CBSE Class 12 Economics 2016 - 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 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. 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

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

(Choose the correct alternative)

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

3. What happens to the difference between Total Cost and Total Variable Cost as output is increased ?

4. 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

5. When does 'shift' in supply curve take place ?

6. 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.

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

OR

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

8. A consumer consumes only two goods X and Y. The marginal utilities of X and of Y is 3. Prices of X and Y are ₹ 2 and ₹ 1 respectively. Is consumer in equilibrium ? What will be further reaction of the consumer ? Give reasons.

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

OR

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

10. When price of a good rises from ₹ 8 per unit to ₹ 10 per unit, producer supplies 40 units more. Price elasticity of supply is 2. What is the quantity supplied before the price change ? Calculate.

11. Distinguish between individual's demand and market demand. Name the factors affecting demand for a good by an individual.

12. Explain three properties of indifference curves.

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

(a) Large number of sellers

(b) Homogeneous products.

OR

13(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

14. Why do central problems of an economy arise ? Explain the central problem of "for whom to produce" ?

15. 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.

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

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

Section B

16. Primary deficit equals :

(Choose the correct alternative)

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

17. 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

18. Define flows.

19. 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

20. What are capital receipts in a government budget.

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

OR

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

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

National Income = 1000

Autonomous Consumption = 100

Marginal propensity to consume = 0.8

23. If real income is ₹ 400 and price index is 105, calculate nominal income.

24(a). Explain the 'medium of exchange' 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 the role of Reverse Repo Rate in controlling credit creation.

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

27. 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.

28(a). What is the difference between revenue expenditure and capital expenditure ? Explain how taxes and government expenditure can be used to influence distribution of income in the society.

OR

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

29(a). Calculate National Income :

(₹ crores)

(i)	Corporation tax	100
(ii)	Private final consumption expenditure	900
(iii)	Personal Income tax	120
(iv)	Government final consumption expenditure	200
(v)	Undistributed profits	50
(vi)	Change in stocks	(–) 20
(vii)	Net domestic fixed capital formation	120
(viii)	Net imports	10
(ix)	Net indirect tax	150
(x)	Net factor income from abroad	(–) 10
(xi)	Private income	1000

29(b). Calculate Personal Disposable Income :

(₹ crores)

(i)	Corporation tax	100
(ii)	Private final consumption expenditure	900
(iii)	Personal Income tax	120
(iv)	Government final consumption expenditure	200
(v)	Undistributed profits	50
(vi)	Change in stocks	(–) 20
(vii)	Net domestic fixed capital formation	120
(viii)	Net imports	10
(ix)	Net indirect tax	150
(x)	Net factor income from abroad	(–) 10
(xi)	Private income	1000

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

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

Explain consumption function. Derive saving function from consumption function.

- End of Question Paper -