



DELHI PUBLIC SCHOOL

SAIL TOWNSHIP, RANCHI

PRE- BOARD-II EXAMINATION (2017-18)

Class:- XII

Time- 3 Hrs.

Subject:- Economics

M.M.- 80

General instructions:

- i) All question in both section are compulsory.
- ii) Question no. 1-4 and 13-16 are multiple choice questions carrying 1 marks each.
- iii) Question no. 5-6 and 17-18 are short-answer questions carrying 3 marks each. Answer to them should normally not exceed 60 words each.
- iv) Question no. 7-9 and 19-21 are also short-answer questions carrying 4 marks each. Answer to them should normally not exceed 70 words each.
- v) Question no. 10-12 and 22- 24 are long-answer questions carrying 6 marks each. Answer to them should normally not exceed 100 words each.
- vi) Answer should be brief and to the point and the above word limits should be adhered to as far as possible.

SECTION --A

1. A country has 2 alternative of production as $50X+100Y$ or $51X+98Y$ from the given resources available. If the country chooses the second alternative. What is the marginal opportunity cost of producing X:
a) 3Y b)4X c)2Y d)6Y [1]
2. A straight line supply curve which intersects the X-axis in its positive region indicates elasticity.
a) Equal to one b)more than one c)less than one d)zero [1]
3. Which of the following is not an example of fixed cost:
a) minimum telephone bill b)license fee
b) c)expenditure on machinery d) salaries of casual labours [1]
4. Total cost of 5 units of output is Rs. 30. Fixed cost is Rs.5. average variable cost at unit 5 is
a) Rs 25 b)Rs. 5 c)Rs. 6 d)Rs.1 [1]
5. According to 'IIMBS' (a leading recruitment consultant human resource outsourcing and staffing company in India), about 10000 delivery persons who had joined online companies are keen on shifting back to companies like Domino's, McDonald and logistic firms due to long working hours. Now suppose if this shifting actually happens , then what will be the effect on PPC of country. [3]

OR

1. Explain the problem of 'How to produce'. [3]
2. The price of a commodity is Rs. 10 per unit and total revenue from it is Rs. 1000. Its price elasticity is 0.8. its price falls by 10 percent. Calculate the total revenue at reduced price. [3]
3. Distinguish between decrease in Demand and decrease in Quantity Demanded. [4]
4. State the following are true or false. Give reasons.
a) TFC is indicated by vertical straight line.
b) Only fixed factor are used for the production in long run.
c) In market period supply can adjust itself to the changing demand.
d) AC only rises when MC rises.

OR

1. Explain with the help of numerical examples, the effect on total output of a good when only one inputs used in production increases. [4]

9. Recently government banned alcohol in a particular state . how will it affect the overall market demand ,market supply and equilibrium price of alcohol? Use diagram. [4]
10. The marginal utility schedule for goods A and B are given. Price of good A and B are Rs. 2 and Rs. 3 respectively. Income of the consumer is Rs. 19. [6]

Quantity(units)	MU of A	MU of B
1	52	33
2	42	27
3	34	24
4	26	18
5	16	12
6	6	6

- a) How many units of both good should be purchased to reach consumer equilibrium?
 b) Calculate total utility of consumer at equilibrium level.
 c) Is it possible to buy 4 units each of good A and B.
11. Why is equality between marginal revenue and marginal cost necessary for a firm to be in equilibrium? Is it sufficient to ensure equilibrium? Explain. [6]

OR

State whether the following statements are true or false. Give reasons for our answer:

- a) When TR is constant , AR will be also constant.
 b) The difference between total variable cost and total cost falls with increase in output.
 c) When MR is constant and not equal to zero TR will also be constant.
 d) As soon MC is rising ,AVC also starts rising.
 e) When MR falls to zero, AR becomes maximum.
 f) When MR is positive and constant ,AR and TR will both increase at constant rate.
12. Explain the implication of following: [6]
- a) Price discrimination under monopoly
 b) Interdependence under oligopoly
 c) Product differentiation under monopolistic competition.

SECTION B

13. What is the value of multiplier when MPC is more than MPS [1]
 A) More than 2 b) 2 c) 5 d) Less than 2
14. Measurement of value of all goods and services refers to which of the following function of money:
 a) Medium of exchange b) unit of account
 c) standard of deferred payment d) store of value [1]
15. Which deficit signifies borrowing of the government. [1]
 a) Revenue deficit b) Fiscal deficit c) Primary deficit d) budget deficit
16. Which of the following is direct tax? [1]
 a) Custom duty b) excise duty c) service tax d) corporate tax
17. Given $S = (-)200 + 0.25Y$. find [3]
 a) Consumption when income is RS 1000 (b) investment multiplier

OR

In an economy investment expenditure is increased by 400 crore and marginal propensity to consume is 0.8. calculate increase in income and increase in savings.

18. How can you derive saving curve through consumption curve? Elaborate [3]
19. Explain the role of open market operation and repo rate to control credit. [4]

OR

Explain the credit creation process of commercial bank.

20. How will you treat the following while estimating national income of India? [4]
- Consultation fee received by a doctor.
 - Purchase of new shares of domestic firm.
 - Profit earned by a foreign bank from its branches in India.
 - Services charge paid to a broker in exchange of second hand goods.

21. In the government budget for the year 2016-17, the finance minister proposed to raise the excise duty on cigarettes. He also proposed to increase income tax on individuals earning more than one crore per annum. Is the objective only to earn tax revenue? What possible welfare objective can you think of from these proposals? Explain. [4]

22. When is an economy in equilibrium? Explain with the help of saving and investment functions also explain the changes that takes place in an economy when the economy is not in equilibrium use diagram. [6]

OR

Distinguish between full employment equilibrium and under employment equilibrium. Also explain two measures by which full employment equilibrium can reached from under employment equilibrium situation.

23. Answer the following: [6]
- If inflation is higher in country A than in country B and the exchange rate between two countries is fixed, what is likely to happen to balance of trade between two countries?
 - Recently, the government of India launched the 'Incredible India' campaign to promote tourism in India. How will this affect the price of foreign exchange?

24. Calculate (a) GDP_{mp} by income method and (b) national income by expenditure method: [6]

Compensation of employees	240
Exports	50
Mixed income	280
Imports	60
Interest on national debt	10
Private final consumption expenditure	510
Gross fixed capital formation	130
Consumption of fixed capital	80
Subsidies	20
Government final consumption expenditure	70
Inventory investment	40
Indirect tax	90
Net factor income from ROW	(-)20
Rent, interest and profit	100