

1)	What is meant by circular flow of income?	1
2)	What are the two types of circular flow of income?	1
3)	What do you mean by real flow?	1
4)	What do you mean by money flow?	1
5)	Differentiate between injections and leakages in the circular flow of income.	3
6)	What do you mean by product market?	1
7)	What do you mean by factor market?	1
8)	Draw a picture showing circular flow of income in a two sector economy without financial system?	3
9)	Draw a picture showing circular flow of income in a two sector economy with financial system?	3

10)	Draw a picture showing circular flow of income in a four sector economy with financial system?	4
<u>METHODS OF CALCULATING NATIONAL INCOME</u>		
11)	Name any two methods involved in the estimation of national income.	1
12)	Briefly outline the steps involved in the estimation of national income by income method.	4
13)	Briefly outline the steps involved in the estimation of national income by expenditure method.	6
14)	Briefly outline the steps involved in the estimation of national income by value added method.	6
15)	Give the different components of domestic factor income.	3
16)	What do you mean by double counting? How it can be avoided?	3
17)	What do you mean by value added?	1
18)	What do you mean by value of output?	1
19)	Define change in stock.	1
20)	Explain any four precautions that have to be undertaken while estimating national income by income method.	6
21)	Explain any four precautions that have to be undertaken while estimating national income by expenditure method.	6

AGGREGATES RELATED TO NATIONAL INCOME: GNP, NNP, GDP AND NDP-AT MARKET PRICE, AT FACTOR COST, NATIONAL DISPOSABLE INCOME (GROSS & NET)

22)	What do you mean by NDP_{MP} ?	1
23)	What do you mean by GNP_{MP} ?	1
24)	What do you mean by NNP_{MP} ?	1
25)	What do you mean by GNP_{FC} ?	1
26)	Differentiate between factor payment and transfer payment.	1
27)	What do you mean by Nominal GDP?	1
28)	Differentiate between Real GDP and Nominal GDP.	1

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29)	Why Real GDP is a better index of welfare of the people?	1
30)	Give any three advantages of Real GDP.	3
31)	Define GDP deflator and give its formula.	1
32)	Define green GNP.	1
33)	Write down any four limitations of using GDP as an index of welfare of a country.	4
35)	How composition of GDP acts as a limitation in taking Gross Domestic Product as an index of welfare? Explain.	1
36)	Write down any four limitations of using GDP as an index of welfare of a country.	4

UNIT 6 – MONEY AND BANKING

MONEY-ITS MEANING AND FUNCTIONS

1.	What are the difficulties of barter system?	1
2.	Explain the “Medium of Exchange” function of money.	1
3	Explain the “Unit of Account” function of money.	1
4	Explain the “Standard of Deferred Payment” function of money.	1
5	Explain the “Store of Value” function of money.	1
6	Explain the process of money creation by the commercial banking system.	3
7	Explain “Issue of notes” function of Central Bank.	3
8	Explain “Banker to the Government” function of the Central Bank.	4
	OR	
	Explain “Government’s bank” function of the Central Bank.	
9	Explain “Banker’s bank and supervisor” function of the Central Bank.	4
10	Explain “Custodian of the nation’s reserves of foreign exchange” function of Central Bank.	3
11	Explain the “Controller of credit” function of Central Bank.	3
12	Explain the “Clearing house” function of money.	3
13	Explain how Central Bank acts as a lender of last resort.	3
14	It is the rate of interest at which commercial banks can raise short terms loans from the central bank.	3

ECONOMICS

15	Differentiate between quantitative and qualitative instruments of credit control.	3
16	What do you mean by open market operations?	3
17	Define Cash Reserve Ratio.	3
18	Define margin requirements.	1
19	What do you mean by moral suasion?	1

UNIT 7 – DETERMINATION OF INCOME AND EMPLOYMENT

Aggregates demand and its components

1) Define aggregate demand.
2) State the components of aggregate demand.
3) Define consumption function.
4) Derive savings function from consumption function diagrammatically.
5) Define investment.
6) What do you mean by autonomous and induced investment?

