Guess Paper – 2014
Class – XII
Subject – Economics

Time : 3 Hrs.   **M.M. : 100**

Instructions: 1. All questions in both the sections are compulsory.

2.   Marks for questions are indicated against each.

3.   Question Nos. 1-5 and 17-21 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.

4.   Question Nos. 6-10 and 22-26 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.

5.   Question Nos. 11-13 and 27-29 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.

6.   Question Nos. 14-16 and 30-32 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.

7.   Answer should be brief and to the point and the above word limit be adhered to as far as possible.

Section – A

1.   What is meant by 'economizing of resources'?   (1)

2.   What happens to the marginal utility when total utility is maximum?   (1)

3.   Why is demand for water is inelastic?   (1)

4.   Define fixed cost.   (1)

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5.   In which market form average revenue and marginal revenue of a firm are always equal.

6.   What does a Production Possibility Curve show? When will it shift to the right?   (3)

7.   Distinguish between expansion in demand and increase in demand.

8.   Define budget line. How does the budget line change if the consumers income decreases to Rs. 20 from Rs. 40 but the prices remains unchanged.   (3)

9.   Explain the relationship between AVC and MC with the help of curve.   (3)

10.   Distinguish between monopoly and monopolistic forms of market.   (3)

 Or

Complete the following table

Output	Price dher	Total Revenue	Marginal

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mRiknu (Units) bdkbZ;ka	(Rs.) :-	dqy vkxe (Rs.) :-	Revenue lhekar vkxe (Rs.) :-
1	10	-	-
2	-	14	-
3	-	-	1
4	-	12	-

11. How the nature of commodity and No. of uses affect the elasticity of demand explain with examples.

Or vFkok

A consumer buys 80 units of a good. At a price of Rs. 5 per unit. Suppose, the price elasticity of demand is (-) 2. At what price will be buy 64 units.

12. Explain the effect of the following on the supply of a commodity.

(a) Fall in the price of factor input.

(b) Increase in taxes (4)

13. The TR & TC values of a firm are given in the following schedule. Calculate MR and MC and determine the level of output. Give reason for your answer.   (4)

fuEufyf[kr rkfydk ,d QeZ dh dqy ykxr rFkk dqy vkxe dks fn[kkrh gSA lhekar vkxe rFkk lhekar ykxr dk ifjdyu djds crkb, fd mRiknd mRiknu ds fdl Lrj ij larqyu dh fLFkfr esa gksxk \ vius mÙkj ds fy, dkj.k nhft, A

Output mRiknu Units bdkbZ;ka	1	2	3	4	5	6	7
TR dqy vkxe (Rs.) :-	20	40	60	80	100	120	140
TC dqy ykxr (Rs.) :-	30	55	78	98	120	150	190

14. What is meant by returns to a factor? State the law of increasing returns to a factor. Give two reasons also.   (6)

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dkjd ds izfrQy ls D;k vk'k; gS \ dkjd ds o/kZeku

¼c<+rs½ izfrQy dks le>kb, A c<+rs izfrQy ds nks dkj.k

fyf[k, A

15. What are the conditions of consumer's Equilibrium under the indifference curve analysis ? Explain with the help of diagram?   (6)

rVLFkrk oØ fo'ys"k.k ds vUrxZr miHkksDrk ds larqyu dh D;k 'krsZ gSa \ fp= ds ek/;e ls Li"V dhft, A

16. Explain the effect of equilibrium price and equilibrium quantity in the following cases (use diagram) :   (2+2+2=6)

fp= ds ek/;e ls fuEu voLFkkvksa esa larqyu dher rFkk ek=k ds izHkko dh O;k[;k djsa A

(a)   Demand curve shifts to the left.

      ekaWx oØ dk ckabZ rjQ f[kldko

(b)   Supply increases when demand is perfectly inelastic.

      ekax ds csykstnkj gksus ij iwfrZ esa o`f)

(c)   Increase in demand is more than increase in supply.

iwfrZ esa o`f) dh rqyuk esa ekWax esa vf/kd o`f)

Section – B

17. What is full-bodied money? (1)

iw.kZ&dk; eqnzk D;k gS \

18. If planned savings are greater than planned investment, what will be its effect on inventories? (1)

;fn fu;ksftr cpr] fu;ksftr fuos'k ls vf/kd gS] rks eky lwph fuos'k ij D;k izHkko gksxk \

19. If the value of MPC is 0.8. Calculate the value of multiplier. (1)

;fn lhekar miHkksx izo`fÙk 0-8 gS rks xq.kd dk ewY; Kkr djsa A

20. Define CRR. (1)

udn vkjf{kr vuqikr dks ifjHkkf"kr dhft, A

21. What do you mean by currency depreciation? (1)

eqnzk ds ewY; âkl ls vki D;k le>rs gSa \

22. How will you treat the following while calculating national income. Give Reason. (1+1+1=3)

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(i) Production for self-consumption.

