Standard :- 12<sup>th</sup>

Subject :- ECONOMICS (49)

सूचना

1. फक्त विद्यार्थ्यांना प्रश्नप्रकारांचा सराव करून देण्यासाठीच

2. सदर प्रश्नसंचालील प्रश्न बोर्डाच्या प्रश्नपत्रिकेत येतील असे नाही याची नोंद घ्यावी.
OBJECTIVE TYPE QUESTIONS:

1. **CHOOSE THE CORRECT OPTION:**
   
   **i.** Scope of micro economics.
   a) Theory of Product Pricing  
   b) Theory of Growth and Development  
   c) Theory of General Price Level and Inflation  
   d) Theory of Income and Employment
   
   **Options:** 1) Only a  2) a, b, c  3) b, c, d  4) a, c, d 

   **ii.** Statements related to macro economics.
   a) It is the study of aggregates  
   b) It is based on certain assumptions  
   c) It takes into account interdependence between aggregate economic variables  
   d) It is a policy oriented science
   
   **Options:** 1) a, b, c, d  2) a, b, c  3) b, c, d  4) a, c, d 

   **iii.** Exceptions to the law of diminishing marginal utility.
   a) Cardinal measurement  
   b) Hobbies  
   c) Miser  
   d) Money
   
   **Options:** 1) Only a  2) a, b, c  3) b, c, d  4) a, c, d 

   **iv.** Criticisms to the law of diminishing marginal utility
   a) Based on unrealistic assumptions  
   b) Not applicable to indivisible and bulky goods  
   c) The law is restricted to satisfaction of a single want  
   d) In reality, cardinal measurement of utility not possible
   
   **Options:** 1) Only a  2) a, b, c  3) b, c, d  4) a, b, c, d 

   **v.** Statements that explain Giffen’s paradox
   a) It is an exception to the law of demand  
   b) It is applicable to inferior or low quality goods  
   c) Demand increases when the prices of inferior goods fall  
   d) It was identified by Prof. Alfred Marshall
   
   **Options:** 1) Only a  2) a, b, c  3) b, c, d  4) a, b, c, d
vi. Statements related to decrease in demand
   a) It is a type of change in demand
   b) It takes place due to unfavourable changes in other factors like tastes, income etc.
   c) Price remains constant
   d) Demand curve shifts to the right hand side of the original demand curve

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

vii. Statements that are incorrect in relation to perfectly inelastic demand
   a) Percentage change in price has no effect on quantity demanded
   b) Co-efficient of elasticity is equal to 1 (ed=1)
   c) Demand curve is a horizontal line parallel to X axis
   d) It is a type of price elasticity of demand

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

viii. Statements that are related to cross elasticity of demand
   a) Change in quantity demanded of one commodity due to a change in the price of other commodity
   b) It is a type of elasticity of demand
   c) It is applicable to complementary goods and substitutes
   d) It is expressed as Ey = \frac{\%\Delta Q}{\%\Delta Y}

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

ix. Statements related to the concept of stock
   a) It is the total quantity of a commodity available with the seller at a particular point of time
   b) By increasing production, stock can be increased.
   c) Normally, stock exceeds supply
   d) Stock is a flow concept

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

x. Exceptions to the law of supply
   a) Constant cost of production
   b) Constant technique of production
   c) Does not apply to agricultural goods
   d) No change in weather conditions

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

xi. Features of Oligopoly market
   a) There are few firms or sellers
b) Sellers sell differentiated product

c) There is free entry and exit of firms

d) There is considerable element of uncertainty in this type of market

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

xii. Characteristics of Long period market

a) All factors of production and costs are variable

b) Firms are able to adjust all costs

c) It is for a few years, generally up to five years

d) Supply of commodity cannot be increased

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

xiii. Features of Index numbers

a) It is useful in framing suitable economic policies

b) It is useful to present financial data in real terms

c) Index numbers are statistical devices

d) Index numbers are specialized averages

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

xiv. Statements related to weighted index number

a) Suitable weights are assigned to various commodities

b) It gives relative importance to the commodity in the group

c) In most cases, quantities are used as weights

d) Laspeyre’s Price index and Paasche’s Price Index are methods of constructing weighted index number

