



THE GURUKUL INSTITUTE

PLOT 5C, 2ND FLOOR, GANAPATI COMPLEX, SEC-13, OPP. JAIPURIA
SCHOOL, VASUNDHARA, GHAZIABAD (U.P)

Class – XII
Subject –ECONOMICS

Time allowed : 3 hours

Maximum Marks: 100.

Section A (70 Marks)

1. Answer the following questions:

- (i) Why does an economic problem arise?
- (ii) Define opportunity cost.
- (iii) What does a rightward shift of production possibility curve indicate?
- (iv) Define indifference curve. (1x4)

- 2. Explain the effect of increase in income of the consumer on the demand for a good. 3
- 3. State three causes of increase in supply. 3
- 4. What will be the effect on PPC when resources remains constant for both good X and good Y and technology improves only for good Y? 3
- 5. Explain the Geometric Method of measuring elasticity of demand. 3
- 6. Explain the relation between marginal cost and average cost. 3
- 7. Explain producer's equilibrium with the help of a diagram. 3
- 8. A consumer buys 40 units of a good at a price of Rs. 3 per unit. When price rises to Rs. 4 per unit he buys 30 units. Calculate price elasticity of demand by the total expenditure method.

OR

A consumer buys 80 units of a good at a price of Rs. 5 per unit. Suppose price elasticity of demand is (-)2. At what price will he buy 64 units ? 4

9. Give meaning of:

- (i) production function
- (ii) Supply
- (iii) revenue, and
- (iv) cost 4

10. Calculate 'total variable cost' and 'total cost' from the following cost schedule of a firm whose fixed costs are Rs. 10. 4

| | | | | |
|-----------------------|---|---|---|---|
| Output (units) : | 1 | 2 | 3 | 4 |
| Marginal cost (Rs.) : | 6 | 5 | 4 | 6 |

11. At a given price there is excess demand for a good. Explain how the equilibrium price will be reached. Use diagram. 4

12. Explain the conditions leading to profit maximization by a producer. Use total cost and total revenue approach. 4

13. Complete the following table: 4

| Output (Units) | TVC (Rs.) | AVC (Rs.) | MC (Rs.) |
|----------------|-----------|-----------|----------|
| 1 | -- | 15 | -- |
| 2 | -- | -- | 26 |
| 3 | 11 | -- | -- |
| 2 | -- | 3 | -- |

14. Distinguish between:

- (a) Individual demand and market demand.
- (b) 'Change in demand' and 'change in quantity demanded' 6

15. State the phases of the law of variable proportions in terms of total physical product. Use diagram.

16. Explain consumer's equilibrium in case of single commodity, with the help of a utility schedule. **6**

17. Explain the following features of perfect competition: **6**

- (i) Large number of buyers and sellers
- (ii) Homogeneous products

OR

Explain the following :

- (i) 'Free entry and exit' feature of perfect competition,
- (ii) 'Differentiated products' feature of monopolistic competition.

Section B (30 Marks)

18. Answer the following questions: **1×4**

- (i) Define macroeconomics.
- (ii) Give two examples of macroeconomic studies.
- (iii) Define GNP Deflator
- (iv) What do you mean by leakage?

19. Giving reasons explain how the following are treated while estimation national income: **4**

- (i) Payment of fees to a lawyer engaged by a firm.
- (ii) Rent free house to and employee by an employer.
- (iii) Purchases by foreign tourists.
- (iv) School fees paid by students

20. Calculate 'intermediate consumption' from the following data: **4**

| | (Rs. lakhs) |
|-------------------------------------|-------------|
| (i) Value of output | 200 |
| (ii) Net value added at factor cost | 80 |
| (iii) Sales tax | 15 |
| (iv) Subsidy | 5 |
| (v) Depreciation | 20 |

21. Calculate 'private income' from the following data : **6**

| | (Rs. crores) |
|---|--------------|
| (i) National debt interest | 30 |
| (ii) Gross national product at market price | 400 |
| (iii) Current transfers from government | 20 |
| (iv) Net indirect taxes | 40 |
| (v) Net current transfers from the rest of the world | (-) 10 |
| (vi) Net domestic product at factor cost accruing to government | 50 |
| (vii) Consumption of fixed capital | |

22. Calculate national income and gross national disposable income from the following data: **4+2**

| | (Rs. crores) |
|--|--------------|
| (i) Current transfers by government | 15 |
| (ii) Private final consumption expenditure | 400 |
| (iii) Net current transfers from the rest of the world | 20 |
| (iv) Government final consumption expenditure | 100 |
| (v) Net factor income from abroad | (-) 10 |
| (vi) Net domestic capital formation | 80 |
| (vii) Consumption of fixed capital | 50 |
| (viii) Net exports | 40 |
| (ix) Net indirect taxes | 60 |

23. Explain the production method of estimating national income. **6**

OR

Explain the income method of estimating national income.