Lo&miHkksx ds fy, mRiknu A

(ii) Expenditure on construction of a house.

x`g fuekZ.k ij O;;

(iii) Salary received by an Indian resident working in US embassy in New Delhi.

ubZ fnYyh esa vejhdh nwrkokl esa dk;Zjr Hkkjrh; ukxfjd dks izklIr gksus okyk osru A

23. From the following data calculate Net value added at factor cost: (3)

fuEu vkadM+ksa ls dkjd ykxr ij fuoy ewY; o`f) Kkr dhft, A

Sr. No.	Particulars ensa	Rs. (In Lacs) # (yk[k esa)
1	Purchase of intermediate goods e/;orhZ	500

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2	oLrqvksa dk Ø; A	750
3	Sales fcØh	50
4	Import of raw materials dPps eky dk vk;kr	60
5	Depreciation ewY;âkl	100
6	Net indirect taxes fuoy vizR;{k dj	- 30
7	Change in stock LVkWd esa ifjorZu	20
	Exports fu;kZr	

24. Distinguish between Final goods & Intermediate goods with examples. (3)

vafre rFkk e/;orhZ oLrqvksa esa vUrj Li"V dhft, A ¼mnkgj.k nhft,½

Or vFkok

Explain the ' Banker of Government' function of the Central Bank.

dsUnzh; cSad dk *ljdkj dk cSad * dk;Z dh O;k[;k dhft, A

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25. Explain two sources of each of demand and supply of foreign exchange. (3)

fons'kh eqnzk dh ekWax rFkk iwfrZ ds nks&nks L=ksrksa dh O;k[;k dhft, A

26. State the components of current account of balance of payments. (3)

Hkqxrku larqyu ds pkyw [kkrs ds ?kVd crkb, A

27. Explain the meaning and implications of revenue deficit. (4)

jktLo ?kkVs dh ifjHkk"kk rFkk fufgrkFkZ dh O;k[;k dhft, A

OR vFkok

Complete the following table : fuEurkfydk dks iw.kZ dhft, &

Income (Rs.) vk; ¼:-½	Saving (Rs.) cpr ¼:½-	MPC lhekar miHkksx izo`fÙk	APC vkSlr miHkksx izo`fÙk
0	-20	-	-
50	-10	-	-

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100	0	-	-
150	30	-	-
200	60	-	-

28. Categorise the following Government receipt into Revenue & Capital receipts. Give reason for your answer : (4)

dkj.k crkrs gq, fuEufyf[kr dks ljdkj dh jktLo izkfIr rFkk iwathxr izkfIr esa oxhZd`r dhft, A

(a) Receipts from sale of shares of a public sector undertaking.

,d lkoZtfud {ks= ds m|e dh foØ; ls izkfIr;kWa

(b) Income Tax received by government.

ljdkj }kjk vk;dj izkfIr

(c) Grants from foreign governments.

fons'kh ljdkjksa }kjk vuqnku

(d) Recovery of loans.

_.kksa dh vnk;xh

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29. Define Government budget. State any three objectives of government budget. (4)

ljdkjh ctV dks ifjHkkf"kr dhft, A blds rhu eq[; mís'; crkb, A

30. Explain the process of money creation by commercial banks giving a numerical example (6)

,d la[;kRed mnkgj.k }kjk okf.kT; cSadksa }kjk eqnzk l`tu dh izfØ;k dks Li"V dhft, A

Or vFkok

In an economy the consumption function C = 500 + 0.8Y, where C is consumption expenditure and Y is income, I = 800

,d vFkZO;oLFkk esa miHkksx Qyu C = 500 + 0.8Y gS ftlesa C miHkksx O;; vkSj Y vk; gS A Kkr dhft,

Calculate : Kkr dhft,

(i) equilibrium level of income

vk; dk larqyu Lrj

(ii) consumption expenditure at equilibrium level.

