

**Solved
Paper**

**C.B.S.E
2009
(Class XII)**

Time allowed : 3 hours

Maximum Marks : 100

General Instructions :

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each.
- (iii) Questions No. **1-5** and **17-21** are very short-answer questions carrying **1** mark each. They are required to be answered in **one sentence** each.
- (iv) Questions No. **6-10** and **22-26** are short-answer questions carrying **3** marks each. Answers to them should normally not exceed **60** words each.
- (v) Questions No. **11-13** and **27-29** are also short-answer questions carrying **4** marks each. Answers to them should normally not exceed **70** words each.
- (vi) Questions No. **14-16** and **30-32** 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.

DELHI SET-I

Code 58/1/1

SECTION A

1. Give **two** examples of Microeconomic studies. **1**
2. When is the demand of a commodity said to be inelastic ? **1**
3. Define fixed cost. **1**
4. What causes a downward movement along a supply curve ? **1**
5. Define monopoly. **1**
6. Why does an economic problem arise ? Explain. **3**

OR

Explain the problem of 'What to produce'.

7. Distinguish between a normal good and an inferior good. Give example in each case. **3**
8. How is the price elasticity of demand of a commodity affected by the number of its substitutes ? Explain. **3**
9. Explain the meaning of 'increase in supply' and 'increase in quantity supplied' with the help of a schedule. **3**
10. Why is a firm under Perfect Competition a price-taker ? Explain. **3**

11. Complete the following table :

4

Output (Units)	Average Variable Cost (Rs.)	Total Cost (Rs.)	Marginal Cost (Rs.)
1	....	60	20
2	18	....	....
3	....	....	18
4	20	120	....
5	22	....	....

OR

Output (Units)	Price (Rs.)	Total Revenue (Rs.)	Marginal Revenue (Rs.)
4	9	36	....
5	....	....	4
6	....	42	....
7	6	....	....
8	....	40	....

12. Commodities X and Y have equal price elasticity of supply. The supply of X rises from 400 units to 500 units due to a 20 percent rise in its price. Calculate the percentage fall in supply of Y if its price falls by 8 percent. 4

13. From the following schedule find out the level of output at which producer is in equilibrium. Give reasons for your answer. 4

Output (Units)	Price (Rs.)	Total Cost (Rs.)
1	24	26
2	24	50
3	24	72
4	24	92
5	24	115
6	24	139
7	24	165

14. Explain the cause of a rightward shift in demand curve of a commodity of an individual consumer. 6

OR

Explain the conditions of consumer's equilibrium in case of (i) single commodity, and (ii) two commodities. Use utility approach.

15. Giving reasons, state whether the following statement are true or false : 6

- When there are diminishing returns to a factors, total product always decreases.
- Total product will increase only when marginal product increases.
- When marginal revenue is zero, average revenue will be constant.

16. With the help of a diagram explain the effect of "decrease" in demand of a commodity on its equilibrium price and quantity. 6

For blind candidates only in lieu of Q. No. 16 :

Define equilibrium price. How is it affected by a “decrease” in demand of a commodity ?

SECTION—B

17. Why is repayment of loan a capital expenditure ? 1
18. What is meant by excess demand in Macroeconomics ? 1
19. What can be the minimum value of investment multiplier ? 1
20. Define bank rate. 1
21. Define involuntary unemployment. 1
22. Complete the following table : 3

Income	Saving	Marginal Propensity to Consume	Average Propensity to Save
0	-12	....	....
20	-6	....	....
40	0	....	....
60	6	....	....

23. State any **three** points of distinction between Central Bank and Commercial Banks. 3
24. How can a government budget help in reducing inequalities of income ? Explain. 3
25. Explain the circular flow of income. 3

OR

Distinguish between intermediate products and final products. Give examples.

26. List the items of the current account of balance of payments account. Also define ‘balance of trade’. 3
27. Explain the meaning and **two** merits of fixed foreign exchange rate. 4

OR

Explain **two** sources each of demand and supply of foreign exchange.

28. State the **four** function of money. Explain any **one** of them. 4
29. Distinguish between : 4
- (i) Direct tax and indirect tax.
- (ii) Revenue deficit and fiscal deficit.
30. How will you treat the following while estimating domestic factor income of India ?
Give reasons for your answer : 6
- (i) Remittances from non-resident Indians to their families in India.
- (ii) Rent paid by the embassy of Japan in India to a resident Indian.
- (iii) Profits earned by branches of foreign bank in India.
31. Give consumption function $C = 100 + 0.75 Y$ (Where C = Consumption expenditure and Y = national income) and investment expenditure Rs. 1000, calculate : 6
- (i) Equilibrium level of national income.
- (ii) Consumption expenditure and equilibrium level of national income.

OR

What changes will take place to bring an economy in equilibrium, if

- (i) Planned savings are greater than planned investment, and
- (ii) Planned savings are less than planned investment.

