

**CBSE EXAMINATION PAPER—2019 (DELHI)**  
**ECONOMICS**

*Time : 3 hrs.*

*Max. Marks : 80*

**GENERAL INSTRUCTIONS:**

- (i) *All questions in both the sections are compulsory.*
- (ii) *Marks for questions are indicated against each question.*
- (iii) *Questions Nos. 1 – 4 and 13 – 16 are very short-answer questions carrying 1 mark each. They are required to be answered in **one sentence** each.*
- (iv) *Question Nos. 5 – 6 and 17 – 18 are short-answer questions carrying 3 marks each. Answer to them should normally not exceed 60 words each.*
- (v) *Question Nos. 7 – 9 and 19 – 21 are also short-answer questions carrying 4 marks each. Answer to them should normally not exceed 70 words each.*
- (vi) *Question Nos. 10 – 12 and 22 – 24 are long-answer questions carrying 6 marks each. Answer 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.*

**Set-I**

**SECTION A**

1. State one example of positive economics. (1)
2. Define fixed cost. (1)
3. When the Average Product (AP) is maximum, the Marginal Product (MP) is : (Choose the correct alternative) (1)
  - (a) Equal to AP
  - (b) Less than AP
  - (c) More than AP
  - (d) Can be any one of the above
4. When the total fixed cost of producing 100 units is ₹ 30 and the average variable cost ₹ 3, total cost is: (Choose the correct alternative) (1)
  - (a) ₹ 3
  - (b) ₹ 30
  - (c) ₹ 270
  - (d) ₹ 330
5. Explain the central problem of “for whom to produce”. (3)

**OR**

- Explain the central problem of “choice of technique”.
6. What is meant by inelastic demand? Compare it with perfectly inelastic demand. (3)

7. Given the price of a good, how will a consumer decide as to how much quantity to buy of that good ? Explain. (4)

**OR**

What is Indifference Curve? State three properties of indifference curves.

8. When the price of a commodity changes from ₹ 4 per unit to ₹ 5 per unit, its market supply rises from 100 units to 120 units. Calculate the price elasticity of supply. Is supply elastic? Give reason. (4)
9. What is meant by price ceiling? Explain its implications. (4)
10. Explain the conditions of consumer's equilibrium using Indifference Curve Analysis. (6)
11. Explain the conditions of producer's equilibrium in terms of marginal revenue and marginal cost. (6)
12. State three characteristics of monopolistic competition. Which of the characteristics separates it from perfect competition and why ? (6)

**OR**

Explain the implications of the following : (6)

- (a) Freedom of entry and exit of firms under perfect competition  
(b) Non-price competition under oligopoly

### **SECTION B**

13. Which of the following affects national income? (Choose the correct alternative) (1)  
(a) Goods and Services tax (b) Corporation tax  
(c) Subsidies (d) None of the above
14. Define money supply. (1)
15. The central bank can increase availability of credit by : (Choose the correct alternative) (1)  
(a) Raising repo rate (b) Raising reverse repo rate  
(c) Buying government securities (d) Selling government securities
16. Why does consumption curve not start from the origin? (1)
17. Which among the following are final goods and which are intermediate goods? Give reasons. (3)  
(a) Milk purchased by a tea stall  
(b) Bus purchased by a school  
(c) Juice purchased by a student from the school canteen

**OR**

Given nominal income, how can we find real income? Explain. (3)

18. Define multiplier. What is the relation between marginal propensity to consume and multiplier? Calculate the marginal propensity to consume if the value of multiplier is 4. (3)
19. Explain the role of the Reserve Bank of India as the "lender of last resort". (4)
20. What is meant by inflationary gap ? State three measures to reduce this gap. (4)

**OR**

What is meant by aggregate demand? State its components. (4)

21. The value of marginal propensity to consume is 0.6 and initial income in the economy is ₹ 100 crores. Prepare a schedule showing Income, Consumption and Saving. Also show the equilibrium level of income by assuming autonomous investment of ₹ 80 crores. (4)

22. Explain the meaning of the following: (6)  
 (a) Revenue deficit (b) Fiscal deficit  
 (c) Primary deficit

**OR**

Explain the following objectives of government budget: (6)

- (a) Allocation of resources
- (b) Reducing income inequalities

23. (a) Explain the impact of rise in exchange rate on national income. (6)  
 (b) Explain the concept of 'deficit' in balance of payments.

