Guess Paper – 2014
Class – XII
Subject – Economics

Time: 3 hours **M.M 100**

INTRODUCTORY MICRO ECONOMICS

1. What is the price elasticity of supply of a commodity whose straight line supply curve passes through the origin forming an angle of 75˚? [1]
2. Why does an economic problem arise? [1]
3. What induces new firms to enter an industry? [1]
4. At what price- higher or lower than the equilibrium price, will there be excess demand? [1]
5. Define Production Function. [1]
6. Give three reasons of a leftward shift of supply curve. [3]
7. Show the effect of an increase in price on total expenditure depending on the values of price elasticity. [3]
8. Explain the problem of allocation of resources. [3]

   OR

   Explain why a production possibility curve is concave
9. Define marginal revenue. State the relation between MR and AR when a firm—
   i) is able to sell more quantity of output at the same price
   ii) is able to sell more quantity of output only by lowering the price. [3]

10. When the price of a commodity rises from Rs. 10 to Rs.11 per unit, its quantity supplied rises by 100 units. Its price elasticity of supply is 2. Calculate its quantity supplied at the increased price. [3]
11. Distinguish between Monopoly and Monopolistic Competition.

    OR

    Explain the implication of the features 'product differentiation' and 'freedom of Entry and exit of firms' under monopolistic competition. [4]
12. Find the profit maximising level of output from the following: [4]

Quantity Sold (units)	Price (Rs per unit)	ATC (Rs)
7	10	6
8	9	5
9	8	6
10	7	7

13. Explain the effects of: (i) change in income, and
    (ii) favourable change in taste on demand for a good. [4]

14. Define decrease in demand. There is a simultaneous 'decrease' in demand and supply of a commodity. When will it result in –
    (a) no change in equilibrium price
    (b) a fall in equilibrium price. Explain with diagrams. [6]

15. Define Producer's equilibrium. Explain the conditions of producer's equilibrium in terms of Total Cost and Total Revenue using diagram. [6]
16. Distinguish between increasing returns to a factor and increasing returns to scale stating reasons for them. [6]

INTRODUCTORY MACRO ECONOMICS

17. Why is Tax not a capital receipt? [1]
18. What is meant by Cash Reserve Ratio? [1]
19. Give the meaning of involuntary unemployment. [1]
20. What happens to the level of national income if intended savings exceed intended investment? [1]
21. What will be the effect of a rise in bank rate on money supply? [1]
22. What is meant by investment multiplier? Explain the relationship between MPS and multiplier with examples. [3]
23. Distinguish between APC and MPC. Draw a hypothetical propensity to consume curve and from it draw a propensity to save curve. [3]
24. Define fiscal deficit. Can there be a fiscal deficit in a Government Budget without a revenue deficit? Explain. [3]

    OR

    What are the implications of a large revenue deficit? Give two measures to reduce this deficit.
25. Distinguish between revenue expenditure and capital expenditure with examples. [3]
26. Explain any two drawbacks of barter system. How does money help in removing these drawbacks? [3]
27. What are the various types of deposit accounts of commercial banks? Explain them. [4]
28. What is fiscal policy? Explain two fiscal measures to solve the problem of deficient demand. [4]
29. An increase of Rs.250 crores in investment in an economy resulted in total increase in income of Rs.1000 crore. Calculate the following:
    a. Marginal propensity to consume
    b. Change in Savings
    c. Change in consumption expenditure
    d. Value of multiplier [4]

30. Explain three precautions that should be taken while estimating national income by value added and income method respectively. [6]

31. Explain the equilibrium level of income and output with the help of consumption and investment curves. If planned expenditure is less than planned output, what changes will take place in the economy? [6]

32. Calculate Gross National Product at Market Price and Net National Disposable

Income from the following data: [6]

		Rs. Crores
1. Current transfers from government		25
2. Compensation of employees		600
3. Net current transfers from rest of the world		20
4. Rent		100
5. Consumption of fixed capital		50
6. Interest		120
7. Net Indirect taxes	110	
8. Profit		80
9. Mixed Income of self employed	200	
10. Net factor income from abroad	(-) 10	

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