

100

उत्तराखण्ड विद्यालयी शिक्षा परिषद्, रामनगर (नैनीताल)

इण्टरमीडिएट परीक्षा
(उत्तराखण्ड)'अ' + ~~ब~~₁ + ~~ब~~₂
12 पन्ने

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

केन्द्र संख्या की सहायता

Section - A

Answer - 1 (क)

(iv) All of these

Answer - 1 (ख)

(i) $MU_n = TU_n - TU_{n-1}$

Answer - 1 (ग)

(ii) Downward from left to right

Answer - 1 (घ)

(ii) Accept price

Answer - 1 (ङ)

(i) Both A & R are correct, R is the correct explanation of A

Answer - 2

In Mixed Economic system, there is co-existence of private as well as public sectors.

Answer - 3

Equation of Budget line;

$$M = P_x q_x + P_y q_y$$

M = Budget

P_x = Price of x-good

P_y = Price of y-good

q_x = Quantity of x-good produced

q_y = Quantity of y-good produced

Answer - 4

There is many methods of measuring Elasticity of supply, one of them is percentage method.

$$PE_s = \frac{\% \text{ change in Qty. supplied}}{\% \text{ change in price}}$$

Answer - 5

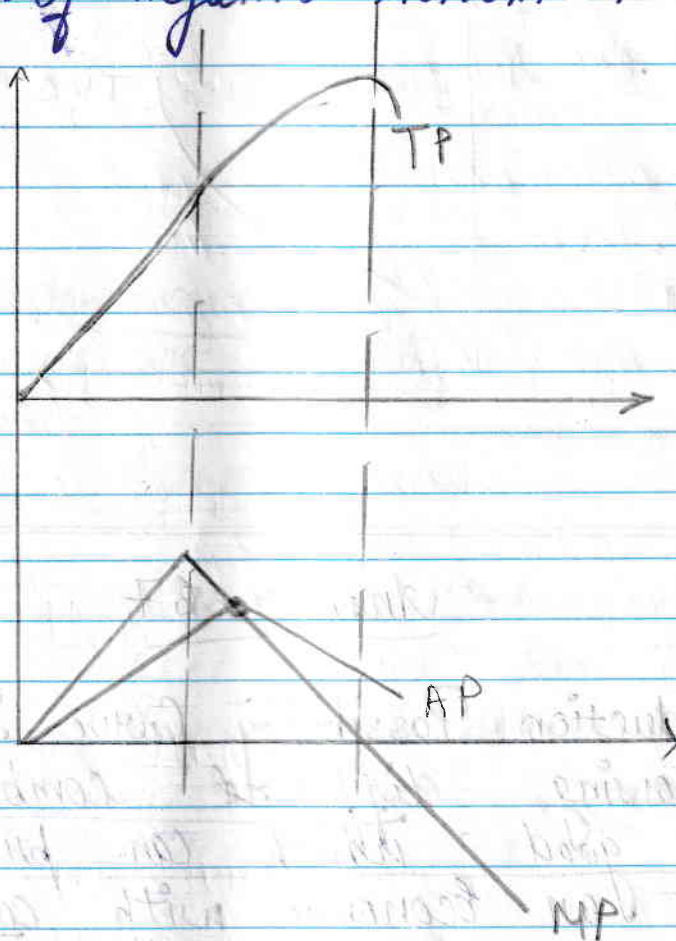
- (i) Law of variable proportion states that by employing one variable factor and other fixed factor, Total product increases at increasing rate, then at decreasing

Rate and finally decreases.

(ii) It is only applied in short-run production function.

(iii) There are 3 stages :-

- a) Stage of increasing return to factor.
- b) Stage of decreasing return to factor.
- c) Stage of negative return to factor.



Answer - 6

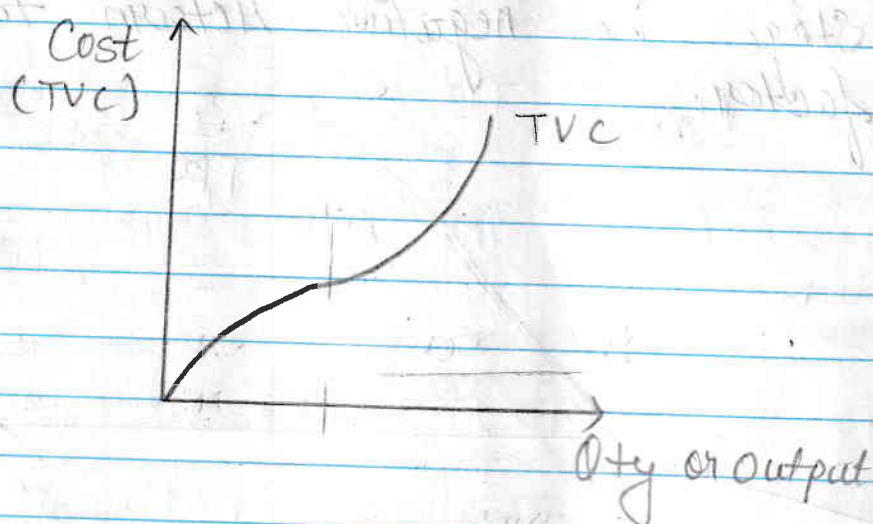
(i) Total Variable Cost refers to sum total of the cost incurred on variable factor of production.

$$\boxed{TVC = \sum MC}$$

OR

$$TVC = MC_1 + MC_2 \dots$$

- (ii) Curve of Total Variable Cost is inversely S-shaped.
- (iii) Area under ~~TVC~~ is $\sum MC$ is TVC.



