CBSE Class 12 Economics 2008 - Set 58/3

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 100**

General Instructions

(i) This question paper contains 32 questions.

(ii) All questions in both sections are compulsory. Marks are indicated against each question.

(iii) Questions 1–5 and 17–21 carry 1 mark each. Answer in one sentence.

(iv) Questions 6–10 and 22–26 carry 3 marks each. Answer in 60 words.

(v) Questions 11–13 and 27–29 carry 4 marks each. Answer in 70 words.

(vi) Questions 14–16 and 30–32 carry 6 marks each. Answer in 100 words.

(vii) Keep answers brief and to the point, and follow the word limits and internal choices printed with the questions.

Section A

1. Define 'production function'.

2. What is 'market supply' ?

3. Define 'equilibrium price'.

4. Define 'Marginal Rate of Transformation'.

5. What is a demand schedule ?

6. Given the market price of a good, how does a consumer decide as to how many units of that good to buy ? Explain.

7. What is the likely effect of technological progress on the supply of a good ? Explain.

8(a). Explain what happens to the profits in the long run if the firms are free to enter the industry.

OR

8(b). Explain what happens to losses in the long run if the firms are free to leave the industry.

9. Explain the central problem of distribution of income.

10. Price elasticity of demand of a good is (–)3. If the price rises from Rs. 10 per unit to Rs. 12 per unit, what is the percentage change in demand ?

11. Draw supply curves with price elasticity of supply throughout equal to (i) zero, (ii) one, (iii) infinity and (iv) less than one.

11-VI. The following question is for the Blind Candidates only in lieu of Q. No. 11.

Distinguish between (i) elastic and inelastic supply and (ii) perfectly elastic and perfectly inelastic supply.

12. Complete the following table :

Price (Rs.)	Output (Units)	Total Revenue (Rs.)	Marginal Revenue (Rs.)
7	–	7	–
–	2	10	–
–	3	–	(–) 1
1	–	–	(–) 5

13(a). Explain producer's equilibrium using a schedule. Use total cost and total revenue approach.

OR

13(b). Distinguish between (i) fixed cost and variable cost giving examples and (ii) average cost and marginal cost giving an example.

14(a). Given market equilibrium of a good, what are the effects of simultaneous increase in both demand and supply of that good on its equilibrium price and quantity ?

OR

14(b). Explain the implications of the following :

(i) The feature 'differentiated products' under monopolistic competition.

(ii) The feature 'large number of sellers' under perfect competition.

15. Explain the effect of the following on demand for a good :

(i) Rise in income

(ii) Rise in prices of related goods

16. Explain, with the help of numerical examples, the effect on total output of a good when all the inputs used in production of that good are increased simultaneously and in the same proportion.

Section B

17. What is a commercial bank ?

18. Define government budget.

19. What is fixed exchange rate system ?

20. Define 'aggregate supply'.

21. Give meaning of deficient demand.

22. Distinguish between balance of trade and balance on current account.

23(a). Explain the 'medium of exchange' function of money.

OR

23(b). Explain the evolution of money.

24. Give meaning of capital expenditure and revenue expenditure in a government budget and an example of each.

25. Calculate 'Gross Value Added at Factor Cost' from the following data :

	(Rs. lakhs)
(i) Sales tax	20
(ii) Sales	400
(iii) Purchase of raw material	250
(iv) Excise duty	30
(v) Change in stocks	(–) 40
(vi) Import of raw material	12
(vii) Depreciation	9

26. When exchange rate of foreign currency falls, its demand rises. Explain, how.

27(a). Explain the lending function of commercial banks.

OR

27(b). Explain 'banker to the government' function of central bank.

28. Distinguish between :

(i) balanced budget and surplus budget

(ii) developmental expenditure and non-developmental expenditure

29. Given marginal propensity to save equal to 0·25, what will be the increase in national income if investment increases by Rs. 125 crores. Calculate.

30(a). Explain 'consumption function' with the help of a schedule and diagram.

OR

30(b). Explain 'saving function' with the help of a schedule and diagram.

30-VI1. The following question is for the Blind Candidates only in lieu of Q. No. 30.

Explain 'consumption function' with the help of a schedule. Also record marginal propensity to consume in the schedule.

30-VI2. The following question is for the Blind Candidates only in lieu of Q. No. 30.

Explain 'saving function' with the help of a schedule. Also record marginal propensity to save in the schedule.

31(i). Giving reasons, explain how the following are treated in estimating national income :

(i) Wheat grown by a farmer but used entirely for family's consumption.

31(ii). Giving reasons, explain how the following are treated in estimating national income :

(ii) Earnings of the shareholders from the sale of shares.

31(iii). Giving reasons, explain how the following are treated in estimating national income :

(iii) Expenditure by government on providing free education.

32(a). Calculate 'Net National Product at Market Price' and 'Private Income' from the following data :

	(Rs. crores)
(i) Net factor income from abroad	(–) 5
(ii) Private final consumption expenditure	100
(iii) Personal tax	20
(iv) Gross national disposable income	170
(v) Government final consumption expenditure	20
(vi) Corporation tax	15
(vii) Gross domestic capital formation	30
(viii) Personal disposable income	70
(ix) Net exports	(–) 10
(x) Saving of private corporate sector	5
(xi) Net national disposable income	145

32(b). Calculate 'Net National Product at Market Price' and 'Private Income' from the following data :

	(Rs. crores)
(i) Net factor income from abroad	(–) 5
(ii) Private final consumption expenditure	100
(iii) Personal tax	20
(iv) Gross national disposable income	170
(v) Government final consumption expenditure	20
(vi) Corporation tax	15
(vii) Gross domestic capital formation	30
(viii) Personal disposable income	70
(ix) Net exports	(–) 10
(x) Saving of private corporate sector	5
(xi) Net national disposable income	145

- End of Question Paper -