

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

**TIME: 1.30 HOURS**

**SECTION B**

**M.M.50**

1. What is meant by bank rate? How does it work in deficient demand (1)
2. Income of an economy increase from Rs.2000 crores to Rs.3,000 crores and consumption expenditure increased from Rs.1,000 crores to Rs.1,800 crores. What will be the value of marginal propensity to save? (1)
3. During the year 2012-13, Indian rupee depreciated sharply. Explain how this has resulted in inflation. (1)
4. Define money supply. What are its components? (1)
5. Calculate the additional investment required if the equilibrium level of income falls short of Rs.2,000. The consumption function is given by  $C = 200 + .25 Y$ . (1)
6. Calculate Gross Fixed Capital Formation from the following data: (3)

	<b>Items</b>	<b>(Rs. in crores)</b>
(i)	Private final consumption expenditure	1,000
(ii)	Government final consumption expenditure	500
(iii)	New exports	(-)500
(iv)	Net factor income from abroad	20
(v)	Gross domestic product at market price	2,500
(vi)	Opening stock	300
(vii)	Closing stock	200

7. How are the firms and households interdependent upon each other in a circular flow of model? (3)
8. Define the following briefly: (3)

- a. Managed floating rate
- b. Fixed exchange rate and flexible exchange rate.
- c. Depreciation of currency.

**OR**

Are the following statements true or false. Give reasons. **(3)**

- i. Repayment of loan by Indian government from IMF will be recorded on debit side of BOP.
- ii. Inflow of foreign exchange on account of export of jewellery will be recorded in capital account of BOP.
- iii. Accommodating transactions take place only on capital account.

**9.** State one difference between: **(3)**

- a. Intermediate products and final products.
- b. Stock and flow
- c.  $GDP_{mp}$  and  $NNP_{fc}$ .

**10.** Explain the following with the help of diagram: **(4)**

- a. Deflationary gap.
- b. Investment multiplier and its working.
- c. Marginal propensity to consume.
- d. Aggregate supply.

**11.** What does the Balance of payments Account record? Distinguish between the “balance on current account” and the “balance of trade”. in this statement.

**(4)**

**OR**

Explain Primary and Secondary functions of Money.

**12.** Define the following briefly: **(4)**

- a. Revenue receipts and capital receipts.
- b. Fiscal deficit and Revenue deficit.
- c. Direct tax and Indirect tax.

d. Revenue expenditure and Capital Expenditure.

13. From the given questions explain any TWO : (4)

- a. Explain working of multiplier with the help of C + I curves?
- b. Can an economy be in a state of under employment equilibrium? Explain with the help of a diagram.
- c. Differentiate between Inflationary gap and Deflationary gap with the help of diagram.

OR

(I) Show deficient demand and under employment equilibrium in an economy. Are both the levels same?

(II) Differentiate between Aggregate demand and Aggregate supply with the help of diagram.

(III) An increase of Rs.250 crores in investment in an economy resulted in total increase in income of Rs.1,000 crores, calculate the following:

- a) Marginal propensity to consume.
- b) Change in savings.
- c) Change in consumption expenditure
- d) Value of multiplier.

14. Explain the following functions of Central bank: (6)

- a. Bank of Note Issue.
- b. Banker to the Government.

15. Draw a straight line saving curve for an economy. From it derive the consumption curve, explaining the process of derivation. Show in this diagram:

(6)

- a. A point on the consumption curve at which Average Propensity to consume is equal to 1.
- b. Average Propensity to save is zero.

16. From the following data find out: (6)

- i. Net National Product at market price.
- ii. Private Income.
- iii. Personal Disposable Income.

Items	Rs. crores
(I) Gross Domestic product at factor cost	2,056
(II) Indirect taxes	680
(III) Subsidies	100
(IV) Current transfers from government	196
(V) Other current transfers from the rest of the world	248
(VI) Savings of Non-departmental public enterprises	12
(VII) Consumption of fixed capital	232
(VIII) Net factor income from abroad	(-4)
(IX) Income from property and entrepreneurship accruing to govt. administrative dept.	80
(X) Interest on National debts	48
(XI) Direct taxes paid by household	400
(XII) Savings of private corporate sector	68
(XIII) Corporation tax.	152

**OR**

From the following data find out:

- a. Net National Product at Market price
- b. Private Income
- c. Personal disposable income.

Items	Rs. crores
(I) Gross Domestic product at factor cost	2,570

(II) Indirect tax	850
(III) Subsidies	125
(IV) Net factor income from abroad	(-)
(V) Saving of Non-departmental enterprises	15
(VI) Income from property and entrepreneurship accruing to govt. administrative departments	100
(VII) Consumption of fixed capital	290
(VIII) Interest on public debt	60
(IX) Current transfers from government	245
(X) Other current transfers from rest of the world	310
(XI) Corporation tax	190
(XII) Saving of private corporate sector	85
(XIII) Direct taxes paid by households	50

## COMMERCE POINT

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