CBSE Class 12 Economics 2013 - 58/1/3 - Compartment

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. When is a good called an inferior good ?

2. Give meaning of "Returns to a Factor".

3. What will be the behaviour of marginal revenue in a market for a product where a firm can sell any quantity at the given price ?

4. Define opportunity cost.

5. Define indifference map.

6. Price of a good rises from ₹ 5 to ₹ 6 per unit but it had no effect on demand of that good. Calculate price elasticity of demand of the good.

7(a). Draw a total variable cost curve and total cost curve in a single diagram.

OR

7(b). Explain the behaviour of Average Fixed Cost. Use diagram.

7-VI1. The following question is for the Blind Candidates only in lieu of Q. No. 7.

State the different phases in the behaviour of 'Total Variable Cost' using a numerical example.

7-VI2. The following question is for the Blind Candidates only in lieu of Q. No. 7.

Explain the behaviour of 'Average Fixed Cost' using a numerical example.

8. Explain the concept of price elasticity of supply. When is the value of price elasticity of supply equal to one ?

9. State any three assumptions on which a 'Production Possibilities Curve' is based.

10. Explain the concept of 'marginal utility' with the help of a numerical example.

11. Cigarette smoking is injurious to health. How can the government reduce its consumption but only through the normal market forces. Explain the chain of effects of government's action.

12(a). Explain the effect of the following on supply of a good :

(i) Change in prices of inputs

(ii) Technological advancement

OR

12(b). Explain how do the following influence supply of a good :

(i) Subsidy on production

(ii) Changes in prices of other goods

13. A consumer consumes only two goods X and Y and is in equilibrium. Price of good Y rises. Show that it will lead to fall in demand for good Y.

14. Explain the outcome of the following features of a perfectly competitive market :

(i) Freedom to the firms to enter the industry

(ii) Freedom to the firms to leave the industry

15(a). State and explain the conditions of consumer's equilibrium in the indifference curve analysis.

OR

15(b). State and explain three properties of indifference curves.

16. Giving reasons identify the equilibrium level of output and find profit at this output using the 'Marginal Cost and Marginal Revenue' approach from the following :

Output (units)	1	2	3	4	5
Total Revenue (₹)	11	19	24	28	30
Total Cost (₹)	10	18	25	30	36

Section B

17. Define intermediate consumption.

18. What is barter ?

19. Name any one step the government can take through its budget to reduce the gap between the rich and the poor.

20. What is depreciation ?

21. Define investment.

22. Explain the distinction between 'autonomous investment' and 'induced investment'.

23. What is the basis of classifying government expenditure into 'Revenue Expenditure' and 'Capital Expenditure' ? Which of these types of expenditure is payment of salaries to government employees and why ?

24. In India, exchange rate of U.S. Dollar has risen considerably. What is its likely impact on Indian exports and why ?

25(a). Explain how money has solved the problem of double coincidence of wants.

OR

25(b). Explain the concept of money supply.

26. Calculate equilibrium level of income from the following :

(i) Consumption expenditure at zero income ₹ 40

(ii) Marginal propensity to consume 0·8

(iii) Investment ₹ 80

27. Distinguish between the autonomous transactions and the accommodating transactions in the Balance of Payments. What is the significance of this distinction ?

28. Explain "Government's banker and agent" function of central bank.

29(a). Explain how government can influence allocation of resources through government budget.

OR

29(b). Explain the distinction between fiscal deficit and primary deficit.

30. Explain the meaning of inflationary gap and deflationary gap with the help of diagrams.

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

Explain the meaning of inflationary gap and deflationary gap . Explain any one measure by which these gaps can be reduced.

31(a). Calculate (a) Private Income and (b) Gross Domestic Product at Market Price :

(₹ in arab)

(i)	Corporation tax	10
(ii)	Consumption of fixed capital	15
(iii)	Personal disposable income	150
(iv)	Net current transfers from abroad	6
(v)	Net factor income from abroad	7
(vi)	Retained earnings of private corporate sector	5
(vii)	Transfer payments by government	8
(viii)	Personal tax	20
(ix)	National debt interest	9
(x)	Domestic income accruing to government	30
(xi)	Net indirect tax	25

31(b). Calculate (a) Private Income and (b) Gross Domestic Product at Market Price :

(₹ in arab)

(i)	Corporation tax	10
(ii)	Consumption of fixed capital	15
(iii)	Personal disposable income	150
(iv)	Net current transfers from abroad	6
(v)	Net factor income from abroad	7
(vi)	Retained earnings of private corporate sector	5
(vii)	Transfer payments by government	8
(viii)	Personal tax	20
(ix)	National debt interest	9
(x)	Domestic income accruing to government	30
(xi)	Net indirect tax	25

32(a). Giving reason explain how should the following be treated in estimating national income :

(i) Electricity consumed by a firm

(ii) Pension paid to the retired employees

(iii) Free treatment of the poor in hospitals

OR

32(b). Explain the concept of “real income”. Explain why, due to the presence of externalities, real national income in itself cannot be treated as a true index of welfare.

- End of Question Paper -