

CBSE
Class XII Economics
All India Board Paper Set 1 - 2017

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 30 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 **16 - 20** are very short-answer questions carrying **1** mark each. They are required to be answered in one sentence each.
- (iv) Questions No. **6 - 8** and **21 - 23** are short answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.
- (v) Questions No. **9 - 11** and **24 - 26** are also short answer questions carrying **4** marks each. Answers to them should normally not exceed **70** words each.
- (vi) Question number **12 - 15** and **27 - 30** 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. Any statement above demand for a good is considered complete only when the following is/are mentioned in it. (choose the correct alternative) **[1]**
 - a) Price of the good
 - b) Quantity of good
 - c) Period of time
 - d) All of the above

2. Demand for a good is termed inelastic through the expenditure approach when if (choose the correct alternative) **[1]**
 - a) Price of good falls ,expenditure on it rises

- b) Price of the good falls , expenditure in it falls
- c) Price of the good falls ,expenditure on it remains unchanged
- d) Price of the good rises ,expenditure in it falls

3. Define indifference curve [1]
4. A seller cannot influence the market price under (choose the correct alternative) [1]
- a) Perfect competition
 - b) Monopoly
 - c) Monopolistic competition
 - d) All of the above
5. State any one feature of monopolistic competition. [1]
6. Give the meaning and characteristics of production possibility frontier. [3]
7. Explain the problem of “how to produce” [3]
8. Distinguish between ‘increase in demand’ and increase in quantity demanded ‘of a good. [3]

OR

Explain the meaning of ‘Budget set’ and ‘Budget line’.

9. Explain with the help of a numerical example, the meaning of diminishing marginal rate of substitution. [4]
10. Define market supply. Explain the factor ‘Input prices’ that can cause a change in supply. [4]

OR

Give the behaviour of marginal product and total product as more and more units of only one input are employed while keeping other inputs as constant.

11. Explain ‘Perfect knowledge about the markets’ feature of perfect competition. [4]
12. When the price of good rise from Rs 10 per unit to Rs 12 per unit, its quantity demanded falls by 20 percent. Calculate its price elasticity of demand. How much would be the percentage change in its quantity demanded, if the price rises from Rs 10 per unit to Rs 13 per unit? [6]

13. Complete the following table: [6]

Output	Average Fixed Cost	Marginal Cost	Average Variable Cost	Average Cost
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(Units)	(Rs)	(Rs)	(Rs)	(Rs)
1	60	20
2	19
3	20	18
4	...	18
5	12	31

14. From the following total cost and total revenue schedule of a firm, find out the level of output, using marginal cost and marginal revenue approach, at which the firm would be in equilibrium. Give reasons for your answer. [6]

Output (Units)	Total Revenue (Rs)	Total Cost (Rs)
1	10	8
2	18	15
3	24	21
4	28	25
5	30	33

15. Distinguish between perfect oligopoly and imperfect oligopoly. Also explain the “interdependence between the firms” feature of oligopoly. [6]

OR

Explain the meaning of excess demand and excess supply with the help of a schedule. Explain their effect on equilibrium price.

SECTION B

16. Demand deposits include (choose the correct alternative) [1]
 (a) Saving account deposits and fixed deposits
 (b) Saving account deposits and current account deposits
 (c) Current account deposits and fixed deposits
 (d) All types of deposits

17. Define marginal propensity to consume. [1]

18. If the marginal propensity to consume is greater than marginal propensity to save, the value of the multiplier will be (Choose the correct alternative) [1]
 (a) greater than 2
 (b) less than 2

- (c) equal to 2
- (d) equal to 5

19. Define Government budget. **[1]**

20. What is meant by depreciation of domestic currency? **[1]**

21. Explain with the help of an example, the basis of classifying goods into final goods and intermediate goods. **[3]**

22. Explain “difficulty in storing wealth” problem faced in the barter system of exchange. **[3]**

OR

Explain the “medium of exchange” function of money.

23. Distinguish between direct taxes and indirect taxes. Give an example of each. **[3]**

24. Explain the “bankers’ bank” function of the central bank. **[4]**

OR

Explain the process of credit creation by commercial banks.

25. An economy is in equilibrium. From the following data, calculate the marginal propensity to save: **[4]**

- a) Income = 10,000
- b) Autonomous consumption = 500
- c) Consumption expenditure = 8,000

26. Explain how government budget can be helpful in bringing economic stabilization in the economy. **[4]**

27. Distinguish (a) between current account and capital account, and (b) between autonomous transaction and accommodating transactions of balance of payments account. **[6]**

28. Explain the precautions that should be taken while estimating national income by expenditure method. **[6]**

OR

Will the following be included in the domestic product of India? Give reasons for your answer.

- a) Profit earned by foreign companies in India
- b) Salaries of Indians working in the Russian Embassy in India
- c) Profit earned by a branch of state Bank of India in Japan

29. Calculate (a) National Income, and (b) Net National Disposable Income: **[6]**

	(Rs In crores)
(i) Compensation of employees	2,000

(ii) Rent	400
(iii) Profit	900
(iv) Dividend	100
(v) Interest	500
(vi) Mixed income of self- employed	7,000
(vii) Net factor income to abroad	50
(viii) Net export	60
(ix) Net indirect taxes	300
(x) Depreciation	150
(xi) Net current transfers to aboard	30

30. Give a consumption curve, outline the steps required to be taken in deriving a saving curve from it. Use diagram. **[6]**