

NIOS Class 12 Economics Sample Paper-3

Duration: 180 Minutes

Maximum Marks: 100

Instructions

- This paper contains **50 Questions**. The paper is divided into two sections: **Section A – 50 marks** and **Section B – 50 marks**.
- **Section A** (Q.No. 1 to 35):
 - **Q.No. 1 to 20:** Multiple Choice Questions (MCQs) carrying **1 mark** each. Select and write the most appropriate option out of the four options given in each of these questions.
 - **Q.No. 21 to 35:** Objective type questions carrying **2 marks** each (with 2 sub-parts of 1 mark each). Attempt these questions as per the instructions given for each of the questions 21–35.
- **Section B** (Q.No. 36 to 50):
 - **Q.No. 36 to 42:** Very Short Answer-type questions carrying **2 marks** each to be answered in the range of 30 to 50 words.
 - **Q.No. 43 to 48:** Short Answer-type questions carrying **4 marks** each to be answered in the range of 50 to 80 words.
 - **Q.No. 49 to 50:** Long Answer-type questions carrying **6 marks** each to be answered in the range of 80 to 120 words.
- An **internal choice** has been provided in some questions.
- There is **No Negative** marking.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

Section: A

Q1. Normative economics mainly deals with:

(1)



- (A) Testable facts only
- (B) Statistical tables only
- (C) What ought to be
- (D) Production techniques only

Q2. The central problem of 'for whom to produce' is related to: **(1)**

- (A) Choice of technique
- (B) Location of factory
- (C) Choice of raw material
- (D) Distribution of income and output

Q3. When a consumer consumes more units of a commodity, marginal utility generally: **(1)**

- (A) Falls
- (B) Rises forever
- (C) Becomes price
- (D) Remains always zero

Q4. If the price of petrol rises, the demand for cars may: **(1)**

- (A) Increase because petrol is cheaper
- (B) Decrease because petrol is a complementary good
- (C) Remain fixed in all cases
- (D) Become perfectly elastic

Q5. If demand is unit elastic, the value of price elasticity of demand is: **(1)**

- (A) 0
- (B) Less than 1



- (C) Greater than 1
- (D) 1

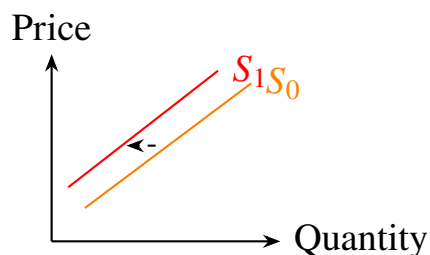
Q6. Average Product is calculated as: **(1)**

- (A) $TP \div \text{variable input}$
- (B) $MP - TP$
- (C) $TP \div \text{units of variable factor}$
- (D) $TC \div \text{output}$

Q7. The Average Fixed Cost curve normally: **(1)**

- (A) Falls continuously as output rises
- (B) Rises continuously as output rises
- (C) Is always vertical
- (D) Is equal to Marginal Revenue

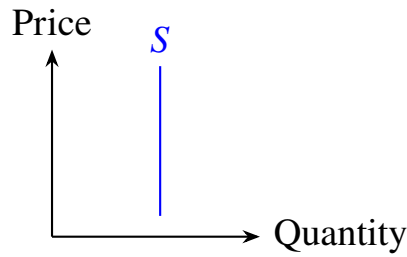
Q8. An increase in the price of inputs generally causes the supply curve to shift: **(1)**



- (A) Rightward
- (B) Leftward
- (C) Along the demand curve
- (D) To become horizontal only

Q9. A vertical supply curve represents: **(1)**



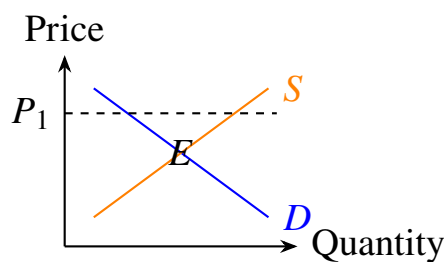


- (A) Perfectly elastic supply
- (B) Unit elastic supply
- (C) Highly elastic supply
- (D) Perfectly inelastic supply

Q10. A market with many sellers selling differentiated products is called: (1)

- (A) Monopolistic competition
- (B) Monopoly
- (C) Perfect competition
- (D) Duopoly only

Q11. At a price above equilibrium under perfect competition, there is: (1)



- (A) Excess demand
- (B) No supply
- (C) Excess supply
- (D) Zero production

Q12. Average Revenue is equal to: (1)



- (A) Total Cost divided by output
- (B) Price per unit
- (C) Fixed Cost only
- (D) Marginal Cost only

Q13. GNP is obtained by adding which item to GDP? (1)

- (A) Depreciation
- (B) Net Indirect Taxes
- (C) Transfer payments
- (D) Net Factor Income from Abroad

Q14. Which of the following is excluded while estimating national income? (1)

- (A) Transfer payment
- (B) Rent
- (C) Wages
- (D) Profit

Q15. At the break-even point in the consumption function: (1)

- (A) Saving is positive
- (B) Consumption is zero
- (C) Consumption equals income
- (D) MPC is always zero

Q16. If aggregate demand is less than aggregate supply at full employment, the economy faces: (1)

- (A) Inflationary gap
- (B) Deflationary gap



- (C) Balance of payments surplus
- (D) Perfect competition

Q17. The function of money that removes the need for double coincidence of wants is:

(1)

- (A) Medium of exchange
- (B) Store of value
- (C) Standard of deferred payment
- (D) Measure of value only

Q18. Borrowings by the government are classified as: (1)

- (A) Revenue expenditure
- (B) Tax revenue
- (C) Non-tax revenue
- (D) Capital receipts

Q19. A tariff is imposed mainly on: (1)

- (A) Domestic saving
- (B) Transfer payments
- (C) Imported goods
- (D) Household consumption only

Q20. A deficit in the Balance of Payments means: (1)

- (A) Receipts from abroad are greater than payments
- (B) Payments to abroad are greater than receipts
- (C) Exports are always zero
- (D) Imports are illegal



Q21. State whether the following statements are True or False: (2)

1. The marginal utility of a commodity generally falls as more units are consumed.
2. For two commodities, consumer equilibrium requires unequal marginal utility per rupee in all uses.

