## Sample Paper-02 (2016-17)
## Economics
## Class – XII

**Time allowed: 3 hours**                                         **Maximum Marks: 100**

**General Instructions:**

(i) All questions in both sections are compulsory. However, there is internal choice in some questions.

(ii) Marks for questions are indicated against each question.

(iii) Question 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) Question 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) Question 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) Question 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 limit be adhered to as far as possible.

## Section A

1. When will the elasticity of demand unitary?
2. Which of the following would be supplements?
   (a) Bread and butter
   (b) Car and petrol
   (c) Tea and coffee
   (d) All of the above
3. What happen to total utility when marginal utility is negative?
4. PPC is concave because of:
   (a) Increasing MC
   (b) Constant MC
   (c) Decreasing MC
   (d) All of the above
5. Which of the following would be complements?
   (a) Bread and butter
   (b) Car and petrol
   (c) Tea and coffee
   (d) All of the above
6. Discuss the subject matter of economics.
7. Assuming TFC is Rs 24. Complete the table:

| Output (units) | 1 | 2 | 3 |
|---|---|---|---|
| ATC (Rs.) | 50 | 40 | 45 |
| AVC (Rs.) | | | |
| MC (Rs.) | | | |

8. The price of a commodity is Rs 100 per unit and quantity supplied at this price is 500 units. If its price falls by 10 percent and quantity supplied falls to 400 units. Calculate its price elasticity.
9. Given that the price of bananas is fixed at Rs 2 per banana and the following table. Calculate optimum level of consumption.

| Number of bananas | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| TU | 5 | 9 | 13.5 | 17 | 20 | 22.5 | 24.5 | 26 |

10. What changes should take place in TR so that (a) marginal revenue is positive and constant and (b) marginal revenue is positive and falling ?
11. China is a big manufacturer of telephone instruments. It has recently become a member of WTO. Suppose it does export a large number of telephones to India.
    (a) How will it affect price and quantity sold of telephone instruments in India?
    (b) Suppose demand for telephone instruments is relatively elastic. How will it affect India's total expenditure on telephone instruments?
12. Price elasticity of demand is (-1). The consumer buys 50 units at price Rs 2 per unit. How many units will he buy if price rises to Rs 4 per unit? Answer this with the help of total expenditure method of determining price elasticity of demand.
13. Explain collusive and non- collusive oligopoly.
14. Explain the phases of changes in total product in law of variable proportions. Also explain the reason behind each phase. Use diagram.
15. Explain the term change in demand. Also, explain three factors responsible for change in demand.

**Section B**

16. What is the value of MPC when MPS is zero:
    (a) 1
    (b) 0
    (c) less than 1
    (d) greater than 1.
17. Which of the following is not included in GDP?
    (a) sale of second hand scooter
    (b) Expenditure of intermediate goods
    (c) Transfer payments
    (d) All of the above.
18. Suppose we want to keep our money safe and earn more rate of interest, which of the following should we keep our money:
    (a) Recurring Deposit (RD)
    (b) Systematic investment plan (SIP)
    (c) Shares
    (d) Fixed Deposit (FD).
19. What determines the level of household consumption demand in an economy?
20. Which one of the following is not an objective of Government Budget?
    (a) Re-annotation of resources
    (b) Economic Stability
    (c) To increase money supply
    (d) Economic Growth
21. Give the meaning of Marginal propensity to save and average propensity to save. Can the value of APS be negative? If yes, when?

22. What is meant by revenue deficit? What are its implications?
23. Suppose GDP$_{MP}$ of a country in a particular year was Rs 1100 crores. Net factor Income from Abroad was Rs. 100 crores. The value of indirect taxes – subsidies was Rs. 150 crores and National Income was Rs. 850 crores. Calculate the aggregate value of depreciation.
24. Briefly explain how a Central bank can control credit creation by commercial banks by changing the bank rate?
25. Define a government budget. State its three objectives.
26. Differentiate between Central bank and commercial banks.
27. What is barter system? What are the drawbacks of the barter system?
28. Explain how foreign exchange rate is determined in the foreign exchange market. Use diagram.
29. Explain briefly the determination of equilibrium level of income. Use diagram.
30. Find Gross Domestic Product at Factor Cost and Personal Disposable Income:

|        |                                 | (Rs crore) |
|--------|---------------------------------|------------|
| (i)    | Personal tax                    | 100        |
| (ii)   | Net National Disposal Income    | 800        |
| (iii)  | Corporation tax                 | 50         |
| (iv)   | Net factor income to abroad     | (-)10      |
| (v)    | Retained Income                 | 200        |
| (vi)   | Indirect tax                    | 170        |
| (vii)  | Private income                  | 600        |
| (viii) | Subsidy                         | 30         |
| (ix)   | Consumption of fixed capital    | 60         |
| (x)    | Net current transfer from abroad| 10         |