

**Class –XII Subject –Economics- Time: 2.45 hours - Maximum Marks: 100.**

Section A

1. Answer the following questions: 4  
(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.
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. (i) 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.
8. (ii)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: 4  
(i) production function (ii) Supply (iii) revenue, and (iv) cost
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        | -         | -        |
| 4              | -         | 3         | -        |
14. Distinguish between: (a) Individual demand and market demand. 6  
 (b) 'Change in demand' and 'change in quantity demanded'
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 : 6  
 (i) 'Free entry and exit' feature of perfect competition,  
 (ii) 'Differentiated products' feature of monopolistic competition.

### **Section –B**

18. When does situation of excess demand and deficient demand arise in an economy? What is the effect on output, price and employment under both the situations? 3

19. Distinguish between revenue expenditure and capital expenditure in government budget. Give two examples of each. 3
20. Explain the concept of 'leakages and injections in the circular flow of income. 3
21. Enumerate the principal functions of a central bank. 4
22. Explain the relation between rate of exchange and its supply. 4
23. State the main components of balance of payments on capital account. 4
24. Explain how the aggregate demand and aggregate supply can be in equilibrium at less than full employment. 6
25. Calculate Gross National Disposable Income and Personal Income from the given data: 6

	(Rs crores)
(i) Personal tax	120
(ii) Net indirect tax	100
(iii) Corporation tax	90
(iv) National income	1000
(v) Net factor income from abroad	5
(vi) Consumption of fixed capital	50
(vii) National debt interest	70
(viii) Retained earnings of private corporate sector	40
(ix) Net current transfers to the rest of the world	(-)20
(x) Current transfers from government	30
(xi) Share of government in national income	80