

**BHARATIYA VIDYA BHAVAN'S V.M.PUBLIC SCHOOL, VADODARA**  
**SESSION 2017-18**

**Class : XII**

**Max Marks:80**

**Subject : ECONOMICS**

**Time Allotted: 3 hrs**

**Answer the following questions:**

**Sample Paper 5**

**Section A**

1. State condition of consumer's equilibrium in respect of one good. (1)
2. What do you mean by implicit costs? (1)
3. What is meant by change in supply? (1)
4. What do you mean by producer's equilibrium? (1)
5. What cause an upward movement along a demand curve? (3)  
Explain with diagram.
6. Why does higher indifference curve give more satisfaction? Explain. (3)

OR

- How is Total utility derived from marginal utilities? Explain with a schedule.
7. Why is a production possibility curve concave? Explain. (4)
  8. Following statements are true or false. Give reasons : (4)  
(a) Diminishing returns to a factor is applicable only when average product starts falling.

(b) AC and AVC curves do not intersect each other

OR

- Why does the law of diminishing returns apply?
9. In which competition the availability of close substitutes is present? (4)  
How does it affect the price? Explain with diagram
  10. Why does demand curve slope downward? (6)
  11. Whether following statements are true or false. Give reasons. (6)  
(a) Marginal revenue falls twice the rate at which average revenue falls.  
(b) Average cost starts increasing when rising portion of marginal cost intersects.
  12. Explain how does a Monopoly structure arise in a market? (6)

OR

Explain the term market equilibrium. Explain the series of changes that will take place if market price is higher than the equilibrium price.

**Section B**

13. State two merits of surplus BOP. (1)
14. What is the slope of demand curve of foreign exchange? (1)
15. What is a balanced budget. (1)
16. Define capitalexpenditure. (1)
17. If national income is 50 crore and saving Rs. 5 crore, find out APC. (3)  
When income rises to Rs. 60 crore and saving to Rs. 9 crore. What will be the APC and MPS.
18. Distinguish between induced investment and autonomous investment? (3)

OR

Explain the concept of inflationary gap with the help of a diagram?

19. Define operating surplus, write its components. (4)

20. Discuss the issue of deficit reduction. (4)

OR

How can surplus budget be used during inflation.

21. What is balance of payments accounts? Name three components each of its current account and capital account. (4)

22. Money acts as the Store of value and Standard for Deferred payments. (6)

Do you agree? Explain.

23. Distinguish between inflationary gap and deflationary gap. Show deflationary gap on a diagram. Can this gap exist at equilibrium level of income? Explain. (6)

24. Explain the problem of double counting in estimating national income, with the help of an example. Also explain two alternative ways of avoiding the problem. (6)

OR

Are the following included in the estimation of National Income a country? Give reasons.

(i) Unemployment allowance under NREGA

(ii) Indirect tax (Sale tax/excise duty).

(iii) Salary received by the workers under NREGA.

(iv) Income tax.

(v) Corporation tax.

(vi) Travelling expenses paid to salesman by the employer.

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