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INTERNATIONAL INDIAN SCHOOL DAMMAM

PRELIMINARY EXAM - 2013 -2014

Class XII **Max Mks 100**

Subject - Economics **Time - 3 hrs**

Set-A

General Instructions.

1) All questions are compulsory.

2) Q. Nos 1-5 and 17-21 are very short answer questions carrying 1 mark each and the answers should be in one sentence each

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

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

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

6)Answer should be brief and to the point

Section A (micro economics)

Q1) A country's resources are fully and efficiently employed. The problem of scarcity exists. What advice will be given to raise the efficiency level of the human resource to fight scarcity? (1)

Q 2 What is Co-operative Oligopoly? (1)

Q3) An individual firm under perfect competition can't influence the market price then who can and how? (1)

Q4) Give 2 examples of Fixed Cost. (1)

Q5) When is the demmand for a good said to be inelastic (1)

Q6) Explain the law of diminishing marginal utility with the help of a total utility schedule. (3)

Q7) Complete the following table (3)

Units of Labour	Average Product	Marginal Product
1	16	----
2	20	----
3	-----	20
4	18	----
5	------	8
6	14	-----

Or

Complete the following

Output(units)	Price	MR	TR
1	----	----	10
2	---	4	---
3	----	----	15
4	----	-3	---

Q8) Explain the effect of the following on the price elasticity of demand of a commodity (3)

(i) Number of substitutes

(ii) Nature of the commodity

Q9) Market for a good is in equilibrium. Explain the chain of reactions in the market when there is

(i)Decrease in supply

(ii)Increase in demand (3)

Q10 Explain the problem of choice of technique with the help of production possibility Curve (3)

Q11) A consumer buys 70 units of a good at a price of Rs. 7 per unit. When the price falls to Rs 6 per unit he buys 90 units. Use Total Expenditure method to find whether the demand for the good is elastic or inelastic. (4)

Q12) Explain with the help of diagrams the effects of the following changes on the demand of a commodity. (4)

a) A rise in the price of complimentary good
b) A fall in the price of substitute good

Q13) Draw Average total cost, Average variable cost and marginal cost in a single diagram. Also explain the relation between marginal cost, and Average total cost with its help. (4)

OR

How does the following affect the supply curve? Explain

1) An increase in the rate of excise duty
2) A rise in the price of other commodities

Q 14) Explain the implications of the following . (6)

1) Freedom of entry and exit to firms under perfect competition.
2) Interdependence between firms under oligopoly.

Q 15) Explain with the help of a schedule and diagram the effect on out put when only one input is Increased and all other inputs are held constant ? what are the reasons ɪr increasing return to factor . (6)

Q16) Explain the concept of marginal rate of substitution with the help of a schedule. Give reasons behind diminishing of MRS_{xy}. (6)

Or

Explain Consumers Equilibrium in case of a single commodity with the help of utility schedule and diagram.

Section B (macro economics)

Q17) What is Bank Rate? (1)

Q18) What do you mean by legal tender money? (1)

Q19) What is Fiscal Policy? (1)

Q20) What is the balance of visible items in the balance of payment accounts called? (1)

Q21) What is Breakeven point? (1)

Q22) What precautions should be taken while calculating national income by Expenditure method? (any three) (3)

Or

What precautions should be taken while calculating national income by Production method? (any three)

Q23) Briefly explain any 3 limitations of using GDP as an index of welfare of a country . (3)

Q24) Calculate intermediate consumption from the following. (3)

1	Sales Tax	15
2.	Net value added at factor cost	80
3.	Subsidy	5
4.	Depreciation	20
5.	Value of Output	200

Q25) When the exchange rate of foreign currency rises, its supply rises. How? Explain? (3)

Q26) State the 3 categories in which BOP transactions are classified.

Describe any one. (3)

Q27) What is meant by investment multiplier? Explain the relationship between MPC and investment multiplier. (4)

Or

In an economy, planned savings exceed planned investment. How will an equality between the two be achieved. Explain.

Q28) In the government of a country's budget for the year 2013-14 the finance minister proposed to raise the excise duty of cigarettes. He also proposed to increase income tax on individuals earning more than Rs one crore per annum . Is the objective only to earn revenue for the government ? What possible Welfare objective can you think of from these proposals? Explain (4)

Q 29 Find (a) fiscal deficit and (b) primary deficit from the following :-

	Rs. Crore	
Revenue expenditure	70,000	
Borrowings	15,000	
Revenue receipts	50,000	
Interest payments	25% of revenue deficit .	(4)

Q 30 Explain deflationary gap with the help of a diagram . How can the problems of deficient demand be combated with the help of fiscal policy . (6)

Q 31 State the quantitative instruments of credit control by the central bank of a country . Describe any two. (6)

OR

Explain the following functions of central bank

(a) Issue of currency

(b) Lender of last resort

(c) Banker to the government.

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Q 32 Calculate gross national product at market price and personal disposable income from the following data (6)

(Rs in crores)

(i) Subsidy	20
(ii) Net factor income from abroad	(-) 60
(iii) Consumption of fixed capital	50
(iv) Personal tax	110
(v) Savings of private corporations	40
(vi) Dividend	20
(vii) Indirect tax	100
(viii) Corporation tax	90
(ix) Net national disposable income	1000
(x) National debt interest	30
(xi) Net current transfers from abroad	20
(xii) Current transfers from government	50
(xiii) Miscellaneous receipts of the Govt Administrative department	30
(xiv) Private income	700
(xv) Private final consumption expenditure	380

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