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Roll No.

Date:

## NORTHWEST ACCREDITATION COMMISSION, USA

### HIGH SCHOOL DIPLOMA (Sr. Secondary/12<sup>TH</sup>)

Subject- Economics  
Subject Code – E408


Question Paper No. :

Question Paper code:

#### Important Instructions

**1. OPENING AND CHECKING OF THE QUESTION-BOOKLET**

Break open the seal of the Question-Booklet only when the announcement is made by the Invigilator. After breaking the seal and before attempting the questions, student should immediately check for:

a) The number of the printed page in the Question-Booklet is the same as mentioned on the cover page of the Booklet and

b) Any printing error in the Booklet pages, if any.  
Any discrepancy or error should be brought to the notice of the Invigilator who will then replace the Booklet.  
No additional time will be given for this.

**2.** No student, without the permission of the Superintendent, or the Invigilator concerned, is to leave his/her seat or the Examination Room.

**3. FILLING UP THE REQUIRED INFORMATION ON QUESTION-BOOKLET AND ANSWER SHEET**

After breaking open the seal and checking the Booklet, student should:

a) Fill up the **Question Paper No.** and **Question Paper Code** (mentioned on the cover of Question-Booklet) in the space provided on the First Answer Sheet.

b) Fill up his/her Roll Number on the First Answer Sheet and on each Supplementary Answer Sheet, if taken.

C) Student should mention the total number of **Supplementary Answer Sheet**, if taken, in the space provided on the First Answer Sheet and also fill up the Serial Number mentioned on each **Supplementary Answer Sheet** along with his/her Roll Number in the register maintained by the Invigilator. Student must tie all the Answer Sheets with the thread provided by the Invigilator.

**4. INSTRUCTIONS ABOUT QUESTION PAPER**

This Question Paper is divided into three Sections – **A, B** and **C**. All Sections are compulsory. Attempt all Sections as per instructions.

a) Section A question No. 1 to 10 are very short questions carrying 2 marks each.

b) Section B question No. 11 to 25 are short questions carrying 3 marks each.

c) Section C question No. 26 to 32 are long questions carrying 5 marks each.

**5.** Student found in possession of Cellular Phone / Mobile Phone / Pager or any other Communication Device and/or any Book/Note whether using or not, will be liable to be debarred for taking examination(s) either permanently or for specified period or/and dealt with as per law or/and ordinance of the School/SERI according to the nature of offence, or/and he/she may be proceeded against and shall be liable for prosecution under the relevant provision of the Statutory Law.

TIME: 3 Hours.

TOTAL MARKS: 100

THE ANSWER SHEET IS TO BE RETURNED ON COMPLETION OF THE TEST

P.T.O.

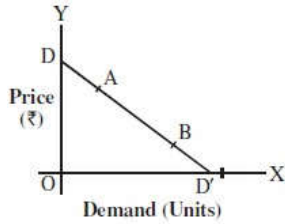
**SECTION A**

<b>Total number of questions: 10</b>	<b>Marks allocated to each question: 2</b>	<b>Total marks: 20</b>
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Question 1. Define budget set.

Question 2. Give two examples of Microeconomic studies.

Question 3. DD' is a demand curve, A and B are two points on it.



- Question 4. What happens to equilibrium price of a commodity if there is an 'increase' in its demand and 'decrease' in its supply?
- Question 5. Define cost in economics.
- Question 6. Define productions function.
- Question 7. Define resume.
- Question 8. What is aggregate demand.
- Question 9. Give the meaning of deflationary gap.
- Question 10. Define bank rate.

### SECTION B

Total number of questions: 15	Marks allocated to each question: 3	Total marks: 45
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- Question 11. Do rich countries also face central problems? Give reasons for your answer.
- Question 12. Explain the changes that take place in total product and marginal product under increasing returns to a factor.
- Question 13. Explain the meaning of deflationary gap with the help of a diagram.
- Question 14. In an economy 20 percent of increased income is saved. How much will be the increase in income if investment increases by 10,000? Calculate.
- Question 15. State with the help of a marginal product schedule the different phases of the Law of Variable Proportions.
- Question 16. Explain the relation between marginal cost and average cost.
- Question 17. Explain producer's equilibrium with the help of a diagram.
- Question 18. Explain the effect of 'input price changes' on the supply of a good.
- Question 19. Distinguish between 'visible trade' and 'invisible trade' in balance of payments. Give one example of each.
- Question 20. State three main features of perfect competition.
- Question 21. What is meant by revenue deficit? What are its implications?
- Question 22. From the following data about a firm 'A', calculate net value added at market price by it:

Rs. (in thousands)

P.T.O.

(i) Sales	700
(ii) Change in stock	40
(iii) Depreciation	80
(iv) Net indirect taxes	100
(v) Purchase of machinery	250
(vi) Purchase of intermediate products	400

Question 23. When price of a foreign currency rises, its supply also rises. Explain why.

Question 24. A consumer consumes only two goods X and Y. State and explain the conditions of consumer's equilibrium with the help of utility analysis.

Question 25. Where DDC can shifts leftward?

### SECTION C

<b>Total number of questions: 7</b>	<b>Marks allocated to each question: 5</b>	<b>Total marks: 35</b>
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Question 26. Explain the effect of a rise in the prices of 'related goods' on the demand for a good X.

OR

Define consumer's equilibrium. Explain its conditions under indifference curve analysis.

Question 27. Explain the concept of opportunity cost with the help of an example.

OR

Explain the central problem of distribution in an economy.

Question 28. Explain the process of money creation by the commercial banks with the help of a numerical example.

OR

Explain the role of the following in correcting 'excess demand' in an economy:

- (a) Bank rate.
- (b) Open market operations.

Question 29. Briefly explain any three factors that shift the demand curve to the right.

OR

Explain the law of variable proportion with the help of total and marginal physical product curves.

Question 30. How is the equilibrium price and equilibrium quantity of a normal commodity affected by an increase in the income of its buyers? Explain with the help of a diagram.

OR

Explain the features of monopoly market.

Question 31. The total fixed cost of a firm is Rs. 12. Given below is its marginal cost schedule. Calculate total cost and average variable cost for each given level of output.

Output (Units)	1	2	3	4	5	6
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P.T.O.

Marginal Cost (Rs.)	9	7	2	4	8	12
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OR

Calculate (a) GNP at Market Prices and (b) Personal Disposable Income from the following:

	( Crore)
(i) Net factor income to abroad	10
(ii) Private income	1700
(iii) Operating surplus	300
(iv) Corporation tax	150
(v) Undistributed profits	30
(vi) Mixed income	500
(vii) Consumption of fixed capital	100
(viii) Personal taxes	200
(ix) Compensation of employees	1200
(x) Net indirect tax	250

Question 32. Explain any two main functions of Central Bank.

OR

The Government decides to give budgetary incentives to investors for making investments in backward regions. Explain these possible incentives and the reasons for the same.

END OF THE QUESTION PAPER