CBSE Class 12 Economics 2014 - 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. Name the economic value achieved through the spread of education in the context of production potential.

2. Give the meaning of utility.

3. Give two examples of implicit costs.

4. When is supply of a good said to be price inelastic ?

5. Why does average fixed cost fall with increase in output ?

6. Why does the problem of 'what to produce' arise ? Explain.

7(a). A and B are substitute goods. Explain the effect of rise in price of A on the demand for B.

OR

7(b). Explain any two causes of "increase" in demand.

8. Calculate marginal cost at each level of output :

Output (units)	1	2	3	4	5	6
Average variable cost (₹)	13	11	10	10	11	12

9. At a price of ₹ 10 per unit the supply of a good is 80 units. When its price rises to ₹ 12 per unit, its supply rises by 20 percent. Calculate price elasticity of supply.

10. Explain any two causes of a rightward shift in supply curve.

11. A consumer consumes only two goods and is in equilibrium. Show that price and demand for a good are inversely related. Explain using utility analysis.

12(a). The quantity demanded of a good is 1500 units at the price of ₹ 10 per unit. Its price elasticity of demand is (–) 1.5. Calculate its quantity demanded, when its price falls to ₹ 8 per unit.

OR

12(b). Explain the geometric method of calculating price elasticity of demand.

13. State the main features of a perfectly competitive market.

14(a). Explain consumer's equilibrium with the help of indifference curve analysis.

OR

14(b). A consumer consumes only two goods. Explain consumer's equilibrium with the help of utility analysis.

15. Explain the conditions of producer's equilibrium with the help of a numerical example. Use marginal cost and marginal revenue approach.

16. Explain the meaning of excess supply of a commodity and its chain of effects on price, demand and supply of the commodity. (use diagram)

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

Explain the meaning of 'excess supply' of a commodity and its chain of effects on price, demand and supply of the commodity. (use a schedule)

Section B

17. Define national income.

18. Give the meaning of capital good.

19. What are time deposits ?

20. Give two examples of non-tax revenue receipts.

21. What is a government budget ?

22. Explain the circular flow of income.

23(a). Explain the 'store of value' function of money.

OR

23(b). Explain the role of central bank as a "Banker to the government".

24. Give the meaning of average propensity to save. What is its relation with average propensity to consume ?

25. Explain the meaning of investment multiplier. What can be its minimum and maximum value ?

26. Distinguish between current account and capital account of the balance of payments account on the basis of its components.

27(a). How do commercial banks create credit ? Explain with the help of an example.

OR

27(b). Explain the meaning of open market operations. How is it used by the central bank to control money supply ?

28. Calculate "Net value added at factor cost" from the following data :

(₹ in Lakhs)

(i) Intermediate consumption 300

(ii) Change in stock 50

(iii) Net indirect taxes 70

(iv) Sales 500

(v) Consumption of fixed capital 20

(vi) Imports 40

29. The central bank takes steps to control rise in the price of foreign exchange. Explain the economic values it involves as far as the common man is concerned.

30(a). Calculate "Personal disposable income" :

(₹ in Crores)

(i) Net domestic product at factor cost accruing to private sector 700

(ii) Corporation tax 40

(iii) Net factor income from abroad (–) 20

(iv) Depreciation 50

(v) Savings of private corporate sector 150

(vi) Current transfers from government 80

(vii) National debt interest 60

(viii) Direct taxes paid by households 70

(ix) Net current transfers to abroad (–) 10

OR

30(b). Calculate national income :

(₹ in Crores)

(i) Net domestic capital formation 150

(ii) Government final consumption expenditure 300

(iii) Net factor income from abroad (–) 20

(iv) Private final consumption expenditure 600

(v) Depreciation 30

(vi) Net exports 50

(vii) Net indirect taxes 90

(viii) Net current transfers from rest of the world 40

31. (a) Distinguish between autonomous investment and induced investment.

(b) On the basis of the following information about an economy, calculate its equilibrium level of income :

(i) Autonomous consumption = 100

(ii) Marginal propensity to consume = 0.75

(iii) Investment = 5000

32. Distinguish between the following. Also give an example of each.

(a) Direct tax and Indirect tax

(b) Revenue expenditure and Capital expenditure

- End of Question Paper -