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MARKING INSTRUCTIONS AND MODEL ANSWERS

ECONOMICS

ACADEMIC/OPEN

(Only for Fresh Candidates)

उप-परीक्षक मूल्यांकन निर्देशों का ध्यानपूर्वक अवलोकन करके उत्तर-पुस्तिकाओं का मूल्यांकन करें। यदि परीक्षार्थी ने प्रश्न पूर्ण व सही हल किया है तो उसके पूर्ण अंक दें।

General Instructions :

(i) *Examiners are advised to go through the general as well as specific instructions before taking up evaluation of the answer-books.*

(ii) *Instructions given in the marking scheme are to be followed strictly so that there may be uniformity in evaluation.*

(iii) *Mistakes in the answers are to be underlined or encircled.*

(iv) *Examiners need not hesitate in awarding full marks to the examinee if the answer/s is/are absolutely correct.*

(v) *Examiners are requested to ensure that every answer is seriously and honestly gone through before it is awarded mark/s. It will ensure the authenticity as their evaluation and enhance the reputation of the Institution.*

(vi) *A question having parts is to be evaluated and awarded partwise.*

(vii) *If an examinee writes an acceptable answer which is not given in the marking scheme, he or she may be awarded marks only after consultation with the head-examiner.*

(viii) If an examinee attempts an extra question, that answer deserving higher award should be retained and the other scored out.

(ix) Word limit wherever prescribed, if violated upto 10%. On both sides, may be ignored. If the violation exceeds 10%, 1 mark may be deducted.

(x) Head-examiners will approve the standard of marking of the examiners under them only after ensuring the non-violation of the instructions given in the marking scheme.

(xi) Head-examiners and examiners are once again requested and advised to ensure the authenticity of their evaluation by going through the answers seriously, sincerely and honestly. The advice, if not headed to, will bring a bad name to them and the Institution.

महत्त्वपूर्ण निर्देश :

(i) अंक-योजना का उद्देश्य मूल्यांकन को अधिकाधिक वस्तुनिष्ठ बनाना है। अंक-योजना में दिए गए उत्तर-बिन्दु अंतिम नहीं हैं। ये सुझावात्मक एवं सांकेतिक हैं। यदि परीक्षार्थी ने इनसे भिन्न, किन्तु उपयुक्त उत्तर दिए हैं, तो उसे उपयुक्त अंक दिए जाएँ।

(ii) शुद्ध, सार्थक एवं सटीक उत्तरों को यथायोग्य अधिमान दिए जाएँ।

(iii) परीक्षार्थी द्वारा अपेक्षा के अनुरूप सही उत्तर लिखने पर उसे पूर्णांक दिए जाएँ।

(iv) वर्तनीगत अशुद्धियों एवं विषयांतर की स्थिति में अधिक अंक देकर प्रोत्साहित न करें।

(v) भाषा-क्षमता एवं अभिव्यक्ति-कौशल पर ध्यान दिया जाए।

(vi) मुख्य-परीक्षकों/उप-परीक्षकों को उत्तर-पुस्तिकाओं का मूल्यांकन करने के लिए केवल *Marking Instructions/Guidelines* दी जा रही हैं, यदि मूल्यांकन निर्देश में किसी प्रकार की त्रुटि हो, प्रश्न का उत्तर स्पष्ट न हो, मूल्यांकन निर्देश में दिए गए उत्तर से अलग कोई और भी उत्तर सही हो तो परीक्षक, मुख्य-परीक्षक से विचार-विमर्श करके उस प्रश्न का मूल्यांकन अपने विवेक अनुसार करें।

2061/2011/(Set : A, B, C & D)

SET – A

1. (i) (A)   1

    (ii) (D)   1

    (iii) (B)   1

    (iv) (C)   1

    (v) (B)   1

    (vi) True   1

    (vii) True   1

    (viii) False   1

    (ix) True   1

    (x) False   1

    (xi) True   1

(xii) Extension of supply   1

(xiii) 1929   1

(xiv) Transfer   1

(xv) currency & bank deposits   1

(xvi) $\dfrac{1}{1-\text{MPC}}$ 1

2. Microeconomics is the study of economic activities of a single economic unit such as firm, consumers etc.   2

3. (i) Indifference curve never touches any axis.

   (ii) Indifference curves cannot intersect/ touches each other.

   (iii) Indifference curves are convex to the origin etc.   2

4. Perfect competition is a market condition in which many buyers and sellers are purchasing/buying the homogeneous commodity at a constant price.   2

5. Stock is the amount of goods and services measured at one specific point of time.   2

6. (i)   Accepting deposits

   (ii) Advancing of loans   2

7. Deficit of budget is that budget in which expected receipt of government are less than expected expenditure.   2

8. (i)   Shipping services

   (ii) Tourism services

   (iii) Consulting services etc.   2

9. **Returns to a Factor   Returns to a Scale**

	Returns to a Factor	Returns to a Scale
(i)	It is applicable in short-run.	This law is applicable in longrun.
(ii)	Some factors of production are constant while other factors are variable in case of returns to a factor.	All factors of production are variable in case of returns to a scale.
(iii)	Increase in output is done by only one variable factor i.e, labour.	All factors of production are responsible for change in output.
(iv)	Ratio between the factors of production is variable.	All factors of production are changes at a constant ratio.

