CLASS XII
SAMPLE PAPER
ECONOMICS

Time allowed : 3 hours *Maximum Marks: 100*

Note *:*

(i) All questions in both the sections are compulsory,
(ii) Marks for questions are indicated against each.
(iii) Questions carrying ***1*** *mark for each part are required to be answered in one sentence each.*
(iv) Questions carrying ***3*** *marks are required to be answered not exceed* ***60*** *words each.*
(v) Questions carrying ***4*** *marks are required to be answered not exceed* ***70*** *words each.*
(vi) Questions carrying ***6*** *marks each are required to be answered not exceed* ***100*** *words each.*
(vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.
(viii) All parts of a question should be answered at one place.

Section A (70 Marks)

1. Answer the following questions:
(i) Why does an economic problem arise?
(ii) Define opportunity cost.
(iii) What does a rightward shift of production possibility curve indicate?
(iv) Define indifference curve. **(1x4)**

2. Explain the effect of increase in income of the consumer on the demand for a good. **3**

3. State three causes of increase in supply. **3**

4. What will be the effect on PPC when resources remains constant for both good X and good Y and technology improves only for good Y? **3**

5. Explain the Geometric Method of measuring elasticity of demand. **3**

6. Explain the relation between marginal cost and average cost. **3**

7. Explain producer's equilibrium with the help of a diagram. **3**

8. A consumer buys 40 units of a good at a price of Rs. 3 per unit. When price rises to Rs. 4 per unit he buys 30 units. Calculate price elasticity of demand by the total expenditure method.

OR

A consumer buys 80 units of a good at a price of Rs. 5 per unit. Suppose price elasticity of demand is (-)2. At what price will he buy 64 units ? **4**

9. Give meaning of:
(i) production function
(ii) Supply
(iii) revenue, and
(iv) cost **4**

10. Calculate 'total variable cost' and 'total cost' from the following cost schedule of a firm whose fixed costs are Rs. 10. **4**

Output (units) :	1	2	3	4
Marginal cost (Rs.) :	6	5	4	6

11. At a given price there is excess demand for a good. Explain how the equilibrium price will be reached. Use diagram. **4**

12. Explain the conditions leading to profit maximization by a producer. Use total cost and total revenue approach. **4**

13. Complete the following table: **4**

Output (Units)	TVC (Rs.)	AVC (Rs.)	MC (Rs.)
1	--	15	--
2	--	--	26
3	11	--	--
2	--	3	--

14. Distinguish between:
(a) Individual demand and market demand.
(b) 'Change in demand' and 'change in quantity demanded **6**

15. State the phases of the law of variable proportions in terms of total physical product. Use diagram. 6

16. Explain consumer's equilibrium in case of single commodity, with the help of a utility schedule. **6**

17. Explain the following features of perfect competition: **6**
(i) Large number of buyers and sellers
(ii) Homogeneous products

OR

Explain the following :
(i) 'Free entry and exit' feature of perfect competition,
(ii) 'Differentiated products' feature of monopolistic competition.

Section B (30 Marks)

18. Answer the following questions: **1×4**
(i) Define macroeconomics.
(ii) Give two examples of macroeconomic studies.
(iii) Define GNP Deflator
(iv) What do you mean by leakage?

19. Giving reasons explain how the following are treated while estimation national income:

(i) Payment of fees to a lawyer engaged by a firm. **4**
(ii) Rent free house to and employee by an employer.
(iii)Purchases by foreign tourists.
(iv) School fees paid by students

20. Calculate 'intermediate consumption' from the following data: **4**

	(Rs. lakhs)
(i) Value of output	200
(ii) Net value added at factor cost	80
(iii)Sales tax	15
(iv)Subsidy	5
(v) Depreciation	20

21. Calculate 'private income' from the following data : **6**

	(Rs. crores)
(i) National debt interest	30
(ii) Gross national product at market price	400
(iii) Current transfers from government	20
(iv) Net indirect taxes	40
(v) Net current transfers from the rest of the world	(-) 10
(vi) Net domestic product at factor cost accruing to government	50
(vii) Consumption of fixed capital	

22. Calculate national income and gross national disposable income from the following data:

	(Rs. crores)	
(i) Current transfers by government	15	
(ii) Private final consumption expenditure	400	
(iii) Net current transfers from the rest of the world	20	
(iv) Government final consumption expenditure	100	
(v) Net factor income from abroad	(-) 10	
(vi) Net domestic capital formation	80	
(vii) Consumption of fixed capital	50	
(viii) Net exports	40	
(ix) Net indirect taxes	60	**4+2**

23. Explain the production method of estimating national income. **6**

OR

Explain the income method of estimating national income.

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