THE GURUKUL INSTITUTE

Class – XII
Subject – ECONOMICS

Time allowed: 3 hours   *Maximum Marks: 100*

General instructions:
(i)   All questions in both the sections are compulsory,
(ii)   Marks for questions are indicated against each.
(iii) Questions carrying 1 mark for each part are required to be answered in one sentence each.
(iv) Questions carrying 3 marks are required to be answered not exceed 60 words each.
(v)   Questions carrying 4 marks are required to be answered not exceed 70 words each.
(vi) Questions carrying 6 marks each are required to be answered 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

1. What do you mean by the term scarcity?   1
2. What are the fixed factors of production?   1
3. What do you mean by market period?   1
4. What is monopoly?   1
5. What are giffen goods?   1
6. Depict a production possibility curve. Also show the distinction between an unattainable combination and an attainable combination.   (1+2=3)
7. How does the demand for the commodity change with a change in a household's level of income?   3
8. If the price elasticity of demand for milk is equal to unity (=1) and if at the price of Rs. 12 per liter a household demands 40 liters of milk, how much milk will be demanded at the price of Rs. 18 per liter?   3
9. How will the equilibrium price and quantity be affected if the following two changes take place simultaneously: (i) demand for the commodity increases, and (ii) supply of the commodity increases?   3
10. What is law of demand? Are there any exceptions to the law of demand?   (1+2)
11. Illustrate the relationship between average product and marginal product. 4
12. Can there be a range of output in which MC rises while AC falls? Why?   4
13. The output and Total cost data for a firm are given below: 4

Output (Units)	0	1	2	3	4	5
Total Cost (Rs.)	60	95	105	130	160	200

    Compute the firm's schedules of average fixed cost, average variable cost, average cost, marginal cost.
14. What are the factors that determine the supply of a commodity? Use graph to explain the distinction between the increase in supply and extension in supply.   (3+3)

15. What are the features of monopolistic competition? How do they differ from those of monopoly?   6
16. a) Distinguish between normal good and an inferior good.
    b) Why does a supply curve always slope upwards? Are there any exception?   (3+3)

Section – B

17. Give two examples of a macro economics variable.   1
18. Define government budget.   1
19. Define flexible exchange rate.

     1
20. State any two major sectors in a circular flow of income.   1
21. What do you mean by fiscal deficit?   1
22. What is a saving function? Derive the saving function from the following consumption function. C = a + bY.   3
23. When does situation of excess demand and deficient demand arise in an economy? What is the effect on output, price and employment under both the situations?   3
24. Distinguish between revenue expenditure and capital expenditure in government budget. Give two examples of each.   3
25. Explain the concept of 'leakages and injections in the circular flow of income.   3
26. Distinguish between direct and indirect taxes. Give two examples of each.   3
27. Enumerate the principal functions of a central bank.   4
28. Differentiate between commercial bank and central bank.   4
29. State the main components of balance of payments on capital account.   4
30. Explain how the aggregate demand and aggregate supply can be in equilibrium at less than full employment.   6
31. What do you mean by investment multiplier? Illustrate graphically.   6
32. Calculate Gross National Disposable Income and Personal Income from the given data:
     6

	(Rs crores)
(i) Personal tax	120
(ii) Net indirect tax	100
(iii) Corporation tax	90
(iv) National income	1000
(v) Net factor income from abroad	5
(vi) Consumption of fixed capital	50
(vii) National debt interest	70
(viii) Retained earnings of private corporate sector	40
(ix) Net current transfers to the rest of the world	(-)20
(x) Current transfers from government	30
(xi) Share of government in national income	80