CLASS XII
SAMPLE PAPER
ECONOMICS

Time allowed: 3 hours   *Maximum Marks: 100*

General instructions:
(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 (50 Marks)

1. Define producer's equilibrium.   (1)
2. When does a production possibility curve shift to the right?   (1)
3. What is marginal product?   (1)
4. Define demand.   (1)
5. What do you mean by supply function?   (1)
6. Explain the central problem of 'what to produce' with the help of the production possibility curve.(3)
7. Define elasticity of supply. Draw supply curve showing: (1+2)
   a) Elasticity of supply equal to 1.
   b) Elasticity of supply greater than 1.
   c) Elasticity of supply less than 1.
8. What is marginal revenue? Does it always remain the same at different levels of sales? (1+2)
9. The price of a commodity falls by 5 percent. As a result, the quantity demanded of the commodity increases from 40 to 50. Determine the elasticity of demand for the commodity. (3)
10. Explain the law of variable proportions. (3)
11. Why does a demand curve slope downwards from left to right? Are there any exceptions to this? (1+3)
12. Calculate the marginal cost and average cost at each level of output: (4)

Output (Units)	0	1	2	3	4	5
TC (Rs)	40	50	58	64	70	80

13. Distinguish between perfect competition and monopolistic competition. (4)

14. How do the following changes affect the supply curve of a commodity: (3+3)

a) An increase in the rate of excise duty?

b) An increase in the number of firms?

15. How is the equilibrium price of a commodity affected if

(i) demand for the commodity increase and

(ii) supply of the commodity also increases? (6)

16. Distinguish between increase in demand and expansion in demand. (6)

Section – B (50 Marks)

17. Distinguish between micro and macro economics. (1)

18. Give two examples of macro variables. (1)

19. Define Budget. (1)

20. What do you mean by depreciation of a currency? (1)

21. What is money? (1)

22. Given MPS = 0.2, what shall be the total increase in national income if an additional investment of Rs. 100 crores takes place in an economy? (3)

23. Define two types of unemployment in an economy? (3)

24. Calculate compensation of employees from the following data: (3)

(Rs. In Crores)

i) Medical expenses on employees 5

ii) Contribution to provident fund by employers 10

iii) Wages in cash 125

iv) Dearness allowance 75

v) Life insurance premium paid by employees 2

25. Distinguish between (i) revenue deficit (ii) fiscal deficit, and (iii) primary deficit. (3)

26. State the primary functions of money. (3)

27. What do you mean by balance of Payments? State, in brief, the components of the balance of payments. (4)

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28. State in brief, the functions of a central bank.   (4)
29. What do you mean by fiscal deficit? What is its significance?   (4)

OR

How does a budget affect the level of aggregate demand in an economy?

31. Explain with the help of a diagram the determination of the equilibrium level of national income. Will there always be full employment at equilibrium level of income?   (6)

OR

What is Excess demand? Explain diagrammatically.

32. Explain in brief, the income method of measurement of national income.   (6)

33. Calculate Net National Product at Factor cost from the following data by (a) income method, and (b) Expenditure method.   (6)

                                                                         (Rs in Crores)
(i)   Government final consumption expenditure   100
(ii)   Subsidies   10

(iii)   Rent   200
(iv)   Wages and salaries   600
(v)   Indirect taxes   60
(vi)   Private final consumption expenditure   800
(vii)   Gross domestic capital formation   120
(viii) Social security contributions by employers'   55
(ix)   Royalty   25
(x)   Net factor income paid to abroad   30
(xi)   Interest   20
(xii)   Consumption of fixed capital   10
(xiii) Profit   130
(xiv)   Net exports   70
(xv)   Change in stock   50

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