

INTERNATIONAL INDIAN SCHOOL, DAMMAM

FIRST TERM EXAMINATION- 2017-2018

STANDARD: XII

MAX. MARKS: 80

SUBJECT : ECONOMICS

TIME: 3 HOURS

SET-A

(i) All questions in both the sections are compulsory.

(ii) Marks for questions are indicated against each question.

(iii) Questions 1 – 4 and 13-15 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence each.

(iv) Questions 5 to 6 and 16- 20 are short answer questions of 3 marks each. Answers to them should not normally exceed 60 words each.

(v) Questions 7 to 9 and 21 are long answer questions of 4 marks each. Answers to them should not normally exceed 70 words each.

(vi) Questions 10 to 12 and 22-24 are long answer questions of 6 marks each. Answers to them should not normally exceed 100 words each.

(vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

(viii) Word limits are not applicable to numerical answers.

(ix) All parts of a question should be answered at one place.

SECTION – A (Macroeconomics).

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| 1. Real Flow is also known as | 1 |
| (a) Nominal Flow | (b) Physical Flow |
| (c) Money Flow | (d) Both (a) and (b) |
| 2. Define Resident | 1 |
| 3. Name two ways in which budgetary deficit can be financed. | 1 |
| 4. What is commercial revenue? | 1 |
| 5. Giving reasons , explain the treatment assigned to the following while estimating National Income – | 3 |
| (a) Family members working free on the firm owned by the family. | |
| (b) Payment of interest by a firm. | |
| (c) Rent free house from an employer. | |

6. Mention any three precautions to be observed while calculating national income by value added method. 3

7 From the budget estimates, calculate (a) Revenue deficit (b) Fiscal deficit (c) Primary deficit. 4

ITEMS	(Rs. Crores)
(a) Revenue Receipts	2037
(b) Revenue expenditure	2811
(c) Capital Receipts	1348
(d) Capital expenditure	574
(e) Recoveries of loans & other receipts	235
f) Borrowing & other liabilities	1113
(g) Interest payments	1013

8 Distinguish between (any two differences each) 4

(a) Real and Nominal Gross Domestic Product .

(b) Consumption goods and Capital Goods.

9. Calculate Gross Value Added at Market Price from the following; 4

ITEMS	(Rs. in lakhs)
(a) Intermediate cost	8
(b) Closing stock	5
(c) Sales	30
(d) Net Indirect Tax	6
(e) Subsidy	1
(f) Depreciation	3
(g) Opening stock	4

10. Explain (a) the allocation of resources objective of a government budget 6

(b) the role of government budget in bringing economic stability.

11. Calculate (a) Gross Domestic Product at factor cost and 6

(b) Factor Income to abroad from the following data:

ITEMS	Rs. (in crore)
(i)Gross National Product at factor cost	3750
(ii)Compensation of employees	2000
(iii) Net exports	(-50)
(iv)Profit	700
(v)Net Domestic capital Formation	1000
(vi)Opening stock	150
(vii)Closing Stock	200
(viii)Gross fixed capital Formation	1050
(ix)Interest	600
(x)Rent	400
(xi)Factor income from abroad	20

12. Find (a) GDP_{MP} and (b) National Income

6

Particulars	Rs. In crores
(i) Compensation of employees	490
(ii) Private final consumption expenditure	1120
(iii) Net factor income from the rest of the world	(-10)
(iv) Net fixed capital formation	180
(v) Consumption of fixed capital	80
(vi) Indirect taxes	180
(vii) Current transfers from government to households	20
(viii) Change in stock	60
(ix) Mixed income of the self employed	560
(x) Government final consumption expenditure	150
(xi) Subsidies	20
(xii) Exports	100

SECTION B – MICROECONOMICS

13. State a point of difference between Microeconomics and Macroeconomics. 1
14. What is meant by economizing of resources? 1
15. Name the economic value achievable when attempts are made to increase resources in the country. 1
16. What is Marginal rate of Transformation ? Explain with the help of an example. 3

OR

What does a PPC show? When will it shift to the right ?

17. What is Law of Diminishing Marginal Utility? Give a numerical example. 3

OR

A consumer consumes only two goods A and B and is in equilibrium. Show that when price of good B falls, demand for B rises. Answer the question with utility analysis.

18. Differentiate between Budget set and budget line. 3
19. When price of a commodity falls from Rs. 12 per unit to Rs. 9 per unit, the producer supplies 75% less output. Calculate Price elasticity of supply. 3
20. Explain any three factors affecting Price Elasticity of Demand. 3
21. Explain the problem of what to produce with the help of an example and a production possibility curve. 4

OR

Explain the problem of 'how to produce' with the help of an example and a production possibility curve.

22. Distinguish between demand by an individual consumer and market demand of a good. Also state the factors leading to fall in demand by an individual consumer. 6
23. Examine the effect of (a) fall in own price of a good X and (b) rise in tax rate on Good X, On the supply curve. Use diagrams. 3+3
24. Why is the equality between marginal cost and marginal revenue necessary for a firm to be in equilibrium? Is it sufficient to ensure equilibrium? Explain. 6

OR

Define Marginal Product. State the behavior of Marginal Product when only one input is increased and other inputs are held constant.
