

Half Yearly Examination 2017-2018

Std. : XII
Subject : ECONOMICS

Full Marks : 80
Time : 3 Hrs+15min Reading Time

PART I (10x2 = 20 Marks) (Attempt all questions)

Q.1. Answer briefly each of the following questions from (i) to(x)

- i. What is meant by high powered money ?
- ii. Explain the shape of the AC Curve.
- iii. If the value of the multiplier is 5, calculate the value of MPC and MPS.
- iv. What is meant by budget line ?
- v. How is Exante demand different from Expost demand ?
- vi. What is meant by normal profit ?
- vii. Draw demand curve showing $ED = 0$ and $ED = \infty$.
- viii. When can the $AR=MR=PRICE$? Give reasons for your answer.
- ix. Differentiate between break-even point and shut down point.
- x. What change will take place in MP when TP increases at a diminishing rate ?

PART II (12 x 5 = 60 Marks) (Attempt any five questions from this part)

- Q.2.** a. What is Marginal Rate of Substitution ? How does it affect the shape of the Indifference curve. (3)
- b. What will happen to the following costs as output increases?
- i. Total Variable Cost
 - ii. Average Total Cost (3)
- c. Explain consumer's equilibrium with the help of indifference curve. (6)
- Q.3.** a. What is meant by autonomous consumption ? Explain with the help of a diagram ? (3)
- b. Differentiate between voluntary and involuntary unemployment. (3)
- c. Explain how CRR and SLR can be used by the Central Bank to control credit. (6)
- Q.4.** a. Give three reasons which leads to decrease in demand. (3)
- b. Define individual and market supply. (3)
- c. Explain various monetary and fiscal measures in an economy to correct excess demand in an economy. (6)

- Q.5.** a. What is perfect competition ? Is a firm under perfect competition a price maker or a price taker? (3)
- b. What is meant by producer's (firms) equilibrium ? State the conditions of firm's equilibrium.(3)
- c. Explain how short run equilibrium is attained by perfectly competitive firm earning Super Normal Profit. (6)
- Q.6.** a. How does a Central Bank differ from a commercial bank ? (3)
- b. What is the effect of price ceiling on equilibrium price and output ? How is the problem of allocating limited supply tackled ? (3)
- c. Explain the concept of money. Discuss primary and secondary functions performed by money in an economy. (6)
- Q.7.** a. Differentiate between returns to scale and returns to a variable a factor. (3)
- b. Why does the TC curve start from the Y axis and TVC curve starts from the origin ? (3)
- c. Explain the reasons for inverse relationship between price of the commodity and the quantity demanded of it. (6)
- Q.8.** a. The cost function of a firm is given below. Calculate AFC, AVC, MC.
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|--------------|-----|-----|-----|-----|-----|-----|
| Output : | 0 | 1 | 2 | 3 | 4 | |
| Total Cost : | 100 | 250 | 370 | 550 | 740 | (3) |
- b. Discuss the two differences between cardinal utility and ordinal utility. (3)
- c. Discuss the qualitative credit control measures of the central bank. (6)
- Q.9.** a. Classify the following into Fixed cost and Variable cost by giving a reason for your answer. (3)
- Expenses incurred on raw materials
 - Interest on capital
 - Salaries to permanent employees.
- b. Explain the nature of the AR and MR curve under perfect and imperfect competition. (3)
- c. A marginal utility schedule of a person is given below. Discuss the law underlying the given schedule. (6)
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|--------------|----|----|----|----|---|
| Pens (units) | 1 | 2 | 3 | 4 | 5 |
| MU (utils) | 25 | 20 | 15 | 10 | 5 |