CBSE Class 12 Economics 2014 - Set 58/2/1

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. Large number of technical training institutions have been started by the government. State its economic value in the context of production possibilities frontier.

2. Define utility.

3. Give the meaning of variable cost.

4. Define production function.

5. What is meant by collusive oligopoly ?

6. Why is a production possibilities curve downward sloping ? Explain.

7. When price of a good falls from ₹ 15 per unit to ₹ 12 per unit, its demand rises by 25 percent. Calculate price elasticity of demand.

8(a). How does change in per unit tax influence the supply of a good by a firm ? Explain.

OR

8(b). How does subsidy influence the supply of a good by a firm ? Explain.

9. Under what market condition does Average Revenue always equal Marginal Revenue ? Explain.

10. Explain the implication of large number of buyers in a perfectly competitive market.

11(a). Assuming that a consumer consumes only two goods, explain the conditions of consumer's equilibrium with the help of Utility Analysis.

OR

11(b). A consumer consumes only two goods X and Y and is in equilibrium. Show that when price of good X falls, demand for good X rises. Use Utility Analysis.

12. Distinguish between an inferior good and a normal good. Is a good which is inferior for one consumer also inferior for all the consumers ? Explain.

13. State the different phases of change in total product according to the Law of Variable Proportions. Use diagram.

13-VI. The following question is for the Blind Candidates only in lieu of Q. No. 13.

Explain the Law of Variable Proportions.

14(a). State the conditions of consumer's equilibrium in the Indifference Curve Analysis and explain the rationale behind these conditions.

OR

14(b). Explain the three properties of the Indifference Curves.

15. From the following information about a firm, find the firm's equilibrium output in terms of marginal cost and marginal revenue. Give reasons. Also calculate profit at this output.

Output (units)	Total Revenue (₹)	Total Cost (₹)
1	8	10
2	16	18
3	24	23
4	32	31
5	40	41

16. What is 'excess demand' for a good in a market ? Explain its chain of effects on the market for that good. Use diagram.

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

What is 'excess demand' for a good in a market ? Explain its chain of effects on the market for that good. Use a schedule.

Section B

17. What is a central bank ?

18. Give meaning of 'deficient demand' in macroeconomics.

19. Define aggregate supply.

20. What is 'primary deficit' ?

21. What is excess of exports of goods over the imports of goods called ?

22. What are non-monetary exchanges ? Give an example. Explain their impact on use of gross domestic product as an index of welfare of the people.

23(a). Explain the 'standard of deferred payment' function of money.

OR

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

24. Giving reason, state whether the following is a revenue expenditure or a capital expenditure in a government budget :

(i) Expenditure on scholarships

(ii) Expenditure on building a bridge

25. How is balance of payment 'deficit' measured ? Explain.

26. What is depreciation of Rupee ? What is its likely impact on Indian imports and how ?

27(a). Explain the concept of money supply and its components.

OR

27(b). Explain the 'currency authority' function of central bank.

28. Calculate 'Autonomous Consumption Expenditure' from the following data about an economy which is in equilibrium :

National income = 900

Marginal propensity to save = 0.10

Investment expenditure = 80

29. Government has started spending more on providing free services like education and health to the poor. Explain the economic value it reflects.

30(a). Calculate 'Gross National Product at Market Price' from the following :

(₹ in Arab)

(i) Net factor income to abroad (–) 10

(ii) Net current transfers to abroad 20

(iii) Wages and salaries 400

(iv) Corporation tax 50

(v) Profit after corporation tax 150

(vi) Social security contributions by employers 50

(vii) Rent 100

(viii) Interest 70

(ix) Mixed income of self-employed 300

(x) Net indirect tax 140

(xi) Consumption of fixed capital 80

30(b). Calculate 'Net National Disposable Income' from the following :

(₹ in Arab)

(i) Net factor income to abroad (–) 10

(ii) Net current transfers to abroad 20

(iii) Wages and salaries 400

(iv) Corporation tax 50

(v) Profit after corporation tax 150

(vi) Social security contributions by employers 50

(vii) Rent 100

(viii) Interest 70

(ix) Mixed income of self-employed 300

(x) Net indirect tax 140

(xi) Consumption of fixed capital 80

31. How should the following be treated while estimating national income ? You must give reason in support of your answer.

(i) Bonus paid to employees

(ii) Addition to stocks during a year

(iii) Purchase of taxi by a taxi driver

32(a). Explain national income determination through the two alternative approaches. Use diagram.

OR

32(b). Outline the steps in deriving saving curve from the given consumption curve. Use diagram.

32-VI1. The following question is for the Blind Candidates only in lieu of Q. No. 32.

Explain the two alternative approaches of national income determination.

32-VI2. Explain the consumption function and saving function.

- End of Question Paper -