4

10. **Collusive Oligopoly :** It is a form of the market in which there are few firms in the market and all decide to avoid competition through a formal agreement. They collude to form a cartel, and fix for themselves output qurotas and market price. Sometimes a leading firm in the market is accepted by the cartel as a price leader, members of the cartel accept the price as fixed by the price leader.

Non-Collusive Oligopoly : It is a form of the market in which there are few firms in the market, and each firm pursues its price and output policy independent of rival firms. Each firm this to increase its market share through competition. Competition is preferred to collusion as a means of profit maximization.　　4

11. (i)　Private income is a broader concept than personal income.

　　(ii)　Private income includes corporate taxes and corporate savings but personal income does not include them.　　　　　4

12.　Mixed income accrues to those persons who as households render factor services and as producer utilize their own factors services for the production of goods and services. Mixed income includes income from work as well as income from property and entrepreneurship. It includes wages, rent, interest and profit. Which are earned by self-employed persons by their services of own factors.　　　　　4

13. Difficulties of Barter System :

(i)   Double coincidence of wants

(ii)   No common value of value

(iii) Indivisibility of certain goods

(iv)   Store of wealth or value

(v)   Transfer of value etc.   4

   Note : Brief explanation.

14. Control price of the good is fixed below its equilibrium price with a view to ensuring some minimum supply of the essential commodities to a targeted group of people. Support price is fixed by the government above the equilibrium price with a view to ensuring some minimum income to the farmers.   4

15. A firm will be in equilibrium if it does not want change the current condition. Two conditions for firm equilibrium in MR-MC method are :

(i)　MC = MR

(ii)　MC cuts MR from below.

While in TR-TC method, a firm will be in equilibrium when it obtains maximum profits.　4

16. **Causes of adverse balance of payments are :**

(i)　Natural calamities

(ii)　Cyclical fluctuations

(iii)　More expenditure on development plans

(iv)　Change in foreign exchange rates

(v)　Population explosion

(vi)　Political instability etc.　　　　　4

17. The law of demand state that other things being constant, quantity demanded of a commodity increases with a fall in price and diminishes when price increases.

Explanation :

Demand Schedule

Price (₹)	Quantity (Units)
10	20
8	40
6	60
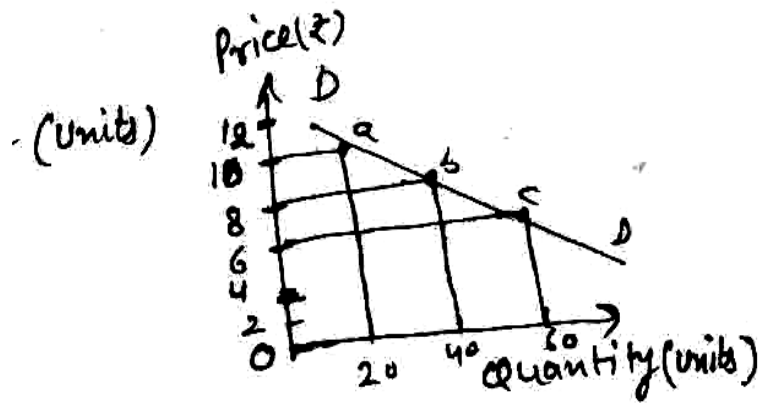
This law is operated due to following reasons :

(i)   Law of diminishing marginal utility

(ii)   Income effect

(iii)   Substitution effect

(iv)   Size of consumer group

(v)   Different uses   2 + 4 = 6

Note :   Brief explanation of points.

OR

Price elasticity of demand is the responsiveness of quantity demanded of a good to change in its price i.e., :

$$E_P = -\frac{\Delta Q}{\Delta P} \cdot \frac{P}{Q}$$

total expenditure method is given by Dr. Marshall. This method state that we can measure the price elasticity of demand by measuring the relation between the price and total expenditure.

(i) If there is no change in total expenditure due to rise of fall in price the price elasticity of demand will be unitary i. e. $E_P = 1$.

(ii) If total expenditure rise due to fall in price & total expenditure falls due to rise in price than price elasticity of demand will be greater than unitary. i.e. $E_P > 1$.

(iii) If there is positive relation between price and total expenditure then price elasticity of demand will be less than unitary i.e., $E_P < 1$.

