

Series : SSR

Code No. 58 / 1 / 1

Roll No.

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Candidates must write the code on the title page of the answer-book

*Please check that this question paper contains 5 printed pages.*

*Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.*

*Please check that this question paper contains 24 questions.*

*Please write down the serial number of the question before attempting it.*

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**First Pre- Board Examination, 2017-2018  
Economics**

**Grade: 12**

**Date: 00.00.0000**

**Time allowed: 3 hours**

**Maximum Marks: 80**

**General Instructions**

(i) All questions in both the sections are compulsory.

(ii) Marks for questions are indicated against each.

(iii) Question Nos. **1-4** and **13-16** are very short-answer questions carrying **1 mark** each. They are required to be answered in one sentence each.

(iv) Question Nos. **5- 6** and **17-18** are short-answer questions carrying **3 marks** each. Answers to them should not normally exceed 60 words each.

(v) Question Nos. **7-9** and **19-21** are also short-answer questions carrying **4 marks** each. Answers to them should not normally exceed 70 words each.

(vi) Question Nos. **10-12** and **22-24** are long-answer questions carrying **6 marks** each. Answers to them should not normally exceed 100 words each.

(vii) Answers should be brief and to the point and the above word limit be adhered to as far as possible.

**SECTION A**

1. Why does the difference between Average Total Cost (ATC) and Average Variable cost (AVC) decrease with the increase in the level of output? [1]
2. When does 'increase' in supply take place? [1]
3. Distinguish between fixed and variable costs. Give one example of each. [1]

4. Price discrimination is a characteristic of: (choose the correct alternative) [1]  
 (a) Perfect competition (b) Perfect oligopoly only  
 (c) Both (a) and (b) (d) Monopoly
5. A consumer consumes only two goods X and Y. Marginal utilities of X and Y are 5 and 4 respectively. The prices of X and Y are ₹ 4 per unit and ₹ 5 per unit respectively. Is the consumer in equilibrium? What will be the further reaction of the consumer? Explain. [3]
6. When price of a good falls from ₹ 15 per unit to ₹ 12 per unit, its demand rises by 25%. Calculate price elasticity of demand. [3]
7. What is maximum price ceiling? Explain its implications. [4]

**OR**

Explain the chain effects, if the prevailing market price is below the equilibrium price.

8. A producer supplies 80 units of a good at a price ₹ 10 per unit. Price elasticity of supply is 4. How much will be supply at ₹ 9 per unit? [4]
9. Explain the condition of consumer's equilibrium using indifference curve analysis. [4]
10. Explain the distinction between 'change in quantity supplied' and 'change in supply'. Use diagram. [6]
11. Explain the implications of the following: [6]  
 a. Product differentiation in a monopolistic competition market.  
 b. Perfect knowledge in perfect competition.

**OR**

Explain why a producer will not be in equilibrium if the conditions of equilibrium are not met.

12. Suppose the demand and supply curves of salt are given by: [6]

$$Q_d = 1,000 - p, \quad Q_s = 700 + 2p$$

- (a) Find the equilibrium price and quantity.  
 (b) Suppose the price of an input used to produce salt has increased so that the new supply curve is:  $Q_s = 400 + 2p$   
 How does the equilibrium price and quantity change?

## SECTION – B

13. Define Capital Goods. [1]
14. Who regulates money supply? (choose the correct alternative) [1]
- a. Government of India
  - b. Reserve Bank Of India
  - c. Commercial Banks
  - d. Planning Commission.
15. What is revenue expenditure? [1]
16. Fiscal deficit equals: (Choose the correct alternative) [1]
- (a) Interest payments (b) borrowings
  - (c) Interest payments less borrowing (d) borrowings less interest payments
17. If the Real GDP is ₹300 and the Nominal GDP is ₹330, calculate Price Index (base = 100 in lakhs) [3]
18. Distinguish between marginal propensity to consume and average propensity to consume. Give a numerical example. [3]
19. Calculate the Equilibrium National Income from the following: [4]
- (i) Autonomous consumption expenditure = 120
  - (ii) Marginal Propensity to Consume = 0.9
  - (iii) Investment Expenditure = 1,100
20. Explain the concept of 'Deficient Demand'. Also explain the role of 'Bank Rate' in removing it. [4]
21. Explain the main functions of money. How does money overcome the shortcomings caused by barter system? [4]
22. Explain the distinction between Autonomous and Accommodating transactions in 'balances of payments'. Also explain in this context, the concept of balance of payment 'deficits'.

**OR**

What is the difference between Direct Tax and Indirect Tax? Explain the role of government budget in influencing allocation of resources. [6]

23. Given consumption curve, derive saving curve and state the steps taken in the process of derivation. Use diagram. [6]

24. Find National Income : [6]

Sl.No:	Items	(in crores)
(i)	Corporation Tax	100
(ii)	Private Final Consumption Expenditure	900
(iii)	Personal Income Tax	120
(iv)	Government Final Consumption Expenditure	200
(v)	Undistributed Profits	50
(vi)	Change in Stocks	(-) 20
(vii)	Net Domestic Fixed Capital Formation	120
(viii)	Net Imports	10
(ix)	Net Indirect Tax	150
(x)	Net Factor Income from Abroad	(-) 10
(xi)	Private Income	1000