

CBSE
Class XII Economics
All India Board Paper Set 1 - 2018

Time: 3 hrs.

Max. Marks: 80

Note:

- Please check that this question paper contains 11 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 24 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 - 4** and **13 - 16** are very short-answer questions carrying **1** mark each. They are required to be answered in one sentence.
- (iv) Questions No. **5 - 6** and **17 - 18** are short answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.
- (v) Questions No. **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 number **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. What do you mean by the problem of scarcity? (1)
2. Define cost. (1)
3. When average cost falls, marginal cost (1)
(Choose the correct alternative)
 - (a) Falls
 - (b) Rises
 - (c) May fall or may rise

(d) Neither falls nor rises

4. When marginal product rises, total product (1)
(Choose the correct alternative)
- (a) Fall
 - (b) Rises
 - (c) Can rise or can fall
 - (d) Remains constant

5. Distinguish between microeconomics and macroeconomics. Give an example of each. (3)

OR

What does production possibilities curve show? Can it shift? When?

6. State any three determinants of individual demand other than own price of the good. (3)
7. Comment upon the shape of the demand curve if the price of a commodity rises by 10% and there is no change in its quantity demanded. (4)

8. What is revenue in microeconomics? State the relation between marginal revenue and average revenue under perfect competition, using suitable diagram or schedule. (4)

OR

Define supply. Distinguish between “increases in supply” and “extension in supply”.

9. What is ‘price floor’? Explain its implications. (4)
10. A consumer consumes only two goods X and Y. Explain the conditions of consumer’s equilibrium using utility analysis. (6)

OR

State and explain three properties of indifference curves.

11. Explain the law of variable proportions with the help of total product curve. Use diagram. (6)
12. State and discuss four characteristics of perfect competition. (6)

SECTION B

13. With a rise in real national income, welfare of the people (1)
(Choose the correct alternative)
- (a) Rises
 - (b) Falls
 - (c) Remains unchanged
 - (d) None of the above

14. If 'legal reserve ratio' is 20%, what will be the value of money multiplier? (1)
15. Which of the following is not the function of the central bank?
(Choose the correct alternatives)
- (a) Banking facilities to government
 - (b) Banking facilities to public
 - (c) Lending to government
 - (d) Lending to commercial banks (1)
16. If the value of average propensity to consume is given as 0.75, the value of average propensity to save would be _____.(1)
17. Which among the following are capital goods and which are consumer goods and why?(3)
- (a) A car used as a taxi
 - (b) Refrigerator in a hotel
 - (c) Air-conditioner in a house
- OR**
- Define intermediate consumption and explain it with an example. How is it different from final consumption?
18. If a consumption function of a hypothetical economy is given as $C = 100 + 0.6 Y$, then
- (i) What will be the values of marginal propensity to Consume and marginal propensity to save for the economy?
 - (ii) Write the corresponding saving functions. (3)
19. Discuss the meaning of any two methods of controlling credit which may be adopted by the central bank. (4)
- OR**
- Explain the 'bank of issue' function of the central bank.
20. Explain the national income determination in an economy using saving and investment approach. Use diagram. (4)
21. What is investment multiplier? Explain its working using a suitable numerical example.(4)
22. Explain the distinction between the following : (6)
- (a) Revenue expenditure and Capital expenditure in a government budget
 - (b) Primary deficit and Fiscal deficit

OR

Explain the distinction between Revenue receipts and Capital receipts in a government budget. Given their components.

23. Define fixed exchange rate. How is the exchange rate determined in a flexible exchange rate system? (2,4)

24. Calculate (a) Gross domestic product at market price, and (b) National income: (3,3)

| | (₹ in crores) |
|--|---------------|
| (i) Government final consumption expenditure | 4,000 |
| (ii) Private final consumption expenditure | 3,500 |
| (iii) Gross domestic capital formation | 1,100 |
| (iv) Net exports | 500 |
| (v) Net factor income from abroad | 100 |
| (vi) Net indirect taxes | 300 |
| (vii) Subsidies | 40 |
| (viii) Change in stock | 80 |
| (ix) Consumption of fixed capital | 120 |