Q22. Fill in the blanks with appropriate terms: (2)

1. Goods used together are called goods.
2. If the price of a substitute rises, demand for the given good usually

Q23. Match the following production concepts: (2)

Concept	Meaning
(a) Marginal Product	(i) Addition to Total Product from one more unit of input
(b) Total Product	(ii) Total output produced by all units of variable input
(c) Average Product	(iii) Total Product divided by variable input
(d) Negative Returns	(iv) Stage where MP becomes negative

Q24. Fill in the blanks: (2)

1. Total Cost is equal to TFC plus
2. Marginal Cost is change in Total Cost divided by change in

Q25. Match the following national income aggregates: (2)

Aggregate	Meaning
(a) GDP	(i) GDP minus depreciation
(b) GNP	(ii) GNP minus depreciation
(c) NDP	(iii) Domestic final output
(d) NNP	(iv) GDP plus NFIA



Q26. Write one word or term for each of the following: (2)

1. A market form with product differentiation and many sellers.
2. A market form in which a firm is a price-taker.

Q27. State whether the following statements are True or False: (2)

1. If market price is below equilibrium price, excess demand appears.
2. Under perfect competition, an individual firm controls the market price.

Q28. Fill in the blanks: (2)

1. Average Revenue is equal to Total Revenue divided by
2. Profit is equal to Total Revenue minus

Q29. State whether the following statements are True or False: (2)

1. Intermediate goods are excluded to avoid double counting.
2. Imputed rent of owner-occupied houses is included in national income estimates.

Q30. Fill in the blanks: (2)

1. MPC plus MPS is always equal to
2. Deficient aggregate demand at full employment creates a gap.

Q31. Write one word or term for each of the following: (2)

1. Money which must be accepted by law in payment of debt.
2. The central bank's sale and purchase of government securities in the open market.

Q32. State whether the following statements are True or False: (2)



1. Revenue deficit is the excess of revenue expenditure over revenue receipts.
2. A capital expenditure never creates assets or reduces liabilities.

Q33. Fill in the blanks: (2)

1. Sale of goods to another country is called
2. Purchase of goods from another country is called

Q34. Match the following Balance of Payments items: (2)

BOP Item	Example
(a) Visible export	(i) Foreign loan received
(b) Invisible import	(ii) Tea exported from India
(c) Current transfer	(iii) Payment for foreign shipping service
(d) Capital inflow	(iv) Gift received from abroad

Q35. State whether the following statements are True or False: (2)

1. An increase in SLR reduces the lending capacity of commercial banks.
2. Reverse repo rate is the rate at which RBI borrows funds from commercial banks.

Section: B

Q36. Explain the condition of consumer equilibrium for two commodities under the utility approach. (2)

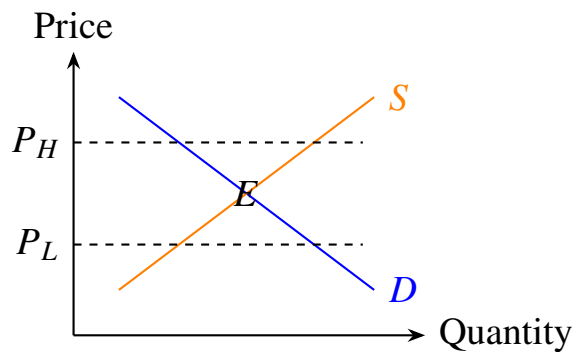
Q37. Explain any three reasons for the downward slope of the demand curve. (2)

OR

Explain any three exceptions to the law of demand.



- Q38.** Define unitary elastic demand. If price rises from ₹ 100 to ₹ 120 and quantity demanded falls from 50 units to 40 units, calculate price elasticity of demand. (2)
- Q39.** Explain the relationship between Total Product, Average Product and Marginal Product. (2)
- Q40.** From the following cost data, calculate TFC, TVC and AC at output 4 units: TC at zero output = ₹ 80 and TC at 4 units = ₹ 200. Also define fixed cost. (2)
- Q41.** Distinguish between extension of supply and increase in supply with examples. (2)
- Q42.** What is monopolistic competition? Mention any three features of it. (2)
- Q43.** Explain excess demand and excess supply under perfect competition with the help of a diagram. (4)



- Q44.** Explain the revenue concepts TR, AR and MR. State the profit maximisation condition of a firm. (4)
- Q45.** Calculate GDP at market price from the following: National Income = ₹ 6,000 crore, Net Factor Income from Abroad = ₹ 200 crore, Depreciation = ₹ 500 crore and Net Indirect Taxes = ₹ 300 crore. (4)



Q46. Explain the income method of measuring national income and mention any three precautions. (4)

