SAMPLE CONTENT

Academic ace

10 PAPERS WITH SOLUTIONS

ECONOMICS

CREATED AS PER THE LATEST BOARD PAPER PATTERN

Std. XII

Features

- Summary Notes for Last Minute Revision
- Smart Codes for Easy Memorisation
- Graphs and Diagrams
- 5 Latest Board Papers
- 5 Model Papers

Target Publications® Pvt. Ltd.

Based on Latest Paper Pattern prescribed by the Maharashtra State Board of Secondary and Higher Secondary Education, Pune - 04

HSC

10 Papers With Solutions

ECONOMICS

Salient Features

- Includes 10 Question Papers (5 Board Question Papers and 5 Model Papers)
- Summary Notes for efficient revision for Final Board Examination
- Replicates the format of Board Question Paper
- Created as per the latest paper pattern
- Comprehensive answers provided for every question with relevant marks
- **Special Inclusions:**
  - *Graphs and diagrams included where applicable*
  - *Mark Booster feature such as 'Smart Code' integrated in each Model Answer*
  - *Score card / Performance tracker to help students stay updated on their progress*
  - *Features Board Question Paper with Solution of March 2024*

Scan the adjacent QR Code to access solutions of previous years' Board Question Papers.

Printed at: **Print to Print,** Mumbai

Balbharati Registration No.: 2018MH0022

P.O. No. 14598

TEID: 4202

PREFACE

It is rightly said, "Practice makes a man perfect". With this philosophy at heart, we proudly present **HSC 10 Papers with Solutions**. This comprehensive set of resources has been meticulously designed to aid students in their preparation for the final examinations. The book comprises a total of 5 Board Question Papers and 5 Model Question Papers. Each Model Question Paper offers an accurate representation of the HSC Board Exam paper, allowing students to experience the real exam format.

Summary Notes

We have provided concise summary notes designed for quick revision before final exams. These notes offer key concepts and essential points, allowing students to to help students efficiently review and reinforce their understanding for effective last-minute preparation.

Board Answers with Marks Allocations

We have provided Board Answers accompanied by marks allocations. This feature is intended to underscore the significance of each question and guide students in understanding expected responses.

Examination Papers

Students can access solutions to Board Examination Papers of July 2023 and 2022, March 2023 and 2022 via QR Code. This inclusion offers invaluable insights into the types of questions typically asked in Board examinations, thereby enhancing preparedness.

Smart Code for Effective Exam Preparation

To facilitate easy recall of long answers with many points, we have created mnemonic codes and incorporated them as *Smart Codes* after the long answers wherever possible in every Model Answer Paper. These Smart Codes will help students memorize the answers.

We believe that this compilation will not only enhance students' confidence but also equip them with the necessary skills to excel in their examinations.

We wish all students the very best in their academic endeavors.

Publisher

Edition: First

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we've nearly missed something or want to applaud us for our triumphs, we'd love to hear from you.

Please write to us on: mail@targetpublications.org

A book affects eternity; one can never tell where its influence stops.

Best of luck to all the aspirants!

INDEX

Score Card / Performance Tracker

Dear Aspirants,
Consistent practice with Target Publications model papers will significantly boost your preparation.
Track your progress with the scorecard provided below.
Wishing you all the best!

Economics			
Board Question Papers	**Start Time**	**End Time**	**Marks obtained out of 80**
Board Question Paper: August 2023			
Board Question Paper: March 2023			
Board Question Paper: August 2022			
Board Question Paper: March 2022			

PAPER PATTERN

Marks: 80 **Time: 3.00 Hrs.**

Q. No.	Questions	Marks as per Que.	No. of Questions to Attempt	Marks without option	Marks with option
1.	**From the following types of sub questions, any 4 will be asked.**				
	1. Choose the correct option.	1	5	5	5
	2. Complete the correlation.	1	5	5	5
	3. Give economic term.	1	5	5	5
	4. Find the odd word out.	1	5	5	5
	5.Complete the following statements.	1	5	5	5
	6. Choose the wrong pair.	1	5	5	5
	7. Assertion and reasoning questions	1	5	5	5
	8. Identify the right group of pairs from the given option.	1	5	5	5
2.	A. Identify and explain the concept.	2	Any (3) Out of (5)	6	10
	B. Distinguish between.	2	Any (3) Out of (5)	6	10
3.	Answer the following questions.	4	Any (3) Out of (5)	12	20
4.	State with reasons whether you agree or disagree with the following statements.	4	Any (3) Out of (5)	12	20
5.	Study the following table, figure, passage and answer the questions given below it.	4	Any (2) Out of (3)	8	12
6.	Answer in detail.	8	Any (2) Out of (3)	16	24
	Total Marks			**80**	**116**

Question Wise Distribution of Marks

Sr.No.	Types of Question	Net Marks	Marks With Option	Percentage
1	Objective	20	20	25%
2	Very Short	12	20	15%
3	Short Answer	32	52	40%
4	Long Answer	16	24	20%
	Total	**80**	**116**	**100%**

Sr. No.	Titles	Total Marks	Marks with option
1.	Introduction to Micro-economics and Macro-economics	07	10
2.	Utility Analysis	07	10
3A.	Demand Analysis	08	12
3B.	Elasticity of Demand	08	12
4.	Supply Analysis	07	10
5.	Forms of Market	07	10
6.	Index Numbers	08	11
7.	National Income	08	12
8.	Public Finance in India	08	12
9.	Money Market and Capital Market in India	08	11
10.	Foreign Trade of India	04	06
	Total	**80**	**116**

SUMMARY NOTES

01 Introduction to Micro-economics and Macro-economics

- **<u>MICRO-ECONOMICS AND MACRO-ECONOMICS</u>**

1. Micro-economics and Macro-economics are the two main branches of modern economics.
2. The term 'micro' is derived from the Greek word 'Mikros' which means small or a millionth part.
3. The term 'macro' is derived from the Greek word 'Makros' which means large.
4. These terms were coined by Norwegian Economist Ragnar Frisch of Oslo University in 1933.

