

First Term Examination (19 September 2017)

Class XII
Economics (Com/Hum)
(Set-A)

Time: 3hrs

M.M.80

Instructions:

- i) All questions are compulsory.
- ii) Marks are indicated against each question.
- iii) Calculator is not allowed.

- Q1. The government has started promoting foreign capital. What is its impact on production possibility frontier? (1)
- Q2. If a good takes up significant share of consumer's budget. Comment upon the elasticity of demand. (1)
- Q3. Will installation of a new machine in a cloth mill which increases the efficiency and production results in extension or increase in supply? (1)
- Q4. Mention the situation in which an increase in demand will lead to rise in equilibrium quantity but no change in equilibrium price. (1)
- Q5. The opportunity cost of a machine which can produce only one product is high. True/false. (1)
- Q6. A consumer buys two goods. Ice cream and banana. Their prices are Rs. 12 and Rs. 4 per unit respectively. Calculate MRS at equilibrium point. (1)
- Q7. Choose the correct alternative (1)
- a) AC rises when MC rises
 - b) When AC and MC both rise, then $AC > MC$
 - c) When MC is less than AC, then AC falls with increase in output.
 - d) When AC falls, MC also falls
- Q8. Under what type of market, selling costs play an important role? (1)
- Q9. Economic slowdown in some parts of the world has adversely affected demand for Indian exports. What will be its effect on the Production Possibilities frontier of India? Explain. (3)
- Q10. "Scarcity and choice go together". Comment. (3)
- Q11. What will be the effect on MR if: (3)
- a) TR increases at decreasing rate.
 - b) TR increases at constant rate
- Q12. Using diagrams, comment upon the elasticity of supply in following cases: (3)
- a) When price remains constant
 - b) When Supply remains constant
 - c) When extended supply curve intersects y-axis.
- Q13. A consumer buys two goods x and y and is in equilibrium. Prices of these goods remaining unchanged, money income of the consumer rises. How will the consumer react to this change? Use IC approach. (4)
- Q14. A consumer buys 80 units of a good at a price Rs. 4 per unit. Due to fall in its price, he buys 100 units of the good. If price elasticity of demand is (-) 1, find the new price. (4)

Q15. Find the missing values for the following: (4)

Output (units)	TC Rs.	TFC Rs.	TVC Rs.
0	-	-	-
1	-	-	30
2	100	-	-
3	-	50	60
4	-	-	70
5	150	-	-
6	190	-	-

Q16. Is a producer in equilibrium when $TR=TC$? Yes or No? Why? Elaborate. (3)

Q17. "In perfect competition market, industry is price maker and firm is price taker." Discuss. (4)

Q18. Explain the implication of 'few large firms' feature of oligopoly. (4)

Q19. Distinguish between complementary and substitute goods. How does change in price of related goods affect the demand of the given good? (6)

Q20. a) What is a budget line? What does the point on it indicate in terms of prices? (6)

b) A consumer consumes only two goods X and Y. Her money income is Rs. 24 and price of good X and Y are Rs. 4 and Rs. 2 respectively.

i) can the consumer afford a bundle $4x$ and $5y$? Explain

ii) what will be the MRS_{xy} , when consumer is in equilibrium? Explain.

Q21. Identify difference phases of the Law of variable proportions from the following schedule. Give reasons for your answer: (6)

Variable Inputs (units)	Total Physical Product (units)
1	4
2	9
3	13
4	15
5	12

Q22. Define market supply. Explain the determinants of supply. (6)

Q23. Market for an essential item of consumption is in equilibrium, but the equilibrium price is too high for the common man. What can the government do to bring down the market price, but only through normal market forces? Explain the chain of effects of the government's action. (6)

Q24. Due to bad weather conditions, the tomato crop gets destroyed in Punjab, so the households in Punjab are using tomato puree as the tomato prices soar up. Use a diagram and economic theory to analyse the impact of the rise in price of tomatoes on the market for tomato puree. (6)