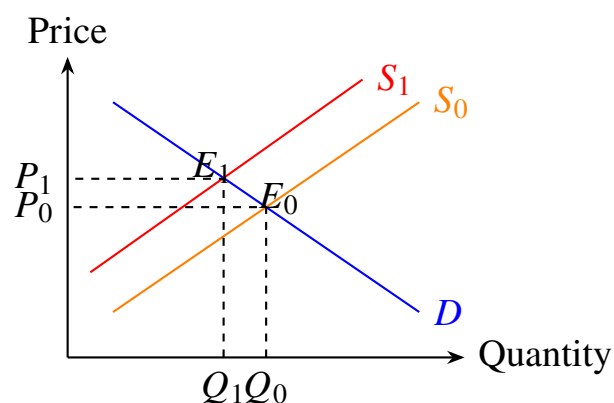
Q47. Given consumption function $C = 100 + 0.75Y$ and investment $I = 200$, calculate equilibrium income. Also calculate the multiplier. (4)

Q48. Explain any four instruments used by the Reserve Bank of India to control credit. (4)

OR

Explain any four functions of commercial banks.

Q49. Explain the determination of equilibrium price under perfect competition using a demand-supply schedule and diagram. Also explain the effect of a decrease in supply on equilibrium price and quantity. (6)



Q50. Explain GDP, GNP, NDP, NNP and National Income. Show how GDP at market price is converted into National Income. Why is Net Factor Income from Abroad important in this conversion? (6)



Detailed Solutions**Q1.****Solution**

Concept: Normative economics makes value judgements and policy suggestions about what should happen in an economy. This question belongs to Introduction to the Study of Economics, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Normative economics makes value judgements and policy suggestions about what should happen in an economy. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option C is the only option that agrees with the definition and the cause-effect relationship required in Introduction to the Study of Economics.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option C into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option C.

Why other options are wrong:

- **Option A:** That describes positive economics, which is based on testable facts. It does not correctly answer the concept tested in this question.
- **Option B:** Tables may be used in economics, but they are not the meaning of normative analysis. It does not correctly answer the concept tested in this question.
- **Option D:** Production technique belongs to the central problem of how to produce. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 1](#)



Q2.

Solution

Concept: The problem of for whom to produce concerns distribution of goods and services among different people and income groups. This question belongs to Central Problems of an Economy, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. The problem of for whom to produce concerns distribution of goods and services among different people and income groups. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option D is the only option that agrees with the definition and the cause-effect relationship required in Central Problems of an Economy.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option D into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option D.

Why other options are wrong:

- **Option A:** This is the problem of how to produce, not for whom to produce. It does not correctly answer the concept tested in this question.
- **Option B:** Factory location is a business decision, not the distribution problem. It does not correctly answer the concept tested in this question.
- **Option C:** Raw material choice is part of production planning. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (D) [Go Back to Q 2](#)



Q3.

Solution

Concept: The Law of Diminishing Marginal Utility states that marginal utility generally falls as successive units are consumed. This question belongs to Consumer's Equilibrium, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. The Law of Diminishing Marginal Utility states that marginal utility generally falls as successive units are consumed. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option A is the only option that agrees with the definition and the cause-effect relationship required in Consumer's Equilibrium.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option A into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option A.

Why other options are wrong:

- **Option B:** Marginal utility does not rise forever because wants become progressively satisfied. It does not correctly answer the concept tested in this question.
- **Option C:** MU may equal price at equilibrium, but the question asks the general tendency. It does not correctly answer the concept tested in this question.
- **Option D:** MU is not always zero; it usually declines gradually. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (A) [Go Back to Q 3](#)



Q4.

Solution

Concept: Petrol and cars are complementary goods, so a rise in petrol price can reduce demand for cars. This question belongs to Demand, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Petrol and cars are complementary goods, so a rise in petrol price can reduce demand for cars. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option B is the only option that agrees with the definition and the cause-effect relationship required in Demand.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option B into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option B.

Why other options are wrong:

- **Option A:** Petrol becomes dearer, not cheaper, when its price rises. It does not correctly answer the concept tested in this question.
- **Option C:** Demand can change when the price of a complement changes. It does not correctly answer the concept tested in this question.
- **Option D:** Elasticity is a different concept from complementarity. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (B) [Go Back to Q 4](#)



Q5.

Solution

Concept: Unit elastic demand means percentage change in quantity demanded equals percentage change in price, so elasticity is one. This question belongs to Price Elasticity of Demand, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Unit elastic demand means percentage change in quantity demanded equals percentage change in price, so elasticity is one. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option D is the only option that agrees with the definition and the cause-effect relationship required in Price Elasticity of Demand.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option D into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option D.

Why other options are wrong:

- **Option A:** Zero elasticity means perfectly inelastic demand. It does not correctly answer the concept tested in this question.
- **Option B:** Less than one means inelastic demand. It does not correctly answer the concept tested in this question.
- **Option C:** Greater than one means elastic demand. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (D) [Go Back to Q 5](#)



Q6.

Solution

Concept: Average Product measures output per unit of the variable factor and is calculated as Total Product divided by variable input. This question belongs to Production Function, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Average Product measures output per unit of the variable factor and is calculated as Total Product divided by variable input. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option C is the only option that agrees with the definition and the cause-effect relationship required in Production Function.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option C into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option C.

Why other options are wrong:

- **Option A:** Adding TP and input has no economic meaning for AP. It does not correctly answer the concept tested in this question.
- **Option B:** MP minus TP is not Average Product. It does not correctly answer the concept tested in this question.
- **Option D:** TC divided by output is Average Cost. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (C) [Go Back to Q 6](#)



Q7.

Solution

Concept: Average Fixed Cost falls as the same fixed cost is spread over more units of output. This question belongs to Cost of Production, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Average Fixed Cost falls as the same fixed cost is spread over more units of output. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option A is the only option that agrees with the definition and the cause-effect relationship required in Cost of Production.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option A into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option A.

