

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

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. A firm is a price taker under

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

2. When marginal utility is zero, total utility is

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

3. 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

4. There are only a few sellers under

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

5. State the law of demand.

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

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

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

OR

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

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 marginal 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 marginal product in the law of variable proportions.

11. Explain the implications of the “product differentiation” feature of monopolistic competition.

12. Due to 10 percent fall in the price of X, its demand rises from 100 units to 120 units. How much percentage will its demand fall due to 10 percent rise in its price ?

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

OR

13(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.

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

15. 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	.....

Section B

16. What is meant by trade deficit ?

17. What are capital receipts ?

18. 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 |

19. Give the meaning of under-employment equilibrium.

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

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

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

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

22. Distinguish between domestic product and national product.

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

OR

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

24. 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

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

OR

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

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

27. 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 ?

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

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

OR

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

30. Calculate (a) net national product at market price, and (b) gross national disposable income :

		(₹ in thousand crores)
(i)	Compensation of employees	250
(ii)	Mixed income of self-employed	600
(iii)	Profit	80
(iv)	Rent	30
(v)	Interest	40
(vi)	Net factor income to abroad	(-) 10
(vii)	Net exports	15
(viii)	Consumption of fixed capital	20
(ix)	Net indirect taxes	10
(x)	Net current transfers to abroad	8

- End of Question Paper -