

THE ASIAN SCHOOL, DEHRADUN

CLASS 12 SUBJECT Economics CHAPTER- 1 Micro (Introduction to Micro Economics MM-30

Q1.	Define the following : a) PPC b) MRT c) MOC d) Resource	1X4
Q2.	State the causes of Economic problem.	1
Q3.	What is meant by alternative use of resource?	1
Q4.	Explain by PPC is downward sloping.	3
Q5.	Explain the problem of 'What to Produce'.	3
Q6.	Explain why MRT goes on rising? Use a schedule.	4
Q7.	Explain 2 determinants of PPC and how they can lead to shift in PPC.	4
Q8. A) B)	Explain the problem of "How to Produce". Government announces 'Make In India', what is likely to be its impact on PPC o India? Use diagram.	2+2
Q9.	Explain the effect of following on PPC. a) New coal mine is discovered. b) Floods in a river, destroying crops and fields. c) Unemployment eradication program launched by government. d) Subsidies provided on import of capital goods. If X is a labour intensive goods while Y is capital intensive then what will be the effect on PPC in following cases : i) Migration of people from the economy to other countries. ii) Better techniques of production discovered for good Y.	6

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CLASS 12 SUBJECT Economics CHAPTER- 2 – Micro Eco(Consumer Equilibrium and Demand) MM-30

Q1.	What is Budget Equation?	1
Q2.	What are monotonic preferences/ convex.	1
Q3.	Ice creams sold for Rs 30, Rani who loves ice- cream has already eaten 3 cups, and her MU from eating 3 rd ice cream is Rs 90. Suppose further, for her, the MU is of Rs 1 is 3 should she eat more ice cream or should she stop.	3
Q4.	Explain why budget line slopes downward?	3
Q5.	Draw diagrams showing elasticity equal to : a) zero b) one c) Infinity	3
Q6.	Suppose the demand curve $D(P) = 10-3p$. What is the elasticity at price 5/3	3
Q7.	A consumer spends Rs 250 on a good when its price is Rs 5 per unit. When the price rises to Rs 6 per unit, he spends Rs 240. Calculate the price elasticity of demand using percentage method. What shape its demand curve will take?	4
Q8.	Explain the following characteristics of IC. a) Higher level of IC gives higher level of satisfaction. b) Two IC can never intersect each other. c) IC never touches the axis. d) IC slopes downward and is convex to origin.	6
Q9.	A consumer consumes only two goods X and Y. The marginal rate of substitution is 1. Price of X and Y is Rs 3 and Rs 4 unit respectively. Is the consumer in equilibrium? What will be the further reaction of the consumer? Give reason.	6

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Q1.	What would you say about the average cost of a firm if the marginal cost of production is less than the average cost?	1
Q2.	Why does AFC fall with the increase in output.	1
Q3.	What cost curve never touches to any axes but is downward sloping.	1
Q4.	What is the condition of a profit maximizing competitive firm.	1
Q5.	Short run profit maximization for a perfectly competitive firm occurs where the firms marginal cost equals to	1
Q6.	Explain with the help of schedules how AC and MC curves are related.	3
Q7.	Why is the short run MC curve 'U' shaped?	3
Q8.	"In order to get maximum profit MC should be rising at the point of producer's equilibrium". True or false. Explain.	4
Q9.	What happens if new firms cannot join the industry and existing firms cannot leave the industry during the long run.	3
	OR	
	Explain the concepts of Normal profit and Abnormal profit.	
Q10.	Will a profit maximizing firm in a competitive market ever produce a positive level of output in the range where the marginal cost is falling? Give an explanation.	6
Q11.	With the increase in output, the ATC and AVC curve come closer and closer why? Can the two curves meet each other? Give reasons in support of your answer.	6

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CLASS 12 SUBJECT Economics CHAPTER- 4 Micro (The Theory of Firm Under Perfect Competition) MM-30

Q1.	What is price line?	1
Q2.	What is the relation between market price and marginal revenue of a firm?	1
Q3.	Define Stock.	1
Q4.	When slope of supply curve = ∞ then what will be the value of elasticity of supply?	1
Q5.	Define market supply.	1
Q6.	'A Monopolist can sell any quantity of good he likes at a price? Justify with diagram.	3
Q7.	The price elasticity of supply of a commodity is 2. A firm supplies 200 units of it at a price of Rs 8 per unit. At what price will it supply 250 units?	4
Q8.	Give reasons, find whether the following statements are true or false : a) When TR is maximum, MR is also maximum. b) When MR falls to zero, AR should be rising. c) When TR is maximum, AR= 0 d) MR is the price at which the cost unit of a commodity is sold.	6
Q9.	How does the following affects the supply of a product. a) Price of cost of production. b) Subsidies provided by the government. c) Change in per unit tax. d) Change in technology.	6
Q10.	How would rise in MSP (minimum support price) for cotton affect the supply of rice in the domestic economy, when rice and cotton are the only two crops grown? Would you favour any such decisions by the government?	6

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SUBJECT Economics

CHAPTER- 5 Micro (Market Equilibrium)

