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SET 2



**INDIAN SCHOOL MUSCAT
FIRST TERM EXAMINATION
ECONOMICS**

CLASS: XI

Sub. Code: 030

Time Allotted: 3 Hrs

09.05.2018

Max. Marks: 80

General Instructions:

- i. All questions are compulsory
- ii. Marks for questions are indicated against the questions.
- iii. Questions no. 1-4 and 13-16 are very short answer questions carrying 1 mark each. These are to be answered in one sentence each.
- iv. Question No. 5 & 6 and 17 & 18 are short answer questions carrying 3 marks each. Answer to them should normally not exceed 60 words each.
- v. Question No. 7-9 and 19-21 are short answer questions carrying 4 marks each. Answer to them should normally not exceed 70 words each.
- vi. Question No. 10-12 and 22-24 are short answer questions carrying 6 marks each. Answer to them should normally not exceed 100 words each.

Answers should be brief and to the point and the above word limit should be adhered to as far as possible.

SECTION A

- 1 What shape will Production Possibility Curve take when Marginal Rate of Transformation values decrease? 1
- 2 If a good is available at free of cost, consumers is at equilibrium when: (Choose the correct option) 1
 - a. Marginal Utility is maximum
 - b. Total utility = Price of the good
 - c. Total utility reaches zero
 - d. Marginal utility reaches zero
- 3 Total utility is------(choose the correct alternative) 1
 - a. The sum of marginal utilities
 - b. Utility from first unit X number of units consumed
 - c. Always increasing
 - d. Utility from the last unit X number of units consumed
- 4 Give an example for normative economic statement? 1

- 5 What does allocation of resource mean? What are the characteristics of economic resources? 3

OR

Explain the problem of how to produce? Why does the problem arise?

- 6 What are the assumptions of utility analysis? 3
- 7 Define and draw Production Possibility curve. What does movement along the curve show? Explain using diagram 4

OR

What does shift in production possibility curve indicate? What could be reasons for the shift in production possibility curve to left?

- 8 Distinguish between: 4
- a. Micro economics and macro economics
 - b. Positive economics and normative economics

- 9 Explain the relationship between marginal utility and total utility using suitable diagram 4

- 10 Define marginal rate of transformation. Calculate marginal rate of transformation from the following schedule. Draw a production possibility curve for the given schedule. Giving reason comment on the shape of production possibility curve. 6

Production Possibilities:	A	B	C	D	E	F
Good X:	0	1	2	3	4	5
Good Y:	15	14	12	9	5	0

- 11 Explain the economic problem of 'What to produce' and 'For whom to produce'. Also explain how these problems are solved in different economic system. 6
- 12 A consumer buys two goods X and Y and is in equilibrium. What happens to demand for X and Y under the following situation so that consumer remains in equilibrium? Explain with reasons. 6
- a. When price of good X increases
 - b. When price of good Y decreases.

OR

Consider the following utility schedule of a consumer. Giving suitable reasons explain how many units of this commodity the consumer should buy so that she is at equilibrium if market price of the good is Rs. 3 each. Also explain what adjust will take place in her demand if price of the commodity increases to Rs.5 per unit so that she is at equilibrium.

Units consumed:	1	2	3	4	5	6	7	8
Total Utility:	10	18	25	30	34	37	38	38

SECTION B

- 13 Net Domestic Product at factor cost is equal to Net Domestic Product at market prices when: 1
- a. Subsidies are less than Indirect taxes
 - b. Subsidies are equal to Indirect taxes
 - c. Subsidies are more than Indirect taxes
 - d. Net factor income from abroad is zero
- 14 If Nominal Gross Domestic Product is Rs. 4400 and Price Index is 110, Calculate Real Gross Domestic Product. 1
- 15 Which of the following is a stock variable? (choose correct alternative) 1
- a. Production
 - b. Population
 - c. Depreciation
 - d. Investment
- 16 How is capital loss different from depreciation? 1
- 17 Should the following be treated as domestic product of India? Give reason. 3
- a. Payment of income tax by an employee.
 - b. Purchase of machinery by a factory for its own use.
 - c. Purchase of uniform for nurses by a hospital

OR

- Should the following be included in Gross Domestic Product of India?
- a. Purchase of shares of a new company.
 - b. Commission received by a dealer in second hand goods.
 - c. Money sent by a non resident Indian to his mother in India.
- 18 What are nonmonetary exchanges? Give one example. Explain their impact on the use of Gross Domestic Product as an index of economic welfare of the people. 3
- 19 Calculate Value of Output and Gross Value Added at factor cost from the following information. 4
- | | |
|--------------------------------------|------|
| a. Consumption of fixed capital | 200 |
| b. Domestic Sales | 5600 |
| c. Purchase of Intermediate goods | 2000 |
| d. Purchase of machinery for own use | 1000 |
| e. Opening stock of inventories | 800 |
| f. Subsidies | 300 |
| g. Exports | 400 |

h. Indirect taxes 800

i. Closing stock of inventories 1000

20 Define GDP deflator. What are the advantages of real GDP over nominal GDP? 4

21 Distinguish between: 4

a. Factor payment and Transfer payment

b. Net Factor Income from abroad and Net Exports

OR

Distinguish between:

a. Capital goods and consumer goods

b. Intermediate goods and final goods

22 Calculate Gross National Product at market prices and compensation of employees from the following data. (All figures are in Rs. Crores) 6

a. Profits 1800

b. Mixed income of self employed 1200

c. Indirect taxes 800

d. Net Domestic Product at factor cost 8600

e. Consumption of fixed capital 500

f. Interest 1000

g. Factor income received from abroad 300

h. Rent 1300

i. Subsidies 400

j. Factor payment made to abroad. 100

23 What does circular flow of income mean? Using suitable illustration explain the circular flow of income of a two sector economy. Also give examples of leakages and injection that can arise in circular flow of income. 6

24 What are the components of domestic expenditure? Explain each 6

OR

What are the steps involved in the estimation of national income through value added method? What precautions are to be taken while using this method?

END OF THE QUESTION PAPER