Answer - B7

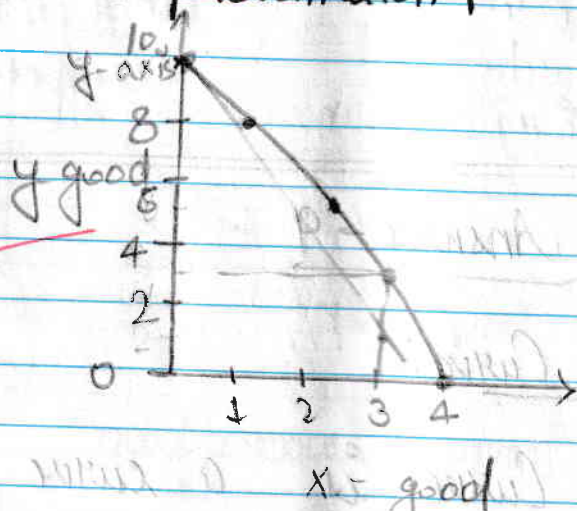
- (i) Production Possibility Curve is a curve showing different combinations of good which can produce in an economy with constant technology and limited resources.

(ii) Example:

Qty. of x	Qty. of y
0 to	10
1	8
2	5

3	1
4	0

(Graphical)
Tabular representation



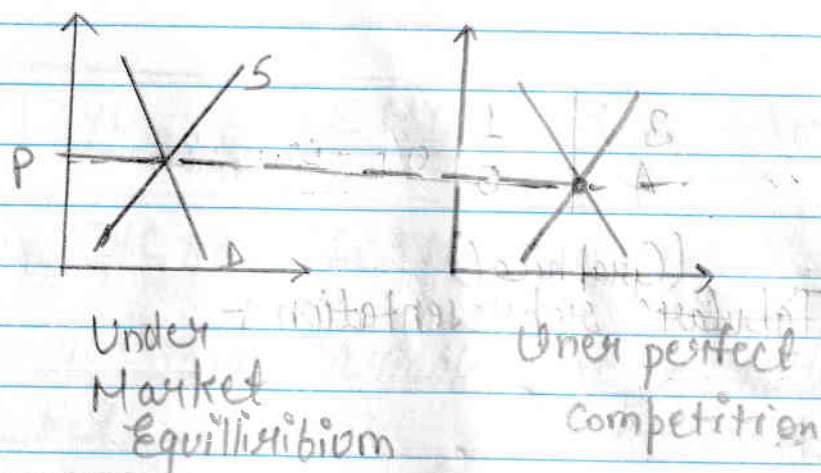
- a) PPC is downward sloping.
b) PPC is Concave to origin.

Answer - B

(i) Perfect Competition Market refers to a market which has large number of buyers and seller dealing in homogeneous product at the price decided by industry.

(ii) Characteristics :-

- a) Large numbers of buyers and sellers.
b) Homogeneous product.
c) Free Entry & Exit of market.
d) No Selling Cost etc.



Answer - 9

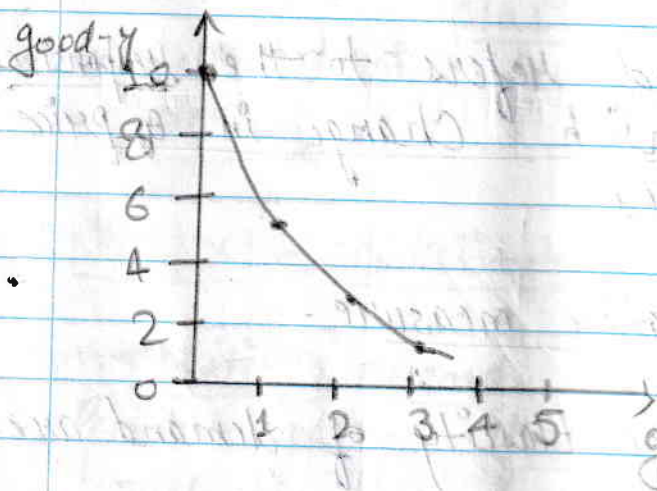
Indifference Curve:

- 1) Indifference Curve is a curve showing different combinations of goods that gives equal level of satisfaction at
- 2) It is a part of ordinal approach in which utility is not measured in numbers.
- 3) Consumer is indifferent at different combinations.

Tabular representation:-

good-x	good-y	MRS ($\Delta y : \Delta x$)
10	10	
5	5	1:5 5:1
23	33	2:3 3:2 2:1
3	1	2:1

Graphical representation:-



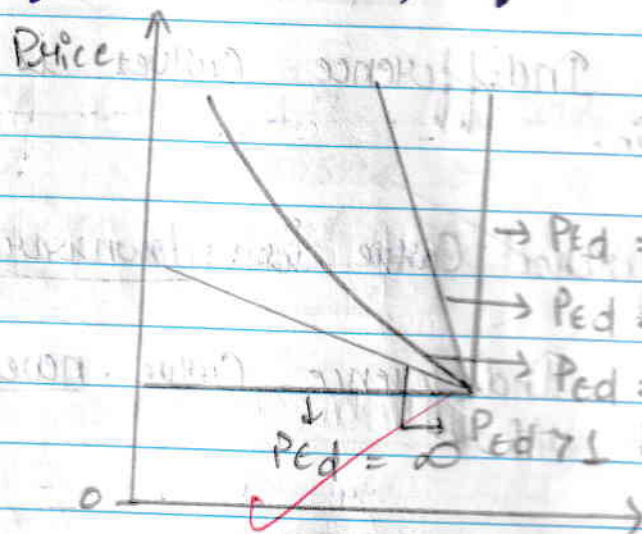
- (i) Here, Indifference curve is convex to origin.
- (ii) Indifference curve is downward sloping.
- (iii) 2 Indifference curve never intersect each other.
- (iv) Higher the IC curve shows higher level of satisfaction.
- (v) IC curve is Rectangular Hyperbole.

