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Class 12 'C' 'ECONOMICS'

50 Practice Question for Boards.

Unit I

1. Explain the central problem of distribution of Income.
2. Define scarcity.
3. Discuss the central problem of (a) What to produce (b) choice of techniques.
4. Define PPC. Explain its features.
5. When will PPC shift? Give examples.
6. When does the economy operate within PPC. Give justification.
7. Draw out a schedule for (a) straight line PPC (b) convex PPC (c) concave PPC.

Unit - II

8. Define Utility.
9. State the relationship TU and MU.
10. State the conditions of consumer equilibrium in case of single good.
11. Explain the relationship b/w 'Law of demand' and Diminishing marginal utility.
12. State the properties of Indifference curve.

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14. If P_x and P_y is ₹ 10/unit and ₹ 5/unit respectively, then (a) Give budget equation (b) Calculate slope of Budget line (c) Calculate number of units of X and Y can be purchased if the income is spent equally considering Income to be Rs. 100

15. Give the conditions of consumer equilibrium through ordinal approach.

16. Explain the concept of MRS.

17. How does demand ^{of a good} changes with the price of other good.

18. "With the increase in Income, the demand for all goods rises". Explain (True/False)

19. Differentiate between change in demand and change in quantity demanded.

20. Compare (a) Expansion and Increase in demand
(b) Contraction and Decrease in demand.

21. If the Price of a good rises from Rs ₹ 4 to ₹ 6 resulting in 20% fall in demand. Calculate the value of elasticity. Also calculate the new expenditure if quantity before change is 20 units

22. Why is the demand curve negatively sloped? Give 1 reasons.

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Unit III

24. State the relationship b/w TP and MP
25. State the relationship b/w MP and AP
26. Explain the "Law of variable proportions". giving reasons.
27. Give the behaviour of AFC, AVC, AC and MC.
28. Why AC, AVC and MC are U-shaped Curve?
29. Explain the various factors affecting supply curve.
30. Explain the relationship b/w TR and MR
- (a) when prices are constant (b) when prices are lowered.

31. State and explain the conditions of Producer's Equilibrium
32. If there is 10% rise in price and value of elasticity of supply is 2. what will be the percentage change in quantity.

33. State the Law of Supply. Give reasons and exceptions to the law.

Unit IV

- Q34. Explain the implication of "Free Entry and Exit" and Perfect knowledge in perfect competition
- Q34. Monopoly has steeper demand curve where as monopolistic firms have flatter curve. Justify.
35. Compare the features of perfect competition

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37. How are prices determined in perfect competition. Use diagram to explain the theory.

38. How will "rise in price of substitute" and fall in income affects equilibrium price and qty.

39. Explain Price Floor. Discuss its consequence.

40. Explain Price Ceiling. Discuss its consequence.

Unit V

41. List the precautions of (a) Income Method (b) Expenditure Method (c) Value added method.

42. Discuss "Externalities" and Non monetary transactions as a limitation to GDP.

43. Explain why 'machine purchased' is not always a final good.

44. Calculate National Income from all the three methods:-

	(₹ Crores)
(a) Compensation of Employees	400
(b) Mixed Income	250
(c) Consumption of fixed capital	100
(d) Operating surplus	700
(e) Dividends	50
(f) Intermediate consumption	400
(g) Sales	2500
(h) Decrease in stock	500
(i) Net exports	-40
(j) Govt final consumption	1000

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- l) Indirect taxes 20
- m) Subsidies 10
- n) Net factor income to abroad 10

(Answer may vary from all the methods as data is hypothetical)

45. Give True or false. State reasons
- (a) Indirect taxes is part of National Income
 - (b) Interest on loan for production is not included in national income
 - (c) Salaries of Indians working in Pakistan Embassy will be included in domestic income.

Unit VI

- 46. State the functions of Commercial banks
- 47. Define Money Supply. List the components of money supply.
- 48. Explain the process of Credit Multiplier through numerical example.
- 49. Explain the functions of Central banks.

Unit VII

- 50. Explain the components of AD and AS.
- 51. Explain the relationship between Consumption and Income.

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3. If $S = -40 + 0.2Y$ and Investment is ₹ 2000 then.

3. Calculate:-

(a) Equilibrium of national income

(b) Consumption Expenditure

54. Explain the process of Investment multiplier.

55. How is Equilibrium of national income determined using AD-AS approach.

56. Explain Inflationary Gap. Suggest ways to reduce it.

57. List the causes of deflationary gap.

58. Give monetary ways to correct deficient demand.

59. How has "Demonetization" resulted in higher deficient demand.

Unit VIII

60. Explain the objectives of Government Budget.

61. How govt budget ensures Regional development.

62. List the components of Capital Receipts and Revenue Receipts.

63. What is Fiscal deficit. How is it calculated? list its implication.

64. When will Primary deficit be zero?

65. Why are Borrowings part of Capital Budget but interest on borrowings is part of Revenue Budget?

66. Categorise into Revenue Expenditure and Capital Expenditure, giving reasons.

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Unit IX

- Q.67 How is foreign exchange rate determined ?
- Q.68 How does depreciation and appreciation of domestic currency affect the Indian exports and Indian imports
- Q.69 Why the demand ^{curve} for foreign currency is negatively sloped ?
- Q.70 List the components of "Balance of Payment account".
- Q.71. Difference between autonomous and accommodating transactions.
- Q.72 How RBI influences Exchange rate determined by market forces.

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