larqyu Lrj ij miHkksx O;;

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31. Explain the problem of excess demand in an economy with the help of diagram. Explain the role of bank rate in correcting it. (6)

    js[kkfp= dh lgk;rk ls fdlh vFkZ O;oLFkk esa vf/k&ekWax dh leL;k dh O;k[;k dhft, A bls Bhd djus esa cSad nj dhi Hkwfedk le>kb, A

32. From the following data calculate GNP$_{MP}$ by Income and Expenditure method. (6)

    fuEu vkWadM+ksa }kjk vk; rFkk O;; fof/k }kjk ldy cktkj dher ij ldy jk"V³h; mRikn Kkr dhft, A

Sr. No.	Particulars ensa	Rs. (In Crores) # (djksM+ esa)
1	Compensation of employees deZpkfj;ksa dk ikfjJfed	400
2	Profits ykHk	250
3	Mixed income of self employed	300

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	Lofu;ksftrksa dh fefJr vk;	
4	Rent fdjk;k	80
5	Interest C;kt	70
6	Private final consumption expenditure futh vafre miHkksx O;;	700
7	Net domestic capital formation fuoy ?kjsyw iwath fuekZ.k	120
8	Consumption of fixed capital fLFkj iwath dk miHkksx	100
9	Net exports fuoy fu;kZr	(-)10
10	Govt. final consumption expenditure ljdkjh vafre miHkksx O;;	350
11	Net Indirect Taxes fuoy vizR;{k dj	60
12	Net Factor Income from abroad fons'kksa ls izkIr fuoy dkjd vk;	(-) 10

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Marking Scheme

1. Economics of resources means making the best possible use of available resources.

2. Marginal utility will be Zero (Saturation point)

3. Demand for water is inelastic because it is essential item or necessity.

4. Fixed cost refers to the cost which do not vary directly with the level of output. Ex. Salary of permanent employees etc.

5. Perfect competition.

6. PPC shows the different combinations of two goods that can be produced with given resources and technology.

- It will shift to the right if there is –

(i)   Increase in supply of resources.

(ii)   Technological progress.

7.

Expansion in Demand	Increase in Demand
1. When quantity demanded rises due to decrease in price keeping other factor constant.	1. When the demand rises due to favourable change other factors at same price.
2. Downward movement along the same curve.	2. Rightward shift in the demand curve.
3. It occures due to decrease in the price of a given commodity.	3. It occures due to favourable change due to other factors like increase in the price of substitutes goods etc.
4. Curve	4. Curves

8.   Definition of budget line .

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= A decrease in income from Rs. 40 to Rs. 20 causes a parallel inward shift of budget line .

If there is a decrease in the Income, that P' is less than P i.e. P' < P and vertical intercept decreases, Now the consumer cannot purchase goods at the prevailing market prices. It will shift to the left.
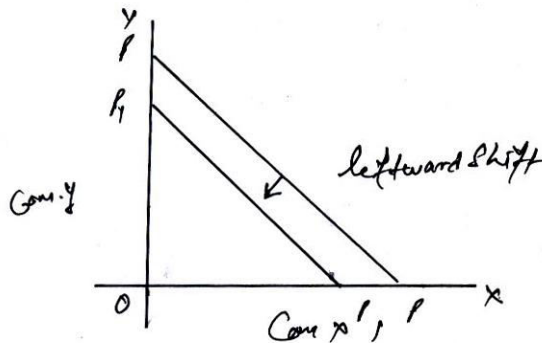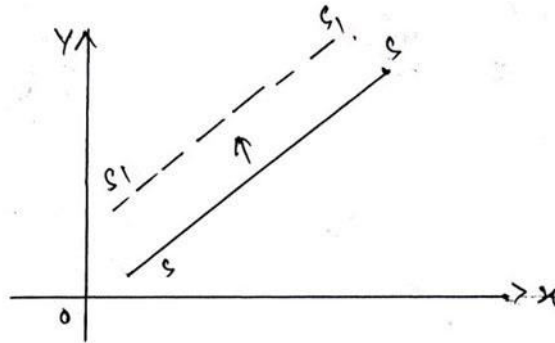

9.   (i)   When AVC is greater than MC, Both are falling.

      (ii)   When MC is greater than AVC then AVC is rising.

      (iii)   Both MC and AVC are calculated from TVC.

