INTRENATIONAL INDIÁN SCHOOL –DAMMAM
FIRST TERMINAL EXAMINATION 2012

ECONOMICS-CLASS XII

SET-A

TIME:3HOURS MARKS:100

GENERAL INSTRUCTIONS :

1) All questions in both the sections are compulsory
2) Marks for questions are indicated against each
3) Question number 1 to 5 and 20 to24 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence each.
4) Questions 6 to 12 and 25 to 27 are short answer questions carrying 3 marks each.
5) Questions 13 to 16 and 28 to 30 are short answer questions carrying 4 marks each.
6) Questions 17 to 19 and 31 to 32 are long answer questions carrying 6 marks each

Section-A
Micro Economics

1 Define Microeconomics. 1

2 If the price of good X falls and it leads to an increase in demand for good Y, how are these two goods related? 1

3 Define Marginal Cost. 1

4 When the demand for a good is is said to be elastic? 1

5 What is the price elasticity of supply of a commodity whose straight line supply curve passes through the origin forming an angle of 40°? 1

6 Explain the central problem of "for whom to produce" in an economy? 3

7 A consumer is consuming one commodity and he is under equilibrium. The price of the commodity increases .Explain the reaction of the consumer with the help of utility analysis. 3

8 How is the price elasticity of demand of a commodity affected by the nature of the commodity? Explain. 3

Or

Draw a demand curve and show the points on it elasticity of demand is (i) perfectly elastic and (ii) perfectly inelastic price elasticity of demand.

9 Write the conditions of Consumer's equilibrium when the consumer consumes two commodities by utility approach. 3

10 From the following cost schedule of a firm calculate marginal cost and average total cost at each level of output. Fixed cost is Rs.120. 3

Output(units)	1	2	3
Average variable cost(Rs)	40	32	36

11 Explain the meaning of 'increase in supply' and 'expansion of supply' with the help of a schedule and diagram. 3

12 Explain how an improvement in technology of a good affects the supply of that good. 3

13 Define Production Possibility Curve. Explain why it is concave to the origin? 4

14 The price elasticity of supply of commodity X and Y are equal. The price of X falls from Rs.10 to Rs.8 per unit and its quantity supplied falls by 16 per cent. The price of Y rises by 10 per cent. Calculate the percentage increase in its supply. 4

15 Explain how increase in income of the consumer affects the demand of a commodity. 4

Or

Explain how fall in price of related goods affect the demand of a commodity.

16 Explain any four properties of Indifference curve. 4

17 Explain the concept of Marginal rate of substitution. Explain the reaction of the consumer when Marginal rate of substitution is higher than the ratio of prices. 6

Or

Explain consumer's equilibrium by Indifference curve analysis.

18 What is Producer's Equilibrium? From the following schedule find out the level of output at which the producer is in equilibrium. Give reasons for your answer. (Use marginal revenue and marginal cost approach) 6

Output(units)	Average revenue(Rs)	Total cost(Rs)
1	7	7
2	7	15
3	7	22
4	7	28
5	7	33
6	7	40
7	7	48

19 Explain the likely behavior of Total product, Marginal Product when one variable factor changes and all the other factors remains the same. 6

Section –B

Macro Economics

20 Define a stock variable. 1

21 Define primary deficit. 1

22 What is the difference between GDP_{fc} and NNP_{mp}? 1

23 What is government budget? 1

24 Distinguish between revenue receipts and capital receipts in a government budget. Give example in each case. 3

25 Explain how 'externalities' are a limitation of taking gross domestic product as an index of welfare. 3

Or

Explain how 'non monetary transactions' are a limitation of taking gross domestic product as an index of welfare.

26 Explain circular flow of income in a two sector economy. 3

27 Write the difference between developmental expenditure and non-developmental expenditure. 3

28 Calculate 'Sales' from the following data: 4

	(Rs. In lakhs)
(i) Net value added at factor cost	300
(ii) Intermediate consumption	200
(iii) Indirect tax	20
(iv) Depreciation	30
(v) Change in stock	(-)50

29 Explain with the help of suitable examples the basis of classifying taxes into direct and indirect taxes. 4

Or

Explain the objective of 'stability of prices' of government budget.

