

CLASS: XII

CBSE GUESS PAPER

ECONOMICS (030)

Time Allowed : 3 Hrs

Maximum Marks : 80

General Instructions :

- i) All questions in both sections are compulsory. However, there is internal choice in some questions.
- ii) Marks for questions are indicated against each question.
- iii) Question 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) Question No.5-6 and 17-18 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- v) Question No.7-9 and 19-21 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- vi) Question No.10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
- vii) Answers should be brief and to the point and the above word limit be adhered to as far as possible.

Section-A

- Q1. Distinguish between Positive economic analysis & normative economic analysis. 1
- Q2. The demand for cooking gas is not falling in spite of regular hike in the price of cooking gas. What will be the elasticity of demand for cooking gas & why? 1
- Q3. Define Monotonic Preferences. 1
- Q4. Explain the effect of fall in price of related goods on the demand of a commodity. 1

Q5.a) What are resources? b) When is resources allocation efficient? c) Why must an economy use resources judiciously?

OR

Explain the central Problem of the choice of product to be produced. 3

Q6. The ratio of elasticity of supply of commodity A & B is 1:1.5. A 20% fall in price of A results in a 40% fall in its supply. Calculate the percentage increase in supply of B if its price rises from 10 per unit to Rs. 11 per unit. 3

Q7. Explain the implications of the following a) Product differentiation in monopolistic market b) Barriers to entry of new firms in oligopoly. 4

Q8. Explain the following a) Why is an indifference curve convex to the origin? b) Why does a higher indifference curve represent higher level of satisfaction? 4

Q9. $MR=AR$ in perfect competition, but $MR<AR$ in Monopoly & Monopolistic competition. Why? 4

OR

Define cost. State the relationship between Marginal cost & Average Variable cost.

Q10. State the condition of consumer's equilibrium under the following. 6

- a) Utility approach in one good case.
- b) Cardinal Approach (2 commodity approach)
- c) Ordinal Approach.

Q11.a) Determine the producer's equilibrium from the following data through MR-MC approach. State the reasons for your answer. 6

OUTPUT	1	2	3	4	5
AR	12	11	10	9	8
AC	4	5	6	7	9

b) Fill in the blanks.

OUTPUT	1	2	3	4	5
AFC					12
MC		10	8		10
TC		82		99	

Q12.a) China is a vast market for aluminum imports from India. Chinese govt. has recently marked 'Devaluation in its currency'. Giving suitable reasons explain the impact on the 'equilibrium price' & 'equilibrium quantity' of aluminum by this decision in domestic market of India.

b) Suppose the value of demand & supply of commodity X is given by the following equations simultaneously :

$$Q_d = 200 - 10p \quad Q_s = 50 + 15p$$

Find the equilibrium price & equilibrium Quantity of commodity X. (4+2)

Section-B

Q13. State the components of money supply. 1

Q14. The Reserve Bank of India aims to make credit costly for the General Public in order to reduce the availability of credit. What should be done? 1

Q15. What is meant by effective demand? 1

Q16. "When MPC is equal to MPS, increase in income will be two times the increase in investment" Comment 1

Q17. Calculate Net value added at factor cost. 3

	Rs. (in lakh)
Sales	400
Single use producer goods	100
Durable use producer good with life span of 10 years	200
GST	25
Unsold output produced during the year	40

Q18. Giving reasons, explain how the following are treated in estimating national income. 3

- Subsidies given by the government to a solar panel producing unit.
- Dividends received by an Indian from his investment in shares of a foreign company.
- Expenditure on replacement of engine in an aircraft owned by a corporate enterprise.

Q19. Calculate National Income by a) Income Method b) Expenditure Method. 4

	(Rs. In crores)
Govt. Final Consumption Exp.	1000
Current transfer from Rest of the World	100
Wages & Salaries	3800
Dividend	500
Rent & Royalty	200
Interest	150
Addition to the stock of capital	500
Profits	800
Employer's contribution to social security schemes	200
Excess of imports over exports	50
Consumption of fixed capital	40
Net factor income from abroad	(-)30
Pvt. Final consumption Exp.	3000

Q20. a) The Consumption function of an economy is given as: $C=60+.6Y$. Calculate the break-even level of income

b) Explain the relationship between Average Propensity to consume & Average Propensity to save. Which of these can have a negative value & when? 4

Q21. Explain 'Banker Bank' function of the Central Bank. 4

OR

Explain 'Banker to the Government' function of the Central Bank.

Q22.a) The Government decides to give budgetary incentives to investors for making investments in backward regions. Explain these possible incentives & the reasons for the same.

b) 'The fiscal deficit gives the borrowing requirement of the Government'. Elucidate.

c) What is meant by non tax revenue? Explain the different sources of non-tax revenue. (2+2+2)

Q23. a) What is meant by 'official reserve transaction'? Discuss their importance in BOP.

b) Why are foreign exchange rate & demand for foreign exchange inversely related?

Explain.(3+)

Q24. a) What is investment multiplier? What can be its minimum & maximum value?

b) In an economy, planned spending is greater than planned output. Explain all the changes that will take place in the economy. (3+3)

TIPS :

GUIDELINES FOR ATTEMPTING AN EXAMINATION

- 1) Go through the entire paper & in the questions involving choice, decide which ones to answer.
- 2) Students may first attempt those questions which you know well. However, try to answer the question in the serial order.
- 3) Stick to word limit. However, do not waste time in counting words as there is no negative marking.
- 4) Answer should be neat, clear & properly arranged. They should be conceptualized. To have better presentation of answer, underlining the headings & key points.
- 5) Solve Numerical problem stepwise. Be careful to mention the units & highlights the final answer.
- 6) Be thorough with CBSE sample papers, NCERT Questions & last 5 years papers.

Be confident as 80% of question paper is designed for average students.

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