

V.V.M's RAMACRISNA MADEVA SALGAOCAR HIGHER SECONDARY SCHOOL

Preliminary Examination (Dec. 2025)

Date: 18/12/2025

Subject: Economics

Std:- XII

Maximum Marks: 80

Duration: 3 hours

**INSTRUCTIONS:**

- i. All questions in both sections are compulsory.
- ii. Question No. 1-8 and 19 -26 are very short answer type carrying 1 mark each.
- iii. Question No.9-12 and 27 -30 are short answer type carrying 2 Marks each. (Answer should be around 40 words.)
- iv. Question No. 13 – 15 and 31-33 are also short answer type carrying 3 marks each. (Answer should be around 60 words)
- v. Question No. 16 – 18 and 34 -36 are long answer type carrying 5marks each (Answer should be around 100 words)
- vi. Internal choice to be exercised in question nos. 15, 18, 33 and 36
- vii. Word limit is not applicable to answers on differentiation, diagrams and those of numerical nature.
- viii. All diagrams should be drawn in black lead pencil.
- ix. Use of any calculating device is not allowed.

**SECTION A**

1. Which of the following statements illustrates opportunity cost
  - Buying goods on sale
  - Paying taxes to government
  - Spending money on buying a book instead of movie ticket
  - The cost of commuting to school
2. Any point on the production possibility curve corresponds to.
  - Under utilisation of resources
  - Full utilisation of resources
  - Inefficient utilisation of resources
  - Growth of resources
3. Monotonic preference means that a
  - Consumer prefers combinations with more of at least one good
  - Consumer always prefer cheaper goods
  - Consumer is indifferent to all combinations with different quantities
  - Consumer only buys branded goods
4. A survey finds that as average income rises in the city, the demand for grains in the public-distribution-system ( PDS) decreases, while the demand for packaged grains rises. What can be inferred?
  - Packaged grains are inferior goods
  - PDS grains are inferior goods
  - Income has no effect on the demand for grains
  - Packaged and PDS grains are inferior
5. A firm increases the price of its product by 5%, and as a result, the quantity demanded decreases by 15%. This indicates that demand is:
  - Relatively inelastic
  - Unitary elastic
  - Relatively elastic
  - Perfectly inelastic
6. The addition made to the total product from employment of an additional unit of variable input, is known as
  - Average Product
  - Marginal Product
  - Total Product
  - Variable product

7. Which of the following explains short run production function

- All factors variable
- One factor fixed, other factors variable
- Increasing returns to scale
- All factors increase in equal proportion

8. The city has only one electricity provider, and the government does not allow any other company to enter the market. This is an example of:

- Monopoly
- Oligopoly
- Monopolistic Competition
- Perfect competition

9. Draw a budget line based on the following information. Income is Rs. 50, price of good 'x' is Rs. 10/unit and price of good 'y' is Rs. 5/unit.

10. The price of bread increases from Rs. 30 to Rs. 40 per loaf. Give an economic term to describe the consumers reaction to a rise in price.

11. Draw a diagram to show the effect on equilibrium price. An increase in supply, demand remaining constant.

12. Construct a schedule to show the determination of equilibrium price in a perfectly competitive market.

13. Explain the following terms:

- Utility
- Marginal Utility
- Total Utility

14. Calculate price elasticity of demand using percentage method for the following:

Price (Rs/unit)	Quantity demanded (units)
10	50
12	40

15. What is the meaning of the following terms?

- Average Cost
- Total Revenue
- Fixed Cost

OR

Explain any three stages of the law of variable proportions.

16. Explain any five features of Perfect Competition.

17. Explain the Law of supply with the help of schedule and a neat labelled diagram.

18. Explain the law of demand with the help of a schedule and diagram

OR

Explain the shifts in demand curve with the help of neat labelled diagrams.

## Section B

19. While using Income method, rent from a house that the owner lives in (owner occupied house) should be
- Included as actual rent
  - Included as imputed rent
  - It is transfer earning and excluded
  - Excluded completely
20. What is a consumption function?
- It is a relation between consumption and prices
  - It is a relation between consumption and income
  - It is a relation between consumption and savings
  - It is a relation between consumption and employment
21. Ratio between change in income and change in investment
- Marginal Propensity to consume
  - Marginal Propensity to save
  - Average Propensity to consume
  - Investment Multiplier
22. The central bank reduces margin requirement on loan. What impact will it have on the flow of credit.
- Flow of credit will decrease
  - Flow of credit will remain same
  - Flow of credit will increase
  - Flow of credit will be restricted
23. Measurement of money supply which includes, total deposits with post offices
- M1
  - M2
  - M3
  - M4
24. Fiscal deficit is expressed as:
- A percentage of budgetary deficit
  - A percentage of revenue expenditure
  - A percentage of GDP
  - A percentage of total expenditure
25. What is meant by depreciation of domestic currency
- Fall in the value of domestic currency in relation to foreign currency
  - Fall in the value of domestic currency in relation to foreign currency as planned by government
  - Rise in the value of domestic currency in relation to foreign currency
  - Rise in the value of domestic currency in relation to foreign currency as planned by government
26. Capital receipts of the government must satisfy which of the following characteristics:
- Receipts do not create liability for the government
  - Receipts create liability for the government
  - Receipts do not create reduction of assets of the government
  - Receipts do not create transfer of assets of the government
27. State any two precautions of income method of measuring national income.
28. What is meant by double counting? How it can be avoided.

29. Identify the following receipts of government as revenue receipts or capital receipts:

- Profit from public enterprises
- Income tax
- Escheat
- Recovery of loans

30. Explain any two functions of foreign exchange market.

31. Explain any three objectives of government budget.

32. The country is experiencing a rise in prices of goods and services as a result it is pushing the common man into poverty. Explain any three monetary measures that central bank can implement to correct the above situation.

33. Explain consumption function with the help of neat labelled diagram.

OR

Explain any three fiscal measures to correct deficient demand.

34. What is meant by aggregate demand? Explain four components of aggregate demand.

35. Explain the circular flow of national income with the help of a diagram

36. Explain any five functions of central bank.

OR

Explain any five functions of money