CBSE Class 12 Economics 2013 - 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. Give two examples of fixed costs.

2. Define marginal cost.

3. When is the demand for a good said to be inelastic ?

4. Give the meaning of market demand.

5. Under which market form a firm's marginal revenue is always equal to price ?

6. Explain the difference between an inferior good and a normal good.

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

OR

7(b). Explain the conditions of consumer's equilibrium with the help of utility analysis.

8. When the price of a good rises from ₹ 20 per unit to ₹ 30 per unit, the revenue of the firm producing this good rises from ₹ 100 to ₹ 300. Calculate the price elasticity of supply.

9. Complete the following table :

Units of Labour	Average Product (Units)	Marginal Product (Units)
1	8	.....
2	10	.....
3	.....	10
4	9	.....
5	.....	4
6	7	.....

10. Explain "large number of buyers and sellers" feature of a perfectly competitive market.

11. Production in an economy is below its potential due to unemployment. Government starts employment generation schemes. Explain its effect using production possibilities curve.

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

Production in an economy is below its potential due to unemployment. Government starts employment generation schemes. Explain its effects using production possibilities schedule.

12. Explain the conditions of producer's equilibrium with the help of a numerical example.

13(a). The price elasticity of demand for a good is – 0.4. If its price increases by 5 percent, by what percentage will its demand fall ? Calculate.

OR

13(b). Explain any two factors that affect the price elasticity of demand. Give suitable examples.

14. Giving reasons, state whether the following statements are true or false :

(i) A monopolist can sell any quantity he likes at a price.

(ii) When equilibrium price of a good is less than its market price, there will be competition among the sellers.

15. Explain the Law of Variable Proportions with the help of total product and marginal product curves.

15-VI. The following question is for the Blind Candidates only in lieu of Q. No. 15.

Explain the Law of Variable Proportions with the help of total product and marginal product schedule.

16(a). Explain consumer's equilibrium with the help of Indifference Curve Analysis.

OR

16(b). Explain the relationship between

(i) Prices of other goods and demand for the given good.

(ii) Income of the buyers and demand for a good.

Section B

17. How can increase in foreign direct investment affect the price of foreign exchange ?

18. What are demand deposits ?

19. Give one example of "externality" which reduces welfare of the people.

20. Give two examples of indirect taxes.

21. What is a Government Budget ?

22. Explain the problem of double coincidence of wants faced under barter system. How has money solved it ?

23(a). Distinguish between revenue expenditure and capital expenditure in Government budget. Give an example of each.

OR

23(b). Distinguish between revenue deficit and fiscal deficit.

24. Explain any one objective of Government Budget.

25. Explain the effect of appreciation of domestic currency on imports.

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

27. Calculate "sales" from the following data :

		₹ **in lakhs**
(i)	Net value added at factor cost	560
(ii)	Depreciation	60
(iii)	Change in stock	(–) 30
(iv)	Intermediate cost	1000
(v)	Exports	200
(vi)	Indirect taxes	60

28(a). Giving reasons categorise the following into stock and flow :

(i) Capital

(ii) Saving

(iii) Gross domestic product

(iv) Wealth

OR

28(b). Explain the circular flow of income.

29. Explain "Banker to the Government" function of the Central Bank.

30. $C = 100 + 0.4\ Y$ is the Consumption Function of an economy where C is Consumption Expenditure and Y is National Income. Investment expenditure is 1100. Calculate

(i) Equilibrium level of National Income.

(ii) Consumption expenditure at equilibrium level of national income.

31. Complete the following table :

Income (₹)	Consumption expenditure (₹)	Marginal propensity to save	Average propensity to save
0	80		
100	140	0.4	.....
200	.....	.....	0
.....	240	.....	0.20
.....	260	0.8	0.35

32(a). Calculate National Income from the following data :

		₹ in crores
(i)	Private final consumption expenditure	900
(ii)	Profit	100
(iii)	Government final consumption expenditure	400
(iv)	Net indirect taxes	100
(v)	Gross domestic capital formation	250
(vi)	Change in stock	50
(vii)	Net factor income from abroad	(–) 40
(viii)	Consumption of fixed capital	20
(ix)	Net imports	30

OR

32(b). Calculate net national disposable income from the following data :

		₹ in crores
(i)	Gross domestic product at market price	2000
(ii)	Net current transfers to rest of the world	(–) 200
(iii)	Net indirect taxes	150
(iv)	Net factor income to abroad	60
(v)	National debt interest	70
(vi)	Consumption of fixed capital	200
(vii)	Current transfers from Government	150

- End of Question Paper -