- 32.** Calculate “gross national product at factor cost” from the following data by (i) income method, and (ii) expenditure method: **6**

	(Rs. in Crores)
(i) Private final consumption expenditure.	1,000
(ii) Net domestic capital formation	200
(iii) Profit	400
(iv) Compensation of employees	800
(v) Rent	250
(vi) Government final consumption expenditure	500
(vii) Consumption of fixed capital	60
(viii) Interest	150
(ix) Net current transfer from rest of the world	(–) 80
(x) Net factor income from abroad	(–) 10
(xi) Net exports	(–) 20
(xii) Net indirect taxes	80

DELHI SET-II**Code 58/1/2****SECTION A**

1. Give the meaning of opportunity cost. **1**
11. The price elasticity of supply of commodity X and Y are equal. The price of X falls from Rs. 10 to Rs. 8 per unit and its quantity supplied falls by 16 percent. The price of Y rises by 10 percent. Calculate the percentage increase in its supply. **4**
13. From the following table find out the level of output at which the producer is in equilibrium. Give reasons for your answer. **4**

Output (Units)	Average Revenue (Rs.)	Total Cost (Rs.)
1	12	14
2	12	26
3	12	35
4	12	52
5	12	64
6	12	70

15. Giving reasons, state whether the following statements are true or false : **6**
 - (i) Increase in total product always indicates that there are increasing returns to a factor.
 - (ii) Marginal revenue is always the price at which the last unit of a commodity is sold.
 - (iii) When there are diminishing returns to a factor marginal and total product both always fall.

SECTION B

19. If investment multiplier is 1. What will be the value of marginal propensity to consume ? **1**

22. Complete the following table : 3

Income	Saving	Marginal Propensity to Consume	Average Propensity to Consume
0	-6	....	....
20	-3	....	....
40	0	....	....
60	3	....	....

26. How can a government budget help in reducing inequalities of income ? Explain. 3

DELHI SET-III

Code 58/1/3

SECTION A

3. Give the meaning of micro economics. 1
15. Explain the causes of a leftward shift in demand curve of a commodity. 6

OR

Explain consumer's equilibrium in case of single commodity with the help of a utility schedule.

16. How is equilibrium price of commodity determined ? Explain with the help of a demand and supply schedule. 6

SECTION B

17. Define a Government Budget. 1
19. Give the meaning of autonomous consumption. 1
22. Complete the following table : 3

Income	Consumption	Marginal Propensity to Save	Average Propensity to Save
0	40	....	....
50	70	....	....
100	100	....	....
150	120	....	....

30. How will you treat the following while estimating national income of India ? Give reasons for your answer. 6

- (i) Salaries paid to Russians working in Indian Embassy in Russia.
(ii) Profits earned by an Indian company from its branch in Singapore.
(iii) Capital gains to Indian residents from sale of shares of a foreign company.

31. From the following data calculate gross national product at factor cost by (i) income method and (ii) expenditure method. 6

(Rs. in crores)

(i) Net domestic capital formation	500
(ii) Compensation of employees	1850
(iii) Consumption of fixed capital	100
(iv) Government final consumption expenditure	1100
(v) Private final consumption expenditure	2600
(vi) Rent	400
(vii) Dividend	200
(viii) Interest	500
(ix) Net exports	(-) 100
(x) Profits	1100
(xi) Net factor income from abroad	(-) 50
(xii) Net Indirect taxes	250

SECTION A

1. Give the meaning of opportunity cost. 1
2. What is meant by inferior good in economics ? 1
3. Define marginal cost. 1
4. Give one reason for a rightward shift in supply curve. 1
5. Why is average total cost greater than average variable cost ? 1
6. State the law of demand and show it with the help of a schedule. 3
7. Explain the geometric method of measuring price elasticity of demand. 3
8. Why do problems related to allocation of resources in an economy arise ? 3

OR

Explain the problem of 'for whom to produce.'

9. Complete the following table : 3

Output (Units)	Total Revenue (Rs.)	Marginal Revenue (Rs.)	Average Revenue (Rs.)
1	....	....	8
2	....	4	....
3	12	....	4
4	8	....	2

10. Explain the effect of fall in prices of other goods on the supply of a given good.
11. Explain two points of distinction between monopoly and monopolistic competition. 4

OR

Explain any two main features of perfect competition.

12. The price elasticity of supply of commodity Y is half the price elasticity of supply of commodity X. 16 percent rise in the price X results in a 40 percent rise in its supply. If the price of Y falls by 8 percent, calculate the percentage fall in its supply. 4
13. Given below is a cost and revenue schedule of a producer. At what level of output is the producer in equilibrium ? Give reasons for your answer. 4

Output (Units)	Price (Rs.)	Total Cost (Rs.)
1	10	13
2	10	22
3	10	30
4	10	38
5	10	47
6	10	57
7	10	71

14. With the help of a demand and supply schedule, explain the meaning of excess demand and its effect on price of a commodity. 6

OR

Define equilibrium price of a commodity. How is it determined ? Explain with the help of a schedule.

