Sample Paper – 2008

Class – XII

Subject – Economics

Time: 3 Hrs Maximum Marks: 100

General Instruction:

(i) All questions are compulsory.
(ii) Questions 1-5 and 17-21 are very short answer questions. Their each part is of one mark. Answer to each of these parts should be written in one sentence.
(iii) Questions 6 to 10 and 22 to 26 are short answer type questions of 3 marks each. Answer to each of these should not exceed 60 words.
(iv) Questions 11 to 13 and 27 to 29 are also short answer questions of 4 marks each. Answer to each of these should not exceed 70 words.
(v) Questions 14 to 16 and 30 to 32 are long answer questions of 6 marks each. Answer to each of these should not exceed 100 words.
(vi) Attempt all parts of questions at one place.

SECTION-A
[INTRODUCTORY MICRO ECONOMICS]

1. What is the relationship between support price, equilibrium price and control price? (1)
2. What is the shape of AR and MR under perfect competition? (1)
3. How does the TR changes with output when MR is zero? (1)
4. When does a consumer buy more of a commodity at a given price? (1)
5. Who is an entrepreneur? (1)
6. Explain the problem of 'what to produce' with the help of a production possibility curve? (3)
7. What is meant by consumer's equilibrium? State the condition in case of single commodity? (3)
8. Identify the different output levels which make the different stages of the operation of the law of variable proportions from the following data: (3)

Variable Inputs	0	1	2	3	4	5
TP :	0	8	20	28	28	26

9. Explain how supply of a commodity is affected by the prices of other related commodities? (3)

10. Describe the FAD theory of famines. (3)

11. Why is the demand curve facing a firm, perfectly elastic, under perfect competition but, less than perfectly, elastic under monopolistic competition? (4)

12. Fill up the following table:

Average Revenue(Rs.)	No. of units sold	Total Revenue (Rs.)	Marginal Revenue(Rs.)
10	----	100	----
11	9	----	----
12	----	96	----
13	7	----	----
14	----	84	----
15	5	----	----
16	----	64	----

13. The supply schedule of a commodity changes as follows:

Price (in Rs./ kg)	Quantity Supplied Case-A	Quantity Supplied Case-B
1	20	0
2	40	20
3	60	40
4	80	60
5	100	80

(a) Calculate elasticity of supply when price rises from Rs. 2 to Rs. 3 both in case-A and case-B.
(b) Why does elasticity of supply differ in two cases even though absolute change in quantity supplied is 20 units in both the cases? (4)

14. How is equilibrium price of a commodity determined? What happens if the market price is more than the equilibrium price? (6)

15. What is meant by Producer's equilibrium? Explain the concept of producer's equilibrium with the help of TR and TC approach (6)

16. "Equilibrium price may or may not change with shift in both demand and supply curves." Comment.

OR

Mr. Abhishek says that economists say inconsistent things: as price falls, demand rises, but as demand rises, price rises. Defend or refute. (6)

SECTION-B
[INTRODUCTORY MACRO ECONOMICS]

17. Name any two invisible items of current account of balance of payments. (1)
18. Give any point of difference between macro and micro economics. (1)
19. What is the value of imports when balance of trade is Rs. (-) 400 crores and value of exports is 300 crores? (1)
20. What is subsidy? (1)
21. Define direct tax. (1)
22. Explain any two measures to remedy the problem of excess demand in an economy. (3)
23. State three main sources of demand for foreign currency. (3)
24. Distinguish between gross national income at market price and net domestic income at factor cost. (3)
25. In an economy the actual level of income is Rs. 500 crores where as the full employment level of income is Rs. 800 crores. The marginal propensity to consume is 0.75. Calculate the increase in investment to achieve the full employment level of income. (3)
26. What is meant by fiscal deficit? What are the implications of a larger fiscal deficit? (3)
27. Give any four major functions of a central bank . (4)
28. Explain any two drawbacks of the barter system. How does money help in removing these drawbacks? (4)
29. Distinguish between :
    (a) Direct taxes and Indirect taxes.
    (b) Revenue receipts and Capital receipts. (4)
30. From the following information, calculate gross national product at factor cost by (a) income method (b) expenditure method . (3, 3)

(Rs. in crores)

(i)	Factor income from abroad	10
(ii)	Compensation of employees	150
(iii)	Net domestic capital formation	50
(iv)	Private final consumption expenditure	220
(v)	Factor income to abroad	15
(vi)	Change in stock	15
(vii)	Employers contribution to social security scheme	10
(viii)	Consumption of fixed capital	15
(ix)	Interest	40
(x)	Exports	20
(xi)	Imports	25
(xii)	Indirect taxes	30
(xiii)	Subsidies	10
(xiv)	Rent	40
(xv)	Government final consumption expenditure	85
(xvi)	Profit	100

30. Distinguish between :
   (i) Domestic product and national product.
   (ii) Intermediate goods and final goods.
   (iii) Factor income and transfer receipts. (6)

31. Explain with the help of diagrams that equilibrium level of income and employment is not necessary at a full employment level. (6)

Sample Paper - 2008
Class – XII
Subject – Economics

Time: 3 hours **M.M 100**

General instructions:

1. All questions in both the sections are compulsory.
   Marks for questions are indicated against each.
2. Questions 1 -5 and 17-21 are very short answer questions carrying 1 mark. They are to be answered in one sentence each.
3. Questions 6-10 and 22-26 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
4. Questions 11-13 and 27-29 are also short answer questions of 4 marks each. Answers to them should not normally exceed 70 words each.
5. Questions 14- 16 and 30-32 are long answer questions of 6 marks each. Answers to them should not normally exceed 100 words each.
6. Answers should be brief and to the point and the above word limits be adhered to as far as possible.
7. All parts of the question should be answered at one place.

