

CLASS XII COMPREHENSIVE WORKSHEET

Six Marker questions:

1. Explain the central problems of an economy.
2. A country produces two goods: Banana and apples. Its production possibilities are shown in the following table. Plot the PPC and verify its shape.

Possibilities	A	B	C	D	E	F
Bananas	100	95	85	70	50	25
Apples	0	1	2	3	4	5

3. What is the likely impact of the following schemes on PPC of the country
 - a) Digital India Campaign
 - b) Make In India
 - c) Seventh Pay Commission
 - d) GST
 - e) Beti Bachao , Beti Padhao
 - f) Indradhanush yojana
4. Explain the concept of MRS of X and Y by giving an example. What happens to MRS when consumer moves downwards along the indifference curve? Give reason for your answer.
5. A consumer consumes only two goods X and Y both priced at Rupees 3 per unit. If the consumer chooses a combination of these two goods with MRS of X and Y = 3, is the consumer in equilibrium? Give reasons. What will a rational consumer do in this situation? Explain.
6. What are the conditions of consumer's equilibrium under Hicksian Approach? What changes will take place if conditions are not fulfilled to reach equilibrium.
7. What do you mean by cross price effect? How does change in price of the complementary goods affect the demand of the given good? Explain with the help of an example.
8. Explain four factors affecting price elasticity of demand.
9. What is law of diminishing marginal product? Why does MP of labor fall with further employment of it?
10. How do the following affect the elasticity of supply:
 - a) Nature of the commodity
 - b) Nature of the inputs used
 - c) Cost of production
 - d) Technique of production
11. Explain the conditions of producer's equilibrium with the help of a diagram. Will production be ever undertaken if $P < MC$ for a profit maximizing firm under perfect competition. Give reasons.
12. Give reasons for the following:

- a) A monopolist cannot control both price and quantity.
 - b) A monopolist can ensure price discrimination.
 - c) Firm's demand curve under monopolistic competition is more elastic than demand curve under monopoly.
13. Distinguish between collusive and non-collusive oligopoly. Explain any two features of oligopoly.
 14. Explain through diagram the effect of a rightward shift of both the demand and supply curves on equilibrium price and quantity.
 15. Define price floor and explain its implications too.
 16. Explain the concept of real income, Explain why due to the presence of externalities, real national income in itself cannot be treated as a true index of welfare. Give an example of negative externality. What is its impact on welfare?
 17. Explain any four functions of central bank.
 18. Explain how margin requirement and repo rate help in controlling credit creation.
 19. Explain with the help of numerical example that an increase in investment in an economy affects its level of income.
 20. Is equilibrium level of income and output always associated with full employment? Explain with diagrams.
 21. Define and represent inflationary gap with the help of a diagram. Explain the role of "Varying reserve requirement" in removing the gap.
 22. What is deflationary gap? Explain any two fiscal and monetary measures to control deflationary gap.
 23. Explain any four objectives of government budget.
 24. Distinguish between revenue and capital expenditure. Give examples.
 25. How are exports and imports affected by appreciation and depreciation of foreign currency?