

Sample Paper- 2015
Subject: ECONOMICS
Class 12th

TIME: 3 HOURS

M.M:100

SECTION-- A

1. In which form of market selling costs is zero? 1
2. What is product differentiation? 1
3. Why demand curve for a monopolist is inelastic? 1
4. A teacher is getting Rs.10, 000 per month as salary. If he leaves the job and starts tuition works, he is expected to earn Rs.12000 per month. What would be his opportunity cost? 1
5. Define marginal rate of substitution. 1
6. Which of the following statements are true or false? Give reasons 3
 - i. An economy always produces on but not inside the PPC.
 - ii. Massive unemployment shifts the PPC to the left.
 - iii. An economy can't operate on any point outside the PPC.
7. Explain how firms are interdependent in an oligopoly market. 3

Or

Explain large number of buyers and sellers feature of perfect competition.

8. Explain the effect of decrease in income on normal and inferior goods graphically. 3
9. The price elasticity of supply of good X is half the price elasticity of supply of good Y. A 10% rise in the price of good Y results in a rise in its supply from 400 units to 520 units. Calculate the percentage change in quantity supplied of good X when its price falls from Rs. 10 to Rs. 8 per unit. 3
10. What do you understand by diminishing returns to a factor? State any two reasons for diminishing returns to a factor. 3
11. Complete the following table: 4

Output (Units)	AFC (Rs.)	MC(Rs.)	TC (Rs.)
1	30		

2		10	82
3		8	
4			99
5		10	

12. Explain the conditions leading to maximization of profits by a producer using total cost and total revenue approach. 4

Or

Explain briefly producer's equilibrium with the help of marginal cost and marginal revenue.

13. 8 units of a good are demanded at a price of Rs 7 per unit. Price elasticity of demand is (-1). How many units will be demanded if the price rises to Rs 8 per unit? Use expenditure method to answer this question. 4

14. Define price elasticity of demand. Discuss the factors affecting price elasticity of demand. 6

15. Explain with the help of diagram the effect of the following on the supply of a good: 6

- Increase in price of inputs
- Decrease in excise duty
- Improvement in technology

16. A consumer consumes only two goods. Explain his equilibrium with the help of indifference curve approach. 6

SECTION-- B

17. What is underemployment equilibrium? 1

18. State the components of M1 measure of money supply. 1

19. What is a central bank? 1

20. What is the relationship between multiplier and MPC? 1

21. Define aggregate supply. 1

22. Calculate net value added at factor cost from the following data. 3

(Rs. in crores)

i. Sales	400
----------	-----

ii. Intermediate costs	100
iii. Subsidies	20
iv. Change in stock	10
v. Stock of raw material	6
vi. Purchase of machinery	100
vii. Depreciation	30

23. State whether the following statements are true or false. Give reasons for your answer: 3

- (a) Refrigerator is always a consumer good.
- (b) Nominal GDP can never be less than Real GDP.
- (c) Capital formation is a flow.

Or

Distinguish between consumption goods and capital goods.

24. Will the following be included in domestic factor income of India? Give reasons for your answers: 3

- (a) Interest received by an individual from banks
- (b) Salaries paid to non-resident Indians working in Indian embassy in Saudi Arabia.
- (c) Profits earned by a resident of India from his company in Singapore.

25. Mention any three limitations of using GDP as an index of welfare of a country. 3

26. Distinguish between MPC and MPS. What is the relationship between the two? 3

27. Distinguish between revenue receipts and capital receipts in a government budget. Give two examples of each. 4

Or

Distinguish between revenue expenditure and capital expenditure in a government budget. Give two examples of each.

28. In a two sector economy, the saving and investment functions are: 4

$$S = -10 + 0.2Y$$

$$I = -3 + 0.1Y$$

(a) What will be the equilibrium level of income and (b) the value of multiplier and MPC?

29. Distinguish between fiscal deficit and revenue deficit. What does fiscal deficit indicate? 4

30. Explain the process of money creation by commercial banks with the help of suitable example. 6

31. What is deflationary gap? Show it on a diagram. Give any two effects of it on the economy and suggest any two fiscal and monetary measures to correct the problem. 6

32. Calculate GNP_{MP} by income and expenditure method: 6
(Rs. in crores)

i. Current transfers from R.O.W	100
ii. Government Final consumption expenditure	1000
iii. Wages and salaries	3800
iv. Dividend	500
v. Profits	800
vi. Operating surplus	2000
vii. Net domestic capital formation	500
viii. Employers contribution to social security schemes	200
IX. Net imports	50
X. NFIA	(-)30
XI. Gross domestic capital formation	540
XII. Private final consumption expenditure	4000
XIII. Net indirect taxes	300

Or

Calculate from the following data (a) Private income (b) Personal disposable income and (c) national disposable income: (Rs. in crores)

i.	National income	3000
ii.	Savings of the private corporate sector	30
iii.	Corporation tax	80
iv.	Current transfers from government administrative departments	60
v.	Income from property and entrepreneurship accruing to government enterprises	150
vi.	Current transfers from rest of the world	50
vii.	Savings of non- departmental government enterprises	40
viii.	Net indirect taxes	250
ix.	Direct taxes paid by households	100
x.	Net factor income from abroad	(-) 10