to come together in order to avoid competition. They may meet secretly to negotiate price and quantity in the market. EX- OPEC		
46	The situation of inflationary is created in an economy because of increase in demand at existing price level of goods and services in the economy. Monetary Measures – • Increase in Bank rate Policy • Sale of Govt. Securities through Open Market Operation • Increase in Cash Reserve Ratio • Increase in Statutory Liquidity Ratio (Briefly explain any two points) Fiscal Measures – • Increase in Tax Rate Policy • Reduction in Public • Increase in pPublic Borrowings • Decrease in Issuing Currency note (Briefly explain any two points)	**2+2**	**4**
47	Functions of RBI - • Issue of Bank Notes. • Banker to the Government. • Custodian of the Cash Reserves of Commercial Banks. • Custodian of country's forex reserves. • Lender of last resort. • Controller of credit. (Briefly explain any four functions) or • Prove the statement with the help of using formula of credit /Money creation i.e. Quantity of Deposit $\times \frac{1}{LRR}$ • Take lower and higher numerical value for explanation. (Word Limit is not applicable for explanation)	**1+1+1+1**	**4**
48	<table><tr><td>Output (Units)</td><td>Total Cost (Rs.)</td><td>Average Variable Cost(Rs.)</td><td>Marginal Cost (Rs.)</td></tr></table>	**2+2**	**4**

	0	40	-	-		
	1	60	20	60		
	2	76	18	16		
	3	88	16	12		
	4	104	16	16		

| 49 | The steps involved in the calculation of standard deviation are as follows-

 • Calculate mid-points (i.e. m) of classes.
 • Estimate the deviations of mid-points from the assumed mean (A) i.e. d = m – A.
 • Multiply values of 'd' with corresponding frequencies to get 'fd' values (note that the total of this column is not zero since deviations have been taken from assumed mean).
 • Apply the following formula to calculate standard deviation-

 Standard deviation $(\sigma x) = \sqrt[2]{\frac{\Sigma fd^2}{\Sigma f} + \left(\frac{\Sigma fd}{\Sigma f}\right)^2}$

 where d = (m – A) i.e. deviation taken from the assumed mean (i.e. A) | 4+2 | 6 |
| 50 | (i) NNP at FC = (5) + (1) + (4) + (11) + (2) + (6)
     = 5000 + 1000 + 400 + 500 +10000 + 100
     = Rs. 17000
           or
 (ii) GDP at MP = (1) + (2) + (6) + (7) + (3 – 4)
     = 10,000 + 2,000 + 600 + 100 + (60 -100).
     = Rs. 12,660 cr.
   NNP at FC = GDP at MP – (5) + (9 – 8) – (10-11)
     = 12,660 50 + (90 – 40) – (70 - 50)
     = Rs. 12,680 cr. | 6 | 6 |