Total Expenditure (₹)
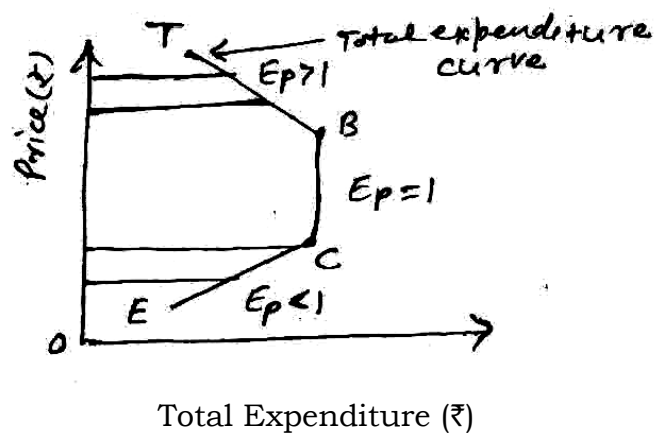
Note : Brief explanation of diagram & give table also.   2 + 4 = 6

18. Perfect competition is a market situation in which there are large number of buyers and sellers. The sellers sell homogeneous product at a constant price. The price is determined by Industry Q accepted by firm.

Shortrun equilibrium of the firm by way of marginal approach :

According to the marginal approach, there are two conditions for the equilibrium of firm which need to be fulfilled i.e. :

(i)   MC = MR   (Necessary condition)

(ii)   MC cuts MR from below (Sufficient condition)

Firm may be in three situations in case of shortrun under perfect competition :

(A)   **Super Normal Profit :** A firm will earn super normal profit when average revenue will be higher than average cost. ie. AR > AC.
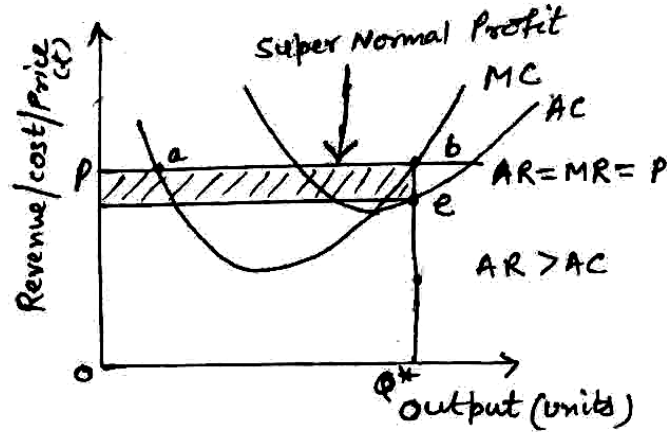
(B) **Normal Profits :** Normal profits may occurs
when average revenue will be equal to
average cost at the point of equal. i.e.
AR = AC.
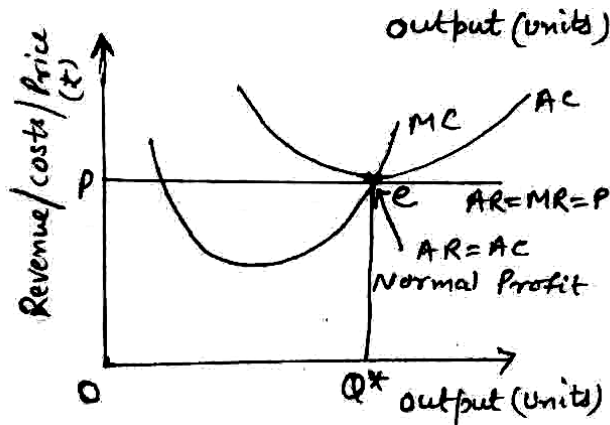
(C) **Minimum loss :** Firm will also bear some loss in shortrun but it can't be more than AFC. Here, Firm will operates till the point, at which P(AR) ≥ AVC.

(Brief explanation of diagrams)
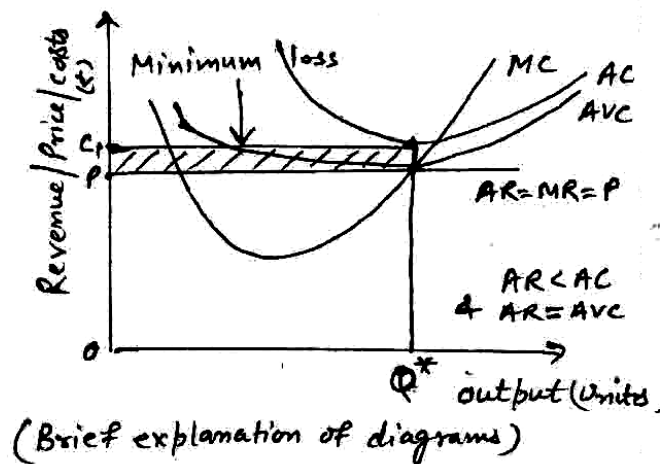
Note : Brief explanation of diagrams.　　2 + 4 = 6

OR

The Supply of goods is the quantity offered for sale in a given market at a given time at various prices. It may be of two types :

(i)　Individual supply

(ii)   Market supply

Various factors affecting supply are as follows :

(i)   Own price of commodity

(ii)   Prices of other related commodities

(iii)   Number of firms

(iv)   Goal of the firms

(v)   Prices of factors of production

(vi)   Change in technology

(vii)   Expected future price

(viii) Government policy etc.