SHORT – RUN EQUILIBRIUM OUTPUT, INVESTMENT MULTIPLIER AND ITS MECHANISM

7) Explain the determination of equilibrium level of income and employment with the help of a schedule using AD and AS approach.
8) Explain the determination of equilibrium level of income and employment with the help of a diagram through savings and investment approach.
9) What do you mean by ex-post/actual/realized investment?
10) What do you mean by ex-ante/planned/desired/intended savings?
11) What do you mean by ex-post/actual/realized savings?
12) Define investment multiplier.
13) State the relationship between investment multiplier and MPS.
14) Explain the working of investment multiplier with the help of a diagram.

MEANING OF FULL EMPLOYMENT AND INVOLUNTARY UNEMPLOYMENT

15) Give the meaning of full employment.
16) Give the meaning of involuntary unemployment.
17) Give the meaning of Voluntary unemployment.
18) Define full employment equilibrium.
19) Define underemployment equilibrium.

PROBLEMS OF EXCESS DEMAND AND DEFICIENT DEMAND, MEASURES TO CORRECT THEM CHANGES IN GOVERNMENT SPENDING, TAXES AND MONEY SUPPLY.

ECONOMICS

20) Define excess demand.
21) Explain the concept of excess demand with the help of a diagram.
22) What do you mean by inflationary gap?
23) Define deficient demand.
24) Explain the concept of deficient demand with the help of a diagram.
25) What do you mean by deflationary gap?
26) Explain the effect of excess demand on output, employment and price.
27) Explain the effect of deficient demand on output, employment and price.
28) Explain any two fiscal measures to solve the problem of excess demand.
29) Explain any two monetary measures to solve the problem of excess demand.
30) Explain any two fiscal measures to solve the problem of deficient demand.
31) Explain any two monetary measures to solve the problem of deficient demand.

GOVERNMENT BUDGET AND THE ECONOMY GOVERNMENT BUDGET – MEANING, OBJECTIVES AND COMPONENTS

1) Define government budget.
2) State the objectives of a government budget.
3) Explain the following objectives of a government budget. a) Re-allocation of resources b) Re-distribution of income and wealth
4) Explain the following objectives of a government budget.
5) Give the main components of a government budget.

**CLASSIFICATION OF RECEIPTS – REVENUE RECEIPTS AND CAPITAL RECEIPTS; CLASSIFICATION OF EXPENDITURE – REVENUE EXPENDITURE AND CAPITAL EXPENDITURE **

6) Differentiate between revenue receipts and capital receipts. Give examples also.
7) Differentiate between revenue expenditure and capital expenditure. Give examples also.
8) Differentiate between direct taxes and indirect taxes. Give examples also.

MEASURES OF GOVERNMENT DEFICIT – REVENUE DEFICIT, FISCAL DEFICIT, PRIMARY DEFICIT – MEANING

9. What do you mean by budget deficit?	
10) What do you mean by revenue deficit and what are its implications?	
11) What do you mean by fiscal deficit and what are its implications?	
12) What do you mean by primary deficit and what are its implications?	
1) What is meant by circular flow of income?	1
2) What are the two types of circular flow of income?	1
3) What do you mean by real flow?	1
4) What do you mean by money flow?	1
5) Differentiate between injections and leakages in the circular flow of income.	3
6) What do you mean by product market?	1
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8) Draw a picture showing circular flow of income in a two sector economy without financial system?	3

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METHODS OF CALCULATING NATIONAL INCOME

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16)	What do you mean by double counting? How it can be avoided?	3
17)	What do you mean by value added?	1
18)	What do you mean by value of output?	1
19)	Define change in stock.	1
20)	Explain any four precautions that have to be undertaken while estimating national income by income method.	6
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AGGREGATES RELATED TO NATIONAL INCOME: GNP, NNP, GDP AND NDP-AT MARKET PRICE, AT FACTOR COST. NATIONAL DISPOSABLE INCOME (GROSS & NET)

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23)	What do you mean by GNP_{MP} ?	1
24)	What do you mean by NNP_{MP} ?	1
25)	What do you mean by GNP_{FC} ?	1
26)	Differentiate between factor payment and transfer payment.	
27)	What do you mean by Nominal GDP?	1
28)	Differentiate between Real GDP and Nominal GDP.	
29)	Why Real GDP is a better index of welfare of the people?	1
30)	Give any three advantages of Real GDP.	
31)	Define GDP deflator and give its formula.	1
32)	Define green GNP.	1
33)	Write down any four limitations of using GDP as an index of welfare of a country.	