Terms	Derived from the Greek word	Which means
Micro	Mikros	Small or millionth part
Macro	Makros	Large

- **<u>Micro-economics and Macro-economics</u>**
  Micro-economics and Macro-economics are the main branches of modern economics, coined by Ragnar Frisch in 1933. 'Micro' means small, while 'Macro' means large.

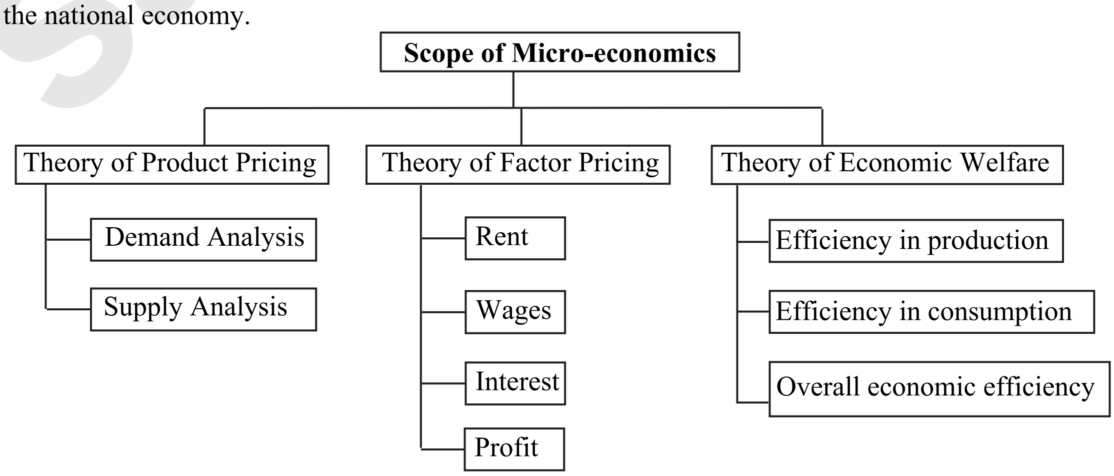
- **<u>Historical Review of Micro-economics</u>**
  Micro-economics was developed first as a traditional approach, with origins tracing back to Classical Economists like Adam Smith, David Ricardo, and J. S. Mill. It was popularized by Alfred Marshall in his 1890 book 'Principles of Economics.' Other significant contributors include Pigou, Hicks, Samuelson and Joan Robinson.

- **<u>Historical Review of Macro-economics</u>**
  Macro-economics predates Micro-economics. In the 16th and 17th centuries, Mercantilists advocated macro policies, while 18th-century Physiocrats analyzed national income. Classical Economists combined macro and micro analysis. The Great Depression shifted focus to macro-economics, with Keynes' 1936 "General Theory" establishing a macro approach. Other key contributors include Malthus, Wicksell, Walras, and Fisher.

- **<u>Meaning of Micro-economics</u>**
  Micro-economics deals with small parts of the national economy, studying individual units like consumers, producers, firms, and specific prices. It focuses on individual elements, examining the 'tree' rather than the 'forest.'

- **<u>DEFINITIONS OF MICRO-ECONOMICS</u>**
  1. **<u>Maurice Dobb</u>:** "Micro-economics is in fact a microscopic study of the economy."
  2. **<u>Prof. A. P. Lerner</u>:** "Micro-economics consists of looking at the economy through a microscope, as it were, to see how the millions of cells in the body of economy – the individuals or households as consumers and individuals or firms as producers play their part in the working of the whole economic organism."

Micro-economics studies individual economic units, such as consumers, producers, and firms, focusing on specific parts of the national economy.



- **Scope of Micro-economics**

1. **Theory of Product Pricing**: Determines the price of commodities through demand and supply analysis.
2. **Theory of Factor Pricing**: Explains how rewards for production factors (rent, wages, interest, profits) are determined.
3. **Theory of Economic Welfare**: Addresses resource allocation efficiency, involving:
   i. **Efficiency in production**: Maximizing goods and services from given resources.
   ii. **Efficiency in consumption**: Distributing goods and services to maximize societal satisfaction.
   iii. **Overall economic efficiency**: Producing the most desired goods.

   Micro-economics focuses on price theory and resource allocation, not on whole economy aggregates.

- **<u>Features of Micro-economics</u>**

  Micro-economics is a branch of modern economics focusing on individual units within the national economy, such as consumers, producers, and firms.

SMART CODE | P | A | S | S | | P | | B | U | S

1. **P**rice Theory: Determines the prices of goods, services, and production factors.
2. **A**nalysis of Market Structure: Examines market structures like perfect competition, monopoly, oligopoly, and monopolistic competition.
3. **S**licing Method: Divides the economy into small units for detailed study, like individual income or demand.
4. **S**tudy of Individual Units: Focuses on individual economic units such as firms, prices, and households.
5. **P**artial Equilibrium: Studies the equilibrium of individual units in isolation from other forces.
6. **B**ased on Certain Assumptions: Uses assumptions like perfect competition and minimal government intervention to simplify analysis.
7. **U**se of Marginalism Principle: Analyzes changes brought about by an additional unit to aid in economic decision-making.
8. **S**cope of Limited: Focuses only on individual units, not on nationwide economic issues like inflation or unemployment.

- **<u>Importance of Micro-economics</u>**

  Micro-economics is a branch of modern economics focusing on individual units within the national economy, such as consumers, producers, and firms.

