# ECONOMICS

# BOOKS - XII BOARDS PREVIOUS YEAR

# OUTSIDE DELHI 2015

## Outside Delhi 2015 Set I

**1.** Define indifference curve.

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**2.** If due to fall in the price of good X, demand for good Y rises, the two goods are : (choose the correct alternative)

A. Substitutes

B. Complements

C. Not related

D. Competitive

**Answer: B**

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**3.** If Marginal Rate of Substitution is increasing throughout, the Indifference Curve will be : (choose the correct alternative)

A. Downward sloping convex

B. Downward sloping concave

C. Downward sloping straight line

D. Upward sloping convex

**Answer: B**

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**4.** Giving reason comment on the shape of Production Possibilities curve based on the following schedule :

| Good X (units) | Good Y (units) |
|---|---|
| 0 | 30 |
| 1 | 27 |
| 2 | 21 |
| 3 | 12 |
| 4 | 0 |

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**5.** What is likely to be the impact of "Make in India" appeal to the foreign investors by the Prime Minister of India, on the production possibilities frontier of Indian ? Explain.

OR

What is likely to be the impact of efforts towards reducing unemployment on the production potential of the economy? Explain.

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**6.** Explain the significance of 'minus sign' attached to the measure of price elasticity of demand in case of a normal good, as compared to the 'plus sign' attached to the measure of price elasticity of supply.

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**7.** In a perfectly competitive market the buyers treat products of all the firms as homogeneous. Explain the significance of this feature.

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**8.** What are the effects of 'price-floor' (minimum price ceiling) on the market of a good? Use diagram.

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**9.** A consumer spends Rs.1,000 on a good priced at 10 per unit. When its price falls by 20 percent, the consumer spends

Rs.800 on the good. Calculate the price elasticity of demand by the Percentage method.

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**10.** What is the behaviour of (a) Average Fixed Cost and (b) Average Variable Cost as more and more units of a good are produced ?

OR

Define Average Revenue. Show that Average Revenue and Price are same.

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**11.** A consumer consumes only two good X and Y, both priced at Rs.2 per unit. If the consumer chooses a combination of the two goods with Marginal Rate of Substitution equal to 2, is the consumer in equilibrium? Why or why not?

What will be rational consumer do in this situation? Explain.

OR

A consumer consumes only two goods X and Y whose prices are Rs.5 and Rs.4 respectively. If the consumer chooses a combination of the two goods with marginal utility of X equal to 4 and that of Y equal to 5, is the consumer in equilibrium? Why or why not? What will a rational consumer do in this situation? Use utility analysis.

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**12.** What are the different phases in the Law of Variable Proportions in terms of marginal product? Give reason behind each phase. Use diagram.

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**13.** Explain why will a producer not be in equilibrium if the conditions of equilibrium are not met.

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**14.** Market for a good is in equilibrium. The supply of good "decreases". Explain the chain of effects of this change.

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**15.** What is 'aggregate demand' in macroeconomics?

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**16.** If MPC=1, the value of multiplier is : (choose the correct alternative)

A. 0

B. 1

C. Between 0 and 1

D. Infinity

**Answer: D**

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**17.** Primary deficit in a government budget is :

(Choose the correct alternative).

A. Revenue expenditure - Revenvue receipts

B. Total expenditure - Total receipts

C. Revenvue deficit - Revenvue payments

D. Fiscal deficit - Interest payments

**Answer: D**

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**18.** Direct tax is called direct because it is collected directly form: (Choose the correct alternative)

A. The producers on goods produced

B. The sellers on goods sold

C. The buyers of goods

D. The income earners

**Answer: D**

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**19.** Other things remaining the same, when in a country the market price of foreign currency falls, national income is likely: (Choose the correct alternative)

A. to rise

B. to fall

C. to rise or to fall

D. to remain unaffected

**Answer: B**

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**20.** If the Real GDP is Rs.400 and Nominal GDP is Rs.450, calculate the Price Index (base = 100).

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**21.** What are fixed and flexible exchange rates?

OR

Explain the meaning of Managed Floating Exchange Rate.

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**22.** Where is 'borrowings from abroad' recorded in the Balance of Payments Accounts? Give reasons.

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**23.** Explain the "Banker's Bank as a function" of the central bank.

OR

Explain the "Bank of Issue function" of the central bank.

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**24.** Currency is issued by the central bank, yet we say that commerical banks create money. Explain. How is this money creation by commerical banks likely to affect the national income? Explain.

