

Time : 3 Hours]

ECONOMICS

Q.1 (A) Complete the following sentences: [05][20]

- (i) The branch of economics that deals with the allocation of resource is known as \_\_\_\_\_.  
 (a) Micro economics (b) Macro economics  
 (c) Econometrics (d) Agricultural Economics
- (ii) Net addition made to the total revenue by selling an extra unit of a commodity is \_\_\_\_\_.  
 (a) total revenue (b) marginal revenue  
 (c) average revenue (d) marginal cost
- (iii) Symbolically, the functional relationship between Demand and Price can be expressed as \_\_\_\_\_.  
 (a)  $D_x = f(P_x)$  (b)  $D_x = f(P_y)$   
 (c)  $D_x = f(y)$  (d)  $D_x = f(T)$
- (iv) In India, National Income Committee establishment year is \_\_\_\_\_.  
 (a) 1952 (b) 1949  
 (c) 1947 (d) 1950
- (ii) Marginal Utility of the commodity becomes negative when Total Utility of a commodity is \_\_\_\_\_.  
 (a) rising (b) constant  
 (c) falling (d) zero

<b>Ans</b>	(i) -(a) Micro economics	(ii) -(b) marginal revenue
	(iii) -(a) $D_x = f(P_x)$	(iv) -(b) 1949
	(v) -(c) falling	

Marking Scheme : 1 mark for each correct answer; Total = 5 Marks

Q.1 (B) Find the odd word out : [05]

- (i) Types of Elasticity of Demand :  
Income elasticity, Unitary elasticity, Cross elasticity, Price elasticity.
- (ii) Factors of production :  
Profit, Labour, Capital, Entrepreneur.
- (iii) Market structure on the basis of competition :  
Perfect competition, Monopoly, Oligopoly, Very short period market.
- (iv) Types of Bank Accounts :  
Saving account, D-mat account, Recurring account, Current account.
- (v) Classification of Public Expenditure :  
Revenue expenditure, Capital expenditure, Consumption expenditure, Development expenditure.

<b>Ans.</b>	(i) Unitary elasticity	(ii) Profit
	(iii) Very short period market	(iv) D-mat account
	(v) Consumption expenditure	

Marking Scheme : 1 mark for each correct answer; Total = 5 Marks

Q.1 (C) Give economic term :

- (i) The cost incurred by the firm to promote sales.
- (ii) The tax which is paid by the taxpayer on his income and property.
- (iii) The capacity of a commodity to satisfy human wants.
- (iv) Wear and tear of capital assets, due to their use in the process of production.
- (v) A desire which is backed by willingness to purchase and ability to pay.

<b>Ans</b>	(i) Selling cost	(ii) Direct tax	(iii) Utility
	(v) Depreciation	(v) Demand	

Marking Scheme : 1 mark for each correct answer; Total = 5 Marks

Q.1 (D) Complete the correlation :

- (i) Pen and ink : \_\_\_\_\_ ::  
Tea and coffee : Substitute goods
- (ii) Micro economics : Tree ::  
Macro economics : \_\_\_\_\_
- (iii) \_\_\_\_\_ : Base year prices ::  
 $P_1$  : Current year prices
- (iv) Demand curve : \_\_\_\_\_ ::  
Supply curve : Upward
- (v) Theoretical difficulty : Transfer payments  
:: \_\_\_\_\_ : Valuation of inventories

<b>Ans</b>	(i) Complementary goods	(ii) Forest
	(iii) $P_0$	(iv) Downward
	(v) Practical difficulties / Statistical difficulties	

Marking Scheme : 1 mark for each correct answer; Total = 5 Marks

Q.2 (A) Identify and explain the following concept (Any THREE) :

- (i) Savita collected the information about individual income in a particular firm.  
**Ans** (A) Identified Concept : Study of individual economic unit, Micro economics.  
 (B) Explanation of Concept : The study economic behaviour of a particular unit isolating it from the other forces of economy known as the study of individual economic unit.
- (ii) India purchased petroleum from Iran.  
**Ans** (A) Identified Concept : Import trade (International Trade)  
 (B) Explanation of Concept : Purchase goods and services by home country from another country is called import trade. In the above case, India our home country imported petroleum from Iran. It is an import trade.

Q.1 (A) Choose the correct option.

(i) Micro Economics is also called as \_\_\_\_\_ (05)[20]

- (a) Income theory (b) Price theory  
(c) Growth theory (d) Employment theory

(ii) Money market faces shortage of funds due to \_\_\_\_\_.

- (a) Inadequate savings  
(b) Growing demand for cash  
(c) Unorganized sector  
(d) Financial mismanagement

(iii) Marginal utility of the commodity becomes negative when Total utility of a commodity is \_\_\_\_\_.

- (a) rising (b) constant  
(c) falling (d) zero

(iv) Public expenditure of any government shows \_\_\_\_\_.

- (a) constant trend (b) increasing trend  
(c) decreasing trend (d) fluctuating demand

(v) The relationship between income and demand for inferior goods is \_\_\_\_\_.

- (a) direct (b) inverse  
(c) no effect (d) can be direct or inverse

- Ans** (i) (b) - Price theory (ii) (a) - inadequate savings  
(iii) (c) - falling (iv) (b) - increasing trend  
(v) (b) - inverse

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (B) Find the odd word out : (05)

- (i) Revenue concepts: Total Revenue, Average Revenue, Total Cost, Marginal Revenue.  
(ii) Quantitative Tools of credit control : Bank rate, Open market operations, Foreign exchange rate, Variable reserve ratio.  
(iii) Scope of Micro Economics: Theory of product pricing, Theory of factor pricing, Theory of economic growth and development, Theory of economic welfare.  
(iv) Non-tax revenue: Fees, Penalty, Wealth tax, Special levy.  
(v) Types of Simple Index Number: Laspeyre's Price Index Number, Price Index Number, Quantity Index Number, Value Index Number.

- Ans** (i) Total Cost  
(ii) Foreign exchange rate  
(iii) Theory of Economic growth and development  
(iv) Wealth tax  
(v) Laspeyre's Price Index Number

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (C) Give economic term : (05)

- (i) The value of commodities and services turned out during a given period counted without duplication.  
(ii) A desire which is backed by willingness to purchase and ability to pay.  
(iii) Degree of responsiveness of a change of quantity demanded of a good to change in its price.  
(iv) Very realistic competition in nature.  
(v) Swati purchased raincoat for her father in rainy season.

**Ans**

- (i) National Income  
(ii) Demand  
(iii) Price Elasticity of Demand  
(iv) Monopolistic competition  
(v) Time utility

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (D) Assertion and reasoning questions : (05)

- (i) Assertion (A) : In perfect competition, price is determined by the forces of demand and supply.

Reasoning (R) : The number of buyers and sellers is so large that one person can not influence prices.

Options: (1) (A) is True, but (R) is False

(2) (A) is False, but (R) is True

(3) Both (A) and (R) are True and (R) is the correct explanation of (A)

(4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

- (ii) Assertion (A) : A change in quantity demanded of one commodity due to a change in the price of other commodity is cross elasticity.

Reasoning (R) : Changes in consumers' income leads to a change in the quantity demanded.

Options: (a) (A) is True, but (R) is False

(b) (A) is False, but (R) is True

(c) Both (A) and (R) are True and (R) is the correct explanation of (A)

(d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

- (ii) Assertion (A) : Production for self - consumption is not accounted for in the national income.

Reasoning (R) : The products kept for self consumption do not enter the market.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(iv) Assertion (A) : Foreign exchange management and control is undertaken by commercial banks.

Reasoning (R) : RBI has to maintain the official rate of exchange of rupee and ensure its stability.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(v) Assertion (A) : Supply is a relative term.