15. Giving reasons, state whether the following statements are *true* or *false* : 6
- (i) Average cost falls only when marginal cost falls.
 - (ii) The difference between average total cost and average variable cost is constant.
 - (iii) When total revenue is maximum, marginal revenue is also maximum.
16. Explain the effect of the following on the market demand of a commodity : 6
- (i) Change in price of related goods.
 - (ii) Change in the number of its buyers.

SECTION B

17. Give meaning of aggregate supply. 1
18. Why are taxes received by the government not capital receipts ? 1
19. Give the meaning of excess demand in an economy. 1
20. What is meant by cash reserve ratio ? 1
21. Define involuntary unemployment. 1
22. Complete the following table : 3

Income	Marginal Propensity to Consume	Saving	Average Propensity to Save
0	....	- 90	....
100	0.6	....	....
200	0.6	....	....
300	0.6	....	....

23. Give the meaning of factor income to abroad and factor income from abroad. Also give an example of each. 3

OR

Distinguish between domestic product and national product. When can domestic product be more than national product ?

24. Distinguish between balance on trade account and balance on current account. 3
25. State three main functions of a commercial bank. Explain any one of them. 3
26. Give the meaning of revenue deficit, fiscal deficit and primary deficit. 3
27. Describe the evolution of money. 4

OR

Explain any two functions of money.

28. Explain any two objectives of a government budget.
29. Explain two merits each of flexible foreign exchange rate and fixed foreign exchange rate. 4
30. While estimating national income, how will you treat the following ? Give reasons for your answer : 6
- (i) Imputed rent of self occupied houses.
 - (ii) Interest received on debentures.
 - (iii) Financial help received by flood victims.

31. In an economy $S = -50 + 0.5Y$ is the saving function (where, S = saving and Y = national income) and investment expenditure is 7000. Calculate : **6**

- (i) Equilibrium level of national income.
(ii) Consumption expenditure at equilibrium level of national income.

OR

From the following information about an economy, calculate (i) its equilibrium level of national income, and (ii) savings at equilibrium level of national income.

Consumption function : $C = 200 + 0.9Y$

(where, C = consumption expenditure and Y = national income)

Investment expenditure : $I = 3000$.

32. From the following data calculate “national income” by (a) income method, and (b) expenditure method : **6**

(Rs. in Crores)

(i) Interest	150
(ii) Rent	250
(iii) Government final consumption expenditure	600
(iv) Private final consumption expenditure	1200
(v) Profits	640
(vi) Compensation of employees	1000
(vii) Net factor income to abroad	30
(viii) Net indirect taxes	60
(ix) Net exports	- 40
(x) Consumption of fixed capital	50
(xi) Net domestic capital formation	340

Outside DELHI SET-II

Code 58/1/2

SECTION A

3. Define fixed costs. **1**
9. Complete the following table : **3**

Output (Units)	Total Cost (Rs.)	Average Variable Cost (Rs.)	Marginal Cost (Rs.)
1	....	....	30
2	....	27	....
3	....	....	27
4	180	30	....

13. The price of commodity X is Rs. 20 per unit and it remains constant. Given below is the cost schedule of one of its producers. Find out the level of output at which this producer is in equilibrium. Give reasons for your answer. **4**

Output (Units)	Total Cost (Rs.)
1	26
2	45
3	60
4	76
5	94
6	114
7	142

15. Given reasons, state whether the following statements are *true* or *false* : 6
- When there are diminishing returns to a factor, marginal product and total product both always diminish.
 - When marginal revenue is positive and constant, average and total revenue will both increase at constant rate.
 - As output is increased, the difference between average total cost and average variable cost falls and ultimately becomes zero.

SECTION B

22. Complete the following table : 3

Income	Consumption	Marginal Propensity to Save	Average Propensity to Consume
0	15	....	....
50	50	....	....
100	85	....	....
150	120	....	....

29. How is foreign exchange rate determined in the market ? 4
30. How will you treat the following while estimating national income : 6
- Capital gain on sale of house.
 - Prize won in a lottery.
 - Interest on public debt.

Outside DELHI SET-III

Code 58/1/3

SECTION A

7. Explain any two factors that affect the price elasticity of demand of a commodity. 1
9. Complete the following table : 3

Output (Units)	Price (Rs.)	Marginal Revenue (Rs.)	Total Revenue (Rs.)
1	....	16	....
2	12	....	24
3	....	6	....
4	7	....	28

13. Explain the conditions of producer's equilibrium with the help of a total cost and total revenue schedule. 4
14. State the causes of an 'increase' in demand. Explain any two of them. 6

SECTION B

22. Complete the following table : 3

Income	Marginal Propensity to Consume	Saving	Average Propensity to Consume
0	....	- 30	....
100	0.75	....	....
200	0.75	....	....
300	0.75	....	....

27. What are the implications of revenue deficit ? State two measures to reduce this deficit. 4
28. Explain two sources each of demand and supply of a foreign currency. 4