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## Sample Paper-04 (2016-17)

### Economics

### Class - XII

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**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.
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### Section A

1. How is the market demand curve derived from individual demand curve?
2. If the demand for good Y increases as the price of good X rises, how are the two goods related?
  - (a) Substitute goods
  - (b) complementary goods
  - (c) giffen goods
  - (d) None of the above
3. The demand for a good falls with an increase in income of the consumer. What type of good is it?
  - (a) Inferior good
  - (b) giffen good
  - (c) Normal good
  - (d) Both a and b.
4. When the demand is perfectly elastic, the demand curve is:
  - (a) parallel to X – axis
  - (b) parallel to Y-axis
  - (c) downward sloping curve
  - (d) upward sloping curve
5. What will be the effect on equilibrium price and production of an increase in equal proportion of demand and supply of a commodity?
6. Explain the problem of “what to produce” with the help of PPC.
7. Complete the following table:

Output (units)	1	2	3	4
TR (Rs.)	4	6	6	4
MR (Rs.)				
AR (Rs. )				

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8. Explain three causes of the rightward shift of the supply curve.
9. Explain the causes behind the law of demand.
10. Distinguish between AFC and AVC. How are these calculated?
11. Suppose that the demand curve for XYZ Co. slopes downwards to the right. Would you conclude that the firm is a price maker or a price taker? Give reason.
12. Explain briefly the features of perfect competition.
13. Market for a good is in equilibrium. What is the effect on equilibrium price and quantity if increase in market demand is less than the increase in market supply? Use diagram.
14. Explain the law of supply. Use diagram.
15. Explain the effect of following changes on the demand for the commodity with the help of diagram:
- (a) a fall in price of substitute goods
  - (b) a favourable change in the taste of buyer.

### Section B

16. During the Great depression, there was a \_\_\_\_\_:
- (a) Increase in aggregate demand
  - (b) Fall in aggregate demand
  - (c) No change in aggregate demand
  - (d) None of the above.
17. When will  $NDP_{MP}$  be less than  $NDP_{FC}$ ?
- (a) Subsidies are less than indirect taxes.
  - (b) Subsidies are more than indirect taxes.
  - (c) Subsidies are equal to indirect taxes.
  - (d) None of the above.
18. Currency depreciation takes place when:
- (a) There is an increase in domestic currency price of the foreign currency.
  - (b) There is a decrease in domestic currency price of the foreign currency.
  - (c) There is an increase in foreign currency price of domestic currency.
  - (d) None of the above.
19. Which of the following is a correct formula to calculate Net Indirect tax?
- (a) Net Indirect tax = Direct tax - Subsidies
  - (b) Net Indirect tax = Indirect tax - Subsidies
  - (c) Net Indirect tax = Corporate tax - Subsidies
  - (d) Net Indirect tax = Corporate tax + Subsidies
20. Define NDP at market price.
21. What is effective demand? How will you derive the autonomous expenditure multiplier when price of final goods and rate of investment are given?
22. What is budget? Distinguish between balanced, surplus and deficit budget.
23. From the following, calculate gross value added at factor cost by it:

	(Rs. In lakhs)
Net indirect taxes	20
Purchase of intermediate products	120
Purchase of machines	300
Sales	250
Consumption of fixed capital	20
Change in stock	30

24. What are open market operations? How do these effect availability of credit?.
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25. Suppose BOP of current account of India in a year was – 2579 million US\$, whereas BOP on its capital account was 8409 million \$, how will this effect the foreign exchange reserve of India?
26. Briefly explain the agency functions performed by commercial banks.
27. What are the uses of national income accounting?
28. Explain the relation between foreign exchange rate and supply of foreign exchange.
29. Show with help of saving and investment curves, the determination of equilibrium level of income.
30. Define revenue receipts in a government budget. Explain how government budget can used to bring in price stability in the economy.