CBSE-2003 CLASS XII ECONOMICS

SECTION - A
(Introductory Micro Economic Theory)

Q. 1. Answer the following questions: 4
(i) Define marginal physical product.
(ii) What is meant by economising resources?
(iii) State the law of supply.
(iv) How does total fixed cost change when output changes?

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

Q. 3. State any three characteristics of a perfectly competitive market. **3**

Q. 4. (i) The price of a commodity is Rs. 10 per unit and its quantity supplied at this price is 500 units. If its price falls by 10 per cent and quantity supplied falls to 400 units, calculate its price elasticity of supply. 3
(ii) Explain the problem of 'How to produce' with the help of an example. **3**

Q. 5. How is the supply of a commodity affect by changes in the prices of other commodities? **3**

Q. 6. Explain the law of demand with the help of demand schedule. **4**

Q. 9. Explain the Law of supply with the help of a supply schedule and supply curve. **4**

Q. 10. Explain the relationship between average variable 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. Distinguish between returns to a factor and returns to scale. Why do increasing returns to scale occur? **6**

Q. 12. (i) Explain why the marginal revenue is less than average revenue for a monopoly firm. **3**
(ii) What is meant by a product being perfectly homogeneous? What is its implication for the price charged by producers in the market. **3**

SECTION - B
(Introductory Micro Economic Theory)

Q. 1. Answer the following questions: 4
(i) Define current transfers.
(ii) Define economic goods.
(iii) Define government budget.
(iv) If the marginal propensity to save is 0.1, calculate the value of the multiplier.

Q. 14. Distinguish between a factor income and transfer receipt. **3**

Q. 15. Explain the problem of double counting in the estimation of national income by the value added method. **3**

Q. 16. What is meant by circular flow of income. Distinguish between Real Flow and Money Flow. **4**

Q. 17. From the following data about a firm X' for the year 2000-01, calculate the net value added at market price during that year: **4**

	(Rs. in lakhs)
(i) Sales	90
(ii) Closing stock	25
(iii) Opening stock	15
(iv) Indirect taxes	10
(v) Depreciation	20
(vi) Intermediate consumption	40
(vii) Purchase of raw materials	15
(viii) Rent	5

Q. 18. Define operating Surplus. State is components. **4**

Q. 19. Distinguish between balance of trade and balance of payments. **4**

Q. 20. Explain credit creation by commercial banks. **4**

Q. 21. What are 'Open Market Operations'? How do these affect availability of credit? **4**

Q. 22. Calculate from the following data: 6
(a) Net National disposable income.
(b) Private Income.
(c) Personal disposable income.

	(Rs. in crores)
(i) National income	800
(ii) Indirect taxes	70
(iii) Subsidies	10
(iv) Savings of non-departmental enterprises	30
(v) National debt interest	50

(vi) Net factor income from abroad	(-) 20
(vii) Consumption of fixed capital	40
(viii) Current transfers from rest of the	45
world	
(ix) Income from property and	60
entrepreneurship	40
accruing to government administrative	100
departments	
(x) Direct taxes paid by households	80
(xi) Profits	
(xii) Savings of private corporate sector net	90
of	25
retained earnings of foreign companies	
(xiii) Current transfer from government	
administrative departments	
(xiv) Corportation tax	

Q. 23. State any six precautions which must be taken while estimating factor income.

Q. 24. From the following data, calculate gross national product at market prices by **6**
(a) income method, and
(b) expenditure method

	(Rs. in crores)
(i) Government final consumption	250
expenditure	65
(ii) Change in stocks	150
(iii) Net domestic capital formation	90
(iv) Interest	210
(v) Profit	50
(vi) Corporation tax	100
(vii) Rent	20
(viii) Factor income form abroad	55
(ix) Indirect taxes	40
(x) Factor income to abroad	60
(xi) Exports	25
(xii) Subsidies	80
(xiii) Imports	20
(xiv) Consumption of fixed capital	500
(xv) Private final consumption expenditure	450
(xvi) Compensation of employees	
(xvii) Value of rent for free accommodation	40
to employees	