



# INDIAN SCHOOL MUSCAT SECOND PERIODIC TEST



## ECONOMICS

**SET B**

**CLASS: XII**

**Sub. Code: 030**

**Time Allotted: 50 mts**

**09.09.2018**

**Max. Marks: 20**

### EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.NO.	Answers	Marks (with split up)						
1	Parallel to X axis	1						
2	The law states that with the increase in a variable factor, keeping all other factors constant, the marginal product of the variable factor diminishes after a certain level of production, but remains positive	1						
3	Quantity demanded decreases as a result of change in factors other than price. i.e. fall in income of the consumer, fall in price of substitute goods etc. Price remains the same. The demand curve shift leftwards. (diagram) Example:	1+1+1						
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 5px;">Price</th> <th style="padding: 5px;">Quantity demanded</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">10</td> <td style="text-align: center; padding: 5px;">30</td> </tr> <tr> <td style="text-align: center; padding: 5px;">10</td> <td style="text-align: center; padding: 5px;">20</td> </tr> </tbody> </table>			Price	Quantity demanded	10	30	10	20
Price	Quantity demanded							
10	30							
10	20							
4	$P=8, P1 = 25\%$ fall in price i.e. Rs.2 ( $8-2 = 6$ ) $Q = 600$ units change in demand = 120 units $Ed = \Delta Q/\Delta P \times P/Q$ $120/-2 \times 8/600 = 0.8$	3						
5	Substitute goods are those goods which can be interchanged for use. If price of a substitute good increases, the demand for given commodity also increases. Similarly if price of substitute good decreased, the demand for given commodity decreases. Example: tea and coffee, Pepsi and coco cola. Complementary goods are those goods which are jointly used. If price of one good increase, the demand for the other good decreases and the price of complementary good decreases the demand for given commodity increases. Examples: Car and Petrol, Pen and Ink.	1.5 + 1.5						
6	Average product is output per unit of variable input. Marginal product is addition to total product when an additional unit of variable input is used. When AP rises, MP is greater than AP When AP is maximum and constant, $MP=AP$ When AP falls, MP is less than AP. (Diagram 1 mark)	3+1						

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|---|--|-----|
| 7 | Money supply refers to the total quantity of money available in the economy at a point of time.  | 1   |
| 8 | Reverse repo rate.   | 1   |
| 9 | Open market operation refers to sale and purchase of government securities in the open market by the central bank of the country. By selling the securities, the cash reserves of the commercial bank decreases. This reduces the credit creation capacity of commercial banks | 1+2 |