IC curve is downward sloping :-

a) It is so, because to increase the consumption of good-x we have to decrease the consumption of good-y in order to maintain same level of satisfaction.

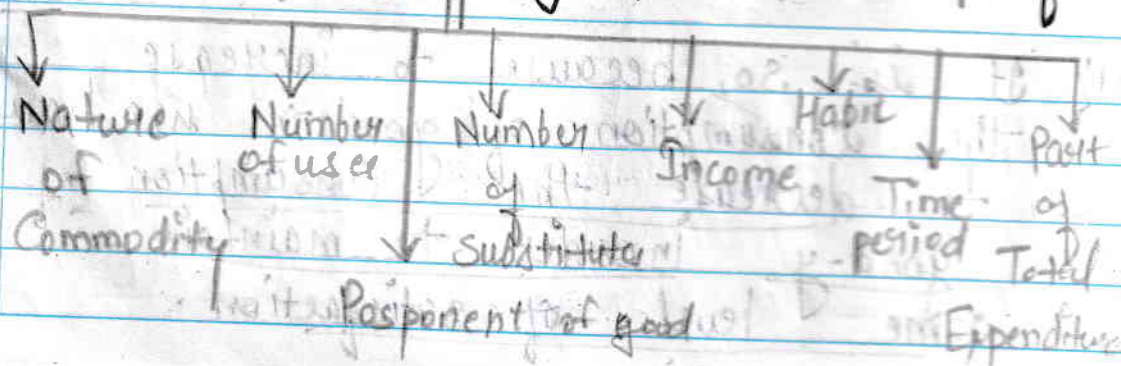
Answer - 10

- 1) Elasticity of demand refers to the responsiveness of demand with change in price of own good.
- 2) It is a quantitative measure.
- 3) Degrees of Price Elasticity of demand are-



Here, flatter the curve is more Elastic.

Factor determining price Elasticity of demand



- Number of Uses: Goods having many uses have Elastic demand.
Goods having few uses have inelastic demand.
- Number of Substitutes: Goods having many substitutes have Elastic demand.
Goods having few substitutes have Inelastic demand.
- Nature of goods: Goods [Essential goods] have Inelastic demand.
Luxurious goods have Elastic demand.
- Time period: In short run demand is Inelastic.
In long run demand is Elastic.

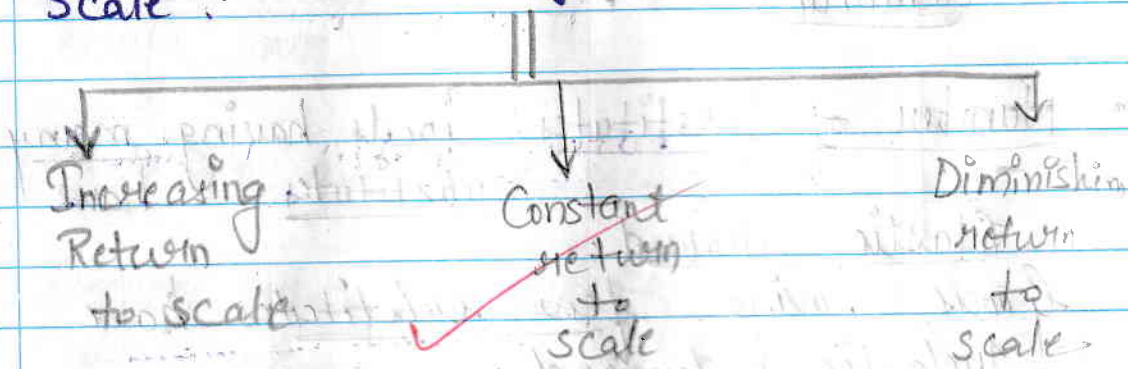
Answer - 11

Returns to scale:-

- It refers to proportionate change in output due to proportionate change in input.
- It is long-run phenomenon.
- Under this production can be taken to

larger scale -

a) There are 3 stages in Return to Scale :-



1) Increasing Return to Scale :-

(i) Under this proportionate change in output is more than proportionate change in input.

$$\Delta \text{ in output} > \Delta \text{ in input}$$

(ii) Example: If output increases from 100 to 200.
proportionate $\Delta = 100\%$
then,

Input increases from 100 to 250.
proportionate $\Delta = 150\%$.

