

CLASS XII

GUESS PAPER

ECONOMICS

Time -3hrs

Full marks -100

General Instructions:

- a) All questions are compulsory.
- b) The question paper comprises of two sections, A and B. You are to attempt both the sections.
- c) Questions 1 to 5 in section A and 16 to 18 in section B are MCQ's of one mark each. Choose the correct option.
- d) Questions 6 to 8 in section A and 19 to 23 in section B are three marks questions. These are to be answered in about 30 words each.
- e) Questions 9 to 11 in section A and 24 to 25 in section B are four marks questions. These are to be answered in about 50 words each.
- f) Questions 12 to 15 in section A and 26 to 29 in section B are six marks questions. These are to be answered in about 70 words each.

Introductory Micro Economics

1. What is meant by scarcity?
2. Define monotonic preferences.
3. When APP is at its maximum, what is the relation between MPP and APP?
4. What is cartel?
5. Define market
6. Explain the effect of Marginal rate of transformation (MRT) on PPF?
7. Explain with the help of ordinal utility approach how consumer attains maximum satisfaction with respect to two commodities.
8. Why is the slope of the demand curve constant at all points on a straight-line demand curve?
9. Why does a firm under perfect competition can't earn abnormal profit in the long run?

OR

Explain the concept of buffer stock as a tool of price floor.

10. "Supply curve is the rising portion of Marginal cost curve over and above the minimum of AVC." Do you agree? Support your answer with valid reason.
11. Explain the relationship between slope of the demand curve and elasticity of demand.

OR

Explain how under perfect competition, the seller is a "price taker" whereas under monopoly he is "price maker".

12. Market for a good is in equilibrium. Explain the chain of reactions in the market when the given price is: i) higher than equilibrium price ii) lower than equilibrium price.
13. When will a) simultaneous increase and b) simultaneous decrease in both demand and supply not affect the equilibrium price? Explain with the help of diagrams.

14. Explain the implications of the following:

- i) Differentiated products under monopoly ii) large number of buyers and sellers under perfect competition.

15. Define oligopoly market. What are the features oligopoly markets?

INTRODUCTORY MACRO ECONOMICS.

16. If disposable income is Rs.1000 and saving is Rs.250, find out APC.

17. When does a situation of deficient demand arise in an economy?

18. Define tax.

19. Explain any two drawbacks of barter system. How does money help in removing these drawbacks?

20. What is the nature of transactions that are recorded in current account of the Balance of Payments account? Is import of machinery recorded in current account or capital account?

21. What is the difference between devaluation and depreciation of domestic currency?

OR

List three sources each of demand and supply of foreign exchange.

22. Can there be a fiscal deficit in a government budget without a revenue deficit? Explain.

OR

Is fiscal deficit always inflationary in nature?

23. Explain and graphically represent the concept of inflationary gap. Explain role of reverse Repo rate of removing this gap.

24. State the main functions of a central bank. How do commercial banks create money?

25. Explain the meaning of equilibrium level of income and output with the help of saving and investment curves. If planned expenditure is less than planned output, what changes will take place in the economy?

26. Explain the three categories in which BOP transactions are classified.

27. Distinguish between revenue receipts and capital receipts in a government budget. Give two examples of each.

28. From the following table calculate:

INCOME	CONSUMPTION	SAVINGS	INVESTMENT	AD=C+I	AS=Y
100	120	-20	50		
200	160		50		
300	220		50		
400	280		50		
500	340		50		
600	400		50		

i- Identify the break-even point .

ii- Locate the equilibrium level of income.

iii- Calculate MPS when income changes from Rs 400 to Rs 500 .

iv- Calculate APC at income level of Rs 100 crores .

v- Calculate APS at income level of RS 500 crores .

29. Find out: a) gross national product at market price; b) Net current Transfer to abroad.

S.No.	Particular	In Crores	
1	Private final consumption expenditure	1000	
2	Depreciation	100	
3	Net National Disposable income	1500	
4	Closing stock	20	
5	Govt. final consumption expenditure	300	
6	Net indirect tax	50	
7	Opening stock	20	
8	Net domestic fixed capital formation	110	
9	Net exports	15	
10	Net factor income to abroad	(-) 10	