35)	How composition of GDP acts as a limitation in taking Gross Domestic Product as an index of welfare? Explain.	1
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UNIT 6 – MONEY AND BANKING

MONEY-ITS MEANING AND FUNCTIONS

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2)	Explain the “Medium of Exchange” function of money.	3
3)	Explain the “Unit of Account” function of money.	1
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5)	Explain the “Store of Value” function of money.	3
6.	Explain the process of money creation by the commercial banking system.	3
7.	Explain “Issue of notes” function of Central Bank.	
8.	Explain “Banker to the Government” function of the Central Bank. OR Explain “Government’s bank” function of the Central Bank.	4
9)	Explain “Banker’s bank and supervisor” function of the Central Bank.	4
10)	Explain “Custodian of the nation’s reserves of foreign exchange” function of Central Bank.	3
11)	Explain the “Controller of credit” function of Central Bank.	3
12)	Explain the “Clearing house” function of money.	3
13)	Explain how Central Bank acts as a lender of last resort.	3
14	It is the rate of interest at which commercial banks can raise short terms loans from the central bank.	3
15)	Differentiate between quantitative and qualitative instruments of credit control.	
16)	What do you mean by open market operations?	
17)	Define Cash Reserve Ratio.	
18.	Every bank is required to maintain a specified percentage of their net total demand and time liabilities in the form of designated liquid assets. This is known as Statutory Liquidity Ratio.	1
19)	Define margin requirements.	

20)	What do you mean by moral suasion?
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UNIT 7 – DETERMINATION OF INCOME AND EMPLOYMENT

Aggregates demand and its components

1) Define aggregate demand.
2) State the components of aggregate demand.
3) Define consumption function.
4) Derive savings function from consumption function diagrammatically.
5) Define investment.
6) What do you mean by autonomous and induced investment?

SHORT – RUN EQUILIBRIUM OUTPUT, INVESTMENT MULTIPLIER AND ITS MECHANISM

7 a.)

Explain the determination of equilibrium level of income and employment with the help of a schedule using AD and AS approach.
b) Explain the determination of equilibrium level of income and employment with the help of a diagram through savings and investment approach.
8) What do you mean by ex-post/actual/realized investment?
It refers to that level of investment which is actually invested by the investors.
9. What do you mean by ex-ante/planned/desired/intended savings?

10. What do you mean by ex-post/actual/realized savings?
11. Define investment multiplier.
12. State the relationship between investment multiplier and MPS.
13. Explain the working of investment multiplier with the help of a diagram.

MEANING OF FULL EMPLOYMENT AND INVOLUNTARY UNEMPLOYMENT

14. Give the meaning of full employment.
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17. Define full employment equilibrium.
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22. Define deficient demand.
23. Explain the concept of deficient demand with the help of a diagram.

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24. What do you mean by deflationary gap?
25. Explain the effect of excess demand on output, employment and price.
26. Explain the effect of deficient demand on output, employment and price.
27. Explain any two fiscal measures to solve the problem of excess demand.
28. Explain any two monetary measures to solve the problem of excess demand.
29. Explain any two fiscal measures to solve the problem of deficient demand.
30. Explain any two monetary measures to solve the problem of deficient demand.

UNIT -8 GOVERNMENT BUDGET AND THE ECONOMY GOVERNMENT BUDGET – MEANING, OBJECTIVES AND COMPONENTS

1) Define government budget.
2) State the objectives of a government budget.
3) Explain the following objectives of a government budget. a) Re-allocation of resources b) Re-distribution of income and wealth
4) Explain the following objectives of a government budget.
5) Give the main components of a government budget.

**CLASSIFICATION OF RECEIPTS – REVENUE RECEIPTS AND CAPITAL RECEIPTS; CLASSIFICATION OF EXPENDITURE – REVENUE EXPENDITURE AND CAPITAL EXPENDITURE **

6) Differentiate between revenue receipts and capital receipts. Give examples also.
7) Differentiate between revenue expenditure and capital expenditure. Give examples also. Ø
8) Differentiate between direct taxes and indirect taxes. Give examples also.