Reasoning (R) : Supply is always expressed in relation to price, time and quantity.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

Ans

- (i) - (3) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (ii) - (4) Both (A) and (R) are True and (R) is not the correct explanation of (A).  
 (iii) - (3) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (iv) - (2) (A) is false but (R) is True.  
 (v) - (3) Both (A) and (R) are True and (R) is the correct explanation of (A).

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.2 (A) Identify and explain the following concepts (Any THREE) : [06]

- (i) A table seller sold the table for ₹ 2,000 per piece. In this way he sold 15 tables and earned ₹ 30,000. (2)

(A) Identified Concept: Total Revenue

(B) Explanation: Total revenue refers to the total amount received by seller or firm by selling the commodities at a given price. Formula to calculate Total Revenue (TR) is

$$TR = \text{Price} \times \text{Quantity sold}$$

In the given example,

$$TR = 2,000 \times 15 \\ = ₹ 30,000$$

Total revenue of table seller is ₹ 30,000.

- (ii) England imported cotton from India, made readymade garments from it and sold them to Malaysia.

Ans

(A) Identified Concept: Entrepot trade (Foreign Trade).

(B) Explanation: Entrepot trade is a branch of foreign trade. It refers to purchase of goods or semi furnished products by a country from another country and then selling them to some other countries after some processing operations. In the above example England imports raw cotton from India, makes readymade garments from it and sells them to Malaysia.

- (iii) Ashok paid the tax on his income and property

Ans

(A) Identified Concept: Direct source of revenue to Government.

(B) Explanation: Direct tax refers to tax paid by the taxpayer on his income and property. The burden of tax is borne by the person on whom it is levied. The impact and incidence of direct tax falls on the same person. Taxpayer cannot transfer to another person. In the above case Ashok has paid tax on his income and property which is called personal tax or direct tax.

- (iv) Raju's father invest his money in a market for long term funds both equity and debt raised within and outside the county.

Ans

(A) Identified Concept: Investment in capital market.

(B) Explanation: Capital market is a market for long term funds both equity and debt raised within and outside the country. It comprises of the Gilt-Edged or the Government securities market, Industrial securities market, etc. In the above case Raju's father invest his money in capital market, i.e. in a market for long term funds both equity and debt raised within and outside the country.

- (v) A poor persons wants to buy a car.

Ans

(A) Identified Concept: Simple desire.

(B) Explanation: Desire means wish to have something or the feeling of wanting something very much. The desire becomes demand which is backed by purchasing power, ability to pay and willingness to pay. A poor person desires to purchase a car but does not have the adequate purchasing power. It will be simple desire and not a demand. All desires cannot be demand.

Marking Scheme: 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

ECONOMICS

Q.1 (A) Choose the correct option. (05)[20]

(i) The branch of economics that deals with the allocation of resources :

- (a) Micro economics (b) Macro economics
  - (c) Econometrics (d) Monetary economics
- Options: (1) a, b, c (2) a, b  
(3) only 'a' (4) None of these

(ii) Classification of markets is done on the basis of place :

- (a) Local market, National market, International market
  - (b) Very short period market, Local market, National market
  - (c) Short period market, National market, International market
  - (d) Local market, National market, Short period market
- Options: (1) a, b, c (2) b, c, d  
(3) only 'a' (4) a, d

(iii) Statements that are incorrect in relation to index numbers :

- (a) Index number is a geographical tool.
  - (b) Index numbers measure changes in the air pressure.
  - (c) Index numbers measure relative changes in an economic variable.
  - (d) Index numbers are specialized averages.
- Options: (1) c, d (2) a, b  
(3) b, c (4) a, b, c, d

(iv) Non-tax sources of revenue :

- (a) Direct and indirect taxes
  - (b) Direct tax and fees
  - (c) Fees
  - (d) Special levy
- Options: (1) b, c (2) a, c  
(3) a, b, c, d (4) c, d

(v) Methods of quantitative credit control :

- (a) Bank rate (b) Open market operation
  - (c) Cash reserve ratio (d) Credit rationing
- Options: (1) a, b, c (2) b, c, d  
(3) a, b, d (4) a, c, d

**Ans** (i) (3) - only 'a' (ii) (3) - only 'a' (iii) (2) - a, b  
(iv) (4) - c, d (v) (1) - a, b, c

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.2 (B) Complete the correlations: (05)[20]

(i) Micro economics :   
:: Macro economics : Forest

(ii) Price and demand for normal-good : Inverse relationship  
:: Giffen goods :

(iii) Perfect competition :   
:: Monopoly : Single seller

(iv) Total revenue :   
:: Average revenue :  $\frac{\text{Total Revenue}}{\text{Total Quantity}}$

(v) Output method :   
:: Income method : Factor cost method

**Ans** (i) Tree (ii) Direct relationship  
(iii) Large number of sellers (iv) Price × Quantity  
(v) Product / Inventory Method

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (C) Find the odd word out: (05)

- (i) Types of elasticity of demand - Price elasticity, Income elasticity, Less elastic, Cross elasticity.
- (ii) External debt - Foreign banks, World bank, International monetary fund, Central bank.
- (iii) Organised sector - Money lender, Commercial bank, Co-operative Bank, Reserve Bank of India.
- (iv) Transfer income - Pension, Unemployment allowance, Wages, Gifts.
- (v) Types of foreign trade - Local trade, Import trade, Export trade, Entrepot trade.

**Ans** (i) Less elastic (ii) Central Bank  
(iii) Money lender (iv) Wages  
(v) Local trade

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (D) Complete the following statements : (05)

- (i) The relationship between demand for a good and price is \_\_\_\_\_.  
(a) direct  
(b) inverse  
(c) no effect  
(d) can be direct and inverse
- (ii) Demand curve is parallel to 'X' axis in case of \_\_\_\_\_.  
(a) Perfectly elastic demand  
(b) Perfectly inelastic demand  
(c) Relatively elastic demand  
(d) Relatively inelastic demand

- (iii) A rightward shift in supply curve shows:
- Contraction of supply
  - Decrease in supply
  - Expansion of supply
  - Increase in supply
- (iv) Trade of goods and service within the geographical boundaries of a nation:
- International trade
  - Internal trade
  - Currency trade
  - Inter-continental trade
- (v) Stock exchange is an important constituent of the \_\_\_\_\_.
- Capital market
  - Money market
  - Local market
  - International market

Ans

- (i) - (b) inverse  
 (ii) - (a) Perfectly elastic demand  
 (iii) - (d) Increase in supply  
 (iv) - (b) Internal trade  
 (v) - (a) Capital market

**Marking Scheme:** 1 mark for each correct answer; Total = 5 Marks

**Q.2 (A) Identify and explain the following concepts (Any THREE):** [06]

- (i) Salma purchased sweater for her father in winter season. (2)

Ans

- (A) **Identified Concept:** Time utility.  
 (B) **Explanation:** Time utility refers to utility increased in the product by changing the time of utilization of a product. In the winter season due to cold atmosphere people need woollen clothes and sweaters to protect body from severe cold and so utility of sweater increases.

- (ii) Sanket's demand for consumer goods increased by 20% due to an increase in his income by 50%. (2)

Ans

- (A) **Identified Concept:** Income elasticity.  
 (B) **Explanation:** Income elasticity refers to the degree of responsiveness of quantity demanded to a change in income only, other factors including price remain unchanged. In the above case income elasticity for consumer goods is 0.40 i.e. income elasticity < 1.

- (iii) Anita receives monthly pension of ₹ 15,000/- from the State Government.

Ans

- (A) **Identified Concept:** Transfer income.  
 (B) **Explanation:** The income received by an individual without rendering any productive service in return is known as transfer income. Pension is the expenditure incurred by the government or employer. In the above case Anita does not work for government but gets income in the form of pension. It is a transfer income.