Why other options are wrong:

- **Option B:** AFC falls, not rises, as output expands. It does not correctly answer the concept tested in this question.
- **Option C:** AFC is a curve falling toward the X-axis, not a vertical line. It does not correctly answer the concept tested in this question.
- **Option D:** AFC and MR are completely different concepts. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 7](#)



Q8.

Solution

Concept: Higher input cost reduces profitability at each price and shifts supply leftward. This question belongs to Supply, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Higher input cost reduces profitability at each price and shifts supply leftward. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option B is the only option that agrees with the definition and the cause-effect relationship required in Supply.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option B into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option B.

Why other options are wrong:

- **Option A:** A rightward shift occurs when supply increases, usually due to lower cost or better technology. It does not correctly answer the concept tested in this question.
- **Option C:** Input price changes affect supply, not movement along demand. It does not correctly answer the concept tested in this question.
- **Option D:** A horizontal supply curve is a special elasticity case. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 8](#)



Q9.

Solution

Concept: A vertical supply curve means quantity supplied does not change with price, so supply is perfectly inelastic. This question belongs to Price Elasticity of Supply, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. A vertical supply curve means quantity supplied does not change with price, so supply is perfectly inelastic. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option D is the only option that agrees with the definition and the cause-effect relationship required in Price Elasticity of Supply.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option D into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option D.

Why other options are wrong:

- **Option A:** Perfectly elastic supply is horizontal. It does not correctly answer the concept tested in this question.
- **Option B:** Unit elastic supply has elasticity equal to one. It does not correctly answer the concept tested in this question.
- **Option C:** Highly elastic supply is responsive, not fixed. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (D) [Go Back to Q 9](#)



Q10.

Solution

Concept: Monopolistic competition has many sellers, product differentiation and some control over price. This question belongs to Forms of Market, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Monopolistic competition has many sellers, product differentiation and some control over price. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option A is the only option that agrees with the definition and the cause-effect relationship required in Forms of Market.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option A into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option A.

Why other options are wrong:

- **Option B:** Monopoly has a single seller. It does not correctly answer the concept tested in this question.
- **Option C:** Perfect competition has homogeneous products. It does not correctly answer the concept tested in this question.
- **Option D:** Duopoly means only two sellers. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (A) [Go Back to Q 10](#)



Q11.

Solution

Concept: A price above equilibrium makes quantity supplied greater than quantity demanded, creating excess supply. This question belongs to Price Determination under Perfect Competition, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. A price above equilibrium makes quantity supplied greater than quantity demanded, creating excess supply. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option C is the only option that agrees with the definition and the cause-effect relationship required in Price Determination under Perfect Competition.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option C into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option C.

Why other options are wrong:

- **Option A:** Excess demand occurs below equilibrium price. It does not correctly answer the concept tested in this question.
- **Option B:** Supply exists and is greater than demand at the high price. It does not correctly answer the concept tested in this question.
- **Option D:** Production is not zero; sellers want to sell more. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (C) [Go Back to Q 11](#)



Q12.

Solution

Concept: Average Revenue is revenue per unit sold and is equal to price. This question belongs to Revenue and Profit Maximization, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Average Revenue is revenue per unit sold and is equal to price. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option B is the only option that agrees with the definition and the cause-effect relationship required in Revenue and Profit Maximization.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option B into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option B.

Why other options are wrong:

- **Option A:** TC divided by output is Average Cost. It does not correctly answer the concept tested in this question.
- **Option C:** Fixed Cost is a cost concept, not revenue per unit. It does not correctly answer the concept tested in this question.
- **Option D:** Marginal Cost belongs to cost theory. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 12](#)



Q13.

Solution

Concept: Gross National Product is GDP plus Net Factor Income from Abroad. This question belongs to National Income and Related Aggregates, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Gross National Product is GDP plus Net Factor Income from Abroad. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option D is the only option that agrees with the definition and the cause-effect relationship required in National Income and Related Aggregates.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option D into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option D.

Why other options are wrong:

- **Option A:** Depreciation is deducted while moving from gross to net aggregates. It does not correctly answer the concept tested in this question.
- **Option B:** Net Indirect Taxes convert between market price and factor cost. It does not correctly answer the concept tested in this question.
- **Option C:** Transfer payments are not added to GDP to find GNP. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (D) [Go Back to Q 13](#)



Q14.

Solution

Concept: Transfer payments are excluded because they are not payments for current production. This question belongs to National Income Measurement, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Transfer payments are excluded because they are not payments for current production. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option A is the only option that agrees with the definition and the cause-effect relationship required in National Income Measurement.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option A into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option A.

Why other options are wrong:

- **Option B:** Rent is factor income and is included. It does not correctly answer the concept tested in this question.
- **Option C:** Wages are factor income and are included. It does not correctly answer the concept tested in this question.
- **Option D:** Profit is factor income and is included. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 14](#)



Q15.

Solution

Concept: At break-even income, consumption equals income and saving is zero. This question belongs to Consumption, Saving and Investment, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. At break-even income, consumption equals income and saving is zero. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option C is the only option that agrees with the definition and the cause-effect relationship required in Consumption, Saving and Investment.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option C into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option C.

Why other options are wrong:

- **Option A:** At break-even, saving is zero, not positive. It does not correctly answer the concept tested in this question.
- **Option B:** Consumption is equal to income, not zero. It does not correctly answer the concept tested in this question.
- **Option D:** MPC need not be zero at the break-even point. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 15](#)



Q16.

