

Model Question Paper 1

CLASS-XII

SUB-ECONOMICS

Time : 3 Hrs.

Max.Marks : 100

Instructions :

1. **Q. No. 1 to Q. No. 5** and 17 to 21 are very short answer type carrying **1 mark each**. Answer these questions in one sentence only.
2. **Q. No. 6 to 10 and Q. No. 22 to 26** are short answer type carrying **3 marks each**. Answer to them should not normally exceed 60 words each.
3. **Q. No. 11 to 13 and Q. No. 27 to 29** are short answer type carrying **4 marks each**. Answer to them should not normally exceed 70 words each.
4. **Q. No. 14 to 16 and Q. No. 30 to 32** are long answer type carrying **6 marks each**. Answer to them should not normally exceed 100 words each.
5. *There is no words limitation for numerical questions.*

SECTION A

1. What is law of demand?
2. State one feature of oligopoly.
3. In which market form demand curve of a firm is perfectly elastic.
4. Why is demand for water inelastic?
5. Name the characteristic which make monopolistic competition different from perfect competition.
6. Explain any three factors that effect elasticity of demand.
7. Given below is the cost schedule of a firm. Its average fixed cost is Rs. 20 when it produced 3 units.

Output (units)	1	2	3
Average variable cost (Rs.)	30	28	32

Calculate its marginal cost and average cost at each given level of output.

8. Total revenue at the price of Rs. 4 per unit of a commodity is Rs. 480. Total revenue increases by Rs. 240 when its price rises by 25 percent. Calculate its price elasticity of supply.

Or

Differentiate between change in Quantity Supplied and Change in supply.

9. Explain the implication of 'homogenous product' feature of perfect competition.
10. State and explain the law of diminishing marginal utility with the help of utility schedule.
11. Explain the effect of increase the income of buyer of a normal commodity on its equilibrium price.

Or

Why does the demand curve slopes downward?

12. Explain the problem of what to produce.
13. When the price of the commodity falls by Rs. 2 per unit, its quantity demanded increases by 10 units. Its price elasticity of demand is (-)1. Calculate its quantity demanded at the price before change which was Rs. 10 per unit.
14. Explain the concept of consumer equilibrium when a consumer purchases two commodities. (1C Approach)

Or

Define Indifference Curve. Explain any three features of indifference curve.

15. Explain the law of variable proportion with the help of total product and marginal product curve.
16. State whether the following statement are true or false. Give reason for

your answer.

- (a) When total revenue is constant average revenue will also be constant.
- (b) Average variable cost can fall even when marginal cost is rising.
- (c) When marginal product falls average product will also fall.

SECTION B

- 17. State two sources of supply of foreign exchange.
- 18. Give the meaning of aggregate demand.
- 19. State the meaning of money supply.
- 20. How is the primary deficit calculated?
- 21. Give the meaning of deflationary gap.
- 22. How can government budget be helpful in altering distribution of income in an economy? Explain.
- 23. Explain the 'currency authority' function of Central Bank.
- 24. Explain how distribution of gross domestic product has its limitation as a measure of economic welfare.
- 25. Distinguish between autonomous and accommodating transaction of balance of payment account.

Or

What are causes for disequilibrium of balance of payments?

- 26. Giving any two example explain the relation between the rise in price of foreign currency and its demand.
- 27. Distinguish between :
 - (a) Capital receipts and revenue receipts.
 - (b) Capital expenditure and revenue expenditure.
- 28. Giving reason, state whether the following statement true or false :
 - (a) Average propensity to save is always greater than zero
 - (b) Value of investment multiplier varies between zero and infinity.
- 29. Explain the process of money creation by Commercial Banks.

Or

Explain briefly measures of money supply.

30. In an economy 75 percent of the increase in income is spent on consumption Investment is increased by Rs. 1,000 crores. Calculate :
- (a) Total increase in income
 - (b) Total increase in consumption expenditure.
31. How will you treat the following while estimating national income of India?
- (a) Dividend received by an Indian from his investment in share of a foreign company.
 - (b) Money received by a family in India from relative working abroad.
 - (c) Interest received on loan given to a friend for purchasing a car.
32. From the following data calculate (a) GDP at factor cost and (b) factor income to abroad :

	ITEMS	(Rs. in crore)
(I)	compensation of employees	800
(II)	profit	200
(III)	dividend	50
(IV)	GNP at market price	1400
(V)	rent	50
(VI)	interest	100
(VII)	gross domestic capital formation	300
(VIII)	net fixed capital formation	200
(IX)	change in stock	50
(X)	factor income from abroad	60
(XI)	net indirect taxes	120

Or

Distinguish between :

- (a) Factor Income and Transfer Income
- (b) Final Goods and Intermediate Goods
- (c) Consumption goods and Capital Goods

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