- (iv) John produces 5 units of mobile in his factory at ₹ 50,000. When he produced the 6<sup>th</sup> unit of mobile total cost was ₹ 58,000.

Ans

- (A) **Identified Concept:** Marginal cost.  
 (B) **Explanation:** Marginal cost refers to the net addition made to the total cost by producing an extra unit of commodity. In the above case, marginal cost of 6<sup>th</sup> unit is ₹ 8,000. It is calculated by using following formula:

$$MC_n = TC_n - TC_{n-1}$$

$$\therefore MC_6 = TC_6 - TC_{6-1}$$

$$= TC_6 - TC_5$$

$$= 58,000 - 50,000$$

$$= ₹ 8,000.$$

- (v) Samir paid wages to workers in his factory and interest on his bank loan. (2)

Ans

- (A) **Identified Concept:** Factor reward or Theory of Factor pricing.  
 (B) **Explanation:** The factors of production such as Land, Labour, Capital and Entrepreneurship are used in the factory to produce goods and services required for consumption and use. These factors of production get rewarded in the form of rent, wages, interest and profit respectively from the manufacturer for their contribution and efforts. In the above case Samir has paid reward in the form of wages and interest to the labour (workers) and capital (borrowed capital) respectively.

**Marking Scheme:** 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

Time : 3 Hours ]

**ECONOMICS**

**Q.1 (A) Complete the correlations : (05)[20]**

- (i) Macro Economics :  :: Micro Economics : Price theory.
- (ii) Direct demand : Food and Mobiles ::  : Land and Labour.
- (iii) Perfectly elastic demand :  $E_d = \infty$  ::  :  $E_d = 1$ .
- (iv) Output method : Product method ::  : Factor cost method.
- (v) Personal income tax :  :: Goods and service tax (GST) : Indirect Tax.

<b>Ans</b>	(i) Income Theory	(ii) Indirect Demand
	(iii) Unitary Elastic Demand	(iv) Income Method
	(v) Direct Tax	

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (B) Give economic terms : (05)**

- (i) Additional utility derived by a consumer from an additional unit consumed.
- (ii) Price being constant, demand falls due to unfavourable change in other factors.
- (iii) Revenue per unit of output sold.
- (iv) Period in which all factors of production are variable.
- (v) The gross market value of all final goods and services produced within the domestic territory of a country during a period.

<b>Ans</b>	(i) Marginal Utility	(ii) Decrease in demand
	(iii) Average Revenue	(iv) Short Period
	(v) Gross Domestic Product (G.D.P.)	

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Complete the following statements : (05)**

- (i) Whole Economy is studied in \_\_\_\_\_  
 (a) Micro Economics (b) Macro Economics  
 (c) Econometrics (d) Natural Sciences
- (ii) When percentage change in quantity demanded is less than percentage change in price, the demand curve is \_\_\_\_\_  
 (a) Flatter  
 (b) Steeper  
 (c) Rectangular hyperbola  
 (d) Horizontal
- (iii) The cost incurred by the firm to promote sales \_\_\_\_\_  
 (a) Total cost (b) Average cost  
 (c) Marginal cost (d) Selling cost
- (iv) Budget that consists of revenue receipts and revenue expenditure \_\_\_\_\_  
 (a) Capital budget (b) Government budget  
 (c) Revenue budget (d) Family budget

- (v) Purchase of goods and services from one country and selling them to another country is \_\_\_\_\_  
 (a) Entrepot trade (b) Import trade  
 (c) Export trade (d) National trade

<b>Ans</b>	(i) - (c) Macro Economics
	(ii) - (b) Steeper
	(iii) - (d) Selling Cost
	(iv) - (c) Revenue Budget
	(v) - (a) Entrepot trade

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (D) Assertion and Reasoning type questions : (05)**

- (i) Assertion (A) : Marginal utility (MU) goes on diminishing.  
 Reasoning (R) : Total utility (TU) increases at diminishing rate.

- Options :**
- (a) Assertion (A) is True, but Reasoning (R) is False.
  - (b) Assertion (A) is False, but Reasoning (R) is True.
  - (c) Both statements A and R are True and R is the correct explanation of A.
  - (d) Both statements A and R are True and R is not the correct explanation of A.

- (ii) Assertion (A) : With rising price, supply of a commodity falls.

- Reasoning (R) :** Seller earns more profit at higher price.
- Options :**
- (a) Assertion (A) is True, but Reasoning (R) is False.
  - (b) Assertion (A) is False, but Reasoning (R) is True.
  - (c) Both statements A and R are True and R is the correct explanation of A.
  - (d) Both statements A and R are True and R is not the correct explanation of A.

- (iii) Assertion (A) : Index number considers all factors.

- Reasoning (R) :** Index number is based on samples.
- Options :**
- (a) Assertion (A) is True, but Reasoning (R) is False.
  - (b) Assertion (A) is False, but Reasoning (R) is True.
  - (c) Both statements A and R are True and R is the correct explanation of A.
  - (d) Both statements A and R are True and R is not the correct explanation of A.

(iv) Assertion (A) : Money market economises use of cash.

Reasoning (R) : Money market does not deal with financial instruments that are close substitutes of money.

- Options: (a) Assertion (A) is True, but Reasoning (R) is False.  
 (b) Assertion (A) is False, but Reasoning (R) is True.  
 (c) Both statements A and R are True and R is the correct explanation of A.  
 (d) Both statements A and R are True and R is not the correct explanation of A.

(v) Assertion (A) : International trade leads to division of labour and specifications.

Reasoning (R) : India's national trade is not increasing.

- Options: (a) Assertion (A) is True, but Reasoning (R) is False.  
 (b) Assertion (A) is False, but Reasoning (R) is True.  
 (c) Both statements A and R are True and R is the correct explanation of A.  
 (d) Both statements A and R are True and R is not the correct explanation of A.

- (i) - (d) Both statements A and R are True and R is not the correct explanation of A.  
 (ii) - (b) Assertion (A) is False, but Reasoning (R) is True.  
 (iii) - (b) Assertion (A) is False, but Reasoning (R) is True.  
 (iv) - (a) Assertion (A) is True, but Reasoning (R) is False.  
 (v) - (a) Assertion (A) is True, but Reasoning (R) is False.

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

**Q.2 (A) Identify and explain the following concepts (Any THREE) :** [06]

(i) **Asha collected the information about the income of a particular firm.** (2)

Ans

**Study of individual economic unit.**

The study of economic behaviour of a particular unit by isolating it from the other forces of economy is known as the study of individual economic unit.

(ii) **Ramesh's demand for salt remained unchanged inspite of a 10 % rise in its price.** (2)

Ans

**Perfectly inelastic demand.**

When percentage of change in quantity demanded to given change in the price is zero it is called perfectly inelastic demand. In the case of necessary goods like salt, demand is perfectly inelastic.

(iii) **Out of 4000 kg of rice the farmer offered to sale 1000 kgs of rice in the market at ₹ 40 per kg.** (2)

Ans

**Individual supply.**

Supply refers to actual quantity of a commodity supplied by a seller at various alternative prices during a given period of time.

(iv) **Shobha collected data regarding the money value of all final goods and services produced in the country for financial year 2019-20.** (2)

Ans

**National Income.**

National Income is the money value of all final goods and services produced in the country during a year counted without duplication.

(v) **Lucy deposited a lumpsum amount of ₹ 1,00,000/- in the Bank of India for the period of one year.** (2)

Ans

**Fixed Deposit Account.**

Fixed Deposit Account is opened by bank customer in the bank for fixed period. No withdrawals are allowed from this account before maturity. Bank pays higher interest on the deposit in this account.