Note : Brief explanation of points.

19. Monopolistic market/competition is a form of market in which there are many buyers and sellers of a commodity. In this market, a product has a large number of close substitutes and a producer generally exercises partial control over price.

Characteristics :

(i) Large number of buyers and sellers

(ii) Product differentiation

(iii) Freedom of entry and exist of firms

(iv) Selling costs

(v) Less mobility

(vi) Less knowledge

(vii) Non-price competition

(viii) Downward sloped average and marginal revenue curves.   2 + 4 = 6

Note : Brief explanation of points.

OR

Oligopoly is a market structure in which very few number of firms has the large majority of market share.

Characteristics of oligopoly :

(i)   A few firms

(ii)   Large number of buyers

(iii) Entry barriers

(iv)   High degree of interdependence

(v)   Not possible to determine firm's demand curve.

(vi)   Formation of cartels.

Note : Brief explanation of points.

SET – B

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1. (i)   (A)   1

(ii)   (D)   1

(iii) (B)   1

(iv)   (D)   1

(v)   (B)   1

(vi)   (C)   1

(vii) (D)   1

(viii) (D)   1

(ix)   False   1

(x)   False   1

(xi) True   1

(xii) False   1

(xiii) True   1

(xiv) True   1

(xv) True   1

(xvi) True   1

2. Macroeconomics deals with the functioning of the economy as a whole.   2

3. Quantity demanded by any person on a given price at a particular time is known as demand. 2

4. Other thing being constant, quantity supplied of any commodity will rise due to increase in price and quantity supplied will fall due to decrease in price of any particular commodity.   2

5. In case of product differentiation the particular commodity produced by various firms may differ (from each other) by brand name, colour, packing, size etc. The particular commodity produced by many firm will not similar in any case.　　　　　　　　　　　　　　　2

6. Features of Monopoly :

(i)　Single seller and many buyers

(ii)　Restrictions on the entry of the new firms

(iii)　No close substitutes

(iv)　Price control, etc.　　　　　　　　　　2

7. Two main functions of money are :

(i)　Accepting deposits

(ii)　Advancing of loans　　　　　　　　　2

8. Tax is a compulsory payment which is made by a person or a firm to the government without reference to any benefit to the payer.　　　　2

9. Total product is the total amount of goods and services produced in a given period. Marginal product is the change in total product due to change in one more or less unit of variable factor.
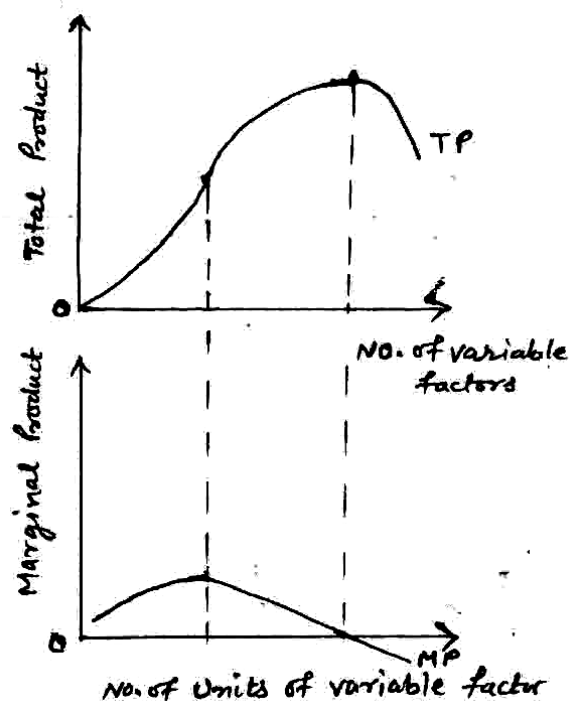
Relation :

(i)　When MP is increasing than TP will increase at increasing rate.

(ii) When MP goes on to decrease than TP will increase at a decreasing rate.

(iii) When MP is zero than TP is maximum.

(iv) When MP is –ve than TP starts decreasing. 4

10. Monopoly and monopolistic competition are differentiate on the basis of following points :

(i)   Nature of product

(ii)   Number of sellers

(iii)   Entry of new firm

(iv)   Selling costs

(v)   AR – MR curve's slope

(vi)   Difference regarding profit   4

Note : Brief explanation.

11. (i) Microeconomics deals with the problem of choice and scarcity at the individual level, while macroeconomics does it at the level of economy as a whole.

