

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Examination March 2019
Marking Scheme – ECONOMICS (030)
(PAPER CODE –58/2/1, 58/2/2, 58/2/3)

General Instructions: -

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. **Evaluation is a 10-12 days mission for all of us. Hence, it is necessary that you put in your best efforts in this process.**
2. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them.**
3. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
4. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totalled up and written in the left-hand margin and encircled.
5. If a question does not have any parts, marks must be awarded in the left hand margin and encircled.
6. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
7. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
8. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it.
9. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 25 answer books per day.
10. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-
 - Leaving answer or part thereof unassessed in an answer book.
 - Giving more marks for an answer than assigned to it.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totalling on the title page.
 - Wrong totalling of marks of the two columns on the title page.
 - Wrong grand total.
 - Marks in words and figures not tallying.
 - Wrong transfer of marks from the answer book to online award list.
 - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.)
 - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
11. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as (X) and awarded zero (0) Marks.
12. Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
13. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
14. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
15. In case of numerical questions, no marks should be awarded if only the final answer has been given, even if it is correct.
16. There should be no effort at 'moderation' of the marks by the evaluating teachers. The actual total marks obtained by the candidate may be of no concern to the evaluators.
17. Higher order thinking ability questions are for assessing a student's understanding / analytical ability.
18. For mere arithmetical errors, there should be minimal deduction. Only ½ mark should be deducted for such an error.
19. The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

MARKING SCHEME - ECONOMICS (030)
(PAPER CODE -58/2/1, 58/2/2, 58/2/3)

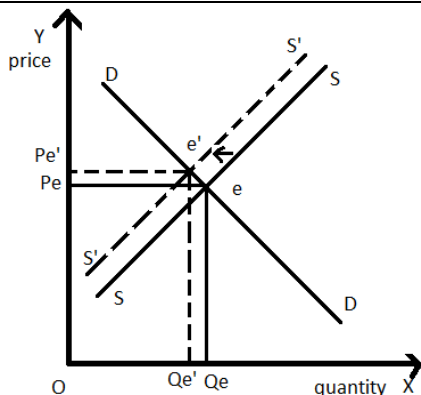
SET 1	SET 2	SET 3	Expected Answer / Value Points	Distribution Of Marks																					
			SECTION A – MICRO ECONOMICS																						
1	3	4	c) ₹ 770	1																					
2	4	1	d) A1 to A2 Or straight line	1 1																					
3	1	3	above (higher/ greater than/ more than) Or equal, rising	1 ½+ ½																					
4	2	2	c) Perfectly Inelastic Supply	1																					
5	-	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Positive Economics</th> <th style="width: 50%; text-align: center;">Normative Economics</th> </tr> </thead> <tbody> <tr> <td>Positive economics is that branch of economics which deals with economic issues as “what is”. It is based on facts and actual data.</td> <td>Normative economics is that branch of economics which deals with economic issues as “what ought to be”. It is suggestive in nature.</td> </tr> <tr> <td>e.g. Western Railways has earned ₹ 517.41 crores by selling scrap material in 2018-19.</td> <td>e.g. the government should promote social safety nets to take care of the poor population</td> </tr> </tbody> </table> <p style="text-align: center;">(Any other relevant example)</p>	Positive Economics	Normative Economics	Positive economics is that branch of economics which deals with economic issues as “what is”. It is based on facts and actual data.	Normative economics is that branch of economics which deals with economic issues as “what ought to be”. It is suggestive in nature.	e.g. Western Railways has earned ₹ 517.41 crores by selling scrap material in 2018-19.	e.g. the government should promote social safety nets to take care of the poor population	2 1															
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e.g. Western Railways has earned ₹ 517.41 crores by selling scrap material in 2018-19.	e.g. the government should promote social safety nets to take care of the poor population																								
6	5	6	<p>The law of diminishing marginal utility states as follows: ‘As a consumer consumes more and more units of a specific commodity, without a time lag, the additional utility(satisfaction),he expects to derive from each successive unit will go on diminishing.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Units Consumed (in units)</th> <th>Total Utility (in utils)</th> <th>Marginal Utility (in utils)</th> </tr> </thead> <tbody> <tr><td>1</td><td>20</td><td>20</td></tr> <tr><td>2</td><td>35</td><td>15</td></tr> <tr><td>3</td><td>45</td><td>10</td></tr> <tr><td>4</td><td>50</td><td>5</td></tr> <tr><td>5</td><td>50</td><td>0</td></tr> <tr><td>6</td><td>47</td><td>(-)3</td></tr> </tbody> </table> <p>(Any other relevant example with explanation)</p> <p style="text-align: center;">Or</p> <p>Law of Demand: Law of Demand states that other things being equal; there exists an inverse relation between price of a commodity and its quantity demanded. In other words, when the price of a commodity increases, its quantity demanded falls and vice-versa, other factors remaining the same.</p> <p>Demand Schedule:-</p>	Units Consumed (in units)	Total Utility (in utils)	Marginal Utility (in utils)	1	20	20	2	35	15	3	45	10	4	50	5	5	50	0	6	47	(-)3	1 ½ 1 ½ 1 ½
Units Consumed (in units)	Total Utility (in utils)	Marginal Utility (in utils)																							
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2	35	15																							
3	45	10																							
4	50	5																							
5	50	0																							
6	47	(-)3																							

