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FOR PUNJAB CLASS 12 PREPARATION

PSEB 12th Sample Paper 2027 Economics

EXAM	YEAR	TYPE	SUBJECT
Punjab Class 12	2027	Sample Paper	Economics

SAMPLE PAPER

CLASS-XII

ECONOMICS

(2026-27)

Time Allowed : 3 Hrs. **Maximum Marks : 80**

General Instructions :

1. There are total 5 questions in this question paper.
2. All questions are compulsory.
3. Simple calculator can be used.

Q.1. There are 20 sub parts of this questions. All the questions are compulsory. Each question carries 1 mark. **20×1=20**

(i) Who is the father of modern economics ?

(a) Dr. A. Marshall (b) Adam Smith

(c) J.M. Keynes (d) None of these

(ii) When total utility is maximum, marginal utility is ..... . (zero/minimum)

(iii) Demand curve slopes downward from left to right. (True/False)

(iv) Due to 20% decrease in price, the quantity demanded of a commodity increased by 40%. Find out the Price Elasticity of Demand.

(v) Match the following columns correctly :

Column M	Column N
A. First Stage of Law of Variable Proportions	(i) Law of Diminishing Returns
B. Second Stage of Law of Variable Proportions	(ii) Stage of Negative Returns to Factor
C. Third Stage of Law of Variable Proportions	(iii) Stage of Diminishing Return to Factor
D. Law of Variable Proportions	(iv) Stage of Increasing Returns to Factor

	A	B	C	D
(a)	(i)	(ii)	(iii)	(iv)
(b)	(iv)	(iii)	(ii)	(i)
(c)	(iv)	(iii)	(i)	(ii)
(d)	(i)	(ii)	(iv)	(iii)

(vi) The relationship between inputs and output is called …… .

(a) Demand Function (b) Consumption Function

(c) Production Function (d) Supply Function

(vii) MC curve cuts AC curve at the ..... point. (highest/lowest)

(viii) Firms are barred from entering a perfectly competitive market. (True/False)

(ix) When price of a commodity falls from ₹ 10 to ₹ 5 per unit, it supply also falls. How will you name it ?

(x) In the following question, two statements have been given. Read these statements carefully and choose the correct alternative out of the alternatives given below :

Statement 1 : Market equilibrium is established when demand for a commodity is equal to the supply of that commodity.

Statement 2 : For the determination of market equilibrium, the number of producers and consumers is assumed to be constant.

(a) Statement 1 is wrong and statement 2 is correct.

(b) Statement 2 is wrong and statement 1 is correct.

(c) Both the statements are correct.

(d) Both the statements are wrong.

(xi) Who has written the book, "The General Theory of Employment, Interest and Money" ?

(a) J.B. Say (b) Milton Friedman

(c) J.M. Keynes (d) Alfred Marshall

(xii) ..... goods satisfy human wants. (Capital/Consumer)

(xiii) Under barter system of exchange, it was very easy to measure value of goods and to transfer wealth as well. (True/False)

(xiv) Which are primary functions of a commercial bank ?

(xv) Statement and Cause :

In the following question, a Statement (A) and its Cause (R) are given. Choose the correct alternative out of the alternatives given below :

(a) Both, Statement (A) and Cause (R) are correct and Cause (R) is correct explanation of statement (A).

(b) Both, Statement (A) and Cause (R) are correct, but Cause (R) is not correct explanation of Statement (A).

(c) Statement (A) is correct, but Cause (R) is incorrect.

(d) Statement (A) is incorrect, but Cause (R) is correct.

Statement (A) : Saving is not a virtue at macro level.

Cause (R) : Saving weakens the process of income generation in the economy.

(xvi) When AD = AS :

(a) S < I (b) S = I

(c) S > I (d) None of these

(xvii) As an indicator of fiscal prudence of the government, fiscal deficit should be ……. . (low/high)

(xviii) When a government spends more than it collects in receipts, it runs a budge deficit. (True/False)

(xix) Suggest any one measure to solve the problem of balance of payment deficit.

(xx) Match the following columns correctly :

Column 1	Column 2
(A) Fixed Exchange Rate	(i) Current period transactions of Foreign Exchange
(B) Flexible Exchange Rate	(ii) Determined by the Government of the country
(C) Spot Market	(iii) Determined on the basis of demand for and supply of foreign exchange
(D) Forward Market	(iv) Future related transactions of foreign exchange

	A	B	C	D
(a)	(iii)	(ii)	(iv)	(i)
(b)	(iii)	(ii)	(i)	(iv)
(c)	(ii)	(iii)	(iv)	(i)
(d)	(ii)	(iii)	(i)	(iv)

Q. 2. Very short Answer Type Questions ; Answer to each question should be in 40-60 words. **10×2=20**

(i) What is meant by economic problem ?

(ii) Explain why budget line is downward sloping.

(iii) What is average cost ? What is the formula to calculate it ?

(iv) What is meant by economic problem ?

(v) Complete the following table :

Units Sold	1	2	3	4	5
Total Revenue	10	28	54	88	130
Average Revenue	–	–	–	–	–

(vi) Describe briefly about the Classical Approach towards Macro Economics.

(vii) What is money ?

(viii) State the relationship between MPC and Multiplier (K).