MEASURES OF GOVERNMENT DEFICIT – REVENUE DEFICIT, FISCAL DEFICIT, PRIMARY DEFICIT – MEANING

9) What do you mean by budget deficit?
10) What do you mean by revenue deficit?
11) What do you mean by fiscal deficit?
12) What do you mean by primary deficit?
13) Differentiate between balance of trade and balance of payment.
14) State the components of balance of payment account.
15) What do mean by current account of balance of payments? Explain its components.
16) What do mean by capital account of balance of payments?
17) Differentiate between current account and capital account of balance of payment.
18) Differentiate between autonomous and accommodating transactions of balance of payments account.
19) What does the balance of payment account record? Distinguish between the “balance of current account” and “balance of trade” in this account
10) What do you mean by disequilibrium in balance of payment?
11) What do you mean by surplus in balance of payment account?
12) What do you mean by deficit in balance of payment account?
13) What do you mean by surplus in balance of trade? When the value export of goods is more than the value of import of goods then it is known as surplus in balance of trade.
14) What do you mean by deficit in balance of trade?

FOREIGN EXCHANGE RATE – MEANING OF FIXED AND FLEXIBLE RATES AND MANAGED FLOATING. DETERMINATION OF EXCHANGE RATE IN A FREE MARKET.

15) What do you mean by foreign exchange?
16) Define foreign exchange rate.
17) Define foreign exchange market.
18) Give any four sources of demand for foreign exchange.
19) Give any four sources of supply of foreign exchange.
20) What do you mean by equilibrium rate of foreign exchange?
21) How equilibrium rate of foreign exchange is determined in a free market?
22) Define currency depreciation.
23) Define currency appreciation.

24) Define currency devaluation
25) Define currency revaluation.
26) How can we broadly classify foreign exchange rate?
27) Define fixed exchange rate and discuss its merits and demerits..
28) Define flexible foreign exchange rate and discuss its merits and demerits.
29) Define managed floating exchange rate?
30) Explain about managed floating exchange rate
31) When can managed floating lead to dirty floating?

CLASS 12 (MICROECONOMICS)

1. INTRODUCTION:

(a) Massive unemployment leads to a leftward shift in PPC. Defend or refute.(3)	
(b) Explain the problem of what to produce with the help of a PPC. (3)	
(c) An economy is operating inside the PPC.Is it possible to increase the production of one commodity without sacrificing the production of another commodity? (3)	
(d) Does production take place only on the PP curve? (3)	
(e) Explain the central problems of an economy using PPC . (6)	
(f) Explain the assumptions and different shapes of PPC depending on MOC. (6)	
(g) Classify the following into: (i) Reasons for rightward (ii) reasons or leftward (iii) no change in PPC: 1. Increase in resources 2. Transfer of resources 3. Make in india(investments) 4. Beti bachao, beti padhao 5. Migration 6, yoga enhancement plans 7. Technical obsolesce 8. Skill development programme 9. Clean india mission 10. Reduction of import duty on gold from 10 percent to 2 percent. 1 each	
(h) Highlight the properties of PPC. (3)	

(i) Distinguish between centrally planned economy and market economy.

(3)

2. Consumers behavior and demand:

- (a) Explain the law of diminishing marginal utility with the help of a utility schedule. (4)
- (b) Explain the consumers' equilibrium in case of single commodity consumption. 4
- (c) Explain the law of equi-marginal utility with the help of a schedule and diagram.(4)
- (d) Highlight the properties of indifference curve with the help of a schedule.(4)
- (e) What will be the effect on the budget line if income of the consumer changes but price of both goods remain unchanged?(4)
- (f) Distinguish between budget set and budget line and Indifference Curve and Indifference Map?(4)
- (g) Explain the Consumer's Equilibrium with the help of Ordinal Approach?(6)
- (h) Explain the exceptions to the Law of Demand.(4)
- (i) Explain the causes behind the Law of Demand.(4)
- (j) "All Giffen goods are inferior but all inferior goods are not Giffen." Explain. (4)
- (k) What is Individual Demand Function? Explain the factors affecting Individual Demand.(4)
- (l) Distinguish between Complimentary and Substitute Goods.(4)
- (m) Distinguish between change in Demand and quantity demanded.(4)
- (n) Define Price Elasticity of Demand. Explain its various types of degrees.(6)
- (o) What are the factors on which Elasticity of Demand depends?(6)
- (p) At the price Rs5/- the quantity demanded of a commodity is 100 units. When price changes, demand increases to 150 units. Calculate the new price if Elasticity of Demand is -2.5. (4)

