

## Second Year Higher Secondary Examination-2013

### Part - III

### ECONOMICS

Maximum : 80 Scores

Time : 2 1/2 Hours

Cool off time : 15 Minutes

1. Mention one example for each of the following market structures.
  - i) Monopoly
  - ii) Monopolistic competition. (2)
2. Below are given the relative size of the budget. Mention the type of the budget. (3)

Relative size of budget		Type of Budget
(i)	Revenue > Expenditure	
(ii)	Revenue = Expenditure	
(iii)	Revenue < Expenditure	

3. The price of a commodity goes up from Rs. 5 to 6 as a result of which demand falls from 8 units to 6 units. Calculate price elasticity of demand. (2)
4. Mention the appropriate term. (2)

Concept	Term
---------	------

(i)	Branch of economics which studies the behavior of individual economic units	
(ii)	The Govt. imposed lower limit on the price that may be charged for a particular good or service	

5. Write down the two major components of balance of payment. (2)
6. The following table shows TFC and TVC of a firm. Find out TC, AFC, AVC, AC and MC of the firm. (5)

Units of output	TFC	TVC	TC	AFC	AVC	AC	MC
1	50	30					
2	50	50					
3	50	60					
4	50	65					
5	50	75					

7. Keynes's book "General Theory of Employment, interest and money" was published in  
 i) 1926  
 ii) 1936  
 iii) 1946  
 iv) 1956 (1)
8. In economics, it is generally assumed that consumer is rational. The consumer have well defined preference over a set of available bundle. He

always tries to maximize his satisfaction or attain the optimum level.

Diagrammatically illustrate the consumer's optimum. (8)

(Hint : Consumer's equilibrium).

9. List of some variables are given below. Classify them in a table into stocks and flows.

- i) Wealth
  - ii) Income
  - iii) Consumption
  - iv) Investment
  - v) Expenditure
  - vi) Capital stock
- (3)

Stock	Flows
-------	-------

10. State whether the statements are true or false.

- i) In a perfect competitive market structure, firms are price takers.
  - ii) All firms in the market produce homogeneous product.
- (2)

11. From the following information, calculate GNP and NDP.

(4)

(Rs. In crores)

- |                                    |        |
|------------------------------------|--------|
| i) GDP <sub>MP</sub>               | 65,665 |
| ii) Consumption of fixed capital   | 2,250  |
| iii) Net factor income from abroad | 750    |

12. Which of the following is a characteristic of oligopoly ?

- i) A market situation with only a few buyers.
  - ii) A market situation with only a few sellers.
  - iii) A market situation with only one seller.
  - iv) Government control over price. (1)
13. In an economy, the level of income is Rs. 1,000 crores and the MPC is 0.8. If the investment increases by 200 crores, calculate the total increase in income. (3)
14. Welfare considerations enable the govt. to impose price floor for some goods and services. Mention any one example of imposition of price floor. (1)
15. Explain the concept of aggregate demand with the hel of a diagram. (5)
16. From the table identify the different levels of TP which makes the different phases of the operation of the law of variable proportions. (3)

Variable input	T.P.	Stage of Production
0	0	
1	10	
2	20	
3	30	
4	30	
5	28	
6	26	

17. Which type of market have full control over price ?

- i) Perfect competition
- ii) Monopolistic competition
- iii) Monopoly
- iv) Oligopoly

(1)

18. In India RBI has developed alternative measures of money supply and figures are published accordingly.
- Prepare a chart showing the alternative measures of money supply in India.
  - Categorise them into 'narrow money' and 'broad money'.
  - Also identify the 'most and least' liquid forms of money. (8)

19. The following table shows the TR and TC schedule of a competitive firm. Calculate (a) the profit at each level of output. (b) determine the market price of good X. (4)

Qty. of Good X	TR	TC
0	0	10
1	10	14
2	20	20
3	30	24
4	40	30
5	50	46
6	60	66
7	70	80

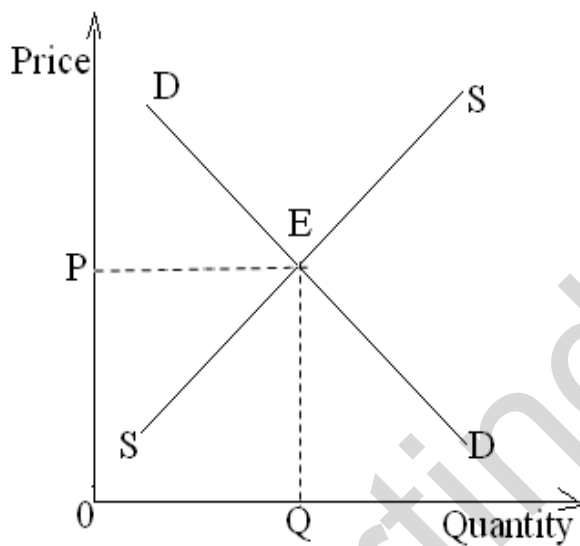
20. The values of the nominal GDP of India was Rs. 2,800 crores during the year 2011. The value of GDP of the country during the same year evaluated at the price of some base year was Rs. 3,200 crores. Find the value of GDP deflator of the year in percentage terms. (2)
21. Under perfect competition, a firm will not produce output level in cases under (a)  $P > MC$  and b)  $P < MC$ . If so, what is the condition of profit maximizing output in the short run. Give diagrammatic illustration. (Hint: Short run equilibrium of a firm under perfect competition) (5)
22. Define rate of exchange. If 300 Indian Rupees are exchanged for 6 US Dollars, what is the rate of exchange between Indian Rupees and US Dollar ? (3)

23. In an economy, suppose the govt. wants to increase the public expenditure keeping the tax rate constant. What would be the effect of public spending on the generation of income ? Illustrate with suitable diagram. (5)

24. Macro economics is also known by the name

- i) Price theory
- ii) Demand theory
- iii) Theory of income and Employment
- iv) Cost theory (1)

25. The following diagram shows equilibrium market price determined by the equality between demand and supply.



Show the effect of change in demand and supply on equilibrium price and output under the following situations (Use diagram)

- i) Increase in demand or when the demand curve shift right wards.
- ii) Increase in supply or when supply curve shift rightwards.

(4)