Marking Scheme: 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

**Q.2 (B) Distinguish between (Any THREE) :**

[06]

(i) **Slicing method and lumping method.** (2)

Slicing Method		Lumping Method	
(1)	Slicing method is used in Micro Economics.	(1)	Lumping method is used in Macro Economics.
(2)	It segregate individual economic unit from the rest of the units.	(2)	It studies all units at a time.
(3)	This method is based on independent study.	(3)	It is based on interdependent study.
(4)	It was prompted by the classical economist like Adam Smith, Marshall, Rangner Frisch.	(4)	It is developed by J. M. Keynes, Malthus Karl Marx, etc.

Time : 3 Hours ]

ECONOMICS

Q.1 (A) Choose the correct option from the given options : (05)

(i) The branch of Economics that deals with the allocation of resources.

- (a) Micro Economics (b) Macro Economics  
(c) Econometrics (d) Monetary Economics

Options: (1) a, b, c (2) a, b  
(3) only 'a' (4) None of these

(ii) Two or more goods demanded jointly to satisfy a single want.

- (a) Direct Demand  
(b) Indirect Demand  
(c) Joint / Complementary Demand  
(d) Composite Demand

Options: (1) a, d (2) a, b, c  
(3) a, c (4) only 'c'

(iii) Homogeneous product is a feature of this market.

- (a) Monopoly  
(b) Monopolistic competition  
(c) Perfect competition  
(d) Oligopoly

Options: (1) only 'c' (2) a, b, c  
(3) a, b, d (4) c, d

(iv) Economist who is of the view that public finance is one of those subjects which are on the borderline between economics and politics.

- (a) Adam Smith (b) Alfred Marshall  
(c) Prof. Hugh Dalton (d) Prof. Findlay Shirras

Options: (1) only 'a' (2) only 'b'  
(3) only 'c' (4) only 'd'

(v) Role of foreign trade.

- (a) To earn foreign exchange  
(b) To encourage investment  
(c) Leads to division of labour  
(d) Brings change in composition of exports

Options: (1) a, b, c (2) a, b, c, d  
(3) a, b, d (4) None of these



(i) -(3) only 'a' (ii) -(4) only 'c' (iii) -(1) only 'c'  
(iv) -(3) only 'c' (v) -(1) a, b, c

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (B) Complete the following correlations: (05)[20]

(i) Micro Economics : Tree  
:: Macro Economics :

(ii) Single consumer : Individual demand  
:: Many consumers :

(iii)  : Downward sloping curve  
:: Supply Curve : Upward sloping curve

(iv) Price Index : Inflation ::   
: Agricultural production

(v)  : Central bank  
:: State Bank of India : Commercial Bank



(i) Forest (ii) Market Demand  
(iii) Demand Curve (iv) Quantity index number  
(v) Reserve Bank of India

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (C) Give economic terms for the following descriptions : (05)

- (i) Utility of a commodity increases with a change in its time of utilization.  
(ii) The demand for a commodity which can be put to several uses.  
(iii) The market where there are a few sellers.  
(iv) Financial statement showing the expected receipts and proposed expenditure of the government in the coming financial year.  
(v) Deposits withdrawable on demand.



(i) Time utility (ii) Composite Demand  
(iii) Oligopoly (iv) Government Budget  
(v) Demand Deposit

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (D) Complete and rewrite the following statements. (05)

- (i) When Marginal Utility (MU) is negative, Total Utility (TU) is \_\_\_\_\_.  
(a) Rising (b) Not changing  
(c) Falling (d) Zero
- (ii) When less units are demanded at high price it shows \_\_\_\_\_.  
(a) Increase in demand  
(b) Expansion of demand  
(c) Decrease in demand  
(d) Contraction in demand
- (iii) Revenue per unit of output sold is \_\_\_\_\_.  
(a) Total revenue (b) Marginal revenue  
(c) Average revenue (d) Marginal expenditure
- (iv) Organised sector of money market in India includes \_\_\_\_\_.  
(a) Indigenous Banks  
(b) Money lenders  
(c) Commercial Banks  
(d) Unregulated non bank financial intermediates
- (v) Purchase of goods and services by one country



from another country is

- (a) Export trade (b) Import trade  
(c) Entrepot trade (d) Internal trade

- (i) -(c) Falling  
(ii) -(d) Contraction in demand  
(iii) -(c) Average Revenue  
(iv) -(c) Commercial Banks  
(v) -(b) Import trade

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.2 (A) Identify and explain the following concepts (Any THREE) : [06]

(i) Madhav collected information about monthly expenditure of a family. (2)

**Concept:** Micro Economics/Slicing Method.

**Explanation:** Micro Economics refers to the study of small unit from the whole economy. Madhav has used Slicing Method of Micro Economics to collect information about the monthly expenditure of a particular family.

(ii) Pooja satisfied her need of writing an essay by using pen and notebook. (2)

**Concept:** Utility.

**Explanation:** Utility is a want satisfying power of a commodity.

The given example explains that Pooja's want of writing an essay is satisfied with the help of pen and notebook.

(iii) There are many firms producing soaps in India.

**Ans**

**Concept:** Monopolistic competition.

**Explanation:** Monopolistic competition refers to competition among which a large number of sellers producing close but not perfect substitutes. In the given example many firms are producing soap which is close substitute but not perfect substitute.

(iv) Ramesh prepared share price index number. (2)

**Ans**

**Concept:** Special Purpose Index Number.

**Explanation:** Special purpose index numbers are constructed with some specific purpose. In the above example the aim of Ramesh is to find out change in share price over a period of time.

(v) Fall in price of sugar by 50 % results in 50 % rise in demand. (2)

**Ans**

**Concept:** Unitary Elastic Demand.

**Explanation:** When a percentage change in price leads to a proportionate change in quantity demanded then it is said to be unitary elastic demand.

$$E_d = \frac{\% \Delta \text{ in Quantity Demanded}}{\% \Delta \text{ in Price}} = 1$$

$$E_d = 1$$

Therefore, the above example is the case of unitary elastic demand.

**Marking Scheme:** 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

Time : 3 Hours ]

**ECONOMICS**

**Q.1 (A) Choose the correct option. (05)[20]**

- (1) Concepts studied under Macro Economics :  
 (a) Whole economy  
 (b) Economic development  
 (c) Aggregate supply  
 (d) Product pricing  
 Options: (i) a, b and c           (ii) b, c and a  
               (iii) only d               (iv) a, b, c and d
- (2) Individual investors have lost confidence in the capital market due to :  
 (a) lack of financial instruments  
 (b) high transaction cost  
 (c) low returns  
 (d) financial scams  
 Options: (i) only a               (ii) only b  
               (iii) only c               (iv) only d
- (3) Wrongly matched pair :

(a) National Income Committee	-	1949
(b) Financial year	-	1 <sup>st</sup> April to 31 <sup>st</sup> March
(c) Income method	-	National Income = Rent, Wages + Interest + Profit + Mixed Income + Net Income from Abroad
(d) Expenditure method	-	National Income = Rent + Wages + Interest + Profit

- Options: (i) only a               (ii) only b  
               (iii) only c               (iv) only d
- (4) In Economic sense, market includes following activities :  
 (a) The place where goods are sold and purchased  
 (b) An arrangement through which buyers and sellers come in contact with each other directly or indirectly  
 (c) A shop where goods are sold  
 (d) All of the above  
 Options: (i) a and b               (ii) b and c  
               (iii) a, b and c               (iv) only d
- (5) Optional functions of government :  
 (a) Protection from external attack  
 (b) Provision of education and health services  
 (c) Provision of social security measures  
 (d) Collection of tax  
 Options: (i) a, b and c               (ii) b and c  
               (iii) b, c and d               (iv) all of these

<b>Ans</b>	(1) (i)	(2) (iv)	(3) (iv)	(4) (i)	(5) (ii)
------------	---------	----------	----------	---------	----------

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (B) Find the odd word out. (05)**

- (1) Selling Cost: Free gifts, advertisement hoardings, window displays, patents.  
 (2) Unregular Financial Intermediates: Mutual funds, Nidhi, Chit fund, loan companies.  
 (3) Non-Tax Revenue: Donation fees, GST, Fines and penalties.  
 (4) Types of Demand: Direct demand, Indirect demand, Composite demand, Market demand.  
 (5) Features of utility: Subjective concept, Relative concept, Multipurpose concept, Time utility.

