

CBSE -2007 CLASS XII ECONOMICS.-3

General Instructions :

1. All questions in both the sections are compulsory,
2. Marks for questions are indicated against each.
3. Questions No. 1 and 13 are very short-answer questions carrying 1 mark for each part. They are required to be answered in one sentence each.
4. Questions No. 2-5 and 14-17 are short-answer questions carrying 3 marks each. Answers to them should normally not exceed 60 words each.
5. Questions No. 6-9 and 18 -21 are also short-answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.
6. Questions No. 10-12 and 22-24 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed 100 words each.
7. Answers should be brief and to the point and the above word limits should be adhered to as far as possible.
8. All parts of a question should be answered at one place.

Q. 1. Answer the following questions : 1×4

- a. Define marginal opportunity cost.
- b. Why is a production possibility curve concave ?
- c. State two characteristics of resources which give rise to an economic problem.
- d. Give two examples of microeconomic studies

Q. 2. Give meaning of (i) demand, (ii) normal good and (iii) inferior good. 3

Q. 3. Explain the effect of 'input price changes' on the supply of a good. 3

Q. 4. Explain the relation between marginal revenue and average revenue. 3

Q. 5. Draw Average Total Cost, Average Variable Cost and Marginal Cost curves in a single diagram. 3

Or

When is supply of a commodity said to be (i) elastic, (ii) inelastic and (iii) perfectly inelastic ?

Q. 6. Price of a good rises from Rs. 10 per unit to Rs. 11 per unit. As a result quantity demanded of that good falls by 10 percent. Calculate its price elasticity of demand. 4

Or

A consumer buys 70 units of a good at a price of Rs. 7 per unit. When price falls to Rs. 6 per unit, he buys 90 units. Use Total Expenditure Method to find whether the demand for the good is elastic or inelastic.

Q. 7. Give meanings of (i) marginal physical product, (ii) fixed cost, (iii) variable cost, and (iv) total revenue. 4

Q. 8. Calculate Marginal Cost and Total Cost from the following Cost Schedule of a firm whose

Total Fixed Costs are Rs. 15 : 4

Output (Unit)	Total Variable Cost (Rs.)
1	10
2	19
3	29
4	40

Q. 9. How is the equilibrium price of a good determined ? Explain with the help of diagram a situation when both demand and supply curves shift to the right but equilibrium price remains the same. 4

Or

Explain with the help of a schedule how equilibrium price of a good is determined.

Q. 10. Explain the term 'change in demand' and represent the same graphically. Also state three factors responsible for 'change in demand'. 6

Or

Explain the terms 'change in demand' and 'change in quantity demanded'. Also state three factors responsible for 'change in demand'.

Q. 11. Distinguish between 'returns to a factor' and 'returns to scale'. Explain briefly returns to scale by giving numerical examples 6

Q. 12. Explain briefly three features of monopolistic competition. 6

Or

Explain the features of monopoly.

SECTION - B

Q. 13. Answer the following questions : 1×4

- a. What is macroeconomics ?
- b. Give two examples of macroeconomic studies.
- c. What is balance of trade ?
- d. Give meaning of balance of payments.

Q. 14. Calculate Personal Disposable Income from the following data : 3

	<i>(Rs. crores)</i>
(i) Personal taxes	60
(ii) Net national product at factor cost accruing to the private sector	600
(iii) Undistributed profits	10
(iv) National debt interest	50
(v) Corporation tax	100
(vi) Net current transfers from the rest of the world	(—) 20
(vii) Current transfers from government	30

Q. 15. In an economy, marginal propensity to save is 0.2. Investment increases by Rs. 100 crores. Calculate total increase in national income. 3

Q. 16. Give meanings of (i) cash reserve ratio, (ii) bank rate and (iii) open market operations. 3

Q. 17. Distinguish between 'visible trade' and 'invisible trade' in balance of payments. Give one example of each. 3

Q. 18. What is barter ? Explain the 'unit of value' function of money. 4

Or

What is money ? Explain the 'store of value' function of money.

Q. 19. Explain the 'banker's bank and supervisor' function of the central bank. 4

Q. 20. Distinguish between direct tax and indirect tax. Give two examples of each. 4

Q. 21. Distinguish between (i) tax and non-tax revenues and (ii) developmental and non-developmental expenditures. 4

Q. 22. Calculate 'national income' and 'net national disposable income' from the following data : 4, 2

	<i>(Rs. crores)</i>
(i) Current transfers from government	35
(ii) Private final consumption expenditure	500
(iii) Net current transfers from the rest of the world	(—) 10
(iv) Government final consumption expenditure	150
(v) Net factor income from abroad	(—) 20
(vi) Net domestic capital formation	100
(vii) Net indirect tax	120
(viii) Net exports	50

Q. 23. Explain the income method of estimating national income. 6

Or

Explain the distinction between 'domestic product' and 'national product' on the basis of concepts of resident and domestic territory.

Q. 24. Explain determination of equilibrium level of income through the Savings - Investment approach. Use diagram. What changes will take place when the economy is not in equilibrium ? Explain. 6

Explain determination of equilibrium level of income by the (i) Savings - Investment approach and (ii) Aggregate demand - Aggregate supply approach. What changes will take place when the economy is not in equilibrium ?