

Scheme of Evaluation

(1)

II PUC ECONOMICS

Marks

5x1=5

- I (1) (a) Computing usage
(2) (c) O and W
(3) (d) Rectangular Hyperbola
(4) (b) 3000
(5) (a) Average cost

1

1

1

1

1

5x1=5

- II (6) Government
(7) Intersect
(8) Leftwards
(9) Variable
(10) Households

1

1

1

1

1

5x1=5

III match the following

11. (i) - d, (ii) - f, (iii) - a, (iv) - b, (v) - c

5x1=5

IV - Answer in a sentence

12. It arises because of Limited resources and unlimited want

1 M

1 M

13. Market Demand = $d_1(P) + d_2(P)$

$$200 - 4P + 30 - P$$

$$230 - 5P$$

1 M

14. $AP_L = \frac{TR_L}{L}$

1 M

15. Change in TR due to change in quantity sold.

16. A situation where Market Demand is equal to Market Supply.

6x2=12

V - Answer in 4 Sentences

17. (a) what to produce (b) How to produce (c) For whom to produce

2 M

18. Existence of both public and private sectors in the economy. Eg. India.

19. (a) Price of the product (b) Price of substitutes

(c) Income of consumer (d) Tastes and preferences of consumer (any two)

2 M

20. The goods for which demand increases with rise in income of consumer.

1 M

B Eg. Branded goods - Food/Clothes/Electronic goods (any one)

1 M

21. Perfectly elastic, Perfectly inelastic, Unitary elastic, More elastic, Less elastic (any two)

2 M

22. They are defined as a period simply by looking at whether all inputs can be varied or not. Not possible to define in terms of days, months or years. In short Run at least one of the factor cannot be varied and in Long Run all factors of production can be varied.

23. Change in TP due to change in one of the inputs.

$$MP_L = \frac{\Delta TPL}{\Delta L}$$

24. (a) LRAC (b) LRMC

25. Cost of some activity which is foregone from the second best alternative, measured in terms of revenue or benefit sacrificed.

Example.

26. $Q_D = 400 - 2P$ $Q_S = 240 + 2P$

Equilibrium price:

$$400 - 2P = 240 + 2P$$

$$400 - 2P - 240 - 2P = 0$$

$$160 - 4P = 0$$

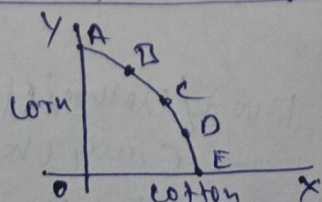
$$4P = 160$$

$$P = \frac{160}{4} = 40$$

Part VI Answer any Five

27. A graphical representation of the combination of two goods that can be produced when the resources of the economy are fully utilised.

Possibilities	Cotton	Corn
A	10	0
B	8	1
C	5	2
D	3	3
E	0	4



Explanation

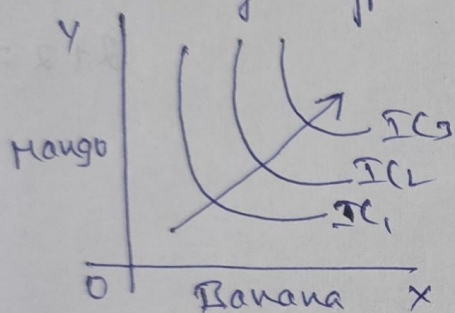
28. TU

- (a) Aggregate Utility from all units consumed
- (b) $TU_n = U_1 + U_2 + U_3 + \dots + U_n$
- (c) Represents all the units consumed
- (d) Positively sloped

MU

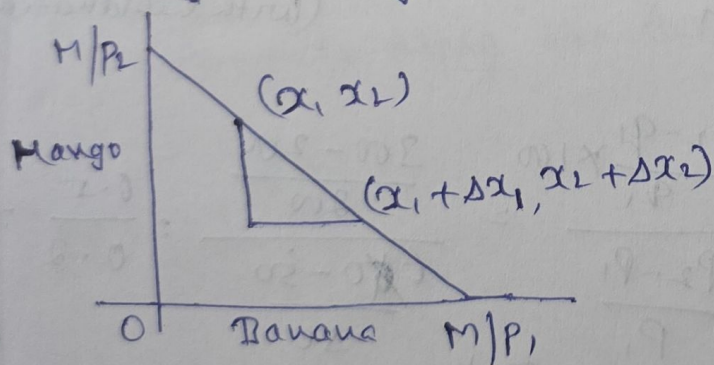
- (a) Additional utility from additional unit consumed
- (b) $MU_n = TU_n - TU_{n-1}$
- (c) Represents ~~single~~ utility of single unit.
- (d) Negatively sloped