Solution

Concept: A deficiency of aggregate demand at full employment creates a deflationary gap. This question belongs to Theory of Income Determination, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. A deficiency of aggregate demand at full employment creates a deflationary gap. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option B is the only option that agrees with the definition and the cause-effect relationship required in Theory of Income Determination.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option B into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option B.

Why other options are wrong:

- **Option A:** Inflationary gap occurs when AD exceeds AS at full employment. It does not correctly answer the concept tested in this question.
- **Option C:** BOP surplus is an external sector concept. It does not correctly answer the concept tested in this question.
- **Option D:** Perfect competition is a market structure. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 16](#)



Q17.

Solution

Concept: Money as a medium of exchange removes the double coincidence problem of barter. This question belongs to Money and Banking, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Money as a medium of exchange removes the double coincidence problem of barter. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option A is the only option that agrees with the definition and the cause-effect relationship required in Money and Banking.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option A into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option A.

Why other options are wrong:

- **Option B:** Store of value means money can be saved for future use. It does not correctly answer the concept tested in this question.
- **Option C:** Standard of deferred payment relates to future payments and debt. It does not correctly answer the concept tested in this question.
- **Option D:** Measure of value gives a common unit of account. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (A) [Go Back to Q 17](#)



Q18.

Solution

Concept: Government borrowings create liability and are treated as capital receipts. This question belongs to Government Budget, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. Government borrowings create liability and are treated as capital receipts. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option D is the only option that agrees with the definition and the cause-effect relationship required in Government Budget.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option D into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option D.

Why other options are wrong:

- **Option A:** Revenue expenditure is spending, not borrowing. It does not correctly answer the concept tested in this question.
- **Option B:** Tax revenue does not create liability. It does not correctly answer the concept tested in this question.
- **Option C:** Non-tax revenue includes fees, fines and dividends, not borrowing. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (D) [Go Back to Q 18](#)



Q19.

Solution

Concept: A tariff is a tax or duty imposed on imported goods. This question belongs to International Trade, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. A tariff is a tax or duty imposed on imported goods. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option C is the only option that agrees with the definition and the cause-effect relationship required in International Trade.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option C into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option C.

Why other options are wrong:

- **Option A:** Tariff is not imposed on saving. It does not correctly answer the concept tested in this question.
- **Option B:** Transfer payments are unilateral payments, not imports. It does not correctly answer the concept tested in this question.
- **Option D:** Tariffs are linked to foreign trade, not only household consumption. It does not correctly answer the concept tested in this question.

Final Answer:

[Go Back to Q 19](#)



Q20.

Solution

Concept: A BOP deficit occurs when payments to the rest of the world exceed receipts from the rest of the world. This question belongs to Balance of Payments, so the answer must be selected by applying the exact economic definition or relationship.

Solution: Step 1: Identify the keyword in the question. The question asks about a specific textbook concept, not about a general everyday meaning of the word.

Step 2: Recall the relevant rule from the syllabus. A BOP deficit occurs when payments to the rest of the world exceed receipts from the rest of the world. This rule is the basis for choosing the correct option.

Step 3: Compare all four options. Option B is the only option that agrees with the definition and the cause-effect relationship required in Balance of Payments.

Step 4: Check the common trap. The wrong options either reverse the relationship, confuse another chapter, or use a term which sounds related but is not the answer.

Step 5: Substitute Option B into the question. The statement becomes economically correct and consistent with the NIOS Class 12 explanation.

Step 6: Therefore, after applying the concept and eliminating the distractors, the correct answer is Option B.

Why other options are wrong:

- **Option A:** That would indicate a surplus, not deficit. It does not correctly answer the concept tested in this question.
- **Option C:** Exports need not be zero in deficit. It does not correctly answer the concept tested in this question.
- **Option D:** Imports are legal unless restricted by law. It does not correctly answer the concept tested in this question.

Final Answer:

Answer: (B) [Go Back to Q 20](#)



Q21.

Solution

Concept: This objective question is from Consumer’s Equilibrium. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: The first statement is true because the Law of Diminishing Marginal Utility says that additional satisfaction normally declines as consumption increases. The second statement is false because equilibrium across two goods requires equality of marginal utility per rupee, not inequality.

Step 5: Therefore the complete answer, in order, is: True; False. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: True; False

Answer: (True; False) [Go Back to Q 21](#)

Q22.

Solution

Concept: This objective question is from Demand. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Complementary goods are used jointly, such as car and petrol. Substitutes satisfy similar wants. When the price of a substitute rises, consumers move toward the given good, so its demand generally increases.



Step 5: Therefore the complete answer, in order, is: Complementary; Increases. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: Complementary; Increases

Answer: (Complementary; Increases) [Go Back to Q 22](#)

Q23.

Solution

Concept: This objective question is from Production Function. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Total Product is total output, Average Product is TP divided by variable input, Marginal Product is the addition to TP from one more unit of input, and negative returns describe the stage where MP becomes negative.

Step 5: Therefore the complete answer, in order, is: (a)-(ii), (b)-(iii), (c)-(i), (d)-(iv). This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: (a)-(ii), (b)-(iii), (c)-(i), (d)-(iv)

Answer: ((a)-(ii), (b)-(iii), (c)-(i), (d)-(iv)) [Go Back to Q 23](#)



Q24.

Solution

Concept: This objective question is from Cost of Production. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: The short-run cost identity is $TC = TFC + TVC$. Marginal Cost measures the change in Total Cost due to change in output, so the denominator is change in output.

Step 5: Therefore the complete answer, in order, is: TVC; Output. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: TVC; Output

Answer: (TVC; Output) [Go Back to Q 24](#)

Q25.