2) Constant Return to Scale :-

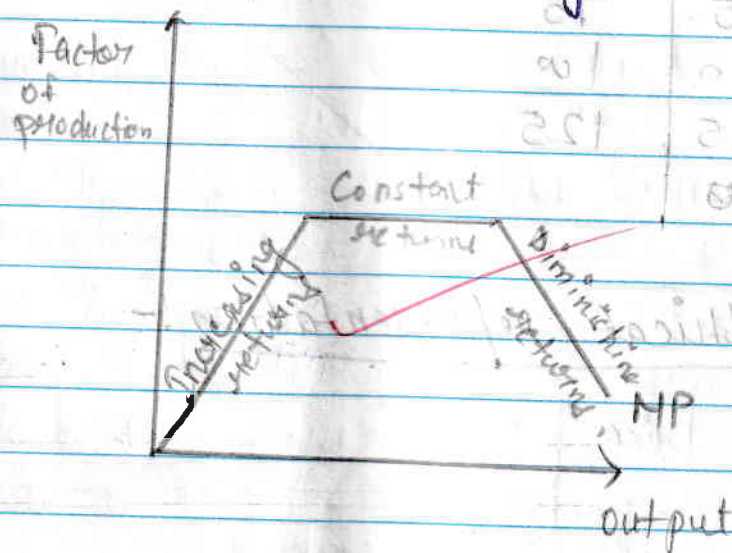
(i) Under this proportionate change in output is equal to proportionate change in inputs.

(ii) Example: proportionate change in input = 100%
output = 100%.

3) Diminishing return to scale:

(i) Proportionate change in output is half of the proportionate change in input.

(ii) Example: Proportionate change in input = 100%
Proportionate change in output = 50%.



Answer - 12

Demand Curve:-

(i) Demand Curve refers to a curve showing relationship between demand and price of own goods.

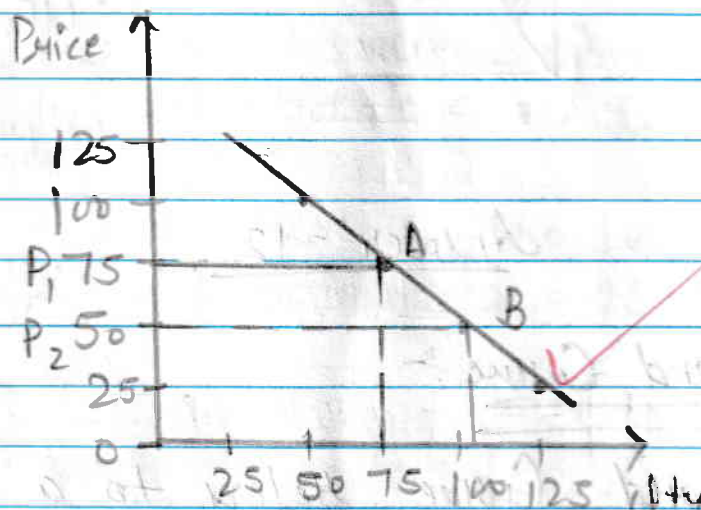
(ii) As per the law of demand, there is negative relation between demand & price.

(iii) As price increases demand decreases.
 As price decreases demand increases.
 Hence, there is inverse relation b/w price and demand.

Tabular Representation:-

P	Qty.
100	50
75	75
50	100
25	125

Graphical representation:-



Q1 Here, when price decreased from P_1 to P_2 qty. demanded increases from Q_1 to Q_2 .

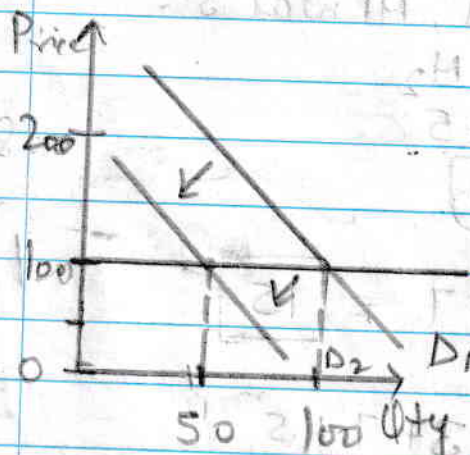
(b) It is downward sloping.

Shift in demand curve

- 1) Demand shifts due to various reasons:-
- Change in price of related goods.
 - Expectation of a price rise.
 - Change in Income etc.

Leftward Shift

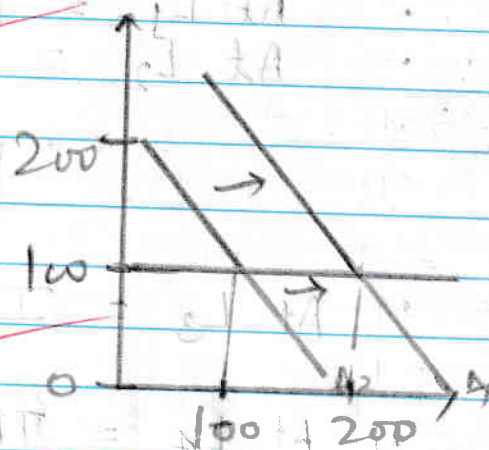
P	Qty.
100	100
200	50



Leftward Shift from D_1 to D_2

Rightward Shift

P	Qty.
100	100
200	200



Rightward Shift from D_2 to D_1

Answer - 13

L	MP _L	TP	AP
1	3	3	1
2	5	8	4
3	7	15	5
4	5	20	5
5	3	23	4.6
6	1	24	4

Calculating TP :-

As we know,

$$TP = MP_1 + MP_2 \text{ OR}$$

$$TP = \sum M$$

• At $L_1 = TP_1 = 3$ as, MP was 3.