SMART CODE | P | U | B | | F | R | E | E

1. **P**rice Determination: Explains how prices of products and production factors are set.
2. **U**nderstanding Free Market Economy: Helps comprehend decision-making processes in economies with minimal government intervention.
3. **B**usiness Decisions: Assists in crucial business decisions like pricing, cost determination, and profit maximization.
4. **F**orms Basis of Welfare Economics: Guides optimal allocation of scarce resources for maximum social welfare and examines the impact of taxes.
5. **R**equired by Government: Informs the creation of economic policies such as taxation, public expenditure, and pricing policies.
6. **E**xplain Aspects of Foreign Trade: Analyzes effects of tariffs, foreign exchange rates, and international trade gains.
7. **E**conomic Model Building: Simplifies complex economic situations through models and contributes to the development of economic concepts and tools.

- **<u>MEANING OF MACRO-ECONOMICS</u>**

  1. Macro-economics is the branch of economics which analyses the entire economy.
  2. It deals with the total employment, national income, national output, total investment, total consumption, total savings, general price level, interest rates, inflation, trade cycles, business fluctuations etc.
  3. Thus, macro-economics is the study of aggregates.

- **DEFINITIONS OF MACRO-ECONOMICS**
  1. **J. L. Hansen:** "Macro-economics is that branch of economics which considers the relationship between large aggregates such as the volume of employment, total amount of savings, investment, national income etc."
  2. **Prof. Carl Shapiro:** "Macro-economics deals with the functioning of the economy as a whole."

- **Macro-economics**
  Macro-economics analyzes the entire economy, focusing on aspects like total employment, national income, national output, investment, consumption, savings, general price levels, interest rates, trade cycles, and business fluctuations.

- **Scope of Macro-economics**

1. **Theory of Income and Employment**: Examines factors determining national income and employment levels, causes of fluctuations, and includes the study of consumption and investment functions as well as business cycles.
2. **Theory of General Price Level and Inflation**: Analyzes how the general price level is determined and what causes inflation and deflation.
3. **Theory of Growth and Development**: Explains causes of underdevelopment and poverty, and suggests strategies for economic growth and development.
4. **Macro Theory of Distribution**: Deals with the distribution of national income among rent, wages, interest and profits.

- **Features of Macro-economics**
  Macro-economics analyzes the entire economy, addressing aspects such as total employment, national income, national output, investment, consumption, savings, price levels, interest rates, trade cycles, and business fluctuations.

SMART CODE | G | I | G | I | G | | P | L | S

1. **General Equilibrium Analysis**: Studies the equilibrium of large aggregates like aggregate demand, aggregate supply, and national income, taking into account other market forces.
2. **Interdependence**: Considers the interdependence between aggregate economic variables such as income, output, employment, investments, and price levels. For example, changes in investment levels affect income, output, and employment.
3. **General Price Level**: Analyzes how general price levels are determined and the causes of their fluctuations.
4. **Income Theory**: Studies national income, its elements, measurement methods, and social accounting, as well as the causes of income fluctuations leading to business cycles.
5. **Growth Models**: Examines factors contributing to economic growth and development, using growth models to study economic development, like the Mahalanobis growth model.
6. **Policy-oriented**: Suggests economic policies to promote growth, generate employment, and control inflation and depression, following Keynesian principles.
7. **Lumping Method**: Uses a holistic approach, studying the economy in large aggregates rather than small slices, as exemplified by Prof. Boulding's analogy of studying the forest rather than individual trees.
8. **Study of Aggregates**: Focuses on aggregate concepts such as national income, national output, national employment, general price level, and business cycles.

- **Importance of Macro-economics**
  Macro-economics is the branch of economics that analyzes the entire economy, dealing with total employment, national income, national output, total investment, total consumption, total savings, general price level, interest rates, trade cycles, and business fluctuations.

1. **Understanding Functioning of Economy**: Provides insight into how an economic system operates and the behavior of aggregate variables in a complex economy.
2. **Analyzing Economic Fluctuations**: Helps analyze causes of fluctuations in income, output, and employment, and attempts to control or reduce their severity.
3. **National Income**: Highlights the importance of studying national income and social accounts, which is crucial for formulating correct economic policies.
4. **Steps for Economic Development**: Aids in understanding problems of developing countries, such as poverty and income inequality, and suggests steps for economic development.
5. **Performance of an Economy**: Uses National Income estimates to measure and compare the performance of an economy over different periods.
6. **Study of Macro-economic Variables**: Essential for understanding economic problems related to total income, output, employment, and general price levels.
7. **Level of Employment**: Analyzes the general level of employment and output in an economy.

Page no. **5** to **52** are purposely left blank.

To see complete chapter buy **Target Notes** or **Target E-Notes**

SEAT NUMBER

2024	III	09	1500	J-904	(E)

ECONOMICS (49)

BOARD QUESTION PAPER - 2024

Time: 3 Hrs. **3 Pages** **Max. Marks: 80**

Notes: *(1) All questions are compulsory.*
(2) Draw neat tables/diagrams wherever necessary.
(3) Figures to the right indicate full marks.
(4) Write answers to all main questions on new pages.

Q.1. (A) Choose the correct option : **(5)[20 Marks]**

i. Method adopted in micro economics analysis.
  i. Lumping method ii. Aggregative method
  iii. Slicing method iv. Inclusive method
  (a) i, iii, iv (b) ii, iii, iv (c) Only iii (d) Only i

ii. Factors which are working in unorganised money market.
  i. Money lenders ii. Commercial bank
  iii. Hundi iv. Chit funds
  (a) i, ii, iii (b) ii, iii (c) ii, iv (d) i, iii, iv

iii. Optional functions of Government.
  i. Protection from external attack
  ii. Provision of education and health services
  iii. Provision of social security measures
  iv. Collection of tax
  (a) ii, iii (b) i, ii, iii (c) ii, iii, iv (d) All of the above

iv. Statements that highlight the significance of index numbers.
  i. Index numbers are useful for making future predictions.
  ii. Index numbers help in the measurement of inflation.
  iii. Index numbers help to frame suitable policies.
  iv. Index numbers can be misused.
  (a) ii, iii, iv (b) i, ii, iii (c) i, ii, iv (d) i, iii, iv

v. Blood bank is an example of ______.
  i. Place utility ii. Knowledge utility
  iii. Service utility iv. Time utility
  (a) i, ii, iii (b) ii, iii, iv (c) i, ii, iv (d) Only iv

