

SECOND YEAR HIGHER SECONDARY MODEL QUESTION PAPER

Part III ECONOMICS

Time: 2½ Hours

Maximum: 80 Scores

Cool-off Time : 15 Minutes

PART-I

Answer any 10 questions from 1 to 12. Each carries 1 score. (10x1=10)

1. The downward movement along the demand Curve is called

- (a) Expansion of demand (b) Contraction of demand
(c) Increase in demand (d) Decrease in demand.

2. The value of Perfectly Inelastic demand is -

- (a) $e_D = 0$ (b) $e_D > 1$
(c) $e_D = 1$ (d) $e_D = \alpha$

3. The shape of AFC curve is

- (a) U-shape (b) Inverted U-shape
(c) Rectangular Hyperbola (d) Horizontal Straight line

4. "The General Theory of Employment, Interest and Money" is written by

- (a) Adam Smith (b) Alfred Marshall
(c) J.M. Keynes (d) Ragner Frisch

5. Firm under Perfect Competition is

- (a) Price taker (b) Price maker
(c) Price leader (d) None of these.

6. The ratio of nominal GDP to real GDP is

- (a) Wholesale Price Index (b) GDP deflator
(c) Consumer Price Index (d) Producer Price Index.

7. Which among the following is the most liquid form of money supply.

- (a) M_1 (b) M_2
(c) M_3 (d) M_4

8. The value of $MPS = 0.25$, then the value of multiplier is

- (a) 0.75 (b) 1.33
(c) 4 (d) 1

9. Find the odd one out.

- (a) Consumption demand (b) Investment demand
(c) Government demand (d) Derived demand

10. Which among the following is wrong.

- (a) $Y = C + I + G + X - M$ (b) $NDP = GDP - \text{Net Indirect Tax}$
(c) $NNP = GNP - \text{depreciation}$ (d) $GNP = GDP + \text{Net factor Income from abroad}$

11. The difference between the value of visible import and visible export is called

- (a) Balance of trade (b) Balance of Payment
(c) Official Reserve Account (d) None of these

12. At the minimum level of interest rate, the Speculative demand curve for money is-----

- (a) Elastic (b) Perfectly inelastic
(c) Inelastic (d) Perfectly elastic

PART-II

Answer any 5 questions from 13 to 18. Each Carries 2 scores. (5x2=10)

13. The market demand function is $q_D = 35 - 2P$ and market supply function is $q_S = 20 + P$. Find equilibrium price and equilibrium quantity.

14. Differentiate between Stock and Flow.

15. Classify The following goods into Substitute goods and Complementary goods.

- (a) Tea and Coffee (b) Pen and ink
(c) Petrol and car (d) Rice and wheat.

16. List out any four functions of money.

17. Complete the table.

Micro Economics	Macro Economics
<ul style="list-style-type: none">• It studies individual unit• -----• Individual demand• -----	<ul style="list-style-type: none">• -----• General Theory• -----• Bird's eye view

18. Calculate MPC and MPS.

Consumption (c) = 900

Income (I) = P 1000

Change in income (ΔI) = 1200

Change in Consumption (ΔC) = 1000

PART-III

Answer any 6 questions from 19 to 25. Each Carries 3 scores. (6x3=18)

19. The table shows production possibilities of a country between two goods.

Possibilities	A	B	C	D	E
Good 1	10	9	7	4	0
Good 2	0	1	2	3	4

- (a) Find Marginal Opportunity Cost (MOC)
- (b) Draw Production Possibility Curve (PPC)

20. Explain the determinants of Supply Curve.

21. The following data shows the level of total expenditures of an economy during a year.

Calculate GDP_{MP}.

Items	Amount in Crores
Private Final Consumption expenditure	₹ 6500
Private Investment expenditure	₹ 4000
Government expenditure	₹ 5000
Export expenditure	₹ 600
Import expenditure	₹ 900

22. (a) Distinguish between Nominal GDP and Real GDP.

(b) Which one is considered as the best concept for comparing the GDP among countries?

23. Explain the types of exchange rate determination.

24. The Price of a pen in USA is 3\$. The Price of the same pen in India is ₹ 180. The nominal exchange rate is 1\$ = ₹ 60. Calculate the Real Exchange Rate (RER) between India and USA.

25. Classify the following items and arrange it under proper heading

Fees, Income tax, Fine, Escheat, GST, VAT, Dividends, Wealth tax.

PART-IV

Answer any 4 questions from 26 to 30. Each carries 4 scores. (4×4=16)

26. Explain the properties of Indifference Curve.

27. Differentiate between "Price Ceiling" and "Price Floor".

28. Complete the table.

q	TFC	TVC	TC	AFC	AVC	SAC	SMC
1	50	30	80				
2	50	50	100				
3	50	60	110				
4	50	65	115				
5	50	75	125				

29. Explain "Paradox of Thrift".

30. Distinguish between Balance of payment (BOP) and Balance of Trade (BOT).

PART-V

Answer any 2 questions from 31 to 33. Each Carries 5 scores. (2x5=10)

31. Explain the Profit maximising condition of firm under Perfect Competition in Short run.

32. (a) Complete the table.

Forms of money supply	components
M ₁	
M ₂	
M ₃	
M ₄	

(b) Identify the narrow money and broad money.

33. Suppose $C = 20 + 0.5 Y_d$, $I = 50$, $G = 100$, $T = 10$, $TR = 5$.

(a) Find equilibrium income and output.

(b) Calculate Government expenditure Multiplier.

(c) Calculate Tax Multiplier.

PART-VI

Answer any 2 questions from 34 to 36. Each Carries 8 marks.

(2x8=16)

34. Mr. Rahul consumes two goods X and Y. The price of x is ₹ 10 and Price of Y is ₹ 20. His money income is ₹100.

(a) Write the equation of budget line.

(b) Find horizontal intercept.

(c) Find vertical intercept.

(d) Draw the budget line.

(e) Find the slope of budget line.

(f) What will happen to the budget line if the income increases to ₹120.

35. Prepare a seminar report on "the methods of measuring National Income".

36. Mr. Anil is a producer. He employs two inputs Among the two inputs one is fixed and the other is variable. Explain the law of production associate with this.

BLUE PRINT							
NO	UNIT	QUESTION PATTERN				TOTAL	
		OBJECTIVE		DESCRIPTIVE		NO. OF QUESTIONS	SCORE
		NO. OF QUESTIONS	SCORE	NO. OF QUESTIONS	SCORE		
1.	Introduction to Micro Economics			2	5	2	5
2.	Theory of Consumer Behaviour	2	2	3	14	5	16
3.	Production and Cost	1	1	2	12	3	13
4.	Theory of Firm under Perfect Competition	1	1	2	8	3	9
5.	Market Equilibrium			2	6	2	6
6.	Introduction to Macro Economics	1	1	1	3	2	4
7.	National Income Accounting	2	2	3	16	5	18
8.	Money and Banking	2	2	3	9	5	11
9.	Income Determination	2	2	1	4	3	6
10.	Government Budget and the Economy			2	8	2	8
11.	Open Economy- Macro Economics	1	1	2	7	3	8