

CBSE
Class XII Economics
All India Board Paper Set 1 – 2013

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.
- (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 marginal revenue. (1)
2. What does a rightward shift of demand curve indicate? (1)
3. Under which market form is a firm a price taker? (1)
4. When is the demand for a good said to be perfectly inelastic? (1)
5. Give one reason for an "increase' in supply of a commodity. (1)
6. How is the demand for a good affected by a rise in the prices of other goods? Explain.(3)

7. A firm supplies 10 units of a good at a price of Rs 5 per unit. Price elasticity of supply is 1.25. What quantity will the firm supply at a price of Rs 7 per unit? (3)
8. Explain the meaning of diminishing marginal rate of substitution with the help of a numerical example. (3)
9. From the following table, find out the level of output at which the producer will be in equilibrium. Give reasons for your answer. (3)

Output (units)	Marginal Revenue Rs	Marginal Cost Rs
1	8	10
2	8	8
3	8	7
4	8	8
5	8	9

10. Why can a firm not earn abnormal profits under perfect competition in the long run? Explain.

OR

Why is the demand curve of a firm under monopolistic competition more elastic than under monopoly? Explain. (3)

11. Equilibrium price of an essential medicine is too high. Explain what possible steps can be taken to bring down the equilibrium price but only through the market forces. Also explain the series of changes that will occur in the market. (4)

12. Explain the meaning of opportunity cost with the help of production possibility schedule. (4)

OR

With the help of suitable example explain the problem of 'for whom to produce'.

13. A 5 percent fall in the price of good raises its demand from 300 units to 318 units. Calculate its price elasticity of demand. (4)

14. Explain three properties of indifference curves. (6)

OR

Explain the conditions of consumer's equilibrium under indifference curve approach.

15. If equilibrium price of a good is greater than its market price, explain all the changes that will take place in the market. Use diagram. (6)

16. Giving reasons, state whether the following statements are true or false: (6)
- (i) Average product will increase only when marginal product increases.
 - (ii) With increase in level of output, average fixed cost goes on falling till it reaches zero.
 - (iii) Under diminishing returns to a factor, total product continues to increase till marginal product reaches zero.
17. Give two examples of intermediate goods. (1)
18. State the components of supply of money. (1)
19. What one step can be taken through market to reduce the consumption of a product harmful for health? (1)
20. How can Reserve Bank of India help in bringing down the foreign exchange rate which is very high? (1)
21. What is revenue deficit? (1)
22. Explain the 'medium of exchange' function of money. (3)
- OR**
- Explain the 'lender of last resort' function of central bank.
23. Distinguish between revenue receipts and capital receipts. Give an example of each. (3)
24. How can budgetary policy be used to reduce inequalities of income? (3)
25. Explain the effect of depreciation of domestic currency on exports. (3)
26. How is exchange rate determined in the foreign exchange market? Explain. (3)
27. Calculate 'Sales' from the following data: (4)
- | | (Rs in lakhs) |
|-------------------------------------|---------------|
| i. Subsidies | 200 |
| ii. Opening stock | 100 |
| iii. Closing stock | 600 |
| iv. Intermediate consumption | 3,000 |
| v. Consumption of fixed capital | 700 |
| vi. Profit | 750 |
| vii. Net value added at factor cost | 2,000 |

28. Distinguish between -real' gross domestic product and -nominal' gross domestic product. Which of these is a better index of welfare of the people and why? (4)

OR

Distinguish between stocks and flows. Give two examples of each.

29. Explain the credit creation role of commercial banks with the help of a numerical example. (4)

30. From the data given below about an economy, calculate (a) investment expenditure and (b) consumption expenditure. (6)

- (i) Equilibrium level of income 5,000
- (ii) Autonomous consumption 500
- (iii) Marginal propensity to consume 0.4

31. Explain the meaning of under-employment equilibrium. Explain two measures by which full-employment equilibrium can be reached. (6)

32. Calculate "Gross National Product at Market Price" from the following data: (6)

S. No.	Particulars	(Rs in crores)
i.	Compensation of employees	2,000
ii.	Interest	500
iii.	Rent	700
iv.	Profits	800
v.	Employers contribution to social security schemes	200
vi.	Dividends	300
vii.	Consumption of fixed capital	100
viii.	Net indirect taxes	250
ix.	Net exports	70
x.	Net factor income to abroad	150
xi.	Mixed income of self-employed	1,500

OR

Calculate "Gross National Disposable Income" from the following data:

S. No.	Particulars	(Rs in crores)
i.	Net domestic product at factor cost	3,000
ii.	Indirect taxes	300
iii.	Net current transfers from rest of the world	250
iv.	Current transfers from the government	100
v.	Net factor income to abroad	150
vi.	Consumption of fixed capital	200
vii.	Subsidies	100