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**25.** An economy is in equilibrium. Calculate the Investment Expenditure from the following :

National Income=800

Marginal Propensity to Save=0.3

Autonomous Consumption=100

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**26.** Giving reason explain how the following should be treated in estimation of national income :

(i) Payment of interest by a firm to a bank

(ii) Payment of interest by a bank to an individual

(iii) Payment of interest by an individual to a bank

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**27.** What is 'deficient demand' ? Explain the role of 'Bank Rate' in removing it.

OR

What is 'excess demand'? Explain the role of 'Reverse Repo Rate' in removing it.

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**28.** Explain how the government can use the money supply policy in reducing inequalities in incomes.

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**29.** Calculate the 'Nationals Income' and 'Private Income'* *:

| | | Rs. crores |
|---|---|---|
| (i) | Rent | 200 |
| (ii) | Net factor income to abroad | 10 |
| (iii) | National debt interest | 15 |
| (iv) | Wages and salaries | 700 |
| (v) | Current transfers from government | 10 |
| (vi) | Undistributed profits | 20 |
| (vii) | Corporation tax | 30 |
| (viii) | Interest | 150 |
| (ix) | Social security contributions by employers | 400 |
| (x) | Net domestic product accruing to government | 250 |
| (xi) | Net current transfers to rest of the world | 5 |
| (xii) | Dividends | 50 |

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## Outside Delhi 2015 Set Ii

**1.** Define budget line.

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2. Giving reasons comment on the shape of Production Possibilities curve based on the following schedule:

| Good X (units) | Good Y (units) |
|---|---|
| 0 | 16 |
| 1 | 12 |
| 2 | 8 |
| 3 | 4 |
| 4 | 0 |

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3. Explain the implication of non-price competition in an oligopoly market.

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**4.** A consumer spends Rs.100 on a good priced at Rs.4 per unit. When its price falls by 25 percent, the consumer spends Rs.75 on the good. Calculate the price elasticity of demand by the percentage method.

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**5.** Market for a good is in equilibrium. The supply of the good 'Increases'. Explain the chain of effects of this change.

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**6.** If the Real GDP is Rs.500 and Price Index (base=100) is 125, calculate the Nominal GDP.

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**7.** An economy is in equilibrium. Calculate the Marginal Propensity to Save from the following:

National income = 1,000

Autonomous consumption=100

Investment=120

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**8.** Calculate 'Net National Product at Market Price' and 'Personal Income'* * :

(Rs.crores)

(i) Transfer payments by government 7

(ii) Government final consumption expenditure 50

(iii) Net imports (-)10

(iv) Net domestic fixed capital formation 60

(v) Private final consumption expenditure 300

(vi) Private income 280

(vii) Net factor income to abroad (-)5

(viii) Closing stock 8

(ix) Opening stock 8

(x) Depreciation 12

(xi) Corporate tax 60

(xii) Retained earnings of corporations 20

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## Outside Delhi 2015 Set Iii

**1.** Define Indifference Map.

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2. Distinguish between co-operative and non-cooperative oligopoly.

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3. Giving reason comment on the shape of Production Possibilities Curve based on the following table :

| Good X (units) | Good Y (units) |
|---|---|
| 0 | 10 |
| 1 | 9 |
| 2 | 7 |
| 3 | 4 |
| 4 | 0 |

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**4.** A consumer spends Rs.400 on a good priced at Rs.8 per unit. When its price rises by 25 percent, the consumer spends Rs.500 on the good. Calculate the price elasticity of demand by the Percentage method.

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**5.** If the Nominal GDP is Rs.600 and Price Index (base=100) is 120, calculate the Real GDP.

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**6.** An economy is in equlibrium. Calculate the national Income from the following :

Autonomous Consumption =120

Marginal Propensity to Save = 0.2

Investment Expenditure = 150

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**7.** Calculate 'Net Domestic Product at Market Price' and 'Gross National Disposable Income'* *:

(Rs.crores)

(i) Private final consumption expenditure 400

(ii) Opening stock 10

(iii) Consumption of fixed capital 25

(iv) Imports 15

(v) Government final consumption expenditure 90

(vi) Net current transfers to rest of the word 5

(vii) Gross domestic fixed capital formation 80

(viii) Closing stock 20

(ix) Exports 10

(x) Net factor income to abroad (-) 5

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