Senior Secondary Course
Economics (318)

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.

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.

Section - A

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.	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.	1
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.	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	1
5.	An increase in the price of good X leads to increases the demand for a good. 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	1
6.	Identify correct degree of perfectly inelasticity demand – A .Ed = 0 B. Ed > 1 C. Ed < 1 D. Ed = 1	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 starts from the point of origin. D. Downward Sloping.	1
9.	The price in perfect competition is determined by A. Industry B. Firms C. Buyers D. Sellers	1
10.	In which of the following market the close substitute of a commodity is not available - A. oligopoly B. Monopoly C. Monopolistic D. Perfect competition	1
11.	Interdependence of firms is the significant feature of ---------- A. Monopolistic competition B. Monopoly C. Duopoly D. Oligopoly	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.	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	1
14.	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	1
15.	Marginal Propensity to Consume is equal to---------- 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.	Condition for Break-Even point is – A. $\frac{Y}{C}$ B. $Y \times C$ C. Y = C D. Y + C	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.	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	1
19.	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	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 D, Providing free education and health services to people	1
21.	Fill in the blank.	2

	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----------.	
22.	What will be the value of degree of correlation – A . If all points lie on a rising straight line the correlation is perfectly ---------- B . If all points lie on a falling straight line the correlation is perfectly ----------	2
23.	Write the formula for constructing index number used in the following methods- (i) Simple Aggregate Method (ii) Simple Average of Price Relative Method	2
24.	Write Yes or No for the given statement- A .The Paasche`s index number uses base year's quantity as weights. B . "It may be kept in mind that the base year should be a normal year and economically stable year."	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.	Write Answer Yes or No for the given statement- A. PPC touches the x-axis and y-axis. B. The shape of PPC convex to the origin.	2
28.	Draw PPC curve and show growth of resources and under utilization of resources on the same curve.	2
29.	Fill in the blanks- MC cuts at ----------point of AC after that MC ----------.	2
30.	Fill in the blanks- A .Supply Curve is said to be unitary elastic, when-supply curve is a straight line passing through the point of----------. 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.	2
31.	Fill in the blanks- A .Increase in rate of taxes ---------- the supply of commodity. Write Yes/No for the given statement B . Is supply of Monalisa painting an example of inelastic supply.	2
32.	Fill up the missing component in the formula –	2

<table>
<tr><td></td><td>Private Income = Income from domestic product accruing to Private Sector + ----------+national debt Interest + ----------+ Net Current Transfers From the rest of the World.</td><td></td></tr>
<tr><td>33.</td><td>Are the following included in the estimation of National Income a country? Write Yes/no.
i. Bonus received by employees.
ii. Profit earned by a branch of Indian in London.</td><td>2</td></tr>
<tr><td>34.</td><td>Write down the formula -
A. Saving Function,
B. Consumption Function.</td><td>2</td></tr>
<tr><td>35.</td><td>Whether the followings are the examples of capital receipts of Government? Write Yes/no.
A . External Borrowings.
B . Tax Receipt.</td><td>2</td></tr>
<tr><td></td><td>Section – B</td><td></td></tr>
<tr><td>36.</td><td>(i) Explain the steps for calculating median in a continuous series.
or
(ii) Explain the steps for calculating Mode in a continuous series.</td><td>2</td></tr>
<tr><td>37.</td><td>Calculate arithmetic mean from the given data.
<table>
<tr><td>Marks</td><td>0 - 20</td><td>20 -40</td><td>40 - 60</td><td>60 - 80</td></tr>
<tr><td>No. of students</td><td>12</td><td>14</td><td>16</td><td>8</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table></td><td>2</td></tr>
<tr><td>38.</td><td>Draw diagrams to show perfectly inelastic demand and unitary elastic demand.</td><td>2</td></tr>
<tr><td>39.</td><td>(i) Show different degrees of elasticity on a straight - line demand curve.
or
(ii) Price(Rs.) Quantity De Total Expenditure
? 11 ?
11 ? 77
Put the value and make interpretation about the degree of elasticity.</td><td>2</td></tr>
<tr><td>40.</td><td>(i) Enumerate four precautions that should be taken while estimating national income byincome method.
or
(ii) Distinguish between ‘Intermediate Goods’ and ‘Final Goods’.</td><td>2</td></tr>
<tr><td>41.</td><td>(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.</td><td>2</td></tr>
<tr><td>42.</td><td>“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.</td><td>2</td></tr>
<tr><td>43.</td><td>List out four factors which affect price elasticity of demand. Briefly explain these factors.</td><td>4</td></tr>
<tr><td>44.</td><td>(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</td><td>4</td></tr>
</table>

