CBSE UNIT TEST PAPER-23

CLASS - XII (ECONOMICS)

FIRST TERM UNIT TEST – 2009-10

Time :3 Hours **M.M.100**

SECTION A: MICROECONOMICS

Q1. Mention two properties of resources. [1]

Q2. Is MR always the same as AR? [1]

Q3. Draw a PPC showing underutilization of resources. [1]

Q4. What is marginal cost? [1]

Q5. When is the elasticity of demand greater than one? [1]

Q6. How is demand for a good affected if the price of a related good changes? [3]

Q7. What is a differentiated product? What implication does this have for market structure? [3]

OR

Explain how the assumption of free entry and exit in an industry affects market structure.

Q8. How is the elasticity of demand for a commodity affected if there are many substitutes for it in the market? [3]

Q9. A consumer busy 10 chocolate chip cookies per week when they are priced at lRs 20 each. How many would the consumer buy if the price increased by Rs 5, given that the price elasticity of demand is (-) 0.4? [3]

Q10. Explain the equilibrium of the firm using the marginal approach. [3]

Q11. Explain the impact of a) a decline in the cost of inputs and [4]
b) rise in the prices of other commodities in the market
on the supply of a good.

Q12. The output and total cost schedules of a firm are given below: [4]

Output	0	1	2	3	4

TC	18	32	48	69	90

Calculate the AVC, the MC and the AC at all levels of output. OR

Explain why the AC curve approaches the AVC curve at higher levels of output?

Q13. Explain the geometric method of determining point elasticity on a straight line demand curve. [4]

Q14. A new outlet of Nirula's witnessed the following changes in production in the month of October 2009: 6 [6]

7Number of chefs hired	: 1	2	3	4	5	6	7
No. of cakes sold	: 16	40	85	115	125	125	115

What is the reason for the observed pattern of production?

Q15. Explain, with the help of a diagram, the impact on the equilibrium price of an increase in the demand for a normal commodity coupled with an improvement in the technology for its production. OR [6]

When does a simultaneous decline in demand and supply

a) not result in any change in price?

b. result in a higher market price?

Q16. Explain the equilibrium of the consumer using the indifference curve theory. [6]

SECTION B: MACROECONOMICS

Q17. What is the main difference between real and nominal GDP? [1]

Q18. What is the SLR? [1]

Q19. What is meant by a managed floating exchange rate? [1]

Q20. What is the value of the multiplier when the mpc = mps? [1]

Q21. What is meant by 'double coincidence of wants'? [1]

Q22. Explain whether these goods final or intermediate: [3]

a) Bread b. Machinery

Q23. What is the difference between stock and flow variables? Give examples. [3]

Q24. If in an economy mps=0.2 and the investment expenditure is increased by Rs. [3]

500 crores, what will be the total increase in income and consumption?

Q25. Estimate the Net Value Added at factor cost for an enterprise with the following data: [3]

Item	Rs Crore
Decrease in stock	40
Purchase of intermediate goods	200
Consumption of fixed capital	60
Sales	5,000
Indirect taxes	50
Purchase of machinery	120
Subsidies	5

Q26. Differentiate between autonomous and accommodating items. OR [3]

Differentiate between devaluation and depreciation.

Q27. Explain the process of creation by a bank. OR [4]

Explain the function of a central bank as banker to the government.

Q28. What is meant by 'deficient demand', in an economy? How can this be corrected? [4]

Q29. Distinguish between revenue receipts and capital receipts. Give two examples of each. [4]

Q30. Explain the determination of the rate of foreign exchange. What would happen to this rate if the supply of foreign exchange were to increase? [6]

Q31. Explain Keynesian equilibrium using the savings – investment approach. [6]

Q32. Calculate national income by the expenditure and income methods with the help of the following data: [5]

Item	Rs Crore
Private final consumption expenditure	10,000
Public final consumption expenditure	5,000
Compensation of employees	11,500
Gross fixed capital formation	4,000
Change in stock	2,000
Mixed income of the self-employed	2,000
Consumption of fixed capital	1,000
Net indirect taxes	500

Net exports	2,000
Rent	1,750
Interest	1,250
Net factor income from abroad	1,500
Subsidies	200
Undistributed profits	1,060
Corporation tax	940
Dividends	3,000

OR

With the help of the following data calculate

a) the personal disposable income

b) private income and

c) national income:

	Rs Crore
Savings of the private corporate sector	120
Corporation tax	230
Personal income	12,250
Current transfers from the government administrative departments	300
Current transfers from the rest of the world	250
Income from property and entrepreneurship accruing to the government administrative departments	250
Savings of non-departmental government enterprises	20
Net indirect taxes	1,950
Direct taxes paid by households	250
Net factor income to abroad	20