CBSE
Class XII Economics
All India Board Paper Set 1 – 2012

Time: 3 hrs **Max. Marks: 100**

Note:
- Please check that this question paper contains 12 printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains 32 questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

General Instructions:

(i) **All** questions in both the sections are compulsory.
(ii) Marks for questions are indicated against each question.
(iii) Questions No. **1 – 5** and **17 – 21** are very short-answer questions carrying **1** mark each. They are required to be answered in one sentence each.
(iv) Questions No. **6 – 10** and **22 – 26** are short answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.
(v) Questions No. **11 – 13** and **27 – 29** are also short answer questions carrying **4** marks each. Answers to them should normally not exceed **70** words each.
(vi) Question number **14 – 16** and **30 – 32** 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.

1. Define Microeconomics. **[1]**

2. Give one reason for shift in demand curve. **[1]**

3. What is the behaviour of Total Variable Cost, as output increases? **[1]**

4. What is the behaviour of Marginal Revenue in a market in which a firm can sell any quantity of the output it produces at a given price? **[1]**

5. What is a price-maker firm? **[1]**

6. Define Production Possibilities Curve. Explain why it is downward sloping from left to right. **[3]**

7. A consumer consumes only two goods X and Y and is in equilibrium. Price of X falls. Explain the reaction of the consumer through the Utility Analysis. **[3]**

8. Draw total Variable Cost, Total Cost, and total Fixed Cost curves in a single diagram. **[3]**

9. A producer starts a business by investing his own savings and hiring the labour. Identify implicit and explicit costs from this information. Explain. **[3]**

10. Explain the implications of large number of sellers in a perfectly competitive market. **[3]**

OR

Explain why there are only a few firms in an oligopoly market.

11. Define an indifference map. Why does indifference curve to the right show more utility? Explain. **[4]**

12. A consumer buys 10 units of a commodity at a price of Rs 10 per unit. He incurs an expenditure of Rs 200 on buying 20 units. Calculate price elasticity of demand by the percentage method. Comment upon the shape of demand curve based on this information. **[4]**

13. What does the Law of Variable Proportions show? State the behaviour of marginal product according to this law. **[4]**

OR

Explain how changes in prices of inputs influence the supply of a product.

14. Explain the difference between (i) inferior goods and normal goods and (ii) cardinal utility and ordinal utility. Give example in each case. **[6]**

15. Explain the distinction between "change in quantity supplied" and "change in supply". Use diagram. **[6]**

16. Market for a good is in equilibrium. There is simultaneous "decrease" both in demand and supply but there is no change in market price. Explain with the help of a schedule how it is possible. **[6]**

OR

Market for a good is in equilibrium. Explain the chain of reactions in the market if the price is (i) higher than equilibrium price and (ii) lower than equilibrium price.

17. Define flow variable. **[1]**

18. Define Consumption Goods. **[1]**

19. What are time deposits? **[1]**

20. Define a Direct tax'. **[1]**

21. What is a fixed exchange rate? **[1]**

22. Find the value added at market price: **[3]**

S. No.	Items	Amount
i.	Depreciation (Rs)	700
ii.	Output sold (units)	900
iii.	Price per unit of output (Rs)	40
iv.	Closing stock (Rs)	1,000
v.	Opening stocks (Rs)	800
vi.	Sales tax (Rs)	3,000
vii.	Intermediate cost (Rs)	20,000

23. Explain the 'standard of deferred payment function of money. **[3]**

24. Outline the steps taken in deriving Consumption Curve from the Saving Curve. Use diagram. **[3]**

25. Find Consumption Expenditure from the following: **[3]**

National Income = Rs 5,000

Autonomous Consumption = Rs 1,000

Marginal propensity to consume = 0.80

26. Distinguish between revenue receipts and capital receipts in a government budget. Give example in each case. **[3]**

OR

Explain the role of government budget in bringing economic stability.

27. Should the following be treated as final expenditure or intermediate expenditure? Give reasons for your answer. **[4]**

i. Purchase of furniture by a firm.
ii. Expenditure on maintenance by a firm.

28. Explain the 'lender of last resort' function of the central bank. **[4]**

OR

Explain 'government's banker' function of the central bank.

29. Explain the concept of 'fiscal deficit' in a government budget. What does it indicate? **[4]**

30. Find out (i) Gross National Product at Factor Cost and (ii)Net Current Transfers from Abroad: **[6]**

S. No.	Items	(RS Crore)
i.	Private final consumption expenditure	1000
ii.	Depreciation	100
iii.	Net national disposable income	1500
iv.	Closing stock	20
v.	Government final consumption expenditure	300
vi.	Net Indirect tax	50
vii.	Opening stock	20
viii.	Net domestic fixed capital formation	110
ix.	Net exports	15
x.	Net factor income to abroad	(-) 10

31. Explain the concept of 'inflationary gap'. Also explain the role of 'legal reserves' in reducing it. **[6]**

OR

Explain the concept of 'deflationary gap'. Also explain the role of 'margin requirements' in reducing it.

32. Give the meaning of 'foreign exchange' and 'foreign exchange rate'. Giving reason, explain the relation between foreign exchange rate and demand for foreign exchange.**[6]**