29. A Family of Indifference curves. Set of I.Cs for two goods showing different levels of Satisfaction.



Explanation

30. Slope of budget line measures the quantity of change in one product required per unit change in another product along the budget line.



$$P_1 x_1 + P_2 x_2 = M \quad \text{--- (1)}$$

$$P_1 (x_1 + \Delta x_1) + P_2 (x_2 + \Delta x_2) = M$$

$$P_1 x_1 + P_1 \Delta x_1 + P_2 x_2 + P_2 \Delta x_2 = M \quad \text{--- (2)}$$

Subtract (1) from (2)

$$P_1 \Delta x_1 + P_2 \Delta x_2 = 0 \quad \text{--- (3)}$$

Rearranging (3)

$$\frac{\Delta x_2}{\Delta x_1} = -\frac{P_1}{P_2}$$

Explanation

③① Substitute goods	Complementary goods. ④
→ Alternative goods → Eg. Coffee & tea → When price of product increases demand for substitute also increases decreases → Demand curve shifts Right	→ Consumed together → Pen & Ink, bat & ball → When price of product de increases demand for complementary goods decreases → Demand curve shifts left 4M

③②	L	APL	TPL	MPL	2+2=4M
	1	15	15	15	
	2	17	34	19	
	3	16	48	14	
	4	15	60	12	
	5	13	65	5	

- ③③
- (a) Large number of Buyers and Sellers
 - (b) Homogeneous goods
 - (c) Free entry and exit
 - (d) Perfect information (with explanation) 4

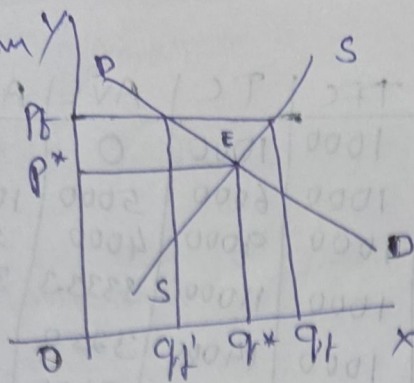
③④

$$PEP^S = \frac{\frac{\Delta Q}{Q} \times 100}{\frac{\Delta P}{P} \times 100} = \frac{\frac{Q_2 - Q_1}{Q_1} \times 100}{\frac{P_2 - P_1}{P_1}} = \frac{\frac{300 - 200}{200}}{\frac{60 - 50}{50}} = \frac{0.5}{0.2} = 2.5$$

∴ PES is more elastic as > 1 4M

- ③⑤ The lower limit of the price imposed by the government on goods and services is called Price Floor. It will be above market price.
- Eg. Minimum wage legislation / Minimum Support Price Programme. 1M

Diagram



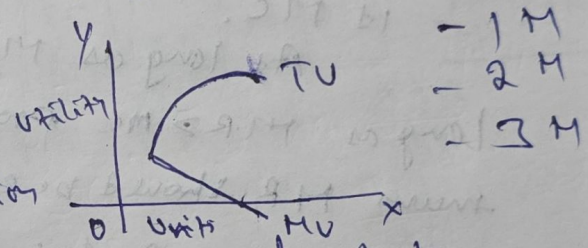
PART-D

Explanation 1M

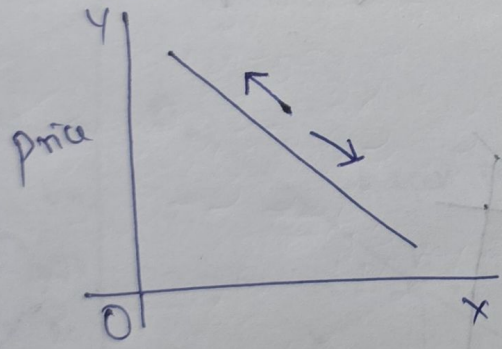
VII

(36) By keeping other factors constant, if the consumer continuously consumes the units of a product, the additional utility from additional unit consumed, decreases

