

SAMPLE QUESTION PAPER 4

Class – XII

ECONOMICS

Time allowed: 3hrs

Maximum Marks: 100

General Instructions:

- (i) All questions in both the sections are compulsory.*
- (ii) Marks for questions are indicated against each question.*
- (iii) Question No. 1 to 5 and 16 to 20 are multiple choice questions (MCQs) and very short answer questions carrying 1 mark each.*
- (iv) Question No. 6 to 8 and 21 to 23 are short answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.*
- (v) Question No. 9 to 11 and 24 to 26 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.*
- (vi) Question No. 12 to 15 and 27 to 30 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.*
- (vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.*

Section A

Q1. The central problem of what to produce refers to:

- a) Which technique be adopted
- b) Who are the consumers
- c) Which good to produce
- d) All of the above.

Q2. What is the curve showing the relationship between quantity demanded and price of a commodity known as:

- a) Demand curve
- b) production possibility curve
- c) Indifference curve
- d) None of the above

Q3. Suppose 10,000 laborers migrate to India. India's PPC would move:

- a) To the right
- b) to the left
- c) Does not change
- d) None of the above

Q4. In economics, equilibrium means:

- a) More should be produced
- b) less should be produced
- c) position of no change
- d) None of the above.

Q5. When Marginal utility is negative, total utility:

- a) Falls
- b) Rises
- c) Reaches maximum
- d) None of the above.

Q6. Explain the relationship between marginal revenue and total revenue with the help of a revenue schedule and diagram.

Q7. What does microeconomics deal with? Give examples.

Q8. Explain any three determinants of supply of a commodity.

Q9. When is the demand for a commodity said to be (a) elastic (b) inelastic (c) unitary elastic?

Q10. A firm is working under conditions of perfect competition in the market where the prevailing price of its product is Rs 16 per unit. What will be the firm's total revenue, average revenue and marginal revenue as the firm expands its output from 1 to 5 units?

Q11. Given the market price of a good, how does a consumer decide as to how many units of that good to buy? Explain.

Q12. How will an increase in income of the buyer of an inferior good affect its equilibrium price and quantity? Explain with the help of the diagram.

Q13. Explain various categories of price elasticity of supply. Use diagram.

Q14. Briefly explain any four factors that lead to an increase in demand.

Q15. Define Budget Line and explain how is it derived?

SECTION B

Q16. Which of the following should be included in final expenditure:

- a) Expenditure on gifts and donations
- b) expenditure on intermediate goods
- c) expenditure on purchase of new scooter
- d) none of the above.

Q17. The money value of final goods and services produced by all the nationals of the country living in and outside the country is known as:

- a) GNP
- b) NNP
- c) GDP
- d) None of the above.

Q18. Which of the following is an instrument of monetary policy?

- a) Bank rate
- b) open market operations
- c) cash reserve ratio
- d) all of the above.

Q19. Why are exports entered as positive items in the balance of payments accounts?

Q20. Should a current account deficit be a cause for alarm? Explain.

Q21. Distinguish between marginal propensity to consume and marginal propensity to save. What is the relation between the two?

Q22. Suppose the economy is in the grip of recession. To overcome this, the government undertakes a new investment of Rs 500 crores. How much national income will be increased if the marginal propensity to consume of the society is 0.75?

Q23. Derive the multiplier when MPC is (i) 0.90 (ii) 0.75

Q24. Explain the 'unit of value' function of money.

Q25. What is meant by fiscal deficit? What problems can fiscal deficit create for an economy?

Q26. The Reserve Bank of India aims to make the credit costly for the general public in order to reduce the availability of credit. What should be done ?

Q27. Do you consider a commercial bank 'creator of money' in the economy? Explain.

Q28. Why must aggregate demand be equal to aggregate supply at the equilibrium level of income and employment? Explain with the help of a diagram.

Q29. Why does the demand for foreign exchange rise when its price falls?

Q30. How will you derive personal disposable income from national income?