<b>Ans</b>	(1) patents	(2) mutual funds
	(3) GST	(4) market demand
	(5) time utility	

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Assertion and Reasoning type questions. (05)**

- (1) Assertion (A) : Degree of price elasticity is less than one in case of relatively inelastic demand.  
 Reasoning (R) : Change in demand is less than the change in price.  
 Options: (1) (A) is True, but (R) is False  
               (2) (A) is False, but (R) is True  
               (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
               (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- (2) Assertion (A) : Regional stock exchanges have witnessed a sharp decline in the volume of trade.  
 Reasoning (R) : Investors prefer to trade in securities listed in stock exchanges like BSE, NSE etc.  
 Options: (1) (A) is True, but (R) is False  
               (2) (A) is False, but (R) is True  
               (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
               (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- (3) Assertion (A) : Marginal utility increases at a diminishing rate.  
 Reasoning (R) : Then total utility goes on diminishing.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

Assertion (A) : Simple index number are assumed as base years.  
 Reasoning (R) : Every commodity is given equal importance.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

Assertion (A) : Perfect competition prevails when the demand for output of each producer is perfectly elastic.

Reasoning (R) : A single uniform price prevails under perfect competition which is determined by the interaction of demand and supply.

- Options: (1) (A) is True, but (R) is False  
 (2) (A) is False, but (R) is True  
 (3) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(1) (3) (2) (2) (3) (1) (4) (3) (5) (3)

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q1 (D) Complete the following statements. (05)

(1) Commercial banks act as intermediates in the financial system to \_\_\_\_\_.  
 (a) make profits  
 (b) accelerate the country's economic growth  
 (c) mobilise the savings and allocating them to various sectors of the economy  
 (d) control the credit

(2) In India, National Income is estimated using \_\_\_\_\_.  
 (a) Output method  
 (b) Income method  
 (c) Expenditure method  
 (d) Combination of Output and Income method

(3) Other factors remaining constant, when less quantity is supplied only due to fall in price, it shows \_\_\_\_\_.

- (a) contraction of supply (b) decrease of supply (d)  
 (c) expansion of supply  
 increase of supply  
 (4) Price elasticity of demand in a linear demand curve at the Y-axis is equal to \_\_\_\_\_. (b)  
 (a) zero  
 one (d)  
 (c) infinity  
 greater than one  
 (5) The relationship between price and quantity demanded is \_\_\_\_\_. (c)  
 (a) Direct (b) Indirect  
 Contraction (d) Expansion

Ans	(1) (c) mobilise the savings and allocating them to various sectors of the economy
	(2) (d) Combination of Output and Income method
	(3) (a) contraction of supply
	(4) (a) zero
	(5) (b) indirect

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.2 (A) Identify and explain the concepts (Any THREE). [06]

(1) Rohan uses interdependence and advertising to grow his business. (2)

Ans (A) Identified concept: Oligopoly.

(B) Explanation: Oligopoly is a market where there are a few sellers (firms) in the market producing either a homogeneous product or a differentiated product. Interdependence and advertising are the main features of oligopoly.

(2) 60% fall in price of a commodity leads to 60% rise in quantity demanded. (2)

Ans (A) Identified concept: Unitary elastic demand.

(B) Explanation: Unitary elastic demand refers a percentage of change in price, leads to a proportionate change in quantity demanded.

(3) Neha taught her grandmother some computer tasks. (2)

Ans (A) Identified concept: Knowledge utility.

(B) Explanation: When a consumer acquires knowledge about a particular product, it is called knowledge utility.

(4) Keshav sent ₹ 2,00,000 to his uncle from Mumbai with the help of a bank. (2)

Ans (A) Identified concept: NEFT (National Electronic Fund Transfer)

(B) Explanation: It is an electronic transfer process, through which money can be sent

**(A) Complete the following statements. (05)[20]**

- Commercial banks acts as intermediate in the financial system to \_\_\_\_\_  
 (a) make profits  
 (b) accelerate the country's economic growth  
 (c) mobilize the savings and allocating them to various sectors of the economy.  
 (d) control the credit
- The relationship between demand for a good and price of its substitute is \_\_\_\_\_  
 (a) direct  
 (b) inverse  
 (c) no effect  
 (d) can be direct and inverse
- When supply curve is upward sloping, its slope is \_\_\_\_\_  
 (a) positive  
 (b) negative  
 (c) first positive then negative  
 (d) zero
- When estimating national income, we include only value of final goods and services in order to \_\_\_\_\_  
 (a) make computing easy  
 (b) avoid double counting  
 (c) maximize national welfare of the people  
 (d) valuate the total economic performance of a nation
- Money market faces shortage of funds due to \_\_\_\_\_  
 (a) inadequate savings  
 (b) growing demand for cash  
 (c) presence of unrecognized sector  
 (d) financial management

**Ans** (1) (c) (2) (a) (3) (a) (4) (b) (5) (a)

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**(B) Give economic terms. (05)**

- Graphical representation of demand schedule.
- Cost incurred per unit of output.
- Charging different prices to different consumers for the same product or services.
- Ramesh has registered all his import and export transactions.
- Elasticity resulting from infinite change in quantity demanded.

**Ans** (1) Demand curve (2) Average cost  
 (3) Price discrimination (4) Foreign trade  
 (5) Perfect elasticity

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Choose the correct option. (05)**

- Concepts studied under micro-economics.  
 (a) National Income  
 (b) General Price Level  
 (c) Factor Pricing  
 (d) Product pricing  
 Options: (i) b and c (ii) b, c and d  
 (iii) a, b and c (iv) c and d
- A rightward shift in supply curve shows:  
 (a) contraction of supply  
 (b) decrease in supply  
 (c) expansion of supply  
 (d) increase in supply  
 Options: (i) only a (ii) only b  
 (iii) only d (iv) only c
- Under perfect competition, sellers are:  
 (a) Price makers  
 (b) Price takers  
 (c) Price discriminators  
 (d) None of these  
 Options: (i) only a (ii) only b  
 (iii) only d (iv) only c
- Demand curve is parallel to Y-axis, in case of:  
 (a) perfectly elastic demand  
 (b) perfectly inelastic demand  
 (c) relatively elastic demand  
 (d) relatively inelastic demand  
 Options: (i) a (ii) b  
 (iii) c (iv) d
- Statements that highlight the significance of index number:  
 (a) Index numbers are useful for making future predictions.  
 (b) Index numbers help in the measurement of inflation.  
 (c) Index number helps to frame suitable policies.  
 (d) Index number can be misused.  
 Options: (i) b, c and d (ii) a, c and d  
 (iii) a, b and d (iv) a, b and c

**Ans** (1) (iv) (2) (iv) (3) (ii) (4) (ii) (5) (iv)

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (D) Complete the correlation. (05)**

- Micro economics : Tree :: Macro economics : \_\_\_\_\_
- \_\_\_\_\_ : Central Bank :: SBI : Commercial Bank.
- Output method : \_\_\_\_\_  
 :: Income method : Factor cost.
- Single price : Perfect competition  
 :: Discriminated price : \_\_\_\_\_
- Total cost : TFC + TVC :: Average cost : \_\_\_\_\_

<b>Ans</b>	(1) Forest	(2) RBI	(3) Product method
	(4) Monopoly	(5) $\frac{TC}{TQ}$	

**Marking Scheme:** 1 mark for each correct answer; Total = 5 Marks

**Q.2 (A) Identify and explain the concepts (Any THREE). [06]**

(1) Ramesh decided to take all decisions related to production such as what and how to produce. (2)

**Ans** (A) **Concept:** Free market economy.

(B) **Explanation:** A free market economy is that economy where the economic decisions regarding production of goods, as 'What to produce? How much to produce? How to produce? etc.' are taken at individual levels.

