
SAMPLE PAPER 3 (Unsolved)
ECONOMICS
Class – XII

Time allowed: 3 hours

Maximum Marks: 100

General Instructions:

- a) All questions are compulsory.
 - b) The question paper comprises of two sections, A and B. You are to attempt both the sections.
 - c) Questions 1 to 5 in section A and 16 to 18 in section B are MCQ's of one mark each. Choose the correct option.
 - d) Questions 6 to 8 in section A and 19 to 23 in section B are three marks questions. These are to be answered in about 30 words each.
 - e) Questions 9 to 11 in section A and 24 to 25 in section B are four marks questions. These are to be answered in about 50 words each.
 - f) Questions 12 to 15 in section A and 26 to 29 in section B are six marks questions. These are to be answered in about 70 words each.
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Section A

- Q1. The main cause of economic problem is:
- a) Human wants are unlimited
 - b) resources are limited
 - c) Resources have alternative uses
 - d) All of the above.
- Q2. What is the curve showing different combination of two goods, maintaining the same level of output known as?
- a) Demand curve
 - b) production possibility curve
 - c) Indifference curve
 - d) None of the above
- Q3. With a decrease in the supply of resources, PPC would move:
- a) To the right
 - b) to the left
 - c) Does not change
 - d) None of the above
- Q4. If the resources are not fully and efficiently utilized, the economy would produce:
- a) On PPC
 - b) Inside PPC
 - c) outside PPC
 - d) at origin
- Q5. When Marginal utility is positive, total utility:
- a) Falls
 - b) Rises
 - c) Reaches maximum
 - d) None of the above.

- Q6. Explain the relationship between marginal cost and average cost with the help of a cost schedule and diagram.
- Q7. Explain the concept of PPC with the help of a diagram.
- Q8. Explain how the supply of a commodity is affected by a change in price of other commodities.
- Q9. Explain with the help of diagram, the geometric method of measuring price elasticity of demand.
- Q10. Suppose that a sole proprietorship is earning total revenue of Rs 1,00,000 and is incurring explicit cost of Rs 75,000. If the owner could work for another company for 30,000 a year, would you conclude that the firm is incurring an economic loss or economic gain?
- Q11. What is meant by consumer equilibrium? State its condition in case of two commodities given by the utility approach.
- Q12. Explain the implications of the following features of a perfectly competitive market.
- Large number of buyers and seller.
 - Freedom of entry and exit.
 - Homogenous product.
- Q13. What is market supply? What is the effect on the market supply of a good when (i) the government imposes a tax (ii) the government gives a subsidy on the production of the good?
- Q14. How will an increase in the income of the consumer of an inferior good affect its equilibrium price and quantity demanded? Explain the chain of reaction of this change with the help of a diagram.
- Q15. Explain different situations/conditions under which a budget line shifts. Use diagram.

SECTION B

- Q16. When will GDP and GNP of an economy equal?
- When net factor income from abroad is positive
 - When net factor income from abroad is negative
 - When net factor income from abroad is zero
 - none of the above.
- Q17. The money value of final goods and services produced within the national boundary of a country is known as:
- GNP
 - NNP

c) GDP

d) None of the above.

Q18. Which of the following is a secondary function of money?

a) Measure of value

b) store of value

c) medium of exchange

d) all of the above.

Q19. Distinguish between average and marginal propensity to consume. Draw a hypothetical propensity to consume curve and from it draw propensity to save curve.

Q20. How will you derive Gross National Disposable Income from National Income?

Q21. Explain the limitations of GDP as an index of welfare of a country.

Q22. **Indian economy is in a grip of rising prices. Explain any two measures to control the situation.**

Q23. What is the difference between ex-ante and ex-post investment?

Q24. What are margin requirements? How does lowering or raising of margin requirements affect the availability of credit?

Q25. Distinguish between direct and indirect tax. Give two examples of each.

Q26. Why are exports included in the estimation of domestic product by expenditure method? Can GDP be greater than GNP? Explain.

Q27. Explain the process of money creation by Central bank. Use suitable example.

Q28. Explain the concept of consumption function with the help of schedule and diagram.

Q29. Make a distinction between accommodating and autonomous items in BOP.