(B) Find the odd word out: **(5)**

i. Types of demand :
Direct demand, Indirect demand, Composite demand, Market demand.

ii. Features of National Income :
Financial year, Money value, Static concept, Flow concept.

iii. Types of budget :
Deficit budget, Zero budget, Balanced budget, Surplus budget.

iv. Legal monopoly :
Patent, OPEC, Copyright, Trade mark.

v. Financial Assets :
Bonds, Land, Govt. Securities, Derivatives.

(C) Give economic term: **(5)**

i. More quantity is demanded due to changes in the favourable factors determining demand other than price.
ii. Deposits that are withdrawable on demand.
iii. Charging different prices to different consumers for the same product or services.
iv. Net addition made to total cost by producing one more unit of output.
v. Degree of responsiveness of quantity demanded to change in income only.

(D) Complete the correlation : **(5)**

i. General equilibrium : Macro Economics : : $\boxed{}$: Micro Economics.

ii. Output method : $\boxed{}$: : Income method : Factor cost method.

iii. Form utility : Furniture : : $\boxed{}$: Doctor

iv. Perfectly elastic demand : Ed = ∞ : : $\boxed{}$: Ed = 0

v. $\boxed{}$: Change in supply : : Other factors constant : Variation of supply.

Q.2. (A) Identify and explain the following concepts (Any Three): **(6)[12 Marks]**

i. Manisha satisfied her want of writing an essay by using pen and notebook.
ii. Raghu's father invested his money in a market for long term funds both equity and debt raised within and outside the country.
iii. Due to mandatory use of masks during corona epidemic the demand for mask producing labour has increased.
iv. Maharashtra purchased wheat from Punjab.
v. Jagruti receives monthly pension of ₹5,000 from the state government.

(B) Distinguish between (Any Three): **(6)**

i. Recurring deposits and Fixed deposits.
ii. Total utility and Marginal utility.
iii. Perfectly elastic demand and Perfectly inelastic demand.
iv. Price Index and Quantity Index.
v. Internal debt and External debt.

Q.3. Answer the following (Any Three): **[12 Marks]**

i. Explain any four types of demand.
ii. Explain any four problems of capital market in India.
iii. Explain any four features of utility.
iv. Explain any four reasons for the growth of public expenditure.
v. Explain any four features of macro economics.

Q.4. State with reasons whether you agree or disagree with the following statements (Any Three): **[12 Marks]**

i. Over the last 75 years, India's foreign trade has undergone a complete change in terms of composition and direction.
ii. Macro economics is different from micro economics.
iii. Price maker is the only feature of monopoly market.
iv. There are many sources of non-tax revenue.
v. There are many types of index numbers.

3/J

Q.5. Study the following table, figure, passage and answer the questions given below it (Any Two): [8 Marks]

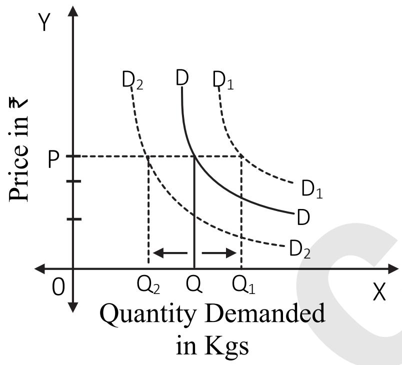
i. Observe the following table and answer the questions given below it: **(4)**

Commodities	**Price in 2006 (in ₹) (Base Year) P_0**	**Prices in 2019 (in ₹) (Current Year) P_1**
A	20	30
B	30	45
C	40	60
D	50	75
E	60	90

Questions:

1. Write the formula for calculation of price index. (1)
2. Find the value of ΣP_0 and ΣP_1. (1)
3. Find the price index P_{01}. (2)

ii. Observe the given diagram and answer the following questions: **(4)**



1. Rightward shift in demand curve _______ (1)
2. Leftward shift in demand curve _______ (1)
3. Price remains _______ (1)
4. Increase and decrease in demand comes under _______ (1)

iii. Read the given passage and answer the questions: **(4)**

In common language the term market means a specific place where buyers and sellers of a commodity meet and exchange their goods. But in Economics it is not necessarily a place but it is an arrangement through which buyers and sellers come in contact with each other directly or indirectly and exchange of goods takes place among them.

Market can be classified on the basis of place, time and competition. Market on the basis of competition is perfect competition and imperfect competition. Perfect competition is an imaginary concept of market and in reality, we observe various types of imperfect competition like monopoly, duopoly, oligopoly and monopolistic completion.

In practice monopolistic competition is used. In this market there are some features of perfect competition and monopoly acting together. The uniqueness of this market lies in the fact that a difference is made between cost of production and selling cost. Selling cost refers to the cost incurred by the firm to create more demand for its product and increase the volume of sale. It includes expenditure on advertisement, hoardings, window display etc.

Questions:

1. Explain the concept of Market from Economic sense. (1)
2. Write the classification of Market. (1)
3. Write your own opinion about selling cost. (2)

Q.6. Answer the following questions in detail (Any Two): [16 Marks]

i. Explain the concept of price elasticity with its types.

ii. Explain the concept of National income and explain the practical difficulties involved in the measurement of National income.

iii. State and explain the law of supply with assumptions.