(2) Nilesh purchased ornaments for his sister. (2)

**Ans** (A) **Concept:** Possession utility.

(B) **Explanation:** Possession utility refers to the ownership of goods is transferred from one person to other.

(3) 70% fall in price of a commodity leads to 50% rise in quantity demand. (2)

**Ans** (A) **Concept:** Relatively inelastic demand.

(B) **Explanation:** When a percentage change in price leads to less than proportionate change in the quantity demanded it is called relatively inelastic demand.

(4) Devraj and his group companies fix the price of his own product. (2)

**Ans** (A) **Concept:** Monopoly.

(B) **Explanation:** Monopoly is a market in which there is only single seller who controls the entire market supply for a product which has no close substitute.

(5) Raghu's father regularly invests his money in stock and bonds. (2)

**Ans** (A) **Concept:** Investment in stock market.

(B) **Explanation:** It is the demand by the consumers for goods and services that satisfies their wants indirectly.

**Marking Scheme:** 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

**ECONOMICS**

**Q.1 (A) Choose the correct option : (05)[20]**

- (1) The concept not studied under Micro Economics.  
 (a) National Income (b) General Price Level  
 (c) Factors Pricing (d) Product Pricing  
 Options: (i) a and b (ii) b and c  
 (iii) a, b and c (iv) only c
- (2) Price elasticity of demand on a linear demand curve on the X-axis is \_\_\_\_\_.  
 (a) zero (b) one  
 (c) infinity (d) less than one  
 Options: (i) a (ii) a and b  
 (iii) a, b and c (iv) only c

- (3) In Economic sense, market includes the following activities:  
 (a) The place where goods are bought and sold  
 (b) An arrangement through which buyers and sellers come in close contact with each other either directly or indirectly.  
 (c) A shop where goods are bought and sold.  
 (d) All the above.  
 Options: (i) a and b (ii) b and c  
 (iii) a, b and c (iv) only d
- (4) Statement related to limitation of index numbers:  
 (a) Index numbers are not completely reliable.  
 (b) There may be bias in data collected.  
 (c) Every formula has some kind of defect.  
 (d) Index numbers ignore changes in the qualities of product  
 Options: (i) a and c (ii) a, b, c and d  
 (iii) b, c and d

- (5) Obligatory functions of Government:  
 (a) Provision of employment.  
 (b) Maintaining internal law and order.  
 (c) Welfare measures.  
 (d) Exporting goods and services.  
 Options: (i) c and d (ii) a and b  
 (iii) only b (iv) a, c and d

<b>Ans</b>	(1) (i) a and b	(2) (i) a
	(3) (iv) only d	(4) (iii) a, b, c, d
	(5) (iii) only b	

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (B) Complete the correlation : (05)**

- (1) Micro Economics : Slicing Method  
 :: Macro Economics : \_\_\_\_\_
- (2) Pen and Ink : \_\_\_\_\_  
 :: Tea and Coffee : Substitutes.

(3) Total Revenue : \_\_\_\_\_  
 :: Marginal Revenue :  $\frac{\Delta TR}{\Delta TQ}$

(4) Price Taker : \_\_\_\_\_  
 :: Price Maker : Monopoly

(5) Theoretical difficulties : Transfer of payment  
 :: \_\_\_\_\_ : Valuation of inventories.

<b>Ans</b>	(1) Lumping Method	(2) Complementary
	(3) Price × Quantity sold	(4) Perfect Competition
	(5) Practical Difficulty	

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Find the odd word : (05)**

- (1) Market Structure on the basis of competition: Monopoly, Oligopoly, Very short period market, Perfect competition.
- (2) Financial Assets: Bonds, Land, Government securities, Derivatives.
- (3) International Trade: Import trade, Export trade, Entrepot trade, Internal trade.
- (4) Non Tax Revenue: Fees, Fines and penalties, Special levies, Income tax.
- (5) Concept of cost: Fixed cost, Variable cost, Total cost, Average Revenue.

<b>Ans</b>	(1) Very short period market	(2) Land
	(3) Internal Trade	(4) Income tax
	(5) Average Revenue	

**Marking Scheme : 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (D) Complete the following statements : (05)**

- (1) The relationship between income and demand is \_\_\_\_\_.  
 (a) direct (b) inverse  
 (c) no effect (d) can be direct or inverse
- (2) An upward movement along the same supply curve shows \_\_\_\_\_.  
 (a) contraction in supply  
 (b) decrease in supply  
 (c) expansion in supply  
 (d) increase in supply
- (3) NDP is obtained by \_\_\_\_\_.  
 (a) deducting depreciation from GNP  
 (b) deducting depreciation from GDP  
 (c) including depreciation in GDP  
 (d) including depreciation in GNP
- (4) Development financial institutions were established to \_\_\_\_\_.  
 (a) provide short term funds  
 (b) develop industry, agriculture and other key sectors  
 (c) regulate the capital market

- (5) When marginal utility is zero, total utility is \_\_\_\_\_.
- (a) zero (b) highest  
(c) negative (d) positive

**Ans** (1) (a) (2) (c) (3) (b) (4) (b) (5) (b)

**Marking Scheme:** 1 mark for each correct answer; Total = 5 Marks

**Q.2 (A) Identify and explain the concepts (Any THREE):** [06]

- (1) Shabana paid wages to factory workers in the factory and interest on bank loan. (2)

**Ans** (A) Identified concept: Factor reward or Theory of factor pricing.

(B) Explanation: The factor of production such as land, labour, capital and entrepreneur are used in the factory to produce goods and services required for consumption and use. These factors of production get their reward in the form of rent, wages, interest and profit respectively from manufacturer for their contribution and efforts.

- (2) Lalita satisfied her want of writing an essay by using pen and note-book. (2)

**Ans** (A) Identified concept: Utility.

(B) Explanation: Utility is a want satisfying power of a commodity.

The given example explains that Lalita's want of writing an essay is satisfied with the help of pen and note-book.

- (3) Vidya collected data regarding money value of all final goods and services produced in the country for 2021-22. (2)

**Ans** (A) Identified concept: National Income.

(B) Explanation: National income is the money value of all final goods and services produced in a country during a year counted without duplication.

- (4) Sara Ali makes a monthly contribution to a fund jointly created by her friends. The collected fund is then given to chosen members through lucky draw. (2)

**Ans** (A) Identified concept: Chit Funds.

(B) Explanation: Under chit funds, members make regular contribution to the fund. Draws are made on the basis of criteria mutually agreed upon by the members.

- (5) England imported cotton from India, made readymade garments from it and sold them to Malaysia. (2)

**Ans.** (A) Identified concept: Entrepot Trade.

(B) Explanation: Entrepot trade refers to purchase of goods and services from one country and then selling them to another country after some processing operations.

