CBSE Class 12 Economics 2010 - Set 58/1/1

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 an indifference curve.

2. Name the characteristic which makes monopolistic competition different from perfect competition.

3. Why is demand for water inelastic ?

4. State *one* feature of oligopoly.

5. In which market form demand curve of a firm is perfectly elastic ?

6. Distinguish between 'increase in demand' and 'increase in quantity demanded' of a commodity.

7(a). Explain the law of diminishing marginal utility with the help of a utility schedule.

OR

7(b). Goods X and Y are substitutes. Explain the effect of fall in price of Y on demand for X.

8. At a price of Rs. 5 per unit of commodity A, total revenue is Rs. 800. When its price rises by 20 percent, total revenue increases by Rs. 400. Calculate its price elasticity of supply.

9. Explain the implications of freedom of entry and exit of firms under perfect competition.

10. Given below is the cost schedule of a firm. Its average fixed cost is Rs. 20 when it produces 3 units.

Output (units)	1	2	3
Average variable cost (Rs.)	30	28	32

Calculate its marginal cost and average total cost at each given level of output.

11(a). Explain the problem of 'what to produce'.

OR

11(b). Explain *any two* main features of a centrally planned economy.

12. When the price of a commodity falls by Rs. 2 per unit, its quantity demanded increases by 10 units. Its price elasticity of demand is (–) 1. Calculate its quantity demanded at the price before change which was Rs. 10 per unit.

13. Explain the effect of increase in income of buyers of a 'normal' commodity on its equilibrium price.

14. Using indifference curves approach, explain the conditions of consumer's equilibrium.

15. State whether the following statements are true or false. Give reasons for your answer.

(a) When total revenue is constant average revenue will also be constant.

(b) Average variable cost can fall even when marginal cost is rising.

(c) When marginal product falls, average product will also fall.

16(a). Explain the law of variable proportions with the help of total product and marginal product curves.

OR

16(b). Explain producer's equilibrium with the help of a marginal cost and marginal revenue schedule.

16-VI1. The following question is for the Blind Candidates only in lieu of Q. No. 16.

Explain the law of variable proportions with the help of a total and marginal product schedule.

16-VI2. The following question is for the Blind Candidates only in lieu of Q. No. 16.

Explain producer's equilibrium with the help of a marginal cost and marginal revenue schedule.

Section B

17. State the components of money supply.

18. Give the meaning of ex-ante savings.

19. How is primary deficit calculated ?

20. Give the meaning of deflationary gap.

21. State *two* sources of supply of foreign exchange.

22(a). Explain how distribution of gross domestic product is its limitation as a measure of economic welfare.

OR

22(b). Explain the basis of classifying goods into intermediate and final goods. Give suitable examples.

23. Explain the 'lender of last resort' function of the Central Bank.

24. How can Government budget be helpful in altering distribution of income in an economy ? Explain.

25. Explain the meaning of deficit in balance of payments.

26. Distinguish between devaluation and depreciation of domestic currency.

27(a). Explain the process of money creation by Commercial Banks.

OR

27(b). How do changes in bank rate affect money creation by Commercial Banks ? Explain.

28. State whether the following statements are true or false. Give reasons for your answer :

(a) When marginal propensity to consume is greater than marginal propensity to save, the value of investment multiplier will be greater than 5.

(b) The value of marginal propensity to save can never be negative.

29. Distinguish between :

(a) Capital receipts and revenue receipts.

(b) Direct tax and indirect tax.

30. How will you treat the following while estimating national income of India ?

(a) Dividend received by an Indian from his investment in shares of a foreign company.

(b) Money received by a family in India from relatives working abroad.

(c) Interest received on loans given to a friend for purchasing a car.

31(a). From the following data, calculate (a) Gross Domestic Product at Factor Cost and (b) Factor Income To Abroad :

(Rs. in 000 crore)

(i)	Compensation of employees	800
(ii)	Profits	200
(iii)	Dividends	50
(iv)	Gross national product at market price	1,400
(v)	Rent	150
(vi)	Interest	100
(vii)	Gross domestic capital formation	300
(viii)	Net fixed capital formation	200
(ix)	Change in stock	50
(x)	Factor income from abroad	60
(xi)	Net indirect taxes	120

OR

31(b). Calculate Net National Product at Factor Cost and Gross National Disposable Income from the following :

(Rs. in crore)

(i)	Saving of non-departmental enterprises	50
(ii)	Income from property and entrepreneurship accruing to the government administrative departments	70
(iii)	Personal tax	90
(iv)	National debt interest	20
(v)	Retained earnings of private corporate sector	10
(vi)	Current transfer payments by government	40
(vii)	Consumption of fixed capital	60
(viii)	Corporation tax	30
(ix)	Net indirect-tax	80
(x)	Net current transfers from rest of the world	(–) 10
(xi)	Personal disposable income	1000

32. In an economy 75 percent of the increase in income is spent on consumption. Investment is increased by Rs. 1,000 crore. Calculate :

(a) total increase in income

(b) total increase in consumption expenditure.

- End of Question Paper -