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Code Number	B
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INDIAN SCHOOL MUSCAT SECOND PERIODIC TEST



ECONOMICS

CLASS: XII

Sub. Code: 030

Time Allotted: 50 mts

09.09.2018

Max. Marks: 20

General Instructions:

- (1) All questions in both sections are compulsory.
- (2) Marks for questions are indicated against each question.
- (3) Very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
- (4) Short answer questions carrying 3 marks each. Answers to them should not exceed 60 words each
- (5) Short answer questions carrying 4 marks, answers to them should not normally exceed 70 words each.
- (6) Answers should be brief and to the point

SECTION A

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|---|---|---|
| 1 | A perfectly elastic demand curve is: | 1 |
| | <ul style="list-style-type: none"> (a) Parallel to the Y-axis (b) Parallel to the X-axis (c) Originates from origin (d) None of the above. | |
| 2 | What is the Law of Diminishing marginal product? | 1 |
| 3 | What do you understand by decrease in demand? Explain it with the help of an example and diagram. | 3 |
| 4 | The quantity demanded of a commodity at a price of Rs.8 per unit is 600 units. Its price falls by 25 per cent and quantity demanded rises by 120 units. Calculate its price elasticity of demand. | 3 |
| 5 | Distinguish between substitute and complementary goods with examples. | 3 |
| 6 | Explain the relationship between Average product and marginal product with the help of a diagram. | 4 |

SECTION B

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|---|----------------------|---|
| 7 | Define money supply. | 1 |
|---|----------------------|---|

- 8 The rate at which commercial banks are allowed to park their surplus funds with the RBI is called: 1
(a) Bank rate
(b) Repo rate
(c) Currency rate
(d) Reverse repo rate.
- 9 How does central bank control credit creation by commercial banks through open market operations? Explain. 3

End of the Question Paper