• At $L_2 = TP_2 = M_1 + M_2$
 $TP_2 = 3 + 5$
 $TP = 8$

• At $L_3 = TP_3 = 8 + 7 = 15$

• At $L_4 = TP_4 = 15 + 5 = 20$

• At $L_5 = TP_5 = 20 + 3 = 23$

At L_C , $TP = 3 + 5 + 7 + 5 + 3 + 1$

$TP_C = 24$

Calculation AP,

$AP = \frac{TP}{Q + (Labour)}$

• $AP_1 = \frac{3}{1} = 3$

• $AP_2 = \frac{8}{2} = 4$

• $AP_3 = \frac{15}{3} = 5$

• $AP_4 = \frac{20}{4} = 5$

• $AP_5 = \frac{23}{5} = 4.6$

• $AP_6 = \frac{24}{6} = 4$

Hence, $AP_1 = 3$, $AP_2 = 4$, $AP_3 = 5$,

$AP_4 = 5$, $AP_5 = 4.6$,

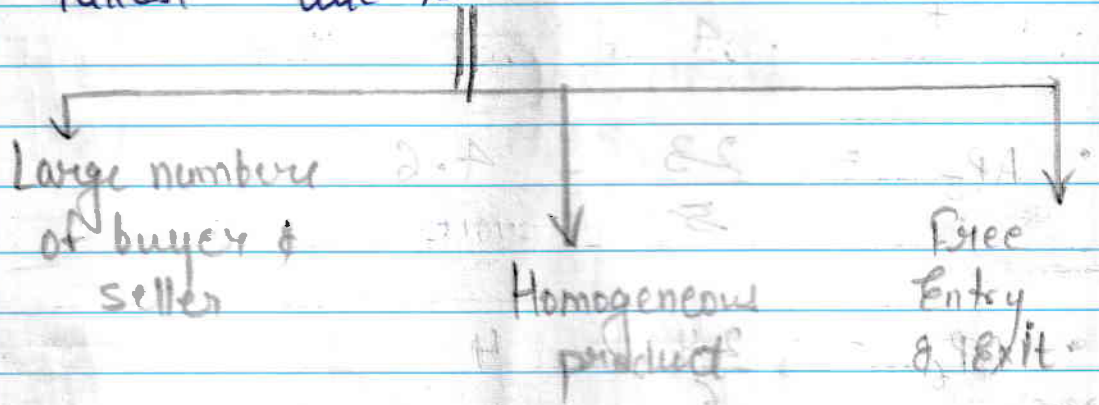
$AP_6 = 4$

Answer - 14

- (i) Perfectly Competitive Market is a market in which there are large numbers of buyers and sellers dealing in homogeneous products at a price set by Market Industry.
- (ii) Wages Rate determination in Perfectly Competitive Market :-

a) Usually wage rate is determined at a point where demand & supply of a particular good meets.

b) In perfect Competition, firms are not price maker but price takers due to



- Homogeneous product :- All the buyers & sellers deal in Homogeneous product.
- Due to which substitution is increases and no 2 seller is in condition

of selling a good at high level.

- Free Entry & Exit:

- Due to free entry & exit, no firm remains in a condition of incurring abnormal profits or abnormal loss.

- As,

Abnormal profit $\uparrow$ $\rightarrow$ Entry in market $\uparrow$ $\rightarrow$ Supply $\uparrow$ $\rightarrow$ Profit $\downarrow$.

~~As,~~

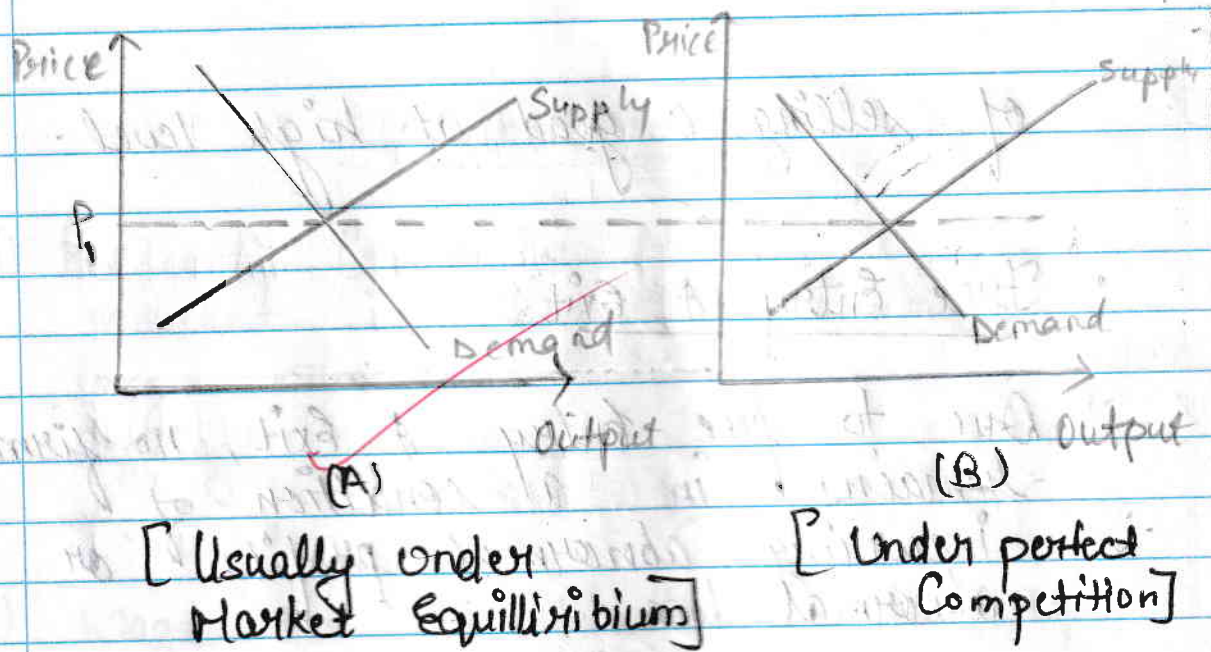
~~Abnormal loss $\uparrow$ $\rightarrow$ Exit from market $\uparrow$ $\rightarrow$ Demand $\uparrow$ $\rightarrow$ Profit $\uparrow$~~