Illustration and Table
Diagram and explanation

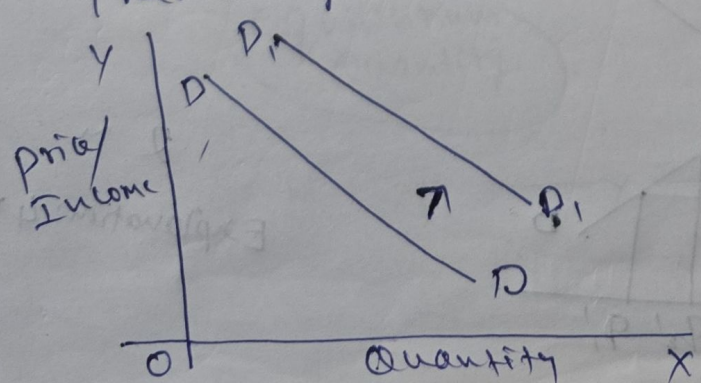


(37) Any change in price of the product leads to movements along the demand curve



with explanation - 2M

The shift in Demand Curve takes place because of change in income of consumer, change in price of related goods, and change in taste and preferences. There may be leftward or rightward shift.



Graph - 1M
Explanation - 1

(6)

Q	SMC	TVC	TFC	TC	AVC	AFC	SAC
0	-	0	1000	1000	0	0	0
1	5000	5000	1000	6000	5000	1000	6000
2	3000	8000	1000	9000	4000	500	4500
3	2000	10000	1000	11000	3333.3	333.3	3666.6
4	3000	13000	1000	14000	3250	250	3500
5	5000	18000	1000	19000	3600	200	3800
6	8000	26000	1000	27000	4333.3	166.6	4500

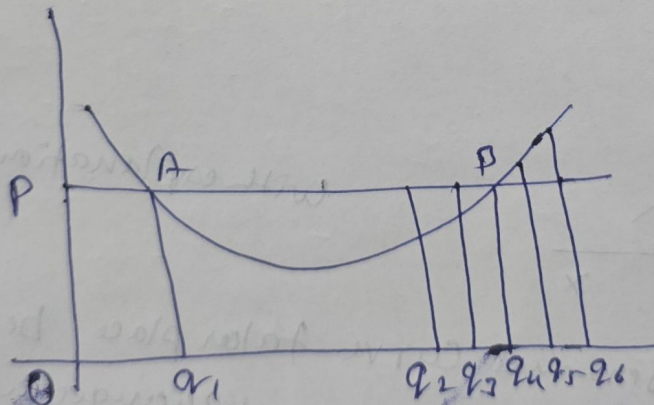
Each Mark = 6M

(89) (a) Change in TR per unit increase in output is MR and change in TC per unit increase in output is MC.

As long as $MC > MR$ Profit decreases, and as long as $MR > MC$ Profit increases, so Profit to be Maximum MR should be equal to MC.

Under perfect competition, it is established that $MR = P$, therefore Profit will be maximum if $P = MC$.

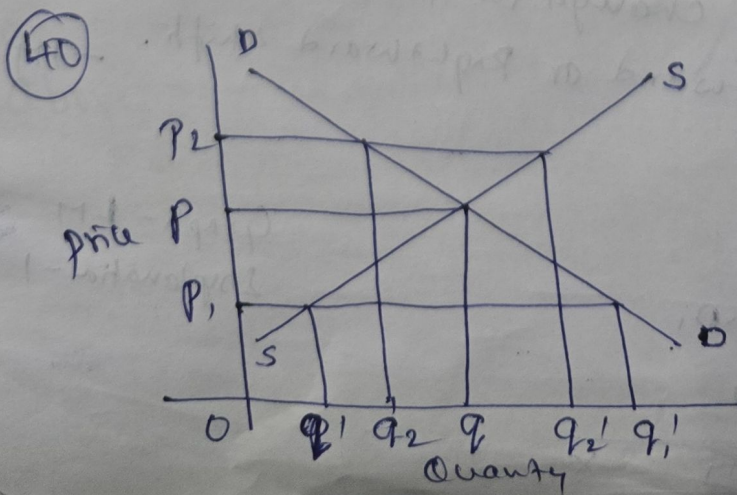
(b) MC must be non-decreasing at q_0



Explanation

2M

2M



Explanation: 4M

2M

PART-E

7

41

(a) 10

(b) 5

(c) Downward

(d) Equal

(e) True

1M

1M

1M

1M

1M

42

Q	P	TR	MR	AR
0	25	0	-	0
10	25	250	25	25
20	25	500	25	25
30	25	750	25	25
40	25	1000	25	25
50	25	1250	25	25

Q	P	TR	MR	AR
0	25	0	-	0
10	25	250	25	25
20	25	500	25	25
30	25	750	25	25
40	25	1000	25	25
50	25	1250	25	25

TR = 1M
AR = 2M
MR = 2M

$$TR = P \times Q, MR = \frac{\Delta TR}{\Delta Q}$$

$$AR = \frac{TR}{Q}$$

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