

INTERNATIONAL INDIAN SCHOOL DAMMAM
FIRST TERMINAL EXAMINATION - JUNE - 2015

ECONOMICS - CLASS XII

Time 3 hours

Marks 100

SET A

General Instructions.

- 1) All questions are compulsory.
 - 2) Q. Nos 1-5 and 21-23 are very short answer questions carrying 1 mark each
And the answers should be in one sentence each.
 - 3) Q. Nos 6-11 and 24-27 are short answer questions carrying 3 marks each. Answer to them should not exceed 60 words each.
 - 4) Q. Nos 12-17 and 28 & 29 are also short answer questions carrying 4 marks each. Answer to them should not exceed 70 words each.
 - 5) Q. Nos 18-20 and 30 & 31 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 is Production function? 1
3. What is the Shape of perfectly inelastic demand curve 1
4. If with the rise in price of Good Y, demand for Good X falls, the two goods are 1
 - a) Substitutes
 - b) Compliments
 - c) Not Related
 - d) Inferior good.

5. A consumer consumes only two goods if the price of one of the goods falls the indifference curve -: 1
- shift upwards
 - shift downwards
 - can shift upward and down ward
 - does not shift .
6. What will be the impact of "Education for all campaign "on the production possibilities curve of the Indian economy and why? 3
7. Explain consumers equilibrium in case of a single commodity with the help of utility schedule. 3
8. What are the central problems of an Economy? Why do they arise? 3
9. Briefly explain the difference between cardinal utility and ordinal utility. Give examples. 3
10. The average cost of producing 5 units of good is RS 6 and that of producing 6 units is Rs 5. What is the marginal cost of 6 units? 3
11. What will be the price elasticity of supply at any point on straight line curve if supply curve 3
- supply curve intersect OX –axis in its negative range
 - supply curve intersect OX- axis in its positive range
 - supply curve passes through the origin

(Use Diagrams)

12. Define price elasticity of Demand. What are the factors which are affecting the magnitude of price elasticity of Demand? Briefly explain any 3 points. 4
13. A Consumer buys 1000 units of a good at a price of Rs 10 per unit. When the Price falls he buys 1400 units. If price elasticity of the demand is -2. What is the new price? 4
14. What is Change in Supply? Explain the effect of tax imposed on a good on the supply of the good. 4

Or

What is Supply? Explain the Effect of Rise in price of inputs on the supply of a good.

15. Complete the following table: -

4

Price	Output(units)	Total Revenue	MR
7	—	7	—
—	2	10	—
—	3	—	(-) 1
1	—	—	(-) 5

16. Explain the relationship between AC and MC. Can the average cost curve fall when MC curve is rising? Explain with the help of a diagram.

4

17. Give four reasons for rightward shift of the supply curve of a commodity.

4

18. Explain Producer's Equilibrium with the help of a schedule and diagram. What are the necessary conditions for Producer's Equilibrium?

6

19. Explain the relationship between :-

6

- (i) prices of other goods and demand for the given good
- (ii) income of the buyers and demand for a good

Or

Explain the difference between decrease in demand and decrease in quantity Demanded with the help of a demand schedule. Give two causes of decrease in Demand.

20. Explain Law of Returns to a factor with the help of total product and marginal Product. (use Schedule and Diagram)

6

Section B

21. GNP_{mp} is equal to

1

- 1. GNP_{mp} - NIT
- 2. GDP_{fc} + NFIA
- 3. GNP_{fc} + IT
- 4. GNP_{fc} + IT-Subsidy

22. American Embassy in India is a part of the economic territory of:-

1

- (i) India (ii) America (iii) International Area (iv) both India and America



23. Interest on National debt is included in :- 1
 (a) National Income
 (b) Private income
 (c) GNP
 (d) Domestic Income

24. How should the following be treated while estimating NI? Give reasons for your answer. 3
 1. Rent free house from an employer
 2. Purchase of machinery by a factory for own use
 3. Payment of corporate tax by a firm

25. Distinguish between factor payment and transfer payment with examples. 3

26. Explain circular flow of income with two sector economy. 3

27. Calculate (a). NNP_{MP} (b) GDP_{FC} (c) NDP_{MP} from the following data 3

	(Rs. in Crores)
(i) GNP_{FC}	1,13,882
(ii) Indirect taxes	6,744
(iii) Subsidies	2,839
(iv) Consumption of fixed capital	8,048
(v) Net Factor income from abroad	298

28. Describe the steps involved in the estimation of NI by production method. 4
 State any 2 precautions that must be taken while estimating NI by this method.

29. Find Net value added at factor cost 4

	(Rs in lakhs)
(i) Intermediate cost	15000
(ii) Output sold (units)	9000
(iii) Price per unit of output	4
(iv) Consumption of fixed Capital	2000
(v) Excise duty	4000
(vi) Change in Stock	(-) 1000

30. Calculate from the following data

6

- (a) Private Income
- (b) Personal Disposable Income
- (c) Net National Disposable Income

Items	(Rs in Crore)
(i) National income	3000
(ii) Savings of private corporate sector	30
(iii) Corporation tax	80
(iv) Current transfers from government administrative departments	60
(v) Income from property and entrepreneurship accruing to government administrative departments	150
(vi) Current transfers from the rest of the world	50
(vii) Savings of non-departmental government enterprises	40
(viii) Net indirect taxes	250
(ix) Direct taxes paid by households	100
(x) Net factor income from abroad	(-) 10

Or

Calculate Net National Product at Market Price and Gross National Disposable income:

	(Rs Arab)
(i) Net domestic fixed capital formation	200
(ii) Factor income from abroad	30
(iii) Change in Stock	(-)20
(iv) Net indirect tax	120
(v) Net current transfers to abroad	(-)10
(vi) Private final consumption expenditure	800
(vii) Consumption of fixed capital	100
(viii) Government final consumption expenditure	300
(ix) Net factor income to abroad	40
(x) Net imports	(-) 40

31. From the following data calculate National income by Income and Expenditure methods: 6

	(Rs in crores)
(i) Government final consumption expenditure	100
(ii) Subsidies	10
(iii) Rent	200
(iv) Wages and salaries	600
(v) Indirect Tax	60
(vi) Private final consumption expenditure	800
(vii) Gross domestic capital formation	120
(viii) Social security contributions by employers	55
(ix) Royalty	25
(x) Net factor income paid to abroad	30
(xi) Interest	20
(xii) Net domestic capital formation	110
(xiii) Profit	130
(xiv) Net exports	70
(xv) Change in stock	50