Name _____Kirin Nagpal_____ Class & Section _____ Roll No. _____

FIRST TERMINAL EXAMINATION-2015-2016
Class-XII
Subject-Economics

Time Allowed : 3 Hrs.   M.M. : 100

Please check the total marks

Do not write any answers on the question paper.

General Instructions :

1.   *One mark question to be answered in 20-30 words.*
2.   *Three marks question to be answered in 70-80 words*
3.   *Four marks question to be answered in 80-100 words*
4.   *For numerical questions marks will be deducted if formulae are not written.*
5.   *All questions are compulsary.*

MICRO ECONOMICS (75 marks)

Q1.   Why MOC must rise as resouces are shifted from use I to use 2 ?   (1)

Q2.   Define market economy.   (1)

Q3.   Suppose ed=(-) 0.2. How will the expenditure on the good be affected if there is 10 % increase in price of the good ?   (1)

Q4.   What is budget set ? State what can lead to change in budget set.   (1)

Q5.   How do you account for a rise in demand for rice even when own price of rice rising in flood ravaged Jammu and Kashmir state of India ?   (1)

Q6.   State meaning of production function.   (1)

Q7.   "How to produce" is a complex problem for less developed countries like India. Explain how ?   (3)

Q8.   Define indifference curve. Why an IC is downward sloping and convex to the origin ?   (3)

Q9.   A consumer's budget is Rs 40. He is buying good I and good II. Price of good I is Rs 8 per unit and price of good II is Rs 10.

(a)   Write an equation of budget line   (1+2=3)

(b)   Draw a budget line on the basis of these figures.

Q10. The following table gives the TC schedule of a firm AFC at 4 units of output is Rs 5. Find TVC, AVC and AFC. (3)

Output	TC
1	50
2	65
3	75
4	95
5	130
6	185

Q11. When equilbrium price of a good is less than the market price there will be competition among sellers. Is it true ? Give reasons for your answer. (3)

Q12. What is meant by prices being rigid ? How can oligopoly behaviour lead to such an outcome ? (3)

Q13. Distinguish between Microeconomics and Macroeconomics. (3)

Q14. The demand curve of a commodity is a straight line sloping downward. Write true / false against the following statements with reasons.

(a) elasticity is low corresponding to lower level of price of the commodity.

(b) elasticity = 0, when price = 0 (2+2=4)

Q15. Market for a good is in equilibrium. There is simultaneous 'decrease' both in demand and supply , but there is no change in market price. Explain with the help of schedule and diagram. (4)

Q16. The following headline appeared in Hindustan Times on 2nd August 2015.

"Crop damaged in Himachal, tomato prices soaring in Delhi."

Use diagram and economic theory to analyse the statement. (4)

Q17. (a) Distinguish between monopoly and Monopolistic Competition.

(b) Large number of technical training institutions have been started in India by the government, what will be the impact of this on PPC of the economy and why ? (4+2=6)

Q18. (a) Explain profit maximising condition according to MR-MC approach with the help of diagram and schedule

(b) Comment on shape of MR curve in case TR curve is a : (4+2=6)

(i) Positively sloped straight line

(ii) horizontal straight line.

Q19. (a) Explain long run law of production with the help of schedule

(b) (i) Do you think the actual level of output in Indian economy is less than its potential level ? Give reason with example.

(ii) Does it mean that level of our PPC could be higher than what it is now? (4+2=6)

Q20. (a) Distinguish between change in supply and change in quantity supplied

(b) Why do the short run MC, AVC and AC curves look alike ? (3+3=6)

Q21. Explain the implication of :

(a) Feature 'homogeneous product' in perfect competition.

(b) Explain the impact on equilibrium price and on equilibrium quantity when there is change in price of substitute good. (3+3=6)

Q22. Explain the concept of price Ceiling. Can you think of any Commodity on which price Ceiling is imposed in India ? What may be the consequences of price ceiling ? (6)

MACRO ECONOMICS (25 marks)

Q23. Define stock variable. Give 2 examples (1)

Q24. Calculate NVA$_{FC}$ (2)

Items	Rs crores
(a) Purchase of machinery to be used in production unit	100
(b) Sales	200
(c) Intermediate costs	90
(d) Indirect taxes	12
(e) Change in stock	10
(f) Excise duty	06
(g) Stock of raw material	5

Q25. Explain any three limitations of using GDP as an index of welfare of a country. (3)

Q26. Calculate NI by Income method.

	Items	Rs crores
(a)	Profit	1500
(b)	Rent	1300
(c)	Mixed income	600
(d)	Compensation of employees	3000
(e)	Depreciation	200
(f)	Excess of factor income to ROW over factor income from ROW	50
(g)	Corporate profit tax	200
(h)	Interest	1100
(i)	Net indirect tax	350
(j)	Direct personal taxes	100
(i)	Excess of imports over exports	40	(3)

Q27. Explain expenditure method to calculate national income. State any two precautions undertaken in this method (4)

Q28. (a) Distinguish between transfer payment and factor payments. (3+3=6)

(b) Distinguish between final goods Intermediate goods with examples.

Q29. (i) Calculate gross national disposable income and personal income.

	Items	Rs crores
(a)	personal tax	120
(b)	Net indirect tax	100
(c)	Corporate tax	90
(d)	National income	1000
(e)	NFIA	05
(f)	Consumption of fixed capital	50
(g)	national debt interest	70
(h)	Retained earning of private corporate sector	40
(i)	Net current tranfer to ROW	-20
(j)	Share of government in national income	80

(ii) Define Private Income (5+1=6)