**MODEL PAPER
2014-2015**

CLASS: XII (ECONOMICS-030)

Time Allowed : 3 Hrs   **Maximum Marks : 100**

General Instructions :

1. *All questions in both sections are compulsory. However, there is internal choice in some questions.*
2. *Marks for questions are indicated against each question.*
3. *Question No.1-3 and 15-19 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.*
4. *Question No.4-8 and 20-22 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.*
5. *Question No.9-10 and 23-25 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.*
6. *Question No.11-14 and 26-29 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each*
7. *Answers should be brief and to the point and the above word limit be adhered to as far as possible.*

Section–A

Q.1   If a seller gets `. 10,000 by selling 100 units and `.14,000 by selling 120 units his marginal revenue is :   (1)

   a) `4000            b) `450   c) `200         d) `100

Q.2   What policy initiatives can the government undertake to increase the demand of milk in the country? Mention any one.   (1)

Q.3   After reaching the point of satiety, consumption of additional units of the commodity cause:

   a) TU falls & MU increases.
   b) Both TU & MU increase.
   c) TU falls & MU falls & become negative.
   d) TU becomes negative & MU falls.

Q.4   "***Make in India*** will affect India's PPC". Comment.   (3)

Q.5   One of the Central Problems of an economy is " How to Produce". The Planners of Indian Economy are stressing on using labour intensive techniques for production of goods & services. Do you justify this on the grounds of moral responsibility? (3)

Q.6   What is meant by diminishing returns to a factor? Why does it occur?   (3)

Q.7   Are the following true or false? Give reasons

i) When MP falls, AP will also fall

ii) Total cost rises only when MC rises.

iii) MR is always the price at which last unit of a commodity is sold.

                                                                                                (3)

Q.8   Explain the implications of freedom of entry and exit of firms under perfect competition.   (3)

OR

Define oligopoly. Distinguish between :

(a) Perfect and imperfect oligopoly   (b) Collusive and non collusive oligopoly.

Q.9   Does a fall in income have the same effect on demand for the given commodity?(4)

Q.10   Explain why an indifference curve is convex to the origin?   (4)

OR

A consumer consumes two goods A and B and is in equilibrium. Show that when price of good B falls , demand for B rises. Answer this question with the help of utility analysis.

Q.11   a) Explain the condition of equilibrium of a firm based on marginal cost and marginal revenue.   (3+3)

b)   Draw in a single diagram the AR and MR curve of a firm which can sell any quantity of the good at a given price. Explain.

Q.12   a) Explain change in supply and change in quantity supplied.   (3+3)

b) The supply curve of commodity B passes through the origin and makes an angle of 60°. When its price rises by 40%, its quantity supplied rises by 10 units. Calculate its original supply.

Q.13   Market for an essential item of consumption is in equilibrium, but the equilibrium price is too high for the common man. What can the Govt. do to bring down if market price but only through the normal market forces? Explain the chain of effect of the Government's action?

OR

Suppose there is a sudden increase in birth rate. The increase in population has raised the demand for shirts. At the same time, due to fall in price of cotton, the supply of shirts have also increased. How will it affect the equilibrium qty of shirts?

Q.14 A consumer consumes only two goods. Why is the consumers said to be in equilibrium when the buys only that combination of the two goods which lies at the point on indifference curve where the budget line is tangent to indifference curve? Explain. Use diagram. (6)

Section–B

Q.15 If borrowings & other liabilities are added to the budgetary deficit, we get: (1)
        A. Fiscal deficit   B. Primary deficit
        C. Capital deficit   D. Revenue deficit

Q.16 What is reverse repo rate? (1)

Q.17 Which function of Money is highlighted in given statement.

It has separated the acts of sale & purchase. (1)

a) Standard of deferred payment.

b) Medium of Exchange

c) Measure of value.

d) Store of value.

Q.18 In a Govt. Budget, Revenue deficit is `.50,000 crores & borrowings are `. 75,000 crores. The fiscal deficit will be

(1)

        A. `. 25,000                 B. `. 75,000

        C. `. 1,25,000             D. `. 50,000

Q.19 State 2 components of Money Supply.

Q.20 An American company has ordered readymade garments from an Indian company. What will be the impact on their total import expenditure if there is an increase in the foreign exchange rate? (3)

Q.21 The break -even level of income for an economy is given to be `. 10,000 crores. If the economy saves 20% of additional income, then calculate the value of autonomous consumption. (3)

OR

The equilibrium level of income in an economy is `. 5000 crores. The autonomous consumption expenditure is equal to `. 250 crores and investment expenditure `. 1000 crores. Calculate :

(i) break even level of income   (ii) investment multiplier   (iii) MPS

Q.22 Explain with the help of numerical example how an increase in investment in an economy affects its level of income? (3)

Q.23 Only one Product X is produced in the country. Its output during the year 2012 and 2013 was 100 units and 110 units respectively. The market price of the product during the year was ` 50 and ` 55 per unit respectively. Calculate the percentage change in real GDP and nominal GDP in year 2013 using 2012 as the base year. (4)

OR

Increase in per capita real income means increase in per capita availability of goods and services. Does it necessary mean rise in the welfare in the people of the country? Give any one argument in support of your answer and explain the same.

Q.24 What is meant by "balance of payment" account? Distinguish between the "balance on current account" and "balance of trade" account. In which account would remittances from family members from abroad be accounted? (4)

Q.25 Calculate 'Sales' from the following data : (4)

`. (in thousand)

a)	Subsidies	200
b)	Opening Stock	100
c)	Closing Stock	600
d)	Intermediate consumption	3,000
e)	Consumption of fixed capital	700
f)	Profit	750
g)	Net value added at factor cost	2,000

Q.26 Which economic value does it reflect?
a) Govt. raises its expenditure on producing public goods
b) Tax rates on higher income group have been increased. (6)

Q.27 When is an economy in equilibrium? Explain with the help of saving investment functions. Also explain the changes that take place in an economy when the economy is not in equilibrium. Use diagram. (6)

Q.28 a) What is meant by Margin Requirement? How can it be used to control the money supply? Explain it with the help of numerical example. (3+3)
b) How does a central bank influence credit creation by commercial banks through' open market operation'?

Q.29 Find (a) National Income and (b) Gross domestic capital formation. (3+3)

(`. Crore)

(i) Govt. final consumption Exp. 100

(ii) Subsidies	10
(iii) Rent	200
(iv) Wages & Salaries	600
(v) Indirect taxes	60
(vi) Private final consumption Exp.	800
(vii) Change in Stocks	50
(viii) Social security Contribution by employers	55
(ix) Royalty	25
(x) Net factor income paid to abroad	30
(xi) Interest	20
(xii) Consumption fixed capital	10
(xiii) Profit	130
(xiv) Net Exports	70

TIPS :
GUIDELINES FOR ATTEMPTING AN EXAMINATION

1) Go through the entire paper & in the questions involving choice, decide which ones to answer.

2) Students may first attempt those questions which you know well. However, try to answer the question in the serial order.

3) Stick to word limit. However, do not waste time in counting words as there is no negative marking.

4) Answer should be neat, clear & properly arranged. They should be conceptualized. To have better presentation of answer, underlining the headings & key points.

5) Solve Numerical problem stepwise. Be careful to mention the units & highlights the final answer.

6) Be through with CBSE sample papers & last 5 years papers

Be confident as 80% of question paper is designed for average students.

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