



INDIAN SCHOOL SOHAR
PRE BOARD EXAM 2017 - 2018
ECONOMICS [030]

Date: -14.01.2018
STD: - XII

Marks: - 80
Time: - 3hrs

General Instructions:-

- 1) All questions in both the sections are compulsory.
- 2) Questions 1- 4 and 12 - 16 are multiple choice questions carrying 1 mark for each part.
- 3) Questions 5 - 6 and 17 – 18 are short answer questions carrying 3 marks each. Answer to them should not exceed 75 words each.
- 4) Questions 7 - 9 and 19 - 21 are also short answer questions of 4 marks each. Answer to them should not exceed 90 words each.
- 5) Questions 10 – 12 and 22 - 24 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. Homogeneous products are sold under 1
 - a. Collusive oligopoly
 - b. Non collusive oligopoly
 - c. Perfect oligopoly
 - d. Imperfect oligopoly
2. What could be the reason for the demand curve to be positively sloped? Explain 1
in terms of nature of the commodity, income effect and substitution effect.
3. As we move along a downward sloping straight line demand curve from left to 1
right, price elasticity of demand :
 - a. remains unchanged
 - b. goes on falling
 - c. goes on rising
 - d. falls initially then rises
4. The minimum assured price offered by the government to the farmers for the 1
purchase of their output is called
 - a. Ceiling price
 - b. Support price
 - c. Market price

d. Equilibrium price

5. Explain the concept of marginal opportunity cost using a numerical example. 3

OR

Why is production possibility curve concave? Explain.

6. Complete the following table 3

Output (units)	AFC in ₹	AC in ₹	AVC in ₹	MC in ₹
1		140		50
2			45	
3				45
4	22.5		48	
5	18		52	

7. A. Why is Total Variable Cost curve inverse S- shaped? 4

B. What is Average Fixed Cost of a firm? Why is an Average Fixed Cost Curve a rectangular Hyperbola? Explain with help of a diagram.

8. What type of production function is this in which only one input is increased and others kept constant? State the behavior of total product in this production function. 4

9. The equilibrium market wage rate is ₹14,000 per month. The government finding it low fixes minimum wage rate at ₹18,000 per month. Examine the implications of this decision. Use diagram. 4

10. A. Assuming that no resource is equally efficient in production of all goods, name the curve which shows production potential of the economy. 6
Explain, giving reasons, its properties.

B. Price elasticity of demand of good X is -2 and of good Y is -3 . Which of the two goods is more price elastic and why?

11. From the following schedule find out the level of output at which the producer is in equilibrium. Calculate profit. Give reasons for your answer. 6

Output (units)	1	2	3	4	5	6	7
Price (in ₹)	24	24	24	24	24	24	24
Total cost (in ₹)	26	50	72	92	115	139	165

12. A consumer consumes only two goods. For the consumer to be in equilibrium why Marginal Rate of Substitution must between the two goods must be equal to the ratio of prices of these two goods? Is it enough to ensure equilibrium? 6

OR

A consumer consumes only two goods. Why is the consumer said to be in equilibrium when he buys only that combination of the two goods which lies at that point on the Indifference curve where the budget line is tangent to the indifference curve? Explain. Use diagram.

SECTION B: MACRO ECONOMICS

13. How is Wider Band different from Crawling Peg? 1
14. Which of the following is not a flow? 1
- a. Capital
 - b. Income
 - c. Investment
 - d. Depreciation
15. Depreciation of fixed capital assets refers to : 1
- a. Normal wear and tear
 - b. Foreseen obsolescence
 - c. Normal wear and tear and foreseen obsolescence
 - d. Unforeseen obsolescence
16. Other things remaining unchanged, when in a country the price of foreign currency rises, national income is : 1
- a. Likely to rise
 - b. Likely to fall
 - c. Likely to rise and fall both
 - d. Not affected
17. Distinguish between ex-ante measure and ex-post measure of a variable. Which of the two forms the basis of the theory of national income determination? 3

OR

Distinguish between average propensity to consume and average propensity to

save. What is the relation between the two

18. What are non-monetary exchanges? Give an example. Explain their impact on use of gross domestic product as an index of welfare of the people. 3
19. Explain the “varying reserve requirements” method of credit control by the central bank. 4
20. Use following information of an imaginary country: 4

Year	2014 – 2015	2015 – 2016	2016 - 2017
GDP	6.5	8.4	9
GDP deflator	100	140	125

A. For which year is real GDP and nominal GDP same and why?

B. Calculate Real GDP for the given years. Is there any year for which Real GDP falls?

21. Explain the role of the government budget in controlling inflationary and deflationary tendencies. 4
22. Derive the two alternative conditions of expressing national income equilibrium. Show these equilibrium conditions on a single diagram. 6
23. Find Gross Domestic Product at Market Price with the help of income and expenditure methods using following data 6

S no	Particulars	₹ (in crore)
1	Final consumption expenditure	6500
2	Final consumption expenditure of nonprofit organizations serving household	1500
3	Wages and salaries	9000
4	Operating surplus	2000
5	Mixed income	5000
6	Net indirect tax	1500
7	Depreciation	2500
8	Net occupational fixed investment	4000

9	Net house construction investment	1200
10	Net government expenditure	800
11	Stock investment	2000
12	Net factor from abroad	1000
13	Government final consumption expenditure	2000
14	Net exports	2000

24. A. In an economy the actual level of income is ₹ 500 crore, whereas the full employment level of income is ₹ 800 Cr. The MPC is 0.75. Calculate the increase in investment to achieve full employment of income. 6
- B. Define money supply. Explain any three factors affecting money supply.