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

xv. Precautions to be taken while estimating national income by Output method

a) Only value of final goods and services must be taken into account

b) Indirect taxes included in the market prices are to be deducted

c) Subsidies given by the government on certain products must be added

d) Sale and purchase of second hand goods should be considered

**Options:** 1) Only a  2) a, b, c  3) b, c, d  4) a, c, d

xvi. Practical difficulties in the measurement of national income

a) Illegal income

b) Problem of double counting

c) Inadequate and unreliable data

d) Valuation of inventories
Options: 1) a, c 2) a, b, c 3) b, c, d 4) a, c, d

xvii. Essential characteristics of a tax
a) It is a voluntary contribution to the government
b) Every citizen of the country is legally bound to pay the tax imposed upon him
c) Tax is imposed on income, property or commodities or services
d) The tax payer receives direct and proportionate benefits from the government in return for the tax

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

xviii. Non tax revenue sources
a) Special assessment
b) Fines and penalties
c) Goods and Services tax
d) Gifts, grants and donations

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

xix. Structure of organized sector of money market
a) Reserve Bank of India
b) Commercial banks
c) Co-operative banks
d) Indigenous bankers

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

xx. Classification of Commercial banks in India
a) Public sector banks
b) Private sector banks
c) Foreign banks
d) Central bank

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

xxi. Features of Composition of India’s foreign trade
a) Increasing share in Gross National income
b) Increase in volume and value of trade
c) Division of labour and specialization
d) Stability in price level

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

xxii. Statements incorrect in relation to Balance of Trade
a) It is also referred to as international trade balance
b) Trade surplus arises when export value is greater than import value
c) Trade deficit takes place when import value is greater than export value
d) Balance of trade includes value of imports and exports of visible goods only

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

2. Complete the Correlation.

i) Microeconomics: Mikros :: Macro economics ::

ii) General equilibrium: macro economics :: micro economics ::

iii) Toys made of clay: :: Woollen clothes : place utility

iv) Aggregate utility from all units consumed: Total utility:: Additional utility from last unit consumed :

v) Demand curve: :: Supply curve : upward

vi) Tea and coffee :: Electricity : composite demand

vii) Relatively elastic demand : Ed > 1 :: Relatively inelastic demand :

viii) Steeper demand curve : Relatively inelastic demand :: Flatter demand curve:

ix) Total cost : TFC + TVC :: Average cost :

x) Expansion of supply : Price rises :: Contraction of supply :

xi) Perfect competition : Free entry and exit :: barriers to entry

xii) Monopoly : Price discrimination :: product differentiation

xiii): Base year price :: P1 : Current year price

xiv) Laspeyre's index : :: Paasche's Index : Current year quantities

xv) : C + I + G + (X - M) :: GNP : C + I + G + X - M + (R - P)

xvi) Output method: :: Income method : Factor cost method

xvii): Protection from external attacks :: Optional function : Provision of social security.

xviii) Income tax: Direct tax :: GST :

xix): Commercial bank :: Credit control : Central bank

xx) Primary market : New issues launched to raise capital :: Old issues through - stock market.
xxi) Goods purchased from other countries : Goods sold to other countries : Export
xxii) Export value > import value : Trade surplus :: Import value > Export value :

3. Give economic terms:

i. Branch of economics that deals with small part of national economy –
ii. Average of all prices of goods and services currently being produced in an economy –
iii. Utility that arises when ownership of goods is transferred from one person to another –
iv. Aggregate of utility derived by the consumer from all units of a commodity consumed –
v. Total demand for a commodity from all the consumers at a given price during a given period of time.
vi. Demand for a commodity which can be put to several uses –
vii. Degree of responsiveness of a change in quantity demanded to a change in the income of the consumer –
viii. Infinite change in the quantity demanded of a commodity taking place due to slight or zero change in the price –
ix. Rise in the quantity supplied of a commodity due to a rise in its price, other factors remaining constant –
x. Net addition made to the total cost by producing one more unit of output –
xi. Type of market showing some but not all the features of a competitive market –
xii. Number of firms producing differentiated products which are closely related –
xiii. Index numbers that measure changes in the level of output or physical volume of production in the economy.
xiv. Device that measures changes in an economic variable or a group of variables over a period of time –
xv. Net market value of all final goods and services produced within the territorial boundaries of a country during a period of one year –
xvi. Wear and tear of capital assets due to their use in the process of production-
xvii. Tax paid at the time of production or sale and purchase of a commodity or service-
xviii. Policy that deals with public expenditure, public revenue and public debt –
xix. Deposits that are repayable after a certain period of time -
xx. Policy that aims at managing the quantity of money in order to meet the requirements of different sectors of the economy and to increase the pace of economic growth -
xxi. Purchase of goods and services by one country from another country-
xxii. Systematic record of all international economic transactions of a country during a given period usually a year –
4. Find the odd word:

i) Features of Microeconomics
   Price theory, Slicing method, limited scope, lumping method

ii) Scope of macroeconomics -
   Theory of product pricing, Theory of income & employment, Theory of general price level and inflation, Macro theory of distribution

iii) Exception to law of Diminishing Marginal Utility -
   Miser, hobbies, addictions, speculation

iv) Types of Utility -
   Total Utility, Time Utility, Possession Utility, Service Utility

v) Assumptions to law of demand -
   Constant level of income, No changes in taxation policy, No change in size of Population, Cardinal measurement

vi) Types of Demand -
   Individual Demand, Direct Demand, Competitive Demand, Complementary Demand

vii) Types of Elasticity of Demand -
   Unitary elasticity, Income elasticity, Cross elasticity, Price elasticity

viii) Method of measuring Price elasticity of demand -
   Ratio Method, Total Outlay Method, Income Method, Geometric Method

ix) Exception to Law of Supply -
   Urgent Need for Cash, Perishable Goods, Agricultural Goods, Prestige Goods

x) Cost Concepts -
   Total Cost, Marginal Cost, Average Cost, Production Cost

xi) Market on the basic of Place -
   Local Market, National Market, International Market, Long Period Market

xii) Selling Cost -
   Expenditure on Television Broadcasts, Hoardings, Exhibitions, Mobile Handsets

xiii) Types of Index Numbers -
xiv) Steps involved in the construction of index number -
    Selection of commodities, Selection of base year, Selection of Cost, Selection of items, Selection of Price Quotation

xv) Concepts of National Income -
    GDP, NNP, LIC, GNP

xvi) Practical difficulties in Measuring National Income -
    Problem of double counting, Unreliable data, Illegal income, Depreciation

xvii) Non-Tax revenue -
    Special assessment, Special levy, GST (Goods & Service Tax), Fees

xviii) Optional functions of Government -
    Provision of education and health services, social security measurement, Protection from external attacks, welfare measures

xix) Organized sector -
    Co-operative Banks, Commercial Banks, Money Lenders, Reserve Bank of India

xx) Unregulated Non Bank financial intermediaries -
    Indigenous Bankers, Chit Funds, Nidhi, Loan Companies

xxi) Types of Foreign trade -
    Import Trade, Export Trade, Entrepot Trade, National Trade

xii) Development of New Port -
    Kandla, Cochin, Mumbai, Nhava Sheva
5. Complete the Following Statements.

i) Theory of economic welfare, basically deals with _______________
   a) Efficiency in allocation of resources
   b) Product Pricing
   c) Factor Pricing
   d) Efficiency in Product

ii) Macroeconomics is the branch of economics which analyses the _______
   a) Part Economy
   b) Entire Economy
   c) Mixed Economy
   d) Political Economy

iii) Unit at which MU (Marginal Utility) becomes equal with market price is _______
   a) Producers equilibrium
   b) Consumers’ equilibrium
   c) Partial equilibrium
   d) General equilibrium

iv) In relationship between Total Utility & Marginal Utility, MU (Marginal Utility) of a
commodity becomes negative when TU (Total Utility) of a commodity is _______
   a) rising
   b) constant
   c) falling
   d) Zero

v) The demand for a commodity which can be put to several uses is known as _____
   a) Joint Demand
   b) Composite Demand
   c) Direct Demand
   d) Derived Demand

vi) The Law of Demand was introduced by ___________
   a) Prof. Adam Smith
   b) Prof. Alfred Marshall
c) Prof. Joan Robinson  
d) Prof. Keynes  

vii) 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  

viii) Ed = 0 in case of ________
   a) Luxuries  
b) Normal goods  
c) Necessities  
d) Comforts  

ix) Downward movement along the same supply curve should __________
   a) Contraction of Supply  
b) Decrease in Supply  
c) Expansion of Supply  
d) Increase in Supply  

x) Net addition made to total cost by producing one more unit of output is ________
   a) Average Cost  
b) Marginal Cost  
c) Total Cost  
d) Variable Cost  

xi) The interaction of demand and supply to determine price of a commodity in perfect competition is ________
   a) Market Price  
b) Normal Price  
c) Fluctuating Price  
d) Equilibrium Price  

xii) Product Differentiation is the main feature of ________
   a) Perfect Competition  
b) Monopolistic Competition
c) Monopoly Market
d) Oligopoly Market

xiii) **Index number was originally developed to measure ______**
   a) Changes in quantity level
   b) Changes in price level
   c) Changes in agricultural production
   d) Changes in Industrial Production

