



INTERNATIONAL INDIAN SCHOOL DAMMAM  
PRELIMINARY EXAMINATION --2013

ECONOMICS - CLASS XII

Time 3 hours

Marks 100

SET A

General Instructions.

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- 1) All questions are compulsory.
  - 2) Q. Nos 1-5 and 17-21 are very short answer questions carrying 1 mark each  
And the answers should be in one sentence each.
  - 3) Q. Nos 6-10 and 22-26 are short answer questions carrying 3 marks each.  
Answer to them should not exceed 60 words each.
  - 4) Q. Nos 11-13 and 27 -29 are also short answer questions carrying 4 marks each.  
Answer to them should not exceed 70 words each.
  - 5) Q. Nos 14-16 and 30- 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 What is market period ? 1
- 2 When supply of a good falls due to a fall in its own price then what is such a change called. 1
- 3 What is the behavior of Average revenue in a market in which a firm can sell more only by lowering the price . 1
- 4 Define a demand schedule. 1
- 5 New environmental regulations require that the drug industry use a more environment friendly technology whose running costs are higher but which discourages less toxic chemicals than before .How would it affect the price of drugs? 1

- 6 Explain the concept of marginal opportunity cost with the help of a schedule. 3
- 7 An individual is both the owner and manager of a shop taken on rent. Identify implicit cost and explicit cost from this information .Explain. 3
- 8 Explain the implication of large number of buyers in a perfectly competitive market 3
- 9 An ice cream seller sells ice cream for Rs 30 each. Rani , who loves ice cream has already eaten 3. Her marginal utility from eating 3 ice cream is 90 .suppose further that ,for her, marginal utility of one rupee is 3. should she eat more ice cream or should she stop ? 3
- 10 .Distinguish between change in quantity supplied and movement along the demand curve with the help of a diagram.

OR

Explain with the help of a diagram the geometric method of measuring price elasticity of demand.

- 11 The price elasticity of good X is half the price elasticity of supply of Good Y. A 10% rise in the price of good Y results in a rise in its supply from 400 units to 520 units. calculate the percentage change in quantity supplied of good X when its price falls from Rs10 to Rs8 per unit 4
- 12 Explain the effects of a rise in the prices of related goods on the demand for good X 4

OR

How does the change in the income of the house holds affect the demand for commodity that they buy ?

- 13 Explain producers equilibrium with the help of MC and MR schedule. what are the conditions of equilibrium 4
14. A consumer consumes only two goods .why is the consumer in equilibrium when he buys only that combination of the two goods that is shown at the point of tangency of the budget line with an indifference curve? Explain 6
15. State the phases of changes in TPP in LAW OF VARIABLE PROPORTIONS . Also explain the reasons behind each phase . Use schedule and diagram . 6

OR

Draw Average total cost , Average variable cost and Marginal cost curves in a single diagram .Also explain the relationship between ATC and AVC .

16. Market for a good is in equilibrium .There is simultaneous increase both in demand and supply but there is no change in price. Explain is it possible. Use a schedule 6

### Section-B

- 17 .What type of losses a depositor has to bear if he withdraws his fixed deposit before due date of maturity ? 1
- 18 What is bank money ? 1
- 19 How is the value of an output of an enterprise related to its sales and change in stock. 1
20. How do you calculate balance of trade ? 1
- 21 Give the meaning of Aggregate supply. 1

22. Distinguish between real and nominal gross domestic product . 3

OR

Giving reasons, classify the following into intermediate and final goods.

i) machines purchased by a dealer of machines .

ii) a car purchased by a household

23. Why is the supply curve of foreign exchange positively sloped? 3

24. Distinguish between autonomous and accommodating transactions of balance of payments 3

25. Can GDP be taken as an adequate index of welfare of the people. Explain any three reasons. 3

26. Calculate value of output from the following 3

a) subsidy	10
b) intermediate consumption	150.
c) net addition to stocks	-13
d) consumption of fixed capital	30
e) excise duty	20
f) gross value added at factor cost	280

27 How is tax revenue different from administrative revenue. Explain.

OR

Distinguish between revenue receipts and capital receipts in a government budget .give two examples of each. 4

28. As a result of increase in investment by Rs 125 crores, national income increases by Rs 500 crores .calculate marginal propensity to consume 4

29. What are the objectives of govt budget . 4

30. Briefly explain the process of money creation by the commercial banking system with the help of an example. 6

31. How is the Saving = Investment approach of income determination derived from Aggregate demand and Aggregate supply approach .Explain with the help of diagram(s) 6

32. Calculate gross domestic product at factor cost and factor income to abroad from the following 6

a) Gross national product at factor cost	3750
b) Compensation of employees	2000
c) Net export	--50
d) Profit	700
e) Net domestic capital formation	1000
f) Opening stock	150
g) Closing stock	200
h) Gross fixed capital formation	1050
I) interest	600
J) Rent	400
k) Factor income from abroad	20

OR

calculate gross domestic fixed capital formation from the following

i) Private final consumption expenditure	1000
ii) Government final consumption expenditure	500
iii) Net export	--50
iv) Net factor income from abroad	20
v) Gross domestic product at market price	2500
vi) Opening stock	300
vii) Closing stock	200