

MARTHOMA RESIDENTIAL SCHOOL, THIRUVALLA

SECOND TERMINAL EXAMINATION 2017-18

STD: XII

ECONOMICS

Max Marks : 80

Time: 3 hrs.

Part A (20 Marks)

All questions are compulsory. Each question carries 2 marks.

Question 1

(10x2=20)

- a) Give two exceptions to the law of demand.
- b) State two properties of indifference curve.
- c) Define excess demand and excess supply.
- d) Draw AVC, AFC ,ATC and MC curves on a single diagram.
- e) What is meant by price discrimination? Give two examples.
- f) If $MPC=0.75$, find the value of investment multiplier.
- g) Give one difference between accounting cost and opportunity cost.
- h) Differentiate between devaluation of currency and depreciation of currency.
- i) Explain standard of deferred payments as the secondary function of money.
- j) Define revenue budget and capital budget.

Part B (60 Marks)

Answer any five questions from the following.

Question 2.

- a) Explain the causes for the increasing returns to a factor. (3)
- b) Distinguish between real cost and money cost with the help of examples. (3)
- c) Explain any four determinants of supply. (6)

Question 3.

- a) Calculate the quantity demanded for a commodity when its price increases from Rs 4 to Rs 6. The original quantity demanded was 40 units and the price elasticity of demand is 0.5. (3)
- b) Discuss two difference between intermediate goods and final goods. (3)
- c) How does a perfectly competitive firm earns super normal profit in the short run equilibrium? Explain with the help of a diagram. (6)

Question 4.

- a) Discuss any two causes of balance of payments. (3)
- b) The cost function of a firm is given below.

Output	0	1	2	3	4
TC	100	160	212	280	356

Calculate : TFC, TVC and MC. (3)

- c) Discuss four methods of repayment of public debt. (6)

Question 5.

- a) What is meant by leakages and injections? Name two items of each. (3)
- b) Explain open market operations and bank rate. (3)
- c) How do commercial banks create credit? What are the limitations to their power to create credit? (6)

Question 6.

- a) Highlight two differences between sales tax and income tax. (3)
- b) With the help of a diagram show the circular flow of income in a two sector model with savings and investment. (3)
- c) Show graphically that the equilibrium of the producer is at the level of output when MC equals MR. (6)

c) From the data given below, calculate GDP_{MP} and NNP_{FC} using the value added method. (6)

	Rs in crores
i) Gross value added of output in the primary sector.	950
ii) Gross value added of output in the secondary sector.	470
iii) Gross value added of output in the tertiary sector.	500
iv) Value of intermediate product in primary sector.	360
v) Value of intermediate product in secondary sector	200
vi) Value of intermediate product in tertiary sector	175
vii) Depreciation.	20
viii) Indirect tax	35
ix) Subsidy	10
x) Net factor income from abroad	4