Price of the Commodity X (in ₹)	Quantity Demanded of the Commodity X (in units)
10	1
8	2
6	3
4	4
2	5

1 ½

(Any other relevant schedule with explanation)

7



2

The market for a good is in equilibrium at point e, increase in the input price will decrease the supply in the market and supply curve will shift towards left from SS to S'S'.

New supply curve intersects the original demand curve DD at higher point e', so equilibrium price will increase from OPe to OPe' and equilibrium quantity will fall from OQe to OQe'.

(any other valid explanation)

For visually impaired candidates:

The market for a good is in equilibrium an increase in the input price will decrease the supply in the market and supply curve will shift leftwards.

New supply curve intersects the original demand curve to establish a new equilibrium. So, the equilibrium price will increase and the equilibrium quantity will fall.

2

4

(to be marked as a whole) (Diagram not required)

8

9

8

a) $E_d = (-) 0.2$ (given)

Percentage rise in price = 5% (given)

Let percentage change in quantity demanded = x

$$E_d = \frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}} \text{ (ignoring minus sign)}$$

$$0.2 = \frac{x}{5\%}$$

$$x = 1\%$$

Percentage fall in quantity demanded is 1%

b) (-) 0.2, (-) 1.1, (-) 3.1

(marks should not be deducted is minus sign is not mentioned)

1

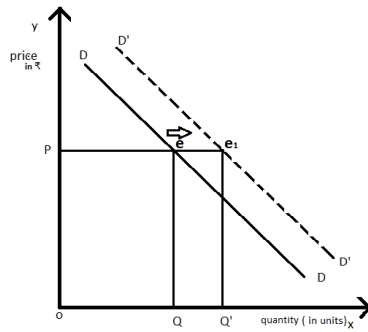
1

½

½

1

Or



If there is a favourable change in taste and preferences of the consumer for a good. At the same price OP the quantity demanded would increase from OQ to OQ' . Demand curve (DD) will shift to the right ($D'D'$). This rightward shift shows increase in demand for the good at the same price, keeping other factors constant.

For visually impaired candidates: (Diagram not required)

If there is a favourable change in taste and preferences of the consumer for a good then at the same price the demand would increase and the demand curve will shift to the right. This rightward shift shows increase in demand for the good at the same price, keeping other factors constant.

9 7 7

- a) The given statement is false. Average Cost curve is the vertical summation of Average Variable Cost and Average Fixed Cost ($AC = AFC + AVC$). Since, Average Fixed Cost cannot be zero ($AFC \neq 0$) the two curves would never touch each other.
- b) The given statement is false. As per Laws of Returns to a Factor, Average Product Curve and Marginal Product Curve both rise and then tend to fall. Thus, the two curves are inverted 'U' shaped curves and not 'U' shaped curves.
- c) The given statement is false. This condition is obtained in perfect competition market a price remains constant only under the perfect competition a market.
- d) The given statement is true. The difference of the two is represented by Total Fixed Cost (TFC). TFC remains constant at all levels of output. It represents the vertical distance between the two curves making them parallel to each other.

