

- c) Show with the help of a diagram how perfectly competitive firm earns supernormal profit in the long run.

Question 8

- a) Explain the relationship between TU and MU with the help of a diagram. (3)
- b) Discuss three reasons for downward slope of demand curve. (3)
- c) What is price elasticity of demand? Draw a diagram to show price elasticity of demand when it is (6)
- i) Equal to one
 - ii) Equal to zero
 - iii) Greater than one

Question 9

- a) Explain the relationship between price elasticity of demand and total revenue. (3)
- b) Does fixed cost influence marginal cost? Why or why not? (3)
- c) Discuss the following determinants of supply of a commodity: (6)
- i) Goals of the firm
 - ii) Changes in price of inputs
 - iii) Changes in technology

Quarterly Examination - 2018-19

ECONOMICS

Class : XII

Time : 3 Hrs.

Full Marks : 80

PART I (20 MARKS)

Answer all questions

Question 1

- i) Define private cost.
- ii) What determines the shape of the budget line?
- iii) What is the shape of MU during the law of Diminishing Marginal Utility?
- iv) When two demand curve intersect each other which one is more elastic?
- v) Differentiate between break-even point and shut down point.
- vi) What is a supply function?
- vii) State the profit maximization rule of a perfectly competitive firm in short run.
- viii) Give a reason for each of the following:
 - a) A and B are substitute goods. A rise in price of A results in rightward shift of the demand curve of B.
 - b) AR and MR is constant in a perfect market.
- ix) The quantity demanded of a commodity at price of Rs 100 per unit is 400 units. If the price falls by Rs 20, calculate quantity demanded at new price.
- x) State the conditions of consumer equilibrium in case of two commodities.

PART II (60 MARKS)

Answer Any five questions

Question 2 (3)

- a) Explain the following features of indifference curve.
- Two IC cannot intersect each other.
 - Higher the IC curve, higher is the level of satisfaction.

b) Fill in the blanks in the table given below : (3)

No. of labour	TP	AP	MP
1		450	
2	690		360

c) What is average variable cost. Why is average variable cost curve inverted S shaped? (6)

Question 3

- a) Define average product? How can we get average product from total product? Explain with the help of a schedule. (3)
- b) Discuss how supply of labour is an exception to the Law of Supply. (3)
- c) What is consumer equilibrium? Why does a consumer choose a point where IC is tangent to budget line. (6)

Question 4

- a) The distance between AC curve and AVC curve decreases with increase in output but AC curve and AVC curve never intersect each other. Justify the statement with the help of a diagram. (3)
- b) With the help of a diagram explain the relation between AC and MC. (3)

- c) State the law of demand with the help of a demand curve. Under which circumstances law of demand may not operate. (6)

Question 5

- a) Differentiate with the help of a diagram extension of demand and increase in demand. (3)
- b) Cost function of a curve is given below: (3)

Output	0	1	2	3	4
TC	50	125	185	275	370

Calculate : i) AFC ii) AVC iii) MC

- c) Discuss producer's equilibrium in perfect competition using MR and MC approach. (6)

Question 6

- a) Identify the market where firm is not required to reduce the price to sell more. Explain the behavior of TR curve in such market. (3)
- b) Explain geometric point method of calculating elasticity of supply of a commodity. (3)
- c) Explain the law of variable proportion with the help of a diagram. (6)

Question 7

- a) What is increase in supply? Discuss two reasons for increase in supply.
- b) How is elasticity of supply affected by
- Availability of substitute
 - Proportion of income spent