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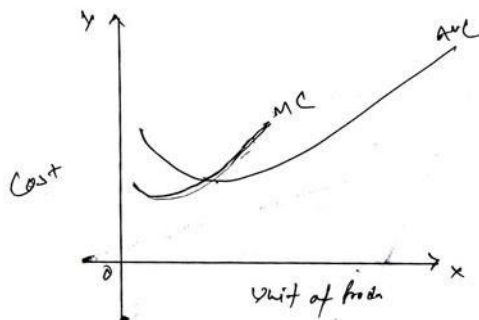
10. Any three points of distinction.

11. (i) Nature of commodity – Necessities-Inelastic- Ex. food grains, Vegetables . Comforts – Elastic - Ex. Fans . Luxury items – Highly elastic – Ex. A.C, DVD, .

    (ii) Number of uses – Several uses – Elastic- Ex. Electricity , Milk etc.

12. (a) When the prices of factor inputs decreases the cost of production decreases, thus it becomes more profitable to produce the commodity and its supply will increase the curve fill shift to the right.
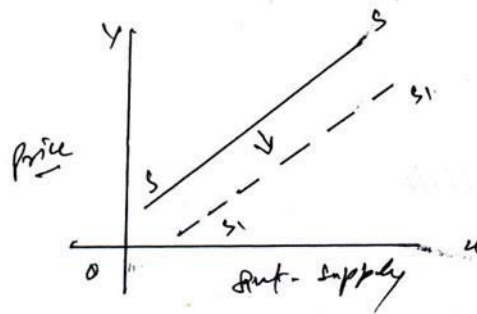
    (b) Increase in taxes will discourage the producers and as a result the supply will decrease, curve will shift to the left.

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13. MR = 20,20,20,20,20,20,20
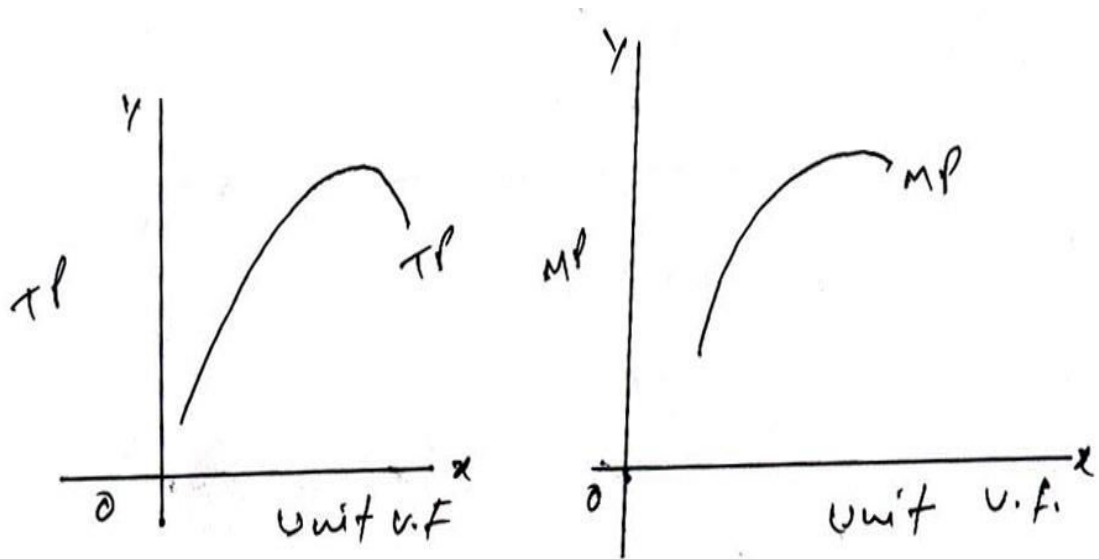
MC = 30,25,23,20,22,30,40

Reason :

(i) MR & MC are equal at 4th unit of output.

