

CBSE Class 12 Economics 2016 - Set 58/1/3



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 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. '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

2. 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

3. What is the relation between marginal cost and average cost when average cost is rising ?

4. 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

5. When does 'decrease' in supply take place ?

6. 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 ?

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

OR

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

8. A consumer consumes only two goods X and Y. Marginal utility of each is 2. The price per unit of X and Y is Re. 1 and Rs. 2 respectively. Is the consumer in equilibrium ? What will be the further reaction of the consumer ? Explain.

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

OR

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

10. When price of a good rises from Rs. 12 per unit to Rs. 15 per unit the producer supplies 50 per cent more output. What is the price elasticity of supply ? Calculate.

11. Explain the effect of (a) change in own price and (b) change in price of substitute on demand of a good.

12. Explain the conditions of consumer's equilibrium using indifference curve analysis.

13(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
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OR

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

- (a) Inter-dependence between firms
 - (b) Non-price competition
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14. 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.

15. Explain the distinction between "change in quantity supplied" and "change in supply". Use diagram.

15-VI. Note : For blind candidates in lieu of Q. No. 15.

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

Section B

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

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

17. 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

18. Define stocks.

19. 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

20. What is revenue deficit in government budget ?

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

OR

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

22. In an economy an increase in investment by Rs. 100 crore led to 'increase' in national income by Rs. 1000 crore. Find marginal propensity to consume.

23. Find gross value added at market price :

		(Rs. lacs)
(i)	Depreciation	20
(ii)	Domestic sales	200
(iii)	Net change in stocks	(-)10
(iv)	Exports	10
(v)	Single use producer goods	120

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

OR

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

25. Explain how 'margin requirements' are helpful in controlling credit creation?

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

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

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

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

OR

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

29(a). Find net national product at market price :

		(Rs. crores)
(i)	Personal taxes	200
(ii)	Wage and salaries	1200
(iii)	Undistributed profit	50
(iv)	Rent	300
(v)	Corporation tax	200
(vi)	Private income	2000
(vii)	Interest	400
(viii)	Net indirect tax	300
(ix)	Net factor income to abroad	20
(x)	Profit	500
(xi)	Social security contributions by employers	250

29(b). Find personal disposable income :

		(Rs. crores)
(i)	Personal taxes	200
(ii)	Wage and salaries	1200
(iii)	Undistributed profit	50
(iv)	Rent	300
(v)	Corporation tax	200
(vi)	Private income	2000
(vii)	Interest	400
(viii)	Net indirect tax	300
(ix)	Net factor income to abroad	20
(x)	Profit	500
(xi)	Social security contributions by employers	250

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

30-VI. Note : For Blind Candidates in lieu of Q. No. 30.

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

- End of Question Paper -