

CBSE Class 12 Economics 2018 - 58/2 - Annual

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)



Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- (i) This question paper contains 24 questions.
- (ii) All questions in both sections are compulsory. Marks are indicated against each question.
- (iii) Questions 1–4 and 13–16 carry 1 mark each; answer in one sentence.
- (iv) Questions 5–6 and 17–18 carry 3 marks each; answer in 60 words.
- (v) Questions 7–9 and 19–21 carry 4 marks each; answer in 70 words.
- (vi) Questions 10–12 and 22–24 carry 6 marks each; answer in 100 words.
- (vii) Keep answers brief and to the point, and follow the stated word limits and any instructions printed with individual questions.

Section A

1. When the total fixed cost of producing 100 units is ₹ 30 and the average variable cost ₹ 3, total cost is : (Choose the correct alternative)

- (A) ₹ 3 (B) ₹ 30
(C) ₹ 270 (D) ₹ 330

2. State one example of positive economics.

3. Define fixed cost.

4. When the Average Product (AP) is maximum, the Marginal Product (MP) is : (Choose the correct alternative)

- (A) Equal to AP (B) Less than AP
(C) More than AP (D) Can be any one of the above

5. What is meant by inelastic demand ? Compare it with perfectly inelastic demand.

6(a). Explain the central problem of “for whom to produce”.

OR

6(b). Explain the central problem of “choice of technique”.

7. What is meant by price ceiling ? Explain its implications.

8(a). Given the price of a good, how will a consumer decide as to how much quantity to buy of that good ? Explain.

OR

8(b). What is Indifference Curve ? State three properties of indifference curves.

9. When the price of a commodity changes from ₹ 4 per unit to ₹ 5 per unit, its market supply rises from 100 units to 120 units. Calculate the price elasticity of supply. Is supply elastic ? Give reason.

10. Explain the conditions of producer's equilibrium in terms of marginal revenue and marginal cost.

11(a). State three characteristics of monopolistic competition. Which of the characteristics separates it from perfect competition and why ?

OR

11(b). Explain the implications of the following :

- (a) Freedom of entry and exit of firms under perfect competition
(b) Non-price competition under oligopoly

12. Explain the conditions of consumer's equilibrium using Indifference Curve Analysis.

Section B

13. Why does consumption curve not start from the origin ?

14. The central bank can increase availability of credit by : (Choose the correct alternative)

- | | |
|----------------------------------|-----------------------------------|
| (A) Raising repo rate | (B) Raising reverse repo rate |
| (C) Buying government securities | (D) Selling government securities |
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15. Define money supply.

16. Which of the following affects national income ? (Choose the correct alternative)

- | | |
|----------------------------|-----------------------|
| (A) Goods and Services tax | (B) Corporation tax |
| (C) Subsidies | (D) None of the above |
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17. Define multiplier. What is the relation between marginal propensity to consume and multiplier ? Calculate the marginal propensity to consume if the value of multiplier is 4.

18(a). Which among the following are final goods and which are intermediate goods ? Give reasons.

- (a) Milk purchased by a tea stall
 - (b) Bus purchased by a school
 - (c) Juice purchased by a student from the school canteen
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OR

18(b). Given nominal income, how can we find real income ? Explain.

19. The value of marginal propensity to consume is 0.6 and initial income in the economy is ₹ 100 crores. Prepare a schedule showing Income, Consumption and Saving. Also show the equilibrium level of income by assuming autonomous investment of ₹ 80 crores.

20. Explain the role of the Reserve Bank of India as the “lender of last resort”.

21(a). What is meant by inflationary gap ? State three measures to reduce this gap.

OR

21(b). What is meant by aggregate demand ? State its components.

22. Calculate (a) Net National Product at market price, and (b) Gross Domestic Product at factor cost :

(₹ in crores)

(i)	Rent and interest	6,000
(ii)	Wages and salaries	1,800
(iii)	Undistributed profit	400
(iv)	Net indirect taxes	100
(v)	Subsidies	20
(vi)	Corporation tax	120
(vii)	Net factor income to abroad	70
(viii)	Dividends	80
(ix)	Consumption of fixed capital	50
(x)	Social security contribution by employers	200
(xi)	Mixed income	1,000

23(a). Explain the meaning of the following :

- (a) Revenue deficit
- (b) Fiscal deficit
- (c) Primary deficit

OR

23(b). Explain the following objectives of government budget :

- (a) Allocation of resources
- (b) Reducing income inequalities

24. (a) Explain the impact of rise in exchange rate on national income.

(b) Explain the concept of 'deficit' in balance of payments.

- End of Question Paper -