

CBSE Class 12 Economics 2017 - 58/3 - 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. 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

2. State any one feature of monopolistic competition.

3. 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

4. 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

5. Define indifference curve.

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

7. Explain the problem of “what to produce”.

8(a). Distinguish between ‘increase in demand’ and ‘increase in quantity demanded’ of a good.

OR

8(b). Explain the meaning of ‘Budget set’ and ‘Budget line’.

9. Explain “perfect knowledge about the markets” feature of perfect competition.

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

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

OR

11(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.

12. 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 ?

13. Complete the following table :

Output (units)	Average Fixed Cost (₹)	Average Variable Cost (₹)	Marginal Cost (₹)	Total Cost (₹)
1	120	40	....	....
2	60	56	....	232
3	....	54	....	....
4	30	....	54	....
5	....	....	....	....

14. From the following data find out the level of output that will give the producer maximum profit (use marginal cost and marginal revenue approach). Give reasons for your answer.

Output (units)	1	2	3	4	5
Total Cost (₹)	9	17	24	29	36
Total Revenue (₹)	11	20	27	32	35

15(a). Distinguish between perfect oligopoly and imperfect oligopoly. Also explain the "interdependence between the firms" feature of oligopoly.

OR

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

Section B

16. Define revenue deficit.

17. 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

18. 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

19. What is meant by depreciation of domestic currency ?

20. Define marginal propensity to save.

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

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

OR

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

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

24. 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

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

OR

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

26. What are non-debt creating capital receipts ? Give two examples of such receipts.

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

28(a). Explain the precautions that should be taken while estimating national income by expenditure method.

OR

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

- (a) Profits earned by foreign companies in India
- (b) Salaries of Indians working in the Russian Embassy in India
- (c) Profits earned by a branch of State Bank of India in Japan

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

(₹ in crores)

(i)	Compensation of employees	2,500
(ii)	Profit	700
(iii)	Mixed income of self-employed	7,500
(iv)	Government final consumption expenditure	3,000
(v)	Rent	400
(vi)	Interest	350
(vii)	Net factor income from abroad	50
(viii)	Net current transfers to abroad	100
(ix)	Net indirect taxes	150
(x)	Depreciation	70
(xi)	Net exports	40

30. Given a consumption curve, outline the steps required to be taken in deriving a saving curve from it. Use diagram.

30-VI. The following question is for the Blind Candidates only in lieu of Q. No. 30.

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

- End of Question Paper -