

CLASS XII

SAMPLE PAPER

ECONOMICS

INTRODUCTORY MICRO ECONOMICS

General Instructions

Questions No.1-3 are required to be answered in one sentence each.

Questions No.4-10-answers should not exceed 60 words each.

Questions No.11-13-answers should not exceed 70 words each.

Questions No.14-19-answer should not exceed 100 words each.

1) Define utility

2) If with the rise in price of good Y, demand for good X rises, the two goods are: (Choose the correct alternative)

(a) Substitutes. (b) Complements. (c) Not related. (d) Jointly demanded.

A consumer consumes only 2 goods. If price of one of the goods falls, the indifference curve: (Choose the correct alternative)

(a) Shifts upwards. (b) Shifts downwards. (c) Can shift both upwards and downwards. (d) Does not shift.

4) Giving reason, comment on the shape of production possibilities curve based on the following table:

Good X(units)	Good Y(units)
0	4
1	3
2	2
3	1
4	0

5) What will be the impact of “Education for all Campaign” (Sarv Shiksha Abhiyan) on the Production Possibilities curve of the Indian economy and why?

6) What will likely be the impact of large scale inflow of foreign capital in India of foreign capital in India on Production Possibilities Curve and why?

- 7) Why is minus sign attached to the measure of price elasticity of demand of a normal good in comparison to the plus sign attached to the measure of price elasticity of supply? Explain
- 8) There are no barriers in the way of firms leaving or joining Industry in a perfectly competitive market. Explain the significance of this feature.
- 9) What is maximum price ceiling? On what type of goods is it normally imposed? Use diagram.
- 10) Explain the difference between maximum price ceiling and minimum price ceiling.
- 11) A consumer spends Rs. 400 on a good priced at Rs. 4 per unit. When the price rise by 25percent, the consumer continues to spend Rs. 400. Calculate the price elasticity of demand by percentage method.
- 12) What is supply? Explain the effect of tax imposed on a good on supply of a good.
- 13) What is change in supply? Explain the effect of a tax imposed on a good on the supply of the good.
- 14) A consumer consumes only two goods, each priced at Rupee one per unit. If the consumer chooses a combination of the two goods with Marginal Rate of Substitution equal to 2, is the consumer in equilibrium? Give reasons. Explain what with a rational consumer will do in this situation.
- 15) A consumer consumes only two goods X and Y whose prices are Rs. 2 and Rs. 1 per unit respectively. If the consumer chooses a combination of the two goods with marginal utility of X being 4 and that of Y also being 4, is the consumer in equilibrium? Give reasons. Explain what a rational consumer will do in this situation. Use Marginal Utility Analysis.
- 16) What are the different phases in the Law of Variable Proportions in terms of Total Product? Give reasons behind each phase. Use diagram.
- 17) State, on the basis of numerical example, the different phases in the Law of Variable Proportions in terms of Total Product. Give reasons behind each phase.
- 18) Explain the rationale behind the conditions of equilibrium of a producer.
- 19) Market for a good is in equilibrium. Demand for the goods “decreases”. Explain the chain of effects of this change.
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