BOARD ANSWER PAPER: MARCH 2024

Economics

Note: *Answer to every question must be written on a new page*

Q.1. (A)

i. (c) Only iii ***[1 Mark]***

ii. (d) i, iii, iv ***[1 Mark]***

iii. (a) ii, iii ***[1 Mark]***

iv. (b) i, ii, iii ***[1 Mark]***

v. (d) Only iv ***[1 Mark]***

(B)

i. Market demand ***[1 Mark]***

ii. Static concept ***[1 Mark]***

iii. Zero budget ***[1 Mark]***

iv. OPEC ***[1 Mark]***

v. Land ***[1 Mark]***

(C)

i. Increase in demand ***[1 Mark]***

ii. Demand deposits ***[1 Mark]***

iii. Price discrimination ***[1 Mark]***

iv. Marginal cost ***[1 Mark]***

v. Income elasticity of demand ***[1 Mark]***

(D)

i. Partial equilibrium ***[1 Mark]***

ii. Product/ Inventory method ***[1 Mark]***

iii. Service utility ***[1 Mark]***

iv. Perfectly inelastic demand ***[1 Mark]***

v. Price constant ***[1 Mark]***

Q.2. (A)

i. **Concept**: Utility

Explanation:

a. Utility refers to the want satisfying power of a commodity.

b. The pen and notebook used by Manisha satisfied her want of writing an essay. Hence, this illustration relates to concept of "utility".

[2 Marks]

ii. **Concept:** Investment in Capital Market

Explanation:

a. Capital market is a market for long term funds both equity and debt raised within and outside the country.

b. It is a market where long-term capital is lent and borrowed by corporate organisation. Both debt and equity securities are issued and exchanged in this market.

c. Hence, this illustration relates to 'Capital Market' as Raghu's father invests his money in a market for long term funds both equity and debt raised within and outside the country

[2 Marks]

iii. **Concept:** Labour Demand

Explanation:

a. The concept demonstrates how product demand influences labour demand.

b. During the corona epidemic, mandatory mask policies increased mask demand, prompting manufacturers to hire more skilled workers for production.

c. Hence, this illustrates how shifts in product demand affect employment levels in the economy.

[2 Marks]

iv. **Concept:** Internal trade

Explanation:

a. The buying and selling of goods and services within the boundaries of a nation are referred to as 'Internal Trade' or 'Domestic Trade'.

b. Hence, this illustration relates to the concept of 'internal trade' as Maharashtra purchased wheat within the country i.e. Punjab.

[2 Marks]

v. **Concept:** Transfer payments

Explanation:

a. Transfer payments refer to one-way payment of money for which no money, good or service is received in exchange. Government use transfer payments as a means of income redistribution.

E.g.: pension, scholarship, grants, unemployment allowance etc.

b. Hence, this illustration relates to the concept of 'transfer payments' as Jagruti receives monthly pension of ₹ 5,000 from State Government.

[2 Marks]

(B)

i.

Recurring deposit	Fixed deposit
1) Recurring deposit refers to a deposit wherein a customer deposits fixed amount at regular intervals for specified period of time.	1) Fixed deposits refer to lumpsum amount deposited by a customer for specified period of time.
2) Interest rates may be slightly lower compared to fixed deposits.	2) Generally higher interest rates compared to recurring deposits.
3) Suitable for individuals looking to save regularly over a period of time.	3) Suitable for individuals with a lump sum amount to invest.

[2 Marks]

ii.

Total Utility	Marginal Utility
1) Total Utility (TU) refers to the aggregate of utility derived by the consumer from all units of a commodity consumed.	1) Marginal Utility (MU) is the additional utility derived by the consumer on consumption of an additional unit of the commodity.
2) $TU_n = MU_1 + MU_2 + MU_3 + \ldots + MU_n$ $TU_n = \Sigma MU_n$	2) $MU_n = TU_n - TU_{(n-1)}$
3) TU initially increases at diminishing rate.	3) MU goes on diminishing continuously.
4) At the point of satiety, TU is maximum.	4) At the point of satiety, MU is zero.

5)	TU declines if consumption continues after the point of satiety.	5)	MU becomes negative if consumption continues after the point of satiety.
6)	TU is always positive.	6)	MU can be positive, negative or zero.

[2 Marks]

iii.

	Perfectly elastic demand		Perfectly inelastic demand
1)	When a slight or zero change in the price brings about an infinite change in the quantity demanded, it called perfectly elastic demand.	1)	When change in the price of the commodity has no effect on the quantity demanded of that commodity, it is called as perfectly inelastic demand.
2)	The value of Ed = ∞	2)	The value of Ed = 0
3)	It is represented symbolically as: $\text{Ed} = \frac{\%\Delta Q}{\%\Delta P} = \infty$	3)	It is represented symbolically as: $\text{Ed} = \frac{\%\Delta Q}{\%\Delta P} = 0$
4)	The demand curve is a horizontal straight line parallel to X-axis.	4)	The demand curve is a vertical straight line parallel to Y-axis.
5)	It is only a theoretical possibility and hence, there is no practical example.	5)	Salt, water etc. are commodities having perfectly inelastic demand.

[2 Marks]

iv.

	Price index		Quantity index
1)	Price index measures the general changes in the prices of goods.	1)	Quantity index measures changes in the level of output or physical volume of production in the economy.
2)	It compares the level of prices between two different time periods.	2)	It compares the level of output between two different time periods.
3)	Price Index Number: $P_{01} = \frac{\sum p_1}{\sum p_0} \times 100$	3)	Quantity Index Number: $Q_{01} = \frac{\sum q_1}{\sum q_0} \times 100$

[2 Marks]

v.

Internal debt	External debt
1) When the government borrows from its citizens, banks, central bank, financial institutions, business houses etc. within the country, it is known as internal debt. **E.g.:** Indian government taking loan from the RBI.	1) When the government borrows from foreign governments, foreign banks or institutions, international organisations, it is known as external debt. **E.g.:** Indian government taking loan from the World Bank.
2) It is voluntary or compulsory in nature.	2) It is voluntary in nature.
3) It involves use of domestic currency.	3) It involves use of foreign currency.
4) It is less complex for management.	4) It is more complex for management.