xiv) **Index number which is computed from a single variable called is a ______**
   a) Composite Index
   b) Double Variate Index
   c) Univariate Index
   d) Multivariate Index

xv) **In India, national income is estimated using ______**
   a) Expenditure Method
   b) Income Method
   c) Output Method
   d) Combination of Output and Income method

xvi) **NNP is obtained by ______**
   a) Deducting Depreciation from GNP
   b) Deducting Depreciation from GDP
   c) Including Depreciation from GNP
   d) Including Depreciation from GDP

xvii) **Government borrows from its citizens, banks, central Bank etc. is known as ______**
   a) Internal Debt
   b) Public Debt
   c) External Debt
   d) Government Debt

xviii) **Financial (Fiscal) policy is implemented by the ______**
   a) Central Bank
   b) Reserve Bank of India
   c) Government
   d) Commercial Bank

xix) **Capital market is a market for ______**
a) Short term funds  
b) Long term funds  
c) Liquidity Management  
d) Indigenous bankers

xx) Deposits that are withdrawable on demand are known as ________
   a) Time deposits  
   b) Demand deposits  
   c) Fixed deposits  
   d) Recurring deposits

xxi) Buying and selling of goods and services within the boundaries of a nation are referred to as ________
    a) Foreign trade  
    b) Internal trade  
    c) Export trade  
    d) Entrepot trade

xxii) Balance of trade is also referred to as __________
      a) National trade balance  
      b) International trade balance  
      c) Balance of Payment  
      d) Systematic record of all international economic transactions

6. ASSERTION AND REASONING TYPE QUESTIONS:

   Reasoning (R): Slicing method is the study of the whole economy rather than its part.
   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): Macro- economic analysis shows how the general price level is determined.
    Reasoning (R): It deals with determination of the prices of goods and services as well as factors of production.
   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)
iii. **Assertion (A):** Utility depends on the intensity of want.

**Reasoning (R):** The concept of utility has no ethical consideration.

**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):** MU curve slopes upwards.

**Reasoning (R):** MU goes on diminishing with every successive increase in the consumption of a commodity.

**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):** All desires are not demand.

**Reasoning (R):** In Economics, demand means a desire which is backed by willingness and ability to pay

**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)

vi. **Assertion (A):** Under exceptional cases demand curve has a positive slope.

**Reasoning (R):** In exceptional cases, consumer buys more when the price of a commodity rises and buys less when the price of commodity falls.

**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)

vii. **Assertion (A):** The slope of demand curve is a rectangular hyperbola in case of unitary elastic demand.

**Reasoning (R):** In unitary elastic demand, percentage change in price leads to more than proportionate change in quantity demanded.

**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)
viii. **Assertion (A):** Total expenditure method measures elasticity of demand at a given point on the demand curve.

**Reasoning (R):** Total expenditure refers to the product of price and quantity demanded.

**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)

ix. **Assertion (A):** Without stock, supply is not possible

**Reasoning (R):** Stock is the source of 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)

x. **Assertion (A):** The supply curve of labour slopes downwards.

**Reasoning (R):** After a certain point of time, when wage rate rises, the supply of labour (hours of work) tends to fall.

**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)

xi. **Assertion (A):** Monopolist is a price maker.

**Reasoning (R):** Monopolist can fix the price of his own product as he controls the whole market 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)

xii. **Assertion (A):** Product differentiation is the main feature of monopolistic competition.

**Reasoning (R):** Under monopolistic competition, all the products are perfect substitutes to each other.

**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)

xiii. **Assertion (A):** Index numbers are statistical devices.
Reasoning (R): Index numbers measure only changes in the price level over a period of time.

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)

xiv. Assertion (A): Generally, arithmetic mean is used in the construction of index numbers.
Reasoning (R): Arithmetic mean is simple to compute compared to other averages.

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)

xv. Assertion (A): In national income, value of only final goods and services produced in the economy are considered.
Reasoning (R): National income is always expressed in monetary terms.

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)

xvi. Assertion (A): Transfer payments are included in national income.
Reasoning (R): Transfer payments such as pension, unemployment allowance etc. are a part of Government expenditure.

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)

xvii. Assertion (A): Public expenditure is that expenditure which is incurred by the public authority [Central, State and Local Bodies]
Reasoning (R): Public expenditure is undertaken for protection of citizens, satisfying their collective needs and promoting their economic and social welfare.

