

CBSE Class 12 Economics 2019 - Set 58/1/1



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(a). State the equation of budget line.

OR

1(b). Define Marginal Utility.

2. According to cardinal approach, utility is measured in terms of _____. (Choose the correct alternative)

- | | |
|------------|-----------|
| (A) Rupees | (B) Ranks |
| (C) Utils | (D) Units |

3. The cost of next best alternative foregone is called as _____. (Fill up the blank)

4(a). State any one valid reason for leftward shift in demand curve.

OR

4(b). State the meaning of price elasticity of demand.

5. Explain the behaviour of 'marginal rate of transformation' along a production possibility curve.

6(a). Discuss with valid reason, what happens to Average Fixed Cost (AFC) curve as output produced increases.

OR

6(b). State and discuss the reason behind the U-shape nature of Average Variable Cost curve.

7. "A firm under perfect competition is a price taker and the industry is a price maker." Do you agree with the given statement? Support your answer with valid explanation.

8(a). Giving valid reasons, state whether the following statements are true or false :

(a) An increase in the income of a consumer would lead to an increase in demand for all types of goods demanded by him.

(b) If percentage change in quantity demanded is equal to percentage change in price, the demand curve will be a straight line parallel to y-axis.

OR

8(b). The price of a commodity X increases by 20%, as a result the quantity demanded falls to zero. Calculate coefficient of price elasticity of demand. Comment upon the likely shape of the demand curve.

9(a). Complete the following Revenue Schedule :

Output sold (in units)	1	2	3	4
Total revenue (in ₹)	18	–	–	48
Average revenue (in ₹)	–	–	14	–
Marginal revenue (in ₹)	–	14	–	–

OR

9(b). State the relation between Average Product (AP) and Marginal Product (MP), using a schedule or diagram.

10. Market for a good is in equilibrium. Due to some technical innovation, production technology of the good improves. Explain the likely effects of this change on equilibrium price and equilibrium quantity of the good.

11(a). A consumer consumes only two goods A and B and is in equilibrium. If the price of good B rises, explain the likely reaction of the consumer under utility analysis.

OR

11(b). Explain any two properties of indifference curve.

12. Explain the conditions of producer's equilibrium with the help of a numerical example.

Section B

13. Repo rate relates to _____. (Choose the correct alternative)

- | | |
|---|--|
| (A) Short-term borrowings by commercial banks | (B) Long-term borrowings by commercial banks |
| (C) Disinvestments | (D) Dis-savings |

14(a). Signature of _____ appears on a ₹ 2000 currency note. (Fill up the blank.)

OR

14(b). State the formula used for calculating money multiplier.

15. Which one of the following is not a Capital expenditure ?

- | | |
|----------------------------------|--------------------------------------|
| (A) Loans advanced by World Bank | (B) Construction of school buildings |
| (C) Repayment of loans | (D) Tax Receipts |

16. State the meaning of revenue deficit.

17(a). “An economy facing unintended accumulation of inventories would try to reduce aggregate demand.” Do you agree with the given statement ? Support your answer with valid reasons.

OR

17(b). Value of which of the following can be greater than one and why ?

- (a) Marginal Propensity to Consume (MPC)
(b) Average Propensity to Consume (APC)

18. Giving valid reasons, state whether the following statements are true or false :

- (a) An excess of aggregate demand over full employment level of aggregate supply represents a situation of inflationary gap.
(b) If the ratio of Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) is 4 : 1, the value of investment multiplier will be 4.

19. "Through its budgetary policy government allocates resources in accordance with the requirements of the country." Do you agree with the given statement ? Justify your answer with valid reason.

20(a). What is legal reserve ratio ? How does it influence the process of credit creation ?

OR

20(b). Explain 'Banker's Bank' function of Central Bank.

21. Calculate "Intermediate Consumption" from the following data :

		(₹ in crores)
(i)	Gross value of output	300
(ii)	Net value added at factor cost (NVA _{FC})	100
(iii)	Subsidies	15
(iv)	Depreciation	30

22(a). Which of the following items will be included/not included while estimating Gross Domestic Product ? Give valid reasons in support of your answer.

(a) Wages received by an Indian working in the British Embassy in India

(b) Financial aids received from abroad after "Fani cyclone"

(c) Purchase of second hand machinery from abroad

OR

22(b). Using numerical example, distinguish between Real National Income and Nominal National Income.

23(a). Distinguish between Autonomous Transactions and Accommodating Transactions.

23(b). Define the following :

(i) Foreign Exchange Rate

(ii) Foreign Currency

(iii) Devaluation of Currency

24. What is Effective Demand Principle ? Discuss with the help of an imaginary numerical example.

- End of Question Paper -