International Indian School Dammam

Second Term Examination December 2015

Class XII Economics

ıe : 3 Hours Maximum Marks : 100

SET A

ructions:

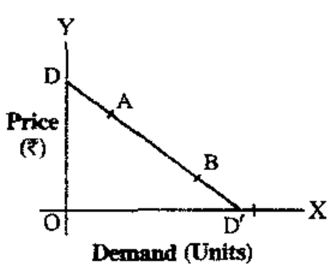
. All questions in both sections are compulsory. However, there is internal choice in some questions.
. Marks for questions are indicated against each question.
. Question No.1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
·. Question No.6-8 and 21-23 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
5. Question No.9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
5. Question No.12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each
7. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION A : MICROECONOMICS

The average fixed cost at 4 units of output is Rs.20. Average variable cost at 5 units of output is Rs.40. Average cost of producing 5 units is (choose the correct answer)

a) Rs.20 b) Rs. 40 c) Rs.56 d) Rs.60 (1)

DD' is a demand curve, A and B are two points on it. (1)



Price elasticity of demand at point A is (Choose the correct alternative):
a) less than elasticity of demand at B.
b) equal to elasticity of demand at B.
c) greater than elasticity of demand at B.
d) less than 1

3. Define Indifference Curve. (1)

4. When will marginal revenue be negative. (1)

5. Draw a supply curve having low elasticity of supply. (1)

6. When price of a good falls from Rs.15 per unit to Rs.12 per unit, its demand rises by 25%. Calculate price elasticity of demand. (3)

7. Explain how 'nature of the commodity' influences elasticity of supply

8. Differentiate between fixed cost of production and variable cost of production during short period of time.

OR

Explain the relationship between marginal cost and average variable cost with the help of a diagram

9. Explain the law of diminishing marginal utility with the help of total utility schedule (

10. Explain with the help of diagram the effects of the following changes on the demand of a commodity: (
    a) An unfavourable change in taste of the buyer for the commodity
    b) A fall in the income of its buyer if the commodity is inferior

11. From the following information about a firm, find the firm's equilibrium output in terms of marginal cost and marginal revenue. Give reasons. Also find profit at this output. (

Output (units)	Total Revenue (Rs.)	Total Cost (Rs.)
1	6	7
2	12	13
3	18	17
4	24	23
5	30	31

OR

Prepare a schedule on TR, AR, and MR based on imaginary data, assuming that the price is same at all levels of output.

12. Explain with the help of diagrams the effect of the following on the supply of a good. (6
    a) An improvement in technology
    b) A rise in the price of inputs

13. A consumer consumes only two goods X and Y both priced at Rs.3 per unit. If the consumer chooses a combination of these two goods, what marginal rate of subtitution equal to 3, is the consumer in equlibrium? Give reasons. What will a rational consumer do in this situation. Explain. (6

OR

A consumer consumes only two goods X and Y whose prices are Rs.4 and Rs.5 per unit respectively. If the consumer chooses the combination of these two goods with marginal utility of X=5 and that of Y=4, is the consumer in equilibrium? Give reasons. What will a rational consumer do in this situation? Use utility analysis.

14. State the different phases of changes in total product and marginal product in the Law of variable proportion. Also show the same in a single diagram. (6

15. Explain the difference between movement along the demand curve and shifting of demand curve. (6

SECTION B: MACRO ECONOMICS

ggregate Supply. (1)

.en APS is positive? (1)

Repayment of loans is an example of: (1)

a) Capital expenditure

b) Non-plan expenditure

c) Revenue Expenditure

d) Plan expenditure (1)

Fiscal policy measure to correct situation of excess demand is

a) increase in government expenditure
b) increase in price level
c) increase in taxes
d) decrease in government expenditure.

In which case indirect taxes will be equal to zero (1)
a) indirect taxes> subsidies
b) indirect taxes = subsidies
c) indirect taxes <subsidies
d) none of the above.

Explain the effect of cash reserve ratio on credit creation by commercial banks. (3)

OR

Distinguish between cash reserve ratio and statutory liquidity ratio.

2. Currency is issued by the Central Bank, yet we say that commercial banks create money, explain. How is the money creation by commercial bank likely to affect the national income? (3)

3. Explain the components of revenue and capital receipts, use examples. (3)

4. Explain the role the government can play through the budget in influencing allocation of resources. (4)

!5. Explain the problem of double coincidence of wants faced under barter system. How has money solved it? (4)

26. If real GDP is Rs.200 and price index (with base = 100) is Rs.110, calculate nominal GDP. (4)

OR

Calculate net value added at factor cost from the following data:

	(Rs. in crores)
i) Closing Stock	200
ii) Sales	2000
iii) Opening Stock	160
iv) Net Indirect taxes	50
v) Consumption of fixed capital	100
vi) Intermediate cost	840

27. Give reasons for the following statement:

    a) Export receipts are not a part of net factor income from abroad

    b) Employer's contribution to provident fund is included in national income

    c) unemployment allowances are not included in national income.

28. Differentiate between Inflationary and Deflationary Gap with the help of diagrams.

29. In an economy, the equilibrium level of income is Rs.15000 crore. The ratio of marginal propensity to comsume and marginal propensity to save is 3:1. Calculate the additional investment needed to reach a new equilibrium level of income of Rs.22,000 crore.

30. Calculate Gross National Product at Market Price and Net National Disposable Income from the following data: (6)

	Rs. in Crore
i) Net current transfers to abroad	(-5)
ii) Profits	70
iii) Consumption of fixed capital	30
iv) Rent	40
v) Indirect tax	20
vi) Interest	100
vii) Royalty	10
viii) Compensation of employees	600
ix) Subsidy	5
x) net factor income from abroad	(-25)

OR

30. Calculate National income and Personal Disposible Income from the following data:

	Rs. in Crore
i) Personal tax	80
ii) Private final consumption expenditure	600
iii) Undistributed profit	30
iv) Private income	650
v) Govt. final consumption expenditure	100
vi) Corporate tax	50
vii) Net domestic fixed capital formation	70
viii) Net indirect tax	60
ix) Depreciation	14
x) Change in stocks	(-10)
xi) Net imports	20
xii) Net factor income to abroad	10

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