
Sample Paper-01 (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.
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Section A

1. A growth of resources in an economy is shown on PP by:
 - (a) leftward shift
 - (b) unchanged PPC
 - (c) Rightward shift
 - (d) None of the above
2. Give meaning of consumer's equilibrium.
3. Which of the following is not a feature of monopoly?
 - (a) single
 - (b) No freedom of entry
 - (c) close substitute
 - (d) none of the above
4. A point below PPC indicates:
 - (a) underutilization of resources
 - (b) over utilization of resources
 - (c) Inefficient use of resources
 - (d) Both A and C.
5. Define price elasticity of demand.
6. What factors lead to a rightward shift of PPC?
7. Total Fixed costs of a firm are Rs 100. Its average variable cost at different levels of output is given. Calculate total cost and marginal cost.

Output (unit)	1	2	3	4
TC (Rs.)	60	56	60	64

8. When is the supply of a commodity said to be (i) elastic (ii) inelastic (iii) unitary elastic?
 9. Mention the assumptions of Indifference curve analysis.
 10. Draw Total Fixed Cost and Average Fixed Cost curves. Explain their shape.
 11. As a result of high wage settlement in New York City due to taxi strike of several years ago, taxi owners increased taxi fares. Was this the right decision?
 12. Under perfect competition, $MR=AR$, but under monopoly, $MR<AR$. Explain.
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13. What will happen if the price prevailing in the market is:
- below the equilibrium price?
 - above the equilibrium price?
14. At the market price of Rs 10, a firm supplies 4 units of output. The market price increases to 30. The price elasticity of firm's supply is 1.25. what quantity will the firm supply at the new price?
15. Explain with the help of diagrams the effect of the following changes on the demand of a commodity:
- An unfavourable change in the taste of the buyer for a commodity.
 - A fall in the income of its buyer if the commodity is inferior.

Section B

16. When $MPS = 0.25$, MPC is:
- 0.80
 - 4
 - 0.75
 - None of the above.
17. Which of the following is not a factor payment?
- Rent
 - Interest
 - Borrowings
 - Profits
18. Which of the following is not a currency:
- Dollar
 - Yen
 - Renminbi
 - chen
19. It is a ratio of change in consumption expenditure to change in total income.
- Marginal Propensity to Consume
 - Average Propensity to Consume
 - Average Propensity to Save
 - Consumption Function
20. Why borrowings by the government are capital receipts?
21. Explain the components of the equation: $C = C_0 + bY$
22. How is tax revenue different from administrative revenue?
23. From the following, calculate gross value added at factor cost by it:

	(Rs. in lakhs)
sales	500
Purchase of intermediate products	350
Profit	70
Subsidies	40
Consumption of fixed capital	60
Change in stock	30

24. What is meant by open market operations? Briefly describe their effects on credit creation by commercial banks.
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25. Distinguish between Revenue receipts and capital receipts in a government budget. Give two examples of each.
26. Explain main functions of the commercial bank.
27. How are following treated in the estimation of national income?
- Transfer payments
 - Services of owner occupied houses.
 - Commission received from sale of second hand goods.
 - Non -marketable goods.
28. Explain the three categories in which BOP transactions are classified.
29. How is exchange rate determined in the foreign exchange market? Explain.
30. From the table given below:

Income	Consumption	Savings	Investment	AD= C+ I	AS= Y
100	120	-20	40	160	100
200	200	0	40	240	200
300	280	20	40	320	300
400	360	40	40	400	400
500	440	60	40	480	500
600	520	80	40	560	600

Answer the following questions:

- Identify the break-even point
 - Locate the equilibrium level of income.
 - Calculate MPS when income changes from Rs. 400 to Rs. 500.
 - Calculate APC at income level of Rs. 100 crores.
 - Calculate APS at income level of Rs. 500 crores.
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