MM-30

Q1.	Define the following : a) Market b) Price Mechanism c) Market Equilibrium d) Price Ceiling	4
Q2.	Using a diagram explain situations where : a) Price rises but quantity remains unchanged. b) Price falls due to simultaneous changes in demand and supply.	4
Q3.	How is price flooring used as a tool to protect farmers? Use diagram to explain.	4
Q4.	"Price ceiling creates excess demand in the market", what other unwanted situations can it create?	6
Q5.	Market for good X is in equilibrium, Good Y being its substitute. How will the market for X is affected with rise in price of Y explain the chain of effect taking place in the market with help of diagram?	6
Q6.	"Tea plantation hit by pest over 40% crops destroyed". What would be the impact of above, on the market for tea, explain the chain of effects along with diagram.	6

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CLASS 12 SUBJECT Economics CHAPTER- 6 Micro (Non Competitive Markets) Part- 1 MM-30

Q1.	What is the shape of the demand curve of a firm which can only sell more by lowering its price?	1
Q2.	Define collusive oligopoly.	1
Q3.	What is meant by product differentiation?	1
Q4.	What is meant by price discrimination?	1
Q5.	Explain any three cause of creation of Monopoly.	3
Q6.	Why is the demand curve of an oligopoly market indeterminate?	3
Q7.	Why is MR curve of a monopoly is less elastic as compared to a monopolistic firm?	4
Q8.	Distinguish between : a) Collusive and Non collusive oligopoly. b) Perfect and Imperfect Oligopoly	4
Q9.	Explain implications of following under perfect competition : a) Homogenous Products b) Free Entry & Exit	3+3
Q10.	Explain implication of : a) Single seller under monopoly b) Few Dominant firms under Oligopoly	3X2

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CLASS 12 SUBJECT Economics CHAPTER-6 Micro (Price Determination Under Perfect Competition with Simple applications Part-II MM-30

Q1.	What is meant by price ceiling.	1
Q2.	Define Equilibrium Price.	1
Q3.	How does a cost saving technological progress affect the market price and the quantity exchanged?	1
Q4.	What is meant by Price floor.	1
Q5.	Explain the concept of 'Buffer Stock' as a tool of price floor.	3
Q6.	Explain the changes that will take place when in a market the demand for a good is greater than its supply at the prevailing price.	3
Q8.	Suppose the price of a substitute good (Y) of good X increases, what impact does it have on the equilibrium price and quantity of good X Explain.	4
Q10.	Explain 'Black Marketing' as a direct consequence of price ceiling.	4
Q11.	How are the equilibrium price and equilibrium quantity of a normal commodity affected : i) If there is a decrease in the income of its buyers. ii) If a unit tax is imposed by the Government? Use diagrams.	6
Q12.	Market for a good is in equilibrium. There is a simultaneous 'increase' both in demand and supply of the good. Explain its affect on the market price.	6
	Or	
	Market for a good is in equilibrium. There is a simultaneous 'decrease' both in demand and supply of the good. Explain its affect on the market price.	

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SUBJECT Economics

CHAPTER- 1 Macro (Introduction to Macro Economy

MM-30

Q1.	Define : a) Macro Economics b) Factors of Production c) Entrepreneur d) Exports e) Economic Agents f) Wage Rate g) Capital h) Capitalist Economy i) Socialist Economy j) Household sector k) Investment Expenditure l) Household sector.	12X1
Q2.	Differentiate between : a) Consumer Goods and Producer Goods b) Investment Expenditure and Consumption Expenditure. c) Macro Economics and Micro Economics	3X3
Q3.	What is the basic objective of the Macroeconomic decision makers.	6
Q4.	'Micro Economic is governed by individual interests and decision while macro economics is dependent on the aggregates.' Comment.	6

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CLASS 12 SUBJECT Economics CHAPTER- 2 Macro (National Income Accounting) Part- 2 MM-30

Q1.	Define :a) Private Income b) National Debt Interest c) Personal Income d) Personal Disposable Income	4
Q2.	Differentiate between : a) Private Income and National Income b) Private Income and Personal Income	4
Q3.	Find Private Income : a) GDP _{mP} = 8800 b) NDI = 100 c) Depreciation = 50 d) NFIA = 20 e) Income accruing to Government = 1300 f) Current Transfers from Government = 50 g) Current transfer to ROW = (-)20 h) NIT = 50	6
Q4.	Find Private Income , Personal Income and Personal Disposable Income : a)National Income = 5800 b) Saving of Non departmental undertaking= 20 c) Income from NNPEc according to Private sector = 1700 d) NDI = 50 e) Corporate Tax = 100 f) Corporate Savings = 20 g) Miscellaneous receipt of government = 150 h) Direct personal Taxes = 20 i) Current transfers from government = 150 i) Current transfer from ROW = 50	6
Q5.	Find National Income : a) Personal Income = 8800 b) Income from NDP _{FC} accruing to government sector = 1500 c) Corporate Tax = 100 d) NFIA = 150 e) Corporate Saving = 25 f) NDI = 20 g) Current Transfers from abroad = 50 h) Current transfers from government = 100	6
Q6.	'PDI is the sum of household consumption expenditure and household saving'. Justify ?	4