Or

A firm's equilibrium under perfect competition is obtained when both the following two conditions are satisfied:

- i) Marginal Revenue = Marginal Cost
- ii) After point of equalisation Marginal Cost should be rising

Schedule:

Output (in units)	Marginal Revenue (in ₹)		Marginal Cost (in ₹)
1	10	<	12
2	10	=	10
3	10	>	8
4	10	>	9
5	10	=	10
6	10	<	12

2

2

4

1

1

1

1

2

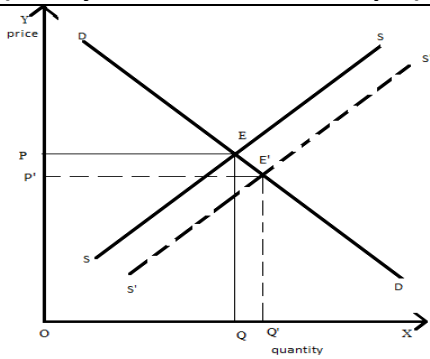
2

			(or any other relevant schedule)	
			As per the schedule, producer is in equilibrium at 5 th unit of output where both the conditions are fulfilled.	
10	-	-	<p>a) Non Price Competition In oligopoly market firms generally collude and make cartels/group to avoid price war, rather they indulge themselves in product war (exhibiting their product to be superior). Normally, the oligopoly firms do not respond to a rise in price by the rivals. However, they have to respond if a rival firm reduces the price of the product.</p> <p>b) Few Seller Oligopoly is a market structure where the number of sellers is limited. Each producer has some effective control over the market. The degree of control rises as the number of firms in the industry falls and vice versa. (any other valid explanation)</p>	3
11	12	10	<p>a) Increasing returns to a variable factor, implies that as we keep on increasing the units of variable factor along a given fixed factor, the total production increases at an increasing rate i.e. Marginal Product increases. This is due to the factors like division of labour, proper coordination between fixed and variable factor etc.</p> <p>b) Reasons for the decreasing returns to a variable factor</p> <p>i) <u>Over-utilisation of the fixed factor</u> As we keep on increasing the variable factor along with the fixed factor eventually a position comes when the fixed factor has its limits and starts yielding diminishing returns.</p> <p>ii) <u>Improper coordination between Fixed and Variable factors</u> After a certain level of employment of variable factors along with the fixed factors, the production process becomes too crowded. With the employment of additional variable inputs, factor proportion become lesser and lesser suitable for the production and start yielding diminishing returns. (any other valid explanation)</p>	2
12	11	12	<p>a) Movement along the same indifference curve shows various bundles of two goods that provide equal satisfaction to the consumer. In order to increase the consumption of one commodity, the consumer has to sacrifice the consumption of the other and he moves up or down on the same indifference curve.</p> <p>b) A consumer will shift from a lower indifference curve to a higher indifference curve when he wants to have a new bundle of two goods, which has more quantity of at least one good and no less of the other good (monotonic preference). Alternatively, the new bundle may offer more quantity of both the goods, thereby providing the consumer greater level of satisfaction.</p> <p style="text-align: center;">Or</p> <p>The Law of Equi-marginal utility is an extension of the Law of Diminishing Marginal Utility. The consumer may expect to get maximum utility by allocating the income among various goods in such a way that last rupee</p>	3

