***Practice paper-3***

 Class – XII

 Subject – Economics

 Pre-Board –Jan. 2017

Time Allowed :- 3 Hours M.M =100

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. Questions No.1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
4. Questions No.6-8 and 21-23 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
5. Questions No.9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
6. Question No.12-15 and 27-30 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

Q1. Marginal opportunity cost = (1)

1. Loss of output/gain of output (c) loss of output x gain of output
2. Gain of output/ loss of output (d) gain of output – loss of output

Q2. Which of the following is not a central problem? (1)

 (a)What to produce (c)How to produce

 (b) For whom to produce (d) Why to produce

Q3. The demand for a good falls with an increase in income of the consumer. What

 type of good is it? (1)

 (a)Superior good (c) Giffen good

 (b)Normal good (d) Both a and b

Q4. What is Positive economics? (1)

Q5. What would we call the maximum price fixed by the government which is lower than

 the equilibrium price? (1)

Q6. What would happen to PPC if the government provides employment to unemployed

 youths? Explain with the help of a diagram. (3)

Q7. A consumer buys 50 units of a good at price of Rs. 4 per unit. When its price falls

 by 25%, its demand rises to 100 units. Calculate price elasticity of demand. (3)

Q8. Giving reasons, state whether following statements are true or false:

 (a) AP rises only when MP rises.

 (b) TC rises only when MC rises.

 OR

 Draw AR and MR curves in a single diagram of a firm which can sell more of a good

 at the given price. Explain. (3)

Q9. How is producer’s equilibrium determined?

 OR

 Show the price elasticity of supply of the following on the Supply curves:

 Es = 0 (b) Es= 1 (c) Es <1 (d) Es>1 (4)

Q10. Calculate TVC, TFC, AVC, AC and MC:

 Units of Output: 0 1 2

 Total Cost: 75 95 110 (4)

Q11. Explain how price is determined in a perfectly competitive market with fixed

 number of firms. (4)

Q12. Explain by giving examples,how the following determine price elasticity of demand: (a) Nature of the Good

 (b)Availability of the substitutes.

 OR

 Explain with the help of diagrams, the relationships between:

 (a) Prices of complementary goods and the demand of the given good.

 (b) Income of the buyers and the demand for normal good. (6)

Q13. State and explain the law of variable proportions with the help of Total product

 and marginal product curves. (6)

Q14. Explain consumer’s equilibrium with the help of indifference curves. (6)

Q15. a) What is meant by price rigidity,under oligopoly?

 b) What could be the impact of advertisement cost under monopolistic competition on producers and consumers. (3,3)

 **SECTION B (MACRO ECONOMICS)**

Q16. Name two components of “Aggregate Demand” (1)

Q17. Define revenue receipts in a government budget. (1)

Q18. Why is payment of interest a revenue expenditure? (1)

Q19. If MPC = 0.35, MPS= \_\_\_\_ (1)

 (a)0.65 (c) 0.35

(b)0.75 (d) none of these

Q20. Define money supply. (1)

Q21. Find national income from the following: (3)

 Autonomous consumption = Rs.500

 MPC = 0.60

 Investment = Rs. 800.

Q22. How does money overcome the main problem of exchange in the barter system?

 Explain. (3)

Q23. Calculate Gross value added at factor cost:

 Items (In Crore)

 Sales 30,000

 Depreciation 1,000

 Intermediate cost 12,000

 Closing stock 3,000

 Opening stock 2,000

 Net indirect taxes 6,000

 OR

 If the real GDP is Rs 500 and Price Index (Base=100) is 125,

 Calculate the Nominal GDP. (3)

Q24. Explain the following functions of Central Bank:

 (a)Bank of Issue (b) Government Bank

 OR

 What are Open Market Operations? How do these affect the availability of credit? (4)

Q25. How is foreign exchange rate determined in the market? (4) Q26. . Distinguish between “Autonomous” and “Accommodating” items of Balance of

 Payment. (4) Q27. Explain ‘fiscal deficit’ in a government budget. What are its implications? (6)

Q28. Giving reasons, explain the treatment assigned to the following while estimating

 national income.

1. Expenditure on maintenance of building.
2. Expenditure on adding a floor to the building.
3. Payment of income tax by a firm.
4. Social security contributions by employer. (6)

Q29. Explain with the help of a schedule the determination of equilibrium level of

 income using Saving- Investment approach.

OR

 Explain with the help of a schedule the determination of equilibrium level of

 income using AD=AS approach. (6)

Q30. State the precaution while using income method for calculating National Income . (6)

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