

Guess Paper – 2014
Class – XII
Subject – Economics

CHAPTERS: CONCEPTS OF COST, PRICE DETERMINATION UNDER PERFECT COMPETITION, THEORY OF INCOME AND EMPLOYMENT

(Q. No.'s 1 to 10 carries 1 mark each= 10 marks)

1. Define cash reserve ratio.
2. Can APC be more than one? Give reason in support of your answer.
3. Define marginal cost.?
4. Define equilibrium price.
5. Define induced investment.
6. Define explicit costs.
7. Define investment multiplier.
8. Define saving function.
9. What will be the effect on equilibrium price and quantity if supply curve shifts rightward while demand remains constant?
10. How does 'open market operation' help in controlling deficient demand in the economy?

(Q. No.'s 11 to 16 carries 4 marks each = 24 marks)

11. How is the equilibrium price and equilibrium quantity of a normal commodity affected by an increase in the income of its buyers? Explain with the help of a diagram.
12. Market for a good is in equilibrium. There is simultaneous 'decrease', both in demand and supply of the good but no change in market price. Explain with the help of a schedule how it is possible?
13. In an economy, the marginal propensity to consume is 0.8. Investment is increased by Rs.500 crore. Calculate the total increase in income and consumption expenditure.
14. The saving function of an economy is $S = -200 + 0.25 Y$. The economy is in equilibrium when income is equal to Rs.2, 000. Calculate:

- a. Investment expenditure at equilibrium level of income.
 - b. Autonomous consumption.
 - c. Investment multiplier.
15. Explain the relationship between Average cost and marginal cost with the help of diagram.
16. Differentiate between Average propensity to consume and Marginal propensity to consume. When of these can be greater than one?
(Q. No. 17 carries 6 marks)
17. Differentiate between Inflationary gap and Deflationary gap with the help of diagram. Also suggest two measures to control inflationary gap and deflationary gap.

COMMERCE POINT

36-A, Rani Ka Bagh, Near Shivaji Park, Amritsar (M) 9888676976

An Institute of Accountancy & Economics (+1, +2, C.B.S.E.)