



St. Xavier's Sr. Sec. School

Delhi-54

Pre Board Examination 2016

Set 1

Std. 12
05-01-2016

ECONOMICS

Max. Marks : 100
Time : 3 hrs.

General instructions:

1. Question nos. 1 - 5 and 16 - 20 are of 1 mark each. Write the correct option of the MCQs on your answer sheet.
2. Question nos. 6 - 8 and 21 - 23 are short answer questions of 3 marks each. Answers to them should not normally exceed 60 words each.
3. Question nos. 9 - 11 and 24 - 26 are also short answer questions of 4 marks each. Answers to them should not normally exceed 70 words each.
4. Question nos. 12 - 15 and 27 - 30 are long answer questions of 6 marks each. Answers to them should not normally exceed 100 words each.

SECTION - A (MICRO ECONOMICS)

1. How will the imposition of tax and subsidy to influence allocation of resources in the economy affect its PPC? 1
2. A consumer consumes only two goods. If the price of one of the goods falls, the IC
 - a) Shifts upward
 - b) Shifts downward
 - c) Can shift up or down
 - d) Does not shift 1
3. When marginal revenue falls and is negative, the elasticity of demand will be-
 - a) >1
 - b) <1
 - c) 1
 - d) 0 1
4. Which of these is not a reason for economic problems-
 - a) Scarce resources
 - b) Scarce human wants
 - c) Alternate uses of resources
 - d) Unlimited human wants 1
5. When price of a product rises by 20%, the supply also rises by 20%. The elasticity of supply is-
 - a) 0
 - b) 20
 - c) 1
 - d) 2 1
6. Discuss three main features of Perfect Competition.
(OR)
Discuss three main features of Monopolistic competition. 3
7. Define a Budget-Set. What are the factors that lead to a change in it and how? 3
8. The levels of house-rent in the city are on the rise. Which type of price control should be used by the government and how? What will be the consequences? Use diagram. 3
9. Define economic cost. State the relation between MC and AC.
(OR)
What would be the shape of the demand curve so that the total revenue curve is -
 - a) Positively sloped straight line passing through the origin.
 - b) A horizontal line. 4



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10. Suppose an economy plans to produce only two goods. Form the different production possibilities such that marginal rate of transformation remains constant. Explain the likely shape of the PPC. 4
11. State and explain the behaviour of MP in the law of variable proportions. 4
12. A consumer consumes only two goods each priced at rupee one per unit. If the consumer chooses a combination of the two goods with MRS equal to 2, is the consumer in equilibrium?
Give reasons. Explain what a rational consumer will do in this situation. 6
- (OR)
- The utility obtained by spending the last rupee on good X is 4 and that for good Y is 2. Is the consumer in equilibrium? Give reasons. Explain what a rational consumer will do in this situation. 6
13. The government of India has recently decided to use jute bags to store food grains in its warehouses. What will be the impact of this decision on the equilibrium price and quantity of jute bags? Explain using diagram. 6
14. Why is the equality between MC and MR necessary for a firm to be in equilibrium? Is it enough to ensure equilibrium? Explain. 6
15. a) With the rise in price by Rs 10, the quantity demanded changes from 100 units to 95 units. The price elasticity of demand is (-)1.2. Find out the price after the change.
b) Diesel cars seem to add more to air pollution than cars that run on petrol. Explain any one way in which the market demand for diesel cars can be influenced to increase the welfare of the society. Use diagram. 3+3

SECTION - B (MACRO ECONOMICS)

16. Define SLR. 1
17. In the government's Budget, the Primary deficit is Rs. 10,500 and interest is Rs 7000. How much is Fiscal deficit? 1
18. In the circular flow of income and product, which of the following will be a leakage -
a) Borrowing b) Savings c) Exports d) Subsidies 1
19. If the initial deposits are Rs. 2500 and total deposits created out of it are Rs. 10,000, what is the value of LRR? 1
20. The size of the investment multiplier is 2.5 and increase in income is Rs. 500. What was the change in investment? 1
21. Distinguish between revenue receipts and capital receipts of the government budget.
(OR)
Describe the components of revenue receipts of government budget. 3
22. What is meant by Real and Nominal GDP? If Nominal GDP is Rs. 1200 and Price index is 120, what is the Real GDP? 3
23. What is the likely impact on GDP of a change in the market foreign exchange rate?



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- Explain with the help of an example. 3
24. Calculate mpc from the following data about an economy which is in equilibrium: National Income = 4000, autonomous consumption expenditure = 400, investment expenditure = 400. 4
25. In the government's budget, a hike in the value added tax on food and entertainment and income tax rate for those earning more than Rs1 crore per annum was proposed. The finance minister proposed to use the revenue thus raised for the development of the remote and backward regions of the country. 4
- a) Identify and explain the types of taxes proposed above.
b) Which objectives of the Budget are being attained by these proposals?
26. Distinguish between autonomous and accommodating transactions of BOP. 4
- (OR)
- Explain the components of capital account of BOP. 4
27. Giving reasons explain how the following should be treated in the estimation of National Income: 6
- a) Interest on National debt.
b) Purchase of a computer by a school for own use.
c) Purchase of uniforms for nurses by a hospital.
28. Explain the significance of the 'standard of deferred payment' and 'unit of account' functions of money. 6
- (OR)
- Explain 'bank of issue' and 'banker's bank' functions of the central bank. 6
29. What is Inflationary gap? (Use diagram). Explain the role of CRR in removing this gap. 6
30. Calculate National Income and Private Income: 4+2

	Items	Rs. (Crores)
1.	Personal Tax	80
2.	Private final consumption expenditure	1600
3.	Undistributed profits	30
4.	Personal income	570
5.	Government final consumption expenditure	1000
6.	Corporate Tax	50
7.	Net domestic fixed capital formation	700
8.	Net indirect tax	60
9.	Depreciation	20
10.	Changes in stock	(-)10
11.	Net imports	30
12.	Net factor income paid abroad	10

-X-X-X-X-X-X-