Solution

Concept: This objective question is from National Income and Related Aggregates. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: GDP is domestic final output. GNP equals GDP plus Net Factor Income from Abroad. NDP equals GDP minus depreciation. NNP equals GNP minus depreciation.

Step 5: Therefore the complete answer, in order, is: (a)-(iii), (b)-(iv), (c)-(i), (d)-(ii). This order is important for scoring both marks.



Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: (a)-(iii), (b)-(iv), (c)-(i), (d)-(ii)

Answer: ((a)-(iii), (b)-(iv), (c)-(i), (d)-(ii)) [Go Back to Q 25](#)

Q26.

Solution

Concept: This objective question is from Forms of Market. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Many sellers with differentiated products indicate monopolistic competition. A price-taking firm is the typical individual firm under perfect competition.

Step 5: Therefore the complete answer, in order, is: Monopolistic competition; Perfect competition. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: Monopolistic competition; Perfect competition

Answer: (Monopolistic competition; Perfect competition) [Go Back to Q 26](#)



Q27.

Solution

Concept: This objective question is from Price Determination under Perfect Competition. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: A price below equilibrium creates excess demand because quantity demanded exceeds quantity supplied. An individual firm under perfect competition cannot control price; it accepts market price.

Step 5: Therefore the complete answer, in order, is: True; False. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: True; False

Answer: (True; False) [Go Back to Q 27](#)

Q28.

Solution

Concept: This objective question is from Revenue and Profit Maximization. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Average Revenue is revenue per unit, so it equals TR divided by quantity sold. Profit is the surplus of Total Revenue over Total Cost.

Step 5: Therefore the complete answer, in order, is: Quantity; Total Cost. This order is important for scoring both marks.



Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: Quantity; Total Cost

Answer: (Quantity; Total Cost) [Go Back to Q 28](#)

Q29.

Solution

Concept: This objective question is from National Income Measurement. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Intermediate goods are excluded so that the same value is not counted repeatedly. Imputed rent of owner-occupied houses is included to make national income estimates comparable.

Step 5: Therefore the complete answer, in order, is: True; True. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: True; True

Answer: (True; True) [Go Back to Q 29](#)



Q30.

Solution

Concept: This objective question is from Theory of Income Determination. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: MPC and MPS are parts of the change in income, so their sum is one. When aggregate demand is deficient at full employment, the gap is deflationary.

Step 5: Therefore the complete answer, in order, is: One; Deflationary. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer:

[Go Back to Q 30](#)

Q31.

Solution

Concept: This objective question is from Money and Banking. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Legal tender is money that must be accepted for settling debts. Open market operations are the central bank's purchase and sale of government securities to regulate liquidity.

Step 5: Therefore the complete answer, in order, is: Legal tender; Open market operations. This order is important for scoring both marks.



Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: Legal tender; Open market operations

Answer: (Legal tender; Open market operations) [Go Back to Q 31](#)

Q32.

Solution

Concept: This objective question is from Government Budget. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Revenue deficit is revenue expenditure minus revenue receipts. Capital expenditure generally creates assets or reduces liabilities, so the second statement is false.

Step 5: Therefore the complete answer, in order, is: True; False. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: True; False

Answer: (True; False) [Go Back to Q 32](#)



Q33.

Solution

Concept: This objective question is from International Trade. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Goods sold to another country are exports. Goods purchased from another country are imports. The difference between exports and imports of goods is the balance of trade.

Step 5: Therefore the complete answer, in order, is: Export; Import. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer:

Answer: (Export; Import) [Go Back to Q 33](#)

Q34.

Solution

Concept: This objective question is from Balance of Payments. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: Visible export means export of goods such as tea. Invisible import means purchase of services such as shipping. Current transfer includes gifts. Capital inflow includes loans and investments from abroad.

Step 5: Therefore the complete answer, in order, is: (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i). This order is important for scoring both marks.



Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i)

Answer: ((a)-(ii), (b)-(iii), (c)-(iv), (d)-(i)) [Go Back to Q 34](#)

Q35.

Solution

Concept: This objective question is from Money and Banking. It checks two one-mark points, so the answer must be written in the same order as the sub-parts.

Solution: Step 1: Read the instruction first. It may ask for True or False, fill in the blanks, matching, or one-word answers.

Step 2: Solve the first sub-part by recalling the exact definition or formula. Do not mix it with a similar term from another chapter.

Step 3: Solve the second sub-part independently. In objective questions, one correct answer does not automatically decide the other.

Step 4: A higher SLR leaves fewer funds for lending. Reverse repo is the rate at which the RBI borrows funds from commercial banks, usually to absorb liquidity.

Step 5: Therefore the complete answer, in order, is: True; True. This order is important for scoring both marks.

Step 6: In the examination, write the answer briefly, but while revising, understand the reason. This prevents confusion between pairs such as GDP and GNP, extension and increase in supply, or revenue deficit and fiscal deficit.

Final Answer: True; True

Answer: (True; True) [Go Back to Q 35](#)



Q36.

Solution

Concept: This answer is based on Consumer's Equilibrium. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: For two commodities, consumer equilibrium is based on the Law of Equi-Marginal Utility. A rational consumer distributes limited income between two goods in such a way that the marginal utility per rupee spent on each good is equal. The condition is $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$. If the marginal utility per rupee spent on good X is greater than that on good Y, the consumer should spend more on X and less on Y. As consumption of X rises, its marginal utility falls, and as consumption of Y falls, its marginal utility rises. Adjustment continues until equality is achieved. At that point, the consumer cannot increase total utility by reallocating income.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention ceteris paribus, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 36](#)



Q37.