(ii) Microeconomics involve lesser degree of aggregation than the macroeconomics.

(iii) Both are based on different set of assumptions.

(iv) Price determination is the central problem of microeconomics while, determination of national income and employment are the central issue of macroeconomics.

(v) Government interference is very little in microeconomics as compare to macroeconomics.   4

12. Main functions of Reserve Bank of India are :

(i)   Issuing of notes

(ii)   Banker to the Government

(iii) Banker's Bank

(iv) Lender of the last resort

(v) Clearing house function

(vi) Control of credit etc.   4
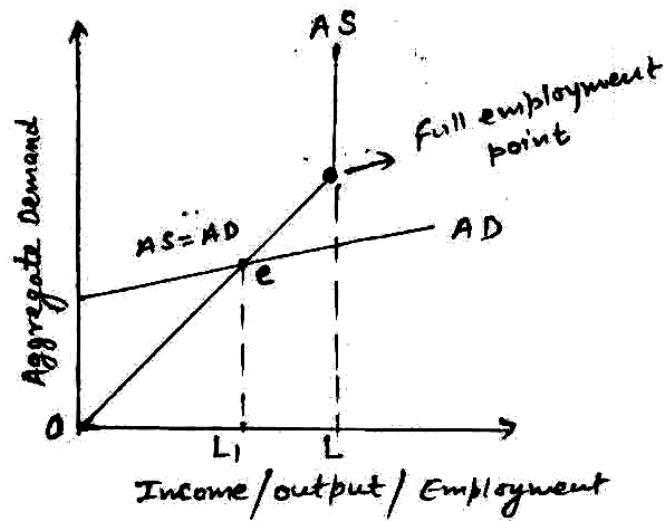
Note : Brief explanation.

13. National income accounting attempts primarily to measure national income, final product, consumption and accumulation of capital in a financial year.

Normal residents of a country are those :

(i) Who normally reside in the concerned country more than one year.

(ii) Whose centre of interest lies in the country concerned.   2 + 2 = 4

14. Under employment equilibrium is a situation of equality between aggregate demand and aggregate supply before resources are fully employed.

4

Note : Brief explanation of diagram.

15. Revenue expenditure are those expenditures which do not create assets for the government. These expenditures also do not cause any reduction of liability of the government e.g. interest payments, expenditure on subsidy.

Capital expenditure are those expenditures which creates assets for the government. Those expenditures also reduces the liabilities of the government. e.g. expenditure on machines, expenditure on buildings.   4

16. Difference between balance of trade & balance of payments :

(i) Balance of trade includes export & import of visible goods only. While balance of payments includes import & export of visible & invisible goods alongwith capital transfers.

(ii) Balance of Trade (B.O.T.) of a country can be favourable or unfavourable but balance of payments are always favourable.

(iii) B.O.T. has less economic significance as compare to Balance of Payments (B.O.P.).

(iv) Deficit of balance of trade will be fulfilled by the balance of payment but deficit of balance of payments can't be fulfilled by balance of trade.   4

17. Graphical representation of demand schedule is called demand curve. This curve shows the inverse relation between the price and quantity demanded.

Demand curve is downward sloped due to following reasons :

(i) Law of diminishing marginal utility

(ii) Real income effect

(iii) Substitution effect

(iv) Size of consumer group

(v) Different uses   2 + 4 = 6

Note : Brief explanation of points.

<div align="center">**OR**</div>

Price elasticity of demand is the responsiveness of quantity demanded of a good to change in its price.

$$E_p = (-)\frac{\%\text{ change in quantity demanded}}{\%\text{ change in price}}$$

$$= (-)\frac{\Delta Q}{\Delta P} \cdot \frac{P}{Q}$$

Factors affecting elasticity of price are :

(i)   Nature of commodity

(ii)   Availability of substitutes

(iii) Goods with different uses

(iv)   Postponement of the use

(v)   Income of the consumer

(vi)   Habit of the consumer

(vii) Price level etc.   2 + 4 = 6

Note : Brief explanation of points.

18. **Characteristics of a perfectly competitive market** :

(i)   Large number of firms or sellers

(ii)   Large number of buyers

(iii) Homogeneous products

(iv)   Perfect knowledge

(v)   Free entry & exit of firms

(vi)   Perfect mobility

(vii) No extra transport cost

(viii) Same average and marginal revenue

(ix)   Constant price   6

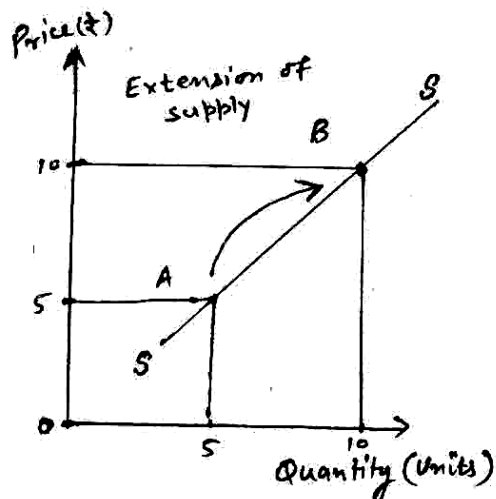*Note :* Brief explanation of points.

