

PRE BOARD EXAMINATION, JAN/FEB 2018

ECONOMICS

Class: XII

SET B

Max marks:80

Date:

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. A country's resources are fully and efficiently employed. The problem of scarcity exists. What advice will be given to raise the efficiency level of the human resource to fight scarcity? (1)
2. Give two examples of variable cost. (1)
3. State two conditions of producer's equilibrium. (1)
4. What is market period? (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	16
1	12
2	8
3	4
4	0

6. Explain the law of diminishing marginal utility with the help of a total utility schedule. (3)

OR

Difference between cardinal and ordinal utility. Give example.

7. Explain why is an indifference curve : (i) downward sloping and (ii) convex (4)

8. Define production function. Distinguish between short run and long run production functions (4)

OR

Draw Average Variable cost, Average Total cost and Marginal 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 wants to consume two goods. The prices of two goods are Rs 4 and Rs 5 respectively. The consumer's income is Rs 20. Answer the following questions: (6)

(i) Write the equations of budget line and budget constraint.

(ii) How much of good 1 can the consumer consume if she spends her entire income on that good?

(iii) How much of good 2 can the consumer consume if she spends her entire income on that good?

11. Complete the following table: (6)

Output	Average fixed cost	Marginal cost	Average variable cost	Average cost
1	60	20	-	-
2	-	-	19	-
3	20	-	18	-
4	-	18	-	33
5	12	-	-	31

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. What are non-monetary exchanges? (1)
14. What is reverse repo rate? (1)
15. What is double coincidence of wants? (1)
16. What is autonomous investment? (1)
17. Why are net exports included in National Income? (3)
18. In an economy aggregate demand is greater than aggregate supply. Explain how the economy achieves equilibrium level of national income. (3)

OR

Distinguish between consumption function equation and saving function equation.

19. Supply of money is not simply the supply of notes and coins in the economy. Do you agree with the statement? Give reason in support of your answer. (4)
20. Outline the steps in deriving consumption curve from saving curve. Use diagram. (4)
21. In an economy the consumption function is $C = 230 + 0.7Y$ and investment expenditure is 400. Calculate equilibrium level of income and consumption expenditure. (4)

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) Increase in import duty of gold.
- (ii) Rise in price of foreign currency.

24. Calculate (a) Net National Product at Market price (b) Gross National Disposable Income (6)

Items	(crore)
(1) Wages and salaries	750
(2) Rent	150
(3) Net current transfers to abroad	60
(4) Net Indirect tax	120
(5) Royalty	100
(6) Profits	350
(7) Net factor income to abroad	(-)20
(8) Consumption of fixed capital	170
(9) Social security contribution by employers	110
(10) Social security contribution by employees	90
(11) Interest	450