CBSE Class 12 Economics 2015 - Set 58/3

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 29 questions.

(ii) All questions in both sections are compulsory. Marks are indicated against each question.

(iii) Questions 1–3 and 15–19 carry 1 mark each; answer in one sentence.

(iv) Questions 4–8 and 20–22 carry 3 marks each; answer in 60 words.

(v) Questions 9–10 and 23–25 carry 4 marks each; answer in 70 words.

(vi) Questions 11–14 and 26–29 carry 6 marks each; answer in 100 words.

(vii) Keep answers brief and to the point, and follow the stated word limits and any instructions printed with individual questions.

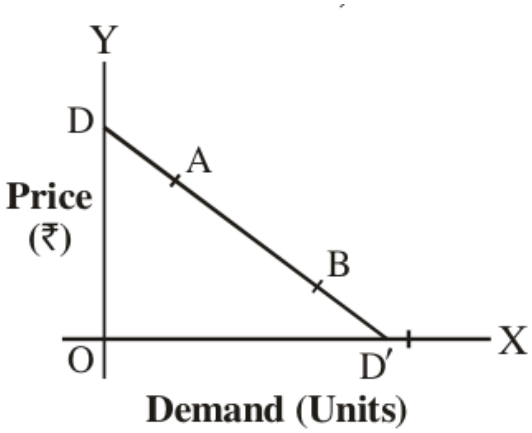
Section A

1. The average fixed cost at 4 units of output is ₹ 20. Average variable cost at 5 units of output is ₹ 40. Average cost of producing 5 units is : (Choose the correct alternative)

(A) ₹ 20
(B) ₹ 40
(C) ₹ 56
(D) ₹ 60

2. DD' is a demand curve, A and B are two points on it.

Price elasticity of demand at point A is : (Choose the correct alternative)



(A) less than elasticity of demand at B.
(B) equal to elasticity of demand at B.
(C) greater than elasticity of demand at B.
(D) less than 1.

3. What economic measure can the Government take to reduce demand for commodity x which is harmful for health ?

4. Describe the problem of 'for whom to produce'.

5. Explain the meaning and need for 'maximum price-ceiling'.

6. The Government establishes a large number of Institutes of science and technology. How will it affect the production possibility frontier ? Explain.

7. State with the help of a marginal product schedule the different phases of the Law of Variable Proportions.

8(a). Why is average revenue curve of a firm parallel to x-axis under perfect competiton ? Explain.

OR

8(b). Why is average revenue curve of a firm negatively sloped under monopolistic competition ? Explain.

9(a). Explain with the help of a numerical example, the meaning of diminishing marginal rate of substitution.

OR

9(b). Explain the Law of Diminishing Marginal Utility with the help of an example.

10. Explain the difference between 'change in demand' and 'change in quantity demaned'.

11. Explain with the help of a diagram the chain of effects of a rightward shift in demand curve of a good on its equilibrium price, quantity demanded and supplied.

11-VI. The following question is for blind candidates only in lieu of Q. No. 11.

Explain the meaning of excess demand of a good. Explain its chain of effects on equilibrium price.

12. Explain any three causes of a rightward shift in demand curve.

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

(i) Increase in input prices

(ii) Reduction in per unit tax

OR

13(b). State the relationship between :

(a) Marginal cost and average variable cost

(b) Total cost and marginal cost

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

(i) The supply curve of a good shifts to the right when prices of other goods rise.

(ii) The difference between average cost and average variable cost is always constant.

Section B

15. Which of the following is not a revenue receipt ? (Choose the correct alternative).

(A) Recovery of loans
(B) Foreign grants
(C) Profits of public enterprises
(D) Wealth tax

16. Define cash reserve ratio.

17. Who regulates money supply ? (Choose the correct alternative)

(A) Government of India
(B) Reserve Bank of India
(C) Commercial Banks
(D) Planning Commission

18. Which of the following is a stock ? (Choose the correct alternative)

(A) Wealth
(B) Saving
(C) Exports
(D) Profits

19. Which of the following is a correct measure of primary deficit ? (Choose the correct alternative)

(A) Fiscal deficit minus revenue deficit
(B) Revenue deficit minus interest payments
(C) Fiscal deficit minus interest payments
(D) Capital expenditure minus revenue expenditure

20(a). Describe any three sources of demand for foreign exchange.

OR

20(b). Give the meanings of 'devaluation and depreciation' of domestic currency.

21. In an economy autonomous consumption is 500, marginal propensity to save is 0.2 and investment expenditure is 2000. Calculate its equilibrium level of income.

22. Which of the following cannot have a negative value ? Give reasons.

(i) Average propensity to save

(ii) Marginal propensity to save

23. Distinguish between trade account and current account of balance of payments account.

24(a). Define intermediate goods and final goods. Can milk be an intermediate good ? Give reasons for your answer.

OR

24(b). What any four precautions should be taken while estimating national income by production method ?

25. Calculate gross value added at factor cost.

		(₹ in crores)
(i)	Domestic sales	3000
(ii)	Change in stock	(–) 100
(iii)	Depreciation	300
(iv)	Intermediate consumption	2000
(v)	Exports	500
(vi)	Indirect taxes	250
(vii)	Net factor income from abroad	(–) 50

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

27(a). From the following data calculate Gross national product at market price :

		(₹ in crores)
(i)	Dividends	300
(ii)	Compensation of employees	3000
(iii)	Rent	500
(iv)	Depreciation	200
(v)	Interest	800
(vi)	Net factor income to abroad	100
(vii)	Mixed income	5000
(viii)	Net indirect taxes	400
(ix)	Profit	1500
(x)	Net current transfers to abroad	(–) 50

27(b). From the following data calculate Net national disposable income :

		(₹ in crores)
(i)	Dividends	300
(ii)	Compensation of employees	3000
(iii)	Rent	500
(iv)	Depreciation	200
(v)	Interest	800
(vi)	Net factor income to abroad	100
(vii)	Mixed income	5000
(viii)	Net indirect taxes	400
(ix)	Profit	1500
(x)	Net current transfers to abroad	(–) 50

28. The Government decides to give budgetary incentives to investors for making investments in backward regions. Explain these possible incentives and the reasons for the same.

29(a). Explain any two functions of money.

OR

29(b). Explain any two main functions of Central Bank.

- End of Question Paper -