INTERNATIONAL INDIAN SCHOOL DAMMAM

FIRST TERMINAL EXAMINATION - JUNE - 2014

ECONOMICS - CLASS XII

Time 3 hours Marks 100

SET A

General Instructions.

1) All questions are compulsory.

2) Q. Nos 1-5 and 20-23 are very short answer questions carrying 1 mark each
And the answers should be in one sentence each.

3) Q. Nos 6-12 and 24-27 are short answer questions carrying 3 marks each. Answer to
them should not exceed 60 words each.

4) Q. Nos 13-16 and 28-30 are also short answer questions carrying 4 marks each.
Answer to them should not exceed 70 words each.

5) Q. Nos 17-19 and 31 & 32 are long answer questions carrying 6 marks each. Answer to
them should not exceed 100 words each.

6) Answer should be brief and to the point.

SECTION A

1. Define marginal opportunity cost. 1

2. What happens to budget set if both the prices as well as the income
double? 1

3. Define a budget line? 1

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

5. What is production function? 1

6. Explain the central problem of choice of technique. 3
7 Explain any three factors that affect the price elasticity of demand.  
8 Distinguish between fixed cost and variable cost.  
9 Explain the geometric method of measuring price elasticity of supply.  

Or

Explain the relationship between TR AR and MR with the help of diagram.

10 The quantity demanded of a commodity at a price of Rs 8 per unit is 600 units. Its price falls by 25% and quantity demanded rises by 120 units. Calculate its price elasticity of demand.

11 Explain the relationship between TU and MU with the help of a schedule and diagram.

12 A firm is producing 20 units. At this level of output, the ATC and AVC are respectively equal to Rs 40 and Rs 37. Find out the total fixed cost of the firm.

13 Explain the concept of Marginal rate of transformation with the help of a numerical example.

14 Distinguish between movement along the demand curve and change in Demand.

15 Assuming that the total fixed cost is Rs 24, complete the following table:

<table>
<thead>
<tr>
<th>Output (units)</th>
<th>ATC (Rs)</th>
<th>AVC (Rs)</th>
<th>MC (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16 How is producer's equilibrium determined in case of perfect Competition using MR and MC approach. Use table and diagram.

OR

(2)
Find out producers equilibrium from the following by using MR- MC approach.

<table>
<thead>
<tr>
<th>Price</th>
<th>Output</th>
<th>TC</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>6</td>
<td>5</td>
<td>25</td>
</tr>
</tbody>
</table>

17 Explain Law of variable proportion with the help of total and marginal Physical product schedule and diagram.

18 Draw Average Total Cost, Average Variable Cost and Marginal Cost in a diagram also explain the relation between Marginal Cost and Average total cost with its help.

OR

Explain with the help of diagrams the effect of the following on the supply of a good:

i) A fall in the rate of excise duty

ii) An increase in the price of other goods

iii) A rise in the price of inputs

19 How is consumer's equilibrium achieved with the help of Indifference Curve approach?

SECTION B

20 Define a surplus govt budget.

21 Distinguish between GDP fc and GNP mp

22 Define circular flow of income

23 When is NNP mp < NDP mp

24 What is a Govt Budget? Give the meaning of revenue deficit and
Fiscal deficit.

25 Distinguish between direct tax and indirect tax. Give two examples

Of each.

OR

Distinguish between tax revenue and non tax revenue. Give examples

26 Calculate personal disposable income from the following (Rs in crore) (3)

i) Miscellaneous receipts of govt administrative departments
ii) Undistributed profit of private corporate sector
iii) National debt interest
iv) Private income
v) Corporation tax
vi) Personal income tax

27 Calculate value of output from the following: (Rs in lakhs) (3)

i) Subsidy
ii) Intermediate consumption
iii) Net addition to stock
iv) Depreciation
v) Excise duty
vi) Net value added at factor cost

28 Are the following a part of a country's net domestic product at market price?

Give reasons.

i) Net indirect taxes
ii) Net exports
iii) Net factor income from abroad
iv) Consumption of fixed capital

OR

Will the following be included in the national income of a country? Give reasons for your answer.

i) School fees paid by students
ii) Purchase of new shares of a domestic firm

(4)
iii) Gifts received from abroad
iv) Furniture purchased by households.

29 Categories the following govt. receipts into revenue and capital receipts.

Give reasons for your answers. (4)

a) Receipts from sale of shares of a public sector undertakings
b) Borrowings from public
c) Profits of public sector undertakings
d) Income tax received by Govt.

30 What is Budgetary deficits? How can if be financed? (4)

31 Calculate (i) National income with the help of income method (ii) GDP fc from the

data using Expenditure Method. (Rs in crores) (6)

i) Private final consumption expenditure 85
ii) Net domestic fixed capital formation 25
iii) Consumption of fixed capital 2
iv) Closing stock 10
v) Opening stock 5
vi) Govt. final consumption expenditure. 10
vii) Net exports (-) 5
viii) Wages and salaries 80
ix) Contribution of employers towards social security 10
x) Operating surplus 20
xi) Net factor income from ROW (-) 5
xii) Net indirect taxes 10

OR

Calculate gross national disposable income and personal income from the data given.

(Rs .crores )

I) Personal tax 120
II) Net indirect tax 100
III) Corporation tax 90
IV) National income 1000
V) Net factor income from abroad 5
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>VI)</td>
<td>Consumption of fixed capital</td>
<td>50</td>
</tr>
<tr>
<td>VII)</td>
<td>National debt interest</td>
<td>70</td>
</tr>
<tr>
<td>VIII)</td>
<td>Retained earnings of private corporate sector</td>
<td>40</td>
</tr>
<tr>
<td>IX)</td>
<td>Net current transfers to the rest of the world</td>
<td>(-)20</td>
</tr>
<tr>
<td>X)</td>
<td>Current transfers from govt.</td>
<td>30</td>
</tr>
<tr>
<td>XI)</td>
<td>Share of govt in national income</td>
<td>80</td>
</tr>
</tbody>
</table>

32. Can GDP be taken as an adequate index of welfare of the people? Explain the reasons? (6)