

CLASS XII GUESS PAPER ECONOMICS

Time: 3hr.

MM: 100

General Instructions:

- i. All questions are compulsory.
- ii. The question paper comprises of two sections, A and B. You are to attempt both the sections.
- iii. Questions 1 to 5 in section A and 16 to 20 in section B are MCQ's of one mark each. Choose the correct option or answer them in one sentence.
- iv. Questions 6 to 8 in section A and 21 to 23 in section B are three marks questions. Answer to them should not normally exceed 60 words each.
- v. Questions 9 to 11 in section A and 24 to 26 in section B are four marks questions. Answer to them should not normally exceed 70 words each.
- vi. Questions 12 to 15 in section A and 27 to 30 in section B are six marks questions. Answer to them should not normally 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. If with the rise in price of good Y, demand for good X decreases, the two goods are: (Choose the correct alternative)
(a) Substitutes (b) Complements
(c) Not related (d) Jointly demanded
2. Define market demand.
3. Budget line is
(a) Parallel to X-axis (b) Parallel to Y-axis
(c) Downward sloping (d) None of the above

4. When the demand is perfectly elastic, the demand curve is:
- (a) parallel to X-axis (b) parallel to Y-axis
(c) downward sloping curve (d) upward sloping curve

5. When MU is negative TU
- (a) Remains constant (b) falls
(c) Increases (d) None of the above

6. Explain the problem of “how to produce”.

7. What causes leftward shift in supply curve?

8. Complete the table if AFC at one unit of production is ₹ 100.

Output	1	2	3	4	5	6
TC	90	105	115	120	135	160
TVC						

9. State whether the following statements are true or false. Give reasons.
- (a) When marginal revenue is zero, average revenue will be constant.
(b) Marginal revenue can be negative.
(c) When Marginal revenue is zero Total revenue is also zero.

10. Explain the implications of the following:

- Freedom of entry and exit of firms under perfect competition.
- Product differentiation feature of monopolistic competition.

11. Why does the law of demand operate?

12. State whether the following statements are true or false:

- Average cost falls when marginal cost falls.
- The difference between average cost and average variable cost is constant.
- As output increases the difference between average cost and average variable cost falls and ultimately becomes zero.

13. There is simultaneous decrease in demand and supply of a commodity, when will it result in:

- (a) No change in equilibrium price.
- (b) A fall in equilibrium price.

14. A consumer consumes only two goods X and Y whose prices are ₹ 2 and ₹ 1 per unit respectively. If the consumer chooses a combination of the two goods with marginal utility of X being 4 and that of Y also being 4, is the consumer in equilibrium? Give reasons. Explain what a rational consumer will do in this situation. Use Marginal Utility Analysis.
15. Explain the MR- MC approach of producer's equilibrium with the help of an example.

SECTION-B

16. Which of the following is indirect tax?
(a) Gift tax (b) Corporate tax
(c) VAT (d) Service tax
17. Visible items include:
(a) Goods only (b) Services only
(c) Either goods or services (d) Both goods and services
18. Current transactions are of -----nature.
(a) Flow (b) Stock
(c) Both stock and flow (d) None of the above
19. If MPC = 0, the value of multiplier is : (Choose the correct alternative)
(a) 0
(b) 1
(c) Between 0 and 1
(d) Infinity
20. Explain paradox of thrift.
21. How externalities are a limitation of taking gross domestic product as an index of welfare?
22. 'Machine purchased is always a piece of final goods.' Do you agree? Give reasons for your answer.

23. What is circular flow of income in two sector economy?
24. If an additional investment of ` 100 crore increases the income by ` 100 crore in the first round of the multiplier process, by ` 50 crore in the second round, by ` 25 crore in the third round and so on. Determine the total increase in income.
25. (a) In the situation of inflation credit creation by commercial bank is beneficial for the bank but it explains its negative impact on economy?
- (b) Why do all the compensation in the form of money than toys more convenient to an employee working in a toy manufacturing factory?
26. Explain 'banker's bank and supervisor' function of a central bank.
27. It is necessary that the equilibrium level of income is always at full employment. Explain the statement.
28. (a) Distinguish between balance of trade and balance on current account.
- (b) The balance of trade shows a deficit of ₹ 300 crore. The value of exports is ₹ 500 crore. Find the value of imports.
29. (a) Can there be fiscal deficit in a government budget without a revenue deficit? Explain.
- (b) India is suffering from the problem of inequalities in the distribution of income and wealth. How can a budget be used as an instrument to solve this problem.
30. From the following information, calculate:
- (a) Personal income,
- (b) Personal disposable income and
- (c) National income:

S. No.	Items	` (crore)
i	Private income	3000
ii	Compensation of employees	800
iii	Mixed income of self employed	900
iv	Net factor income from abroad	(-) 50
v	Net retained earnings of private enterprises	600
vi	Rent	350
vii	Profit	600
viii	Consumption of fixed capital	200
ix	Direct taxes paid	300
x	Corporation tax	350
xi	Net indirect taxes	250
xii	Net exports	(-) 70
xiii	Interest	450
xiv	wages and salaries	550