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Series T/A/S

The Aaryans Public School

Summative Assessment-I (2018-19)

ECONOMICS (030)

Class – XII

Time allowed: 3 hours

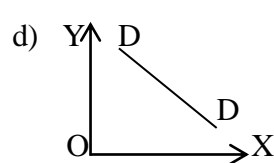
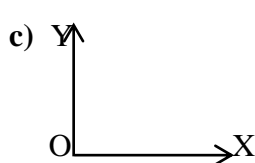
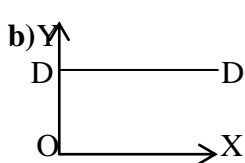
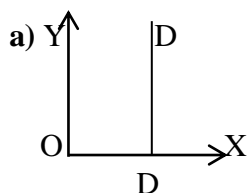
Maximum Marks: 80

General Instructions:

1. All questions in both the sections are compulsory.
2. Marks for questions are indicated against each.
3. Question Nos. 1 to 4 and 13 to 16 are very short answer questions carrying 1 mark for each part. They are required to be answered in one sentence each.
4. Question Nos. 5-6 and 17-18 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
5. Question Nos. 7-9 and 19-21 are also short answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
6. Question Nos. 10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
7. Answers should be brief and to the point and the above word limits be adhered to as far as possible.
8. All of the questions should be answered at one place.

Section A

1. Keeping the welfare motive in mind, the Government should impose heavy tax or increase the existing tax on those products whose price elasticity of demand is :
 a) Greater than one b) equal to one c) less than zero d) zero
2. What do you understand by the term 'slope of demand curve'?
3. Which of the diagram given represents elasticity of demand equal to unity.



4. Why is production possibility curve also termed as production possibility frontier.
5. On account of an increase in foreign direct investment in a country, explain what will happen to its PPC. Use diagram.

Or

Can there be any economy without an economic problem? Explain.

6. State whether the statement are True or False given reason in support of your answer.
 - a) Returns to scale operates in the short period.
 - b) Under short run production function, the capacity or scale of production remains constant.
 - c) When MP start falling AP always decreases.
7. Explain the meaning and implication of 'barriers to the entry of new firms' under monopoly.
8. Explain the shape of AR curve under perfect competition.
9. A consumer 18 units of good at a price of ` 9 per unit. The price elasticity of demand for the good is (-1). How many units the consumer will buy at a price of ` 10 per unit Calculate.

Or

Price elasticity of demand of a good is (-1). Calculate the percentage change in price that will raise the demand from 20 units to 30 units.

10. 'As apple crop got damaged due to bitter cold, so its price soared in Delhi. Use a diagram and economic theory to analyses the statement.

Or

Household in Delhi started to prefer Pepsi as the price of Fanta and Limca have risen.' Use a diagram and economic theory to analyses the impact of the rise in the price of Fanta and Limca on the market for Pepsi.

11. A producer is producing output at which (a) $MR = MC$ and (b) $MC < MC$ beyond this output. Is in the equilibrium? Explain.
12. Explain how to following factors determine the elasticity of demand of a good?
 - a) Proportion of income spent on a good by a consumer.
 - b) Nature of commodity.
13. In which market form, the firms produce homogeneous products?
 - a) Perfect Competition b) Oligopoly c) Monopolistic Competition d) Monopoly
14. When average product of variable input is increasing:
 - a) Total product may increase at an increasing rate.
 - b) Total product may increase at a diminishing rate.
 - c) Both (a) and (b)
 - d) Neither (a) nor (b)
15. It is enough to say that profit is maximised when $MC = MR$?
16. Why is AFC curve represented as rectangular hyperbola?
17. What is the effect of the following on the demand for a good?
 - (a) Fall in price of complement
 - (b) Unfavorable change in taste of the consumer.
18. Explain the shape of AR and MR curves under different market forms.

Or

Explain two important differences between perfect competition and monopoly.

19. Define PPC. Explain with the help of a diagram the shape of PPC and also show in the diagram the effect of a server flood upon Kerla's scale of production.

20. A firm's average fixed cost, when it produces 2 units, is ₹ 30. Its average total cost schedule is given below. Calculate its marginal cost and average variable cost at each level of output.

Output (Units)	Average Total Cost (₹)
1	80
2	48
3	40

21. Explain the effect of the following on demand curve for the commodity:

- Increase in income of the consumer in case of inferior goods.
- Increase in price of complementary goods.

Or

Explain any two factors determining elasticity of demand.

22. Explain the law of variable proportions with the help of a relevant schedule and total product and marginal product curves.
23. Explain how does a consumer decide as to how many units of a good to buy, whose market price is given. Use a schedule
24. 'With more working women in Mumbai, a huge demand for automatic washing machines has led to their price soaring high in the market.' Use a diagram and economic theory to analyse the above statement.

Or

Due to inadequate rainfall, the paddy crop got destroyed in Madhyapradesh. Analyse the impact of rise in the price of rice on its market.