

| | | |
|-------------|--|--|
| Roll Number | | |
|-------------|--|--|

SET 1



INDIAN SCHOOL MUSCAT FIRST TERM EXAMINATION ECONOMICS

CLASS: XII
09.05.2018

Sub. Code: 030

Time Allotted: 3 Hrs
Max. Marks: 80

General Instructions:

1. All questions in both the sections are compulsory
2. Marks for questions are indicated against each
3. Questions No. **1 - 4** and **13 - 16** are very short answer/MCQs of 1 mark each.
4. Questions No. **5 - 6** and **17 - 18** are short answer questions of **3** marks each.
These are to be answered in about **60** words each.
5. Questions No. **7 - 9** and **19 - 21** are also short answer questions of **4** marks each.
These are to be answered in about **70** words each.
6. Questions No. **10 - 12** and **22 - 24** are long answer questions of **6** marks each. Answers to them should normally not exceed **100** words each.
7. Answers should be brief and to the point and the above word limits should be adhered as far as possible.

SECTION A

- | | | |
|---|---|---|
| 1 | What is meant by cardinal measurement of utility? | 1 |
| 2 | A typical production possibility curve is downward sloping concave curve because to produce more of one good, output of the other good must be reduced (a) at increasing rate (b) at decreasing rate (c) at constant rate (d) Initially at decreasing rate and then at increasing rate. | 1 |
| 3 | Which of the following is an example of positive economic analysis (a) A rise in the price of food grains will hit the poor very badly (b) The fair rate of interest is 6% (c) An increase in rate of interest discourages the demand for loans (d) None of the above | 1 |
| 4 | When a consumer increases consumption of a good from 2 units to 4 units, total utility rises from 9 utils to 14 utils. Marginal utility is: (a) 5 utils (b) 3 utils (c) 2.5 utils (d) 2 utils | 1 |

- 5 Explain the central problem for whom to produce. 3
- 6 What is utility? Explain Law of Diminishing marginal Utility with the help of a utility schedule. 3
- OR
- Give the relationship between total utility and marginal utility with the help of a diagram
- 7 Define an economy. Distinguish between micro economics and macro economics. 4
- 8 What is meant by consumer's equilibrium? Explain the conditions determining how many units of a good the consumer will buy at a given price. 4
- 9 What is an economic problem? Give reasons why an economic problem arises. 4
- OR
- Explain the meaning of centrally planned economy and a market economy. How do the central problems solved in these economies?
- 10 What is meant by allocation of resources? Explain the central problem of what to produce with the help of production possibility schedule. 6
- 11 Define Production Possibility Curve. Mention any two assumptions on which it is based. Also explain the characteristics of Production possibility curve. 6
- OR
- (a) Explain the concept of Marginal Opportunity cost by giving a numerical example.
 (b) What is likely to be the impact of "Make in India" appeal to the foreign investors by the Prime Minister of India, on the production possibility frontier of India? Explain.
- 12 A consumer consumes only two goods X and Y whose prices are Rs.5 and Rs.4 respectively. If the consumer chooses a combination of the two goods with marginal utility of X equal to 4 and that of Y equal to 5, is the consumer in equilibrium? Why or why not? What will a rational consumer do in this situation? Use utility analysis. 6

SECTION B

- 13 Define Investment. 1
- 14 Which of the following is a flow variable: 1
- (a) Capital
 - (b) Gross Domestic Product
 - (c) Distance
 - (d) wealth
- 15 What is meant by double counting? 1

- 16 The nominal GDP of a country for the year 2007-08 is Rs.150 billion and price index 120. Find real GDP. 1
- 17 Explain the circular flow of income in a two sector economy. 3
- 18 Distinguish between intermediate goods and final goods with examples. 3

OR

Distinguish between Transfer income and factor income with examples

- 19 Calculate 'Sales' from the following data: 4

| S.No. | Items | Rs.in lakh |
|-------|--------------------------------|------------|
| (i) | Subsidies | 200 |
| (ii) | Opening stock | 100 |
| (iii) | Closing stock | 600 |
| (iv) | Intermediate consumption | 3,000 |
| (v) | Consumption of fixed capital | 700 |
| (vi) | Profit | 750 |
| (vii) | Net value added at factor cost | 2,000 |

- 20 Define real gross domestic product and nominal gross domestic product. Which of these is a better index of welfare of the people and why? 4

OR

Distinguish between domestic product and national product. When can domestic product be more than national product?

- 21 Calculate National Income: 4

| Items | Rs. In crores |
|---|---------------|
| (i) Net Indirect Taxes | 5 |
| (ii) Net domestic fixed capital formation | 100 |
| (iii) Net Imports | (-)20 |
| (iv) Government final consumption expenditure | 200 |
| (v) Private final consumption expenditure | 600 |
| (vi) Change in stock | 10 |
| (vii) Net factor income from abroad | 5 |
| (viii) Gross domestic fixed capital formation | 125 |

- 22 Explain the precautions that must be taken while estimating national income by income method. 6

OR

Giving reason explain how should the following be treated in estimating national income:

- (i) Social security contribution by employees
- (ii) Pension paid after retirement
- (iii) Payment of electricity bill by a school

- 23 Explain briefly the limitations of using GDP as an index of welfare of a country. 6

24 Calculate (a) Net National Product at Market Price and (b) Gross domestic product at factor cost.

| S.no. | Items | Rs.in crores |
|--------|---|--------------|
| (i) | Rent and Interest | 6,000 |
| (ii) | Wages and salaries | 1,800 |
| (iii) | Undistributed profit | 400 |
| (iv) | Net Indirect Taxes | 100 |
| (v) | Subsidies | 20 |
| (vi) | Corporation tax | 120 |
| (vii) | Net factor income to abroad | 70 |
| (viii) | Dividends | 80 |
| (ix) | Consumption of fixed capital | 50 |
| (x) | Social security contribution by employers | 200 |
| (xi) | Mixed income | 1,000 |

End of the Question Paper