

CBSE Class 12 Economics 2016 - Set 58/1/2



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 30 questions.
- (ii) All questions in both sections are compulsory. Marks are indicated against each question.
- (iii) Questions 1–5 and 16–20 carry 1 mark each; answer in one sentence.
- (iv) Questions 6–8 and 21–23 carry 3 marks each; answer in 60 words.
- (v) Questions 9–11 and 24–26 carry 4 marks each; answer in 70 words.
- (vi) Questions 12–15 and 27–30 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. There is inverse relation between price and demand for the product of a firm under : (choose the correct alternative)

- | | |
|--|-----------------------------------|
| (A) Monopoly only | (B) Monopolistic competition only |
| (C) Both under monopoly and monopolistic competition | (D) Perfect competition only |

2. 'Homogenous products' is a characteristic of : (choose the correct alternative)

- | | |
|------------------------------|----------------------------|
| (A) Perfect competition only | (B) Perfect oligopoly only |
| (C) Both (a) and (b) | (D) None of the above |

3. Suppose total revenue is rising at a constant rate as more and more units of a commodity are sold, marginal revenue would be : (choose the correct alternative)

- | | |
|----------------------------------|------------------------------|
| (A) Greater than average revenue | (B) Equal to average revenue |
| (C) Less than average revenue | (D) Rising |

4. When does 'increase' in supply take place ?

5. What is the relation between marginal cost and average cost when average cost is constant ?

6(a). What is maximum price ceiling ? Explain its implications.

OR

6(b). Explain the chain effects, if the prevailing market price is below the equilibrium price.

7. A consumer consumes only two goods X and Y. If marginal utilities of X and Y are 4 and 5 respectively, and if price of X is Rs. 5 per unit and that of Y is Rs. 4 per unit, is the consumer in equilibrium? What will be further reaction of the consumer? Explain.

8. Price elasticity of demand of good X is -2 and of good Y is -3 . Which of the two goods is more price elastic and why ?

9. Price elasticity of supply of a good is 2. A producer supplies 100 units of a good at a price of Rs. 20 per unit. At what price will he supply 80 units.

10. Explain the effects of change in income on demand for a good.

11(a). Define production function. Distinguish between short run and long run production functions.

OR

11(b). Define cost. Distinguish between fixed and variable costs. Give one example of each.

12(a). Explain the implications of the following in a perfectly competitive market :

- (a) Large number of buyers
 - (b) Freedom of entry and exit to firms
-

OR

12(b). Explain the implications of the following in an oligopoly market :

- (a) Inter-dependence between firms
 - (b) Non-price competition
-

13. Explain the distinction between “change in quantity supplied” and “change in supply”. Use diagram.

13-VI. Note : For blind candidates in lieu of Q. No. 13.

Explain the distinction between “change in quantity supplied” and “change in supply”. Use schedule.

14. Explain the conditions of consumer’s equilibrium using indifference curve analysis.

15. Assuming that no resource is equally efficient in production of all goods, name the curve which shows production potential of the economy. Explain, giving reasons, its properties.

Section B

16. Foreign exchange transactions dependent on other foreign exchange transactions are called : (choose the correct alternative)

- | | |
|----------------------------------|----------------------------------|
| (A) Current account transactions | (B) Capital account transactions |
| (C) Autonomous transactions | (D) Accommodating transaction |

17. Fiscal deficit equals : (choose the correct alternative)

- | | |
|---------------------------------------|---------------------------------------|
| (A) Interest payments | (B) Borrowings |
| (C) Interest payments less borrowings | (D) Borrowings less interest payments |

18. Depreciation of fixed capital assets refers to : (choose the correct alternative)

- | | |
|--|-----------------------------|
| (A) Normal wear and tear | (B) Foreseen obsolescence |
| (C) Normal wear and tear and foreseen obsolescence | (D) Unforeseen obsolescence |

19. What are revenue receipts in a government budget ?

20. Define stocks.

21. Suppose marginal propensity to consume is 0.8. How much increase in investment is required to increase national income by Rs. 2000 crore ? Calculate.

22. Find net value added at market price :

		(Rs. lacs)
(i)	Fixed capital good with a life span of 5 years	15
(ii)	Raw materials	6
(iii)	Sales	25
(iv)	Net change in stock	(-) 2
(v)	Taxes on production	1

23(a). Distinguish between marginal propensity to consume and average propensity to consume. Give a numerical example.

OR

23(b). Explain the role of taxation in reducing excess demand.

24. Explain how 'bank rate' is helpful in controlling credit creation?

25. Government incurs expenditure to popularize yoga among the masses. Analyse its impact on gross domestic product and welfare of the people.

26(a). Explain the 'store of value' function of money. How has it solved the related problem created by barter ?

OR

26(b). Explain the 'unit of account' function of money. How has it solved the related problem created by barter ?

27(a). Find net domestic product at factor cost :

		(Rs. crores)
(i)	Rent	200
(ii)	Net current transfers to abroad	10
(iii)	National debt interest	60
(iv)	Corporate tax	100
(v)	Compensation of employees	900
(vi)	Current transfers by government	150
(vii)	Interest	400
(viii)	Undistributed profits	50
(ix)	Dividend	250
(x)	Net factor income to abroad	(-) 10
(xi)	Income accruing to government	120

27(b). Find personal income :

		(Rs. crores)
(i)	Rent	200
(ii)	Net current transfers to abroad	10
(iii)	National debt interest	60
(iv)	Corporate tax	100
(v)	Compensation of employees	900
(vi)	Current transfers by government	150
(vii)	Interest	400
(viii)	Undistributed profits	50
(ix)	Dividend	250
(x)	Net factor income to abroad	(-) 10
(xi)	Income accruing to government	120

28(a). In which sub-account and on which side of balance of payments account will foreign investments in India be recorded ? Give reasons.

28(b). What will be the effect of foreign investments in India on exchange rate ? Explain.

29. Given consumption curve, derive saving curve and state the steps taken in the process of derivation. Use diagram.

29-VI. Note : For Blind Candidates in lieu of Q. No. 29.

Explain the components of consumption function. Derive saving function from consumption function.

30(a). What is government budget ? Explain how taxes and subsidies can be used to influence allocation of resources.

OR

30(b). Define revenue receipts in a government budget. Explain how government budget can be used to bring in price stability in the economy.

- End of Question Paper -