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)

xviii. Assertion (A): Raising debt is the most common activity of any government.
**Reasoning (R):** Government expenditure generally exceeds Government revenue.

**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)

**xix. Assertion (A):** Credit control is an important function of commercial banks.

**Reasoning (R):** Commercial banks create deposits out of loans given thereby leading to credit creation.

**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)

**xx. Assertion (A):** Stock exchange is an important constituent of the money market.

**Reasoning (R):** Stock exchange is an organization in which stocks, bonds, commodities etc are traded.

**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)

**xxi. Assertion (A):** Trade is an engine of growth for an economy.

**Reasoning (R):** Trade plays an important role for economic development.

**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)

**xxii. Assertion (A):** Balance of trade is also referred to as Balance of payments.

**Reasoning (R):** Balance of trade includes the value of imports and exports of visible goods and invisible goods.

**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)
Q. 2. A. Identify and Explain the concepts from the given illustrations:

i. Mala collected information about the income and expenditure of twenty five families from her locality.

ii. Ramesh analyzed the total investments, total employment, total consumption and total savings of the economy for the financial year 2019-20.

iii. Rohan created a jewellery box out of pieces of wood.

iv. Kavita consumed an additional unit of bread to satisfy her hunger.

v. Kaushik purchased 10 kgs of wheat for his monthly consumption at Rs 40/- per kg.

vi. Aman purchased sewing machines and furniture for his tailoring shop.

vii. Kiran’s demand for milk remained unchanged even when its price increased by 10%.

viii. At Amulya Café, the demand for tea increased by 5% due to a 10% rise in the price of coffee.

ix. Amar sells 50 dozens of mangoes daily at Rs 300/- per dozen.

x. Ajay’s papad and pickle producing unit incurred expenditure of Rs 50,000/- on machinery, Rs 1, 00,000/- towards rent and Rs 2, 00,000/- on wages for the workers during 2018-19.

xi. Anoop Ayurveda produces unique herbal hair oil which has no close substitutes.

xii. Sunrise Cosmetic Company spends on advertisements, broadcasts on radio and television as well as distributes free samples of its shampoo product to in order to increase its demand.

xiii. Bombay Stock Exchange has developed “Sensex” as a stock market index for reflecting the share prices of listed companies.

xiv. Agricultural Research Institute constructed an index number to measure changes in the production of raw cotton in Maharashtra during the period 2015-2020.

xv. Manish purchased 100 metres of cotton textile to produce readymade shirts at his garment factory.

xvi. Sarla, a retired school teacher receives a monthly pension of Rs 20,000/- from the Government.

xvii. Prakash paid an income tax of Rs 62,000/- during the accounting year 2018-2019.

xviii. Reserve Bank of India helps to raise loans for both the Central and State Governments by selling government bonds, securities etc.

xix. AVM bank provides d-mat facility, internet banking, and mobile banking facilities to its customers.

xx. Kerala-based company K Jewellers intends to raise Rs 1000 crore by fresh issuance of shares.

xxi. Tamil Nadu purchases wheat from Punjab and Uttar Pradesh.

xxii. Alfonso mangoes from Maharashtra are sold in the international market.
Q.2.B Distinguish between:

i. Slicing method and Lumping method
ii. Partial equilibrium and General equilibrium
iii. Time utility and Place utility
iv. Total utility and Marginal Utility
v. Direct demand and Indirect demand
vi. Joint/Complementary demand and Composite demand
vii. Individual demand schedule and Market Demand Schedule
viii. Demand curve and Supply Curve
ix. Expansion of demand and Contraction of demand
x. Increase in demand and Decrease in demand
xi. Price elasticity of demand and Income elasticity of demand
xii. Perfectly elastic demand and Perfectly inelastic demand
xiii. Stock and Supply
xiv. Expansion of supply and Contraction of supply
xv. Increase in supply and Decrease in supply
xvi. Total cost and Total revenue
xvii. Short period and Long period
xviii. Perfect Competition and Monopoly
xix. Monopoly and Monopolistic competition
xx. Simple index number and Weighted index number
xxi. Price index number and Quantity index number
xxii. Gross Domestic Product and Net Domestic Product
xxiii. Public finance and Private finance
xxiv. Revenue expenditure and Capital expenditure
xxv. Direct tax and Indirect tax
xxvi. Internal debt and External debt
xxvii. Money market and Capital market
xxviii. Demand deposits and Time deposits
xxix. Import trade and Export trade
xxx. Internal trade and Foreign trade
xxxi. Balance of payment and Balance of Trade

