

**KENDRIYA VIDYALAYA JALIPA CANTT, BARMER**

**2<sup>nd</sup> PRE BOARD EXAM 2009—2010**

**TIME: 3 HOURS**

**SUBJECT -- ECONOMICS**

**M.M. 100**

**CLASS XII**

**MARKING SCHEME**

**SECTION A**

1. Value of factor in its next best alternative use.
2. The change in total revenue as a result of selling one lesser more unit of output.
3. When producer maximizes his profits or minimize his loss.
4. Market supply refers to the sum of the supply of all firms in the market producing a particular commodity.
5. It is the amount of output of goody which needs to sacrifice for producing a unit more of good.  $MRT = \frac{\Delta y}{\Delta x}$
6. (1) What to produce  
(2) How to produce  
(3) From whom to produce
7. a) Price of commodity  
b) Income of consumers  
c) Prices of related goods  
d) Taste of consumers  
e) Expectations
8. i) Definition  
ii) Supply schedule  
iii) Explanation
9. Correct diagram.
10. i) large no. of buyers.  
ii) Product differentiation  
iii) Selling cost

**OR**

Any three differences

11.  $E_d = (-) \Delta Q / \Delta P \times P / Q$

Substituting value

Calculation

Selling cost

Answer

12. Output

OUTPUT	TC	TFC	IVC	AVC	MC
0	80	80	0	-	-
1	160	80	80	80	80
2	210	80	130	65	50
3	260	80	180	60	50
4	320	80	240	60	60

13. Decrease in qty supplied

i. Due to decrease in prices

ii. Supply more along same supply curve from upper to lower point.

Correct Diagram

Decrease in supply

i) Change in other factor than price.

ii) Supply curve shifts to left side.

Correct Diagram

14. DEFINITION: As more and more of the variable factor are used with the fixed factors, a stage must come when MP of the variable factor starts diminishing.

Diminishing MP may be zero or negative.

Behavior of TPP:

(i) TPP increase at increasing rate

(ii) TPP increase at diminishing rate

(iii) TPP reaches maximum & starts diminishing.

With Explanation

Correct Diagram

15. The prices which equate market demand of a commodity with market supply is the equilibrium price.

Correct Diagram

16. (1) When consumer's income increases the demand of normal good increase price remain constant so the demand curve will shift to rightward.

(2) When consumer's income fall the demand of inferior good increases. Prices of goods x has not changed so demand curve will shift rightward.

(3) When the price of complementary good raises the demand for good x falls. Since there is no change in price of x so demand curve will shift to leftward.

17. Micro economics studies economic problems at the level of an individual where as macro economics studies the economic studies the economic problems at the level of whole economy.

18. Income from investment made by the government fees & fine received by the government.

19. (1) Services received from rest of the world.

(2) Transfers (gifts and donations) to rest of the world.

20. It is the ratio of bank deposits

21.  $MPS=0.5$

22.  $NAV_{fc} = 11 + \mathbf{V I - VII - III + I}$

$$800 + 20 - 50 - 500 - 30 + 40$$

280 lakh Rs

23. (1) APC is the ratio between total consumption and total income  $APC = c/y$  where as MPC is the ratio between change in consumption and change in income.

(2) APC can be greater than one when  $c > y$

24. Expenditure that neither creates any asset nor reduces a liability is remove expenditure. Example: Expenditure on law order.

Expenditure that creates an asset or reduces a liability is capital expenditure. Example: investment in shares.

25.  $\Delta y = K \cdot \Delta I$

$$K = 1/1 - MPC$$

$$K = 1/1 - 0.75$$

$$= 1/0.25 = 4$$

$$\Delta Y = 4 * 200 = 800 \text{ Crores Rs}$$

26.

INCOME	MPC	C	S	APS
0	-	-90	-90	-
100	0.6	-150	-50	-0.50
200	0.6	-210	-10	-0.50
300	0.6	270	30	.10

27. (1) Re-allocation of resources  
 (2) Re-distribution of income  
 (3) Economic stability  
 (4) Direct participation & economic growth

28. (1) Medium of exchange  
 (2) Measure of value  
 (3) Standard of deferred payments  
 (4) Store of value  
 (5) Transfer of value

29. (1) Bank rate  
 (2) Open market operation  
 (3) Cash reserve ratio  
 (4) Statutory liquidity ratio  
 (Any two with explanation)

OR

- (1) Accepting deposits  
 (2) Advancing loans (with explanation)

30. (1)  $S=I$   
 $-50+.5Y=7000$   
 $.5Y=7050$   
 $Y = 7050/.5$   
 $= 14100$
- (2)  $S=-50+.5Y$   
 $Y= 14100$   
 $S= -50+.5(14100)$   
 $S= 7000$   
 $C=7100$

31. (1) income method

$$\begin{aligned}\text{GNP fc} &= i+IV+V+VIII+IX+XI \\ &= 40+60+120+800+20+ (-20) \\ &= 1020 \text{ CRORE Rs}\end{aligned}$$

(2) Expenditure method

$$\begin{aligned}\text{GNP fc} &= ii+iii+vi+vii+ix+xi-x \\ &= 800+20+200+100+20+ (-20)-100 \\ &= 1020 \text{ crore Rs}\end{aligned}$$

32. (1) Excluded from GNP as it is a part of domestic income

(2) Not included as there is no value added corresponding to the sale and purchase of shares.

(3) excluded as salary paid to Americans is a part of net factor income paid to abroad.

(4) Non included as its value had been included in the year in which the house was constructed.

(5) Non included as it is a transfer payment corresponding to which there is no value addition.

(6) Non included if these are made by non residents but if paid by normal residents then included as these are part of factor payments.