**Marking Scheme:** Each sub-question carries 2 Marks; 1 mark for identifying the correct concept and 1 mark for explanation of concept correctly.; Total = 6 marks

**SPECIMEN PAPER - 4 (With Solution)**

Time: 3 Hours]

**ECONOMICS**

[Max. Marks: 80

**Q.1 (A) Choose the correct option. (05)**

- (1) Concepts studied under micro economics. (05)  
 (a) National income (b) General price level  
 (c) Factor pricing (d) Product pricing  
 Options: (i) b and c (ii) b, c and a (iii) a, b and d (iv) b, c and d
- (2) Under perfect competition, sellers are:  
 (a) Price maker (b) Price taker  
 (c) Price discriminators (d) None of these  
 Options: (i) a, b and c (ii) only b (iii) only c (iv) a and c
- (3) Statements that are incorrect in relation to index numbers.  
 (a) Index number is a geographical tool.  
 (b) Index numbers measure changes in the air pressure.  
 (c) Index numbers measure relative changes in an economic variable.  
 (d) Index numbers are specialized averages.  
 Options: (i) c and d (ii) a and b (iii) b and c (iv) a and d
- (4) Trends shown by Public expenditure of any Government shows following trend.  
 (a) Constant (b) Increasing (c) Decreasing (d) Fluctuating  
 Options: (i) only a (ii) only b (iii) only c (iv) only d
- (5) Role of foreign trade is \_\_\_\_\_  
 (a) To earn foreign exchange  
 (b) To encourage investment  
 (c) Lead to division of labour  
 (d) Bring change in composition of exports  
 Options: (i) a and b (ii) a, b and c (iii) b and d (iv) None of these

<b>Ans</b>	(1) (iv) c and d	(2) (ii) only b
	(3) (ii) a and b	(4) (iv) only d
	(5) (ii) a, b and c	

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (B) Complete the correlation. (05)**

- (1) Money market : Short term funds  
 :: \_\_\_\_\_ : Long term funds
- (2) Straight line demand curve : Linear demand curve  
 :: \_\_\_\_\_ : Non linear demand curve.
- (3) Demand curve : \_\_\_\_\_  
 :: Supply curve : Upward.
- (4) Laaspeyre's index : \_\_\_\_\_  
 :: Paasche's index: Current year quantities.

(5) \_\_\_\_\_ :  $C + I + G + (X - M)$   
 :: GNP :  $C + I + G + (X - M) + (R - P)$ .

<b>Ans</b>	(1) Capital Market	(2) Convex to origin
	(3) Downward	(4) Base year quantities
	(5) GDP	

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Find the odd word. (05)**

- (1) Types of Bank Accounts: Saving A/c, Demat A/c, Recurring A/c, Current A/c  
 (2) Market structure on the basis of competition: Monopoly, Oligopoly, Very Short Period market, Perfect competition.  
 (3) Financial Assets : Bonds, Land, Govt. Securities, Derivatives.  
 (4) Single seller, price maker , no close substitute, advertising.  
 (5) GST, Fees, Fine, Gifts.

<b>Ans</b>	(1) Demat A/c	(2) Very short period market
	(3) Land	(4) Advertising
	(5) GST	

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (D) Complete the following statements. (05)**

- (1) Development financial institutions were established to \_\_\_\_\_  
 (a) provide short term funds.  
 (b) develop industry, agriculture and other key sectors.  
 (c) regulate the money market.  
 (d) regulate the capital market.
- (2) While estimating national income, we include only value of final goods and services in order to avoid \_\_\_\_\_  
 (a) make computation easier  
 (b) avoid double counting  
 (c) maximize national welfare of the people  
 (d) evaluate the total economic performance
- (3) Net addition made to the total revenue by selling an extra unit of a commodity is \_\_\_\_\_  
 (a) Total Revenue (b) Marginal Revenue  
 (c) Average Revenue (d) Marginal Cost.
- (4) Point of Satiety means \_\_\_\_\_  
 (a) TU is rising and MU is falling  
 (b) TU is falling and MU is negative  
 (c) TU is maximum and MU is zero  
 (d) MU is falling and TU is rising.



- (5) Commercial banks act as intermediaries in the financial system to \_\_\_\_\_.
- make profits
  - accelerate the country's economic growth.
  - mobilize the savings and allocating them to various sectors of the economy.
  - control the credit.

Ans

- (1) - (b) develop industry, agriculture and other key sectors.
- (2) - (b) avoid double counting
- (3) - (b) Marginal Revenue
- (4) - (c) TU is maximum and MU is zero
- (5) - (c) mobilize the savings and allocating them to various sectors of the economy.

**Marking Scheme:** 1 mark for each correct answer; Total = 5 Marks

**Q.2 (A) Identify and explain the concepts (Any THREE).** [06]

- (1) Vrinda receives monthly pension of ₹5,000/- from the State Government. (2)

**Ans. (A) Identified concept:** Transfer income.

**(B) Explanation:** The income received by an individual without rendering any productive service in return is called transfer income. Pension received by Vrinda is a part of individual income and on the other hand it is part of Government expenditure.

- (2) Shabana studied the salaries of the employees in her company. (2)

**Ans. (A) Identified concept:** Micro economics.

**(B) Explanation:** Micro economics deals with a

### UTTAM's XII Economics Papers Solution

- study of small part of the national economy. Employees are the part of industry or factory. The studies of salaries of employees are the subject part of micro economics.
- (3) Kavita consumed five units of oranges one after the other. (2)

- Ans** (A) **Identified concept:** Total Utility.  
 (B) **Explanation:** Total utility refers to the aggregate of utility derived by the consumer from all units of a commodity consumed.
- (4) ABC bank provides d-mat facility, safe deposit lockers, internet banking facilities to its customers.

- Ans** (A) **Identified concept:** Commercial Bank.  
 (B) **Explanation:** According to Prof. Cairncross "A bank is a financial intermediary, a dealer in loans and debts". Commercial banks provide a range of ancillary services such as transfer of funds, safe deposit lockers, Demat facilities, internet banking, mobile banking etc to their customers.

- (5) Maharashtra purchased wheat from Punjab.

- Ans** (A) **Identified concept:** Internal Trade.  
 (B) **Explanation:** Buying and selling of goods and services within the boundaries of a nation are referred to as 'Internal Trade' or 'Domestic Trade' or 'Home Trade'.

**Marking Scheme:** 1 mark to identify the correct concept and 1 mark for explanation of concept correctly. Each question carries 2 marks; Total = 6 marks

**Q.2 (B) Distinguish between (Any THREE)**

**Q.1 (A) Choose the correct option.**

**(05)[20]**

Group A		Group B	
(1) Time utility	(a) Transport	(1) Time utility	(a) Transport
(2) Place utility	(b) Blood bank	(2) Place utility	(b) Blood bank
(3) Service utility	(c) Mobile phone	(3) Service utility	(c) Mobile phone
(4) Knowledge utility	(d) Doctor	(4) Knowledge utility	(d) Doctor

- Options: (a) 1-d, 2-b, 3-a, 4-c  
 (b) 1-b, 2-a, 3-d, 4-c  
 (c) 1-a, 2-b, 3-c, 4-d  
 (d) 1-b, 2-c, 3-d, 4-a

(2)

Group A		Group B	
(1) Price Index	(a) $\frac{\sum p_1 q_1 + \sum p_0 q_1}{\sum p_0 q_1} \times 100$	(1) Price Index	(a) $\frac{\sum p_1 q_1 + \sum p_0 q_1}{\sum p_0 q_1} \times 100$
(2) Value Index	(b) $\frac{\sum q_1}{\sum q_0} \times 100$	(2) Value Index	(b) $\frac{\sum q_1}{\sum q_0} \times 100$
(3) Quantity Index	(c) $\frac{\sum p_1 q_1 + \sum p_0 q_1}{\sum p_0 q_1} \times 100$	(3) Quantity Index	(c) $\frac{\sum p_1 q_1 + \sum p_0 q_1}{\sum p_0 q_1} \times 100$
(4) Paasche's Index	(d) $\frac{\sum p_1 + \sum p_0}{\sum p_0} \times 100$	(4) Paasche's Index	(d) $\frac{\sum p_1 + \sum p_0}{\sum p_0} \times 100$

