

CBSE Class 12 Economics 2017 - 58/2 - Annual



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. Define indifference curve.

2. A seller cannot influence the market price under (Choose the correct alternative)

- | | |
|------------------------------|----------------------|
| (A) Perfect competition | (B) Monopoly |
| (C) Monopolistic competition | (D) All of the above |

3. Any statement about demand for a good is considered complete only when the following is/are mentioned in it (Choose the correct alternative) :

- | | |
|-----------------------|--------------------------|
| (A) Price of the good | (B) Quantity of the good |
| (C) Period of time | (D) All of the above |

4. State any one feature of monopolistic competition.

5. Demand for a good is termed inelastic through the expenditure approach when if (Choose the correct alternative)

- | | |
|--|--|
| (A) Price of the good falls, expenditure on it rises | (B) Price of the good falls, expenditure on it falls |
| (C) Price of the good falls, expenditure on it remains unchanged | (D) Price of the good rises, expenditure on it falls |

6(a). Distinguish between 'increase in demand' and 'increase in quantity demanded' of a good.

OR

6(b). Explain the meaning of 'Budget set' and 'Budget line'.

7. Explain the problem of "for whom to produce".

8. Give the meaning and characteristics of production possibility frontier.

9(a). Define market supply. Explain the factor 'input prices' that can cause a change in supply.

OR

9(b). Give the behaviour of marginal product and total product as more and more units of only one input are employed while keeping other inputs as constant.

10. Explain "perfect knowledge about the markets" feature of perfect competition.

11. Explain with the help of a numerical example, the meaning of diminishing marginal rate of substitution.

12(a). Distinguish between perfect oligopoly and imperfect oligopoly. Also explain the “interdependence between the firms” feature of oligopoly.

OR

12(b). Explain the meaning of excess demand and excess supply with the help of a schedule. Explain their effect on equilibrium price.

13. Complete the following table :

Output (units)	Total Cost (₹)	Average Variable Cost (₹)	Marginal Cost (₹)	Average Fixed Cost (₹)
0	30			
1	....	....	25	30
2	78	....	....	....
3	....	23	....	10
4	....	....	23	....
5	150	....	....	6

14. From the following table find out the level of output at which the producer will be in equilibrium (use marginal cost and marginal revenue approach). Give reasons for your answer.

Output (units)	1	2	3	4	5
Total Revenue (₹)	16	30	42	52	60
Total Cost (₹)	14	27	39	49	61

15. When the price of a good rises from ₹ 10 per unit to ₹ 12 per unit, its quantity demanded falls by 20 percent. Calculate its price elasticity of demand. How much would be the percentage change in its quantity demanded, if the price rises from ₹ 10 per unit to ₹ 13 per unit ?

Section B

16. Define marginal propensity to consume.

17. Define Government budget.

18. What is meant by depreciation of domestic currency ?

19. Demand deposits include (Choose the correct alternative)

- | | |
|---|--|
| (A) Saving account deposits and fixed deposits | (B) Saving account deposits and current account deposits |
| (C) Current account deposits and fixed deposits | (D) All types of deposits |
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20. If the marginal propensity to consume is greater than marginal propensity to save, the value of the multiplier will be (Choose the correct alternative)

- | | |
|--------------------|-----------------|
| (A) greater than 2 | (B) less than 2 |
| (C) equal to 2 | (D) equal to 5 |
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21. Explain the circular flow of income.

22. Distinguish between direct taxes and indirect taxes. Give an example of each.

23(a). Explain “difficulty in storing wealth” problem faced in the barter system of exchange.

OR

23(b). Explain the “medium of exchange” function of money.

24. Explain how government budget can be helpful in bringing economic stabilization in the economy.

25(a). Explain the “bankers’ bank” function of the central bank.

OR

25(b). Explain the process of credit creation by commercial banks.

26. An economy is in equilibrium. From the following data, calculate the marginal propensity to save :

- (a) Income = 10,000
 - (b) Autonomous consumption = 500
 - (c) Consumption expenditure = 8,000
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27. Given a consumption curve, outline the steps required to be taken in deriving a saving curve from it. Use diagram.

27-VI. The following question is for the Blind Candidates only in lieu of Q. No. 27.

Give two alternative conditions of national income equilibrium. Explain what is likely to happen, if the economy is not in equilibrium.

28(a). Explain the precautions that are taken while estimating national income by value added method.

OR

28(b). Will the following be included in the national income of India ? Give reasons for your answer.

- (a) Financial assistance to flood victims
- (b) Profits earned by the branches of a foreign bank in India
- (c) Salaries of Indians working in the American Embassy in India

29. Calculate the (a) Net National Product at market price, and (b) Gross National Disposable Income :

(₹ in crores)

(i)	Mixed income of self-employed	8,000
(ii)	Depreciation	200
(iii)	Profit	1,000
(iv)	Rent	600
(v)	Interest	700
(vi)	Compensation of employees	3,000
(vii)	Net indirect taxes	500
(viii)	Net factor income to abroad	60
(ix)	Net exports	(-) 50
(x)	Net current transfers to abroad	20

30. Distinguish (a) between current account and capital account, and (b) between autonomous transactions and accommodating transactions of balance of payments account.

- End of Question Paper -