

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 totaled 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 totaling on the title page.
 - Wrong totaling 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. 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.

6

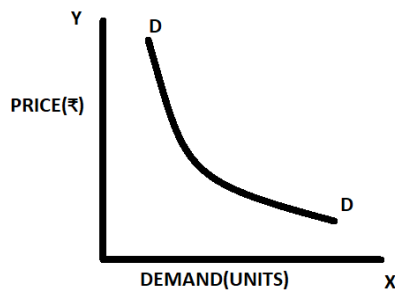
The law of demand states that there exists an inverse relation between price of a commodity and its quantity demanded, assuming other factors to be constant.

Price (per unit) (in ₹)	Demand (in Units)
1	40
2	30
3	20
4	10

In the above schedule as the price of the commodity rises from ₹1 to ₹2 to ₹3, the quantity demanded for the commodity falls from 40 units to 30 units and 20 units, assuming other factors to be constant.

Alternatively

The law of demand states that there exists an inverse relation between price of a commodity and its quantity demanded, assuming other factors to be constant.



The demand curve is a left to right downwards sloping curve due to the inverse relationship between price of the commodity and its quantity demanded, assuming other factors to be constant.

7

At equilibrium under perfect competition is established where demand = supply

$$\text{Therefore, } Q_D = Q_S$$

$$2200 - 3P = 1800 + 2p$$

$$5P = 400$$

$$\text{Equilibrium Price} = ₹80$$

Equilibrium quantity can be determined by substituting **Equilibrium Price = ₹80** in Q_D or Q_S

$$Q_d = 2200 - 3P$$

$$Q_D = 2200 - 3(80)$$

$$\text{Equilibrium Quantity} = 1,960 \text{ units}$$

OR

1

1

1

1

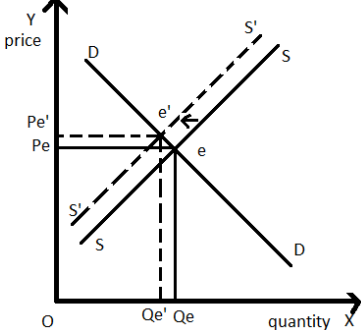
1

1

1

1

 $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$

	 <p>The market for a good is in equilibrium at point e. Any decrease in the supply only will shift the supply curve towards left of the original supply curve i.e. from SS to S'S'. This will create excess demand which will lead to competition among buyers, putting the upward pressure on price.) New supply curve (S'S') 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)</p> <p>For visually impaired candidates: (Diagram not required)</p> <p>The market for a good is in equilibrium. Any decrease in supply only will shift the supply curve towards left of the original supply curve. This will create excess demand which will lead to competition among buyers, putting the upward pressure on price. New supply curve will intersect the original demand curve to establish a new equilibrium. Thus, the equilibrium price will increase and equilibrium quantity will fall. (to be marked as a whole)</p>	<p style="text-align: right;">1 ½</p> <p style="text-align: right;">1 ½</p> <p style="text-align: right;">3</p>
<p>8</p>	<p>Marginal cost curve is U-Shaped due to the operations of the returns to a factor input. Initially, units of the variable factor are employed with the fixed factor yield increasing returns thereby reducing the marginal cost, pushing the curve down. Further addition of variable factors may result into diminishing returns to creep in, thereby increasing the marginal cost after reaching to its minimum level.</p> <p>As a result, we may say that, the MC curve falls to its minimum level and then rises. Therefore, the short-run marginal cost curve is U-shaped. (to be marked as a whole)</p> <p style="text-align: center;">OR</p> <p>Supply refers to the different quantities of a commodity that the producer would be willing to sell at different prices.</p> <p>Quantity supplied refers to the quantity of the commodity that a seller would be willing to sell at a given price.</p>	<p style="text-align: right;">4</p> <p style="text-align: right;">2</p> <p style="text-align: right;">2</p>
<p>9</p>	<p>$E_D = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in Price}}$ (ignoring minus sign)</p> <p>$1 = \frac{\text{Percentage change in quantity demanded}}{20}$</p> <p>Percentage fall in quantity demanded = 20%</p> <p>New Quantity = original quality - ΔQ = 120-20% of 120</p> <p>Therefore, New Quantity = 96 units</p>	<p style="text-align: right;">1</p> <p style="text-align: right;">½</p> <p style="text-align: right;">½</p> <p style="text-align: right;">1</p> <p style="text-align: right;">1</p>

