



ANANDALAYA
PRE BOARD EXAMINATION 2
Class XII

Subject: ECONOMICS
Date : 18/01/2016

M.M: 100
Time: 3 Hour

Instructions:

- All questions in both sections are compulsory. However, there is internal choice in some questions.
- Marks for questions are indicated against each question.
- Question No.1-5 and 16-20 are very short answer questions carrying 1 mark each.
- 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.
- 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.
- 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
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION-A (MICROECONOMICS)

- Keeping the welfare motive in mind, the government should improve heavy tax or increase the existing tax on those products whose elasticity of demand is : 1
 - Greater than one
 - Equal to one
 - Less than one
 - Zero
- Under which market form the AR curve is "less elastic": 1
 - Perfect competition
 - Monopoly
 - Monopolistic competition
 - Oligopoly
- In the phase I of the law of variable proportion total product: 1
 - Falls
 - Becomes negative
 - Increases at increasing rate
 - Increases at decreasing rate
- When there is a rise in the price of a substitute, the demand for a given good : 1
 - Increases
 - Becomes negative
 - Remains the same
 - None of the above
- What is black marketing? 1
- What is marginal rate of transformation? Explain it with a relevant schedule. 3

OR

What happens in the economy if there is an increase in the resources? Explain with the help of production possibility curve.

- A producer is producing output at which $MC = MR$, but if he produces more, the MC becomes more than MR. Is he in equilibrium? Explain with the help of a diagram. 3
- Calculate TVC and TC from the following cost schedule of a firm whose fixed cost are ₹10. 3

Output (units)	1	2	3
Marginal cost (₹)	6	5	4

- Complete the given table : 4

Price (₹)	Demand (a)	Demand (b)	Market demand
5	50	_____	75
4	_____	50	150
3	150	_____	_____
2	_____	100	_____
1	_____	_____	375

- What is the effect of a fall in the price of a complementary good upon the demand for a given good? Use diagram. 4
- Explain the four features of a perfectly competitive market. 4

OR

Define monopoly. Explain the three features of a monopoly firm.

- Explain the three properties of an indifference curve. 6
- Draw TFC, TVC and TC curves in a single diagram and explain relation between them. 6

14. i) Define price elasticity of supply. 1+5
 ii) Explain geometric method of measuring price elasticity of supply.
15. Market for a good is in equilibrium. Explain the effect of a 'decrease in supply' on equilibrium price and quantity. Use diagram. 6

SECTION B (MACROECONOMICS)

16. American embassy in India is a part of the economic territory of; 1
 i) America iii) International areas
 ii) India iv) both India and America
17. Wages and salaries in kind are a component of : 1
 i) Mixed income iii) Compensation of employees
 ii) Operating surplus iv) All the above
18. If a BOT shows a deficit of ₹5000 crores and the value of imports of good is ₹ 9000 crores, what will be the value of exports of good? 1
 i) 5000 iii) 4000
 ii) (-)5000 iv) 14000
19. Define a government budget. 1
20. Budgetary expenditure includes : 1
 i) Capital expenditure iii) Revenue expenditure
 ii) Both (i) and (ii) iv) None of these
21. Explain how "externalities" are a limitation of the GDP as an indicator of welfare. 3
22. Explain the concept of "deflationary gap" with the help of a suitable diagram. 3

OR

23. Explain any one fiscal and one monetary measure to correct the deflationary gap. 3
24. Distinguish between APC and MPC by giving numerical example. 3
24. "Money supply refers to currency inside banks and all bank deposits". True/False. Give reason to support your answer. 4

OR

- Why are demand deposits known as called so?
25. In India excess money supply is the reason of rising price level, Explain how the central bank can control it. 4
26. Calculate intermediate consumption from the following. 4
 (₹ in lakhs)
- | | | |
|------|--------------------------|------|
| i. | Value of output | 2000 |
| ii. | Depreciation | 40 |
| iii. | Subsidy | 10 |
| iv. | Sales tax | 30 |
| v. | Net value at factor cost | 1600 |
27. During the inflationary situation (which affects the poor and fixed income group the most) how can the government through its budget bring about stability in the economy. 6
28. Explain the concept of inflationary gap and explain the role of repo rate in reducing this gap. 6

OR

- i) Explain the concept of multiplier.
 ii) Explain the working of multiplier with the help of a suitable diagram.
29. Distinguish between current account and capital account of balance of payments account. Mention any two transactions of capital account. 6
30. Calculate GNP at market price and NNDI from the following. 6

Items	(₹ in crores)
i) Profits	600
ii) Wages and salaries	250
iii) Dividends	200
iv) Compensation of employees	450
v) Rent and interest	500
vi) Mixed income of self employed	300
vii) Consumption of fixed capital	60
viii) Net factor income from abroad	(-)10
ix) Net indirect taxes	40
x) Net current transfer from abroad	20