# THE GURUKUL INSTITUTE

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**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 Give one normative statement 1M
Q.2 Why does PPC look concave to the origin? 1M
Q.3 Why do we need to convert MU of product in money terms, when we want to reach consumer's equilibrium? 1M
Q.4 Why does area under TVC is MC? 1M
Q.5 Prove that rising portion of MC curve is supply curve. 1M
Q.6 Differentiate between marginal rate of transformation and marginal rate of substitution. 3M
Q.7 What is income effect? 3M
Q.8 Prove that marginal product may fall even average product is rising. 3M
Q.9 Why does AR-MR curves are flatter under monopolistic competition? 3M
Q.10 Write the implication of interdependency of firms under oligopoly. 3M
Q.11 How does market equilibrium of jeans affect when there is rise in price of cotton and increase in demand of jeans? 4M
Q.12 What will be elasticity of demand of straight live linear demand curve? 4M
Q.13 A consumer buys 100 units of a good at a price of Rs. 5 per unit. When price changes he buys 140 units. What is

the new price if price elasticity of demand is - 2? 4M

Q.14 Why does salt less price elastic than diamond? 6M

Q.15 State whether the statement is true or false. 6M

a) Economy always lies on PPC.

b) Increase in excise tax leads of competition among buyers which results decrease in equilibrium price.

c) A monopolist can earn profits only by lowering down the price of the commodity.

Q.16 State the law of variable proportions. Explain its stages with the help of schedule and diagram. 6M

## PART – B

Q.17 Define national income accounting. 1M

Q.18 Define autonomous consumption. 1M

Q.19 What are retained earnings? 1M

Q.20 What is managed floating? 1M

Q.21 Give an example of remittances from abroad.. 1M

Q.22 Differentiate between accommodating and autonomous transactions 3M

Q.23 What are direct purchases from abroad? How do we treat than in the national income? 3M

Q.24 Describe the resource allocation objective of government budget. 3M

Q.25 Differentiate between depreciation and value loss. 3M

Q.26 "GDP is not the real indicator of welfare". Explain. 3M

Q.27 Differentiate between money multiplier and investment multiplier. 4M

Q.28' Deficit budget is the ultimate cause responsible for inflation in a country like India'. Elaborate. 4M

Q.29 Differentiate between NFIFA and Net Exports. 4M

Q.30 State whether the followings are included in the national income or not. 6M

a) Salaries given to French working in American embassy in India.

b) Rent received by an American from Indian embassy in America.

c) Salaries received by an Indian working in American multinational in America.

Q.31 Given below is the consumption function in an economy :

$C = 100 + 0.5Y$ With the help of a numerical example show that in this economy as income increases APC will decrease. 6M

Q.32 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 |