(ix) The Budget of the government shows a primary deficit of ₹ 18956 crore. Payment of interest by the government was ₹ 1386 crore. Estimate fiscal deficit.

(x) Differentiate/Distinguish between balance of trade and balance of payments.

Q. 3. Short Answer Type Questions ; Answer to each question should be in 80-100 words. **4×4=16**

(i) How are central problem of an economy solved in a Market Economy ?

Or

The price of a good rises from ₹ 10 to ₹ 15 and as a result its demand falls from 100 units to 80 units. Determine the price elasticity of demand for that good.

(ii) Explain the law of variable proportions with the help of an appropriate diagram.

Or

Explain the equilibrium of a profit maximising producer under short run with supernormal profit.

(iii) Explain Circular Flow of Income in two sector economy with the help of suitable diagram.

Or

Explain any four functions of Central Bank.

(iv) In an economy, the marginal propensity to consume (MPC) is = $\frac{1}{2}$. If investment is increased by ₹ 100 crore, calculate the total increase in income.

Or

. How is exchange rate determined under a flexible exchange rate regime ?

Q. 4 (i) Read the following passage and then answer the following questions accordingly. Each question carries one mark. 6×1=6

In a wheat market in Haryana, there are nearly 5,000 small farmers selling identical quality wheat. No single farmer produces more than 2 percent of the total market supply. The market price of wheat is determined by the interaction of total market demand and total market supply. This year, due to favourable weather conditions, total market supply increased from 10 lakh quintals to 12 lakh quintals. As a result, the market price of wheat fell from ₹2,500 per quintal to ₹2,200 per quintal. Each individual farmer has to accept the market price because the product is homogeneous and there are a large number of buyers and sellers. If any farmer tries to charge more than ₹2,200 per quintal, buyers will purchase from other sellers. On the other hand, there is no need to charge less because farmers can sell all their output at the prevailing market price. At the price of ₹2,200 per quintal, a particular farmer sells 500 quintals of wheat. Since the firm is a price taker, its average revenue and marginal revenue are equal to the price. Therefore, AR = MR = ₹2,200. The farmer aims to maximise profit by producing up to the level where marginal cost equals marginal revenue.

Questions :

1. Why is the farmer called a price taker in the case?
2. What happened to the price of wheat when supply increased?
3. State any one feature of perfect competition mentioned in this case study.
4. What is the value of average revenue in this case?
5. Why can a farmer not charge more than ₹2,200 per quintal?
6. State the profit-maximisation condition under perfect competition.

Q. 4 (ii) Read the following passage and then answer the following questions accordingly. Each question carries one mark. 6×1=6

Balance of Trade (BOT) and Balance of Payments (BOP) are important concepts used to understand a country's economic relations with the rest of the world. The Balance of Trade refers

to the difference between the value of a country's exports and imports of goods only. When exports of goods are greater than imports, it is called a trade surplus ; and when imports are greater than exports, it is called a trade deficit. In a developing economy like India, the balance of trade is often negative because the country imports large quantities of crude oil, gold, electronic goods and machinery. For example, in 2024–25, India's merchandise exports were around USD 440 billion, while imports were about USD 710 billion, resulting in a trade deficit of nearly USD 270 billion.

The Balance of Payments is a wider concept than the balance of trade. It is a systematic record of all economic transactions between a country and the rest of the world during a year. It includes the current account, capital account and financial account. The current account covers trade in goods, trade in services, income and transfer payments. India earns a large amount of foreign exchange from services such as software exports, tourism and remittances from Indians working abroad. These earnings help reduce the impact of the trade deficit. For instance, strong service exports and remittances helped India manage its current account deficit even when merchandise imports were high. The capital account records foreign investments, loans and banking capital. Inflows of foreign direct investment and portfolio investment help finance the current account deficit. A stable balance of payments is important for maintaining foreign exchange reserves and exchange rate stability. If the balance of payments is weak, it can put pressure on the currency and increase inflation. Therefore, managing exports, imports and capital flows is essential for economic stability in a developing country like India.

Questions :

1. What is meant by balance of trade?
2. What is meant by balance of payments?
3. Why does India generally have a trade deficit?
4. Which sector does help India earn foreign exchange through services?
5. What does the capital account of BoP record?
6. Why is a stable balance of payments important for an economy?

Q.5. Long Answer Type Questions ; Answer to each question should be in 120 to 150 words. 6×2=12

(i) Explain the law of demand. Why does demand curve slope downwards ?

Or

Calculate Total Variable Cost, Average Fixed Cost, Average Variable Cost and Marginal Cost.

Units of Output	0	1	2	3	4	5	6
Total Cost	60	80	100	111	116	130	150

(ii) Find the value of (i) Net Domestic Product at Factor Cost (ii) Gross Domestic Product at Factor Cost (iii) National Income, from the following data :

Items	**(₹ In Crore)**
(i) Compensation of Employees	580
(ii) Operating Surplus	220
(iii) Mixed Income	180
(iv) Indirect Taxes	50
(v) Subsidy	20
(vi) Net Factor Income from Abroad	30
(vii) Depreciation Expenditure	10
(viii) Net Current Transfers from Abroad	5

Or

Explain the causes of deficit in balance of payments of a country.