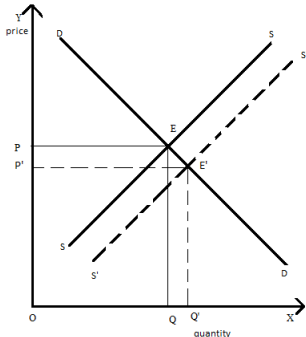
			<p>spent on each good yields the same Marginal Utility. In other words, the law states that the consumer will get maximum satisfaction if the marginal utility of the last rupee of expenditure on each good is the same.</p> <p>Conditions:</p> <p>a) $\frac{MU_x}{P_x} = \frac{MU_y}{P_y} = MU$ of last rupee on each good. b) Law of diminishing marginal utility operates.</p> <p>Suppose $\frac{MU_x}{P_x} > \frac{MU_y}{P_y}$, it means that per rupee MU gained from consumption of Good- X is higher than the price to be paid for it. This induces the consumer to buy more of Good-X and less of Good-Y. This reduces the MU_x and raises MU_y till $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$. (Explanation based on $\frac{MU_x}{P_x} < \frac{MU_y}{P_y}$ is also correct).</p> <p style="text-align: right;">(to be marked as a whole)</p>	6
SECTION B – MACRO ECONOMICS				
13	14	15	(d) Fiscal Deficit is equal to interest payment	1
14	16	13	a) Reduce Cash Reserve Ratio	1
15	15	16	<p>Direct taxes are those taxes which cannot be shifted to the other person/entity. Their monetary burden is borne by those on whom they are levied.</p> <p style="text-align: center;">Or</p> <p>Indirect taxes are those taxes which can be shifted to another person/entity. Their monetary burden is ultimately borne by final users of goods and services, rather than the person on whom the tax is levied.</p> <p style="text-align: right;">(any other valid definition)</p>	1 1
16	13	14	<p>Money multiplier is the number by which total deposits can increase due to a given change in deposits. It is inversely related to legal reserve ratio.</p> <p style="text-align: right;">(any other valid definition)</p>	1
17	-	-	<p>Investment Multiplier (K) = $\frac{1}{1-MPC} = \frac{1}{1-0.8}$</p> <p>$K = \frac{1}{0.2} = 5$</p> <p style="text-align: center;">Also, $K = \frac{\Delta Y}{\Delta I}$</p> <p>$5 = \frac{\Delta Y}{1000}$ $\Delta Y = ₹5,000$ crores Change in final income = ₹5,000 crores</p>	1 ½ ½ ½ ½
18	18	17	<p>In case of 'Excess Demand' under the Keynesian Theory, there will be no change in the employment as the economy is already working at the full employment. Thus, there is no further scope of creation of employment.</p> <p style="text-align: center;">Or</p> <p>Ex-Ante Savings - refers to the planned savings, at different levels of income in an economy.</p> <p>Full employment – refers to a situation of no involuntary unemployment.</p>	3 1 1

			Autonomous consumption - refers to the minimum level of consumption for survival even at a zero level of income. (any other valid definitions)	1
19	20	21	<p>a) Revenue receipt of the government, as it is neither creating any liability nor reducing any assets for the government.</p> <p>b) Capital receipt of the government, as it is reducing the assets of the government.</p> <p>c) Revenue receipt of the government, as it is neither creating any liability nor reducing any assets for the government.</p> <p>d) Capital receipt, as it is increasing the liability of the Government.</p>	(1x4=4)
20	21	19	<p>“Higher Gross Domestic Product (GDP) means greater per capita availability of goods in the economy.” This statement is not true.</p> <p>i. If the rate of population growth is more than the rate of growth of GDP, the per capita availability of goods and services will fall.</p> <p>ii. GDP doesn't account for changes in inequalities in distribution of Income. If the rising GDP is concentrated in a few hands, per capita availability of goods in the economy might not increase.</p> <p style="text-align: center;">(Any two other relevant reasons)</p> <p>Or</p> <p>Nominal Gross Domestic Product (GDP) is measured as the product of current year output (Q_1) of final goods and services and their current year price (P_1).</p> <p>Real Gross Domestic Product (GDP), on the other hand, is measured as product of current year output (Q_1) and their base year price (P_0). Real GDP will increase if the output of goods and services produced in an economy is increasing.</p> <p>For Example: Suppose current year's production in a hypothetical economy is 1,000 units at a price of ₹ 500, the GDP at current year price is $1000 \times 500 = ₹ 5,00,000$, so the nominal GDP is ₹ 5,00,000</p> <p>Suppose base year price is ₹400, the GDP at base year prices is $1000 \times 400 = ₹ 4,00,000$. So the Real GDP is ₹4,00,000.(Any other relevant example)</p>	<p>2</p> <p>2</p> <p>1</p> <p>1</p> <p>2</p>
21			The tools used by the Central bank to control money supply can be quantitative tools or qualitative tools. Quantitative tools control the extent of money supply by changing the CRR or bank rate or open market operations. Qualitative tools include persuasion by the Central bank in order to make commercial banks discourage or encourage lending which is done through moral suasion, margin requirement, etc.	(2+2=4)
22			<p>a) Trade surplus will arise if the total value of country's exports of merchandise is more than value of its imports of the merchandiser. Trade deficit will arise if value of country's imports is more than the value of its exports during the year.</p> <p>b) Managed floating exchange rate system is the amalgamation of the flexible exchange rate system and the fixed exchange rate system. Under this system, central banks intervene to buy and sell foreign currencies in an attempt to moderate exchange rate movements. This system is also called 'dirty floating'. (to be marked as a whole)</p>	<p>1 ½</p> <p>1 ½</p> <p>3</p>

