CBSE Class 12 Economics 2019 - Set 58/5/2

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. If the Marginal Revenue curve is parallel to the X-axis, the price of the commodity would be _____ . (Choose the correct alternative)

(A) Equal to Marginal Revenue
(B) More than Marginal Revenue
(C) Zero
(D) Less than Marginal Revenue

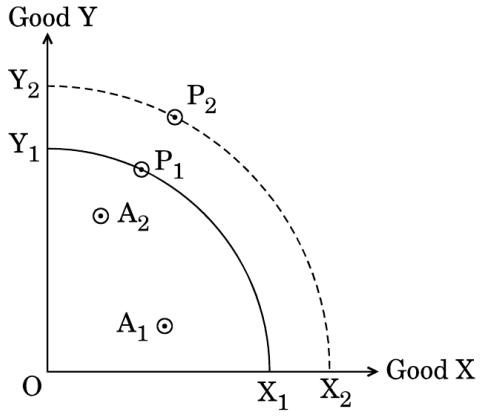
2(a). State any two examples of variable cost.

OR

2(b). State any two examples of fixed cost.

3(a). In the given figure X_1Y_1 and X_2Y_2 are Production Possibility Curves in two different time periods T_1 and T_2 respectively. A_1 and A_2 represent actual outputs in T_1 and T_2 periods respectively. P_1 and P_2 are potential outputs in T_1 and T_2 periods respectively.

The change in potential production over the two periods would be represented by a shift from _____ . (Choose the correct alternative)



(A) P_2 to A_2
(B) A_1 to A_2
(C) A_2 to A_1
(D) P_1 to P_2

OR

3(b). A Production Possibility Curve (PPC) would be convex to the origin, if Marginal Opportunity Cost (MOC) is _____. (Fill up the blank)

4. Which of the following is an example of implicit cost ? (Choose the correct alternative)

(A) Wages paid
(B) Cost of Raw material
(C) Interest on owner's capital
(D) None of the above

5(a). "Problem of resource allocation would not arise, if resources do not have alternative uses." Defend or refute the statement with valid arguments.

OR

5(b). Discuss briefly the meaning of positive economics and normative economics, with suitable examples.

6. Explain the law of demand, using a suitable diagram or a schedule.

7(a). Suppose the demand and supply curves of a commodity X, in a perfectly competitive market are given as :

$Q_d = 2200 - 3p$, and

$Q_s = 1800 + 2p$

Estimate the values of equilibrium price and equilibrium quantity of the commodity X.

OR

7(b). The market for a commodity is in equilibrium. The supply of the commodity decreases, without any corresponding change in the demand for the commodity.

Discuss, using diagram, the impact of the given change on the equilibrium price and equilibrium quantity of the commodity.

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

Note : The following question is for the Visually Impaired Candidates only, in lieu of Q. No. 7 (Alternative) :

The market for a commodity is in equilibrium. The supply of the commodity decreases, without any corresponding change in the demand for the commodity.

Discuss the impact of the given change on the equilibrium price and equilibrium quantity of the commodity.

8(a). Why is the short-run marginal cost curve 'U-shaped' ?

OR

8(b). Distinguish between 'Supply' and 'Quantity Supplied'.

9. The coefficient of price elasticity of demand is given as unity (1). At a price of ₹ 10, a consumer buys 120 units of the commodity. How many units of the commodity will she buy if the price increases by 20% ?

10(a)(i). What is the slope of an Indifference curve ?

10(a)(ii). A rational consumer is consuming only two goods, Good X and Good Y. The prices of the goods are ₹ 20 and ₹ 10 respectively. Her total money income is ₹ 200. Answer the following questions, using the given information :

(i) State her Budget line equation.

(ii) State the slope of the Budget line of the consumer.

(iii) If she decides to spend her entire income on Good Y, how many units of Good Y can she buy ?

OR

10(b). Discuss the law of equi-marginal utility.

11(a). Explain the feature of "product differentiation" in the monopolistic competition form of market, with suitable example.

11(b). Under the oligopoly form of market, why does the feature of "price rigidity" exist ?

12. What is meant by diminishing returns to a factor ? Discuss briefly, any two reasons behind its operation.

Section B

13(a). Which of the following is a capital receipt in the Government Budget ?

(A) Income tax

(B) Interest receipt

(C) Sale of shares of a Public Sector Undertaking (PSU) to X Limited (Private Company)

(D) Dividends from a Public Sector Undertaking (PSU)

OR

13(b). State any two examples of non-tax revenue.

14. What are primary deposits ?

15. If in an economy, the Estimated Receipts of the government during a year are lesser than the Estimated Expenditure, the budget would be called _____ budget. (Fill up the blank)

16. If legal reserve ratio is 20%, the value of money multiplier would be _____ . (Choose the correct alternative)

(A) 2

(B) 3

(C) 5

(D) 4

17. Describe the adjustment mechanism, if in an economy, the planned savings are lesser than the planned investments.

18(a). Discuss briefly the relationship between marginal propensity to save and investment multiplier, using a hypothetical numerical example.

OR

18(b). State the meaning of the following :

(i) Full employment

(ii) Involuntary unemployment

19(a). Distinguish between net factor income from abroad and net exports.

OR

19(b). What are 'non-monetary exchanges' ? Discuss with suitable example.

20. Explain the following functions of the Central Bank :

(i) Lender of last resort

(ii) Banker to the Government

21(a). State whether the following statements are true or false. Support your answer with reason.

Taxation is an effective tool to reduce the inequalities of income.

21(b). State whether the following statements are true or false. Support your answer with reason.

Revenue deficit increases when government fails to recover loans forwarded to different nations.

22. The saving function of an economy is given as :

S = (–) 10 + 0.20 Y.

If the ex-ante investments are ₹ 240 crores, calculate the following :

(i) Equilibrium level of income in the economy.

(ii) Additional investments which will be needed to double the present level of equilibrium income.

23(i). State the meaning of the following :

Fixed Foreign Exchange Rate

23(ii). State the meaning of the following :

Trade Surplus

23(iii). State the meaning of the following :

Accommodating Transactions

24(a)(i). What is meant by the problem of double counting ? Discuss briefly the two approaches to avoid this problem.

24(a)(ii). Define 'Capital goods'.

OR

24(b). Given the following data, find the values of 'Operating Surplus' and 'Net Exports' :

S. No.	Particulars	Amount (in ₹ crores)
(i)	Wages and Salaries	2,400
(ii)	National Income	4,200
(iii)	Net Exports	?
(iv)	Net Factor Income from Abroad	200
(v)	Gross Domestic Capital Formation	1,100
(vi)	Mixed Income of Self-Employed	400
(vii)	Private Final Consumption Expenditure	2,000
(viii)	Net Indirect Taxes	150
(ix)	Operating Surplus	?
(x)	Government Final Consumption Expenditure	1,000
(xi)	Consumption of Fixed Capital	100
(xii)	Profits	500

- End of Question Paper -