

CBSE Class 12 Economics 2017 - Set 58/2/1



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. In which form of market, is the demand of a firm perfectly elastic ?

2. There are only a few sellers under

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

3. State the law of demand.

4. When marginal utility is zero, total utility is

- (A) zero (B) minimum
(C) maximum (D) negative

5. The expenditure on a good would change in the opposite direction as the price changes only when demand is

- (A) elastic (B) inelastic
(C) perfectly inelastic (D) unitary elastic

6. Explain the meaning of opportunity cost with the help of an example.

7(a). Why is a Production Possibility Curve concave to the origin ? Explain.

OR

7(b). Why does an economic problem arise ? Explain.

8. Give any three factors that can cause a rightward shift of demand curve.

9(a). Explain the meaning of marginal rate of substitution. Why does it diminish as one good is substituted for the other ? Explain.

OR

9(b). Explain the meaning of budget line. What can cause a change in it ? Explain.

10. State the different phases in the behaviour of total product in the law of variable proportions. Also, show the same in a diagram.

10-VI. Note : The following question is for the Blind Candidates only, in lieu of Q. No. 10.

Explain the different phases in the behaviour of total product in the law of variable proportions.

11. Explain the implications of the “freedom of entry and exit” feature of perfect competition.

12. When the price of commodity A falls from ₹ 10 to ₹ 5 per unit, its quantity demanded doubles. Calculate its elasticity of demand. At what price will its quantity demanded fall by 50 percent ?

13. Explain the conditions of producer’s equilibrium with the help of a numerical example. Use marginal cost and marginal revenue approach.

14. Complete the following table :

Output Units	Marginal Cost ₹	Average Variable Cost ₹	Total Cost ₹	Average Fixed Cost ₹
1	60	.....	120	.....
2	.....	.....	174	.....
3	.....	54	.....	.....
4	54	.....	.....	15
5	.....	57	345	.....

15(a). Explain the meaning and implications of maximum price ceiling and minimum price ceiling.

OR

15(b). State whether the following statements are true or false. Give reasons for your answer :

(i) When equilibrium price is greater than market price there will be excess supply in the market.

(ii) X and Y are complementary goods. A fall in the price of Y will result in a rise in the price of X.

Section B

16. Repo rate is the rate at which

- | | |
|---|---|
| (A) commercial banks purchase government securities from the central bank | (B) commercial banks can take loans from the central bank |
| (C) commercial banks can keep their deposits with the central bank | (D) short-term loans are given by commercial banks |

17. When aggregate demand is greater than aggregate supply, inventories

- | | |
|-------------------|---------------------------|
| (A) fall | (B) rise |
| (C) do not change | (D) first fall, then rise |

18. Give the meaning of under-employment equilibrium.

19. What are capital receipts ?

20. What is meant by trade deficit ?

21(a). State any three functions of money.

OR

21(b). Define money. List its components.

22. Distinguish between stocks and flows. Give an example of each.

23. Giving reasons, classify the following into revenue receipts and capital receipts :

- (i) Recovery of loans
- (ii) Profits of public sector undertakings
- (iii) Borrowings

24(a). Explain money creation function of commercial banks.

OR

24(b). Explain the “varying reserve requirements” method of credit control by the central bank.

25. Explain how can government budget be useful in influencing allocation of resources in an economy.

26. An economy is in equilibrium. From the following data calculate investment expenditure :

- (i) Marginal propensity to consume = 0.9
- (ii) Autonomous consumption = 200
- (iii) Level of income = 10000

27(a). Explain the distinction between the flexible exchange rate and the managed floating exchange rate.

OR

27(b). Explain by giving examples, the distinction between depreciation and devaluation of domestic currency.

28. What precautions should be taken while estimating national income by expenditure method ? Explain.

29. In an economy, investment increased by 1,100 and as a result of it income increased by 5,500. Had the marginal propensity to save been 25 percent, what would have been the increase in income ?

30. Calculate (a) national income, and (b) net national disposable income :

		(₹ in crores)
(i)	Profit	1,000
(ii)	Mixed income of self-employed	15,000
(iii)	Dividends	200
(iv)	Interest	400
(v)	Compensation of employees	7,000
(vi)	Net factor income to abroad	100
(vii)	Consumption of fixed capital	400
(viii)	Net exports	(-) 200
(ix)	Net indirect taxes	800
(x)	Net current transfers to rest of the world	40
(xi)	Rent	500

- End of Question Paper -