3. PRODUCER'S BEHAVIOR AND SUPPLY

- a. Explain the Law of Variable Proportions or explain the Law of Returns to a Factor.(6)
- b. Explain the relationship between MP and AP and TP and MP. (3+3)
- c. What are the causes behind Increasing and Diminishing Returns to a Factor. (3+3)

d. Identify the different phases of L.V.P with reasons. (4)

Variable Input	1	2	3	4	5
AP	4	4.5	4	3	2

COST

e. Define Real Cost, Explicit Cost, Opportunity Cost, Implicit Cost, Social Cost and Private Cost.(6)

f. Distinguish between Fixed Cost and Variable Cost. (4)

g. Why is the Short Run Average Cost Curve U-shaped?(4)

h. Explain the relation between AC and MC. (3)

i. Define A.F.C? Why is it Rectangular Hyperbolic?(3)

j. Explain the relation between AC, AVC, AFC and MC with the help of a diagram. (6)

k. Why does MC intersect AC and AVC at their minimum points? (6)

l. Find out Explicit Cost and Implicit Cost from the following:(4)

i)	Investment in Fixed Assets	2000
ii)	Borrowing at 12% interest PA	1500
iii)	Wages paid during the year	120
iv)	Annual Rental Value of the owner’s factory building	100
v)	Annual Depreciation	100
vi)	Estimated Annual Value of the Management Services of the owner	240

REVENUE

m. Explain the relation between AR and MR when more quantities are sold at same price.(6)

n. Explain the relationship between AR and MR when more quantities are sold by reducing the price. (4)

o. Explain the relationship between TR, AR and MR under Imperfect Competition. (4)

SUPPLY

p. Explain the Law of Supply with the help of an Imaginary Schedule and Diagram.(4)

q. Write the exceptions to the Law of Supply. (3)

r. Differentiate between Expansion of Supply and Increase in Supply. (4)

s. Distinguish between Change in Quantity Supplied and change in Supply. (4)
t. Explain the factors affecting the supply of commodity. (4)
u. On the basis of the value of Coefficient of Elasticity of Supply, how many types of situations can you imagine? Represent those situations diagrammatically. (6)
v. Explain the factors influencing the Elasticity of Supply. (6)
w. Explain how changes in prices of other related products influence the supply of a given product. (3)
x. Distinguish between stock and supply. (3)
y. Explain how does change in price of input and technological advancement affect the supply of a commodity. (4)
z. Commodities X and Y have equal Price Elasticity of Supply. The supply of X rises from 400 units to 500 units due to 20% rise in its price. Calculate the % fall in supply of Y if its price falls by 8%. 3
aa. Price Elasticity of Supply is 2. When price of a good decreases from Rs 12 to Rs 10 per unit, then its quantity supplied decreases to 600 units. Find out firm's Total Revenue at Decreased Price. (4)
4. FORMS OF MARKET
a. Define Perfect Competition. What are the features of it? (6)
b. In Perfect Competition, firms are price taker and industry is a price maker. Explain. (6)
c. What are the main features of Monopoly Market. Give some its demerits. (4+2)
d. Define Monopolistic Competition. What are its main features?(6)
e. Define Oligopoly. Explain its main features. (6)
f. Explain the concept of viable and non-viable industry. (3)
g. Explain the impact on Equilibrium Price and Output when both demand and supply changes simultaneously. (6)
h. Explain the concept of Price Ceiling and its effect. (3)
i. Explain Floor price and its implications. (3)
j. If Equilibrium Price of a good is greater than its Market price, explain all the changes in terms of chain effects that will take place, in the market. Use diagram. (4)
k. Compare the Average Revenue Curves of firms under Perfect Competition, Monopoly and Monopolistic competition. (3)
l. Distinguish between Pure Competition and Perfect competition, price discrimination and product

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differentiation, Pure Oligopoly and Differentiated Oligopoly. (6)

m. How will a change in price of coffee affect the Equilibrium price of tea? Explain the effect on equilibrium quantity with the help of a diagram.(4)