

MODEL QUESTION PAPERS FOR PRACTICE

Model Question Paper – I

CLASS – XII ECONOMICS

Time Allowed: 3 Hours

Maximum Marks: 100

General Instructions:

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each.
- (iii) Questions Nos. 1–5 and 16–19 are very short-answer questions and MCQ Type carrying 1 mark each.
- (iv) Questions Nos. 6–8 and 21–23 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- (v) Questions Nos. 9–11 and 24–26 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- (vi) Questions Nos. 12–15 and 27–30 are also long-answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
- (vii) Answer should be brief and to the point and the above word limits be adhered to as far as possible.

Section – A

Introductory Microeconomics

1. Point on the left side of PPC shows _____ .
 - (a) Growth
 - (b) Inefficiency
 - (c) Non-attainable combination
 - (d) Economic development
2. What type of goods are they, when the consumption of Y falls with the increase in the price of X?
 - (a) Complementary
 - (b) Inferior
 - (c) Substitutes
 - (d) All of these
3. Cost of self employed factors is known as _____ .
 - (a) Implicit cost
 - (b) Explicit cost
 - (c) Opportunity cost
 - (d) Selling cost
4. Marginal cost =
 - (a) $\frac{\Delta TC}{\Delta Q}$
 - (b) $\frac{TC}{Q}$
 - (c) $TC \times Q$
 - (d) $AC \times Q$

M-1

5. In which form of the market a firm is a price taker?
 - (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Monopolistic competition
6. Explain the law of diminishing marginal utility with the help of a utility schedule. 3
7. Explain how scarcity and choice go together. Explain why is production possibility frontier concave to the origin. 3
8. As a result of 20 per cent fall in the price of a commodity, its demand rises 25 per cent. Calculate the price elasticity of demand. 3
9. Demand for petrol has increased. However, supply cannot be increased due to heavy import cost. Explain how the demand for petrol can be decreased. 4
10. Explain the likely behaviour of total product and marginal product when only input increases while all other inputs are kept unchanged. 4

Or

All the inputs used in production of a good increases simultaneously and in the same proportion. What are its possible effects on total product? Explain with the help of a numerical example.

11. On the basis of the information given below, determine the level of output at which the producer will be in equilibrium. Use MC – MR approach. Give reasons for your answer. 4

Output (Units)	AR (₹)	TC (₹)
1	7	8
2	7	15
3	7	21
4	7	26
5	7	33
6	7	41

12. State the phases of the law of variable proportions in term of total physical product. Use diagram. 6
13. Distinguish between 'non-collusive' and 'collusive oligopoly'. Explain the following features of Oligopoly: 6
 - (a) Few firms
 - (b) Non price competition
14. Explain consumer's equilibrium in case of single commodity with the help of a utility curve. 6
15. Explain the concept of budget line. Under what conditions can a budget line shift? Use diagram. 6

The following question is for the blind candidates only in Lieu of Q.No. 15.

Explain the concept of budget line. Under what conditions can a budget line shift? Use diagram.

Section – B

Introductory Macroeconomics

16. Which items are excluded from GNP measurement?
 (a) Purely financial transaction (b) Transfer of used goods
 (c) Illegal activities (d) All of these 1
17. Which among is not a function of the Central Bank?
 (a) Issue of notes (b) Advancing of loans to the public
 (c) Banker to the Government (d) Control of money supply 1
18. If the income is ₹ 400 crores and consumption is ₹ 250 crores. What will be the APC?
 (a) 0.67 (b) 0.63
 (c) 0.60 (d) 0.58 1
19. The amount collected by the government as taxes and duties is known as :
 (a) Capital receipts (b) Tax revenue receipts
 (c) Non-tax revenue receipts (d) All of these 1
20. What is the cause of devaluation of any Country's currency ?
 (a) Increase in the domestic inflation rate
 (b) Domestic real interest rates are less than foreign interest rates
 (c) High increase in the income
 (d) All of these 1
21. Distinguish between national income and private income. 3
22. 'Machine purchased is always a final good, do you agree? Give reasons for your answer. 3
23. Differentiate between balance of trade and current account balance. 3

Or

State four sources each of demand and supply of foreign exchange.

24. State the components of current account under balance of payment. 4
25. What is the basis of classifying government expenditure into. 4
 (i) Plan expenditure and non-plan expenditure.
 (ii) Development expenditure and non-developmental expenditure?
26. Explain the meaning of equilibrium level of income and output with the help of saving and investment curves. If planned expenditure is less than planned output, what change will take place in the economy? 4

The following question is for blind candidates in Lieu of Q.No. 26.

Explain the meaning of equilibrium level of employment by saving and investment approach. If planned expenditure is less than planned output, what changes will take place in the economy?

27. Explain the process of money creation by commercial banks, giving a numerical example. 6

28. Explain the working of investment multiplier with the help of a diagram. 6

The following question is for blind candidates only in Lieu of Q.No. 28.

Explain the working of investment multiplier with the help of a schedule.

29. How should the following be treated while estimating national income? Give reasons. 6
- Expenditure on education of children by a family.
 - Payment of electricity bill by a school.
30. From the following data calculate: (i) Gross Domestic Product at Market Price by Income Method, and (ii) National Income by Expenditure Method. 6

Particulars	(₹ in Crores)
Compensation by employees	13,000
Indirect taxes	3,700
Gross fixed capital formation	6,300
Interest, rent, profit	5,000
Government final consumption expenditure	3,400
Mixed income of self-employed	16,000
Change in stocks	1,000
Imports of goods and services	1,800
Exports of goods and services	1,700
Private final consumption expenditure	27,000
Subsidies	300
Net-factor income from abroad	(-) 250
Consumption of fixed capital	2,200

Model Question Paper – II

CLASS – XII ECONOMICS

Time Allowed: 3 Hours

Maximum Marks: 100

General Instructions. See Model Question Paper – I.

