CBSE Class 12 Economics 2019 - Set 58/1/2

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) All questions in both the sections are compulsory.

(ii) Marks for questions are indicated against each question.

(iii) Question Nos. 1 – 4 and 13 – 16 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.

(iv) Question Nos. 5 – 6 and 17 – 18 are short-answer questions carrying 3 marks each. Answers to them should normally not exceed 60 words each.

(v) Question Nos. 7 – 9 and 19 – 21 are also short-answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.

(vi) Question Nos. 10 – 12 and 22 – 24 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed 100 words each.

(vii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

Section A

1(a). If the market supply of a commodity X changes due to improvement in technology, the market supply curve will _____. (Fill up the blank)

OR

1(b). If the market supply of a commodity X changes due to rise in price of a factor input, the market supply curve will _____. (Fill up the blank)

2. The average product curve in the input-output plane, will be _____. (Choose the correct alternative)

(A) an 'S' shaped curve
(B) an inverse 'S' shaped curve
(C) a 'U' shaped curve
(D) an inverse 'U' shaped curve

3(a). Average fixed cost curve _____. (Choose the correct alternative)

(A) is a straight line parallel to X-axis.
(B) is straight line parallel to Y-axis.
(C) falls, as more units are produced
(D) rises, as more units are produced

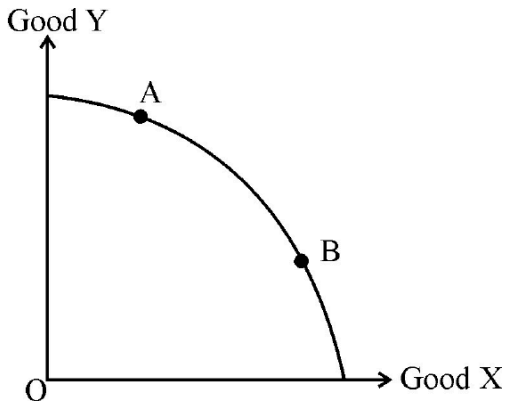
OR

3(b). Which of the following formula is correct for calculating marginal cost ?

(Choose the correct alternative)

(A) $MC_N = TFC_n - TFC_{N-1}$
(B) $MC_N = AC_N - AC_{N-1}$
(C) $MC_N = AVC_N - AVC_{n-1}$
(D) $MC_N = TC_n - TC_{N-1}$

4. In the given figure, the movement on the production possibility curve from point A to point B shows _____. (Choose the correct alternative)



(A) Growth of all the resources in the economy.
(B) Underutilisation of resources.
(C) Production of more units of Good X and less units of Good Y.
(D) Production of more units of Good Y and less units of Good X.

5. Identify and discuss the nature of the following newspaper reports in terms of positive or normative economic analysis :

(i) "India jumped 23 points in the World Bank's ease of doing business index to 77^{th} place, highest in 2 years." – The Economic Times

(ii) "Government should further liberalise the business rules." – The Economic Times

6(a). Good X and Good Y are substitute goods. If price of Good X increases, discuss briefly its likely impact on the demand for Good Y.

OR

6(b). If the income of a consumer increases, discuss briefly its likely impact on the demand for an inferior good, Good X.

7. Complete the following cost schedule :

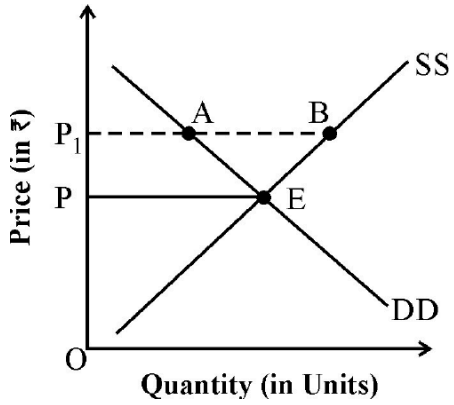
Quantity (in Units)	0	1
Total cost (in ₹)	200	.....
Total variable cost (in ₹)	0	.....
Average variable cost (in ₹)	–	100

Quantity (in Units)	2	3
Total cost (in ₹)	.....	.....
Total variable cost (in ₹)	180	.....
Average variable cost (in ₹)	.....	80

Quantity (in Units)	4
Total cost (in ₹)	490
Total variable cost (in ₹)	.....
Average variable cost (in ₹)	.....

8(a)(a). In the given diagram, OP is the market determined price and OP_1 is the price fixed by the government.

Identify if the diagram represents, price ceiling or price flooring.



