



# St. Xavier's Sr. Sec. School

Delhi-54

Pre Board Examination 2016

**Set 2**

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. When marginal revenue falls but is positive, the elasticity of demand will be  
a)  $>1$                       b)  $<1$                       c) 1                      d) 0                      1
2. When price of a product falls by 30%, the supply also falls by 30%. The elasticity of supply is  
a) 30                      b) 0                      c) 3                      d) 1                      1
3. How will the imposition of tax and subsidy to influence allocation of resources in the economy affect its PPC?                      1
4. A consumer consumes only two goods. If the price of one of the goods rises, the IC  
a) Shifts downward                      b) Shifts upwards  
c) Does not shift                      d) Can shift up or down                      1
5. Which of these is not a reason for central problems-                      1  
a) Alternate uses of resources                      b) Scarce resources  
c) Unlimited human wants                      d) Scarce human wants
6. Define a Budget-Line. What are the factors that lead to a change in it and how?                      3
7. The wages of workers in the rural areas is very low. Which type of price control should be used by the government and how? What will be the consequences? Use diagram.                      3
8. Discuss three main features of Monopoly.                      3  
(OR)  
Discuss three main features of Monopolistic competition.
9. State and explain the behaviour of TP in the law of variable proportions.                      4
10. 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  
(OR)  
Define Marginal revenue. State the relation between TR and MR in an imperfect market.



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11. Suppose an economy plans to produce only two goods. Form the different production possibilities such that marginal rate of transformation increases. Explain the likely shape of the PPC. 4
12. The government of India has recently decided to ban the use of plastic bags to store food grains in its warehouses. What will be the impact of this decision on the equilibrium price and quantity of plastic bags? Explain using diagram. 6
13. a) With the fall in price by Rs. 10, the quantity demanded changes from 100 units to 105 units. The price elasticity of demand is (-) 1.2. Find out the price after the change.  
b) Chewing tobacco products is harmful for health. Explain any one way in which the market demand for such products can be influenced to increase the welfare of the society. Use diagram. 3+3
14. 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.  
(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
15. Why is the equality between MC and MR necessary for a firm to be in equilibrium? Is it enough to ensure equilibrium? Explain. 6

## SECTION-B (MACRO ECONOMICS)

16. In the government's Budget, the primary deficit is Rs.10,200 and fiscal deficit is Rs. 10,600. How much is the interest payment? 1
17. The size of the investment multiplier is 2.5 and increase in income is Rs. 5000. What was the change in investment? 1
18. Define CRR. 1
19. In the circular flow of income and product, which of the following will be an injection?  
a) Lending      b) Imports      c) Investments      d) Tax 1
20. If the initial deposits are Rs. 4500 and total deposits created out of it are Rs. 18000, what is the value of LRR? 1
21. What is the likely impact on National Income of a change in the market foreign exchange rate? Explain with the help of an example. 3
22. Distinguish between revenue expenditures and capital expenditures of the government budget.  
(OR)  
Describe the components of capital receipts of government budget. 3



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23. What is meant by Real and Nominal GNP? If Nominal GNP is Rs. 1500 and Price index is 150, what is the Real GNP? 3
24. Calculate mps from the following data about an economy which is in equilibrium: National Income = 2000, autonomous consumption expenditure = 200, investment expenditure = 100. 4
25. In the government's budget, a hike in the service 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.
- a) Identify and explain the types of taxes proposed above.
- b) Which objectives of the Budget are being attained by these proposals? 4
26. Distinguish between autonomous and accommodating transactions of BOP.

(OR)

- Explain the components of capital account of BOP. 4
27. Calculate NNP at mp and personal Income: 4+2

	Items	Rs. Crores
1.	Personal Tax	60
2.	Private final consumption expenditure	1400
3.	Undistributed profits	30
4.	Personal disposable income	490
5.	Government final consumption expenditure	1200
6.	Corporate Tax	50
7.	Net domestic fixed capital formation	700
8.	Net indirect tax	60
9.	Depreciation	20
10.	Changes in stock	(-)20
11.	Net imports	20
12.	Net factor income paid abroad	10

28. Giving reasons explain how the following should be treated in the estimation of National Income:
- a) Purchase of uniforms for security staff by a hospital.
- b) Interest on Public debt.
- c) Purchase of a car by a school for own use. 6
29. Explain the significance of the 'standard of deferred payment' and 'unit of account' functions of money.
- (OR)
- Explain 'bank of issue' and 'banker's bank' functions of the central bank. 6
30. What is Inflationary gap? (Use diagram). Explain the role of SLR in removing this gap. 6

-X-X-X-X-X-