

Qn. No.	Scoring Key	Marks	Total Score
1	a) Full employment	1	1
2	b) AC is minimum	1	1
3	c) 1	1	1
4	b) -10/20	1	1
5	d) A few firms	1	1
6	Price mechanism, profit motivate with explanation	1 +1	2
7	Increase in demand, equilibrium price and quantity increases.	1 +1	2
8	Micro → Income of the house hold, profit of a monopoly firm. Macro → The policy of RBI, Calculation of GDP of a nation.	1+1	2
9	When rate of Interest is minimum speculative demand for Money is infinite such a situation is called Liquidity trap, with diagram.	1+1	2
10	Current account and Capital account., It include in capital account.	1 +1	2
11	1. Positive, 2. Negative, 3. Positive, 4.Negative	$\frac{1}{2} \times 4$	2
12	Output 1 to 5 → Relatively elastic, 6 to 8 → Unitary elastic, 9 → Relatively inelastic.	2	2
13	Large number of buyers and sellers, homogeneous product, freedom of entry and exit, absence of transportation cost, price taker, perfect knowledge about market conditions.	$\frac{1}{2} \times 6$	3
14	Exchange rate determined by market forces demand and supply in the Foreign exchange market is called flexible exchange rate. Exchange rate determined by Central bank is called fixed exchange rate.	1½ 1½	3
15	a) It is the point Consumer can enjoy maximum satisfaction with his income b) Budget line is tangent to indifference curve, DMRS = - P1/P2	1½ 1½	3

ANY SIX QUESTIONS

16	Human wants are unlimited, resources are limited, resources have alternative uses What to produce ?, how to produce? For whom to produce?	1½ x 2	3																																								
17	<table border="1"> <tr> <td>Monetary policy instruments</td> <td>Reduce money supply</td> <td>Increase money supply</td> </tr> <tr> <td>Bank rate</td> <td>Increase</td> <td>Decrease</td> </tr> <tr> <td>CRR</td> <td>Increase</td> <td>Decrease</td> </tr> <tr> <td>Open market operation</td> <td>Sell gov. Security</td> <td>Purchase gov. Security</td> </tr> </table>	Monetary policy instruments	Reduce money supply	Increase money supply	Bank rate	Increase	Decrease	CRR	Increase	Decrease	Open market operation	Sell gov. Security	Purchase gov. Security	1×3	3																												
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18	Revenue deficit = Revenue expenditure – Revenue receipts Fiscal deficit = Total expenditure – (Revenue receipts + non debt creating capital receipts) Primary deficit = fiscal deficit – Interest payments	1 1 1	3																																								
19	Value of output = Price × quantity sold Value added = value of added – value of intermediate consumption	1½ 1 ½	3																																								
20	Open economy multiplier = 2, closed economy multiplier = 1.82 Closed economy multiplier is greater than open economy multiplier. $\Delta y = 455$	2 1 1	4																																								
21	MR = MC, MC is non decreasing. With proper diagram	4	4																																								
22	M1 = CU + DD, M2 = M1 + Savings bank deposits with post office M3 = M1 + net time deposits with commercial banks, M4 = M3 + other deposits with post office savings bank organisations excluding National saving certificates M1 and M2 are narrow money, M3 and M4 are broad money. M3 is the aggregate monetary resources.	2 1 1	4																																								
23	Distribution of gdp how uniform is it? Non monetary exchanges. Externalities Gdp and harmful goods	1 1 1 1	4																																								
24	a) $GDP_{mp} = 4000$, $GNP_{mp} = 4100$, $NNP_{fc} = 3825$ b) Expenditure method.	4 1	5																																								
25	<table border="1"> <tr> <td>Q</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> </tr> <tr> <td>Price</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> </tr> <tr> <td>TR</td> <td>0</td> <td>5</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> <td>26</td> </tr> <tr> <td>AR</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> </tr> <tr> <td>MR</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> </tr> </table>	Q	0	1	2	3	4	5	6	Price	5	5	5	5	5	5	5	TR	0	5	10	15	20	25	26	AR	5	5	5	5	5	5	5	MR	5	5	5	5	5	5	5	3	5
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ANY THREE QUESTIONS

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	TC	5	7	10	12	15	23	33		
	Profit	-5	-2	0	3	5	2	-3		
	b. Correct diagram								2	
26	Divisions of Revenue budget and capital budget								5	5
27	Price ceiling with correct diagram.								5	5
28	a) Five degrees of price elasticity. b) Rice -0.75 , wheat -1.75								5 3	8
29	a) AP $\rightarrow 10, 11, 12, 12, 11, 10, 8.57, 7$ b) MP $\rightarrow 10/_, 12, 14, 12, 7, 5, 0, -4$ c) Correct diagram. d) Relationship between TP, AP and MP.								2 2 2 2	8
30	a) AD and AS b) Y is the equilibrium income. c) AD = 3250 d) Economy is not in equilibrium. AD \neq AS								2 2 2 2	8