8(a)(b). In the given diagram, OP is the market determined price and OP_1 is the price fixed by the government.

Discuss the likely behaviour of the market in the given condition.

OR

8(b). Suppose the demand and supply equations of a commodity X in a perfectly competitive market are given by :

$Q_d = 1700 - 2P$

$Q_s = 1300 + 3P$

Calculate the value of equilibrium price and equilibrium quantity of the commodity X.

9(a). Explain the law of diminishing marginal utility using a hypothetical schedule.

OR

9(b). What is a budget line ? Why the budget line is left to right downward sloping ?

10. What is meant by "diminishing returns to a factor" ? Discuss any two reasons for the operation of diminishing returns to a factor.

11(a). Elaborate three main features of oligopoly form of market.

OR

11(b). Distinguish between monopoly and monopolistic competition on the basis of the following :

(a) Number of sellers

(b) Nature of product

(c) Selling cost

12(a). Define price elasticity of demand.

12(b). If the price of a commodity rises by 40% and its quantity demanded falls from 150 units to 120 units, calculate coefficient of price elasticity of demand for the commodity.

Section B

13(a). What is meant by primary deficit ?

OR

13(b). What is meant by fiscal deficit ?

14. Give any two examples of flow concept.

15. Define the term 'tax'.

16. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be _____. (Choose the correct alternative)

(A) 0.8 (B) 0.4

(C) 0.2 (D) 0.6

17. If in an economy :

Change in initial investments (ΔI) = ₹ 700 crores

Marginal Propensity to Save (MPS) = 0.2

Find the values of the following :

(a) Investment Multiplier (k)

(b) Change in final income (ΔY)

18(a). Define the problem of double counting in the computation of national income. State any two approaches to correct the problem of double counting.

OR

18(b). "Gross Domestic Product (GDP) does not give us a clear indication of economic welfare of a country." Defend or refute the given statement with valid reason.

19. Discuss the working of the adjustment mechanism in the following situations :

(a) Aggregate demand is greater than Aggregate supply.

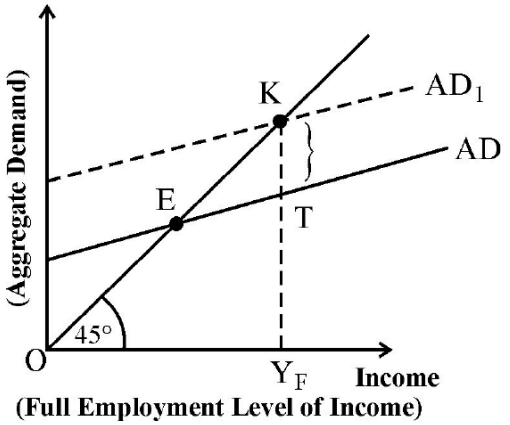
(b) Ex Ante Investments are lesser than Ex Ante Savings.

20. How are capital expenditure different from Revenue expenditure ? Discuss briefly.

21(a). State and discuss the components of Aggregate Demand in a two sector economy.

OR

21(b). In the given figure, what does the gap 'KT' represent ? State any two fiscal measures to correct the situation.



21-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

For Blind Candidates :

What is meant by deflationary gap ? State any two fiscal measures to correct the situation of deflationary gap.

22(a)(i). State any two components of M_1 measure of money supply.

22(a)(ii). Elaborate any two instruments of Credit Control, as exercised by the Reserve Bank of India.

OR

22(b). Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system ? Use a numerical illustration to explain.

23. Given the following data, find the missing values of 'Private Final Consumption Expenditure' and 'Operating surplus'.

S. No.	Particulars	Amount (in ₹ crores)
(i)	National Income	50,000
(ii)	Net Indirect Taxes	1,000
(iii)	Private Final Consumption Expenditure	?
(iv)	Gross Domestic Capital Formation	17,000
(v)	Profits	1,000
(vi)	Government Final Consumption Expenditure	12,500
(vii)	Wages & Salaries	20,000
(viii)	Consumption of Fixed Capital	700
(ix)	Mixed Income of Self Employed	13,000
(x)	Operating Surplus	?
(xi)	Net Factor Income from Abroad	500
(xii)	Net Exports	2,000

24(a). Define "Trade surplus". How is it different from "Current account surplus" ?

24(b). "Indian Rupee (₹) plunged to all time low of ₹ 74.48 against the US Dollar ($)".

– The Economic Times

In the light of the above report, discuss the impact of the situation on Indian Imports.

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