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INDIAN SCHOOL SOHAR
FIRST TERM
ECONOMICS

Date: - 10.9.2015 **Marks: - 100**

STD: - XII **Time: - 3hrs**

General Instructions:-

1) All questions in both the sections are compulsory.
2) Questions 1- 5 and 17 - 21 are multiple choice questions carrying 1 mark for each part.
3) Questions 6 - 8 and 22 – 24 are short answer questions carrying 3 marks each. Answer to them should not exceed 75 words each.
4) Questions 9 – 12 and 25 - 26 are also short answer questions of 4 marks each. Answer to them should not exceed 90 words each.
5) Questions 13 – 16 and 27 - 30 are long answer questions of 6 marks each. Answer to them should not exceed 150 words each
6) Answer should be brief and to the point and the above word limit should be adhered to as far as possible.
7) Attempt all parts of a question together.

SECTION A –MICRO ECONOMICS

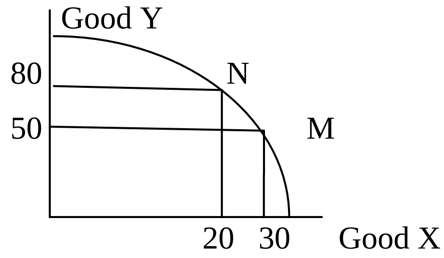
1. Slope of PPC between point N and point M is: 1

    a. 3

    b. 20

    c. 2.5

    d. 3.5



2. Marginal rate of substitution is defined as: 1

    a. Amount of good Y given up for good X such that the Total utility remains constant

    b. Amount of good X given up for good Y such that the Total utility remains constant

    c. Amount of good Y given up for good X such that the Total utility increases.

    d. Amount of good Y given up for good X such that the Total utility decreases.

3. The absolute value of the coefficient of elasticity of demand ranges from: 1

    a. One to minus infinity

    b. Zero to infinity

    c. One to infinity

    d. Minus infinity to plus infinity

4. Production function means: 1

    a. Physical relationship between inputs used and output.

    b. Technical relationship between inputs used and output.

    c. Financial relationship between inputs used and output.

    d. Both physical and technical relationship between inputs used and output.

5. Total cost at zero level of output will be equal to 1

   a. TVC
   b. TFC
   c. AC
   d. AFC

6. Why is there an inverse relationship between price and quantity demanded of a commodity? 3

OR

How does the income of a consumer affect the demand for the commodity?

7. In the short run the AC curve is always U shaped. Explain why? 3

8. 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%.

9. Differentiate between 4

   A. Explicit cost and implicit cost
   B. Fixed cost and variable cost

10. Differentiate between 4

   a. Complementary goods and substitute goods
   b. Change in quantity demanded and change in quantity

11. What are the causes of the operation of the Law of Increasing Returns to Factor? 4

OR

Why does the Law of Diminishing Returns operate?

12. What is economic problem? Why does an economic problem arise? 4

13. A. What is producer's equilibrium? Explain the conditions of producer's equilibrium through the Total cost and Total revenue approach. 6

   B. Find out the profit maximizing position of a producer on the basis of the following data.

Output (in units)	**AR (in ₹)**	**AC (in ₹)**
1	9	3
2	9	4
3	9	5
4	9	6
5	9	7

14. Define consumer's equilibrium. Explain the conditions of consumer's equilibrium in case of one commodity with the help of utility analysis. 6

15. Explain the Law of variable proportion with the help of total physical product curve and marginal physical product curve. 6

16. Define demand. Explain the geometric method of calculating price elasticity of demand. 6

OR

Explain the factors affecting the elasticity of demand.

SECTION B –MACRO ECONOMICS

17. Money supply is defined as 1
    a. Stock of money held by the public at a point of time in an economy.
    b. Flow of money held by the public at a point of time in an economy.
    c. Flow of money held by the government at a point of time in an economy.
    d. Stock of money held by the government at a point of time in an economy.
18. The policy measures taken by RBI to control and regulate money supply is called: 1
    a. Credit policy
    b. Financial policy
    c. Monetary policy
    d. Fiscal policy
19. In currency depreciation, there is: 1
    a. Rise in the value of domestic currency in terms of foreign currency.
    b. No change in the value of domestic currency in terms of foreign currency.
    c. Fall in the value of foreign currency in terms of domestic currency.
    d. Fall in the value of domestic currency in terms of foreign currency.
20. If fiscal deficit is worth ₹30,000 Cr and interest payment amounts to ₹8,000 Cr., the primary deficit will be 1
    a. ₹38,000 Cr
    b. ₹22,000 Cr
    c. ₹30,000Cr
    d. ₹46,000 Cr
21. While financing a deficit, under which measure can the government print more currency notes? 1
    a. By issue of bonds
    b. By selling securities in the open market
    c. By disinvestment
    d. By deficit financing
22. What do you understand by budget receipts? Classify and explain the types of budget receipts. 3

OR

India is suffering from the problem of inequality in distribution of income and wealth and improper allocation of resources. How can a budget be used as an instrument to reduce this inequality and enable proper allocation of resources?

23. Differentiate between Central bank and Commercial bank. 3

24. Differentiate between current account and capital account. 3

25. "Money is a matter of function four." Explain this statement. 4

OR

Differentiate between:

A. Qualitative instruments of credit control and quantitative instruments of credit control.

B. Fiat money and fiduciary money

26. What is revenue deficit? What are the implications of a large revenue deficit? 4

27. Differentiate between: 6

A. Direct tax and indirect tax.

B. Fiscal deficit and revenue deficit

C. Developmental expenditure and non-developmental expenditure

28. Differentiate between 6

a. Nominal exchange rate and real exchange rate

b. Fixed exchange system and flexible exchange system.

c. Managed floating and dirty floating

29. Explain the causes responsible for unfavorable balance of payment in India. Suggest measures to correct the balance of payment deficit. 6

30. Explain the controller of credit function of a central bank. 6

OR

Define money. How does the use of money overcome the drawbacks of the barter system?