23	24	23	<p>a) When Aggregate Demand is lesser than Aggregate Supply ($AD < AS$), buyers are planning to buy lesser goods and services than what producers are planning to produce. It will lead to rise in planned inventories above the desired level. The producers in turn will produce less, which will reduce the income level i.e. AS. This process will continue till AD becomes equal to AS.</p> <p>b) Ex-ante investments are greater than ex-ante saving ($I > S$) means buyers are planning to buy more output as to what producers are planning to produce. It will lead to fall in planned inventories below the desired level. As a result the producers will raise production, leading to increase in income till savings becomes equal to investments.</p>	3 3
24	23	22	<p>a) Value addition—is the excess of value of output over the value of intermediate consumption.</p> <p>b) Gross Domestic Product – is the money value of all final goods and services produced in an economy during an accounting year.</p> <p>c) Flow variables - are those economic variables which can be measured over a period of time e.g. national income, money creation etc.</p> <p>d) Income from property and entrepreneurship - are incomes earned by property owners. It includes, rent and royalty, profit, interest. It can also be termed as Operating Surplus. (any other valid definition)</p> <p style="text-align: center;">Or</p> <p>Gross Domestic Capital Formation = (i) – {iii+vii+x} + vi – xii + iv $GDCF = 22,100 - \{7,200 + 6,100 + 3,400\} + 500 - (-150) + 700$ $GDCF = ₹6,750 \text{ crores}$</p> <p>Operating surplus = National Income – wages and salaries – Mixed Income of Self Employed – Net Factor Income from Abroad $= (i) - (ii) - (viii) - (xii)$ $= 22,100 - 12,000 - 4,800 - (-150)$ $= ₹ 5,450 \text{ crores}$</p>	(1½ x 4 = 6) 3 3

			SET 2 – UNCOMMON QUESTIONS	Marks
-	6	-	<p>Microeconomics studies the behaviour of individual economic units e.g. demand and supply whereas Macroeconomics studies the behaviour of the economy as a whole e.g. Aggregate Demand and Aggregate Supply. (or any other relevant example)</p>	$1\frac{1}{2} + 1\frac{1}{2}$
-	8	-	 <p>If the market for a Good is in equilibrium at point E, a decrease in input price will result in a fall in the cost of production. The producers will be increasing the supply of the product, thus, the supply curve will shift rightward from SS</p>	$1\frac{1}{2}$ $1\frac{1}{2}$

			<p>to S'S'.</p> <p>The new supply curve will now intersect the original demand curve, DD at lower point E', equilibrium price will fall from OP to OP'. Equilibrium quantity will increase from OQ to O Q'</p> <p>For the visually impaired candidates: no diagram is needed</p> <p>If the market for a Good is in equilibrium, a decrease in input price will result in a fall in the cost of production. The producers will be increasing the supply of the product, thus, the supply curve will shift rightward.</p> <p>The new supply curve will now intersect the original demand curve at a new equilibrium point. The new equilibrium price will fall and equilibrium quantity will increase.</p>	3
-	10	-	<p>a) In a monopoly market, there is only a single firm that controls the market. It can sell the same good at different prices to different consumers. For example: If there is only one doctor in a locality he may charge lesser fee from the poor and more from the others.</p> <p>b) In monopoly market, the demand curve is steeper (less elastic) in comparison to a monopolistic competitive market because there is no close substitute for the product. The demand curve in monopolistic competitive market is more elastic as compared to monopoly market because in this market substitutes produced by rival firm are available.</p> <p>(any other valid explanation)</p>	3 3
-	17	-	<p>Investment Multiplier (K) = $\frac{1}{MPS}$</p> <p>$K = \frac{1}{0.1} = 10$</p> <p>Also, $K = \frac{\Delta Y}{\Delta I}$</p> <p>$10 = \frac{15000}{\Delta I}$</p> <p>$\Delta I = \frac{15000}{10}$</p> <p>Change in initial Investment = ₹ 1500 crores</p>	$\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$
-	19	-	<p>(i) Banker's Bank:-As the bankers to the banks, the central bank holds surplus cash reserves of commercial banks. It also lends to commercial banks when they are in need of funds. Central bank also provides a large number of routine banking functions to the commercial banks. It also acts as a supervisor and a regulator of the banking system</p> <p>(ii) Lender of Last Resort : it refer to the role of RBI, of being ready to lend to banks, especially when a bank is faced with unanticipated severe financial crises, and due to this central bank is said to be the lender of last resort. If the central bank refuses to extend this help there is no option for the bank but to shut down.</p> <p>(any other relevant explanation)</p>	2 2
-	22	-	<p>a) Appreciation of home currency implies that purchasing power of home currency in terms of a foreign currency has gone up, whereas; depreciation of a home currency implies fall in the purchasing power of domestic currency in terms of foreign currency.</p> <p>Appreciation makes foreign goods cheaper for the domestic buyer whereas; depreciation of home currency implies fall in the price of domestic goods for the foreign buyers.</p> <p>b) Current Account in BOP is in surplus when the total receipts on account of total export of goods and services are greater than</p>	2 2 1

