

PRE BOARD EXAMINATION, JAN/FEB 2018

ECONOMICS

Class: XII

SET A

Max marks:80

Date:1

Time:3 Hrs

General Instructions:

1. All questions are compulsory.
2. Marks for the questions are indicated against each.
3. Questions no.1-4 and 13-16 are very short answer questions carrying 1 mark each. They are required to be answered in 1 mark each.
4. Questions no.5,6 and 17,18 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
5. Questions no.7-9 and 19-21 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 80 words each.
6. Questions no.10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
7. Answers should be brief and to the point and the above word limits be adhered to as far as possible.

SECTION-A

1. Name the economic value achievable when attempts are made to increase resources in the country. (1)
2. Give two examples of fixed cost. (1)
3. What is meant by producer's equilibrium? (1)
4. Distinguish between stock and supply. (1)
5. Giving reason comment on the shape of Production Possibilities curve based on the following schedule: (3)

P.T.O

Good X (units)	Good Y (units)
0	30
1	27
2	21
3	12
4	0

6. Show that price and demand of a commodity are inversely related? Use utility analysis. (3)

OR

Difference between cardinal and ordinal utility. Give example.

7. Explain the condition of consumer's equilibrium using Hicksian analysis. (4)
 8. Define production function. Distinguish between short run and long run production functions (4)

OR

Draw Total Variable cost, Total cost and Total fixed cost curves in a single diagram.

9. The equilibrium market wage rate is 14,000 per month. The government finding it low fixes minimum wage rate at 18,000 per month. Examine the implications of this decision. Use diagram. (4)
 10. A consumer's income is Rs 200. He spends it on purchase of goods X and Y. prices of X and Y are Rs 40 and Rs 20 per unit respectively. Answer the following questions: (6)
 (i) Write the equation of his budget line.
 (ii) Write two such combinations of X and Y which lie on the budget line.
 (iii) Write two such combinations of X and Y which are a part of his budget set but do not lie on his budget line.

11. Complete the following table: (6)

Output	Total Cost	Average variable cost	Marginal cost	Average fixed cost
0	30	-	-	-
1	-	-	20	-
2	68	-	-	-
3	84	18	-	-
4	-	-	18	-
5	125	19	-	6

12. (a) Competition means rivalry. But under perfect competition there is no rivalry. How do you explain this fact.

(b) Monopolistic competition includes the elements of both monopoly as well as perfect competition. Explain how. (6)

OR

Suppose the demand and supply curves of a commodity X is given by the following two equations simultaneously:

$$Q_d = 200 - p$$

$$Q_s = 50 + 2p$$

- (i) Find the equilibrium price and equilibrium quantity.
- (ii) Suppose the price of a factor of production producing the commodity has changed, resulting in the new supply curve given by the equation : $Q_s' = 80 + 2p$. Analyse the new equilibrium price and new equilibrium quantity.

SECTION-B

- 13. Give one example of 'externality' which reduces the welfare of the people. (1)
- 14. Write any one function of central bank? (1)
- 15. What is double coincidence of wants? (1)
- 16. What is induced investment? (1)
- 17. Distinguish between real and nominal GDP. Which of the two is a better index of welfare of the people and why? (3)
- 18. In an economy aggregate demand is less than aggregate supply. Explain how the economy achieves equilibrium level of national income. (3)

OR

Which of the following cannot have negative value (a) APS (b)MPS. Give reasons.

- 19. How do commercial banks contribute to money supply in the economy? Explain. (4)
- 20. Outline the steps in deriving saving curve from consumption curve. Use diagram. (4)
- 21. In an economy $S = -100 + 0.4Y$ is the saving function and investment expenditure is Rs 4000. Calculate:

- (i) Equilibrium level of national income (4)
- (ii) Consumption expenditure at equilibrium level of national income.

OR

State whether the following statements are true or false. Give reasons.

- (i) Inventories accumulate when planned investment is less than planned saving.
- (ii) Inflationary gap exist when aggregate demand is greater than aggregate supply.

22. Explain the need for reduction in inequalities of income and wealth. Explain any two budgetary measures by which it can be done. (6)

OR

Classify the following taxes into direct and indirect tax. Give reasons for your answer.

- (i) Corporation tax
- (ii) Entertainment tax
- (iii) Excise duty
- (iv) Income tax

23. What will be the effect of the following on the balance of payments? (6)

- (i) 'Make in India' programme.
- (ii) Import of pulses.

24. Find out (a) National Income and (b) Net National Disposable Income. (6)

Items	(crore)
(1) Net imports	(-)10
(2) Net Domestic fixed capital formation	100
(3) Private final consumption expenditure	600
(4) Consumption of fixed capital	60
(5) Change in stocks	(-)50
(6) Government final consumption expenditure	200
(7) Net factor income to abroad	20
(8) Net current transfers to abroad	30
(9) Net indirect tax	70
(10) Factor income from abroad	10