24. Calculate (a) Net National Product at market price, and (b) Gross Domestic Product at factor cost: **4 + 2 = 6**

	(₹ in crores)
(i) Rent and interest	6,000
(ii) Wages and salaries	1,800
(iii) Undistributed profit	400
(iv) Net indirect taxes	100
(v) Subsidies	20
(vi) Corporation tax	120
(vii) Net factor income to abroad	70
(viii) Dividends	80
(ix) Consumption of fixed capital	50
(x) Social security contribution by employers	200
(xi) Mixed income	1,000

**Set-II**

Questions which are different from Set-I.

**SECTION A**

1. When average cost falls, marginal cost (Choose the correct alternative) (1)  
 (a) Falls (b) Rises  
 (c) May fall or may rise (d) Neither falls nor rises
2. Define cost. (1)
3. What do you mean by the problem of scarcity? (1)
4. When marginal product rises, total product (Choose the correct alternative)  
 (a) Falls (b) Rises  
 (c) Can rise or can fall (d) Remains constant
5. What does production possibilities curve show? Can it shift? When? (3)

**OR**

Distinguish between microeconomics and macroeconomics. Give an example of each.

(3)

6. State any three determinants of individual demand other than own price of the good. (3)
7. What is revenue in microeconomics? State the relation between marginal revenue and average revenue under perfect competition, using suitable diagram or schedule. (4)

**OR**

Define supply. Distinguish between “increase in supply” and “extension in supply”.

8. What is ‘price floor’? Explain its implications. (4)
9. Comment upon the shape of the demand curve if the price of a commodity rises by 10% and there is no change in its quantity demanded. (4)
10. State and discuss four characteristics of perfect competition. (6)
11. A consumer consumes only two goods X and Y. Explain the conditions of consumer's equilibrium using utility analysis. (6)

**OR**

State and explain three properties of indifference curves.

12. Explain the law of variable proportions with the help of total product curve. Use diagram. (6)

**Note:** The following question is for the **Blind Candidates** only in lieu of Q. No. 12.

- Explain the law of variable proportions with the help of total product schedule. (6)

### SECTION B

13. If ‘legal reserve ratio’ is 20%, what will be the value of money multiplier? (1)
14. With a rise in real national income, welfare of the people (Choose the correct alternative) (1)
- (a) Rises (b) Falls  
(c) Remains unchanged (d) None of the above
15. If the value of average propensity to consume is given as 0.75, the value of average propensity to save would be \_\_\_\_\_. (1)
16. Which of the following is **not** the function of the central bank? (Choose the correct alternative) (1)
- (a) Banking facilities to government (b) Banking facilities to public  
(c) Lendings to government (d) Lendings to commercial banks
17. Define intermediate consumption and explain it with an example. How is it different from final consumption? (3)

**OR**

Which among the following are capital goods and which are consumer goods and why ?

- (a) A car used as a taxi (b) Refrigerator in a hotel  
(c) Air-conditioner in a house
18. If a consumption function of a hypothetical economy is given as (3)
- $$C = 100 + 0.6 Y; \text{ then}$$
- (i) what will be the values of marginal propensity to consume and marginal propensity to save for the economy?  
(ii) write the corresponding saving function.
19. Explain the national income determination in an economy using saving and investment approach. Use diagram. (4)

(4)

**Note:** The following question is for the **Blind Candidates** only in lieu of Q. No. 19.

Explain the national income determination in an economy by saving and investment approach using a suitable schedule. (4)

20. What is investment multiplier? Explain its working using a suitable numerical example. (4)
21. Discuss the meaning of any two methods of controlling credit which may be adopted by the central bank. (4)

**OR**

Explain the 'bank of issue' function of the central bank.

22. Calculate (a) Gross domestic product at market price, and (b) National income: (3, 3)

(₹ in crores)

(i) Government final consumption expenditure	4,000
(ii) Private final consumption expenditure	3,500
(iii) Gross domestic capital formation	1,100
(iv) Net exports	500
(v) Net factor income from abroad	100
(vi) Net indirect taxes	300
(vii) Subsidies	40
(viii) Change in stock	80
(ix) Consumption of fixed capital	120

23. Explain the distinction between the following: (6)
- (a) Revenue expenditure and Capital expenditure in a government budget
- (b) Primary deficit and Fiscal deficit

**OR**

Explain the distinction between Revenue receipts and Capital receipts in a government budget. Give their components.

24. Define fixed exchange rate. How is the exchange rate determined in a flexible exchange rate system? (2, 4)

### Set-III

Questions which are different from Set I and Set II.

#### SECTION B

21. Explain the role of the Reserve Bank of India as the "lender of last resort". (4)
22. (a) Explain the impact of rise in exchange rate on national income. (6)
- (b) Explain the concept of 'deficit' in balance of payments.