Guess Paper – 2014
Class – XII
Subject – Economics

Total Marks: 100 Time:3 Hours.

General Instructions:

(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 each. 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 60 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.*

SECTION A

1. Define marginal utility. 1

2. When expenditure on the commodity X could change in the opposite direction as the price changes? 1

3. Define oligopoly 1

4. What can you say about the nature of the product sold in a monopolistic competition? 1

5. Why marginal revenue is equals marginal cost at equilibrium level of output in a monopoly? 1

6. The ratio of price elasticity of supply of commodities X and Y is 1: 1.5. 20percent fall in price of X results in a 40 percent fall in its supply.

Calculate the percentage increase in supply of Y if its price rises from Rs.10 per unit to Rs. 11 per unit. 3

7 Explain the effect of the following on demand for a good:
(i) Rise in income of a buyer of inferior good.
(ii) Fall in price of substitute good. 3

8. Complete the following table:

Output (Units)	*AR (Rs)*	*MR(Rs.)*	*TR(Rs.)*
1	-	15	-
2	-	-	26
3	11	-	-

3

9. How is the short run supply curve derived from the short run marginal cost curve? 3

(OR)

Why does marginal revenue equals the market price for a price taking firm ? Explain

10. What is the relation between price of a good and demand for its substitute good? Explain with an example. 3

11. Explain three features of a monopolistic competition. Why is price higher in this market compared to perfect competition? 4

12. The quantity demanded of a commodity at a price of Rs 8 per unit is 600 units. Its price falls by 25 percent and quantity rises by 120 units. Calculate its price elasticity of demand. Is its demand elastic? Give reasons for your answer. 4

13. Explain the concept of opportunity cost with the help of a production possibility schedule. 4

(OR)

Distinguish between micro economics and macro economics. Give examples.

14. The price of commodity X is Rs.5 per unit and it remains constant throughout. Given below the cost schedule of one of its producers. Find out the level at which this producer is in equilibrium under marginal revenue – marginal cost approach.

Output (Units):	1	2	3	4	5	6	
Total Cost (Rs.):	80	100	111	116	130	150	6

(OR)

Explain with a schedule the likely behavior of total product and marginal product when only one input is increased while other inputs remain constant.

15. Giving reasons, state whether the following statements are *true* or *false*

(i) When marginal cost rises, average cost also will rise.

(ii) Average fixed cost is U shaped as average total cost is U Shaped.

(iii) Marginal revenue will always be positive even if total revenue rise or fall. 6

16. What are the conditions of consumer's equilibrium under the marginal utility analysis? What changes will take place if the conditions are not fulfilled to reach equilibrium in case of more than one commodities? 6

SECTION B

17. What is managed flexible exchange rate system? 1

18. Is disinvestment a revenue receipt? Give reason. 1

19 Give the meaning of deficient demand in macro economics. 1

20. What is a commercial bank? 1

21. What does full employment equilibrium mean? 1

22. Distinguish between current account and capital account of balance of payments account. 3

23. Give the meaning of cash reserve ratio and statutory liquidity ratio. 3

24. State any three limitations of GDP as an index of economic welfare. 3

(OR)

Distinguish between resident Indians and non resident Indians. What is the relevance of this distinction in national income calculation?

25. Giving reasons, categorize the following into revenue expenditure and capital expenditure:
    (i) Interest payments on debt incurred by the government.
    (ii) Loan granted by the Union government to the state of Gujarat.
    (iii) Subsidies to farmers. 3

26. Examine the effect of an increase in demand for imports in the foreign exchange market. 3

27. Distinguish between : 3
    (i) Tax and non tax revenue receipt
    (ii) Fiscal deficit and Primary deficit. 4

28. Calculate the change in income when
    (i) Consumption function = 100 + o.75 y
    (ii) Change in investment = 1000 croes 4

29. Explain the concept of money creation done by the commercial banks with the help of an example. 4

(OR)

Explain the various qualitative measures of credit control.

30. In an economy, the income function is: Y = C + I and consumption function is given as: C = 40 + 0.75Y. If investments are Rs.60 crores, calculate:
    (a) Equilibrium level of income;
    (b) Level of consumption at equilibrium;
    (c) Savings at equilibrium. 6

31. How will you treat the following while estimating Gross National Product of India?
    (i) Salary paid to Americans working in Indian embassy in America.
    (ii) Profits earned by a branch of an Indian bank in Canada.
    (iii) Money received from the sale of an old house. 6

(OR)

Explain the following concepts:
    (i) Consumption of fixed capital.
    (ii) Net Indirect Tax.
    (iii) Net factor income from abroad.

