



# ST. LAWRENCE HIGH SCHOOL



Pre- Test- 2018

Subject: Economics

Class: XII (B,C,D)

F. M. 80

Duration: 03 hours 15 min

Date: 30.7.2018

## Group -- A

1. Select the correct answer :

1 x 10 = 10

Monopoly Enquiry Commission was first established in India in the year.

a) 1984 b) 1962 c) 1994 d) 1964.

ii) The primary reason for income inequality in India is

a) Population growth b) inflation c) black money, d) unemployment

iii) Disguised unemployment is generally found to exist in the

a) Agricultural sector b) industrial sector c) banking sector d) transport sector

iv) The difference between the maximum and the minimum values of a set of observations is called

a) Standard Deviation b) Lorenz Ratio c) Variance d) Range

v) In oligopoly market there exists

a) one seller b) two sellers c) three sellers d) few sellers

vi) The value of perfectly inelastic demand curve is

i) 1 b) 2 c) 0 d) -1.

vii) The absolute value of price elasticity of demand at the equilibrium point of a monopolist will be

a) equal to 1 b) greater than 1 c) less than 1 d) infinite.

viii) If percentage change in price equals the percentage change in supply the value of price elasticity of supply is

a) 0 b) less than 1 c) 1 d) greater than 1

ix) A firm reaches the shutdown point where

a) AC is minimum b) MR touches AVC at its minimum point c) MC is minimum d) MR intersects the AC

x) As output increases, average fixed cost

a) decreases b) increases c) remains fixed d) initially decreases and increases thereafter

## Group-B

2. Answer the following questions: 1 x 10 = 10

i) Write true or false: For luxury goods income elasticity is negative.

ii) Write true or false: Inequality of income is greater in urban areas than in rural areas.

iii) Write true or false: Seasonal unemployment is found to exist only in agriculture.

iv) Determine the range of the following values: 119, 213, 79, 98, 223, 117.

v) Write true or false: A monopolist is called a price taker.

vi) Write true or false: In a perfectly competitive market, price equals marginal revenue.

vii) Fill in the blank: If supply is perfectly inelastic, the supply curve will be .....

- viii) Fill in the blank: If price of factors of production ....., the supply curve shifts to the right.  
ix) Fill in the blank: Acute ..... is seen in the distribution of ownership of agriculture land in India.  
x) Write true or false: Each firm in a monopolistically competitive market sells a homogeneous product.

### Group-C

#### 3. Answer the following questions 2x10=20

- Mention two factors influencing the individual demand for a commodity.
- What is the meaning of positive cross price elasticity?
- State the relation between average and marginal cost of production.
- Give two examples of fixed cost of a firm.
- Distinguish between profit and other factor incomes.
- Mention any one advantage and one disadvantage of range as a measure of dispersion.
- What is the meaning of marginal revenue?
- What is disguised unemployment?
- Mention two causes of income inequality in India.
- Mention two determinants of elasticity of demand.

### Group-D

#### 4. Answer the following questions:

5 x 8=40

- Give an account of the law of variable proportions in the short-run.
- What are the main characteristics of a perfectly competitive market?
- Show how the short-run supply curve of a perfectly competitive firm can be derived from its marginal cost curve.
- State law of supply. What are its exceptions?
- Define price elasticity. What are its different types? Explain graphically.
- What do you mean by demand curve? Distinguish between change in demand and change in quantity demanded.
- What are the causes of persistence of poverty in India?
- Briefly discuss about different employment generating programmes taken by Government of India.



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### Group – A

1. Select the correct answer:

1 x 10=10

- i) d) 1964
- ii) d) Unemployment
- iii) a) agricultural sector
- iv) d) range
- v) d) few sellers
- vi) c) 0
- vii) b) greater than 1
- viii) c) 1
- ix) b) MR touches AVC at its minimum point
- x) a) decreases

### Group-B

2. Answer the following questions :

1 x 10=10

- i) False.
- ii) True
- iii) False
- iv) 144
- v) False
- vi) True
- vii) Vertical
- viii) Decreases
- ix) inequality
- x) False

### Group-C

3. Answer the following questions

2x10=20

- a) Factors affecting individual demand for a commodity are-
  - i) Price of the commodity
  - ii) Income of the consumer.

b) Positive cross price elasticity:

When the two goods are substitute to each other then if the price of one commodity increases then the demand of other commodity will also increase. This is known as positive cross price elasticity. For example tea and coffee.

C) i) When  $Ac$  falls then  $MC < AC$ .

ii) When  $Ac$  is minimum then  $MC = AC$ .

iii) When  $AC$  increases then  $MC > AC$

d) Two examples of fixed cost are rent, insurance premium.

e) a) profit is residual income but other factor incomes are contractual income.

b) profit can be zero or negative but other factor incomes can not be zero or negative.

f) Advantage of range: It is easy to calculate

Disadvantage of range It is not based on all observations.

g) Change in total revenue due to change in sell of one unit of output is known as marginal revenue.

h) In agricultural sector if there exist extra labour whose marginal productivity is zero is known as disguised unemployment.

i). Two causes of income inequality are:

a) Increasing rate of unemployment

b) Evasion of taxes.

j) Two determinants of elasticity of demand are

a) Price of the commodity

b) Nature of the commodity

Group-D

**4. Answer the following questions:**

**5x8=40**

a) Statement of law of variable proportion ---- Diagrammatic explanation.

b) Characteristics of perfectly competitive market are:

i) Large number of buyers and sellers, ii) Price taker, iii) Full information, iv) Homogeneous product, v) Free entry and exit  
Explanation of each point.

c) Definition of short run supply curve. Then explanation of shutdown and break-even point. Diagrammatic explanation.

d) Other things remaining constant there exists positive relationship between price of the commodity and its quantity supplied.

Exceptions:

i) Rare goods, ii) labour supply, iii) future price expectation  
Explanation of each point.

Type a message...

e) Price elasticity of demand means percentage change in quantity demanded due to percentage change in price of the commodity.

It may be of five types:

i) perfectly elastic demand, ii) perfectly inelastic demand, iii) unitary elastic demand, iv) elastic demand, v) inelastic demand.

Diagrammatic Explanation of each point

f) The graphical representation of the demand schedule is known as demand curve. When the entire demand curve shifts its position it is known as change in demand. Again when we move along the same demand curve from one point to another then it is known as change in quantity demanded.

Diagrammatic Explanation

g) Any five points of causes of persistence of poverty in India with proper explanation of each point.

h) 5 measures taken by Govt of India for the employment generating programmes in India- explanation of each measure.