



**JAIN COLLEGE, J C Road Bangalore**  
**Mock Paper -1 January- 2017**  
**II PUC– Economics (22)**

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**I. Answer the following question in one sentence each**

1. What is centrally planned economy?
2. What is indifference map?
3. Define demand.
4. What is opportunity cost?
5. Who is the price maker in perfect competition?
6. What is price rigidity?
7. Give the meaning for macro economics?
8. Define personal disposable income?
9. What is Repo rate?
10. What do you mean by flexible exchange rate?

**II. Answer the questions in four sentences each**

11. Write any difference between positive and normative economics?
12.  $Q_d = a - bp$  is a demand equation. Identify independent variable, dependent variable, constant and co-efficient.
13. If 2 units of labour produce 50 units of product 'x' and 3 units of labour produce 60 units of product 'x'. Calculate marginal product and average product.
14. What is market? Write three essentials of a market?
15. Give the meaning of a) normal profit b) shut down point
16. What is selling cost? What are their main objectives.
17. What are externalities? Explain with an example.
18. Distinguish between broad and narrow money.
19. What is budget deficit? Write their types.
20. What is a government budget? Write any four objectives.
21. What is fiscal policy? Write any four features.
22. Distinguish between nominal and real exchange rates.

**III. Answer the following questions in fifteen sentences each.**

23. Discuss the basic problems of an economy.
24. Explain any five properties of indifference curves.
25. Explain the factors determining price elasticity of demand.
26. Explain the law of returns to scale with the help of a table and diagram.
27. Explain the features of monopoly.
28. Explain the classification of price elasticity of supply.
29. Discuss diagrammatically the short run equilibrium of monopolistic firm.
30. Explain the uses and limitation of macro-economics.
31. Describe circular flow of income in a simple economy.
32. Explain the functions of commercial bank..
33. Discuss the three motives of demand for money.
34. Explain the consumption function of J M Keynes' with an example.

**IV. Answer the following in about forty sentences each.**

35. Explain the budget set and budget line with the help of schedule and diagram.
36. Show how the invisible hand guides the producers and the consumers towards equilibrium in a perfect competitive market.
37. Explain the instruments of monetary policy by RBI.

38. Explain the difficulties in measurement of national income.

**V. Answer the following in about fifteen sentences each**

39. Calculate the missing costs and write formula.

Output	TFC	TVC	TC	AFC	AVC	AC	MC
1	40	10					
2	40	20					
3	40	30					
4	40	50					
5	40	80					
6	40	120					

40. If the demand and supply function of wheat are  $Q_d=100-4p$  and  $Q_s=50+6p$ . Find the equilibrium price and the equilibrium quantity demanded and supplied, then prove that any price other than equilibrium price leads either to excess supply and excess demand.

41. Write the process of credit creation by commercial banks with the help of an example.



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**PART A**

**I. Answer the following questions in one sentence each.**

1. What is market economy?
2. What do you mean by monotony preference?
3. Give the meaning for price elasticity of demand?
4. What do you mean by social cost?
5. What is product differentiation?
6. What is deducted from GDP to arrive at NDP?
7. What is reserve repo rate?
8. Give the meaning of revenue deficit?
9. What do you mean by real exchange rate?
10. Define Multiplier?

**PART B**

**II. Answer the following questions in four sentences each.**

11. Write any two distinguish between deductive and inductive method of economics.
12. What is Indifference curve? Two indifference curves cannot interest each other. Why?
13. Consider the demand for onion at Rs. 20 per kg, demand for onion is 30kgs. If price increases to Rs.25 per kg. Demand decreases to 20kg. Calculate price elasticity of demand.
14. Why does SMC cuts SAVC at its minimum point?
15. What is perfect competition? Write any four features of it.
16. Define law of supply. Write any four determinants of supply.
17. What is oligopoly? Write any four features.
18. Distinguish between final goods and intermediate good.
19. Name any four agencies services by commercial bank.
20. What is investment function? Write any four determinants of it.
21. What is budget deficit? Write its types.
22. Distinguish between closed and open economy

**PART C**

**III. Answer the following questions in fifteen sentences.**

23. Explain the types of economic system.
24. Explain the concepts optimum choice of consumer.
25. Explain the classification of price elasticity of demand.
26. Explain the law of variable proportion with the help of a table and a diagram.
27. Explain the features of oligopoly and monopolistic competition.
28. Describe the concept of TP, AP, and MP with a diagram.
29. Explain the law of demand with the help of a table and a diagram.
30. Briefly explain the nature and scope of macro-economics.
31. Explain the difficulties in the measurement of national income.
32. Write a note on supply of money.
33. Define investment function and explain its determinants.
34. Explain the role of public revenue and expenditure as an instrument of fiscal policy.

**PART D**

**IV. Answer the following questions in forty sentences**

35. Explain the indifference curve and indifference map with the help of a schedule and diagram.

36. Discuss the diagrammatically the short run equilibrium of a monopolistic firm.
37. Explain the functions of RBI.
38. Explain the identities of macro economics.

### PART E

#### V. Answer the following question

39. Classify the stock and flow.  
Bank deposit, salary, foreign exchange reserve, national income, wealth.
40. If the demand and supply function of wheat are  $Q_d=650-60p$  and  $Q_s=250+20p$ . Find the equilibrium price and the equilibrium quantity demanded and supplied, than prove that any price other than equilibrium price leads either to excess supply and excess demand.
41. The market demand curve for commodity and total cost for a monopoly firm producing the commodity is given in the schedule below;

Quantity	0	1	2	3	4	5	6	7
Price in Rs	48	39	32	26	21	19	18	16
TC in Rs.	05	13	25	39	55	74	97	125

Use the information to calculate the following:

- (a) The MR and MC Schedules.
- (b) The quantities for which the MR and MC are equal.
- (c) The equilibrium quantity of output and equilibrium price of the commodity.