



JAIN COLLEGE, J C Road Bangalore
Mock Paper -1, February - 2015
II PUC– Economics (22)

Time: 3 Hours 15 Minutes

Max. Marks: 100

Part A

- I. Answer the following questions in one sentence each** **1 X 10 = 10**
1. Who is the father of macroeconomics?
 2. What is deficit financing?
 3. What is a cash credit?
 4. Expand MRTS?
 5. What is Giffen paradox?
 6. Give the meaning of a socialist economy.
 7. What is duopoly?
 8. Give the meaning of savings.
 9. Define Demand
 10. What do you mean by Shut down point?

Part B

- II. Answer any of the following ten questions in four sentences each.** **2 X 10 = 20**
11. Who is a price taker? Why?
 12. Mention any four difficulties in measuring national income.
 13. Give the meaning of Average cost. If cost of a firm to produce 5 pens is Rs140, calculate the average cost incurred by the firm.
 14. Why do people demand money?
 15. Give the meaning of direct tax and indirect tax with examples.
 16. Distinguish between balance of trade and balance of payments.
 17. Name any four difficulties of barter system.
 18. Calculate the income elasticity of demand when income of a consumer increases Rs. 10,000 to Rs 12,000 and demand for Rice rises from 30 to 40 kilos.
 19. What is production? Write the production function in a form of a equation.
 20. Distinguish between narrow money and broad money.
 21. Distinguish between closed economy and open economy.
 22. What is the difference between current account transactions and capital account transactions?

Part C

- III. Answer any eight of the following questions in fifteen sentences each.** **5 X 8 = 40**
23. What are the different types of economic systems? Explain.
 24. Explain any five properties of indifference curves.
 25. What are the factors determining price elasticity of demand?
 26. Briefly explain various economies and diseconomies of scale.
 27. AR and MR curves of a firm in perfect competition take the shape of a horizontal line. Explain this with a table and diagram.
 28. What is oligopoly market? Write down the characteristics of oligopoly market.
 29. Explain the qualitative or selective methods of monetary policy.

30. What is investment? Explain the types of investment.
31. Explain the types of budget deficits.
32. What are the various types of exchange rate systems? Explain. Which system does India follow?
33. Explain macroeconomic identities of national income such as GDP, NDP, GNP and NNP.
34. Describe circular flow of income in a simple economy.

Part D

IV. Answer any Two of the following in about forty sentences each. 10 X 2 = 20

35. Discuss diagrammatically the short run equilibrium of monopolistic firm.
36. Explain how the short run and the long run supply curve of a firm is derived under perfect competition.
37. Explain the functions of commercial banks.
38. Explain the investment function and concept of multiplier given by Keynes.

Part E

V. Answer any Two of the following in fifteen sentences each 5 X 2 = 10

39. Assume that you are at the market with limited income of Rs.100. Form the budget set and Budget line.
40. If the demand and supply function of raw cotton is $Q_d = 100 - 50p$ and $Q_s = 175 - 25p$, find the equilibrium price and the equilibrium quantity demanded and supplied and prove that any price than equilibrium price leads to either excess supply or demand.
41. The market demand curve for commodity and total cost for monopoly firm producing the commodity is given by the schedule below:

Quantity	0	1	2	3	4	5	6	7
Price in Rs.	30	25	33	34	40	32	21	25
Total cost in Rs.	20	30	50	86	107	120	120	135

Use the information to calculate the following

- The MR and MC schedules
- The quantities for which MR and MC are equal
- The equilibrium quantity of output and equilibrium price of the commodity.



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Mock Paper -2, February - 2015
II PUC– Economics (22)

Time: 3 Hours 15 Minutes

Max. Marks: 100

Part A

- I. Answer the following question in one sentence each** **1 X 10 = 10**
1. What is Marginal cost?
 2. Define Isoquant.
 3. What do you mean by variable cost?
 4. What is a market?
 5. Give the meaning of supply.
 6. What is monopolistic competitive market?
 7. What is Current account?
 8. Give the meaning of investment.
 9. What is floating exchange rate system?
 10. What is budget deficit?

Part B

- II. Answer any ten questions in four sentences each** **2 X 10 = 20**
11. Write any four limitations of diminishing marginal utility theory.
 12. Consider the demand for apples. At Rs. 7 per/ Kg the demand for apples is 10 Kgs. suppose the price increases to Rs. 8 per/ Kg then the demand goes down to 8 Kgs. Calculate price elasticity of demand.
 13. If 4 units of labour produces 70 boxes of chocolates and 5 unit of labour produces 75 boxes of chocolates. Calculate AP and MP
 14. Mention the secondary function of money.
 15. Give the meaning of total utility and marginal utility.
 16. Mention the heads under revenue expenditure and revenue receipts in a government budget.
 17. Suppose there are two consumers in a market and their individual demand functions are $Q_d = 40 - 2P$ and $Q_d = 45 - 3P$. Find out the Market demand function.
 18. Give four objectives of monetary policy.
 19. Distinguish between public and private investment.
 20. What are the differences between fixed and variable costs?
 21. Differentiate between direct Tax and indirect Tax.
 22. What are the differences between Balance of trade and Balance of Payments?

Part C

- III. Answer any eight of the following in about fifteen sentences each.** **5 X 8 = 40**
23. Briefly explain the law of diminishing marginal utility with the help of an example.
 24. Why does the demand curve slope downwards? Explain in detail.
 25. What is national income? Explain briefly the methods of measuring national income?
 26. What is budget? Briefly explain the components of a government budget.
 27. Explain the basic problems of an economy.

28. What is utility? Explain the features and types.
29. What are Isoquants? Explain in detail with a diagram.
30. Write a short note on supply of money.
31. Briefly explain the theories of exchange rate management.
32. Explain the long- run costs with help of diagrams.
33. Briefly explain the objectives of monetary policy.
34. Explain the process of credit creation by commercial banks with the help of an example.

Part D

IV. Answer any two of the following in about forty sentences each. 10 X 2 = 20

35. Explain the indifference curve and indifference map with the help of schedule and diagrams.
36. Classify the price elasticity of demand and explain them with a diagram.
37. Explain the law of demand with the help of demand schedule and demand curve with an example and suitable diagram.
38. Explain the functions of RBI.

Part E

V. Answer any two of the following in about fifteen sentences each 5 X 2 =10

39. If the demand and supply function of sugar are $Q_d = 300 - 60p$ and $Q_s = 120 + 30p$, find the equilibrium price and the equilibrium quantity demanded and supplied and prove that any price other than equilibrium price leads either excess demand or excess supply.
40. The market demand curve for a commodity and total cost for monopoly firm and producing the commodity is given by schedule below:

Qunatity	Price	TC
0	20	0
1	35	30
2	40	75
3	45	120
4	40	110
5	35	160
6	30	150
7	50	300
8	55	380
9	60	500

Use the information to calculate the following:

- The MR and MC schedules
- The quantities for which the MR and MC are equal
- The equilibrium quantity of output and equilibrium price of the commodity.

41. Calculate the missing costs:

Output	TFC	TVC	TC	AFC	AVC	AC	MC
1	80	60	140	?	60	140	?
2	80	120	?	40	60	?	60
3	?	180	260	?	60	86.67	60
4	80	200	?	20	?	70	?
5	80	?	380	16	60	?	100
6	?	420	?	13.33	70	83.33	120