

Class XII

Economics (030)

Duration: 3 hours

Marks:100

General instructions:

- i. Answer to questions carrying 1 mark may be from one word to one sentence.
- ii. Answer to questions carrying 3 mark may be from 60 words.
- iii. Answer to questions carrying 4-5 mark may be about 70 words.
- iv. Answer to questions carrying 6 mark may be about 100 words.
- v. Attempt all parts of question together marks are given at the end of each question.

SECTION-A

[Micro-Economics]

1. In which situation, can PPC be a straight line: [1]
 - i. When MRT is decreasing
 - ii. When MRT is increasing
 - iii. When MRT is constant
 - iv. None of these
2. The TU derived by Shyam by eating 6 apples is 300 utils. MU of the 7th apple is 30 utils. The TU for 7 apples will be _____ utils. [1]
 - i. 330
 - ii. 270
 - iii. 300
 - iv. 30
3. When is the demand of a commodity said to be inelastic? [1]
4. Define market supply? [1]
5. If TR is constant, what will be the effect on AR? [1]
 - i. AR will Fall
 - ii. AR will increase
 - iii. AR will also be constant
 - iv. No effect on AR
6. Explain the difference between an inferior good and a normal goods. [3]

OR

When price of a good rises from Rs. 5 per unit to Rs. 6 per unit, its demand falls from 20 units to 10 units. Compare expenditure on the good to determine whether demand is elastic or inelastic.

7. Explain the problem of 'what to produce' with the help of an example. [3]

8. Are the following statement are true or false? Give reasons
- AR and price are one and the same thing.
 - MR is always the price at which last unit of a commodity is sold.
9. When price of a good is Rs. 7 per unit, a consumer buys 12 units. When price falls to Rs. 6 per unit, He spends Rs. 72 on the good. Calculate price elasticity of demand by using the percentage method. Comment on the likely shape of demand curve based on this measure of elasticity. [4]
10. With the help of supply function: $Q_s = -10 + 2p$, answer the following questions:
- Calculate supply at price of Rs. 7
 - At what price, supply will be 0
 - Calculate the price at which firm will be willing to supply 50 units.
11. Complete the following: [4]

Output	1	2	3	4
Price			11	
MR	15			3
TR		26		

OR

Output	1		3	
Price	10		27	
MR		8		10
TR		6		13

12. Using indifference curves approach, explain the conditions of consumer's equilibrium. [6]

OR

State and explain the three properties of indifference curve.

13. Explain the relationship between: [6]
- Prices of other goods and demand for the given good
 - Income of the buyers and demand for a good.

14. State the phases of the law of variable proportions in terms of total physical output. Use diagram and schedule. [6]
15. Explain the condition of equilibrium of a firm based on MC-MR approach with the help of numerical example and graph, when: [6]
- Price is constant
 - Price falls with increase in output

SECTION-B

[Macro-Economics]

16. Define national product. [1]
17. Define a tax. [1]
18. Flexible exchange rate system is also known as:
- Pegged exchange rate system
 - Dirty floating
 - Floating exchange rate
 - Both (b) and (c)
19. Which of the following fact is correct about MPC? [1]
- Value of MPC varies between 0 to 1
 - MPC of poor is more than that of rich
 - MPC falls with successive increase in income
 - All of these
20. Which function of money is highlighted in the given statement: ‘It has separated the acts of sale and purchase’? [1]
- Standard of deferred payments
 - Store of value
 - Measure of value
 - Medium of exchange
21. Explain credit creation by commercial banks. [3]
22. Explain the relationship between investment multiplier and marginal propensity to consume. [3]
23. What is meant by circular flow of income? Distinguish between real flow and money flow. [3]

OR

Distinguish between intermediate products and final products. Give examples.

24. If national income is Rs. 50 crore and saving Rs. 5 crore, find out APC. When income rises to Rs. 60 crore and saving to Rs. 9 crore, what will be the APC and MPS? [4]

25. State four sources each of demand and supply of foreign exchange. [4]

26. Calculate 'Private Income' from the following: [4]

	Particulars	Rs. In crores
1	National Debt Interest	30
2	GNPmp	400
3	Current transfers from govt.	20
4	NIT	40
5	Net current transfers from the rest of the world	(-) 10
6	Net domestic product at factor cost accruing to govt.	50
7	Consumption of fixed capital	70

27. Calculate national income and gross national disposable income from the following: [6]

	Particulars	Rs. In crores
1	Net current transfers to abroad	(-) 15
2	Private final consumption expenditure	600
3	Subsidies	20
4	Govt. final consumption expenditure	100
5	Indirect tax	120
6	Net imports	20
7	Consumption of fixed capital	35
8	Net change in stocks	(-) 10
9	Net factor income to abroad	5
10	Net domestic capital formation	110

28. How is 'bank rate' used by central bank in influencing credit creation and 'margin requirement' used by central bank in credit control by commercial banks? Explain. [6]

29. Explain national income equilibrium through aggregate demand and aggregate supply. Use diagram. Also explain the changes that take place in an economy when the economy is not in equilibrium. [6]

30. a) Explain the role of govt. budget in allocation of resources.

b) From the following data about a Govt. budget, find out revenue deficit, fiscal deficit and primary deficit:

	Particulars	Rs. In crores
1	Capital receipts net of borrowings	95
2	Revenue expenditure	100
3	Interest payments	10
4	Revenue receipts	80
5	Capital expenditure	110