- Large number of buyers & sellers:-

- No single buyer & no single seller can cause change in demand-price of a good.

- It means, firm has to accept the price.

Diagrammatic representation:-



1. In A, Industry is deciding the price using market forces demand & Supply.
2. The price corresponding to market Equilibrium is market or equilibrium price.
3. Hence, Firms have to accept the price determined by Industry.

Section - B

Answer - 15 (7)

(ii) Double Counting

Answer - 15 (28)

(iv) None of these.

Answer - 15 (31)

(iii) 2

Answer - 15 (at)

(iii) Both (i) and (ii)

Answer - 15 (3)

(i) Both A and R are correct,
R is the correct explanation of A.

Answer - 16

Adam Smith gave his name to his
most influential work as
Price Theory.

Answer - 17

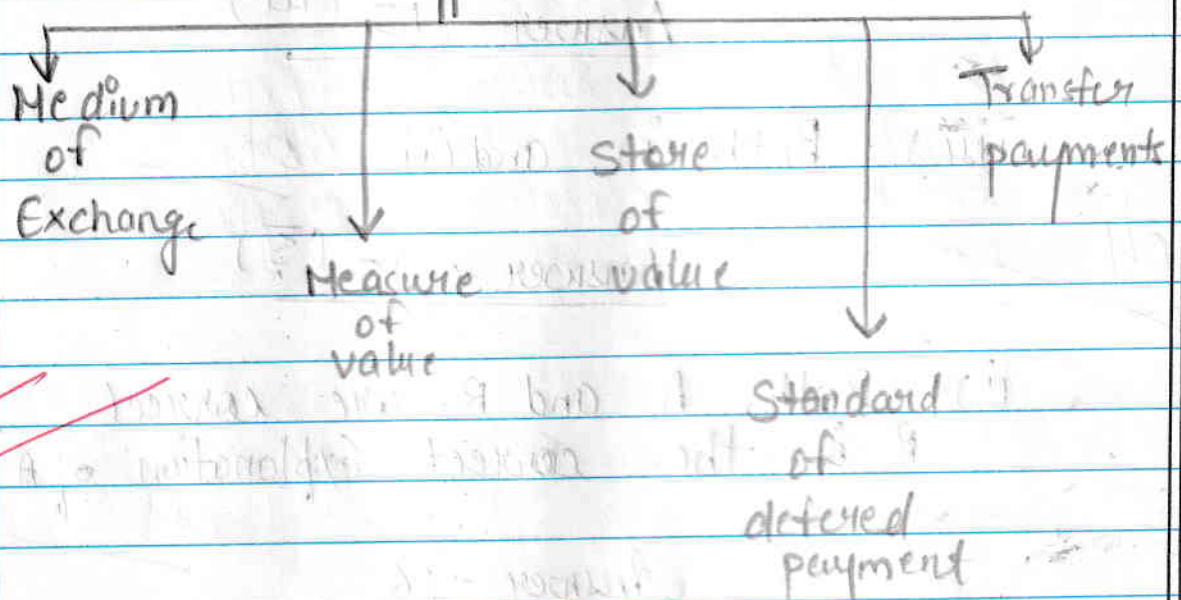
Average Propensity
to Consume = $\frac{\text{Saving}}{\text{Income}}$

Answer - 18

Income tax is Direct tax.

Answer - 19

1) The main functions of money are:



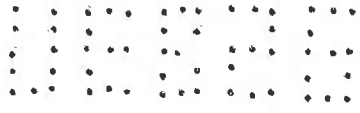
2) Anything which is accepted as medium of Exchange, Measure of value, Store of value, standard of deferred payment and Transfer payment is considered as money.

Answer - 20

1) Investment refers to the part of income that is invested is called Investment.