OR

Extension of supply : Other things being equal, when quantity supplied of a commodity increases due to rise in its price, it is called extension of supply. It is shown in below table & figure.

Price of Tea	Quantity supplied
5	5
10	10

Note : Brief explanation of table & diagram.

Increase in Supply : More supply at the same price or same supply on the less price is called increase in supply. It is shown in below table and diagram :

Price of Increase (₹)	Quantity Supplied
Same price	More supply
3	3
3	4
Less Price	Same supply
3	3
2	3
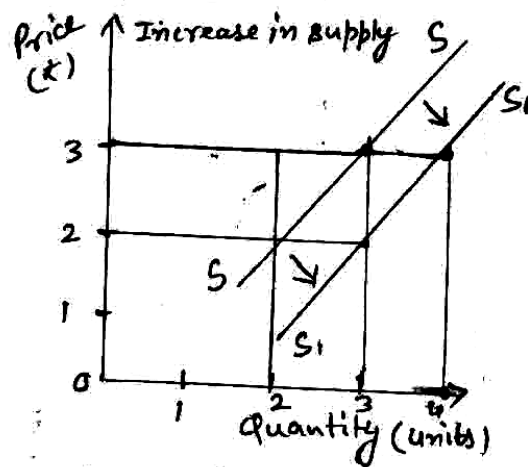
3 + 3

Note : Brief explanation of table and diagram.

19. Income method measures national income as the sum total incomes received as rewards for rendering factor services.

Step 1 : Identify & classify producing enterprises.

Step 2 : Components of factor income are as follows :

(a) **Compensation of employees :** it includes wages & salaries & other payments

(b) **Operating Surplus :** it includes rent, royality, interest and profit (Dividend + corporate tax + undistributed profit)

(c) **Mixed income :** it is the income of self employed persons.

Step 3 : National Income = Compensation of employees + Operating Surplus + Mixed income + net factor income from abroad   6

Note : Brief explanation.

OR

GDP at MP = Wages & salary + contribution of owner in social security + profit + interest + rent + mixed income

GDP at MP = 150 cr. + 25 cr. + 40 cr. + 25 Cr. + 12 cr. + 40 cr.

GDP at MP = 292 cr.₹

NNP at FC   =   GDP at MP – Depreciation –

(National Income) Indirect Tax + Subsidy

= 292 cr. – 35 cr. – 30 cr. + 10 cr. = 237 cr. ₹

SET – C

1. (i)   (A)   1

   (ii)   (A)   1

   (iii) (C)   1

(iv)   (C)   1

(v)   (B)   1

(vi)   (C)   1

(vii) (D)   1

(viii) (A)   1

(ix)   False   1

(x)   False   1

(xi)   False   1

(xii) False   1

(xiii) True   1

(xiv) False   1

(xv) False   1

(xvi) True   1

2. Wealth definition : "Economics is an enquiry into the nature and causes of wealth of nations". – Adam Smith.   2

3. Demand function is that function which shows relationship between the quantity demanded of a commodity and various factors affecting its demand. i.e.   2

$$D_x = f\left(P_x, P_y, Y, T, E, Popu.\right)$$

4. There are two equilibrium conditions :

(i)   MC = MR

(ii)   MC cuts MR from below   2

5. Examples of transfer payment :

  (i)　old age pension

  (ii)　scholarships

  (iii)　gift and donations　　　　　2

6. The primary sector of the economy is the sector which directly uses the natural resources. This includes agriculture, forestry, fishing and mining.　　　　　2

7. The primary functions of Banks :

  (i)　Accepting deposits

  (ii)　Advancing of loans　　　　　2

8. A tax is a compulsory payment made by a person or a firm to a government without reference to any benefit, the payer may derive from the government.　　　　　2

9.　　　　　　　　　　　　　　　　　　　　　　　2

Production (Units)	Total Cost (₹)	Total Fixed Cost (₹)	TVC (₹)	$AVC = \dfrac{TVC}{Q}$
0	100	100	00	–
1	120	100	20	20/1 = 20
2	140	100	40	40/2 = 20
3	182	100	82	82/3 = 27.33
4	198	100	98	98/4 = 24.50
5	208	100	108	108/5 = 21.60
6	232	100	132	132/6 = 22

　　　　　　　　　　　　　　　　　　　　　2 + 2 = 4

10. Differences between monopoly and perfect competition are made on the following basis :

(i)　Nature of product

(ii)　Number of sellers & buyers

(iii)　Restriction on entry

(iv)　Slope of demand curve

(v)　Possibility of price discrimination, etc.　　4

11. Features of monopolistic competition are :

(i)　Large number of firms and buyers

(ii)　Product differentiation

(iii) Selling costs

(iv) Less mobility

(v) Less or incomplete knowledge

(vi) Non-price competition, etc.　　　　　4

12. (i) Intermediate goods are used for the production of other goods in the form of raw material or these may be resolve by the firms/producers. While final goods are not used as raw material for production of other goods.