<table>
<tr><td>45.</td><td>(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.</td><td>4</td></tr>
<tr><td>46.</td><td>Mention the two monetary and two fiscal policies each to control the inflationary situation of an economy.</td><td>4</td></tr>
<tr><td>47.</td><td>(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.”</td><td>4</td></tr>
<tr><td>48.</td><td>Complete the following table –
<table><tr><th>Output (Units)</th><th>Total Cost (Rs.)</th><th>Average Variable Cost(Rs.)</th><th>Average Cost(Rs.)</th><th>Marginal Cost(Rs.)</th></tr><tr><td>0</td><td>40</td><td>-</td><td>-</td><td>-</td></tr><tr><td>1</td><td>-</td><td>20</td><td>-</td><td>-</td></tr><tr><td>2</td><td>-</td><td>18</td><td>-</td><td>-</td></tr><tr><td>3</td><td>-</td><td>16</td><td>-</td><td>-</td></tr><tr><td>4</td><td>-</td><td>16</td><td>-</td><td>-</td></tr></table></td><td>4</td></tr>
<tr><td>49.</td><td>Describe the steps to measure standard deviation by the assumed mean method in a continuousseries and also mention the formula for calculation.</td><td>6</td></tr>
</table>

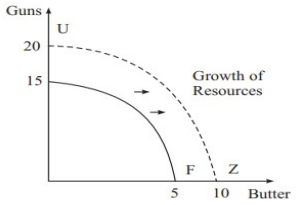
50.	(i) Calculate national income from following data – **Items** **Rs.** 1. Profit 1000 2. Mixed income of self employed 10000 3. Dividend 200 4. Interest 400 5. Compensation of employees 5000 6. Net Factor Income from Abroad 100 7. Consumption of fixed capital 400 8. Net export (-) 200 9. Net indirect taxes 800 10. Net current transfer to rest of the world 400 11. Rent 500 **or** (ii) Calculate national income from following data –	6

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 current transfer to Abroad	(-30)

MARKING SCHEME

SUBJECT: ECONOMICS (318) MAX MARKS: 100

Q. No.	EXPECTED VALUE POINTS FOR EACH STEP	DISTRIBUTION OF MARKS	TOTAL MARKS
	Ection - A		
1.	B.	1	1
2.	D.	1	1
3.	B.	1	1
4.	D.	1	1
5.	A.	1	1
6.	A.	1	1
7.	A.	1	1
8.	B.	1	1
9.	A.	1	1
10.	B.	1	1
11.	D.	1	1
12.	C	1	1
13.	C.	1	1
14.	A.	1	1
15.	A.	1	1
16	C.	1	1
17	B.	1	1
18	C.	1	1
19	B.	1	
20	A.	1	1
21	A. - Positive Correlation B. - 0 to ±1	1+1	2
22	A. - Positive , B. - Negative	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		1+1	2
29	AC, increases	1/2+ 1/2+ 1	2
30	A. Origin, B. 10%	1+1	2
31	A. Decrease, B. Yes	1+1	2
32	NFIA, Current Transfer from Govt.		
33	(i) A. Yes., B. Yes	1+1	2
34	A. S= -a + (1-b)Y B. C= a + bY	1+1	2
35	(ii) A. Yes. B. No.	1+1	2
	Section - B		
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 – $\mathbf{Mode} = l_1 + \frac{f_1 - f_0}{2f_1 - f_0 - f_2} \times i$ 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

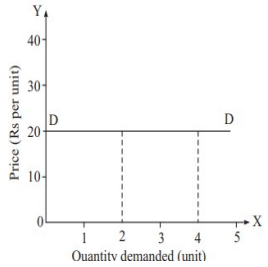
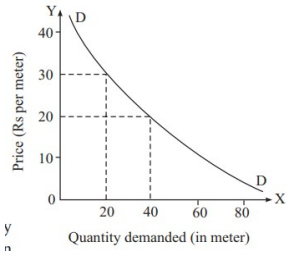
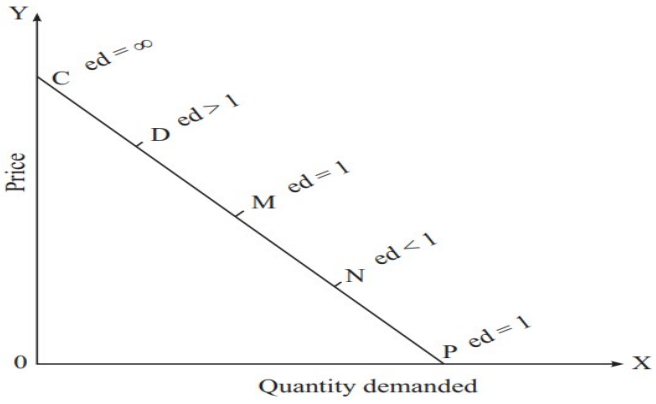
37					1+1	2

