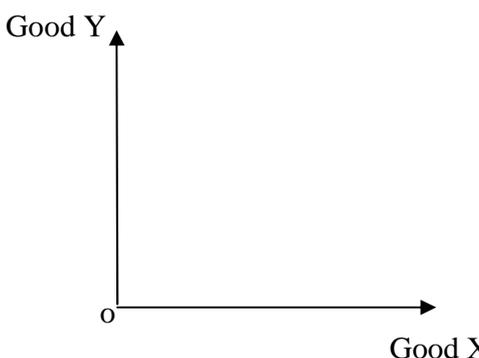








	<p>i) Budget line is tangential to the Indifference curve at a unique combination of two goods. i.e, Slope of Indifference Curve = Slope of Budget line or <math>MRS_{xy} = (-) P_x / P_y</math></p> <p>ii) Indifference Curve is strictly convex to origin at the point of tangency i.e., <math>MRS_{xy}</math> must be diminishing.</p>  <p>Explanation to the diagram</p>	1
		2
<b>SECTION-B</b>		1
16.	(iii) Both (i) and (ii)	1
17.	(iii) Ministry of finance	1
18.	(ii) Real flow	1
19.	(iv) None of the above. Budgetary Deficit = Revenue expenditure + Capital Expenditure - (Revenue receipts + Capital receipts) = 25000 + 35000 - (20000 + 3000) = ₹ 50,000 crores	1
20.	(iii) Borrowing by a government represents a situation of fiscal deficit.	1
21.	*Devaluation is the fall in the value of domestic currency in relation to foreign currency as planned by the government in a situation when exchange rate is not determined by the forces of demand & supply but is fixed by the government of different countries <b>whereas</b> Depreciation is the fall in the value of domestic currency in relation to foreign currency in a situation when exchange rate is determined by the forces of demand & supply in the international money market.	1
	As a general phenomena, any depreciation/devaluation of currency may result into increase in exports of the goods and services from the country since it would increase the global competitiveness of the goods.	1
22.	Yes all the given values are correct $S = -50 + 0.2Y$ $S = -50 + 0.2(2000)$ $= -50 + 400$	1



