

Time : 3.00 Hours
Maximum Marks : 80

ECONOMICS
ISC
Sample Question Papers

1

Self Assessment Paper

General Instructions:

(i) Answer Question 1 (compulsory) from Part I and five questions from Part II.

(ii) The intended marks for questions or parts of questions are given in brackets [].

Part I

20 marks

Part II

60 marks

PART I

(20 Marks)

Answer all questions

Question 1

Answer briefly each of the following questions (i) to (x):

(10 × 2)

- (i) What is a Demand Schedule?
- (ii) Define Marginal utility. When can it be negative?
- (iii) The demand for a commodity at ₹4 per unit is 100 units. The price of the commodity rises and as a result, its demand falls to 75 units. Find the new price, if the price elasticity of demand of that commodity is 1.
- (iv) Distinguish between stock and supply.
- (v) Define Average Product? How can you get Average Product from Total Product?
- (vi) Give two assumptions of Law of Variable Proportions.
- (vii) Define Marginal Cost. With the help of an example, show how marginal cost can be obtained from Total Cost.
- (viii) Which revenue concept is also called price? Justify your answer by giving a reason.
- ☐ (ix) Explain the meaning of M_1 and M_4 supply of money.
- (x) What is meant by unfavourable Balance of Payments?

PART II

(60 Marks)

Answer any five questions

Question 2

- (a) Explain how the income effect and the substitution effect are the reasons for the downward slope of the demand curve. [3]
- (b) Discuss any two properties of indifference curve. [3]
- ☐ (c) Explain the concept of consumer's equilibrium with the help of Indifference Curve analysis. [6]

Question 3

- (a) Calculate the quantity demanded of a commodity when its price increases from ₹4 to ₹6. The original quantity demanded was 40 units and the Price Elasticity of Demand is 0.5. [3]

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- (b) Explain any two reasons for the upward slope of the supply curve. [3]
- (c) Define Price Elasticity of Supply. Draw a supply curve for each of the following situations:
- When elasticity of supply is equal to zero.
 - When elasticity of supply is equal to infinity. [6]

Question 4

- (a) According to the Law of Variable Proportions, in which stage would a producer like to operate? Explain why? [3]
- (b) Draw the Average Variable Cost and Average Total Cost curves. Do they intersect each other? Give one reason for your answer. [3]
- (c) Explain the relationship between TR, AR and MR with the help of a table. [6]

Question 5

- (a) What is Monopolistic Competition ? Can a seller in such a market influence the price ? Explain. [3]
- (b) Explain the role the government can play through the budget in influencing allocation of resources. [3]
- (c) Distinguish between marginal propensity to consume and marginal propensity to save. What is the relation between the two? [6]

Question 6

- (a) Name the broad categories of transactions recorded in the 'current account' of the Balance of Payments Accounts. [3]
- (b) Define Price Floor. What is the common purpose of fixation of floor price by the government? Explain any one likely consequence of this nature of intervention by the government. [3]
- (c) "Governments across nations are too much worried about the term fiscal deficit". Do you think that fiscal deficit is necessarily inflationary in nature ? Support your answer with valid reasons. [6]

Question 7

- (a) Distinguish between Current Account and Capital Account of the Balance of Payments Account on the basis of its components. [3]
- (b) State the effect of the following on the balance of payments situation.
- Increase in import duty of gold.
 - Rise in the price of foreign currency. [3]
- (c) Discuss how exchange rate is determined under flexible exchange rate system. [6]

Question 8

- (a) Give any two weaknesses of Indian tax structure. [3]
- (b) Explain any two objectives of the fiscal policy in a developing economy. [3]
- (c) Discuss the characteristics of a good tax system. [6]

Question 9

- (a) Distinguish between GNP and NNP. [3]
- (b) Classify the following as final and intermediate goods. Give reasons for your answer. [3]
- A car purchased by a company for business services.
 - Pen or paper purchased by a consumer
- (c) Write the conditions of equilibrium under two sector, three sector and four sector models of an economy. [6]

Finished Solving the Paper ?

Time to evaluate yourself !

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OR

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