Q.3 Answer the following:

i. Explain any four features of microeconomics
ii. Explain the scope of microeconomics
iii. Explain any four features of macroeconomics
iv. Explain the scope of macroeconomics
v. Explain any four types of utility
vi. Explain any four features of utility
vii. Explain the relationship between total utility and marginal utility
viii. Explain any four types of demand
ix. Explain the types of elasticity of demand
x. Explain any four exceptions to the law of supply
xi. Explain any four features of perfect competition
xii. Explain the concept of oligopoly with any four features
xiii. Explain any four features of monopoly
xiv. Explain any four features of monopolistic competition
xv. Explain the types of index numbers

xvi. Construct Quantity index number from the given data:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base year quantities</td>
<td>170</td>
<td>150</td>
<td>100</td>
<td>195</td>
<td>205</td>
</tr>
<tr>
<td>Current year quantities</td>
<td>90</td>
<td>70</td>
<td>75</td>
<td>150</td>
<td>95</td>
</tr>
</tbody>
</table>

xvii. Explain any four features of national income
xviii. Explain the two sector model of circular flow of national income
xix. Explain any four non-tax sources of public revenue
xx. Explain the structure of organized sector of money market in India
xxi. Explain the structure of unorganized sector of money market in India
xxii. Explain the functions of commercial banks
xxiii. Explain the role of money market in India (any four)
xxiv. Explain the role of Indian Capital Market (any four)
xxv. Explain the types of foreign trade

Q.4 State with reasons whether you agree or disagree with the following statements:

i. The scope of microeconomics is unlimited
ii. Macroeconomics is different from Microeconomics
iii. When total utility is maximum, marginal utility is zero
iv. There are no exceptions to the law of diminishing marginal utility
v. All desires are demand
vi. Marginal utility curve slopes downwards
vii. When the prices of Giffen goods falls, demand for such goods rises
viii. There are no exceptions to the law of demand
ix. There is an inverse relationship between price and demand
x. The supply curve of labour is backward bending
xi. There is a direct relationship between price and quantity supplied
xii. There are many exceptions to the law of supply
xiii. Seller is the price maker under perfect competition
xiv. There is product differentiation under monopolistic competition
xv. Selling cost is the only feature of monopolistic competition
xvi. Index numbers measure changes in the price level only
xvii. Any year can be selected as the base year
xviii. There are many theoretical difficulties in the estimation of national income
xix. Transfer payments are included in national income
xx. Obligatory functions is the only function of the government
xxi. Public finance is more elastic compared to private finance
xxii. Issue of currency notes is the only function of Reserve Bank of India
xxiii. Commercial banks create credit
xxiv. Foreign trade leads to division of labour and specialization
xxv. There is no difference between Balance of payment and Balance of trade

Q.5 Study the following table, figure, passage and answer the questions given below it.

[ 4 MARKS EACH CORRECT ANSWER]

I] TABLES:

i]

<table>
<thead>
<tr>
<th>UNITS</th>
<th>TOTAL UTILITY</th>
<th>MARGINAL UTILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>60</td>
<td>-10</td>
</tr>
</tbody>
</table>

A] Complete the table____________________ 1M

B] When Total utility falls Marginal utility is_______ 1M

C] Draw total utility and marginal utility curve______ 2M

ii]
### Table

<table>
<thead>
<tr>
<th>Units</th>
<th>MU OF X</th>
<th>MU in terms of money</th>
<th>Market price per unit</th>
<th>Comparison between MU and Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>100</td>
<td>50</td>
<td>MU &gt; PRICE</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>80</td>
<td>50</td>
<td>MU &gt; PRICE</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>50</td>
<td>50</td>
<td>MU &gt; PRICE</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>30</td>
<td>50</td>
<td>MU &lt; PRICE</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>10</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

### iii]

A) Complete the table  

B) Identify any two Intra Marginal Units  

C) Identify any two Extra Marginal Units

---

### Table

<table>
<thead>
<tr>
<th>Price of commodity ‘X’</th>
<th>Quantity of ‘X’ in kgs.</th>
<th>Market demand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consumer A</td>
<td>Consumer B</td>
</tr>
<tr>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>1</td>
<td>30</td>
<td>35</td>
</tr>
</tbody>
</table>

### iv]

A) Complete the table.

