

PRE-BOARD EXAMINATION, JANUARY – 2019

CLASS: XII

ECONOMICS

Time: 3 hrs.

MAX. MARKS: 80

General guidelines:

- (i) Answer to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answers to questions carrying 3 marks should not exceed 50-75 words.
- (iii) Answers to questions carrying 4 marks should not exceed 150 words.
- (iv) Answers to questions carrying 6 marks should not exceed 200 words.

SECTION A

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| 1. | What is meant by positive economics? | 1 |
| 2. | Define opportunity cost. | 1 |
| 3. | When does 'change in demand' take place? | 1 |
| 4. | When TP increases at an increasing rate, what happens to MP? | 1 |
| 5. | Under perfect competition, $MR=AR$. Explain | 3 |
| 6. | A consumer buys 200 units of a good at a price of Rs.20 per unit. Price elasticity of demand is (-2). At what price will he be willing to purchase 300 units? Calculate. | 3 |
| 7. | What is minimum price ceiling? Explain its implications | 4 |

OR

If the prevailing price is above the equilibrium price, explain its chain of effects.

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| 8. | Explain the implications of the 'freedom of entry and exit' feature of perfect competition. | 4 |
| 9. | Define market supply. Explain the factor 'input prices' that can cause a change in supply. | 4 |
| 10. | Define fixed cost. Give example. Explain with reason the behaviour of average fixed cost as output is increased. | 6 |

OR

Define marginal product. State the behaviour of marginal product when only one input is increased and other inputs are held constant.

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| 11. | Define consumer's equilibrium. Explain its conditions under indifference curve analysis. | 6 |
| 12. | Explain the law of variable proportion through the behaviour of both total product and marginal product. | 6 |

SECTION B

13. Define Managed Floating. 1
14. What is repo rate? 1
15. What is Cash Reserve Ratio? 1
16. Define investment multiplier. 1
17. Explain any three functions of Central banks. 3
18. What is aggregate demand? State its components. 3

OR

Explain how controlling money supply is helpful in reducing excess demand.

19. State the main components of balance of payments on capital account. 4
20. Distinguish between : 4
 (i) Direct taxes and Indirect taxes.
 (ii) Revenue deficit and Fiscal deficit.
21. Explain the 'medium of exchange' function of money. How has it solved the related problems created by barter? 4

OR

Explain the 'standard of deferred payments' function of money. How has it solved the related problem created by barter?

22. What is the difference between revenue expenditure and capital expenditure? Explain how taxes and government expenditure can be used to influence distribution of income in the society. 6

OR

What is foreign exchange rate? Distinguish between fixed and flexible exchange rate. State two merits each of fixed and flexible exchange rate.

23. Explain with the help of a diagram, the situation of excess demand in an economy. Explain any three Fiscal measures of correcting it. 6
24. (i) Define NNP at factor cost. 6
 (ii) Calculate national income from the following:-

Items	Rs. in crore
(i) Corporation tax	100
(ii) Private final consumption expenditure	900
(iii) Government final consumption expenditure	200
(iv) Undistributed profits	50
(v) Change in stocks	(-)20
(vi) Net domestic fixed capital formation	120
(vii) Net imports	10
(viii) Net indirect tax	150
(ix) Net factor income from abroad	(-)10