



**INDIAN SCHOOL SOHAR**  
**UNIT TEST 2014 - 2015**  
**ECONOMICS**

**Date: -26.5.2014**

**STD: - XII**

**Marks: - 50**

**Time: - 2hrs**

**General Instructions:-**

- 1) All questions in both the sections are compulsory.
- 2) Questions 1 to 2 and 9 -10 are very short answers questions carrying 1 mark for each part. They are required to be answered in one sentence each.
- 3) Questions 3 to 5 and 11 to 13 are short answer questions carrying 3 marks each. Answer to them should not exceed 75 words each.
- 4) Questions 6 to 7 and 14 to 15 are also short answer questions of 4 marks each. Answer to them should not exceed 90 words each.
- 5) Questions 8 and 16 are long answer questions of 6 marks each. Answer to them should not exceed 150 words each.
- 6) Questions marked star (\*) are value based questions.
- 7) Answer should be brief and to the point and word limits be adhered to as far as possible.

**SECTION A –MICRO ECONOMICS**

1. Define monotonic preference. [1]
2. \*A lot of people died and many factories were destroyed in an earthquake. How will it affect the PPC of the economy? [1]
3. The demand for goods X and Y have equal price elasticity. The demand of X rises from 100 units to 250 units due to a fall in its price by 20% . Calculate the percentage rise in demand of Y, if its price falls by 8%. [3]
4. Why is there an inverse relationship between price and quantity demanded of a commodity? [3]
5. With the help of a schedule and diagram, explain the relationship between TU and MU. [3]
6. What are economic problems? What are the central problems of an economy? [4]
7. Distinguish between [4]
  - A. Change in demand and change in quantity demand.
  - B. Substitute goods and complementary goods
8. Define consumer's equilibrium. Explain the conditions of consumer's equilibrium with the help of utility analysis. [6]

OR

Define elasticity of demand. What are the different degrees of elasticity of demand?

**SECTION B –MACRO ECONOMICS**

9. Define government budget. [1]
10. \*Why does an employee working in a toy manufacturing factory get his salary in form of

money instead of toys?

[1]

11. Differentiate between

[3]

- a. Direct tax and Indirect tax
- b. Capital expenditure and Capital Receipts

12. Define disequilibrium in the balance of payment. Explain the causes of disequilibrium in the balance of payment

[3]

13. From the budget estimates of Government of India for the year 2000 – 2001, calculate

[3]

- (a) Revenue Deficit
- (b) Primary Deficit
- (c) Fiscal Deficit

Items	₹( in Crores)
1. Plan capital expenditure	120
2. Interest payments	30
3. Capital receipts net of borrowings	140
4. Revenue expenditure	100
5. Non – plan expenditure	80
6. Revenue receipts	70

14. Distinguish between

[4]

- A. Autonomous and accommodating transactions in the balance of payment
- B. Balance of trade and balance of payment

15. “Money is a matter of function four.” Explain this statement.

[4]

16. Explain the controller of credit function of a central bank.

[6]

OR

Explain the process of credit creation of the commercial banks with the help of a numerical example.