

CBSE Class 12 Economics 2016 - Set 58/2/3



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. 'A few big sellers' is a characteristics of : (choose the correct alternative)

- (A) Perfect competition (B) Monopolistic competition
(C) Oligopoly (D) None of the above

2. Marginal revenue of a firm is constant throughout under : (choose the correct alternative)

- (A) Perfect competition (B) Monopolistic competition
(C) Oligopoly (D) All the above

3. A producer starts the business in the building owned by him and borrows money for running it. Identify implicit cost.

4. A firm is able to sell more quantity of a good only by lowering the price. The firm's marginal revenue, as he goes on selling, would be : (choose the correct alternative)

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

5. What is price-maker firm ?

6. Price elasticity of demand for the two goods X and Y are zero and $(-)$ 1 respectively. Which of the two is more elastic and why ?

7(a). Explain the meaning of 'minimum' price ceiling and its implications.

OR

7(b). Explain the chain of effects of 'increase' in demand of a good.

8. A consumer consumes only two goods X and Y. Marginal rate of substitution is 3 and per unit prices of X and Y are ₹ 4 and ₹ 2 respectively. Is the consumer in equilibrium ? What will be the further reaction of the consumer ? Give reasons.

9(a). What type of production function is this in which only one input is increased and others kept constant ? State the behaviour of total product in this production function.

OR

9(b). Define cost. State the behaviour of (a) Total Fixed Cost and (b) Total Variable Cost as output is increased.

10. A producer supplies 100 units of a good at a price of ₹ 20 per unit. Price elasticity of supply is 2. At what price will he supply 50 units ? Calculate.

11. Define demand. State the factors affecting market demand.

12. A consumer consumes only two goods X and Y. Explain the conditions of consumer's equilibrium using Marginal Utility Analysis.

13(a). Explain the implications of the following :

- (a) Product differentiation in monopolistic competition.
 - (b) Perfect knowledge in perfect competition.
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OR

13(b). Explain the implications of the following :

- (a) Interdependence between firms in oligopoly.
 - (b) Large number of sellers in perfect competition.
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14. Explain the concepts of Opportunity Cost and Marginal Rate of Transformation using a production possibility schedule based on the assumption that no resource is equally efficient in production of all goods.

15. Explain the difference between "Shift of Supply Curve" and "Movement along Supply Curve". State one factor responsible for each. Use diagrams.

15-VI. For blind candidates :

Explain the derivation of market supply schedule from individual's supply schedules assuming that there are only two sellers. Take a numerical example.

Section B

16. Disinvestment by government means :
(choose the correct alternative)

- | | |
|---|---|
| (A) Selling of its fixed capital assets | (B) Selling of shares of public enterprises held by it. |
| (C) Selling of its buildings | (D) All the above |

17. Balance of Payments 'deficit' is the excess of :
(choose the correct alternative)

- | | |
|---|---|
| (A) Current account payments over current account receipts. | (B) Capital account payments over capital account receipts. |
| (C) Autonomous payments over autonomous receipts. | (D) Accommodating payments over a accommodating receipts. |

18. Define Gross Investment.

19. Unforeseen obsolescence of fixed capital assets during production is : (choose the correct alternative)

- | | |
|----------------------------------|-----------------------|
| (A) Consumption of fixed capital | (B) Capital loss |
| (C) Income loss | (D) None of the above |

20. What is capital expenditure ?

21(a). Distinguish between Average Propensity to Consume and Marginal Propensity to Consume using a numerical example.

OR

21(b). Explain how can government spending be helpful in removing deficient demand.

22. An economy is in equilibrium. Find autonomous consumption expenditure :

National Income = 1600

Investment Expenditure = 300

Marginal Propensity to Consume = 0.8

23. If nominal income is ₹ 600 and price index is 100, find real income.

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

OR

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

25. Explain 'Bankers Bank' function of central bank.

26. Government spends on child immunization programme. Analyse its impact on Gross Domestic Product and welfare of the people.

27. Indian investors borrow from abroad.

Answer the following :

(a) In which sub-account and on which side of the Balance of Payments Account will this borrowing be recorded ? Give reason.

(b) Explain what is the impact of this borrowing on exchange rate.

28(a). What are revenue receipts ? Explain the role of government budget in bringing stability in the economy.

OR

28(b). What is government budget ? Explain the role of government budget in influencing allocation of resources in the economy.

29(a). Find National Income :

		(₹ crore)
(i)	Undistributed profits	70
(ii)	Gross National Disposable Income	1,000
(iii)	Net current transfers to abroad	20
(iv)	Consumption of fixed capital	100
(v)	Corporation tax	200
(vi)	Indirect tax	250
(vii)	Current transfers from government	50
(viii)	Subsidies	60
(ix)	Private income	800
(x)	Personal tax	150

29(b). Find Personal Disposable Income :

		(₹ crore)
(i)	Undistributed profits	70
(ii)	Gross National Disposable Income	1,000
(iii)	Net current transfers to abroad	20
(iv)	Consumption of fixed capital	100
(v)	Corporation tax	200
(vi)	Indirect tax	250
(vii)	Current transfers from government	50
(viii)	Subsidies	60
(ix)	Private income	800
(x)	Personal tax	150

30. Derive the two alternative conditions of expressing national income equilibrium. Show these equilibrium conditions on a single diagram.

30-VI. For the blind candidates :

Derive the two alternative conditions of expressing national income equilibrium. Explain the effects when economy is not in equilibrium.

- End of Question Paper -