MARTHOMA RESIDENTIALSCHOOL , TIRUVALLA

ISC MODEL EXAMINATION 2018-19

ECONOMICS

(Maximum Marks: 80)

(Time allowed: Three hours)

(Candidates are allowed additional 15 minutes for ***only*** *reading the paper. They must NOT start writing during this time.)*

Answer ***Question 1 (compulsory) from Part I*** *and* ***five*** *questions from* ***Part II.***
The intended marks for questions or parts of questions are given in brackets [ ].

PART I

Question 1.

1. Explain twoinstances where the law of demand does not hold good. [2]
2. What is the difference between decrease in supply and contraction of supply. [2]
3. How is the elasticity of demand of a commodity affected by the following factors: [2]
   i.Nature of the commodity
   ii.Existence of substitutes.

4.What do you mean by income demand? [2]

5.State two difference between utility analysis and Indifference curve analysis. [2]

6.Examine any two properties of indifference curve? [2]

7.What do you mean by pure competition [2]

8.Bring out two difference between Time deposit and current deposit. [2]

9.i.Define GNP at factor cost. How is it different from National income.

ii.How can Gross Domestic Product at factor cost be obtained from Gross National Product

at Market price. [2]

10. Bring out any four features of the market where intense rivalry exist among the firms [2]

PART II

Question 2.

1.. Explain the Geometric method of calculating the elasticity of supply. [3]

2.How does the following factors affect the elasticities of supply:

i. Nature of the commodity
ii. Nature of input [3]

3.i.Derive the short run supply curve of a firm under perfect competition with the help of Revenue and cost curves.

ii. Explain the relationship between Total revenue and marginal revenue curve with the support of an neat diagram [6]

Question 3.

a. Explain the total expenditure method of measuring the price elasticity of demand. [3]

b. Discuss how the supply of labour is an exception to the law of supply. [3]

c. Explain Consumers Equilibrium using indifference curve analysis. [6]

Question 4.

a. Explain the implication of a simultaneous changes in the Demand and supply of a commodity using appropriate diagram.

When Equilibrium price rise. [3]

b. Briefly explain with the help of a neat diagram Minimum Price Legislation or floor price. [3]

c. Explain how shortrun equilibrium attained by a perfectly competitive firm earn super normal profit. [6]

Question 5.

a. A producer supplies 400 units of a commodity at Rs. 10 per unit. Price Elasticity of supply is 1.25. How many units will the producer supply at Rs. 20 per unit. [3]

b. Examine two similarities between monopolistic competition and oligopoly. [3]

c. State the Law of Demand and illustrate it with the help of a demand curve. What are the exceptions to the Law of Demand? [6]

Question.6

a. Distinguish between product differentiation and price discrimination? [3]

b. What is investment multiplier?

Given that $C=60+0.8Y$ and $I=60$, Calculate

i. Equilibrium level of income

ii. Consumption at Equilibrium level.

c. Examine three secondary functions and three contingent function of money. [6]

Question 7.

a What are the ways in which commercial bank give loans to the public. [3]

b. What are the two different types of cash reserves that the commercial banks maintains with the RBI. Explain. [3]

c. What do you mean by redemption of public debt ? Explain four ways of public debt redemption. [6]

Question 8.

a. Distinguish between direct tax and indirect tax. State any two merits and any two demerits of direct tax. [3]

b. Discuss the role of fiscal policy in Economic development of a country [3]

c. There are only two producing sectors in an economy. Calculate GDP at market price and National income. [6]

		(in crore)
i.	Net Factor income from abroad	20
ii.	Sales by A	1000
iii.	Sales by B	2000
iv.	Change in stock of B	(-)200
v.	Closing stock of A	50
vi.	Opening stock of A	100
vii.	Consumption of fixed capital of both sectors	180
viii.	Indirect taxes paid by both A and B	120
ix.	Purchase of raw material by A	500
x.	Purchase of Raw material by B	600
xi.	Exports by B	70

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