

## Sample Paper Class – XII

### Subject – Economics

- (i) Answer all question in Part I and five questions from Part II.
- (ii). All working including rough work should be done on the same sheet as, and adjacent to the rest of the answer.
- (iii). The intended marks for questions or parts of questions are given in brackets []. (Material to be supplied: Log tables including Trigonometric functions)
- (iv). Candidates are allowed additional 15 minutes for only reading the paper. They must NOT start writing during this time..

Q1. What is meant by Balance of Current Account?

Q2.(i) Briefly explain how fiscal policy can be used to achieve any two macro goals of the government.

(ii) Based on the given information state whether total expenditure will increase or decrease:

(a) Pricex increases and x has elastic demand.

(b) Price Y,decreases andy has Y inelastic demand.

(iii) What is the significance of :

(a) an indifference curve being convex to the origin?

(b) the point of inflexion on the total product curve?

Q3.a). What is the difference between Quotas ans Tariffs ? Under what circumstances are they implemented by the Government?

b)How does fiscal policy help in attaining external equilibrium ans price stability?

Q4. When does marginal utility become negative?

Q5. Distinguish between:

(a) autonomous and accommodating flows.

(b) gross and net profits.

Q6. Briefly explain the following:

- (a) composite demand
- (b) SDRs
- (c) forfeiture
- (d) Ad Valorem taxes

Q7. a) Explain briefly the output method of measurement of national income.

b). What is the basis of international trade according to the theory of comparative cost advantage?

Q8. Define transfer earning?

Q9. State Wagner's Law?

Q10.(a) What is 'equilibrium price'? Explain how it is determined in a market economy.

(b) State the Law of Diminishing Marginal Utility. How does this law help explain consumer behavior theory in micro economics?

(c) With reference to the Law of Variable Proportions explain in which stage of production a rational producer would operate.

Q11. What explanation did Marshall provide for the surplus earned by factors whose supply is inelastic in the short run?

Q12. Give two exceptions to the law of demand.

Q13. Explain the basis of international trade with reference to the comparative cost theory using production possibility curves.

b) Enumerate any three advantages and any three disadvantages of international trade.

c) Explain how the government can rectify an adverse balance of payments situation arising due to a deficit.

Q14. What is the difference between revenue budget and capital budget.