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CLASS 12 SUBJECT Economics CHAPTER- 2 Macro (National Income Accounting) Part- 2 MM-30

Q1.	Define a) Circular Flow b) Real Flow c) Factor Market d) Transfer Income e) Flow Variable f) National Income	6X1
Q2.	With help of a diagram explain circular flow in 3 sector model?	3
Q3.	Differentiate between : a) Stock and Flow Variable b) GNP _{Mp} and NDP _{FC}	3X2
Q4.	"Value of consumption expenditure is equal to national income' Justify.	3
Q5.	How should following be treated while estimating national income. a) Vegetables grown in kitchen garden of a house. b) Fee paid by criminal to a lawyer. c) Export of goods and Services. d) Scholarships given by government e) Salary paid to police officers f) National Debt Interest	2X6

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SUBJECT Economics

CHAPTER- 3 Macro (Money and Banking)

MM-30

Q1.	Define the following : a) Bank Rate b) Repo Rate c) Reverse Repo Rate d) Fiat Money e) Fiduciary Money f) High Powered Money	3
Q2.	Explain the following functions of money : a) Medium of exchange b) Standard of deferred payment c) Store of value d) Unit of account	6
Q3.	Explain the process of credit creation by commercial banks in the economy.	6
Q4.	Explain the quantitative measures used by RBI to control credit creation in the economy.	4
OR		
	Explain the qualitative measures used by RBI to control credit creation in the economy.	
Q5.	Explain the difficulty of double coincidence of wants under barter system.	4
Q6.	Explain the various components of supply of money.	4
Q7.	Explain the following functions of Central Bank : a) Banker to the Government. b) Lender of the Last Resort c) Bank of Issue	3

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CHAPTER- 4 Macro (Determination of Income and Employment

MM-30

Q1.	What is the relationship between MPC and MPS?	1
Q2.	State whether following are true or false, give reasons : a) When $MPC=0$ and $K=0$ b) $K= \infty$, when additional income is converted to additional investment	3
Q3.	Write an equation of equilibrium level of income. Spell out C-function in this equation.	3
Q4.	Calculate MPC, with the given information: National income=800 Autonomous consumption expenditure = 100 Investment expenditure = 100	3
Q5.	In an economy $C = 200 + 0.75Y$ is the consumption function where C is consumption expenditure and Y is national income. Investment expenditure is 4000. Calculate equilibrium level of income and consumption expenditure .	4
Q6.	Distinguish between inflationary gap and deflationary gap?	4
Q7.	Explain National Income equilibrium through aggregate demand and aggregate supply. Use diagram also explain the changes that take place in an economy when economy is not in equilibrium.	6
Q8.	Given Saving curve, derive consumption curve and state the steps in doing so, use diagram.	6

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CHAPTER- 5 Macro (Government Budget & Economy)

MM-30

Q1.	Define tax and non tax revenue.	1
Q2.	What type of tax is helpful in reducing income inequalities.	1
Q3.	Are grants given by the central government to the state government capital expenditure?	1
Q4.	In a government budget revenue defect is Rs 50000 crore and borrowings are Rs 75000 crores. How much is fiscal deficit?	1
Q5.	Briefly explain any three non tax revenue of the government.	3
Q6.	What is fiscal deficit ? What are its implications?	3
OR		
	The fiscal deficit gives borrowing requirement of the government. Elucidate.	
Q7.	Giving reasons categories the following into revenue expenditure and capital expenditure. a) Subsidies b) Repayment of loans c) Construction of School building d) Grants givens to state governments.	4
Q8.	Distinguish between direct tax and indirect tax. Give two examples of each.	4
Q9.	Explain the objectives of Government Budget.	6
Q10.	What problem can fiscal deficit create? How is a fiscal policy used to control fiscal deficit.	6

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SUBJECT Economics

CHAPTER- 6 Macro (Balance of Payment)

MM-50

Q1.	How can increase in foreign direct investment affect the price of foreign exchange?	1
Q2.	Define spot market.	1
Q3.	If balance of trade is showing a deficit of Rs 20,000 and value of exports is Rs 30,000 then the value of imports will be Rs 10,000.	1
Q4.	When will balance of trade show a deficit?	1
Q5.	What is 'appreciation of domestic currency'? What is the likely effects on exports and how.	3
Q6.	Give the meaning of 'autonomous transactions' and 'accommodating transactions' in the balance of payments accounts.	3
Q7.	Explain the relation between the fall in price of a foreign currency and its demand. Give two example.	4
Q8.	Explain the components of capital account of balance of payments.	4
Q9.	Distinguish between balance of trade and current account balance of payments.	6
Q10.	Indian investors borrow from abroad. Answer the following : a) In which sub-account and on which side of the Balance of Payments Account will this borrowing be recorded. Given reason. b) Explain what is the impact of this borrowing on exchange rate.	6