(ii) MC i.e. 22 starts rising after that level.
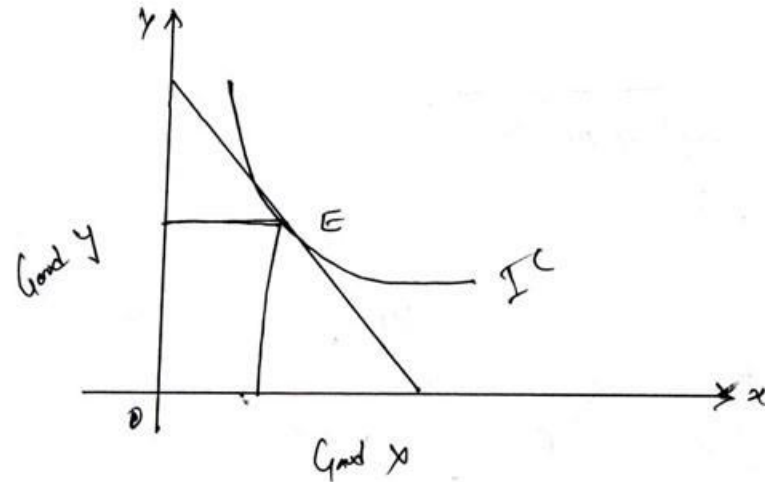
14, Returns to factor- Definition .

Increasing Returns to factor (Phase-1) In this phase very additional variable factor adds more and more to the total output. It means T.P. increases at an increasing rate and MP of each variable factors rises.

Reasons :

(i)   Better utilization of fixed factor.

(ii)   Indivisibility of fixed factor.

15.   A consumer is in equilibrium where he gets maximum satisfaction from his purchases in IC analysis such is established where MRS_{xy} equal to the price ratio i.e. SL of IC = SL or B.line , $MRS_{xy} = Px/Py$.

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At point E consumer will be in equilibrium where budget line is tangent to IC this point is also known as the point of optimum consumption.

16.
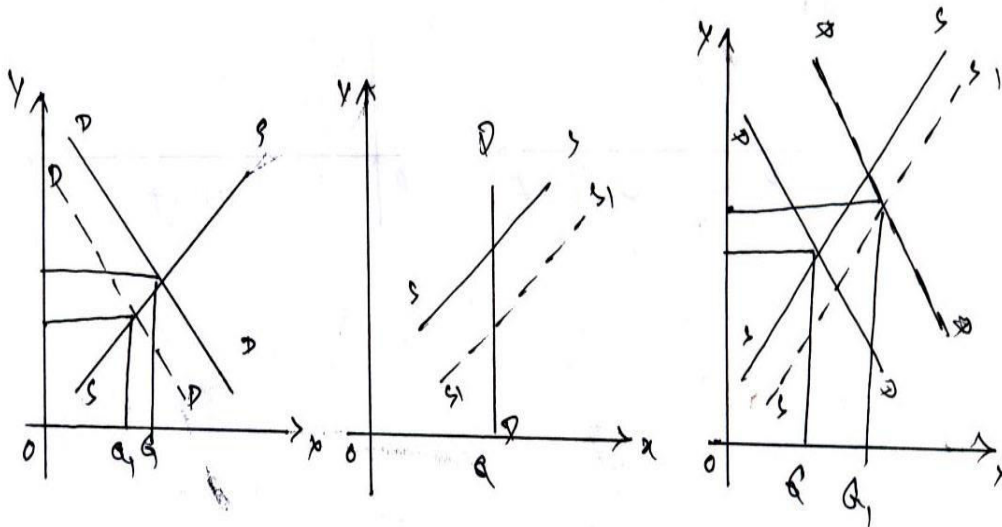
SECTION –B

17. Any unit of money whose face value and intrinsic value (Commodity Value) are equal.

18. Unsold stock (inventories) will pile up or increase with the producer.

19. K = 1/1-MPC = 1/1-0.8 = 1/0.2 = 10/2 = 5 Ans.

20. CRR is a minimum percentage of a Banks total deposit required to be kept with Central bank.

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21. currency depreciation refers to decrease in the value of domestic currency in terms of foreign currency.

22. (i) Will be included in NY because imputed value are included.

   (ii) Will be included as it is a new investment.

   (iii) Will be included as it is received by Indian resident and will contribute to the production.

23. NVA_{FC} = ii + vi- i – v – iv

   = 750 + (-30)- 500-100-60

   = 750-690

   = Rs. 60 crore .

24.

Final Goods	Intermediate Goods
1. F.G. are used for final consumption and final investment.	1. These goods are used for producing other goods.
2. These goods have direct	2. These goods are derived

demand.	demand.
3. The value is included in N.Y.	3. It is not included while calculating N.Y.
4. These goods cross the production boundary.	4. These goods remain with in the boundary.

