

**KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**  
**PRE-BOARD EXAM: 17-18**  
**CLASS: XII**  
**SUBJECT: ECONOMICS(MARKING SCHEME )**

खंड - अ / Section - A		
Q.NO	QUESTION	MARKS
1.	(B) upward shift of the PPC	1
2.	(D) None of the above	1
3.	Budget line shows the combination of two goods which consumer can consume with given(Fix) income and prices.	1
4.	The % change in price more than % change in Quantity demanded	1
5.	Economy has to decide what type of goods is to be produced and in what quantities. The economy has to make 'choice' because resources are limited and they have alternative uses. The choice can be made between consumer goods or capital goods or luxuries goods or war time goods.	3
6.	<p>1. As total revenue increases with increasing rate and marginal revenue also increases</p> <p>2. Total revenue increases with diminishing rate, marginal revenue fall but positive</p> <p>3. Total revenue fall , marginal revenue becomes negative</p> <p>4. Total revenue highest, marginal revenue becomes zero (Any three)</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Diagram:-</b></p> <p>(i) Elastic supply</p> <p>(ii) Unitary elastic supply</p> <p>(iii) Inelastic supply</p>	1 x 3
7.	<p>Consumer Equilibrium = <math>\frac{Mu_x}{P_x} = \frac{MU_Y}{P_Y} = \frac{3}{4} \neq \frac{4}{4}</math></p> <p>So Consumer is not in Equilibrium.</p> <p>Here <math>\frac{Mu_x}{P_x} &lt; \frac{MU_Y}{P_Y}</math></p> <p>Consumer Consumes more of Good Y , As per Diminishing Law of Marginal Utility <math>MU_Y</math> decreases,</p> <p>till <math>\frac{Mu_x}{P_x} = \frac{MU_Y}{P_Y}</math></p> <p style="text-align: center;"><b>OR</b></p> <p><math>Ed = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price}} = \frac{50}{20} = 2.5</math></p>	1+2+1



17.	<p><b>Reallocation of resources:</b> It means managed and proper distribution of resources. It charges taxes on those areas which are already developed and spends money on backward areas to promote balanced economic development.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Economic Stability :</b> It means absence of fluctuations in prices. Economic stability encourages the investment and increase the growth rate of economy. Through expenditure and revenue policy the government maintains the economic stability.</p>	3
18.	<p>Capital receipts are those which either create a liability or lead to reduction in assets.</p> <p>The main components are: Recoveries of loans from state govt., union territory govt. &amp; other parties. Borrowings from the market, Reserve bank &amp; other sources. Other receipts like disinvestment.</p>	1.5 1.5
19.	<p>(i) Yes, it will be included in national product as factor income from abroad. (ii) No ,Financial help is a transfer payment because no factor service is provided in return. It is, therefore, not included in national income.</p> <p style="text-align: center;"><b>OR</b></p> <p>Definition of GDP</p> <ol style="list-style-type: none"> <li>The GDP and population,</li> <li>GDP and the level of prices of the country.</li> <li>High GDP may be due to the large contribution made by a few industrialists</li> <li>Level of unemployment is not taken into account.</li> <li>GDP and ecological degradation, ( Any three)</li> </ol>	2+2 1+3
20.	$Y = C + bY + I$ $800 = 100 + 0.7 \times 800 + I$ $800 = 660 + I$ $I = ₹ 140 \text{ Crore}$ <p style="text-align: right;"><math>b = 1 - \text{MPS}, b = 1 - 0.3, b = 0.7</math></p>	1+1+2
21.	<p>Distinguish between current account and capital account of BOP account: Meaning Component</p>	4
22.	<p><u>Explanation</u> <u>Example :</u> suppose initial deposits in the bank are ₹ 1000 and LRR is 20% <u>Table and Formula:</u> Total Deposit = <math>1 / \text{LRR} \times \text{Initial Deposit} = 1/0.2 \times 1000 = 5000 ₹</math>.</p>	3+3