[2 Marks]

Page no. **61** to **96** are purposely left blank.

To see complete chapter buy **Target Notes** or **Target E-Notes**

SEAT NUMBER | | | | | | | |

2025	III	00	1500	J-000	(E)

ECONOMICS (49)

MODEL QUESTION PAPER - 1

Time: 3 Hrs. **4 Pages** **Max. Marks: 80**

Note: *(i) All questions are compulsory.*
(ii) Figures to the right indicate full marks for the questions.
(iii) Figures to the left indicate question numbers.
(iv) Answer to every question must be started on a new page.

Q.1. (A) Choose the correct option: **(5) [20 Marks]**

1. Concepts studied under Macro-economics.
   i. Whole economy ii. Economic development
   iii. Aggregate supply iv. Product pricing
   a. i, ii and iii b. ii, iii and iv
   c. only iv d. i, ii, iii and iv

2. Two or more goods demanded jointly to satisfy a single want.
   i. Direct ii. Indirect
   iii. Joint/ Complementary iv. Composite demand
   a. i, iv b. i, ii, iii
   c. i, iii d. only iii

3. These statements are not true with respect to supply.
   i. Supply is a relative concept. ii. Supply is created in consumption process.
   iii. Supply is a flow concept. iv. Normally, supply exceeds stock.
   a. i, ii, iv b. ii and iv
   c. i and iii d. All of these

4. Obligatory functions of the Government:
   i. Provision of employment ii. Maintaining internal law and order
   iii. Welfare measures iv. Exporting goods and services
   a. iii and iv b. i and ii
   c. only ii d. i, iii and iv

5. Money markets in India are located at:
   i. Mumbai ii. Delhi
   iii. Pune iv. Kolkata
   a. i and ii b i, ii and iv
   c. ii and iv d. i, iii and iv

(B) Suggest an economic term for the given statements: **(5)**
1. Additional utility derived by a consumer from an additional unit consumed.
2. The demand for a commodity which can be put to several uses.
3. Charging different prices to different consumers for the same product or services.

4. The relative importance of the different items while constructing index number.
5. A financial statement which shows the expected receipts and proposed expenditures of the government in coming financial year.

(C) Complete the correlation: **(5)**

1. Makros : Macro-economics : : Mikros : ________
2. Direct demand: Food and Mobiles: : _______ : Land and Labour
3. _______ : Change in supply : : Other factors constant : Variation of supply
4. Personal income tax : ________ : : Goods and service tax (GST) : Indirect tax
5. ______ : Central Bank :: SBI : Commercial Bank

(D) Assertion and reasoning: **(5)**

1. **Assertion (A):** Marginal utility (MU) goes on diminishing.
   Reasoning (R): Total utility (TU) increases at diminishing rate.
   a. Assertion (A) is true but Reasoning (R) is false.
   b. Assertion (A) is false but Reasoning (R) is true.
   c. Both statements A and R are true and R is the correct explanation of A.
   d. Both statements A and R are true and R is not the correct explanation of A.

2. **Assertion (A):** Aggregate demand is a macroeconomic concept.
   Reasoning (R): Aggregate demand refers to total amount of sales proceeds expected by an entrepreneur.
   a. (A) is True but (R) is False.
   b. (A) is False but (R) is True.
   c. Both (A) and (R) are True and (R) is the correct explanation of (A).
   d. Both (A) and (R) are True but (R) is not the correct explanation of (A).

3. **Assertion (A):** Perfect competition is an imaginary concept of market.
   Reasoning (R): There are large number of buyers and sellers in perfect competition.
   a. (A) is True but (R) is False.
   b. (A) is False but (R) is True.
   c. Both (A) and (R) are True and (R) is the correct explanation of (A).
   d. Both (A) and (R) are True but (R) is not the correct explanation of (A).

4. **Assertion (A):** A surplus budget is more useful during inflationary conditions.
   Reasoning (R): Surplus budget lowers the level of taxes in economy.
   a. (A) is True but (R) is False.
   b. (A) is False but (R) is True.
   c. Both (A) and (R) are True and (R) is the correct explanation of (A).
   d. Both (A) and (R) are True but (R) is not the correct explanation of (A).

5. **Assertion (A):** The unorganised sector of the money market lacks transparency.
   Reasoning (R): Activities of the unorganised sector are largely confined to rural areas.
   a. (A) is True but (R) is False.
   b. (A) is False but (R) is True.
   c. Both (A) and (R) are True and (R) is the correct explanation of (A).
   d. Both (A) and (R) are True but (R) is not the correct explanation of (A).

Q.2. (A) Identify and explain the concepts from the given illustrations: (Any Three) **[6 Marks]**

1. India purchased petroleum from Iran.
2. Vidyut bought a bottle of Fanta for his evening house party as the price of Mirinda had increased.
3. Odisha government collected ₹ 1.06 crores in a day from traffic rule violators.
4. Ramesh decided to take all decisions related to production, such as what and how to produce?
5. Kalpana started shopping for clothes frequently after she got a good salary increment last year.

(B) Distinguish between. (Any Three) **[6 Marks]**

1. Slicing Method and Lumping Method
2. Increase in Demand and Expansion in Demand
3. Price elasticity and Income elasticity
4. Price Index and Quantity Index
5 Balanced budget and Deficit budget

Q.3. Answer the following questions: (Any Three) **[12 Marks]**

1. What are the limitations of index numbers?
2. Explain the total outlay method of measuring elasticity of demand.
3. Explain the types of monopoly.
4. Explain the scope of macro-economics.
5. Explain 'variations' in supply.