INTRODUCTORY MICRO ECONOMICS

1. Define marginal revenue. [1]
2. When APP is at its maximum, what is the relation between MPP and APP?[1]
3. Define producer's equilibrium. [1]
4. A fall in price of a good results in decrease in expenditure on it. What is its elasticity of demand? [1]
5. What do returns to scale refer to? [1]
6. Explain the central problem of 'for whom to produce' with the help of an example. [3]
7. Given below is the utility schedule of a consumer for commodity X. The price Of the commodity is Rs. 3 per unit. How many units should the consumer purchase to maximize satisfaction? (Assume that utility is expressed in utils and 1 util= Re.1) Give reasons for your answer. [3]

Consumption (units)	**Total Utility (utils)**
1	8
2	15
3	20
4	23
5	25

8. How does a change in the price of inputs affect the supply curve of a commodity? Explain. [3]
9. State the 'law of demand' What is meant by the assumption 'other things remaining the same' on which the law is based? [3]

10. What will be the price elasticity of supply if the supply curve is a positively sloped straight line? [3]

11. Explain the relationship between average variable cost and marginal cost with the help of a diagram? Can AC fall when MC is rising? [3]

12. 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
MC (Rs.)	6	5	4	6

13. Under perfect competition the seller is a price taker, under monopoly he is a price maker. Explain. [4]

14. Distinguish between: **a)** normal goods and inferior goods with examples, **b)** substitute goods and complementary goods with examples.

c) When price of a good falls by 10 percent, its quantity demanded rises from 40 to 50 units. Calculate price elasticity of demand by percentage method. [2,2,2]

15. How is the equilibrium price of a good determined? Explain with the help of a diagram a situation when both demand and supply curves shift to the right but equilibrium price remains the same. [6]

16. Using a suitable diagram and illustration explain the three stages of production when one factor input is variable. [6]

INTRODUCTORY MACRO ECONOMICS

17. When does a situation of deficient demand arise in an economy? [1]

18. If MPC and MPS are equal, what is the value of multiplier? [1]

19. A government budget shows a primary deficit of Rs.4, 400 crores. The revenue expenditure on interest payment is Rs. 400 cr. How much is fiscal deficit? [1]

20. Define foreign exchange rate. [1]

21. What is consumption function? [1]

22. What is the nature of transactions that are recorded in current account of the Balance of Payments account? Is import of machinery recorded in current account or capital account? [3]

23. Can there be a fiscal deficit in a government budget without a revenue deficit? Explain. [3]

24. Explain the basis of classifying government receipts into revenue receipts and capital receipts. Give two examples of each. [3]

25. List three sources each of demand and supply of foreign exchange. [3]

OR

State 3 merits of a flexible exchange rate system

26. From the following data calculate net value added at factor cost:

	Rs. In crores
(i) Sales	500
(ii) Opening stock	30
(iii) Closing stock	20
(iv) Purchase of intermediate products	300
(v) Purchase of machinery	150
(vi) Subsidy	40
(vii) Depreciation	20

[3]

27. Explain the 'bankers bank' and 'supervisor' function of Central bank. [4]

28. Explain the 'medium of exchange' and 'standard of deferred payments' function of money. [4]

29. Explain and graphically represent the concept of inflationary gap. Explain any one measure of removing this gap. [4]

30. Will the following be included in domestic factor income of India? Give reasons in support of your answer.
    1. Rent received by a resident Indian from his property in Malaysia.
    2. Profits earned by a branch of a foreign bank in India.
    3. Salaries received by Indian residents working in American embassy in India.
    4. Purchase of new shares of a domestic firm. [6]

31. Explain the meaning of equilibrium level of income and output with the help of saving and investment curves. If planned expenditure is less than planned output, what changes will take place in the economy? [6]

32. Calculate Net Domestic Product at factor cost and Personal Income from the following data: [3+3]

	Rs. Crores
1. Change in stock	5
2. Personal taxes	40
3. Private final consumption expenditure	480
4. Net Indirect taxes	40
5. Savings of non-departmental enterprises	15
6. Net current transfers from rest of the world	(-) 10
7. Net domestic fixed capital formation	70
8. Net factor income from abroad	10
9. Undistributed profits	5
10. Current transfers from government	20
11. Corporation tax	25
12. National debt interest	30
13. Net Exports	(-) 30
14. Government final consumption expenditure	100
15. Income from property and entrepreneurship accruing to Government administrative departments	20

##############################