

INDIAN SCHOOL MUSCAT
SAMPLE PAPER-UNSOLVED 3

Class: XII

Marks: 80

Date:

Time: 3 hours

General instructions:

- i. All questions are compulsory
- ii. Marks for questions are indicated against the questions.
- iii. Questions no. 1-4 and 13-16 are very short answer questions carrying 1 mark each. These are to be answered in one sentence each.
- iv. 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.
- v. Question No.7-9 and 19--21 are short answer questions carrying 4 marks each. Answer to them should normally not exceed 70 words each.
- vi. Question No.10 -12 and 22-24 are short answer questions carrying 6 marks each. Answer to them should normally not exceed 100 words each.
- vii. Answers should be brief and to the point and the above word limit should be adhered to as far as possible.

SECTION A

1	Give one example for a normative statement	1
2	A consumer buys 5 cups of ice-cream when its price is Rs. 10 per unit and is at equilibrium. If its price falls to Rs. 8 per unit, should she buy more units or less units to be at equilibrium?	1
3	If Marginal Product coincides with X axis, Total Product will: (Choose correct option) a. Remains constant and maximum b. Increases at a constant rate c. Decreases at a constant rate d. Increases at an increasing rate.	1
4	Which one of the following is an example for implicit cost? a. Rent of hired building b. Interest of borrowed fund c. Electricity and water charges d. Wages and salaries of managerial staff.	1

5	<p>What does allocation of resource mean? How does the problem of “What to produce” become the problem of allocation of resources?</p> <p style="text-align: center;">OR</p> <p>Explain the problem of how to produce. Why does the problem arise?</p>	3																				
6	<p>In a diagram quantity demanded of good X is shown on X axis and its price is shown on Y axis.. What changes happen on its demand curve under the following situation?</p> <p>a. Price of good X falls.</p> <p>b. Price of good X rises</p> <p>c. Money income of the consumer falls.</p>	3																				
7	<p>There is a market structure in which there are large number of firms producing goods which are not homogeneous. Identify the market and explain any of its three features.</p> <p style="text-align: center;">OR</p> <p>There is a market structure in which there are only a few large firms producing goods which are not homogeneous. Identify the market and explain any of its three features.</p>	4																				
8	<p>Good X and good Y are complementary goods. Using suitable diagram, explain the effect on demand for good X when price of good Y changes.</p>	4																				
9	<p>Define Average Product and Marginal Product. Using suitable diagram explain the relationship between the two.</p>	4																				
10	<p>Why must marginal cost be equal to marginal revenue for a firm’s equilibrium? Explain using suitable diagram.</p> <p style="text-align: center;">OR</p> <p>Consider the following schedule. How many units of the good should the firm produce to be at equilibrium? Use Marginal Cost and Marginal Revenue approach. Assume market price is Rs.10/- per unit</p> <table><tr><td>Units produced:</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td></tr><tr><td>Total Cost (Rs):</td><td>12</td><td>22</td><td>30</td><td>36</td><td>43</td><td>51</td><td>61</td><td>73</td><td>87</td></tr></table>	Units produced:	1	2	3	4	5	6	7	8	9	Total Cost (Rs):	12	22	30	36	43	51	61	73	87	6
Units produced:	1	2	3	4	5	6	7	8	9													
Total Cost (Rs):	12	22	30	36	43	51	61	73	87													
11	<p>How does the following influence price elasticity of demand?</p> <p>a. Nature of the product.</p> <p>b. Time period</p> <p>c. Habits of the consumer</p>	6																				
12	<p>A firm is increasing the employment of a variable input while keeping the employment of all other inputs constant. Explain the how the Marginal Product and Total Product of the factor changes in its</p>	6																				

	three stages. Use diagram.	
	SECTION B	
13	If Revenue receipts were 8.7% of Gross Domestic Product and Non Tax Revenue was 1.4% of the Gross Domestic Product, how much was the tax revenue?	1
14	If Marginal Propensity to Save is zero, the value of Multiplier is: A. Infinity B. Zero C. One D. None of the above	1
15	Which of the following expenditure is a capital expenditure? A. Expenditure on salaries B. Expenditure on Interest C. Expenditure of purchase of shares D. Expenditure on grants	1
16	Total money creation by the commercial bank is equal to: A. Initial Deposit \times 1/Legal Reserve Ratio B. Initial Deposit \times 1/Statutory Liquidity Ratio C. Initial Deposit \times 1/Variable Reserve Ratio D. Initial Deposit \times 1/ Repo Rate	1
17	Are the following considered in balance of payment current account? State with reason. a. Current transfer from abroad b. Import of machinery from abroad c. Purchase of shares of foreign companies by residents	3
18	Calculate Value of Output and Gross Value Added at factor cost from the following information. a. Consumption of fixed capital 200 b. Domestic Sales 5600 c. Purchase of Intermediate goods 2000 d. Purchase of machinery for own use 1000 e. Opening stock of inventories 800 f. Subsidies 300 g. Exports 400 h. Indirect taxes 800 i. Closing stock of inventories 1000	3
19	What does budget deficit mean? Explain the three types of budget deficit with their implications	4
20	How do the following policies of central bank help in expanding and contracting credit creation and	4

	money supply? a. Bank Rate Policy b. Open Market Operation	
	Distinguish between: a. Currency Devaluation and Currency Depreciation b. Balance of Trade and Balance of Payment current account	4
22	Calculate Gross National Product at market prices and compensation of employees from the following data. (All figures are in Rs. Crores) a. Profits 900 b. Mixed income of self employed 600 c. Indirect taxes 350 d. Net Domestic Product at factor cost 4300 e. Consumption of fixed capital 200 f. Interest 500 g. Factor income received from abroad 200 h. Rent 700 i. Subsidies 150 j. Factor payment made to abroad. 100	6
23	Explain the concept of deflationary gap with suitable diagram. What monetary policies can be taken in order to rectify this situation? OR Explain the concept of inflationary gap with suitable diagram. What fiscal policy measures can be taken in order to rectify this situation?	6
24	a. An economy is at equilibrium. Autonomous consumption is Rs.300. Marginal Propensity to consume is 0.8. Investment expenditure is Rs.700. Calculate the level of income using savings and Investment approach. b. As a result of increase in investment national income rises by Rs. 600 crores. If marginal propensity to consume is 0.75, calculate increase in investment.	6