Solution

Concept: This answer is based on Demand. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: The demand curve slopes downward because of several reasons. First, the Law of Diminishing Marginal Utility says that consumers buy additional units only when price falls. Second, the income effect shows that a fall in price raises real purchasing power, allowing the consumer to buy more. Third, the substitution effect makes the commodity cheaper relative to substitutes, so consumers shift toward it. In the OR part, exceptions include Giffen goods, Veblen or prestige goods, and speculative demand. In these cases, consumers may buy more even when price rises because of inferior-good behaviour, prestige value or expectation of further price rise.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 37](#)



Q38.

Solution

Concept: This answer is based on Price Elasticity of Demand. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Unitary elastic demand means that percentage change in quantity demanded is equal to percentage change in price. Its elasticity value is one. In the given question, price rises from ₹ 100 to ₹ 120. The increase in price is ₹ 20. Percentage change in price is $\frac{20}{100} \times 100 = 20\%$. Quantity demanded falls from 50 units to 40 units. The decrease in quantity is 10 units. Percentage change in quantity is $\frac{10}{50} \times 100 = 20\%$. Therefore, price elasticity of demand is $\frac{20\%}{20\%} = 1$. Hence, demand is unitary elastic.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention ceteris paribus, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer: Elasticity = 1

Answer: (See Solution) [Go Back to Q 38](#)



Q39.

Solution

Concept: This answer is based on Production Function. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Total Product, Average Product and Marginal Product are related measures of production. Total Product is the total output produced by all units of the variable factor. Average Product is TP divided by units of the variable factor. Marginal Product is the addition to TP when one more unit of the variable factor is employed. When MP rises, TP rises at an increasing rate. When MP falls but remains positive, TP rises at a decreasing rate. When MP becomes zero, TP is maximum. When MP becomes negative, TP falls. AP rises when MP is above AP, reaches maximum when MP equals AP, and falls when MP is below AP.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 39](#)



Q40.

Solution

Concept: This answer is based on Cost of Production. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Fixed cost is the cost that remains unchanged with output in the short run. It is incurred even when output is zero. Given TC at zero output is ₹ 80, Total Fixed Cost is ₹ 80. At output 4 units, Total Cost is ₹ 200. Total Variable Cost is TC minus TFC, so $TVC = ₹ 200 - ₹ 80 = ₹ 120$. Average Cost is TC divided by output, so $AC = ₹ 200/4 = ₹ 50$. This shows that fixed cost remains constant, while variable cost is linked with the production level.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer: $TFC = \text{Rs. } 80, TVC = \text{Rs. } 120, AC = \text{Rs. } 50$

Answer: (See Solution) [Go Back to Q 40](#)



Q41.

Solution

Concept: This answer is based on Supply. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Extension of supply means movement along the same supply curve caused by a rise in the commodity's own price. For example, if the price of wheat rises and farmers supply more wheat, it is extension of supply. Increase in supply means a rightward shift of the supply curve caused by factors other than own price. For example, better technology, lower input cost or subsidy can increase supply at the same price. Extension is therefore a price effect on quantity supplied, while increase in supply is caused by a change in determinants of supply. Contraction and decrease can be explained in the opposite way.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 41](#)



Q42.

Solution

Concept: This answer is based on Forms of Market. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Monopolistic competition is a market structure in which many sellers sell differentiated products. Products are similar but not identical, so firms compete through brand name, design, quality, packaging, advertising and after-sale service. Three features are important. First, there are many buyers and sellers, so competition exists. Second, product differentiation gives each firm some control over price. Third, there is freedom of entry and exit in the long run. Examples include restaurants, salons, toothpaste brands and clothing brands. It combines elements of monopoly and competition because each firm has a small monopoly over its brand but faces competition from close substitutes.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: [Go Back to Q 42](#)



Q43.

Solution

Concept: This answer is based on Price Determination under Perfect Competition. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Under perfect competition, equilibrium price is determined where market demand equals market supply. Excess demand occurs when the market price is below equilibrium. At this lower price, buyers want to buy more than sellers want to sell. Competition among buyers pushes the price upward. Excess supply occurs when the price is above equilibrium. At this higher price, sellers want to sell more than buyers want to buy. Unsold stock forces sellers to reduce price. The process of price adjustment continues until demand equals supply. In the diagram, price P_H above equilibrium shows excess supply, while price P_L below equilibrium shows excess demand. Only point E is stable.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 43](#)



Q44.

Solution

Concept: This answer is based on Revenue and Profit Maximization. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Total Revenue is the total amount received from sale of output. It is calculated as $TR = \text{Price} \times \text{Quantity}$. Average Revenue is revenue per unit sold, so $AR = TR/Q$. Since each unit is sold at a price, AR is equal to price. Marginal Revenue is the addition to Total Revenue when one extra unit is sold. Under perfect competition, price remains constant, so AR and MR are equal. Under imperfect competition, price must fall to sell more, so MR lies below AR. Profit is maximised where MR equals MC and MC is rising. If MR exceeds MC, output should be increased. If MC exceeds MR, output should be reduced.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: [Go Back to Q 44](#)



Q45.

Solution

Concept: This answer is based on National Income and Related Aggregates. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: National Income is NNP at factor cost. The given National Income is ₹ 6,000 crore. Since National Income = NNP at factor cost, $NNP_{FC} = ₹ 6,000$ crore. To move from NNP_{FC} to NDP_{FC} , subtract Net Factor Income from Abroad because $NNP_{FC} = NDP_{FC} + NFIA$. Therefore $NDP_{FC} = 6,000 - 200 = ₹ 5,800$ crore. Add depreciation to get GDP_{FC} : $5,800 + 500 = ₹ 6,300$ crore. Add Net Indirect Taxes to get GDP_{MP} : $6,300 + 300 = ₹ 6,600$ crore. Hence GDP at market price is ₹ 6,600 crore.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention ceteris paribus, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer: $GDP_{MP} = ₹ 6,600$ crore

Answer: (See Solution) [Go Back to Q 45](#)



Q46.

