

**HSC 12th Standard**

**Economics**

**Model Question Paper - III**

**Time : 2.30 Hours**

**MARKS : 90**

**PART I**

**I .Answer all the questions**

**20x1=20**

1. The term 'micro' means \_\_\_\_\_  
a) Big            b) small            c) both            d) none.
2. Traditional economy is a \_\_\_\_\_  
a) Subsistence economy            b) Market economy  
c) Command economy            d) monetary economy
3. Consumer surplus is \_\_\_\_\_
4. There are \_\_\_\_\_ types of Elasticity of demand.  
(a) 3            (b) 2            (c) 4            (d) 5
5. In the long period \_\_\_\_\_  
a) All factors change    b) Only variable factor changes  
c) Only fixed factor changes    d) Variable and fixed factor remain constant.
- 6) Air and Sunlight are \_\_\_\_\_ goods.  
a) Economic goods    b) Free goods            c) Scarcity            d) Value-in-Exchange.
- 7) The basic assumption of economic theory \_\_\_\_\_  
a) Other things being equal    b) Only when price changes  
c) Only when change in income    d) none.
- 8) Equilibrium price is \_\_\_\_\_  
a)  $S=D$             b)  $S>D$             c)  $D<S$             d) None
- 9) \_\_\_\_\_ introduced the concept of "Division of labour".  
a) Adam Smith            b) Alfred Marshall            c) J.M. Keynes            d) J.B. Say

- 10) Average cost is \_\_\_\_\_  
 a)  $TC/Q$       b)  $TVC+TFC$     c) Marginal cost      d) None
11. The year MRTP Act was passed \_\_\_\_\_  
 a) 1969      b) 1989      c) 2000      d) 1959
12. 'Supply creates its own demand' propounded by \_\_\_\_\_  
 a) J.M. Keynes      b) Adam Smith      c) David Ricardo    d) J.B. Say
13. Formula for multiplier \_\_\_\_\_  
 a)  $K = \frac{1}{1-mpc}$       b)  $K = \frac{1}{1+mpc}$       c)  $K=C+S$       d) None
14. Monetary policy is controlled by \_\_\_\_\_  
 a) Central government    b) State government    c) Central Bank      d) Private sector
15. The equation of exchange \_\_\_\_\_ given by Irving Fisher  
 a)  $MV=PT$       b)  $MR=AR$       c)  $C+I+G+(X-M)$       d) None
16. \_\_\_\_\_ is known as the father of political economy.

18. Cobb-Douglas production function \_\_\_\_\_  
 a)  $Q=bL^aC^b$       b)  $p^x/py$       c)  $\frac{\Delta c}{\Delta y}$       d)  $y = c + s$
19. In ZBB every year is considered as a \_\_\_\_\_  
 a) Base year    b) Financial year    c) New year    d) Academic year
20. An example for direct tax is \_\_\_\_\_  
 a) Income tax    b) Excise duty  
 c) Sales tax    d) none.

## PART II

**Answer any seven questions.**

**7x2=14**

21. What are the main divisions of Economics?
22. What are the basic issues of any society?
23. Define Utility.
24. Why does the demand curve slope downwards?

25. What are the factors of Production?
26. What are the economies of scale?
27. How does the government control monopoly?
28. What are the three motives of liquidity preference theory?
29. Give the two factors on which the aggregate demand depends.
30. Define Money.

### **PART III**

**Answer any seven questions**

**7x3=21**

31. Distinguish between free goods and economic goods.
32. What is opportunity cost?
33. What are the properties of Indifference curve?
34. Explain the types of Elasticity of supply with a diagram.
35. Mention any three benefits of perfect competition.

38. What is Price discrimination?
39. What are the kinds of tax?
40. What are the four components of money supply?

### **Part – IV**

**Answer all the questions**

**7x5=35**

41. a) Explain the salient features of Capitalism  
(or)  
b) Discuss the nature and importance of economic laws.
42. a) Describe the law of diminishing marginal utility with a diagram  
(or)  
b) Explain the merits and demerits of division of labour.
43. a) What are the methods of Controlling Monopoly?  
(or)  
b) Discuss the Keynesian theory of interest.

44. a) What are the determinants of consumption other than income?

(or)

b) Describe the functions of Money.

45. a) Differentiate between the Direct and Indirect Taxes.

(or)

b) Distinguish between total and marginal utility.

46. a) Explain the relationship between AR and MR.

(or)

b) How is the Price and output determined in the short run under perfect competition?

b) Describe the characteristics of Capital.