

Series : SSR

Code No. 58 / 1 / 1

Roll No.

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Candidates must write the code on the title page of the answer-book

Please check that this question paper contains 4 printed pages.

Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.

Please check that this question paper contains 24 questions.

Please write down the serial number of the question before attempting it.

Pre- Board-02 Examination - 2018-2019 Economics

Grade: 12

Date: 27.01.2019

Time allowed: 3 hours

Maximum Marks: 80

General Instructions

* All questions in both the sections are compulsory. Marks for questions are indicated against each.

* Question Nos. 1-4 and 13-16 are very short-answer questions carrying 1 mark each answered in one sentence each.

* Question Nos. 5- 6 and 17-18 are short-answer questions carrying 3 marks each in 60 words each.

* Question Nos. 7-9 and 19-21 are also short-answer questions carrying 4 marks each in 70 words each.

* Question Nos. 10-12 and 22-24 are long-answer questions carrying 6 marks each in 100 words each.

* Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION A

1. 'Virat Kohli is a good batsman and has scored highest number of centuries in test cricket' Is it a positive or normative statement? Give reason. 1
2. When output increases from 8 units to 10 units and TR increases from Rs.270 to Rs.300 then, MR is:
(a) 30 (b) 20 (c) 15 (d) 40 1
3. If the demand curve of a firm is a horizontal straight line:
(a) a firm can sell only specified amount at the existing price
(b) all firms can sell equal amount at the given price

- (c) firms can differentiate their products at the given price
- (d) a firm can sell any amount at the existing price 1

4. Why does the variable cost curve originate from the point of origin? 1
5. State briefly the three central problems of an economy. 3
6. What change does it make to the equation of consumer's equilibrium when he decides to spend his income on two commodities rather than one? 3
7. Price of the commodity increases from ₹50 to ₹60 per unit. Quantity demanded initially was 200 units. What should be the new quantity so that elasticity of demand is established to be unitary? 4
8. Explain the following: 4
 - (a) 'Free entry and exit' feature of Perfect Competition.
 - (b) 'Differentiated Products' feature of the Monopolistic Competition
9. Explain the effect of increase in income of the consumer on the demand for a good. 4

Or

Explain the rise in the price of the related goods on the demand for a good.

10. Complete the following table.

Output	Total Variable Cost	Average Variable Cost	Marginal Costs
1	10	-	-
-	-	8	6
3	27	-	-
-	-	10	13

11. Given the market is in equilibrium for a good. Explain the effect of simultaneous decrease in both demand and supply of that good on its equilibrium price and quantity. Use diagram, 6
12. Once a consumer reaches the point of equilibrium he/she would not like to change his allocation of expenditure (to goods X & Y) even if price of one commodity changes. Do you agree? Substantiate your answer using utility analysis. 6

SECTION B

13. 'Zero MPC implies zero multiplier'. State whether the given statement true or false? Give reasons. 1
14. 'Repo rate is a policy instrument of the RBI, while reverse repo rate is not.' Defend or refute the statement. 1
15. Supply of money is a :
- (a) Flow variable
 - (b) Stock variable
 - (c) Real concept
 - (d) Nominal concept 1
16. Give the meaning of under-employment equilibrium. 1
17. How should the following be treated while calculating national income? Give reasons for your answer. 3
- (i) Purchases by foreign tourists
 - (ii) Purchase of shares by a domestic firm
18. Define multiplier. What is the relation between marginal propensity to consume and multiplier? Calculate the marginal propensity to consume if the value of multiplier is 4. 3
19. Explain the role of 'Cash Reserve Ratio' in controlling credit creation in the economy. 4
20. What is meant by inflationary gap? State three measures to reduce this gap.
- OR**
- What is meant by aggregate demand? State its components. 4
21. Discuss any two quantitative instruments of monetary policy adopted by the Central Bank to control the supply of money in the economy. 4
- OR**
- Explain two principal functions of Central Bank.
22. The value of Marginal Propensity to Consume is 0.6 and initial income in the economy is ₹100 Crores. Prepare a schedule showing Income, Consumption and Saving. Also show the Equilibrium level of income by assuming Autonomous Investment of ₹80 crores. 6
23. (a) Explain the impact of rise in exchange rate on national income. 6
 (b) Explain the concept of 'deficit' in balance of Payments

24. Calculate,

Sl.No.	Items	(in crores)
i)	Rent and interest	6,000
ii)	Wages and salaries	1,800
iii)	Undistributed profit	400
iv)	Net indirect taxes	100
v)	Subsidies	20
vi)	Corporation tax	120
vii)	Net factor income to abroad	70
viii)	Dividends	80
ix)	Consumption of fixed capital	50
x)	Social security contribution by employers	200
xi)	Mixed income	1000
