

SAMPLE QUESTION PAPER 5

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

1. An economy produces on the PP curve when:
 - a) Resources are efficiently used
 - b) There is scarcity of resources
 - c) Resources are inefficiently used
 - d) None of the above
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. When demand for a good falls due to rise in the price of the commodity, what is the change in demand called?
 - a) Expansion of demand
 - b) Contraction of demand
 - c) Increase in demand
 - d) Decrease in demand
4. PPC is concave because of:
 - a) Increasing MC
 - b) Constant MC

- c) Decreasing MC
 d) All of the above
5. Total utility is maximum when MU is:
 a) positive
 b) Zero
 c) Negative
 d) None of the above.
6. Define and draw production possibility curve. What does the movement along this curve show?
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 (units)	1	2	3	4
TVC (Rs)	20	38	60	86

8. Explain change in quantity supplied.
9. What is meant by consumer equilibrium? State its condition in case of a single commodity.
10. Which cost, fixed or variable, determines marginal cost? Give reasons.
11. If the local pizzeria raises the price of medium pizza from Rs 60 to Rs 100 and quantity demanded falls from 700 to 100 pizzas a night, what is the price elasticity of demand for pizzas?
12. Explain the three features of a monopoly market.
13. How does a cost saving technological progress affect market price and the quantity exchanged of a commodity? Use diagram.
14. At the market price of Rs 40, a firm supplies 400 units of output. When its price falls by 10 percent, the quantity supplied falls by 36 units. Calculate its elasticity of supply. Is its supply elastic.
15. Define the price elasticity of demand. Discuss the factors affecting price elasticity of demand.

SECTION B

16. When $MPS = 0.25$, MPC is:
 a) 0.80
 b) 4
 c) 0.75
 d) None of the above.
17. Which of the following is not a factor payment?
 a) Rent
 b) Interest
 c) Borrowings
 d) Profits.
18. Which of the following is not a currency?
 a) Dollar

b) Yen

c) Renminbi

d) chen

19. What is the rationale for not taking into account the value of intermediate goods in the measure of Gross Domestic Product?

20. Why is an entertainment tax, an indirect tax ?

21. Derive the multiplier when MPS is (i) 0.10 (ii) 0.20. Using these multipliers, find the change in equilibrium level of income that results from Rs 20 crores decrease in investment.

22. How is tax revenue different from administrative revenue?

23. From the following, calculate gross value added at factor cost by it:

Items	Amount (in lakhs)
sales	500
Purchase of intermediate products 3	350
Profit	70
Subsidies	40
Consumption of fixed capital	60
Change in stock	30

24. What are open market operations? How do these effect availability of credit?

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 affect the foreign exchange reserve of India?

26. Why do we have different methods to measure the national income? Why all the methods lead to same estimate ?

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. Briefly explain the agency functions performed by commercial banks.