2) There is 2 type of Income -

- Autonomous
- Induced



उत्तराखण्ड विद्यालयी शिक्षा परिषद्, रामनगर (नैनीताल)

इण्टरमीडिएट परीक्षा
(उत्तराखण्ड)

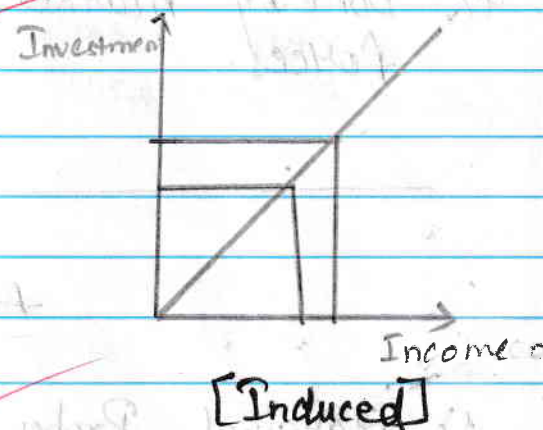
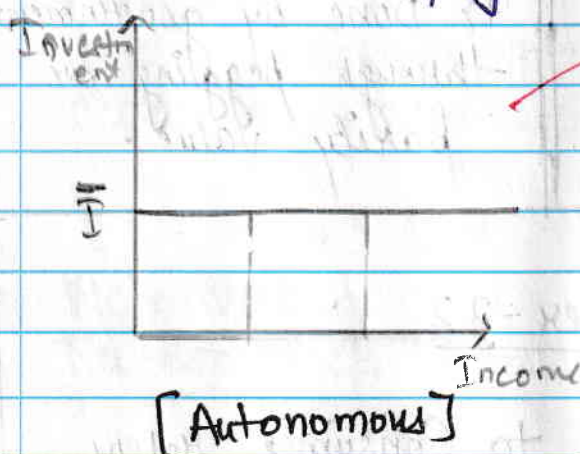
'ब' 1
06 पन्ने

- Autonomous Investment :-

Investment independent of income.

- Induced Investment :-

Investment varying with income.



Answer - 21

Difference between Devaluation and Depreciation is as follows :-

Depreciation	Devaluation
1) It refers to decrease in the value of domestic currency in terms of foreign currency by market forces	1) It refers to decrease in the value of domestic currency in terms of foreign currency by government of country

2) It is done in flexible exchange rate system.

3) Government don't play any role.

4) Done by market forces.

2) It is done in fixed exchange rate systems.

3) Government play important role.

4) Done by government through pegging or parity value.

Answer - 22

1) Marginal Propensity to Consume refers to the change in Consumption due to change in Income.

$$MPC = \frac{\Delta C}{\Delta I}$$

2) Marginal Propensity to Consume + Marginal Propensity to Save is 1.

$$MPC + MPS = 1$$

$$\begin{aligned} 3) \quad C + S &= Y \\ \Delta C + \Delta S &= \Delta Y \\ \frac{\Delta C + \Delta S}{\Delta Y} &= \frac{\Delta Y}{\Delta Y} \end{aligned}$$

10535

$$\frac{\Delta C}{\Delta Y} + \frac{\Delta S}{\Delta Y} = 1$$

$$\boxed{MPC + MPS = 1}$$

Answer - 23

1) There are many monetary measures which are adopted to increase or decrease money supply in an Economy.

2) 2 of them are :-

- Repo Rate
- Reverse Repo Rate.

a) Repo Rate :-

→ Rate at which apex monetary body [RBI] provides loan to Commercial bank for short period of time is called Repo rate.

→ When Repo rate increases, Money Supply decreases.

→ When Repo rate decreases, Money Supply increases.

b) Reverse Repo rate :-

→ Rate at which apex monetary body

(RBI) accepts the deposits of Commercial bank is called Reverse Repo rate.

→ When Reverse Repo rate increases money supply decreases.

→ When Reverse Repo rate decreases money supply increases.

Answer - 24

Difference between stock and flow is as follows:-

Stock	Flow
1) It refers to variable measured at a particular point of time.	2) It refers to variable measured during a period of time.
1) It is static.	2) It is dynamic.
3) It is not time dimensional.	3) It is time dimensional.
4) Stock influence the flow.	4) Flow influence the stock.
5) Example: Bank balance on 4/6/25	5) Example: Withdrawal

Chor Money supply

from bank, Change
in money supply.

Here, Net Investment is flow concept
whereas Capital is stock concept.

Answer - 25

1) Flexible Exchange Rate System is a foreign
exchange system in which value of
domestic currency is determined by
forces of market i.e demand and
Supply.

2) Merits of Flexible Exchange System:

* No Over Valuation & Under Utilization:

→ Under this, Value of Currency is
determined by market forces which
leads to no over-valuation &
~~des~~ under valuation of currency.

* Automatic shift (move) to Market
Equilibrium :-

→ In case of Excess Supply, price ^{decreases} ~~increases~~
which eventually increases the
demand & graph comes at market

Equilibrium -

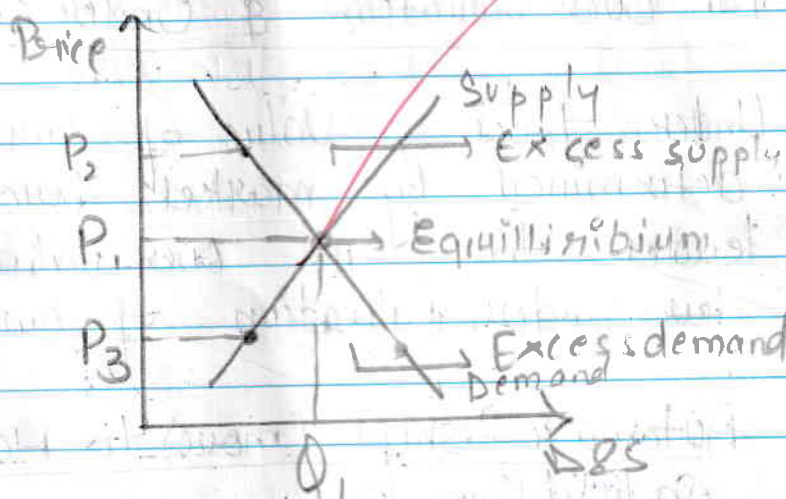
→ In case of excess demand, price increases, which eventually increases the supply.

