CBSE Class 12 Economics 2016 - Set 58/2

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 word limits and internal choices printed with the questions.

Section A

1. Demand curve of a firm is perfectly elastic under :

(Choose the correct alternative)

(A) Perfect competition
(B) Monopoly
(C) Monopolistic competition
(D) Oligopoly

2. Differentiated products is a characteristic of :

(Choose the correct alternative) :

(A) Monopolistic competition only
(B) Oligopoly only
(C) Both monopolistic competition and oligopoly
(D) Monopoly

3. A firm is able to sell any quantity of a good at a given price. The firm's marginal revenue will be :

(Choose the correct alternative) :

(A) Greater than Average Revenue
(B) Less than Average Revenue
(C) Equal to Average Revenue
(D) Zero

4. When does "change in quantity demanded" take place ?

5. What happens to the difference between Average Total Cost and Average Variable Cost as production is increased ?

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

OR

6(b). If the prevailing market price is above the equilibrium price, explain its chain of effects.

7. A consumer consumes only two goods X and Y. Marginal utilities of X and Y are 4 and 3 respectively. Price of X and price of Y is ₹ 3 per unit. Is consumer in equilibrium ? What will be further reaction of the consumer ? Give reasons.

8. What will be the effect of 10 percent rise in price of a good on its demand if price elasticity of demand is (a) Zero, (b) – 1, (c) – 2.

9. When price of a good rises from ₹ 10 to ₹ 12 per unit, the producer supplies 10 percent more. Calculate price elasticity of supply.

10. Define utility. Explain the Law of Diminishing Marginal Utility.

11(a). Define fixed cost. Give an example. Explain with reason the behaviour of Average Fixed Cost as output is increased.

OR

11(b). Define marginal product. State the behaviour of marginal product when only one input is increased and other inputs are held constant.

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

(a) Large number of sellers

(b) Homogeneous products.

OR

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

(a) Barriers to entry of new firms

(b) A few or a few big sellers

13. Examine the effect of (a) fall in the own price of good X and (b) rise in tax rate on good X, on the supply curve. Use diagrams.

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

Examine the effect of (a) fall in the own price of good X and (b) rise in tax rate of good X on supply of a good. Use schedule.

14. Explain three properties of indifference curves.

15. Why do central problems of an economy arise ? Explain the central problem of “for whom to produce” ?

Section B

16. Foreign exchange transactions which are independent of other transactions in the Balance of Payments Account are called :

(Choose the correct alternative)

(A) Current transactions
(B) Capital transactions
(C) Autonomous transactions
(D) Accommodating transactions

17. Primary deficit equals :

(Choose the correct alternative)

(A) Borrowings
(B) Interest payments
(C) Borrowings less interest payments
(D) Borrowings and interest payments both

18. National income is the sum of factor incomes accruing to :

(Choose the correct alternative)

(A) Nationals
(B) Economic territory
(C) Residents
(D) Both residents and non-residents

19. Define fiscal deficit.

20. Define flows.

21. An economy is in equilibrium. Find investment expenditure :

National income = 1200

Autonomous consumption expenditure = 150

Marginal Propensity to consume = 0.8

22. If nominal income is ₹ 500 and price index is 125, calculate real income.

23(a). What is aggregate demand ? State its components.

OR

23(b). Explain how controlling money supply is helpful in reducing excess demand.

24. Explain the role of Cash Reserve Ratio in controlling credit creation.

25. Sale of petrol and diesel cars is rising particularly in big cities. Analyse its impact on gross domestic product and welfare.

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

OR

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

27(a). Calculate Net National Product at Market Price.

(₹ crores)

(i)	Net current transfers to abroad	10
(ii)	Private final consumption expenditure	500
(iii)	Current transfers from government	30
(iv)	Net factor income to abroad	20
(v)	Net exports	(–) 20
(vi)	Net indirect tax	120
(vii)	National debt interest	70
(viii)	Net domestic capital formation	80
(ix)	Income accruing to government	60
(x)	Government final consumption expenditure	100

27(b). Calculate Private income.

(₹ crores)

(i)	Net current transfers to abroad	10
(ii)	Private final consumption expenditure	500
(iii)	Current transfers from government	30
(iv)	Net factor income to abroad	20
(v)	Net exports	(–) 20
(vi)	Net indirect tax	120
(vii)	National debt interest	70
(viii)	Net domestic capital formation	80
(ix)	Income accruing to government	60
(x)	Government final consumption expenditure	100

28. Indian investors lend abroad. Answer the following questions :

(a) In which sub-account and on which side of the Balance of Payments Account such lending is recorded ? Give reasons.

(b) Explain the impact of this lending on market exchange rate.

29. Given saving curve, derive consumption curve and state the steps in doing so. Use diagram.

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

Explain consumption function. Derive saving function from consumption function.

30(a). What is the difference between revenue expenditure and capital expenditure ? Explain how taxes and government expenditure can be used to influence

OR

30(b). What is the difference between direct tax and indirect tax ? Explain the role of government budget in influencing allocation of resources.

- End of Question Paper -