



INDIAN SCHOOL SOHAR
TERM 1 EXAMINATION (2018 – 2019)
ECONOMICS [030]

CLASS: XII
DATE: 20/09/2018

MAX MARKS: - 80
DURATION: - 3HRS

General Instructions:-

- 1) All questions in both the sections are compulsory.
- 2) Marks for questions are indicated against each question.
- 3) Answer should be brief and to the point and the above word limit should be adhered to as far as possible.
- 4) Attempt all parts of a question together.
- 5) Questions 1 - 4 and 12 -15 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- 6) Questions 5 – 6 and 16 - 17 are short answer questions carrying 3 marks each. Answer to them should not exceed 75 words each.
- 7) Questions 7 - 9 and 18 - 20 are also short answer questions of 4 marks each. Answer to them should not exceed 90 words each.
- 8) Questions 10 - 11 and 21 - 24 are long answer questions of 6 marks each. Answer to them should not exceed 200 words each.

SECTION A: INTRODUCTORY MICRO ECONOMICS

1. The opportunity cost of 500 kg of wheat produced on a land which can produce 400 kg of rice is: [1]
 - a. 600 kg
 - b. 900 kg
 - c. 100 kg
 - d. 400 kg

2. If X and Y are complementary goods, then with the increase in price X: [1]
 - a. Demand of X will decrease and demand of Y will increase.
 - b. Demand of X will increase and demand of Y will decrease.
 - c. Demand of X and Y will increase.
 - d. Demand of X and Y will decrease

3. MRS is determined by: [1]
 - a. Satisfaction level of the consumer.
 - b. Preference of the consumer
 - c. Income of the consumer
 - d. Taste of the consumer.

4. Marginal revenue of a firm is constant throughout under : [1]
 - A. Perfect competition
 - B. Monopolistic competition

C. Oligopoly

D. Monopoly

5. Explain the factors that causes rightward shift of the PP curve. [3]
6. What is meant by central problem of an economy? Explain the central problem of “for whom to produce”. [3]
7. Describe the various ways in which a monopoly market structure may arise. [4]

OR

Giving reasons, distinguish between the behaviour of demand curves of firms under perfect competition and monopolistic competition.

8. Explain the effect of the following on Price Elasticity of Demand of a commodity, [4]
- A. Number of substitutes
 - B. Nature of the commodity
9. Define utility. Explain the Law of Diminishing Marginal Utility. [4]
10. Distinguish between collusive and non-collusive oligopoly. Explain how the oligopoly firms are interdependent in taking price and output decisions? [6]

OR

Explain the implications of the following

- A. Homogeneous products in perfectly competitive market.
 - B. Differentiated products under monopolistic competition.
 - C. Large number of sellers under perfect competition.
11. What are the conditions of consumer’s equilibrium under the indifference curve approach? [6]
- What changes will take place if the conditions are not fulfilled to reach the equilibrium?

SECTION B: INTRODUCTORY MACRO ECONOMICS

12. Goods produced for the satisfaction of wants are called: [1]
- A. capital goods
 - B. intermediate goods
 - C. producer goods
 - D. consumption goods
13. Other things remaining the same, when in a country the price of foreign currency rises, the national income is: [1]
- A. likely to fall
 - B. Likely to rise
 - C. Not affected
 - D. Likely to rise or to fall

14. The non-tax revenue in the following is [1]
- A. Export duty
 - B. Import duty
 - C. Dividends
 - D. Excise

15. Define externalities. Give an example of negative externality. [1]

16. Calculate Gross Value Added at Factor Cost. [3]

S.No	Contents	₹ Cr.
1	Sales tax	3500
2	Excise duty	2500
3	Opening stock	2000
4	Closing stock	3000
5	Intermediate cost	12000
6	Depreciation	1000
7	Price per unit of output	30
8	Units of output sold	1000

17. Explain any three limitations of using GDP as a measure/index of welfare of a country. [3]

OR

Giving reason, explain, how the following are treated in estimating National Income?

- A. Wheat grown by farmer but used entirely for family's consumption.
- B. Earning of shareholders from the sales of shares.
- C. Expenditure by government on providing free education.

18. Giving reasons, classify the following into direct tax and indirect tax. [4]

- A. Wealth tax
- B. Entertainment tax
- C. Income tax
- D. Value added tax

OR

Distinguish between the

- A. Revenue receipts and capital receipts.
- B. Primary deficit and fiscal deficit.

19. Define foreign exchange rate. How it is determined under flexible exchange rate system? [4]

20. Define money supply. Explain the factors that affect the money supply in an economy. [4]

21. A. Explain how open market operations by the Central Bank affect money creation by commercial banks. [6]

- B. Define legal reserve ratio. Explain the components of Legal Reserve Ratio.

22. Explain the following objectives of a government budget. [6]

- A. Resource allocation
- B. Economic stability
- C. Re distribution of income

23. Differentiate between [6]

- A. Fixed and flexible foreign exchange rate.
- B. Spot market and forward market
- C. Devaluation and depreciation

24. Calculate Net National Product at Factor Cost using Income method and expenditure method. [6]

S No		₹ Cr
1	Rent	3000
2	Wages and salary	3000
3	Indirect taxes	6000
4	Intermediate consumption by government	1500
5	Import	500
6	Gross domestic capital formation	7500
7	Change in stock	1000
8	Income paid to abroad	4000
9	Current replacement cost	1000
10	Distributed profit	1200
11	Personal disposable income	12000
12	Interest	7000
13	Household savings	2000
14.	Subsidies	1000
15.	Export	1500
16.	Sale of goods and services by government	500
17.	Income from entrepreneurship	3000
18.	Wages and salaries by government	3000

***** THE END *****