

## CBSE-2003 CLASS XII ECONOMICS

### SECTION - A

#### (Introductory Micro Economic Theory)

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

- (i) What gives rise to the central problems of an economy?
- (ii) Define Monopoly.
- (iii) Is consumer willing to move away from consumer's equilibrium point?
- (iv) Define producer's equilibrium.

**Q. 2. Distinguish between expansion of supply and increase in supply. 3**

**Q. 3. Define monopolistic competition. State two of its basic features. 3**

**Q. 4. At a price of Rs. 20 per unit, quantity demanded of a commodity is 300 units. If its price falls by 10 per cent, its quantity demanded rises by 60 units. Calculate its price elasticity of demand. 3**

**Q. 5. What is consumer's equilibrium? State the condition of consumer's equilibrium.**

**Q. 6. How do change in the income of a household affect the demand for the commodity that it buys?**

Or

Explain the law of supply with the help of a schedule. 4

**Q. 7. Explain the problem of 'How to produce' with the help of an example. 4**

**Q. 8. How is elasticity of supply measured? Draw a supply curve for each of the following situations:**

- (i) Elasticity of supply = 0
- (ii) Elasticity of supply =  $\infty$
- (iii) Elasticity of supply  $< 1$

**Q. 9. Changes in both demand and supply of a commodity may or may not affect its equilibrium price. Explain. 4**

**Q. 10. Explain the relationship between average cost and marginal cost with the help of a diagram.**

Or

Explain the relationship between total revenue and marginal revenue with the help of a diagram. 6

**Q. 11. (i)** Which feature/features of monopolistic competition is/are competitive in nature? **3**

**(ii)** Complete the following table: **3**

Units of Output	TC (Rs.)	TFC (Rs.)	TVC (Rs.)	MC (Rs.)
0	100			
1	120			
2	130			

**Q. 12.** Explain the law of variable proportions with the help of a diagram. **6**

**SECTION - B**  
**(Introductory Micro Economic Theory)**

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

(i) Define economic goods.

(ii) Define domestic factor income.

(iii) If marginal propensity to save is 0.1, calculate the value of the multiplier.

(iv) Give two examples of capital expenditure in the government budget.

**Q. 14.** Classify the following into factor income and transfer receipt. Give reasons for your answer: **3**

**Q. 15.** Explain the three industrial sectors into which all the producing enterprises are classified for measuring national income.

**Q. 16.** What is meant by circular flow of income. Distinguish between Real Flow and Money Flow. **3**

**Q. 17.** When will there be a situation of excess demand in an economy? State two measures to correct it. **3**

**Q. 18.** From the following data about a firm 'P' for the year 1998-99, calculate net value added at factor cost during that year: **4**

	(Rs. in lakhs)
(i) Sales	120
(ii) Purchase of machinery	60
(iii) Subsidies	5
(iv) Depreciation	15
(v) Purchase of raw material	30
(vi) Opening stock	20
(vii) Closing stock	10
(viii) Intermediate consumption	50

**Q. 19.** Define net factor income from abroad. State its components. **4**

**Q. 20.** Explain the concept of inflationary gap. Use diagram. **4**

**Q. 21.** Explain in brief, the steps involved in the estimation of value added by a firm. **4**

**Q. 22.** State any four precautions that must be taken while estimating expenditure on gross domestic product. Why are exports included in estimating expenditure on gross domestic product?

Or

Describe the income method of estimating national income. **6**

**Q. 23.** Distinguish between average propensity to consume and marginal propensity to consume. Draw a hypothetical propensity to consume curve and from it draw the propensity to save curve. **6**

**Q. 24.** From the following data, calculate gross national product at market price by

(a) income method, and

(b) expenditure method: **3, 3**

	<b>(Rs. in crores)</b>
(i) Private final consumption expenditure	450
(ii) Compensation of employees	300
(iii) Factor income from abroad	20
(iv) Factor income to abroad	30
(v) Net domestic capital formation	100
(vi) Change in stock	30
(vii) Employers contribution to social security schemes	25
(viii) Dividends	100
(ix) Corporation Tax	40
(x) Consumption of fixed capital	30
(xi) Interest	80
(xii) Exports	25
(xiii) Imports	35
(xiv) Indirect taxes	65
(xv) Undistributed profits	60
(xvi) Subsidies	15
(xvii) Government final consumption expenditure	160
(xviii) Rent	70