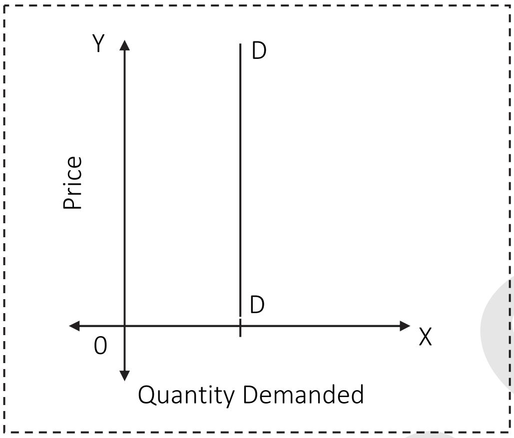
Q.4. State with reasons whether you agree or disagree with the following statements: (Any Three) **[12 Marks]**

1. Public finance is more elastic than private finance.
2. Demand curve slopes downward from left to right.
3. Perfect competition and monopolistic competition are one and the same.
4. There is no difference between stock and supply.
5. Index numbers are very significant / important in economics.

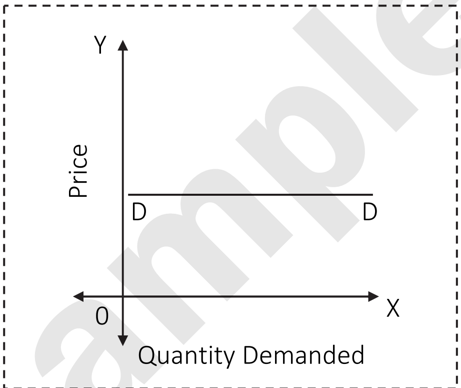
Q.5. Study the following figure and answer the questions: (Any Two) **[8 Marks]**

1. Identify and define the degrees of elasticity of demand from the following demand curves:

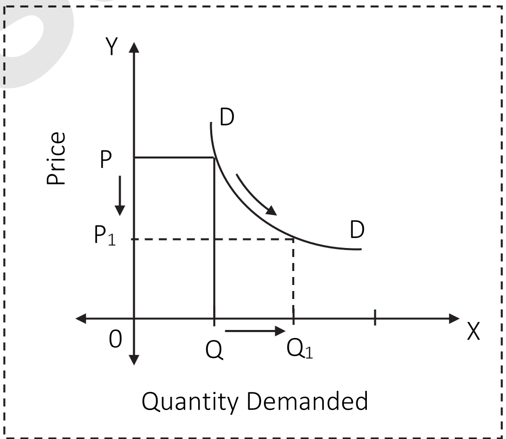
i.



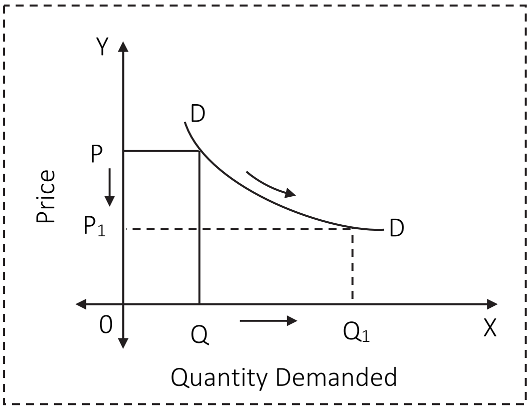
ii.



iii.



iv.



2. India follows the system of regional accounts. Regional accounts offer comprehensive information on the numerous transactions occurring in the regional economy. It fosters the process of decision making at the regional level. Net State Domestic Product (NSDP) computes the value of all final goods and services produced in the state within given time period in monetary terms. Per Capita State Income (PCSI) is obtained by dividing the NSDP by the population of the state. Currently, all Indian states and union territories engage in the calculation of regional income estimates. These estimates are prepared by the State Income Units of the respective State Directorates of Economics and Statistics (DESs). The CSO assists the states by rendering advice on conceptual and methodological problems. There are certain activities such as railways, communications, banking and insurance that cut across state boundaries and consequently, their economic contribution cannot be assigned to any one state. These are known as the 'Supra-regional sectors' and estimates for them are compiled for the economy as a whole and allocated to the states on the basis of relevant indicators.
   i. State the formula for calculating PCSI.
   ii. Which organisation compute regional level income estimates?
   iii. How does the CSO assist states in the preparation of regional estimates?
   iv. Explain the concept of supra-regional sectors and computation of estimates for these sectors.

3.

Countries / Organisations		**Years**	
		1990-91	**2015-16**
Sr. No.		**Percentage**	**Percentage**
1	OECD	54.0	28.8
2	OPEC	16.3	23.6
3	Eastern Europe	7.8	1.9
4	Developing Nations	18.6	43.2
5	Others	1.4	2.5

Questions:
   i. Which organisation has the least share in the direction of India's imports in 2015-16?
   ii. Which organisation has maximum share in India's direction of imports in 1990-91?
   iii. Expand the abbreviations of OECD and OPEC.
   iv. State your opinion regarding the direction of India's imports from 1990-91 to 2015-16.

Q.6. Answer in detail: (Any Two) **[16 Marks]**
1. Explain the income method and expenditure method of measuring national income.
2. State the law of Diminishing Marginal Utility (DMU) with assumptions.
3. Explain the functions of RBI.

