

Half-yearly Examination - 2016-2017
ECONOMICS

Time : 3 Hrs. + 15 min
reading time

Std. : XII

F. M. : 80

PART I (10 X 2 = 20 Marks)

(Attempt all questions)

- Q1. Answer briefly each of the following questions from (i) to (x)
- i. Distinguish between ex-ante demand and ex-post demand
 - ii. Explain one difference between Monopoly and Monopsony market with examples.
 - iii. Give two general utility functions of a commercial bank.
 - iv. If income increases from Rs. 100 to Rs. 200 and savings increase from Rs. 60 to Rs. 100, calculate the value of multiplier.
 - v. Distinguish between fixed exchange rate and flexible exchange rate.
 - vi. Distinguish between Central Bank and Commercial Bank
 - vii. Explain BOT. Give equations of surplus and deficit BOT.
 - viii. Give two reasons for demand of foreign exchange.
 - ix. Explain the function of Central Bank as 'lender of last resort'.
 - x. Giving reasons, state whether the following statements are true or false.
 - a. The demand for good increases with the income of the buyer.
 - b. If good X and Y are substitute goods, a rise in the price of X will result in a rightward shift in the demand curve of Y.

PART II (12 X 5 = 60 Marks)

(Attempt any five questions from this part)

2.
 - a. What is Marginal Rate of Substitution? Explain with an example. (3)
 - b. Explain by giving example, how do the following determine price elasticity of demand :
 - i. Nature of the good
 - ii. Proposition of income spent. (3)
 - c. State and explain the law of supply. (6)
3.
 - a. Explain three differences between Monopoly and perfect competition. (3)
 - b. Explain diagrammatically AR and MR curves under perfect competition, Monopoly and Monopolistic competition. (3)
 - c. Explain how a firm under perfect competition suffers losses? (6)
4.
 - a. Explain repo rate and reverse repo rate. (3)

- b. Explain with suitable examples paper money, convertible paper money and inconvertible paper money. (3)
- c. Explain four causes of disequilibrium in BoP. (6)
5. a. Explain the meaning of MPC. Give its two features. (3)
- b. Discuss three monetary measures to correct deficient demand in the economy. (3)
- c. Explain the concept of deflationary gap with a diagram. (6)
6. a. Explain : i. demand deposits ii. saving deposits iii. fixed deposits. (3)
- b. What is high powered money? Distinguish between high powered money and ordinary money. (3)
- c. Discuss qualitative credit control measures of the Central Bank. (6)
7. a. Explain MPC and APC and illustrate these through numerical examples. (3)
- b. Explain : i. full employment ii. voluntary unemployment iii. involuntary unemployment (3)
- c. Explain the working of investment multiplier with a numerical example. (6)
8. a. Explain direct foreign investment and portfolio investment. How are they treated in the capital account of BoP? (3)
- b. Distinguish between autonomous and accommodating items of BoP account. (3)
- c. Explain the process of credit creations by a commercial bank. (6)
9. a. Explain any three agency functions of commercial bank. (3)
- b. Explain transfer payments as a component of current account of BoP? (3)
- c. Explain the concepts i. depreciation ii. appreciation iii. devaluation iv. revaluation