

TARGET PLUS DIAGNOSTIC MOCK

Class XII (ISC)

ECONOMICS

(Three hours)

Paper Code

Z 201

(Candidate are allowed additional 15 minutes for **only** reading the paper.

They must **NOT** start writing during this time)

1. All questions in both sections are compulsory. However, there is internal choice in some questions.
2. Marks for questions are indicated against each question.
3. Question No.1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
4. Question No.6-8 and 21-23 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
5. Question No.9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
6. Question No.12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each
7. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

Section A: Microeconomics

1. If it is given that the total cost for producing 10 units of output is 2000 and for 12 units is 2,500. Find the value of Marginal Cost. [1]
2. If the Prime Minister Modi government provides subsidies on solar panels, what would be the likely change in the market demand of desert coolers. If others thing remaining the same? [1]
3. Which of the can be referred to as 'point of saturation'? [1]
 - i) Marginal Utility is negative
 - ii) Total Utility is rising
 - iii) Marginal utility is zero
 - iv) Total Utility is falling
4. Which of the following is an assumption of law of equi marginal utility? [1]
 - i) equal satisfaction from both the commodities.
 - ii) Resources are not equally efficient for consumption of the two goods.
 - iii) Income is not efficiently utilised.
 - iv) Unlimited income.
5. State any two central problems of an economy under 'problem of alternate use of resources'. [1]
6. 'Demand curve is the falling portion Average Revenue curve. Do you agree? Support your answer with valid reason. [3]

This Paper consists of 4 printed pages.

7. Explain 'buffer stock' as a direct consequence of price ceiling. [3]
OR
Finance minister is unable to handle the situation of black marketing in Indian economy on many consumer goods. Suggest any one suggestions to control this adverse situation.
8. Now days small organization are towards monopoly market. What is the process of making of monopoly of these small firms on the regional basis? [3]
9. Comment upon the degree of elasticity of demand for Good X, in the following given situations, if the price of the commodity rises from 8 per unit to 10 per unit and the quantity demanded falls from 20 units to 16 units : [4]
i) Using the total household expenditure method,
ii) Using proportionate method.
10. Why the justification is not right that two IC are never intersect each other as in metro cities there are exceptional cases where consumers are spending in different phases of time. [4]
OR
A consumer consumes two goods X and Y. Explain what will happen if MU_x/P_x is greater than MU_y/P_y ?
11. Explain the meaning of perfectly elastic supply curve. Explain the concept with a hypothetical numerical example. [4]
12. a) What is meant by price leadership, under oligopoly. [2+4]
b) Elaborate the implication of the conditions of equilibrium of a firm.
13. a) Distinguish between production and supply. [2+4]
b) Complete the following schedule:
- | | | | | | |
|----------------|-----------|-----|-----|-----|-----|
| Units Produced | TPP (in) | 1 | 2 | 3 | 4 |
| | MPP (in) | | | | |
| | APP (in) | 100 | 140 | 140 | 480 |
14. Suppose the demand and supply curves of a Commodity-X is given by the following two equations simultaneously: $Q_d = 200 - p$ $Q_s = 50 + 2p$ i) Find the equilibrium price and equilibrium quantity. ii) Suppose that the price of a factor of production producing the commodity has changed, resulting in the new supply curve given by the equation $Q_s' = 100 + 2p$ Analyse the new equilibrium price and new equilibrium quantity as against the original equilibrium price and equilibrium quantity. [3+3]
15. Show diagrammatically the conditions for consumer's equilibrium, in Hicksian analysis of demand. [6]
OR
Explain the nature of indifference map in the context of extremely high inflationary situation in the economy. Is there any relation of indifference curve and inflation in the economy. If yes then justify your answer.

16. Now days the rate of crude oil is declining and this process seems to be continue. Please suggest any one reason behind this unfavorable situation. [1]
17. Which of the following agency is responsible for issuing 1 currency note in India? [1]
- Reserve Bank of India.
 - Ministry of finance
 - Ministry of Human Resource
 - Niti Aayog
18. Flow of Exported goods and factors of production between sectors in a barter economy is known as: [1]
- Circular flow
 - Money Flow
 - Real flow
 - Capital Flow
19. The government budget of a hypothetical economy presents the following information, calculate the Budgetary Deficit. (all fig. in crores) [1]
- Revenue Expenditure = 35,000
 - Capital Receipts = 40,000
 - Capital Expenditure = 45,000
 - Revenue Receipts = 30,000
 - Interest Payments = 50,000
 - Borrowings = 20,000
20. Which of the following statement is true? [1]
- Loans from IMF is a Revenue Receipt.
 - Higher revenue deficit necessarily leads to higher fiscal deficit.
 - Borrowing by a government represents a situation of fiscal deficit.
 - Revenue deficit is the excess of capital receipts over the revenue receipts.
21. 'Devaluation and Appreciation of currency are one and the same thing'. Do you agree? How do they affect the exports of a country? [3]
22. If in an economy Saving function is given by $S = (-) 50 + 0.2 Y$ and $Y = 4000$ crores; consumption expenditure for the economy would be 1,650 crores and the autonomous investment is 50 crores and the marginal propensity to consume is 0.8. True or False? Justify your answer with proper calculations. Or "Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy". Explain why? [3]
23. Explain how the economy achieves equilibrium level of income using Savings Investment (S-I) approach. [3]
24. Suppose in an imaginary economy GDP at Market Price in a particular fiscal year was 5,000 crores, National Income was 2,500 crores, Net Factor Income paid by the economy to Rest of the World was 400 crores and the value of Net Indirect Taxes is 450 Crores. Estimate the value of consumption of fixed capital for the economy from the given data. [4]

25. What is meant by 'official reserve transactions'? Discuss their importance in Balance of Payments. [4]

26. State the various components of the Expenditure Method that are used to calculate national income. [4]

OR

Discuss any two differences between Domestic Income at constant prices and Domestic Income at current Prices.

27. "Governments across nations are too much worried about the term primary deficit". Do you think that fiscal deficit is necessarily inflationary in nature? Support your answer with valid reasons. [4]

28. Derive a straight line saving curve using the following consumption function: [6]
 $C = 40 + 0.6Y$. Presuming the income levels to be 100, 200 and 300 crores. Also calculate that level of income where consumption is equal to income.

29. a) What is meant by Reverse Repo Rate? How does the Central Bank use this measure to control inflationary conditions in an economy? [3+3]
b) What is meant by Margin Requirement? How does the Central Bank use this measure to control deflationary conditions in an economy?

30. Compute (a) Domestic Income and (b) Net National Disposable Income. [6]

S.No.	Items	Amount (in Crores)
i)	Exports	350
ii)	Government final consumption expenditure	2500
iii)	Subsidies	120
iv)	Gross domestic fixed capital formation	1190
v)	Net factor income to abroad	125
vi)	Net decrease in inventories	100
vii)	factor income to abroad	50
viii)	Net Indirect Taxes	470
ix)	Net Current transfers from abroad	350
x)	Current replacement cost	145
xi)	Private final consumption expenditure	2200
xii)	import	195

OR

Explain any six limitations of using GDP as a measure/index of welfare of a country.



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