HALF YEARLY EXAMINATION, 2017-18

ECONOMICS

Time : 3 hrs. **Class - XII** **M.M. : 80**

Date – 16.09.2017 (Saturday)

Name of the student ____ Section _____

General Instructions:

- All questions in both the sections are compulsory.
- Marks have been indicated against each question.
- Question nos. **1 - 4** and **13 - 16** are **very short answer questions** carrying **1 mark** each. They are to be answered in **one sentence** each.
- Question nos. **5 & 6** and **17 & 18** are **short answer questions** carrying **3 marks** each. Answers to them should normally not exceed **60 words** each.
- Question nos. **7 - 9** and **19 - 21** are also **short answer questions** carrying **4 marks** each. Answers to them should normally not exceed **70 words** each.
- Question nos. **10 - 12** and **22 - 24** are **long answer questions** carrying **6 marks** each. Answers to them should normally not exceed **100 words** each.
- Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

SECTION - A

Q.1 What is the slope of PPC? What does it show? **(1)**

Q.2 State the law of demand. **(1)**

Q.3 What does point of inflexion on TP curve indicate? **(1)**

Q.4 Which characteristic of monopolistic competition is compatible with monopoly? **(1)**

a) One seller and large number of buyers b) Full control over price

c) Freedom of entry and exit d) Downward sloping demand curve.

Q.5 If more and more resources are constantly explored and new techniques of production are constantly discovered ,don’t you think a day will come when our central problems will be solved once for all ? **(3)**

Q.6 The price elasticity of demand of good X is double the price elasticity of demand of Y.A 10 % rise in the price of Y results in fall in its demand by 60 units. If original demand of commodity Y was 400 units, calculate percentage rise in quantity demanded of good X when its price falls from Rs.10 to Rs. 8 per unit. **(3)**

OR

When price of a good is Rs.7 per unit, a consumer buys 12 units. When price falls to Rs.6 per unit, he spends Rs.72 on the good. Calculate Price Elasticity of Demand by using percentage method. Comment on the likely shape of demand curve based on this measure of elasticity.

Q.7 Explain the characteristics of Indifference Curve. **(4)**

OR

Define Budget Line. What do intercepts of budget line indicate? How is it different from budget set?

Q.8 State giving reasons, whether the following statements are true or false. **(4)**

a) Short period TC curve starts from Y-axis.

b) As soon as MC starts rising , AVC also starts rising.

c) MC and AC are equal when AC tends to stabilise.

d) MC is greater than AC when production is in a state of diminishing returns.

Q.9 What kind of supply shock do you expect in the market when the rice crop is severely damaged by the drought? How will the market adjust itself to the supply shock? What suggestions would you offer to tackle the problems arising out of the supply shock? **(4)**

Q.10 Explain the conditions of equilibrium of a firm based on marginal cost and marginal revenue. Use diagram. **(6)**

Q.11 Explain any four features of monopolistically competitive market. **(6)**

OR

Explain any four features of monopoly market.

Q.12 Why is there an inverse relationship between the price of a commodity and its quantity demanded? **(6)**

SECTION - B

Q.13 What does the shifting of a demand curve show? **(1)**

Q.14 The price of eggs rises and yet it is observed that the demand for eggs is rising. Does it mean that the demand curve for eggs is upward sloping? **(1)**

Q.15 When owing to a unit change in output, TR increases by Rs.100.Then MR will be: **(1)**

a) greater than TR b) less than TR c) equal to TR d) equal to 0

Q.16 Write true or false with reason : MR can never be negative as it implies a situation of zero price. **(1)**

Q.17 Explain the implications of the following **(3)**

a) Freedom of entry and exit to firms under Perfect Competition.

b) Interdependence between firms under Oligopoly.

Q.18 Complete the following table. **(3)**

Output(Units)	Average Variable Cost (Rs.)	Total Cost (Rs.)	Marginal Cost (Rs.)
1	-----	60	20
2	15	-----	-----
3	20	-----	30
4	25	140	-----
5	-----	190	50

OR

Dr. Vivek Agrawal is running a dental clinic at his home. He has invested Rs. 2,00,000 as capital and has also borrowed Rs. 1,00,000 from Axis bank at an interest rate of 9% p.a. He has also hired an assistant at a monthly salary of Rs. 12,000. The estimated monthly rental of his clinic is Rs. 25,000. Calculate the annual implicit and explicit cost if imputed value of services of Dr. Vivek Agrawal is Rs. 4,00,000.

Q.19 Explain the concept of Production Possibility Curve with the help of hypothetical table. (4)

OR

What does a Production Possibility Curve show? When will it shift to the right?

Q.20 Explain any four factors affecting Elasticity of demand. (4)

Q.21 Define production Function. Distinguish between short run and long run production functions. (4)

OR

Explain two reasons each for

i) Increasing returns to a factor

ii) Diminishing returns to a factor

Q.22 Explain the chain effects, if the prevailing market price is below the equilibrium price. (6)

Q.23 Define price elasticity of supply. Using diagrams, explain various degrees of price elasticity of supply. (6)

Q.24 A consumer consumes only two goods .For the consumer to be in equilibrium, why must Marginal Rate of Substitution between the two goods must be equal to the ratio of prices of these two goods? Is it enough to ensure equilibrium? (6)

OR

Explain the conditions of consumer’s equilibrium with the help of Utility analysis.