

Guess Paper – 2014
Class – XII
Subject – Economics

Time allowed : 3 hours

Maximum Marks: 100

Note :

- (i) All questions in both the sections are compulsory*
- (ii) Marks for questions are indicated against each.*
- (iii) Questions No. 1-5 and 17-21 are very short-answer questions carrying 1 mark for each part. They are required to be answered in one sentence each.*
- (iv) Questions No. 6-10 and 22-26 are short-answer questions carrying 3 marks each. Answers to them should normally not exceed 60 words each.*
- (v) Questions No. 11-13 and 27-29 are also short-answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.*
- (vi) Questions No. 14-16 and 30-32 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed 100 words each.*
- (vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.*
- (viii) All parts of a question should be answered at one place.*

PART – A

- Q.1 Why does MOC increasing in nature? 1M
- Q.2 Give one feature of PPC. 1M
- Q.3 What does decreasing MRS indicate? 1M
- Q.4 What is market period? 1M
- Q.5 What is kinked demand curve? 1M
- Q.6 Differentiate between laissez faire trade and command economy. 3M
- Q.7 Why does demand curve also known as marginal utility curve? 3M
- Q.8 Why does marginal cost may rise even average cost is falling? 3M
- Q.9 Prove that average revenue is always equal to price. 3M
- Q.10 What is the implication of product differentiation feature under monopolistic competition? 3M
- Q.11 At a lower price there is excess demand. What are the ways to achieve equilibrium? 4M
- Q.12 In the market there is sudden rise in demand for t-shirts having advertisement of world cup during this season. How will it affect the market equilibrium of T- shirt? 4M
- Q.14 A firm's Average Fixed Cost of producing 2 units of a good is Rs. 9. and given below is its total cost schedule. Calculate its Average Variable Cost and Marginal Cost for each of the given level of output 4M

Output (units)	Total cost (Rs.)
1	23
2	27
3	30

- Q.13 Explain the consumer's equilibrium through ordinal measurement of utility. 6M
- Q.15 State whether the statement is true or false. 6M
- Marginal product curve always cuts average product at its maximum.
 - Average revenue can be zero under monopolistic competition.
 - Minimum point of AC comes later the minimum point of AVC.
- Q.16 State the law of returns. Explain its stages with the help of schedule and diagram. 6M

PART – B

- Q.17 Define domestic territory. 1M
- Q.18 What is gross national disposable income? 1M
- Q.19 Why are imports excluded from the national income? 1M
- Q.20 What are below the line items? 1M
- Q.21 Give an example of portfolio investment. 1M
- Q.22 Differentiate between real GNP and nominal GNP. Can the value of real GNP be more than nominal GNP? 3M
- Q.23 What are subsidies? How do we treat subsidies in the national income? 3M
- Q.24 Why is royalty a component of operating surplus? 3M
- Q.25 Differentiate between devaluation and depreciation of currency. 3M
- Q.26 What are the fiscal measures to correct deficient demand? 3M
- Q.27 Differentiate between managed floating and full conversion of rupee. 4M
- Q.28 How does LRR play an important role in credit creation by commercial bank? 4M
- Q.29 Can there be a fiscal deficit in the budget even there is no revenue deficit? 4M
- Q.30 State whether the following statements are true or false. 6M
- Gross domestic capital formation can be less than gross fixed capital formation.
 - Personal income is always greater than national income.
 - Zero primary deficit means there is no interest payments.
- Q.31 From the following data calculate National Income by Income and Expenditure methods : (3, 3)

	(Rs crores)
(i) Government final consumption expenditure	100
(ii) Subsidies	10
(iii) Rent	200
(iv) Wages and salaries	600
(v) Indirect tax	60
(vi) Private final consumption expenditure	800
(vii) Gross domestic capital formation	120
(viii) Social security contributions by employers	55
(ix) Royalty	25
(x) Net factor income paid to abroad	30
(xi) Interest	20
(xii) Net domestic capital formation	110
(xiii) Profit	130

(xiv) Net exports 70

OR

Calculate Gross National Disposable Income and Personal Income from the following data : (3, 3)

	(Rs. Crores)
(i) Personal tax	120
(ii) Net indirect tax	100
(iii) Corporation tax	90
(iv) National income	1000
(v) Net factor income from abroad	5
(vi) Consumption of fixed capital	50
(vii) National debt interest	70
(viii) Retained earnings of private corporate sector	40
(ix) Net current transfers to the rest of the world.	(-)20
(x) Current transfers from government	30
(xi) Share of government in national income	80

Q.32 Explain the under employment and full employment equilibrium in the economy.

TM

6M

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CLASS- XII