32. Calculate National Income and Net National Disposable Income from the following data: 3+3=6

Particulars	*(Rs. crores)*
Net current transfers to abroad	15
Net exports	(-)20
Private final consumption expenditure	400
Net factor income to abroad	10
Government final consumption expenditure	100
Indirect tax	30
Net domestic capital formation	50
Change in stocks	7
Subsidy	5
Gross fixed capital formation	73

ANANDALAYA
TERM STUDY TEST
ECONOMICS **Code No. 58/2**

Class: XII Total Marks: 100
Date: 21/01/2012 Time:3 Hours.

SECTION A

1. What causes an increase in demand for inferior goods?. 1

2. When is price elasticity of supply said to be zero? 1

3. What change will take place in marginal product, when total product increases at a diminishing rate? 1

4. Give the meaning of implicit cost. 1

5. What can you say about the product sold in an oligopoly market? 1

6. State whether the following commodities have elastic or inelastic demand. Give reasons for each.
   - Food
   - Diamond jewelry
   - A particular brand of toothpaste 3

7. The ratio of price elasticity of supply of commodities X and Y is 1: 1.5. 20percent fall in price of X results in a 40 percent fall in its supply. Calculate the percentage increase in supply of Y if its price rises from Rs.10 per unit to Rs. 11 per unit. 3

8. State the law of supply. What is meant by the assumption 'other things remain the same' on which the law is defined? 3

   (OR)

   How is the short run supply curve derived from the short run marginal cost curve?

9. What is the relation between price of a good and demand for its substitute good? Explain with an example. 3

10. What is the likely effect on the supply of a good if a unit tax is imposed on that good? Explain 3

11 Complete the following table:

Price (Rs.)	*Units of Output*	*TR (Rs)*	*MR(Rs)*

10	*1*	-	-
-	*2*	*14*	-
-	*3*	-	*1*
-	*4*	*12*	-

4

12. Explain the concept of opportunity cost with the help of a production possibility schedule.

(OR) 4

Distinguish between micro economics and macro economics. Give examples.

13. The quantity demanded of a commodity at a price of Rs 8 per unit is 600 units. Its price falls by 25 percent and quantity rises by 120 units. Calculate its price elasticity of demand. Is its demand elastic? Give reasons for your answer. 4

14. The price of commodity X is Rs.5 per unit and it remains constant through out. Given below the cost schedule of one of its producers. Find out the level at which this producer is in equilibrium under marginal revenue – marginal cost approach.

Output (Units):	1	2	3	4	5	6
Total Cost (Rs.):	80	100	111	116	130	150

6

(OR)

Explain with a schedule the likely behavior of total product and marginal product when only one input is increased while other inputs remain constant.

15. Giving reasons, state whether the following statements are *true* or *false*

(i) Marginal revenue curve always lies below average revenue curve.

(ii) Average fixed cost is U shaped as average total cost is U Shaped.

(iii) Marginal revenue will always be positive even if total revenue rise or fall.

6

16. What are the conditions of consumer's equilibrium under the marginal utility analysis? What changes will take place if the conditions are not fulfilled to reach equilibrium in case of more than one commodities? 6

SECTION B

17. What does full employment equilibrium mean? 1

18. Is disinvestment a revenue receipt? Give reason. 1

19 Give the meaning of excess demand in macro economics. 1

20. What is central bank? 1

21. What is managed flexible exchange rate system? 1

22. List the components of the current account of the balance of payments account. 3

23. Give the meaning of cash reserve ratio and statutory liquidity ratio. 3

24. State any three limitations of GDP as an index of economic welfare. 3

(OR)

Explain the meaning of domestic territory. What is its relevance in national income calculation?

25. Giving reasons, categorize the following into revenue expenditure and capital expenditure:
    (i) Interest payments on debt incurred by the government.
    (ii) Loan granted by the Union government to the state of Gujarat.
    (iii) Subsidies to farmers. 3

26. When exchange rate of foreign currency rises, its demand falls. How? Explain. 3

27. Distinguish between : 3
    (i) Tax and non tax revenue receipt
    (ii) Fiscal deficit and Primary deficit. 4

28. Calculate the change in income when

(i) Consumption function = 50 + o.75 y
(ii) Change in investment = 600 crores 4

29. Explain the concept of money creation done by the commercial banks with the help of an example. 4

(OR)

What are open market operations? How do these work as a method of credit control?

30. In an economy, the income function is: S = I and saving function is given as: S = (-)80 + 0.25Y. If investments are Rs.200 crores, calculate:
(a) Equilibrium level of income;
(b) Level of consumption at equilibrium;
(c) Savings at equilibrium.

31. How will you treat the following while estimating Gross National Product of India?

(i) Salary paid to Americans working in Indian embassy in America.
(ii) Profits earned by a branch of an Indian bank in Canada.
(iv) Money received from the sale of an old house.
(v)
(vi)
(vii)

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