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Guess Paper – 2014 Class – XII Subject – Economics

Time Allowed : 3 Hrs.

Maximum Marks : 100

General Instructions :

- *i*) All questions in both the sections are compulsory.
- *ii)* Marks for questions are indicated against each.
- *iii)* Questions No. 1-5 and 17-21 are very short answer questions carrying, 1 mark each. They are required to be answered in one sentence each.
- *iv)* Questions No. 6-10 and 22-26 are short-answer questions carrying, 3 marks each. Answers to them should normally not exceed 60 words each.
- *v*) Questions No. 11-13 and 27-29 are also short-answer question & carrying 4 marks each. Answers to them should normally not exceed 70 words each.
- *vi*) Questions No.14-16 and 30-32 are long-answer questions carrying 6 marks each. Answers to them should not exceed 100 words each.
- *vii)* Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

Section-A

- *Q.1.* Give the meaning of an Economy.
- *Q.2.* A school uniform shop decides to increase prices of its product by 10%. What is the impact of this price on your parent's expenditure?
- *Q.3.* Are profits equal to zero at break-even level?
- Q.4. Define 'Avoidable cost'.
- Q.5. What is meant by increase in quantity demanded?
- Q.6. Explain, giving reasons, why production possibilities curve is concave.
- *Q.7.* State whether the supply curve for cakes will shift inward or outward in the following cases.
 - a) Chefs start to ask higher wages.
 - b) Price of pastries increases.

OR

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- a) The bakery gets an oven with larger capacity.
- b) The bakery shuts operations in Meerut
- *Q.8.* Onion crisis took place in India in 1998 & 2010. What can be done to tackle with such a crisis?

OR

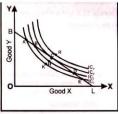
Explain why internet café rates have come down drastically over time.

- *Q.9.* Total cost is not the same total of the Marginal Cost. Why?
- *Q.10.* Explain any 3 factors that can bring about an increase in the market demand for a commodity.
- *Q.11.* Explain the relationship between TR & MR curve firm which is free to sell any quantity it like at a given price.
- *Q.12.* Distinguish between
 - a) Pure Oligopoly & Differentiated oligopoly.
 - b) Collusive Oligopoly & Non-collusive oligopoly.

OR

Explain the following features of oligopoly:

- a) Few Firms b) Non-Price Competition
- *Q.13.* The demand for a commodity 'A' rises by 20% due to fall in price by Rs. 2 from the original price of Rs.8.
 - a) Calculate elasticity demand by % Method.
 - b) Whether demand of 'A' is elastic or inelastic? Give reasons.
 - c) If new demand of commodity 'A' is 84 units, then calculate its original demand.
- Q.14. a) What are Monotonic Preferences?
 - b) The following diagram relates to a consumer's budget line & his preferences for good X & good Y. On the basis of the diagram, answer the following question.
 - 1) Which bundles exactly cost consumer's income?



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- 2) Which is the highest attainable indifference curve?
- 3) Which of the 2 bundles-A or D represents lower level of satisfaction?
- 4) Which of the 2 bundles- K or H represents higher level of satisfaction?
- Q.15. Market for a good is in equilibrium. There is simultaneous "increase" both in demand & supply but there is no change in price. Explain how is it possible. Use a schedule.
- *Q.16.* Explain the likely behaviour of total product & Marginal Product only one input is increased while all other input are kept constant.

OR

Determine Producer's equilibrium from the following data through MC-MR approach. Give reasons for your answer.

Output(units)	1	2	3	4	5	
AR(Rs.)	12	11	10	9	8	
AC(Rs.)	4	5	6	7	9	

Section-B

- *Q.17.* "When MPC is greater than MPS, the value of investment multiplier will be greater than 5".Comment
- *Q.18.* Calculate the value of money multiplier & total deposits created if an initial deposit is of Rs.500 crores & LRR is 10%.
- *Q.19.* Define indirect tax.
- Q.20. Finance Minister says: If rate of interest goes up, demand for loan fall.Industry Minister says: If demand for loans fall, rate of interest go down.Who among these two is correct?
- Q.21. Mention one difference between a Central Bank & a commercial Bank.
- *Q.22.* Classify the following into gross fixed capital formation & change in stocks. Also give reasons,
 - a) Roads & bridges construct by the Govt.

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- b) A fall in the buffer stocks of essential commodities in a year.
- c) New trucks purchased by a transport company.
- *Q.23.* Distinguish between Revenue exp. & capital exp. in a Govt. Budget. Give example in each case.
- *Q.24.* What is meant by Net factor income from abroad? Briefly discuss it various components.
- Q.25. Distinguish between Fixed & flexible exchange rate.

OR

Explain the concept of Managed floating.

Q.26. Calculate Net factor income from abroad from the following data

Particulars	Rs. In crores	
Pvt. Final consumption Exp.	1000	
Govt. Final Consumption Expenditure	500	
Gross Domestic Product at market price	2520	
Net foreign Investment	70	
Gross domestic fixed capital formation	1150	
change in stock	(-)100	

Q.27. The breakeven point for an economy occurs at the income level of Rs. 500 crores. If MPC is 0.6, determine a) Autonomous consumption b) Saving function c) Level of Income when saving is Rs. 600 crores.

OR

The consumption curve makes an intercept of Rs. 60 crores on the Y-axis. If MPC:MPS can be expressed as 1:3, then derive the saving & consumption function. Also determine the level of Income, when savings becomes zero?

- *Q.28.* Distinguish between Autonomous & accommodating transactions of balance of Payment account.
- *Q.29.* Explain the concept of 'Primary deficit' in a Govt. Budget. What does it indicate?

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Q.30. Explain the process of money creation by the commercial banks with the help of a numerical example.

OR

How does Central bank perform the function of controller of credit?

- *Q.31.* Explain with the help of a numerical example how an increase in investment in an economy affects its level of income?
- Q.32. From the following data, calculate :
 - a) Private Income b) Personal Income & c) National disposable income.

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Particulars	Rs. In crores
Rent & Interest	25
Net factor income paid to abroad	2
Wages & salaries in kind	140
Net indirect taxes	23
Employer's contribution to social security	6
Share of Govt. in domestic income	3
Bonus	4
Current transfer from Govt.	6
Net current transfer to rest of the world	3
Divined	6
Corporation tax	3
Interest on Public debt	5
Savings of non departmental enterprises	1
Retained earnings	2

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