



**ANANDALAYA**  
SUMMATIVE ASSESSMENT – 1  
Class : XII

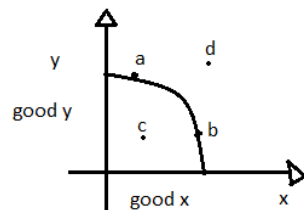
Subject : ECONOMICS  
Date : 16/09/2016

M.M : 100  
Time : 3 Hours

**Instructions:**

1. All questions are compulsory. However, there is internal choice in some questions.
2. Marks for questions are indicated against each question.
3. Question nos. 1-7 are 1 mark each.
4. Question nos.8-14 are short answer type questions carrying 3 marks each, answers to them should not normally exceed 60 words.
5. Question nos. 15-23 are short answer type questions carrying 4 marks each, answer to them should not normally exceed 70 words.
6. Question nos. 24-29 are long answer type questions carrying 6 marks each, answers to them should not normally exceed 100 words each.
7. Answers should be brief and to the point.

1. Which of the following is the example of Macro Economics? (1)  
a) Problem of unemployment in India                      b) Rising price level in the country  
c) Increase in disparities of income                      d) All the above
2. In the case of consumer's equilibrium with two commodities when the price of x falls (1)  
a) Consumer starts to buy more units of y    b) Consumer starts to buy less units of x  
c) Consumer starts to buy more units of x    d) Consumer does not change his purchase
3. In case of Giffen's paradox the slope of demand curve is (1)  
a) negative    b) parallel to x-axis  
c) positive    d) parallel to y-axis
4. If a seller gets ₹ 10,000 by selling 100 units and ₹ 14,000 by selling 120 units, his marginal revenue is (1)  
a) ₹ 4,000                      b) ₹ 450                      c) ₹ 200                      d) ₹ 100
5. In a diagram alongside, inefficient use of resources is shown by : (1)  
a) Points "a" and "b"                      b) Point "d"                      c) Point "c"                      d) Point "c" and "d"



6. What does break-even point indicate? (1)  
a)  $TR > TC$                       b)  $TR < TC$                       c)  $TR = TC$                       d)  $TC = 0$
7. What is the role of elasticity of demand in the determination of price in the monopoly market? (1)
8. Why do problems related to allocation of resources in an economy arise? Explain. (3)
9. a) What is a budget line? What does the point on it indicate in terms of prices? (3)  
b) A consumer consumes only two goods x and y. Her money income is ₹ 24 and prices of goods x and y are ₹ 4 and ₹ 2 respectively.  
Answer the following question.  
i) Can the consumer afford a bundle of 4x and 5y?  
ii) What will be the  $MRS_{xy}$  when the consumer is in equilibrium?
10. From the following Production possibility schedule, calculate MRT of good x: (3)

| Production possibilities | A  | B  | C  | D | E |
|--------------------------|----|----|----|---|---|
| Good x                   | 0  | 1  | 2  | 3 | 4 |
| Good y                   | 14 | 13 | 11 | 8 | 3 |

**OR**

11. What is marginal opportunity cost? Explain with an example. (3)  
40 units of a good are demanded at a price of ₹ 5 per unit. Price elasticity of demand is (-)1.  
What will be the price if the quantity demanded falls to 25 units? Use expenditure approach.

12 The coefficient of Es of a good is 8. A seller supplies 36 units of a good at a price of ₹ 6 per unit. How much quantity of this good will this seller supply when price rises by Rs.10 per unit? (3)

13 What will happen to total product, when: (3)

- i) MP is increasing    ii) MP is constant    iii) MP is decreasing

14 Identify the market forms for the two sellers of good A and B from the following given information. Give reasons for your answer. (3)

| Output | Price of good A | Price of good B |
|--------|-----------------|-----------------|
| 10     | 5               | 5               |
| 20     | 5               | 4               |
| 30     | 5               | 3               |

15 Calculate TC and AVC from the following data: (4)

| Units of output | AFC | MC |
|-----------------|-----|----|
| 1               | 60  | 32 |
| 2               | 30  | 30 |
| 3               | 20  | 28 |
| 4               | 15  | 30 |

16 Draw a production possibility curve and show the following situations on the diagram: (4)

- a) Full employment of resources  
b) Under- utilization of resources  
c) Growth of resources  
d) Loss of resources

17 If a consumer's income becomes double but the prices of two goods remain unchanged: (4)

- i) How does the budget line change?  
ii) How much of good 1 (or good 2) can the consumer purchase if he spends his entire income on good 1 or good 2.

18 Distinguish between expansion in demand and increase in demand. What causes the increase in demand? (4)

**OR**

Distinguish between contraction of demand and decrease in demand. What causes the decrease in demand?

19 Economists say inconsistent things. They say "as price falls, demand rises but as demand rises, price rises". Do you agree with this? Give reason for your answer. (4)

20 Equilibrium price of an essential medicine is too high. Explain what possible steps can be taken to bring down the equilibrium price but only through the market forces. Also explain the series of changes that will occur in the market. (4)

21 "price floor is a system to protect the interest of producers". Defend or refute. (4)

22 A consumer at present consumes a commodity which he finds inferior at his present income does not allow him to move to his demand for normal good. If he shifts to a higher income group, what changes will take place? Explain using suitable diagram. (4)

23 Suppose there exists only four firms in a market. Each wants to maximise its market share and increase profits. An economic analyst advises one of the firms to reduce price to increase sales. Would these be a correct measure to increase market share? What alternative ways would you suggest to the firm to increase sales? (4)

24 Explain the conditions of consumer's equilibrium with the help of indifference curve analysis and explain the rationale behind these conditions (6)

25 If there are two demand curves intersecting each other, which demand curve has greater elasticity at the point of intersection? Explain. (6)

26 Explain the relation between TR and MR curves in i) Perfect competition    ii) Monopoly (6)

27 Why does the difference between ATC and AVC decrease with the increase in the level of output? Can these two be equal at the some level of output? (6)

**OR**

Explain with the help of suitable table and diagram that total cost is the sum of fixed cost and variable cost.

28 What will happen if the price prevailing in the market is: (6)

- i) Above the equilibrium price?  
ii) Below the equilibrium price?

29 Explain why does need for government intervention arise when price mechanism can handle the market conditions? (6)