

CBSE
Class XII Economics
Sample Paper – 3

Time: 3 hrs

Max. Marks: 80

General Instructions:

- i. **All** questions in both sections are **compulsory**.
 - ii. Marks for questions are indicated against each question.
 - iii. Question Nos. **1-4** and **13-16** are very short answer questions carrying **1** mark each. They are required to be answered in one sentence.
 - iv. Question Nos. **5-6** and **17-18** are short answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.
 - v. Question Nos. **7-9** and **19-21** are also short answer questions carrying **4** marks each. Answers to them should normally not exceed **70** words each.
 - vi. Question Nos. **10-12** and **22-24** are long answer questions carrying **6** marks each. Answers to them should normally not 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.
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SECTION A

1. Ram opens a new factory for which he takes a building on rent. He manages the factory himself.

Identify the explicit cost and implicit cost in the given situation. [1]

(OR)

If a shop keeper can sell 12 books at the price of Rs 400 per book. Then the marginal revenue from the 13th book is Rs 500. At what price did he sell the 13th book?

2. A firm under which of the following forms of market follows price discrimination? [1]
- a. Perfect competition
 - b. Monopoly
 - c. Oligopoly
 - d. Monopolistic competition
3. What is AFC? [1]
4. When the supply of a good changes due to change in any factor other than the own price of the good, it is known as: (Choose the correct alternative) [1]
- a. Change in supply
 - b. Expansion in supply
 - c. Contraction in supply
 - d. Change in quantity supplied

(OR)

The ratio of change in price to original price for a good is 0.4. If the price elasticity of supply is 1.5. Which of the following will be percentage change in supply?

- a. 40%
- b. 50%
- c. 60%
- d. 80%

5. A consumer consumes two Goods X and Y which are priced at Rs 5 each. The combination of the two goods chosen by the consumer is such that the marginal rate of substitution is 5. Is the consumer in equilibrium? How would a rational consumer react in the given situation? [3]

(OR)

When a consumer MU_x exceeds the marginal utility of money at the time of consuming 5 units of a good. Does the consumer stop consuming the good X to attain equilibrium?

6. Market for a good is in equilibrium. With the help of a diagram, explain the chain reaction which would take place if there is increase in demand. [3]
7. a. What is economic problem? Why does it arise?
b. State the differences between microeconomics and macroeconomics. [4]

(OR)

State the differences between positive economics and normative economics.

8. Explain the impact of the following on the demand for a commodity: [4]
a. Income of the consumer
b. Future expectations
9. A producer supplies 8 units of a commodity at Rs 10 per unit. If the price elasticity of supply is 1.25, how many units of the commodity will the producer supply at Rs 12 per unit? [4]

(OR)

What is change in supply? Explain the effect of tax imposed on a good on the supply of the good.

10. A consumer consumes two goods. Explain his equilibrium using utility analysis. [6]
11. Explain producer's equilibrium with the help of TR–TC approach. [6]
12. Differentiate between monopoly and monopolistic competition. [6]

(OR)

Give implications of the following

- i. Freedom of entry and exit to firms in industry
- ii. Non-price competition

SECTION B

13. State the two sources of revenue receipts. [1]

14. Which of the following deficits in government budget indicate the total borrowing requirements of the government: [1]

- a. Revenue deficit
- b. Fiscal deficit
- c. Primary deficit
- d. None of the above

(OR)

A government budget states that a primary deficit of Rs 8600 lakh and revenue deficit of Rs 3000 lakh. The revenue expenditure on interest payment is 10% of revenue deficit. Find the fiscal deficit?

- a. 8600 lakh
- b. 9100 lakh
- c. 7800 lakh
- d. 9400 lakh

15. Why can value of APC never be zero? [1]

16. Which of the following is the impact of excess demand? (Choose the correct alternative)[1]

- a. Increase in the level of employment
- b. Increase in the general price level
- c. Decrease in the level of employment
- d. Decrease in the level of employment

17. Explain the following functions of money: [3]

- a. Medium of exchange
- b. Standard of deferred payments

(OR)

Give the meaning of precautionary, transaction and speculative motive.

18. Why is the Central Bank called the banker to the government? [3]

19. Calculate the value of national income from the following information:3 [4]

Autonomous consumption = Rs 150 crore

Marginal propensity to consume = 0.80

Investment = Rs 60 crore

(OR)

- a. Give the difference between average propensity to consume and marginal propensity to consume with numerical example.
- b. State any two components of aggregate demand.

20. Calculate private income from the following information:

[4]

Particulars	In Rs crore
i. Net factor income from abroad	50
ii. Corporation tax	30
iii. Income from domestic product accruing to the private sector	3000
iv. Current transfers from government	100
v. Current transfers from ROW	30

21. What is meant by government budget? Explain how the government budget helps in bringing economic stability and economic growth. [4]

22. Explain the determination of national income through the saving-investment approach. How will the equilibrium be reached if saving is more than investment? [6]

(OR)

When an economy can reach equilibrium? Explain with the help of Saving and Investment functions. How the changes that take place in an economy when the economy is not in equilibrium. Use diagram.

23. Calculate national income from the following information:

[6]

Particulars	In Rs crore
i. Gross domestic fixed capital formation	100
ii. Net domestic fixed capital formation	50
iii. Net indirect taxes	10
iv. Net imports	-10
v. Change in stock	20
vi. Private final consumption expenditure	500
vii. Net factor income from abroad	15
iii. Government final consumption expenditure	300

ix. Net current transfers from abroad	10
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24. Explain the determination of the exchange rate under the flexible exchange rate regime. [6]