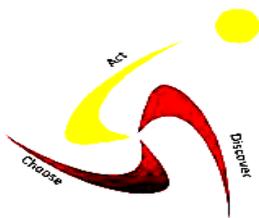


**Guess Paper – 2014**  
**Class – XII**  
**Subject – Economics**

1. What is the relationship between consumption and income when consumption function lies above the 45 degrees line? 1
2. If a household consumes Rs. 30 worth of goods and services when his income is zero and his MPC is 0.8, construct the equation of his consumption function. 1
3. What do you mean by ex ante Aggregate Demand? 1
4. 1
5. Can the value of MPC be greater than one? Why/Why not? 3
6. When is the AS perfectly elastic and perfectly inelastic? 3
7. What happens to APC and APS as income increases? 3
8. If planned consumption =  $50 + 0.8Y$  and planned investment is Rs. 100 Find 3
  - a) Equilibrium level of income
  - b) The level of consumption expenditure at equilibrium
  - c) The level of savings at equilibrium
9. If savings function is =  $-15 + 0.15Y$  and planned investment is Rs. 75. Find 3
  - a) Equilibrium level of income
  - b) The level of consumption expenditure at equilibrium
  - c) The level of savings at equilibrium
10. Explain the meaning of equilibrium level of national income. Can there be unemployment in the economy at this level? Why/why not? 4
11. In a two sector economy, the consumption and investment functions are  $Y=C+I$ ;  $C=50+0.8Y$  ;  $I=50$  Find i) the equilibrium level of income (ii) the level of consumption at equilibrium (iii) the level of savings in the economy at equilibrium. 4
12. Explain the determination of national income using AD-AS approach. Explain the changes that will take place when AD is greater than AS. 4
13. In an economy, planned savings exceed planned investment. How will the equality between the two be achieved. Explain. 6
14. Complete the table and determine the Equilibrium level of income 5

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AS	C	S	I	AD
900	780		40	
800	700		40	
700	620		40	
600	540		40	
500	460		40	
400	380		40	
300	300		40	
200	220		40	
100	140		40	



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