

AMRITA VIDYALAYAM

FIRST TERMINAL EXAMINATION 2018 -'19

Class : XII

Marks : 80

Time : 3 hrs

ECONOMICS

GENERAL INSTRUCTIONS:

1. All questions are compulsory.
2. Question Nos 1 - 6 carry 1 mark each and are required to be answered in one sentence each.
3. Question Nos 7 - 12 carry 3 marks each and should not normally exceed 60 words each.
4. Question Nos 13 - 17 carry 4 marks each and should not normally exceed 70 words each.
5. Question Nos 18 - 23 carry 6 marks each and should not normally exceed 100 words each.
6. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

1. Under which of the following 'price level in a particular industry' is studied?
a) Micro economics b) Macro economics c) Both a) and b) d) None of these
2. A statement which does not offer any suggestion is known as _____.
a) positive statement b) normative statement c) both a) and b) d) none of these
3. Economic problem implies _____.
a) problem of poverty b) problem of unemployment
c) problem of choice due to scarcity of resources d) problem of plenty
4. Decision on central problems in a centrally planned economy are taken by _____.
a) market forces b) institutions c) government or central authority d) none of these
5. Change in quantity demanded of a commodity due to change in real income of the consumer caused by change in own price of the commodity is called _____.
a) cross effect b) price effect c) income effect d) substitution effect
6. The principle limitation of utility analysis relates to the basic assumption that utility can be expressed in terms of _____.
a) cardinal numbers b) rational numbers c) ordinal numbers d) real numbers
7. Amrita consumes X and Y and finds her equilibrium. As the price of Y rises her marginal utility from Y falls. State whether this statement is true or false. Give a valid reason.
8. The price of the commodity is ₹ 50 per unit and its quantity demanded is 500 units. Its price rises to ₹ 60 per unit and quantity demanded falls by 90 units. Calculate its price elasticity of demand. Is it demand elastic?
9. Give the meaning of producer's equilibrium. A producer produces that quantity of his product at which MC and MR are equal. Is he earning maximum profits? Give reason.
10. What is market demand for good? Name the factors determining market demand.
11. Government of the country imposes tax on petrol usage by the people, what impact will this have on budget line of a consumer showing consumption of two commodities petrol and food items on it? What is the policy implication behind tax imposition? Use diagram.
12. Explain the distinction between change in quantity supplied and change in supply.
13. Market for a necessary good is competitive in which the existing firms are earning super normal profits. How can policy of liberalization by the government help in making the market more competitive in the interest of the consumers? Explain.
14. Give reason, explain how should the following be treated in estimating gross domestic product at market price.
a) Fees paid to mechanic by a firm.

b) Interest paid by an individual on a car loan taken from a bank.

15. Complete the following table.

| Output (units) | Average cost | Marginal cost |
|----------------|--------------|---------------|
| 1 | 12 | |
| 2 | 10 | |
| 3 | | 10 |
| 4 | 10.5 | |
| 5 | 11 | |
| 6 | | 17 |

16. What will be the impact of 'Sarva Shiksha Abhiyan' on the production possibility curve of the Indian economy? Why?

17. Define oligopoly. Discuss the principle features of oligopoly.

18. Make a comparison between gross domestic product at market price and gross domestic price at factor cost.

19. Calculate 'Gross Domestic Product at Market Price' by Production Method.

Items (` in crore)

a) Intermediate Consumption of :

Primary sector 500

Secondary sector 400

Tertiary sector 300

b) Value of Output of :

Primary sector 1,000

Secondary sector 900

Tertiary sector 700

c) Rent 10

d) Emoluments of employees 400

e) Mixed Income 650

f) Operating Surplus 300

g) Net factor income from abroad (-) 20

h) Interest 5

i) Consumption of fixed capital 40

j) Net indirect tax 10

20. Draw total revenue and marginal revenue curve of a firm which is free to sell any quantity of good at a given price.

21. Name the production function in which the only one input is increased and others kept constant. State the behavior of TP in this production function with graph.

22. A consumer has a total money income of ` 600 to be spent on two goods X and Y with prices of ` 60 and ` 10 per unit respectively. On the basis of the given information, answer the following questions.

a) Give the equation of the budget line for the consumer.

b) What is the value of slope of the budget line?

c) How many units can the consumer buy if he is to spend all his money income on good X?

23. From the following data, calculate 'Net National Product at Market Price' by Expenditure Method and Income Method.

| Items | (` in lakh) |
|---|-------------|
| a) Personal consumption expenditure | 700 |
| b) Wages and salaries | 700 |
| c) Employer's contribution to social security schemes | 100 |
| d) Gross business fixed investment | 60 |
| e) Gross residential construction investment | 60 |
| f) Gross public investment | 40 |
| g) Inventory investment | 20 |
| h) Profit | 100 |
| i) Government purchases of goods and services | 200 |
| j) Rent | 50 |
| k) Exports | 40 |
| l) Imports | 20 |
| m) Interest | 40 |
| n) Mixed income of the self-employed | 100 |
| o) Net factor income from abroad | (-) 10 |
| p) Depreciation | 0 |
| q) Indirect taxes | 20 |
| r) Subsidies | 10 |