OR

Central bank act as :-

(i)   As a Banker   (ii)   As a Financial Agent

(iii)   As a financial advisor   (Any other point also, explain all)

25.   Sources of Demand : (i) Imports of Goods & Services (ii) Tourism

Sources of Supply : (i) Exports of goods & Services (ii) Foreign Investment (Any8 other point may consider).

26.   (i) Export and import of goods (visible Items)

(ii) Export and import of services (Invisible Items)

(iii)   Unilateral Transfers (One sided Transaction) (Explain briefly)

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27. Revenue deficit refers to the excess of revenue expenditure over Revenue receipts i.e. RD = RE – RR

Implications : Govt. has to make up this deficit through borrowing all disinvestment . – It creates inflationary situation in the economy. – High borrowing increases future burden – It is a warning signal to the Govt. to curtail its expenditure or increase its revenue.

OR

Y	Y	S	C	C	MPC	APC
0	-	-20	20	-	-	-
50	50	-10	60	40	0.8	1.2
100	50	0	100	40	0.8	1.0
150	50	30	120	20	0.4	0.8
200	50	60	140	20	0.4	0.7

28. (i) Capital Receipt as it reduces financial assets of the Govt.

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(ii)   Revenue Receipt as it neither creates a liability nor reduces assets.

(iii)   Revenue receipt as it neither creates a liability not reducesd assets.

(iv)   Capital receipt as it creates liability.

29.   Definition   .

      Objectives :- (i) Economics stability. (ii) Reallocation of Resources. (iii) Economics growth. (Briefly explain the points)
      1+2 =3 marks.

30.   Money creation provides that the commercial banks are able to lead more than what is lent to them.

      Write the principles on which banks lend money .

      Give numerical example – Explain the process .

                        OR

      Equilibrium at which economy is established .

      AD = AS

      C + I = Y

Given that C = 500 + 0.75 Y , I = 800 substituting the value we get-

Y = 500 + 0.75Y + 800

Y – 0.75 Y = 1300

0.25 Y = 1300

Y = 1300/0.25 = Rs. 5200

Equilibrium level of Consumption :
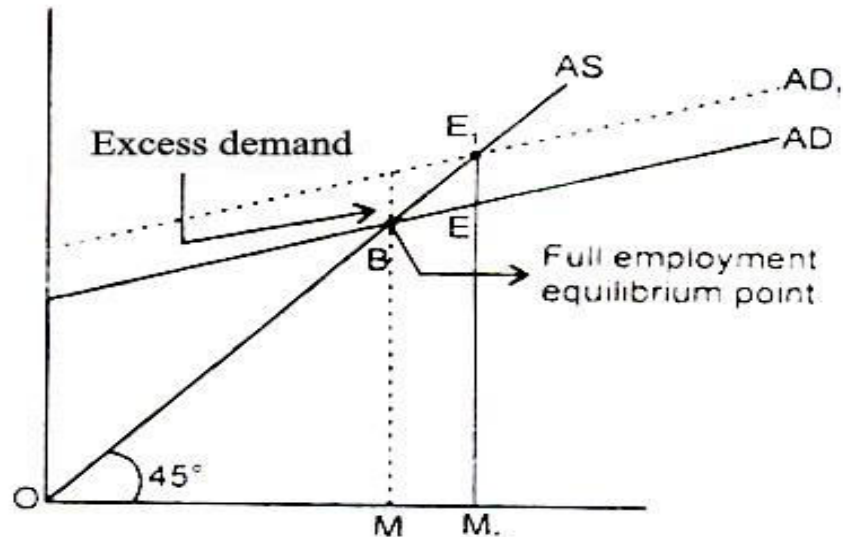
C = 500 + 0.75 Y where Y = 5200

C = 500 + 0.75 (5200)

= 500 + 3900 = 4400

31. Excess demand is refers to the situation where A.D. is more than AS corresponding to full employment level. – Effect on output employment , General price level, inflationary situation

    Draw and Explain Diagram .

Bank rate as a measure to control – Central bank can raise the bank rate. This forces commercial banks to increase lending rates. This reduces consumption . AD falls.

32. GNP_{MP} by income method.

= 400 + 300 + 80 + 70 + 250 + 100 + (-)10+60

Ans. Rs. 1250 crores.

GNP_{MP} by Expenditure method.

= 700 + 120 + (-) 10 + 350 + (-) 10 + 100

= Rs. 1250 Crores.

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