

KENDRIYA VIDYALAYA PATTOM, SHIFT I

ECONOMICS

CLASS: XII D & E

MAX.TIME: 3 HOURS

MAX. MARKS: 100

INSTRUCTIONS:

All questions are compulsory.

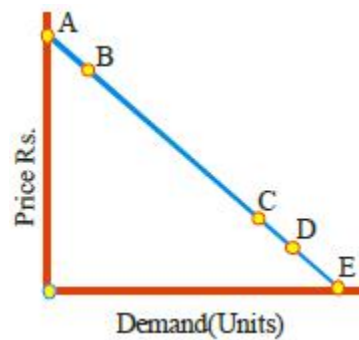
The question paper comprises of two sections, A and B. You have to attempt both the sections.

- a) Questions 1 to 5 in section A and 16 to 18 in section B are MCQ's of one mark each. Choose the correct option.
- b) Questions 6 to 8 in section A and 19 to 23 in section B are three marks questions. These are to be answered in about 30 words each.
- c) Questions 9 to 11 in section A and 24 to 25 in section B are four marks questions. These are to be answered in about 50 words each.
- d) Questions 12 to 15 in section A and 26 to 29 in section B are six marks questions. These are to be answered in about 70 words each.

PART A – INTRODUCTORY MICRO ECONOMICS

1. PPC is concave to the origin because of :
 - a. Increasing MRT
 - b. Decreasing MRT
 - c. Constant MRT
 - d. None of the above(1)
2. Increase in demand for a commodity is due to:
 - a. Increase in price of the commodity
 - b. Decrease in price of the commodity
 - c. Increase in price of its substitute good
 - d. Both b and c(1)
3. What is the opportunity cost of an input which has no alternative use:
 - a. 1
 - b. High
 - c. Medium
 - d. Zero(1)
4. Which of the following is not a determinant of price elasticity of supply?
 - a. Availability of input
 - b. Technology used
 - c. Price of other goods
 - d. Habit(1)
5. What is the elasticity of supply of a commodity, if its supply curve starts from the y axis?
 - a. Unitary elastic
 - b. Less elastic
 - c. More elastic
 - d. Perfectly elastic(1)

6. Microeconomics and Macroeconomics are same. Defend or refute. (3)
7. According to the law of demand, by increasing the price of a good its demand decreases. But in case of petrol, its demand is increasing with increase in its price. Why? Explain. (3)
8. What is the impact of the recent floods in J&K on that economy's PPC? (3)
9. What is the behaviour of average revenue in a market in which a firm can sell any quantity of a good at a given price? (4)
10. A farmer grows pulses and wheat. How will an increase in the price of pulses affect the supply curve of wheat? Explain with the help of a diagram. (4)
11. Even though the price of petrol is very high, its demand is also very high contrary to the law of demand. Why is it so? How can the demand of petrol be decreased? (4)
12. The diagram shows AE is the demand curve of a commodity. On the basis of the diagram, state whether the following statements are true or false. Give reason for your answer.



- a. Demand at point 'B' is price inelastic.
 - b. Demand at point 'C' is more price elastic than at point 'B'.
 - c. Demand at point 'C' is price elastic.
 - d. Price elasticity of demand at point 'C' is greater than price elasticity of demand at point 'D'
- (6)
13. Giving reason, state whether the following statements are true or false.
 - a. When there are diminishing returns to a factor total product always decreases.
 - b. When there are diminishing returns to a factor marginal and total product both always fall.
 - c. Increase in total product always indicates that there are increasing returns to factor (6)
 14. Explain the factors responsible for rightward shift of the demand curve with the help of suitable diagram. (6)
 15. Explain the conditions of consumer's equilibrium when a consumer is consuming two goods simultaneously. (6)

PART B – INTRODUCTORY MACRO ECONOMICS

16. Which among the following is not a component of capital receipts?
a. Borrowings
b. Disinvestment
c. Interest payments
d. Recovery of loans (1)
17. Net indirect tax is:
a. Gross – depreciation
b. Factor income to abroad – factor income from abroad
c. Market price + subsidies
d. Excise duty – subsidies (1)
18. Which among the following are claims of the government on the property of a person who dies without leaving a will or without having a legal heir?
a. Excise duty
b. Court fee
c. Escheat
d. Penalty (1)
19. How does money help to solve the problem of double coincidence of wants? (3)
20. Give three sources of supply of foreign exchange. (3)
21. Explain the lender of last resort function of central bank. (3)
22. Explain how the primary functions of money are different from the secondary functions of money? (3)
23. Differentiate between direct and indirect tax. (3)
24. Calculate 'value of output' from the following data:
- | Items | Rs. in lakh |
|--------------------------------|-------------|
| Net value added at factor cost | 100 |
| Intermediate consumption | 75 |
| Excise duty | 20 |
| Subsidy | 5 |
| Depreciation | 10 |
- (4)
25. Differentiate between autonomous and accommodating items of balance of payment. (4)
26. What is balance of payment? How is it different from balance of trade? What are the various components of current account of balance of payment? (6)
27. Explain the following and state what are the implications of them:
a. Primary deficit
b. Fiscal deficit
c. Revenue deficit (6)

28. Explain how commercial bank creates credit with the help of a suitable example. (6)
29. Calculate NI by (i) income method (ii) expenditure method:

	Items	Rs. in Crores
1.	Net Domestic Capital formation	360
2.	Interest	200
3.	Rent	300
4.	Private Final consumption expenditure	1300
5.	Govt. final consumption expenditure	730
6.	Net Exports	- 20
7.	Net Indirect Taxes	70
8.	Net Current transfers from Row	80
9.	Consumption of fixed capital	60
10.	NFIA	- 50
11.	Profits	600
12.	Compensation of Employees	1200

(6)
