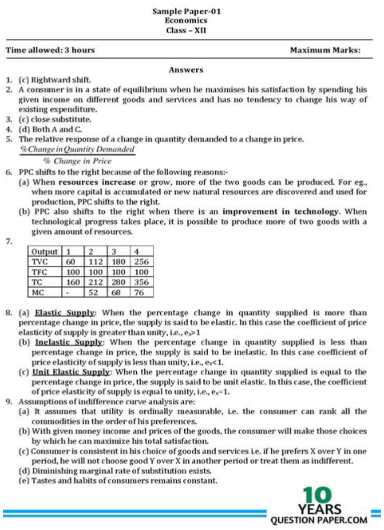

Sample Paper-01
Economics
Class – XII

Time allowed: 3 hours **Maximum Marks:**

Answers

1. (c) Rightward shift.
2. A consumer is in a state of equilibrium when he maximises his satisfaction by spending his given income on different goods and services and has no tendency to change his way of existing expenditure.
3. (c) close substitute.
4. (d) Both A and C.
5. The relative response of a change in quantity demanded to a change in price.
$$\frac{\%\ Change\ in\ Quantity\ Demanded}{\%\ Change\ in\ Price}$$
6. PPC shifts to the right because of the following reasons:-
   (a) When **resources increase** or grow, more of the two goods can be produced. For eg., when more capital is accumulated or new natural resources are discovered and used for production, PPC shifts to the right.
   (b) PPC also shifts to the right when there is an **improvement in technology**. When technological progress takes place, it is possible to produce more of two goods with a given amount of resources.
7.

Output	1	2	3	4
TVC	60	112	180	256
TFC	100	100	100	100
TC	160	212	280	356
MC	-	52	68	76

8. (a) **Elastic Supply**: When the percentage change in quantity supplied is more than percentage change in price, the supply is said to be elastic. In this case the coefficient of price elasticity of supply is greater than unity, i.e., $e_s>1$
   (b) **Inelastic Supply**: When the percentage change in quantity supplied is less than percentage change in price, the supply is said to be inelastic. In this case coefficient of price elasticity of supply is less than unity, i.e., $e_s<1$.
   (c) **Unit Elastic Supply**: When the percentage change in quantity supplied is equal to the percentage change in price, the supply is said to be unit elastic. In this case, the coefficient of price elasticity of supply is equal to unity, i.e., $e_s=1$.
9. Assumptions of indifference curve analysis are:
   (a) It assumes that utility is ordinally measurable, i.e. the consumer can rank all the commodities in the order of his preferences.
   (b) With given money income and prices of the goods, the consumer will make those choices by which he can maximize his total satisfaction.
   (c) Consumer is consistent in his choice of goods and services i.e. if he prefers X over Y in one period, he will not choose good Y over X in another period or treat them as indifferent.
   (d) Diminishing marginal rate of substitution exists.
   (e) Tastes and habits of consumers remains constant.

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