CBSE Class 12 Economics 2014 - Set 58/1

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 achievable when attempts are made to increase resources in the country.

2. Define demand.

3. Give two examples of fixed costs.

4. Define market supply.

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

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

7. A and B are complementary goods. Explain the effects of change in price of A on demand for B.

8. Calculate marginal cost at each level of output :

Output (units)	1	2	3	4	5	6
Average variable cost (₹)	12	11	10	9	9	10

9. When price of a commodity rises from ₹ 5 to ₹ 6 per unit, total revenue increases from ₹ 1,000 to ₹ 1,200. Calculate its price elasticity of supply.

10(a). Explain any two causes of "decrease" in supply of a commodity.

OR

10(b). Explain any two causes of a rightward shift of supply curve.

11. Explain the distinction between the equations of budget line and budget constraint.

12. The price elasticity of demand of a good is (–) 0.5. At a price of ₹ 20 per unit its demand is 300 units. At what price will its demand increase by 10 percent ?

13. Define monopoly. State the main features of monopoly.

14. From the following data find out the level of output at which the producer is in equilibrium. Give reasons for your answer. (Use marginal cost, marginal revenue approach)

Output (units)	Total Revenue (₹)	Total Cost (₹)
1	12	14
2	24	26
3	36	36
4	48	48
5	60	62

15(a). Explain the characteristics of indifference curves.

OR

15(b). Explain the conditions of consumer's equilibrium using utility analysis.

16. Explain the changes that will take place in the market when market price of a good is less than its equilibrium price. Use diagram.

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

Explain the changes that will take place in the market when market price of a good is less than its equilibrium price. Use a schedule.

Section B

17. Give the meaning of depreciation.

18. Define domestic product.

19. What is meant by bank rate ?

20. What is a tax ?

21. Give two examples of revenue expenditure.

22. Distinguish between real and nominal gross domestic product.

23(a). Explain the 'unit of account' function of money.

OR

23(b). Explain the role of central bank as the 'Bankers' Bank'.

24. The value of marginal propensity to consume is double the value of marginal propensity to save. Find the value of multiplier.

25. In an economy planned spending is greater than planned output. Explain all the changes that will take place in the economy.

26. Distinguish between Balance of trade and Balance on current account of the Balance of Payments account.

27(a). From the following data calculate "Net value added at factor cost" :

(₹ in Lakhs)

(i) Sales 400

(ii) Change in stock (–) 20

(iii) Intermediate consumption 200

(iv) Net indirect taxes 40

(v) Exports 50

(vi) Depreciation 30

OR

27(b). Is gross domestic product a true index of economic welfare of the people ? Give two reasons in support of your answer.

28. How does the central bank control credit creation in the economy through "Bank Rate" ? Explain.

29. Government takes measures to restrict autonomous imports of gold. Explain the economic values desired to be achieved from this.

30(a). Calculate national income :

(₹ in Crores)

(i) Net current transfer from rest of the world 30

(ii) Private final consumption expenditure 400

(iii) Net domestic capital formation 100

(iv) Change in stock 50

(v) Depreciation 20

(vi) Government final consumption expenditure 200

(vii) Net exports 40

(viii) Net indirect taxes 80

(ix) Net factor income paid to abroad 10

OR

30(b). From the following data calculate personal disposable income :

(₹ in Crores)

(i) Net domestic product at factor cost accruing to private sector 800

(ii) National Debt interest 50

(iii) Current transfers from government 70

(iv) Savings of private corporate sector 200

(v) Corporation tax 40

(vi) Direct taxes paid by households 30

(vii) Depreciation 60

(viii) Net factor income from abroad 20

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

31. (a) Explain the distinction between ex-ante measures and ex-post measures.

(b) From the following data about an economy, calculate its equilibrium level of income :

(i) Autonomous consumption = 200

(ii) Marginal propensity to consume = 0.9

(iii) Investment = 1000

32. Distinguish between :

(a) Direct tax and Indirect tax

(b) Primary deficit and Revenue deficit

- End of Question Paper -