ANSWER KEY : PLUS TWO ECONOMICS
SECOND TERMINAL EXAMINATION – DECEMBER 2023

Q.NO.	ANSWER KEY	SCORE
1	b. infinity	1
2	c. P = AR = MR	1
3	d. inferior goods	1
4	a. constant returns to scale	1
5	d. imperfect information about the market	1
6	b. general theory of employment interest and money	1
7	c. contraction of money supply	1
8	a. planned consumption expenditure	1
9	d. RBI	1
10	b. relationship between inputs and output	1
	Q.11- 15 ANSWER ANY 4 SCORE:2	
11	Marginal utility from consuming each additional unit of a commodity declines as its consumption increases.	2
12	Household, firm, govt, foreign sector	2
13	Value of output = sales + changes in inventories Value added = value of output – value of intermediate goods used	1 1
14	eq.p = 30 ; eq.q = 8 qd = qs price	1 +1
15	AP increases when MP > AP : AP decreases when MP < AP AP is maximum when MP = AP	2 any 2
	Q.16 – 20 ANSWER ANY 4 SCORE:3	
16	Inequality, externalities, value of non marketed goods and services	3
17	a. ratio of increase in income to increase in investment ($\Delta Y/\Delta I$) b. 1/ mps = 1/ 0.2 =5	1 1 +1
18	Micro – market demand, personal income, profit of indian oil corporation Macro – GST, effective demand principle, money supply	1 1/2 1 1/2
19	Market SS – 2, 6, 14, 23 digram	1 2
20	a. negative b. 1/crr = 1/0.4 = 2.5	1+1+1
	Q. 21 – 25 ANSWER ANY 4 SCORE:4	
21	a. equilibrium price constant; equilibrium quantity increases diagram b. equilibrium price decreases; equilibrium quantity constant diagram	1 1 1 1
22	a. normal – income increases; demand increases eg - mango inferior – income increases ; demand decreases eg – jowar, bujra etc...	1+1

	compared to wheat b. substitute goods – goods substituted for each other eg- coffee and tea complementary goods – goods jointly demanded for a particular use eg – car & petrol	1 +1
23	a. * No common medium of exchange * No common measure of value. * Not applicable when the goods can not be divided * Wants should be double coincided . b. *Medium of exchange *Measure of value *Store of value *Transfer of value *Standard of differed payments .	2 2 any 2
24	Classical thought- full employment- say's law- great depression- keynesian revolution	4
25	a. nominal – GDP at current prices; real – GDP at constant prices b. (nominal GDP / real GDP) X 100 = 156.25	2 1+1
	Q. 26 – 30 ANSWER ANY 4 SCORE:5	
26	a. %change in SS / % change in price b. formula ; es = 1.5 ; elastic supply	1 1 +2+1
27	a. AD = AS digram b. AD curve shifts upward parallel diagram; national income increases	2 2 + 1
28.	a. bank rate, CRR, SLR, open market operations b. explanation – any 2	2 3
29	a. GDP = C + I + G + X – M b. GDPmp = 49650 ; NDPfc = 47350 ; NNPfc = 50850	2 3
30	a. AVC falls when MC < AVC :AVC minimum when MC = AVC AVC increases when MC > AVC b. TVC – 50, 80, 105, 60, 150, 270, 420 TC – 70, 100, 125, 80, 170, 290, 440 MC - -, 30, 25, -45, 110, 120, 150	2 any 2 1 1 1
	Q. 31 – 33 ANSWER ANY 2 SCORE : 8	
31	a. MR = MC ; MC non decreasing; P ≥ AVC b. digram , explanation	3 3 +2
32	a. price ceiling – maximum price fixation, protects consumers, price fixes below equilibrium price, resulted to excess demand etc... price floor – minimum price fixation, support price, protects firms mainly farmers , price fixes above equilibrium price , resulted to excess supply etc... b. diagrams explanation with impacts	2 4 +2
33	a. Value added method step1 – find value of output of firms step2 – find value added step3 – find GDP by adding value added of all firms GVA1 + GVA2 + GVA3 + ...+ GVAn = GDP b. Income method step1 – find factor payments of firms(Ri+Wi+Ini+Pi) step2 – find GDP by adding factor payments of all firms R + W+ In + P =GDP	4 4

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