

**CLASS XII
ECONOMICS
BY**

Mr.SWAJAN K DEY(M.A,M.Phil,B.Ed)

General Instructions:

- i. All questions in both sections are compulsory. However, there is internal choice in some questions.
- ii. Marks for questions are indicated against each question.
- iii. Question No.1-4 and 13-16 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
- iv. Question No.5-6 and 17-18 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- v. Question No.7-9 and 19-21 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- vi. Question No.10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each
- vii. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION A - MICROECONOMICS

1. What is opportunity cost?

OR

State one point of difference between positive and normative economics.

2. What is homogenous product?

3. Under what condition does supply curve pass through origin?

4. Raman has increased his output by increasing three more labourers on his existing three machines .By which law will the output be governed?

OR

What is rationing?

5. Explain the central problem “what to produce” stating the guide line to solve it.

6. Price of a commodity rises from ` 5 to ` 6.As a result its demand falls from 100 units to 80 units. Find out the price elasticity of demand by percentage method.

OR

Why is MC curve U shaped in nature?

7. What do you mean by price floor? What are its implications?

OR

The market is in equilibrium. Supply curve shifts on account of increase in prices of factor inputs. How will equilibrium price and quantity be changed?

8. Explain the following changes on demand curve:

- (i) a fall in the price of complementary goods
- (ii) a rise in the income of the consumer.

9. State and explain law of diminishing marginal returns.

OR

What is producer's equilibrium? Explain it with the help MR-MC approach.

10. Explain the followings:

- (i) Implication of large numbers of buyers and sellers in the perfectly Competitive Market
- (ii) differentiated products under monopolistic competition.

11. Explain the following properties of indifference curves:

- (i) Convex to the origin
- (ii) two indifference curves don't intersect each other.

12. Market for a good is in equilibrium. Demand increases and supply decreases simultaneously. Explain chain effect of these changes.

OR

Maruti, Tata, Fiat, Ford are only a few auto producers in the Indian market. Identify the form of market in which they sell their products. Explain the features of this market. If these companies decide to form a cartel, then will the consumer stand to benefit?

SECTION B - MACROECONOMICS

13. State one source of borrowing for the govt. other than the general public.

14. What is money supply?

OR

What is meant by Reverse Repo Rate?

15. What is involuntary unemployment?

16. State one point of difference between devaluation and depreciation.

OR

Why is tax a capital receipt?

17. Complete the following table:

Consumption	Savings	Income	MPC
100	50	150
175	75
250	100
325	125

OR

The savings function of an economy is as follows : $S = -200 + 0.25Y$. The economy is in equilibrium when income is equal to ` 2000. Calculate the following :

- i) Investment expenditure at equilibrium,
- ii) Autonomous consumption

18. How does money solve the problem of barter system?

19. Explain allocation of resources function of govt. Budget.

OR

Define fiscal deficit. State the implications of high fiscal deficit.

20. Determine equilibrium level of income and employment via AD-AS approach? What happens when economy is not in equilibrium and $AD > AS$?

21. Illustrate the money creation procedure of commercial banks.

OR

State and explain the components of capital accounts of BOP.

22. Explain the following functions of central bank:

- i) Lender of the last resort
- ii) banker's bank and supervisor.

OR

What is investment multiplier? Explain the working of investment multiplier.

23. What is inflationary gap? Measure it with the help of a diagram. How is (i) govt. Revenue and (ii) Bank rate is effective in combating inflationary gap?

24. Estimate the value of GNP_{fc} from the following data:

SL. No.	PARTICULARS	` in crore
1.	Private Final Consumption Expenditure	1000
2.	Net Domestic Capital Formation	200
3.	Profits	400
4.	Compensation Of Employees	800
5.	Rent	250
6.	Govt. Expenditure	500
7.	Consumption Og Fixed Capital	60
8.	Interest	150
9.	Net Current Transfer From ROW	(-)80
10.	NFIA	(-)10
11.	Net Exports	(-)20
12.	NIT	80