Solution

Concept: This answer is based on National Income Measurement. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: The income method measures national income by adding all factor incomes earned by factors of production during an accounting year. The main components are compensation of employees, rent, interest, profit and mixed income of self-employed persons. The sum of factor incomes gives domestic income, and after adding Net Factor Income from Abroad, we get national income. Precautions are necessary. First, transfer payments such as pensions and scholarships are excluded because no current production is involved. Second, capital gains from sale of assets are excluded because they are not factor income from production. Third, income from illegal activities is not included because it is not officially recorded. Imputed rent of owner-occupied houses should be included.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: (See Solution) [Go Back to Q 46](#)



Q47.

Solution

Concept: This answer is based on Theory of Income Determination. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Equilibrium income in a simple two-sector Keynesian model is determined where $Y = C + I$. The consumption function is $C = 100 + 0.75Y$ and investment is $I = 200$. Substitute these into the equilibrium condition: $Y = 100 + 0.75Y + 200$. Therefore $Y = 300 + 0.75Y$. Subtract $0.75Y$ from both sides: $0.25Y = 300$. Hence $Y = 300/0.25 = 1200$. Equilibrium income is ₹ 1,200 crore if the figures are in crores. MPC is 0.75, so $MPS = 0.25$. Multiplier $k = 1/MPS = 1/0.25 = 4$.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer: $Y = 1,200; k = 4$

Answer: (See Solution) [Go Back to Q 47](#)



Q48.

Solution

Concept: This answer is based on Money and Banking. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: The Reserve Bank of India controls credit through quantitative and qualitative instruments. The repo rate affects the cost at which banks borrow from the RBI. A higher repo rate makes loans costlier and reduces credit. CRR requires banks to keep a part of deposits as cash reserve with the RBI; a higher CRR reduces lendable funds. SLR requires banks to keep liquid assets such as government securities; a higher SLR also reduces lending capacity. Open market operations involve sale or purchase of government securities to absorb or inject liquidity. In the OR part, commercial banks accept deposits, give loans, create credit and provide agency services such as collection of cheques and payments.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: [Go Back to Q 48](#)



Q49.

Solution

Concept: This answer is based on Price Determination under Perfect Competition. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: Equilibrium price under perfect competition is determined by the equality of market demand and market supply. A demand schedule shows quantities demanded at different prices, while a supply schedule shows quantities supplied. Suppose at price ₹ 10, demand is 100 units and supply is 40 units, so there is excess demand. At price ₹ 50, demand is 20 units and supply is 120 units, so there is excess supply. At price ₹ 30, demand and supply may both be 70 units. This is equilibrium price. In the diagram, demand curve D slopes downward and supply curve S_0 slopes upward. Their intersection gives P_0 and Q_0 . If supply decreases due to higher input cost or tax, the supply curve shifts leftward from S_0 to S_1 . With demand unchanged, equilibrium price rises from P_0 to P_1 and equilibrium quantity falls from Q_0 to Q_1 . Thus, a decrease in supply causes higher price and lower quantity.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: [Go Back to Q 49](#)



Q50.

Solution

Concept: This answer is based on National Income and Related Aggregates. A proper answer should define the concept, apply the relevant formula or rule, and then explain the economic reasoning clearly.

Solution: Step 1: Start by identifying the topic and the demand of the question. If the question asks to explain, write definitions and points. If it asks to calculate, write the formula and substitute values with units.

Step 2: GDP, GNP, NDP, NNP and National Income are related national income aggregates. GDP is Gross Domestic Product, the value of final goods and services produced within the domestic territory of a country. GNP is Gross National Product and equals GDP plus Net Factor Income from Abroad. NDP is Net Domestic Product and equals GDP minus depreciation. NNP is Net National Product and equals GNP minus depreciation. National Income is NNP at factor cost. To convert GDP at market price into National Income, first subtract Net Indirect Taxes to obtain GDP at factor cost. Then subtract depreciation to obtain NDP at factor cost. Finally, add Net Factor Income from Abroad to obtain NNP at factor cost, which is National Income. NFIA is important because GDP is a domestic concept, while National Income is a national or resident concept. If residents earn more from abroad than foreigners earn domestically, NFIA is positive; otherwise it is negative.

Step 3: Add a supporting explanation. In economics, marks are awarded for correct concept, correct relation, correct example or diagram, and correct conclusion. Do not write only the final result when working is required.

Step 4: Where a diagram is relevant, label both axes, name the curves, and mark the equilibrium or shift clearly. If no diagram is needed, use headings or short paragraphs to make the answer readable.

Step 5: Connect the answer with the NIOS syllabus language. For example, demand questions should mention *ceteris paribus*, national income answers should mention final goods and factor income, and banking answers should mention reserves and credit.

Step 6: Finish with a direct conclusion or numerical result. The final line should answer exactly what the question asked and should not add an unrelated point.

Final Answer:

Answer: [Go Back to Q 50](#)



Answer Key

Section A: Q1 to Q20 (MCQ Answers)

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	C	2	D	3	A	4	B	5	D
6	C	7	A	8	B	9	D	10	A
11	C	12	B	13	D	14	A	15	C
16	B	17	A	18	D	19	C	20	B

