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 7

Section A

1. When demand for a good falls due to rise in the price of the commodity, what is the change in demand called? Why? (1)
2. By which behaviour of marginal product will total product be maximum and why? (1)
3. Define Revenue. (1)
4. Define Market Supply. (1)
5. Mention the assumptions of Indifference curve analysis. (3)

OR

What is the difference between ordinal and cardinal utility analysis?

6. Explain three factors affecting price elasticity of demand. (3)
7. What factors lead to a rightward shift of PPC? (4)
8. At the market price of Rs 10, a firm supplies 4 units of output. The market price increases to 30. The price elasticity of firm’s supply is 1.25. what quantity will the firm supply at the new price? (4)
9. Under perfect competition, MR=AR, but under monopoly, MR<AR. Explain. (4)

OR

Why is MC curve in the short-run U shaped?

10. Explain with the help of diagrams the effect of the following changes on the demand of a commodity. (6)

(i) An unfavourable change in the taste of the buyer for a commodity.
(ii) A fall in the income of its buyer if the commodity is inferior.

11. What will happen if the price prevailing in the market is (6)

(i) below the equilibrium price?
(ii) above the equilibrium price?

12. Let the production function of a firm be: $Q= 5L^{½} K^{½}$ (6)
Find out the maximum possible output that the firm can produce with 100 units of L and 100 units of K.

OR

Draw Total Fixed Cost and Average Fixed Cost curves. Explain their shape with the help of a schedule.

Section B

13. Define disinvestment. (1)
14. Why is payment of interest a revenue expenditure? (1)
15. State the components of current account. (1)
16. Explain the meaning of deficit in balance of payment. (1)
17. Explain the concept of consumption function. (3)
18. Why is Aggregate Supply equal to National Income? Explain with diagram. (3)

OR

Explain the concept of Multiplier.

19. Explain the basis of classifying goods into intermediate and final goods. Give suitableexamples. (4)

OR

Distinguish between consumer goods and capital goods. Which of these are final goods?

20. Why the fiscal Deficit equal to borrowings? (4)

21. Explain the merit and demerits of fixed exchange rate. (4)

22. How will the Central Bank use moral suasion and Credit Rationing as an instrument of credit control? (6)

23. In an economy S = –50 + 0.5Y is the saving function (where S = saving and Y = national income) and investment expenditure is 7000. Calculate. (6)
(i) Equilibrium level of national income (ii) Consumption expenditure at equilibrium level of national income.

24.From the following, calculate gross value added at factor cost: (6)

particulars	Rs in lakhs
(i) sales	5000
(ii) Intermediate consumptions on primary stage of the production process	3500
(iii) profit	700
(iv) Tax relief	400
(v) Consumption of fixed capital	600
(vi) Opening stock	600
(vii) Closing stock	200

OR

How are the following treated in the estimation of national income?

i- Old age pensions

ii- Income tax

iii- LPG subsidies

iv- Commission received from sale of second hand goods

v- Non marketable goods

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