B) Draw Market demand curve based on above Market demand schedule and label it.
<table>
<thead>
<tr>
<th>Price in RS.</th>
<th>Quantity supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>300</td>
</tr>
<tr>
<td>20</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>400</td>
</tr>
<tr>
<td>40</td>
<td>450</td>
</tr>
<tr>
<td>50</td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>550</td>
</tr>
<tr>
<td>70</td>
<td>600</td>
</tr>
</tbody>
</table>

A] Complete the above table 1M

B] State the relationship between Price and quantity supplied 1M

C] Draw supply curve based on above supply schedule 2M

<table>
<thead>
<tr>
<th>Price per unit in RS.</th>
<th>Quantity demanded</th>
<th>Quantity supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>400</td>
</tr>
<tr>
<td>3</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>1</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

A] Complete the table 2 M

B] Derive the equilibrium price from the above table with the help of

Suitable diagram. 2M
<table>
<thead>
<tr>
<th>Commodities</th>
<th>Price in 2015 in Rs (base year) $P_0$</th>
<th>Price in 2019 in Rs. (current year) $P_1$</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>M</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>130</td>
</tr>
<tr>
<td>O</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$\sum P_0 =$</td>
<td>$\sum P_1 =$</td>
</tr>
</tbody>
</table>

A] Complete the above table  

B] Construct Price Index number from the above data  

vii]  

<table>
<thead>
<tr>
<th>Components of GNP for the year 2018</th>
<th>In crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>200</td>
</tr>
<tr>
<td>Investment</td>
<td>300</td>
</tr>
<tr>
<td>Govt. Expenditure</td>
<td>400</td>
</tr>
<tr>
<td>Net export</td>
<td>-100</td>
</tr>
<tr>
<td>Net receipts</td>
<td>-50</td>
</tr>
<tr>
<td>Depreciation</td>
<td>100</td>
</tr>
</tbody>
</table>

A] Complete the formula  

$$\text{GNP} = C + □ + G + (X - M) + □$$  

1 M

A] Calculate GROSS NATIONAL PRODUCT & NET NATIONAL PRODUCT from the above data 3M

II] DIAGRAMS:

i]
Questions:

A) When Total utility increases Marginal utility ______ 1M

B) Name the unit where consumer will be derived disutility_______ 1M

C) When the total utility is maximum, the marginal utility is____ 1M

D) Name the unit where consumer will derive maximum satisfaction__ 1M

ii]

A) Demand Curve D1D1indicates .................. 1M

B) Demand Curve D2D2indicates.......... 1M

C) Name the above diagram and explain. 2M
A] Diagram ‘A’ represents -------------- in demand 1M

B] Diagram ‘B’ represents -------------- in demand 1M

C] In diagram ‘A’ movement of demand curve is in -------- direction 1M

D] In diagram ‘B’ movement of demand curve is in -------- direction 1M
A] Identify the types of price elasticity of demand from above diagram. 2M

B] Write slope of demand curve in above diagrams 2M

A] Which method of measuring elasticity is used in above diagram? 1M

B] Mention the type of elasticity at point ‘C’? 1M
C] Find out the elasticity at point ‘D’ by applying formula 2M

A] Mention the equilibrium point and equilibrium price in above diagram. 2M

B] Explain the concept of equilibrium price with the help of above diagram 2M
A] Explain the concept of product (real flow) with the help of above diagram.  2M

B] Explain the concept of Money flow with the help of above diagram.  2M

[III] PASSAGE:

1) Mona visits a shopping mall near her residence. She shops for monthly groceries which include rice, wheat, sugar, cooking oil and pulses. She purchases additional quantities of sugar much more than her monthly requirement anticipating that prices may rise in the coming days due to festivities.

She observes two different qualities of tur dal out of which one quality is inferior and the other is superior. She does not purchase the low quality tur dal even though its price is comparatively lower. Instead she prefers to buy superior quality tur dal.

i. Identify the exception to the law of demand in the given passage with reference to purchase of additional quantities of sugar much more than monthly requirement anticipating that prices may rise in the coming days due to festivities (1 mark)

ii. Identify the kind of good with reference to low quality tur dal (1 mark)

iii. Express your personal opinion based on the above information. (2 marks)

2) Amul is the first choice of so many ice cream lovers in India among the top ice cream brand category. Amul brand, owned by Gujarat Co-operative Milk Marketing Federation, was established in 1946 in Anand, Gujarat.

The second on the list of top ice cream brands in India is Vadilal.
**Cornetto and Magnum** are one of the top ice cream brands in India owned by Hindustan Unilever. **Mother Dairy** is a very strong name in the Indian ice cream industry. This company is very similar to Amul, in terms of the products, they manufacture and sell. Another big player in the ice cream industry is Havmor. **Havmor** Company has been able to stand strong as one of the big fighters in the battle of top ice cream brands in India for very long. Ice cream market also has local and less popular brands apart from the top brands.