Model Answer Paper - 1

ECONOMICS

Note: *Answer to every section must be written on a new page.*

Q.1. (A)

1.	a	***[1 Mark]***
2.	d	***[1 Mark]***
3.	b	***[1 Mark]***
4.	c	***[1 Mark]***
5.	b	***[1 Mark]***

(B)

1.	Marginal Utility	***[1 Mark]***
2.	Composite demand	***[1 Mark]***
3.	Price discrimination	***[1 Mark]***
4.	Weights	***[1 Mark]***
5.	Budget	***[1 Mark]***

(C)

1.	Micro-economics	***[1 Mark]***
2.	Indirect/Derived Demand	***[1 Mark]***
3.	Price constant	***[1 Mark]***
4.	Direct tax	***[1 Mark]***
5.	RBI	***[1 Mark]***

(D)

1.	c	***[1 Mark]***
2.	d	***[1 Mark]***
3.	d	***[1 Mark]***
4.	a	***[1 Mark]***
5.	d	***[1 Mark]***

Q. 2. (A)

1. **Concept:** Import trade

Explanation:

i. Import trade refers to the purchase of goods by one country from another or inflow of goods to home country from foreign country.

ii. Hence, this illustration relates to the concept of 'import trade' as India (i.e. home country) purchased petroleum from Iran (i.e. foreign country) ***[2 Marks]***

2. **Concept:** Substitution effect

Explanation:

i. In case of substitute goods, when the price of a commodity rises, the consumer tends to buy more of its substitute and less of that commodity whose price has increased. This is known as substitution effect.

ii. Hence, this illustration relates to the concept of 'substitution effect' as Vidyut bought a bottle of Fanta (substitute product) when the price of Mirinda had increased. ***[2 Marks]***

3. **Concept:** Fines and penalties

Explanation:

i. The government levies fines and penalties on those who violate the laws in the country. The objective of the imposition of the fines and penalties is to not earn income but to discourage the citizens from violating the laws.

ii. Hence, this illustration relates to the concept of 'fines and penalties' as Odisha government collected ₹ 1.06 crores in day from people who violated traffic rules.

[2 Marks]

4. **Concept:** Free market economy

Explanation:

i. A free market economy refers to an economy wherein the economic decisions regarding:

a. What to produce?

b. How much to produce?

c. How to produce? etc.

are taken at individual level. There is no intervention of government or any other agency while taking decisions regarding the production.

ii. Hence, this illustration relates to the concept of 'free market economy' as Ramesh decided to take all decisions related to production, such as what and how to produce. ***[2 Marks]***

5. **Concept:** Positive income elasticity

Explanation:

i. Income elasticity of demand is a ratio of proportionate change in quantity demanded of a commodity to a proportionate change in income of an individual. Normal goods have positive income elasticity.

ii. Hence, this illustration relates to the concept of 'positive income elasticity' as Kalpana's demand for clothes increased when her income increased. ***[2 Marks]***

(B)

1.

Slicing method	Lumping method
1) When the aggregate is divided into small units for the purpose of study of each unit in depth, it is called as slicing method.	1) When the economy is not split up into small slices; but it is studied in big lumps as it is, it is called as lumping method.
2) Micro-economics uses slicing method.	2) Macro-economics uses lumping method.
3) It gives a worm's eye view of the economy.	3) It gives a bird's eye view of the economy.
4) It studies in depth individual units like household, firm, consumer, producer, individual wages, individual prices, individual incomes, particular commodity etc.	4) It studies aggregates such as total employment, national income, national output, total investment, total savings, total consumption, aggregate supply, aggregate demand etc.

[2 Marks]

2.

Increase in Demand	Expansion in Demand
1) When more quantity is demanded than before at the same price, it is called as increase in demand.	1) Expansion of demand refers to a rise in the demand only due to a fall in its price.

2) Increase in demand takes place due to favourable changes in factors other than price like fashion, income, taxation policy, advertisements etc.	2) Expansion of demand takes place solely due to a fall in the commodity price. All other factors affecting demand remain constant.
3) An increase in demand is indicated by a shift in demand curve to right.	3) Expansion of demand is shown by a downward movement on the same demand curve.
4) It is a type of change in demand.	4) It is a type of variation in demand.

[2 Marks]

3.

Price elasticity	Income elasticity
1) Price elasticity refers to proportionate or percentage change in quantity demanded of a commodity due to a proportionate or percentage change in its price.	1) Income elasticity refers to proportionate or percentage change in quantity demanded of a commodity due to the proportionate or percentage change in income.
2) Price elasticity helps to measure the degree of responsiveness of demand for a commodity to change in its price.	2) Income elasticity helps to measure the responsiveness of demand for a commodity to change in the consumer's income.
3) $Ed = \frac{\text{Prop. change in quantity demanded}}{\text{Prop. change in price}}$ $Ed = \frac{\%\Delta Q}{\%\Delta P}$	3) $Ey = \frac{\text{Prop. change in quantity demanded}}{\text{Prop. change in income}}$ $Ey = \frac{\%\Delta Q}{\%\Delta Y}$
4) **Five types of price elasticity:** Perfectly inelastic Perfectly elastic Unitary elastic Relatively inelastic Relatively elastic	4) **Three types of income elasticity:** Zero income elasticity Positive income elasticity Negative income elasticity

[2 Marks]

4.

Price index	Quantity index
1) Price index measures the general changes in the prices of goods.	1) Quantity index measures changes in the level of output or physical volume of production in the economy.
2) It compares the level of prices between two different time periods.	2) It compares the level of output between two different time periods.
3) Price Index Number: $P_{01} = \frac{\sum p_1}{\sum p_0} \times 100$	3) Quantity Index Number: $Q_{01} = \frac{\sum q_1}{\sum q_0} \times 100$

[2 Marks]

5.

Balanced budget	Deficit budget
1) When estimated revenue and expenditure of the government are equal, the budget is said to be a balanced budget.	1) When estimated government receipts are less than the estimated government expenditure, the budget is said to be a deficit budget.
2) A balanced budget has 'neutral' effect on the working of the economy.	2) A deficit budget increases effective demand in the economy.
3) It is rarely followed by any country.	3) It is generally followed by developing countries.
4) It was recommended by classical economists.	4) It is recommended by modern economists.

[2 Marks]