30 How should the following be treated while estimating national income? Give reasons for your answer. 4

(i) Imputed rent of self occupied houses.

(ii) Dividend received on shares.

31 Find out (a) Gross National Product at Market price and (b) Net Current Transfer from Abroad : 6

	(Rs. In crores)
(i) Net national disposable income	1,100
(ii)Net indirect tax	120
(iii) Private final consumption expenditure	750
(iv)Government final consumption expenditure	250
(v)Net domestic fixed capital formation	200
(vi)Net imports	-40
(vii)Net factor income to abroad	-20
(viii)Depreciation	50
(ix)Change in stock	10

Or

Calculate (a) Gross domestic product at factor cost, and (b) Factor income from abroad, from the following data:

	(Rs. in crores)
(i) Gross national product at factor cost	6150
(ii) Net exports	(-)50
(iii) Compensation of employees	3000
(iv) Rent	800
(v) Interest	900
(vi) Profit	1300
(vii) Net indirect taxes	300
(viii) Net domestic capital formation	800
(ix) Gross fixed capital formation	850
(x) Change in stock	50
(xi) Dividend	300
(xii) Factor income to abroad	80

32 Calculate from the following data. 6

(a) Gross National Disposable Income (b) Private Income (c) Personal Income

	(Rs. in crores)
(i) Gross national product at factor cost	400
(ii)Net factor income from abroad	20
(iii)Consumption of fixed capital	30
(iv)Indirect tax	50
(v)Subsidies	10
(vi)Current transfer from rest of the world	25
(vii)Income from property and entrepreneurship accruing to Government administrative department	35
(viii)Savings of non-departmental enterprises	15
(xi) National debt interest	45
(x) Current transfer from government administrative departments	60
(xi)Savings of private corporate sector	40
(xii)Dividends	30
(xiii) Corporate tax	10
(xiv)Direct taxes paid by households	20

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Micro Economics

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3 Define Marginal Revenue. 1

4 When the demand for a good is is said to be inelastic? 1

5 What is the price elasticity of supply of a commodity whose straight line supply curve passes through the origin forming an angle of 60°? 1

6 Explain the central problem of "What to produce" in an economy? 3

7 A consumer is consuming one commodity and he is under equilibrium. The price of the commodity increases .Explain the reaction of the consumer with the help of utility analysis. 3

8 How is the price elasticity of demand of a commodity affected by the 'number of substitute goods' of the commodity? Explain. 3

Or

Draw a demand curve and show the points on it elasticity of demand is (i) perfectly elastic and (ii) perfectly inelastic price elasticity of demand.

9 Write the conditions of Consumer's equilibrium when the consumer consumes two commodities by utility approach. 3

10 From the following cost schedule of a firm calculate marginal cost and average total cost at each level of output. Fixed cost is Rs.120. 3

Output(units)	1	2	3
Average variable cost(Rs)	40	32	36

11 Explain the meaning of 'decrease in supply' and 'contraction of supply' with the help of a schedule and diagram. 3

12 Explain how does a tax imposed on a good affect the supply of that good. 3

13 Define Production Possibility Curve. Explain why it is concave to the origin? 4

14 A firm supplies a certain quantity of a good at a price of Rs.10 per unit. When price changes to Rs.9 per unit, the firm supplies 10 units less. Price elasticity of supply is 1. What is the quantity supplied before and after price change? Calculate. 4

15 Explain how fall in the price of related goods affect the demand of a commodity. 4

Or

Explain how increase in income of the consumer affects the demand of a commodity.

16 Explain any four properties of Indifference curve. 4

17 Explain the likely behavior of Total product, Marginal Product when one variable factor changes and all the other factors remains the same. 6

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Explain the objective of 'stability of prices' of government budget.

30 How should the following be treated while estimating national income? Give reasons for your answer. 4

(i) Old age pension.

(ii) Imputed rent of owner occupied house.

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	(Rs. In Crores)
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