St. Xavier's Sr. Sec. School
Delhi-54

Class 12 Time : 1 hr.
12-5-2015 First Unit Test in ECONOMICS M. Marks : 20

1. What is meant by Budget Constraint? (1)

2. Define Marginal Opportunity Cost. (1)

3. State the two alternative measures of the slope of budget line. (1)

4. In the following schedule, what should be the units of good Y for the PPF to be a downward sloping straight line? (1)

Combinations	A	B	C	D
Units of X	0	1	2	3

5. Given that the price of good X is Rs. 4/-, MU of X is 6 and MU of Y is 3, what should be the price of good Y for the consumer to be in equilibrium? (1)

6. Explain the relationship between marginal and total utility. Use diagram. (3)

7. A consumer consumes only two goods A and B and is in equilibrium. Government grants a subsidy on good B. Use Indifference Curve analysis to explain the reaction of the consumer.

(3)

8. The government introduces policies promoting inflow of foreign capital. What will be its impact on the PPC of India? Explain. (3)

9. Use a schedule to explain the concept of Marginal Rate of Substitution. (3)

10. Find out the consumer's equilibrium in the given schedule. Justify your answer. Price of good X is Rs. 6/- per unit. (3)

Units of good X	1	2	3	4	5	6
Total Utility	8	15	21	26	30	33

What will be the impact on the consumer's equilibrium if the consumer comes to know of a negative effect on health caused by this good? Give reasons.

-x-x-x-x-x-