(ii) Intermediate goods remain within the boundary line of production. Final goods on the other hand, are out of production boundary.

(iii) Final goods are considered in national income estimation while we cannot use intermediate goods in national income estimation. 4

13. Main functions of Central Bank are :

(i) Issuing of notes

(ii) Banker to the Government

(iii)   Banker's Bank

(iv)   Supervision of the Banks

(v)   Lender of the last resort

(vi)   Clearing house function

(vii) Control of credit etc.   4

Note : Brief explanation.

14.   **Induced Investment :** Induced investment is that investment which is governed by income and profits. It is induced by changes in income and profit. This kind of investment is profit or income elastic.

Autonomous Investment : Autonomous investment is that investment which is independent of the level of income or output. It is not induced by income. This type of investment is profit or income inelastic.   4

15. **Features of Tax :**

   (i)   Compulsory payment

   (ii)   Public Welfare

   (iii)   Nor proportionate relation between the tax and the benefit

   (iv)   Tax is personal liability

   (v)   Legal procedure   4

   Note : Brief explanation.

16. See Answer No. **16** of Set-**B**.   4

17. See Answer No. **17** of Set - **A**.   2 + 4 = 6

<div align="center">**OR**</div>

   Price elasticity of demand is the responsiveness of quantity demanded of a commodity to change in its price. i.e.

$$E_p = -\frac{\Delta Q}{\Delta P} \cdot \frac{P}{Q}$$

Proportionate method of price elasticity of demand is given by Dr. Marshall. In this method, we can calculate the price elasticity of demand by dividing the percentage change in quantity demanded with percentage change in price.

$$E_P = -\frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}}$$

$$E_P = -\frac{\dfrac{\text{change in demand}}{\text{initial demand}} \times 100}{\dfrac{\text{change in price}}{\text{initial price}} \times 100} = (-)\frac{\dfrac{Q_1 - Q}{Q} \times 100}{\dfrac{P_1 - P}{P} \times 100}$$

$$E_P = (-)\frac{\dfrac{\Delta Q}{Q}}{\dfrac{\Delta P}{P}} = -\frac{\Delta Q}{Q} \times \frac{P}{\Delta P} \boxed{= -\frac{\Delta Q}{P} \cdot \frac{P}{Q}}$$

Note : Brief Explanation with example.

18. See Answer No. **18** of Set - **A**. 6

OR

See Answer No. **18** of Set - **B**. 6

19. Expenditure method is the method which measures the final expenditure on gross domestic product at market price during an accounting year. This method calculates the final expenditure of economy to measure the national income.

Components of Final Expenditure :

(1) Final Consumption Expenditure = Private Final Consumption Expenditure + Government Final Consumption Expenditure

(2) Gross Domestic Capital Formation = Expenditure on Construction + Final Expenditure on Machinery & Equipments + Change in Stock

(3) Net Exports = Exports – Imports

GDT at MP = Final Consumption Expenditure + Gross Domestic Capital Formation + Net exports

National Income = GDP at MP – Depreciation + (NNP at FC)   Net factor income abroad – Net indirect tax   6

Note : Brief explanation.

OR

Problem of double counting : It refers to the problem of counting the value of product more than once in the estimation of national income. Obiviously, this causes over estimation of the country's GDP. In this case, the value of intermediate goods is counted many times in the process of production. We can avoid the problem of double counting by two ways :   3 + 3 = 6

(i)　Final Output Method

(ii)　Value Added Method

Note : Brief explanation of methods.

SET – D

1.　(i)　(D)　　　　　　　　　　　　　　　1

(ii)　(A)　　　　　　　　　　　　　　　1

(iii)　(C)　　　　　　　　　　　　　　　1

(iv)　(B)　　　　　　　　　　　　　　　1

(v)　(B)　　　　　　　　　　　　　　　1

(vi)　(C)　　　　　　　　　　　　　　　1

(vii)　(B)　　　　　　　　　　　　　　　1

(viii) (C)   1

(ix) False   1

(x)   True   1

(xi) True   1

(xii) True   1

(xiii) False   1

(xiv) False   1

(xv) True   1

(xvi) True   1

2. Causes of economic problem are :

   (i)   Unlimited wants

   (ii)   Limited or scarce means

   (iii) Alternative uses   2

3. The inferior goods are those goods whose quantity demanded decreases when consumer income rises and vice versa. An inferior good is the opposite of a normal good.　　2

4. Returns to scale relates to the behaviour of total output as all inputs are varied in the same proportion and is a longrun concept.　　2

5. See Answer No. **13** of Set **B**.　　2

6. Compensation of employees means all payments by the producers, of wages and salaries to their employees in cash and in kind and of contributions paid or imputed in respect of their employees to social security schemes and private pension, family allowance, life insurance and similar schemes.　　2

7. Functions of Commercial Banks :

(i)　Accepting deposits

(ii)　Advancing of loans

(iii)　Agency functions　　2

8. The rate of exchange measures number of units of one currency which is exchanged in the foreign market for one unit of another currency.

