

AMRITA VIDYALAYAM

AMRITA PRE BOARD EXAMINATION 2017 - '18

Class : XII

Marks : 80

Time : 3 hrs

ECONOMICS

GENERAL INSTRUCTIONS:

1. All questions are compulsory.
2. The question paper comprises of two sections, A and B. You are to attempt both sections.
3. Question Nos. 1 - 4 and 13 - 16 are multiple choice questions carrying 1 mark each. They are required to be answered in one sentence.
4. Question Nos. 5 - 6 and 17 - 18 carries 3 marks each. Answers to them should not normally exceed 60 words each.
5. Question Nos. 7 - 9 and 19 - 21 carries 4 marks each. Answers to them should not normally exceed 70 words each.
6. Question Nos. 10 - 12 and 22 - 24 carries 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 should be adhered to as far as possible.

SECTION - A

1. Which of the following is not a macro variable?
a) wholesale price index
b) output of the firm
c) aggregate demand
d) aggregate supply
2. When TP of 1st unit of labour is 10 and MP of 2nd unit of labour is 15, then TP of 2 units of labour is _____.
a) 10
b) 15
c) 20
d) 25
3. The cost curve which is a rectangular hyperbola is _____.
a) AFC curve
b) AVC curve
c) AC curve
d) TFC curve
4. Demand curve under monopolistic competition is _____.
a) perfectly elastic
b) relatively more elastic
c) relatively less elastic
d) none of these
5. Unemployment is reduced due to the measures taken by the government. State its economic value in the context of production possibilities frontier.
6. A consumer buys 18 units of a good at a price of ₹ 9 per unit. The price elasticity of demand for the goods is (-) 1. How many units the consumer will buy at a price of ₹ 10 per units? Calculate.

OR

Explain the difference between inferior goods and normal goods.

7. What are cartels? Give an example.
8. Giving reason, find whether the following statements are true or false.
a) When total revenue is maximum, average revenue is zero.
b) When marginal revenue is positive and constant, both average and total revenue will increase at a constant rate.
c) When total revenue is maximum, marginal revenue will also be maximum.
d) When marginal revenue falls to zero, average revenue should be rising.
9. Why does demand curve slope downwards? Explain.

OR

When can budget line shift to the right?

10. Explain the law of diminishing marginal utility with the help of a total utility schedule.

11. Explain the behaviour of total product under the law of variable proportions. Use diagram.

OR

Given below is the cost schedule of a firm. Its total fixed costs are ₹ 110. Calculate marginal cost and total cost at each level of output.

Output (units)	1	2	3
Average variable cost (₹)	50	44	47

12. What will be the impact on market price and the quantity exchanged when
a) the demand curve is perfectly elastic and supply curve shifts out?
b) both the demand and supply decrease in the same proportion?

SECTION - B

13. With an increase in SLR, flow of credit in the economy _____.
a) increases b) decreases c) remain unchanged d) none of these
14. Repo rate relates to _____.
a) short - term borrowings by the commercial banks
b) long - term borrowings by the commercial banks
c) overnight borrowings by the commercial banks
d) none of these
15. Invisibles are included in the _____.
a) balance of trade account Bop b) current account Bop
c) capital account Bop d) none of these
16. When US dollar exchanges for ₹ 50, instead of ₹ 55 earlier, the domestic currency shows _____.
a) currency appreciation b) currency depreciation
c) currency devaluation d) none of these
17. It is said that fiscal deficit is a reflection of fiscal indiscipline. How?
18. Giving reasons, categorise the following into revenue receipts and capital receipts.
a) Recovery of loans b) Corporation tax
c) Dividends on investment made by government

OR

Explain the concept of primary deficit in a government budget. What does it indicate?

19. From the following data calculate 'Gross Value Added at Factor Cost'.

Items	₹ in crores
a) Sales	8000
b) Change in stock	100
c) Subsidies	200
d) Consumption of fixed capital	300
e) Intermediate consumption	5500
f) Rent	500

20. Explain 'banker to the government' function of the Central Bank.

OR

How does Central Bank control credit creation by commercial banks through open market operations? Explain.

21. Distinguish between 'autonomous' and 'accommodating' balance of payments transactions.
22. a) If the value of multiplier is 4, what will be MPC and MPS?
b) What increase in investment is needed to raise income to ₹ 2,000 crore if $MPS = 0.5$?

OR

The saving function of an economy is $S = -250 + 0.35 Y$. The economy is in equilibrium when income is equal to 5,000. Calculate:

- a) Investment expenditure at equilibrium level of income.
- b) Autonomous consumption.

23. When is an economy in equilibrium? Explain with the help of saving and investment functions. Also explain the changes that take place in an economy when the economy is not in equilibrium. Use diagram.

24. Giving reasons explain how the following should be treated in estimation of national income.

- a) Salaries paid to Russians working in Indian Embassy in Russia.
- b) Entertainment tax received by the government.
- c) Purchase of equipment for installation in a factory.
- d) Mineral wealth of a nation.
- e) Services rendered by family members to each other.
- f) Growing vegetables in a kitchen garden of the house.