Amul was (and still is) in the Guinness record for running the longest-ever advertising campaign. The **advertising strategy of Amul** through digital marketing made the most of it through platforms such as Facebook, Twitter, Instagram, and others.

i. Identify the most important feature of the ice cream market (1 mark)

ii. Identify the type of cost incurred by firms on advertising campaigns and strategies. (1 mark)

iii. Express your personal opinion about the ice cream market based on the above information (2 marks)

3) In India, markets for automobiles, cement, steel, aluminium, etc, are the examples of oligopolistic market. In all these markets, there are few firms for each particular product. Duopoly is a special case of oligopoly, in which there are exactly two sellers. Under duopoly, it is assumed that the product sold by the two firms is homogeneous and there is no substitute for it. Examples where two companies control a large proportion of a market are: (i) Pepsi and Coca-Cola in the soft drink market; (ii) Airbus and Boeing in the commercial large jet aircraft market.

Operating systems for smart phones and computers provide excellent examples of oligopolies in big tech. **Apple iOS** and Google **Android** dominate smart phone operating systems. **Computer operating systems** are overshadowed by Apple and **Microsoft Windows**.

i. Give examples of oligopolistic market in India (1 mark)

ii. Explain the concept of duopoly with a suitable example from the passage (1 mark)

iii. Express your personal opinion based on the above information (2 marks)

4) Corona has slowed down the economy. Lockdown imposed to contain the spread of Corona virus had resulted in closure of manufacturing and business activities. During this financial year, the economy is expected to move towards a contractionary phase rather than expansionary phase. This has been stated in the budget. This is the first paperless budget in the history of India. At the same time, it is the third post-independence budget to be presented at a time when the economy is shrinking. The budget shows a fiscal deficit of more than 5%.
The Union Finance Minister has presented a budget that seeks to accelerate the economy by balancing the impact of Corona on the economy on one hand and growing expectations of all sectors on the other. A significant increase in the allocation for Healthcare by 137% is a feature of this budget. In this budget, the expected revenue for the year 212-2022 is Rs. 34,35,000 crore and the expected expenditure is Rs. 35,83,000 crore.

Attempts have been made to boost infrastructure, education, agricultural production, employment generation and industry, but the Income tax status quo has remained the same. The budget provides Rs.16.5 lakh crore for agricultural credit, Rs. 223,000 crore for health facilities, Rs. 3 lakh crore for Power Distribution Scheme, Rs. 15,700 crore for Small and Medium Enterprises and Rs. 20,000 crore for Government Bank Capital.

i. What is the percentage increase in the provision for Healthcare? (1 mark)

ii. Mention the sectors that have been promoted in this budget. (1 mark)

iii. Express your personal opinion based on the above information regarding the budget (2 marks)

5) Post-liberalization, public sector banks have diversified into non-traditional activities such as mutual funds, merchant banking, venture capital funding etc. There is also growth in para-banking activities such as leasing, hire-purchase and factoring services.

Merchant banking includes issue management, project counselling, working capital financing, foreign currency loans, portfolio management etc.

Retail banking offers financial services to individuals for personal consumption such as housing loans, loans for purchase of consumer durables, auto loans, educational loans, credit cards etc.

Banks have been permitted to enter into the life insurance business.

i. Identify the areas of diversification undertaken by public sector banks post-liberalization (1 mark)

ii. Mention the financial services offered under retail banking. (1 mark)

iii. Give your personal opinion based on the above passage. (2 marks)
Q.6 Answer in detail:

i. Explain the concept of microeconomics and its features
ii. Explain the concept of macroeconomics and its features
iii. Explain the law of diminishing marginal utility and its exceptions
iv. Explain the law of demand and its exceptions
v. Explain the concept of price elasticity of demand and its types
vi. Explain the Total expenditure method and Geometric method of measuring price elasticity of demand
vii. Explain the law of supply and its exceptions
viii. Explain the concept of perfect competition and price determination under perfect competition
ix. Define Index number and explain the various steps involved in the construction of index numbers
x. Explain the practical difficulties in the estimation of national income
xi. Explain the income method and expenditure method of measurement of national income
xii. Explain in detail the output method of measuring national income
xiii. Explain the concept of public revenue and its sources
xiv. Explain the various reasons for the growth of public expenditure.
 xv. Explain the functions of Reserve Bank of India

---------- BEST OF LUCK ----------