2) Demerits of flexible foreign exchange system

* Excess Speculation: Under this system, speculation is very common.

* Instability: Under ~~forer~~ this, demand & supply keeps changing due to which instability occurs.

* Hampers investment, trade etc.



[Flexible foreign exchange system]

Answer - 26

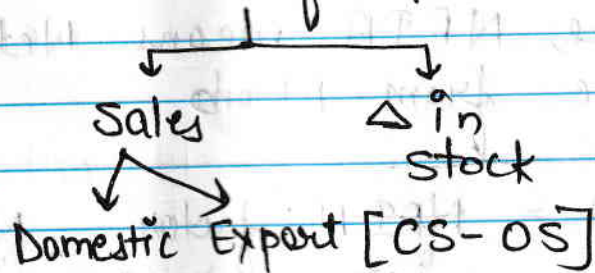
1) National Income refers to NMP_c .

2) It refers to the sum total of net money value of goods produced by normal residents of a country.

3) Value Added Method:

⇒ It helps to measure GDP_{MP} [Gross Domestic Product at market Price] or GVA_{MP}.

$$GDP_{MP} = \text{Value of output} - \text{Intermediate Consumption}$$



→ Under this method, the value of intermediate goods is subtracted from value of output [Sales + Δ stock] in order to find Gross Value added.

→ This method is one of the best solutions of Double Counting.

Finding National Income with Value Added Method :-

$$GDPMP \rightarrow NNPPC$$

$$NNPPC = \text{Value of Output} - \text{Intermediate Consumption} - \text{Depreciation}$$

$$+ NFIA - NIT$$

- To find National income, we have to subtract Depreciation, Net Indirect Tax and have to add Net Factor income from abroad.
- Wherever, NFIA means Net Factor Income from Abroad.

$$NFIA = \text{Net factor income from abroad} - \text{Net factor income to abroad}$$

- Wherever, NIT means Net Indirect Tax

$$NIT = \text{Indirect Tax} - \text{Subsidies}$$

उत्तराखण्ड विद्यालयी शिक्षा परिषद्, रामनगर (नैनीताल)

इण्टरमीडिएट परीक्षा
(उत्तराखण्ड)

'ब' 2
06 पन्ने

Answer - 27

* Multiplier :-

- Multiplier refers to the process of creating more income from one deposit or investment. / money
- There are 2 types of Invest Multiplier
- Investment Multiplier
 - Money or Credit Multiplier.
- Investment Multiplier:
- It refers to creation of income due to change in investment. It is denoted as k .

$$k = \frac{\Delta Y}{\Delta I} \quad \text{OR}$$

$$k = \frac{1}{MPS}$$

$$\text{OR} \quad k = \frac{1}{1 - MPC}$$

Example:

ΔI	ΔY	ΔC
1000	800	800
	800	640
	512	512
	512	
	...	
	...	
	5000	

Let $MPC = 0.8$
 $\approx (80\%)$

$$K = \frac{1}{1-MPC}$$

$$K = \frac{1}{1 - 0.8}$$

$$k = \frac{10}{0.2}$$

$K = 5$ Any

$$\text{Total income} = 5 \times 1000 [K \times \Delta I]$$

$$= 5000 \text{ Ans}$$

Hence, income increases 5 times
with one investment of ₹ 1000.

- Credit Multiplier :-

→ It refers to change in loan due to initial deposit

→ Condition required:-

$$LRR = 0.2$$

Initial deposit = 1000

Deposit	ERR	LRP
1000	800	200
800	540	160
540	332	108
	5000	

Assumption 1-

- It is assumed that a debtor uses whole amount of loan.
- All the recipient of that loan money deposit it into bank.

$$\text{Credit Multiplier} = \frac{1}{LRR}$$

$$= \frac{1.0}{0.2}$$

$$\boxed{\text{Credit Multiplier} = 5}$$

Total credit generated,

$$\text{Credit generated} = \frac{1}{LRR} \times \text{initial deposit}$$

$$\text{Credit generated} = \frac{1.0}{0.2} \times \frac{1000}{500}$$

$$\boxed{\text{Credit generated} = 5000}$$

~~Total LRR,~~

Here, Credit generated is 5000 &

Credit Multiplied = 5 times.

Answer - 28 (i)

1) Taxation refers to compulsory legal payment to government by firms & individuals.

2) There are of 2 types -

- Direct Tax
- Indirect Tax.

Answer - 28 (ii)

1) When govt keeps borrowing, and even for paying the interests on previous loan is called Debt trap.

2) Major reason of debt trap is fiscal deficit.

Answer - 28 (iii)

1) When government keeps borrowing year after year, it leads to accumulation of debt.

2) Due to this government has to pay more & more by way of interest.

Answer-28 (iv)

1) When government's expenditure are more than government's receipt, this condition is called Budgetary deficit.

2) Types :-

- Revenue Deficit
- Fiscal Deficit
- Primary Deficit

Answer-28 (v)

Primary deficit is obtained by subtracting interest payment from Fiscal deficit.

$$\text{Primary deficit} = \text{Fiscal deficit} - \text{Interest Payment}$$

Roll no =
in no.

8

0

0

4