			payments on account of import of goods and services in a year. c) Exports of goods and services. (any other relevant example)	1
			SET 3 – UNCOMMON QUESTIONS	
-	-	5	Normative Economics is that branch of economics which is suggestive in nature. It deals with economic issues as they 'ought to be'. Normative statements can only be assessed relative to beliefs and value judgements. e.g. The unemployment rate should be reduced.	2 1
-	-	9	<p>If the market for a good is in equilibrium, the improvement in technology will reduce the cost of production. Fall in cost of production will shift the supply curve to rightward from SS to S'S'. the new supply curve will intersect the original demand curve DD at lower point E'. As a result, equilibrium price will reduce from OP to OP' and equilibrium quantity will increase from OQ to OQ'</p>  <p>for the visually impaired candidates: (no diagram is needed)</p> <p>If the market for a good is in equilibrium, the improvement in technology will reduce the cost of production. Fall in cost of production will shift the supply curve to rightward. The new supply curve will intersect the original demand curve to establish a new equilibrium. As a result, equilibrium price will reduce and equilibrium quantity will increase.</p>	2 2 4
-	-	11	<p>a) The given statement is true. In a perfect competitive market, there are a very large number of firms. Each firm has insignificant share in the market. The price at which a firm has to sell its product is decided by the industry as a whole. Every firm has to sell at this price. Thus, the firm is called a price taker.</p> <p>In a monopoly market, there is a single firm that controls the market. In absence of any rival firm, the existing firm decides the price of its product. Hence, firm is called the price maker.</p> <p>b) Product differentiation implies that the consumers differentiate among the similar products of different firms on the basis of packing, colour, shape etc. They differ in colour, packing, taste etc. these differentiated product are close substitutes to each other.</p> <p>For example there are a number of toothpastes available in the market like Colgate, Closeup, Pepsodent etc. (any other relevant example)</p>	1 ½ 1 ½ 2 1
-	-	18	<p>Multiplier = $\frac{1}{1-MPC}$ When MPC = 0.75</p> <p>$K = \frac{1}{1-0.75}$ $K = \frac{1}{0.25} = 4$</p>	½ ½ ½

			$K = \frac{\Delta Y}{\Delta I}$ $4 = \frac{Y}{2000}$ $Y = ₹ 8,000 \text{ crores}$	$\frac{1}{2}$ $\frac{1}{2}$
-	-	20	<p>Central Bank as Controller of credit - The primary objective of credit control is to remove causes responsible for instability in price fluctuations which in turn are related to the supply of money. By controlling credit, the central bank can exercise an effective control over economic activity and mobilise it in the desired direction. Central bank regulates the volume and use of credit by using quantitative and qualitative tools.</p> <p>(to be marked as a whole)</p>	4
		24	<p>a) Trade deficit will arise if the value of a country's merchandise imports is more than the value of its merchandise exports during a year. Current Account is in deficit when receipts from exports of visible and invisibles are less than payments against imports of visible and invisible items.</p> <p>b) Flexible Exchange Rate - This exchange rate is determined by the market forces of demand and supply. It is also known as Floating Exchange Rate. The exchange rate is determined at the price where the demand for foreign currency is equal to the supply of foreign currency. In a completely flexible system, the Central banks do not intervene in the foreign exchange market.</p>	$1 \frac{1}{2}$ $1 \frac{1}{2}$ 3