2

9. Budget Line : A graphical depiction of the various combinations of two selected products that a consumer can afford at specified prices for the products given their particular income level.

4
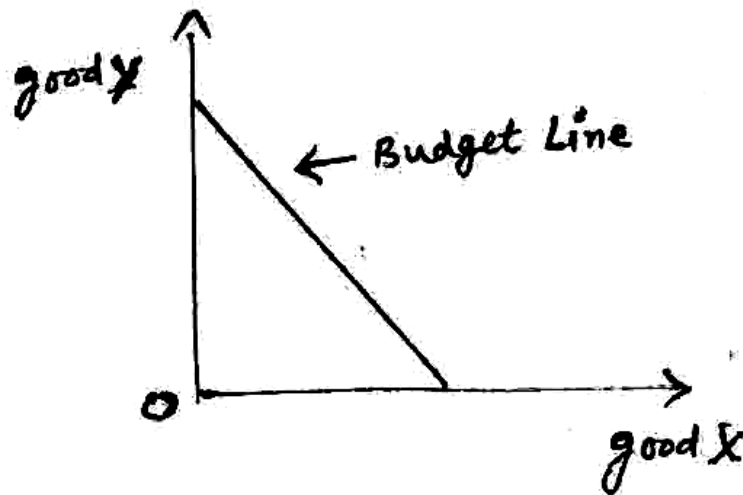
Note : Brief Explanation of diagram.

10. Demand curve will be positive in following conditions :   4

    (i)   Articles of distinction

    (ii)   Ignorance

    (iii) Giffen goods

    Note : Brief explanation of points.

11. See Answer of Question No. **14** of Set - **A**.   4

12. Scope of macroeconomics is as follows :

    (i)   Theory of National Income

    (ii)   Theory of Employment

    (iii) Theory of Money   2

(iv)　Theory of International Trade

(v)　Theory of Economic Growth

Note : Brief explanation.

13. Functions of Money are as follows :

(i)　Medium of Exchange

(ii)　Measure of Value

(iii)　Standard of deferred payments

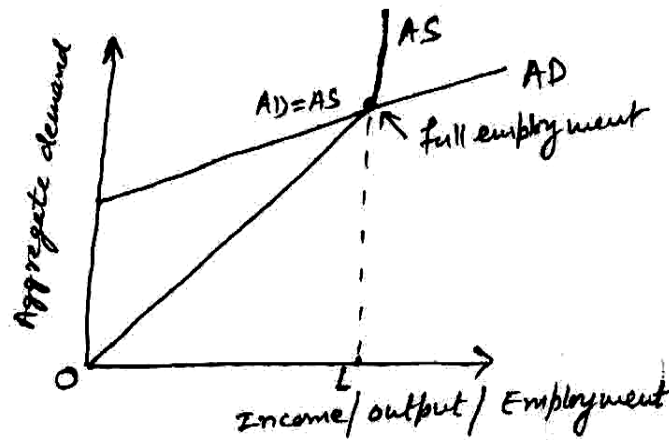(iv)　Store of Value

(v)　Transfer of Value

(vi)　Basis of credit creation

(vii)　Bearer of option, etc.　　　　　　　　　　2

Note : Brief explanation.

14. Full employment equilibrium is a situation in which aggregate demand is equal to aggregate supply with fuller utilization of resources of the economy.

Note : Brief explanation of diagram.   4

15. Direct taxes are those taxes which are really paid by the person on whom it is legally imposed. Burden of direct tax cannot be shift on others. e.g. Income tax, Gift tax, etc.

Indirect taxes are those taxes which are imposed on one person but paid partly or wholly by the another. Burden of indirect tax can be shift on others partly or wholly. e. g. Sales tax, Excise tax, Custom duty, etc. 　　　　4

16. See Answer No. **16** of Set-**C**. 　　　　4

17. See Answer No. **17** of Set - **A**. 　　　　6

OR

See Answer No. **17** of Set - **B**. 　　　　6

18. See Answer No. **19** of Set - **B**. 　　　　6

OR

See Answer No. **19** of Set - **C**. 　　　　6

19. See Answer No. **19** of Set - **A**.   6

<div align="center">

OR

</div>

See Answer No. **18** of Set - **B**.   6