

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.
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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. 3
- 8 Distinguish between fixed cost and variable cost. 3
- 9 Explain the geometric method of measuring price elasticity of supply. 3

Or

Explain the relation ship 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. 3
- 11 Explain the relation ship between TU and MU with the help of a schedule and diagram . 3
- 12 A firm is producing 20 units. At this level of out put , the ATC and AVC are respectively equal to RS 40 and RS 37. Find out the total fixed cost of the firm. 3
- 13 Explain the concept of Marginal rate of transformation with the help of a numerical example . 4
- 14 Distinguish between movement along the demand curve and change in Demand. 4
- 15 Assuming that the total fixed cost is Rs 24 ,complete the following table

| Output (units) | ATC (Rs) | AVC (Rs) | MC (Rs) |
|----------------|----------|----------|---------|
| 1 | 50 | | |
| 2 | 40 | | |
| 3 | 45 | | |

- 16 How is producer's equilibrium determined in case of perfect Competition using MR and MC approach. Use table and diagram. 4

OR

(2)

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

| Price | Output | TC |
|-------|--------|----|
| 10 | 1 | 10 |
| 9 | 2 | 11 |
| 8 | 3 | 14 |
| 7 | 4 | 18 |
| 6 | 5 | 25 |

17 Explain Law of variable proportion with the help of total and marginal

Physical product schedule and diagram. 6

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 . 6

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? 6

SECTION B

20 Define a surplus govt budget . 1

21 Distinguish between GDP fc and GNP mp 1

22 Define circular flow of income 1

23 When is NNP mp < NDP mp 1

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

Fiscal deficit. 3

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

Of each. 3

OR

Distinguish between tax revenue and non tax revenue. Give examples

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

| | | |
|------|---|-----|
| i) | Miscellaneous receipts of govt administrative departments . | 5 |
| ii) | Undistributed profit of private corporate sector | 4 |
| iii) | National debt interest | 18 |
| iv) | Private income | 400 |
| v) | Corporation tax | 6 |
| vi) | Personal income tax | 10 |

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

| | | |
|------|--------------------------------|--------|
| i) | Subsidy | 10 |
| ii) | Intermediate consumption | 150 |
| iii) | Net addition to stock | (-) 13 |
| iv) | Depreciation | 30 |
| v) | Excise duty | 20 |
| vi) | Net value added at factor cost | 250 |

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

Give reasons . (4)

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

OR

Will the following be include 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 it 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 |

(5)

| | | |
|-------|--|-------|
| VI) | Consumption of fixed capital | 50 |
| VII) | National debt interest | 70 |
| VIII) | Retained earnings of private corporate sector | 40 |
| IX) | Net current transfers to the rest of the world | (-)20 |
| X) | Current transfers from govt. | 30 |
| XI) | Share of govt in national income | 80 |

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

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