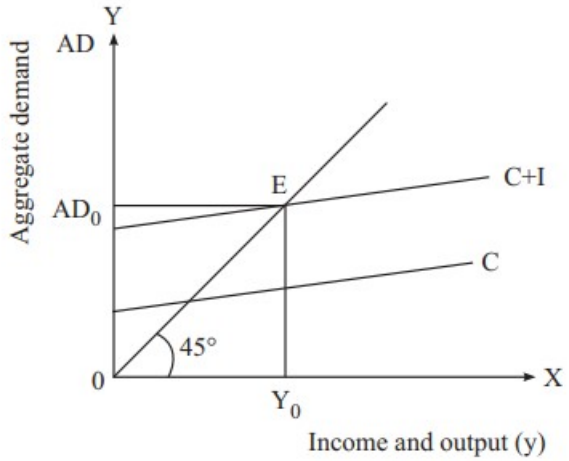
Marks	M.V.(m)	No. of Students (f)	fm
0 – 20 20 – 40 40 – 60 60 - 80	10 30 50 70	12 14 16 8	120 420 800 560
		N = 50	$\sum fm = 1900$

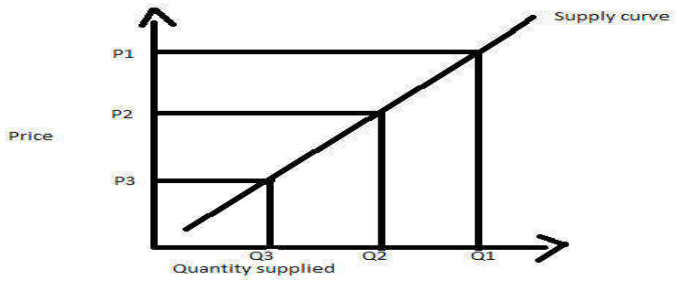
$$\overline{X} = \frac{\sum fm}{N}$$

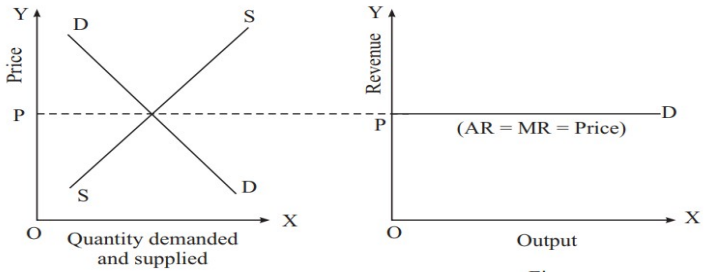
$$= \frac{1900}{50}$$

$$= 38$$

38	(i) Perfectly Elastic Demand A  Unit Elastic Demand 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	2	2

	be unitary elastic demand.		
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	2	2

<table>
<tr><td></td><td>• Measure of Value</td><td></td><td></td></tr>
<tr><td>43</td><td>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).</td><td>4</td><td>4</td></tr>
<tr><td>44</td><td>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
(any four)
Supply Schedule-
<table><tr><td>Price(Rs.)</td><td>Quantity Supplied(Units)</td></tr><tr><td>10
20
30
40
50</td><td>50
100
150
200
250</td></tr></table>Supply Curve-
 
(Draw graph accoding to schedule)</td><td>1+1+
1+1</td><td>4</td></tr>
<tr><td>45</td><td>(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</td><td>2+2</td><td>4</td></tr>
</table>

	 (Brief explanation on the basis of graph) or (ii) <u>Interdependence of firm in oligopoly-</u> 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)P <u>Group Behaviour</u> 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.	1+1+ 1+1	4

	(Word Limit is not applicable for explanation)		
48	<table><tr><th>Output (Units)</th><th>Total Cost (Rs.)</th><th>Average Variable Cost(Rs.)</th><th>Marginal Cost (Rs.)</th></tr><tr><td>0</td><td>40</td><td>-</td><td>-</td></tr><tr><td>1</td><td>60</td><td>20</td><td>60</td></tr><tr><td>2</td><td>76</td><td>18</td><td>16</td></tr><tr><td>3</td><td>88</td><td>16</td><td>12</td></tr><tr><td>4</td><td>104</td><td>16</td><td>16</td></tr></table>	2+2	4
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 (σx) = $\sqrt[2]{\frac{\sum fd^2}{\sum f} + \left(\frac{\sum fd}{\sum f}\right)^2}$ 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

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