

CBSE-2006 ECONOMICS

CLASS XII

TIME-3 HOUR

General Instructions:

1. All questions in both the sections are compulsory.
2. Marks for questions are indicated against each.
3. Question Nos. 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. Question Nos. 2—5 and 14—17 are short-answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
5. Question Nos. 6—9 and 18—21 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
6. Question Nos. 10-12 and 22—24 are long-answer questions carrying 6 marks each, Answers to them should not normally exceed 100 words each.
7. Answers should be brief and to the point and the above word limits be adhered to as far as possible.
8. All parts of a question should be answered at one place.

SECTION - A

Q.1. Answer the following questions (1 x 4 = 4)

- i. Define utility.
- ii. Define production function.
- iii. Give meaning of 'revenue' in micro-e'
- iv. Define equilibrium price.

Q. 2. What is meant by returns to scale ? Give one reason for increasing returns to scale.
(3)

Q. 3. State clearly the three features of monopolistic competition. (3)

Q. 4. Draw Average Revenue and Marginal Revenue curves of a firm under

- a. perfect competition and
- b. monopoly. (3)

For Blind Candidates only in lieu of Q. No. 3

Distinguish between perfect competition and monopoly.

Q. 5. How is price determined under perfect competition? Explain briefly. (3)

Q. 6. Define and draw a production possibility curve. What does the movement along the curve show? (4)

For Blind Candidates only in lieu of Q. No. 6

Explain the problem of 'How to produce'. (4)

Q.7. Complete the following table: (4)

Price (Rs. Per unit)	Output (units)	Marginal Cost (Rs.)	Total Revenue (Rs.)	Total Cost (Rs.)
5	1	4	-----	-----
4	2	3	-----	-----
3	3	2	-----	-----
2	4	1	-----	-----

Q. 8. A firm supplies 500 units of a good at a price of Rs. 5 per unit. The price elasticity of supply of the good is 2. At what price will the firm supply 700 units? (4)

Q. 9. Distinguish between 'change in quantity supplied' and 'change in supply'. State two factors responsible for 'change in supply'. (4)

Or

Distinguish between fixed cost and variable cost. Give two examples of each.

Q. 10. Explain the effect of the following on the demand of a good: (6)

- i. Change in the income of the consumer
- ii. Change in the prices of the related goods

Q. 11. Define price elasticity of demand. State any four factors that affect it. (6)

Q. 12. Explain the law of variable proportions using Total Physical Product and Marginal Physical Product curves. (6)

Or

Explain the relation between marginal cost and average variable cost with the help of a diagram.

For Blind Candidates only in lieu of Q. No. 12

Explain the law of variable proportions with the help of a total and marginal physical product schedule (6)

Or

Explain the relation between marginal cost and average variable cost with the help of a cost schedule

SECTION - B

Q 13. Answer the following questions (1x4)

- i. What is macro-economics all about
- ii. Define micro-economics
- iii. What is a government budget?
- iv. Name two sources of demand for foreign exchange.

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

	(Rs. crores)
i. Net current transfers from the rest of the world	3
ii. Private income	200
iii. Personal taxes	30
iv. National debt interest	5
v. Corporate profit tax	20
vi. Undistributed profits	10

Q. 15. In an economy investment increases by Rs. 600 crores. If marginal propensity to consume is 0.7, what is the increase in total national income? (3)

Q. 16. Give meaning of involuntary unemployment, under employment and full employment (3)

Q. 17. Define 'revenue' and 'capital' receipt in a government budget. Give one example of each. (3)

Q. 18. Explain the "bankers' bank and supervisor" function of the central bank (4)

Or

Explain the "acceptance of deposits" function of the commercial banks.

Q. 19. Explain 'unit of value' function of money (4)

Q. 20. What is a budget deficit 9 What is primary deficit and what does it indicate? (4)

Q. 21. Distinguish between the currnt account and the capital account of the balance of payments. State two components of each. (4)

Q. 22. Giving reason, state whether the following are included in national income: (6)

- i. Transport expenses by a firm.
- ii. Expenditure on construction of a house.
- iii. Gift received from employer.
- iv. Purchase of a machine by a factory.
- v. Salary received by an Indian resident working in U.S. embassy in New Delhi.
- vi. Interest paid on loan taken to buy a personal car.

Q. 23. Explain briefly the components of aggregate demand. Also explain determination of national income based on aggregate demand and aggregate supply. Use diagram. (6)

Or

How is the 'saving = investment' approach of income determination derived from the aggregate demand and aggregate supply approach? Explain the 'saving = investment' approach. Use diagram.

For Blind Candidates only in lieu of Q. No. 23

Explain the components of aggregate demand. Why must aggregate demand and aggregate supply be equal at equilibrium level of income? (6)

Or

Why must saving and investment be equal at equilibrium level of income? Explain.

Q. 24. Calculate

- a. national income and
- b. net national disposable income from the following data: (4, 2)

	(Rs. crores)
i. Net current transfers from the rest of the world	5 300
ii. Private final consumption expenditure	10 100
iii. Net factor income paid to abroad	20
iv. Government final consumption expenditure	80 70

v.	Subsidies	(—) 40
vi.	Net domestic fixed capital formation	20
vii.	Indirect tax	15
viii.	Net exports	
ix.	Change in stocks	
x.	Current transfers from government	