- Options: (a) 1-d, 2-c, 3-a, 4-b  
 (b) 1-d, 2-a, 3-b, 4-c  
 (c) 1-b, 2-c, 3-d, 4-a  
 (d) 1-c, 2-d, 3-a, 4-b

**(3) Wrongly matched pair:**

Group A		Group B	
(1) National Income Committee	(a) 1949	(1) National Income Committee	(a) 1949
(2) Financial year	(b) 1 <sup>st</sup> April to 31 <sup>st</sup> March	(2) Financial year	(b) 1 <sup>st</sup> April to 31 <sup>st</sup> March
(3) Income method	(c) National Income = Rent + Wages + Interest + Profit + Mixed Income	(3) Income method	(c) National Income = Rent + Wages + Interest + Profit + Mixed Income
(4) Expenditure method	(d) National Income = Rent + Wages + Interest + Profit	(4) Expenditure method	(d) National Income = Rent + Wages + Interest + Profit

- Options: (a) 1 - a                      (b) 2 - b  
 (c) 3 - c                          (d) 4 - d

**(4) Identify the right group of pairs from the given options.**

Group A		Group B	
(1) Direct tax	(a) Non-tax revenue	(1) Direct tax	(a) Non-tax revenue
(2) Indirect tax	(b) Inflation	(2) Indirect tax	(b) Inflation
(3) Fees and Fines	(c) GST	(3) Fees and Fines	(c) GST
(4) Surplus budget	(d) Personal income tax	(4) Surplus budget	(d) Personal income tax

- Options: (a) 1-d, 2-c, 3-b, 4-a  
 (b) 1-c, 2-d, 3-a, 4-b  
 (c) 1-d, 2-c, 3-a, 4-b  
 (d) 1-a, 2-b, 3-c, 4-d

**(5) Wrongly matched pair:**

Group A		Group B	
(1) Supply of labour	(a) Exception to the law of supply	(1) Supply of labour	(a) Exception to the law of supply
(2) Expansion of supply	(b) Rise in the price - rise in the quantity	(2) Expansion of supply	(b) Rise in the price - rise in the quantity
(3) Average cost	(c) Total cost + total quantity	(3) Average cost	(c) Total cost + total quantity
(4) Supply rise	(d) Less price	(4) Supply rise	(d) Less price

- Options: (a) 1 - a                      (b) 2 - b  
 (c) 3 - c                          (d) 4 - d

<b>Ans</b>	(1) (b)    (2) (b)    (3) (d)    (4) (c)    (5) (d)
------------	---

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (B) Give economic terms.**

**(05)**

- A situation where more quantity is demanded at lower price.
- Degree of responsiveness of a change in quantity demanded of one commodity due to change in the price of another commodity.
- Cost incurred per unit of output.
- Number of firms producing identical product.
- Rohan has registered all its Import - Export transactions.

<b>Ans</b>	(1) Expansion of demand                      (3) Average Cost
	(2) Gross elasticity of demand              (4) Industry                                      (5) Foreign trade

**Marking Scheme: 1 mark for each correct answer; Total = 5 Marks**

**Q.1 (C) Assertion and Reasoning type questions. (05)**

(1) Assertion (A) : Degree of price elasticity is less than one in case of relatively inelastic demand.

Reasoning (R) : Change in demand is less than the change in price.

- Options: (a) (A) is True, but (R) is False  
 (b) (A) is False, but (R) is True  
 (c) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(2) Assertion (A) : Regional stock exchanges have witnessed a sharp decline in the volume of trade.

Reasoning (R) : Investors prefer to trade in securities listed in premier stock exchanges like BSE, NSE etc.

- Options: (a) (A) is True, but (R) is False

- (b) (A) is False, but (R) is True  
 (c) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(3) Assertion (A) : The marginal utility is zero.  
 Reasoning (R) : Then total utility is highest.

Options: (a) (A) is True, but (R) is False

- (b) (A) is False, but (R) is True  
 (c) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(4) Assertion (A) : Simple Index Number, every commodity is given equal importance.

Reasoning (R) : Simple index number include price index, Quantity index.

Options: (a) (A) is True, but (R) is False

- (b) (A) is False, but (R) is True  
 (c) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

(5) Assertion (A) : Public Revenue includes Tax, Non-Tax income.

Reasoning (R) : GST Also include

Options: (a) (A) is True, but (R) is False

- (b) (A) is False, but (R) is True  
 (c) Both (A) and (R) are True and (R) is the correct explanation of (A)  
 (d) Both (A) and (R) are True and (R) is not the correct explanation of (A)

Ans

- (1) - (c) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (2) - (c) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (3) - (c) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (4) - (c) Both (A) and (R) are True and (R) is the correct explanation of (A).  
 (5) - (c) Both (A) and (R) are True and (R) is the correct explanation of (A).

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.1 (D) Complete the following statements. (05)

- (1) Development financial institutions were established to \_\_\_\_\_.  
 (a) provide short term funds.  
 (b) develop industry, agriculture and other key sectors.  
 (c) regulate the money market.  
 (d) regulate the capital market

- (2) NDP is obtained by \_\_\_\_\_  
 (a) deducting depreciation from GNP  
 (b) deducting depreciation from GDP  
 (c) including depreciation in GDP  
 (d) including depreciation in GNP.
- (3) Net addition made to the total revenue by selling an extra unit of a commodity is \_\_\_\_\_  
 (a) total Revenue  
 (b) marginal Cost Revenue  
 (c) average Revenue  
 (d) marginal Revenue
- (4) Symbolically, the functional relationship between Demand and Price can be expressed as \_\_\_\_\_  
 (a)  $D_x = f(P_x)$  (b)  $D_x = f(P_z)$   
 (c)  $D_x = f(y)$  (d)  $D_x = f(T)$
- (5)  $E_d = 0$  in case of \_\_\_\_\_  
 (a) luxuries (b) normal goods  
 (c) necessities (d) comforts

Ans

- (1) - (b) develop industry, agriculture and other key sectors.  
 (2) - (b) deducting depreciation from GDP.  
 (3) - (d) marginal Revenue.  
 (4) - (a)  $D_x = f(P_x)$   
 (5) - (c) necessities

Marking Scheme: 1 mark for each correct answer; Total = 5 Marks

Q.2 (A) Identify and explain the concepts (Any THREE). [06]

(1) Viru kept aside 100 kgs. out of 500 kgs. Of wheat produced in his farm for his family. (2)

Ans

- (A) Identified Concept: Self-consumption.  
 (B) Explanation: Producers themselves consume the entire or a part of the output they produce is called self-consumption.

(2) Gauri collected the information about the income of a particular firm. (2)

Ans

- (A) Identified Concept: Study of individual economic unit.  
 (B) Explanation: The study of economic behavior of a particular unit by isolating it from the other forces of economy is known as the study of individual economic unit.

(3) Charging different prices to different consumers for the same product or services. (2)

Ans

- (A) Identified Concept: Monopolistic competition.  
 (B) Explanation: "Monopolistic competition refers to competition among a large number of sellers producing close but not perfect substitutes".

(4) ABC bank provides demat facility, safe deposit lockers, internet banking facilities to its customers. (2)

Ans

- (A) Identified Concept: Commercial Banks.  
 (B) Explanation: According to Prof. Cairncross.