

HOLIDAY HOMEWORK (CLASS XII ECONOMICS)

- 1) What will likely be the impact of large scale inflow of foreign capital in India on Production Possibilities Curve and why?
- 2) Explain the concepts of opportunity cost and Marginal Rate of Transformation using a production possibility schedule based on the assumption that no resource is equally efficient in production of all goods.
- 3) Why does the problem of choice arise for producers and for consumers?
- 4) An economy may operate inside the PPC even when there is full employment of resources. Defend or refute.
- 5) Explain consumers equilibrium using ordinal utility analysis with the help of schedule and diagram.
- 6) When the price of a commodity falls by ₹2 per unit, its quantity increases by 10 units. Its price elasticity of demand is -1. Calculate its quantity demanded at the price before change which was ₹10 per unit.
- 7) If the price of X is ₹2 and the elasticity of demand is 0.4, how much will a 10 percent reduction in quantity demanded increase the price? If the new quantity demanded is 9 units, will the total spending on X rise? If so by what percentage?
- 8) If $\Delta P/P=0.2$ and price elasticity is -2, calculate the percentage fall in demand. Also calculate the original expenditure if new expenditure is ₹180 at a price of ₹6.
- 9) Price elasticity of demand for flowers and toys are respectively -0.9 and -0.5 . Demand for which one is more elastic and why?
- 10) State with reasons whether the following items will have elastic or inelastic demand: Matchbox,Coke, Medicines,NCERT Textbook, Electricity,Cigarettes and Butter.
- 11) Explain the influence of following on price elasticity of demand of a good
i) Substitute goods ii)Own income of consumer.
- 12) Given the price of a good how will a consumer decide as to how much quantity of that good to buy? Use utility analysis.
- 13) A consumer consumes only two goods X and Y and is in equilibrium. Price of X falls. Explain the reaction of the consumer through the utility analysis.
- 14) Explain why the budget line is downward sloping?

- 15) Explain the impact of fall in price of good X on consumer's equilibrium when a consumer consumes only two goods X and Y using indifference curve approach.
- 16) Classify the following into:
- Resources for Rightward shift in PPC
 - Reasons for Leftward shift in PPC
 - No change in PPC
 - Transfer of Resources
 - Migration
 - Clean India Campaign
 - Technology being obsolete
 - Natural calamities (Flood, Earthquake, Tsunami, Drought)
 - Increase in Resources
- 17) How will the PPC be affected with the following Programmes?
- Make in India
 - Beti Bachao, Beti Padhao
 - Yoga Enhancement Programme
 - Skill development programme
 - Unemployment eradication programme
 - Clean India Campaign
- 18) If government adopts Unemployment eradication programme how will the PPC be affected?
- 19) Consider the demand curve $D(p) = 10 - 3p$. What is the elasticity at price $5/3$?
- 20) How is a Giffen good related to an inferior good?
- 21) If a good can be used for many purposes the demand for it will be elastic – Justify.
- 22) What are the features of the budget line? Use diagram also.
- 23) Why the PPC is called Production Possibility Frontier?
- 24) Write TRUE/FALSE. Give reasons also.
- Market demand curve is flatter than individual demand curves.
 - Law of demand applies only on luxury goods.
 - Movement along the demand curve is caused by change in income of the buyer
- 25) Differentiate between contraction in demand and decrease in demand.