Section – A Introductory Microeconomics

1. Sacrificed cost of the best alternative use is known as _____.
(a) Marginal cost (b) Opportunity cost
(c) Selling cost (d) Explicit cost |
2. With the increase in price, the total expenditure increases and with the fall in price, total expenditure also falls. What will be the elasticity of demand?
(a) Unitary (b) More than one
(c) Less than one (d) Zero |
3. Marginal product (MP) =
(a) $\frac{\Delta TP}{\Delta L}$ or $TP_n - TP_{n-1}$ (b) $AP \times L$
(c) $\frac{TP}{L}$ (d) $TP \times L$ |
4. Which among is the cause of extension and contraction in supply?
(a) Technological change (b) Change in input price
(c) Change in the price of commodity (d) All of these |
5. Which one of the following is an example of fixed cost ?
(a) Wages of a temporary employee
(b) Raw material cost
(c) Minimum Electricity bill
(d) Transportation cost |
6. State three reasons which give rise to an economic problem. 3

Or

Distinguish between microeconomics and macroeconomics. Give examples.

7. Explain the factors that can affect demand for a commodity. 3
8. When price of a good falls from ₹ 5 to ₹ 3 per unit, its demand rises by 40 per cent. Calculate its price elasticity of demand. 3

M-5

9. In spite of having monopoly, why the Indian Railways has not increased the fare from many years? 4
10. State the relationship between TR, AR and MR of a perfectly competitive firm with the help of a diagram. 4

Or

Why is AR always equal to MR for a competitive firm?

11. From the following schedule, find out the level of output at which the producer is in equilibrium. Give reasons in support of your answer. 4

Output (Units)	Price (₹)	Total Cost (₹)
1	24	26
2	24	50
3	24	72
4	24	92
5	24	115
6	24	139
7	24	165

12. State the law of increasing returns. Illustrate with the help of a diagram. 6
13. Explain the following features of perfect competition: 6
- Large number of buyers and sellers.
 - Homogeneous products.
14. Explain the main properties of indifference curve.

Or

Explain the conditions of consumer's equilibrium with the help of indifference curve analysis.

The following question is for the blind candidates only in Lieu of Q.No. 14.

Explain when a consumer, consuming only two commodities X and Y, attain equilibrium under the utility approach. 6

15. Explain the relationship between 6
- Prices of other goods and demand for the given good.
 - Income of the buyers and demand for a good.

Section – B

Introductory Macroeconomics

16. If the personal income is ₹ 1,000 and the income tax is 10 per cent, calculate disposable income. 1
- ₹ 990
 - ₹ 1,100
 - ₹ 100
 - ₹ 900

17. Who circulates all mint and one rupee note in India?
 (a) RBI (b) Ministry of Finance
 (c) State Government (d) Ministry of external affairs 1
18. Which one is an externality who reduces the welfare of the people?
 (a) Low income (b) Poverty
 (c) Air pollution (d) Unemployment 1
19. Which one of these is an example of indirect tax?
 (a) Excise duty (b) Wealth Tax
 (c) Income Tax (d) Corporation Tax 1
20. $NDP_{FC} =$
 (a) $GDP_{FC} - \text{Indirect taxes}$
 (b) $GDP_{FC} - \text{Depreciation}$
 (c) $GDP_{MP} - \text{Subsidy}$
 (d) $NDP_{MP} + \text{Net exports}$ 1
21. Explain the circular flow of income. 3
22. List four sources each of demand and supply of foreign exchange. 3

Or

State the components of current account under balance of payments.

23. Distinguish between autonomous and accommodating transactions of balance of payments account. 3
24. From the following data relating to a firm, calculate its net value added at factor cost. 4

Particulars	(₹ in crores)
Subsidy	40
Sales	800
Depreciation	30
Exports	100
Closing stock	20
Opening stock	50
Intermediate purchases	500

25. Giving reasons, categories the following into revenue receipts and capital receipts:
 (i) Recovery of loans.
 (ii) Corporation tax.
 (iii) Dividends on investments made by government.
 (iv) Sale of a public sector undertaking. 4

26. Explain 'saving' function with the help of a diagram. 4

The following question is for blind candidates only in Lieu of Q.No. 26.

Explain 'saving function' with the help of a schedule.

27. What is barter system? What are its drawbacks? 6

28. Explain the role of 'reserve ratio' and 'rate of interest' in reducing the aggregate demand in an economy. 6

The following question is for blind candidates only in Lieu of Q.No. 27.

Explain the role of following in correcting excess demand in an economy:

- (i) Bank rate
 - (ii) Open market operations.
29. $C = 100 + 0.4 Y$ is the consumption function of an economy where C is consumption expenditure and Y is national income. Investment expenditure is 1100. Calculate
- (i) Equilibrium level of National Income.
 - (ii) Consumption expenditure at equilibrium level of national income.
30. From the following data, calculate: 6
- (i) National income and
 - (ii) Personal disposable income

Particulars	(₹ in crores)
Profit	500
Rent	200
Private income	2,000
Mixed income of self-employed	800
Compensation of employees	1,000
Consumption of fixed capital	100
Net factor income from abroad	(-) 50
Net retained earnings of private enterprises	150
Interest	150
Net exports	250
Corporation tax	(-) 40
Net indirect taxes	160
Direct taxes paid by households	120