

CLASS XII SAMPLE PAPER ECONOMICS

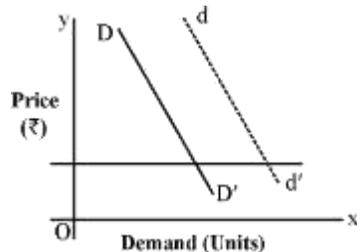
	Buds Public School, Dubai PRE MODEL EXAMINATION JANUARY- 2016	
Grade: XII	SET-1	Max. Mark : 100
Date:	ECONOMICS	Time : 3 Hours

General Instructions

- (i) All questions in both the sections are compulsory. However, there is internal choice in some questions.*
- (ii) Marks for questions are indicated against each question.*
- (iii) Questions No.1-5 and 16-20 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.*
- (iv) Questions No.6-8 and 21-23 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.*
- (v) Questions No.9-11 and 24-26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.*
- (vi) Questions No.12-15 and 27-30 are long answer questions carrying 6 marks each. Answers to them should not normally 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.*

Section – A

1. The demand curve of a good shifts from DD' to dd' . (1)



This shift can be caused by: (Choose the correct alternative)

- (a) fall in the price of the goods.
 - (b) rise in the price of the goods.
 - (c) rise in the price of substitute goods.
 - (d) rise in the price of complementary goods.
2. When 5 units of a goods are sold, total revenue is Rs.100. When 6 units are sold marginal revenue is Rs.8. At what price are 6 units sold? (Choose the correct alternative) (1)
- (a) Rs.28 per unit
 - (b) Rs.20 per unit
 - (c) Rs. 18 per unit
 - (d) Rs.12 per unit
3. Suggest any one economic measure by which the government can promote consumption of 'Khadi'. (1)
4. Ceteris Paribus, if the government provides subsidies on electricity bills, what would the likely change in the market demand of desert coolers? (1)
5. The average fixed cost at 4 units of output is Rs.20. Average variable cost at 5 units of output is Rs.40. Find average cost of producing 5 units of output. (1)
6. Do rich countries also face central problems ? Give reasons for your answer. (3)

7. Explain the effects of floods in Jammu and Kashmir on its production possibilities frontier. (3)

8. Explain the meaning of 'elastic demand'. Use diagram. (3)

OR

When is demand called unitary elastic? Use diagram.

9. 'Higher indifference curve represents higher level of satisfaction to the consumer'. Explain the statement, also state the underlying assumption related to this property of indifference curve. (4)

10. The price elasticity of supply of commodity Y is half the price elasticity of supply of commodity X. 15 percent fall in the price of X results in a 45 percent fall in its supply. If the price of Y rises by 6 percent, calculate the percentage rise in its supply. (4)

11. Giving reasons, state whether the statements are true or false:

(4)

(i) When marginal revenue is zero, average revenue will be constant.

(ii) Marginal revenue is always the price at which the last unit of a commodity is sold.

OR

Show that the rising portion of the marginal cost curve is the supply curve of a competitive firm.

12. Market for a good is in equilibrium. The demand for the good increases. Explain the chain of effects of this change. Use diagram. (6)

13. Show diagrammatically the conditions for consumer's equilibrium, in Hicksian analysis of demand. (6)

14. Suppose the demand and supply curves of a commodity X is given by the following equations Simultaneously: (6)

$$Q_d = 200 - P \quad \text{and} \quad Q_s = 50 + 2P$$

(i) Find the equilibrium price and equilibrium quantity.

(ii) Suppose that the price of a factor of production producing the commodity has changed, resulting in the New supply curve given by the equation

$$Q_s = 80 + 2p$$

Analyse the new equilibrium quantity as against the original equilibrium price and equilibrium quantity.

15. What do you mean by 'returns to a factor'. Explain with the help of a hypothetical numerical example. (6)

OR

Explain the distinction between increase in quantity supplied and increase in supply. Use diagram.

Section – B

16. Which one of the following is a combination of direct taxes? (Choose the correct alternative) (1)

- (a) Wealth tax and Income tax
- (b) Excise duty and Wealth tax
- (c) Service tax and Income tax
- (d) Excise duty and Service tax

17. State the components of money supply. (1)

18. Which if the following statements is true? (1)

- (a) Fiscal deficit is the difference between total expenditure and total receipts.
- (b) Primary deficit is the difference between total receipt and interest payments.
- (c) Fiscal deficit is the sum of primary deficit and interest payment .
- (d) None of these

19. Which of the following is not a flow ? (Choose the correct alternative) (1)

- (a) Capital
- (b) Income
- (c) Investment
- (d) Depreciation

20. Which of the following is not a function of money ? (Choose the correct alternative) (1)

- (a) medium of exchange
- (b) price stability
- (c) store of value
- (d) unit of account

21. What is the relationship between : (3)

- (i) Average propensity to consume and average propensity to save.
- (ii) Marginal propensity to consume and investment multiplier.

OR

Give the meaning of: (i) Involuntary unemployment, and (ii) Inflationary gap

22. Describe **any three** sources of demand for foreign exchange. (3)

23. $S = -100 + 0.2 Y$ is the saving function in an economy. Investment expenditure is 5,000. Calculate the equilibrium level of income. (3)

24. Distinguish between intermediate goods and final goods. Give an example of each. (4)

OR

Explain the circular flow of income.

25. From the following data, calculate net value added at factor cost. (4)

(` in crores)

(i) Sales	300
(ii) Opening stock	40
(iii) Depreciation	30
(iv) Intermediate consumption	120
(v) Exports	50
(vi) Change in stock	20
(vii) Net indirect taxes	15
(viii) Factor income to abroad	10

26. Distinguish between autonomous and accommodating transactions of balance of payments account.

Explain the significance of this distinction. (4)

27. Explain the need for reduction in inequalities of income and wealth. Explain any two budgetary measures by which it can be done. (6)

28. Describe any **two** main functions of a central bank. (6)

OR

How do changes in Bank Rate affect the money supply in an economy? Explain

29. Explain the changes that take place when aggregate demand and aggregate supply are not equal.

Use diagram.

(6)

30. Calculate (a) national income and (b) gross national disposable income.

(6)

(` in crores)

(i)	Private final consumption expenditure	500
(ii)	Net domestic fixed capital formation	100
(iii)	Net factor income from abroad	30
(iv)	Change in stock	20
(v)	Net exports	40
(vi)	Net indirect taxes	50
(vii)	Mixed income	300
(viii)	Government final consumption expenditure	200
(ix)	Consumption of fixed capital	60
(x)	Net current transfers to abroad	(-) 10