10	<p>a) Slope of the indifference curve = Marginal rate of substitution ($\frac{\Delta y}{\Delta x}$)</p> <p>b)</p> <p>i) $P_x.Q_x + P_y.Q_y = M$ $20.Q_x + 10.Q_y = 200$</p> <p>ii) Slope of Budget line $= \frac{P_x}{P_y}$ (ignoring minus sign) $= \frac{20}{10} = 2$</p> <p>iii) If the entire income is spent on Good Y Q_x is zero; $P_x.Q_x + P_y.Q_y = M$ $20 \times 0 + 10 \times Q_y = 200$ $Q_y = 20$ units.</p> <p style="text-align: center;">OR</p> <p>The law of equi-marginal utility states that the consumer will get maximum satisfaction if the MU of the last rupee of expenditure on each good is the same.</p> <p style="text-align: center;">$\frac{MU_x}{P_x} = \frac{MU_y}{P_y} = \text{MU of last rupee on each good.}$</p> <p>Suppose $\frac{MU_x}{P_x} > \frac{MU_y}{P_y}$, it means that per rupee MU from consumption of X is higher than the price to be paid for it. This induces the consumer to buy more of X and less of Y. This reduces 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>1</p> <p>1</p> <p>½</p> <p>1</p> <p>½</p> <p>1</p> <p>1</p> <p>6</p>
11	<p>a) Product differentiation: In monopolistic competition products are differentiated on the basis of brand, size, colour etc. The firms in the market sell commodities which are close substitutes to each other. For example: Colgate, Pepsodent, Babul etc. in toothpaste</p> <p>b) 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. Thus, price rigidity becomes an essential feature of oligopoly.</p>	<p>3</p> <p>3</p>
12	<p>Diminishing returns to a factor states that as more units of the variable input are applied to the fixed inputs, the marginal product of the input will fall.</p> <p>Reasons for the diminishing returns to a variable factor are:</p> <ul style="list-style-type: none"> • <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. • <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. <p>(any other valid explanation)</p>	<p>2</p> <p>2</p> <p>2</p>
SECTION B – MACRO ECONOMICS		
13	<p>c) sale of shares of a Public sector undertaking (PSU) to X Limited (Private Company)</p> <p style="text-align: center;">OR</p> <p>Interest, dividends.</p> <p style="text-align: right;">(or any other valid example).</p>	<p>1</p> <p>1</p>

14	It refers to initial deposits with the commercial banks.	1
15	Deficit	1
16	c) 5	1
17	The economy is in equilibrium at that income level at which planned saving = planned investment. If, planned savings are lesser than the planned investments ($S < I$), it leads to shortage of inventories with the producers, this will lead to price rise in the market. In order to enhance the inventories to the desired level, producers will increase the production which raises the income. Such a movement continues till savings become equal to the investments. (to be marked as a whole)	3
18	There exists an inverse relationship between the multiplier and MPS. $K = \frac{1}{MPS}$ Higher the value of MPS, lower is the value of multiplier. Example: If the value of MPS falls from 0.5 to 0.2, the value of multiplier will rise from 2 to 5. (any other relevant example)	1
	OR	1
	i) Full employment refers to a situation of no involuntary employment.	1
	ii) Involuntary unemployment refers to a situation when a person who is willing and able to work at the prevailing wage rate, does not get work	1 ½
19	Net factor income from abroad is the difference between the factor income received by residents of a country from abroad and the factor income paid to non residents by the country. It is a part of national income.	2
	Whereas; Net exports are the excess of the value of export of goods and services and value of import of goods and services. It is a part of domestic income.	2
	OR Non-monetary exchanges refer to the goods and services produced but not exchanged for any monetary value. This generally results in undervaluation of GDP of an economy. For example: value of household chores (cooking, washing, cleaning etc.) by a-millions of home-makers is not included in the national income.	2
		2
20	(i) 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.	2
	(ii) Banker to the Government :- As the banker to the Government, the central bank provides a large number of routine banking functions to the government like maintaining the balances, arranging and managing funds of the government and so on. It also holds the surplus cash reserves of the government. Central bank also acts as a financial advisor to the government as well. (any other relevant explanation)	2
21	a) The given statement is true. Generally, the governments collect higher taxes from the rich people and spend it on the welfare of the poor. Thereby, reducing the inequalities of income.	2
	b) The given statement is false, because recovery of loans is a capital receipt. It does not affect the revenue receipts.	2

22	<p>i. We know that the equilibrium level of income in an economy is determined when: $S=I$ According to the question: $-10+0.20Y=240$ $0.20Y=250$ $Y= ₹1,250$ crores</p> <p>ii. According to the question, to double of the existing income level ($\Delta y= 1,250$ crores):</p> $K = \frac{\Delta Y}{\Delta I} = \frac{1}{MPS}$ $\frac{1250}{\Delta I} = \frac{1}{0.20}$ $\Delta I = ₹250 \text{ crores}$	<p>1 1 1 1 1 1</p>
23	<p>i. Fixed exchange rate refers to the value of domestic currency in terms of foreign currency. Fixed exchange rate is notified by the government. It remains unchanged till the government revises it upwards or downwards.</p> <p>ii. Trade surplus implies a situation when the value of exports of merchandise (visible) goods is more than the value of import of merchandise goods, in the same year.</p> <p>iii. A BOP transaction undertaken to cover deficit (or surplus) in autonomous transactions is called accommodating transaction.</p>	<p>2 2 2</p>
24	<p>a) The problem of double counting arises when the value of same goods and services are counted more than once while estimating national income.</p> <p>Two approaches to avoid this problem: i) Take value added at different stages in production process instead of total output. ii) Take the value of final goods and services only ignoring all intermediate products. (with valid explanation)</p> <p>b) Goods which are bought not for meeting immediate needs of the consumers but are for producing other goods.</p> <p style="text-align: center;">OR</p> <p>Operating surplus =ii-iv-vi-i = 4200-200-400-2400 = ₹1200 crores</p> <p>Net exports =ii-vii-x-v+xi+viii-iv =4200-2000-1000-1100+100+150-200 = ₹150 crores</p>	<p>2 1 ½ + 1 ½ 1 1 1 1 1 1</p>