KENDRIYA VIDYALAYA PATTOM, SHIFT I

ECONOMICS

Class - XII | **Time : 3 hrs.**
Max Marks : 100

General Instructions:

1. All questions in both he sections are compulsory.
2. Marks for the questions are indicated against each.
3. Question Number 1-5 and 16-20 are multiple choice questions or very short answer questions carrying 1 mark each. Choose the correct answer or answer in one sentence.
4. Question numbers 6-8 and 21-23 are short answer question carrying 3 marks each. Answers to them should not exceed 60 words each.
5. Question numbers 9-11 and 24-26 are also short answer questions carrying 4 marks. Answers to them should not exceed 70 words each.
6. Question numbers 12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them shall not exceed 100 words each.
7. Answers should be brief and to the point and the word limit should be adhered to as far as possible.

SECTION - A

1. If increase in income of a consumer leads to decrease in demand for a commodity, then the given commodity is a ------------------------------
   a. Substitute good
   b. Inferior good
   c. Normal good
   d. Complementary.

(1)

2. Why is the demand curve faced by a monopolistic competitive firm more elastic?

(1)

3. Shape of Indifference curve is due to ------------------ MRT
   a. Increasing
   b. Constant
   c. Decreasing
   d. Any of the above.

(1)

4. In oligopolistic markets:

a) There are many firms. b) There are only a few firms.

c) There are no barriers to entry. D) Firms have no control over price

(1)

5. What will be the elasticity of demand if increase in price of a commodity leads to increase in total expenditure for the commodity?

   a. Ed = 1
   b. Ed > 1
   c. Ed < 1
   d. none of these

(1)

6. Explain the relationship between marginal cost and average cost.

(3)

7. What is ‘change in supply’? Explain the effect of tax imposed on a good on the supply of the good.

(3)

8. A consumer buys 1000 units at Rs 10 per unit. When the price falls he buys 1400 units. If the price elasticity is – 2, what is the new price?

OR

Using Percentage method calculate the elasticity of demand for the commodity

Demand	Total Expenditure
20	200
15	300

(3)

9. What is Price floor? Why does the government of India fix price floor for some crops? Explain?

(4)

10. Distinguish between explicit cost and implicit cost. Give example.

(4)

11. Explain the impact of the following on the demand for a given commodity with the help of a diagram.

   1. Decrease in the price of related goods.
   2. Increase in the income of consumer.

(4)

12. What is a PPC? What are the properties of a PPC? In a major earthquake that occurred

in Nepal on May 2015 many people died and many enterprises were destroyed. How will it affect the country's PPC?

(6)

13. Define consumer's equilibrium. Explain the conditions of consumer's equilibrium when the consumer is consuming a single good with help of a diagram.

(6)

14. Distinguish between returns to a factor and returns to scale. Explain the reasons for increasing returns to scale.

(6)

15. The market for a commodity is in equilibrium. There is a simultaneous increase in demand and supply. Explain its chain of effects on equilibrium price, Quantity demanded and supplied with the help of a diagram.

OR

Explain the changes that take place when market price is less than equilibrium price, with the help of a numerical example and diagram.

(6)

SECTION - B

16. Which among the following is not a capital receipts?
    - a. Recoveries of loans
    - b. Escheat
    - c. Borrowings
    - d. Disinvestment

(1)

17. If APC is 0.7, what is the value of APS?

(1)

18. From the following find out the formula of Investment Multiplier in terms of MPC.
    - a. k = 1/mpc
    - b. k = 1/mps
    - c. k= 1/1-mpc
    - d. $k = \frac{\triangle Y}{\triangle I}$

(1)

19. What would you suggest to improve the rate of growth of real income of the weaker sections of the society in an emerging economy like India?

    a. Progressive tax rate
    b. Regressive tax rate
    c. Credit control.
    d. Reduction of public expenditure.

(1)

20. What is Statutory Liquidity Ratio?

    a. Percentage of total deposits which central bank keeps with commercial bank.
    b. Percentage of total deposits which commercial bank keep with themselves.
    c. Percentage of total deposit which commercial bank keeps with central bank.
    d. Rate at which central bank advances loans to commercial bank.

(1)

21. Distinguish between autonomous and accommodating transaction of balance of payment account.

(3)

22. How do changes in legal reserve requirements affect the money supply in an economy? Explain

(3)

23. What are the precautions to be taken while computing national income using value added method?

OR

Distinguish between real GDP and nominal GDP. Which of these is a better index of welfare of the people and why?

(3)

24. Explain the medium of exchange function on of money?

OR

Explain the lender of last resort function of central Bank?

(4)

25. Explain why there is an increase in supply of foreign currency when there is a rise in its price.

(4)

26. Give the meaning of :

    a. Inflationary Gap

b. Deflationary gap

(4)

27. What is Revenue Deficit? What are the implications of Revenue Deficit? How is it different from Fiscal Deficit?

OR

What is Budget Receipts? Explain the various types of Budget receipts.

(6)

28. How will you treat the following while computing the national Income of India? Give Reason.

1. The profit gained by on Indian by investing in shares of a multinational company.
2. The expenditure incurred on purchasing a machine by a firm.
3. Financial assistance received by the victims of flood.
4. Profit received by an Indian bank from its branch in Canada.

(6)

29. Explain how equilibrium level of income is determined in an economy using saving-investment approach? If planned savings is greater than planned investment, explain how equilibrium is regained.

(6)

30. Calculate (a) National income and (b) Gross National Disposable Income from the following data:

		(Rs. in Crores)
1.	Net domestic fixed capital formation	250
2.	Indirect Tax	150
3.	Private final consumption Expenditure	800
4.	Net factor income from abroad	20
5.	Net Exports	10
6.	Mixed income	400
7.	Government final consumption expenditure	500
8.	Consumption of fixed capital	40
9.	Change in stock	15
10.	Net current transfers to abroad	(-) 5
11.	Subsidies	100

(6)