

**ATUL VIDYALAYA**  
**SECOND PRELIMINARY EXAMINATION 2011-12**  
**ECONOMICS**

**STD: XII**  
**DATE: 23/11/2012**  
**SESSION: I**

**MM : 100**  
**Time : 3 HRS.**

**Type - A**

**Instructions:**

1. Candidates are allowed additional 15 minutes for only reading the paper. They must NOT start writing during this time.
2. Answer **Question 1 (Compulsory) from Part – I and Five Questions from Part – II**
3. The intended marks for questions or parts of questions are given in brackets [ ]

**PART I**

**Q - 1. Answer briefly each of the questions (i) to (xv) [2 x 15]**

- (i) Give two examples of microeconomics.
- (ii) What is the law of demand?
- (iii) State the law of diminishing marginal utility.
- (iv) What is the implication of negative cross elasticity of demand?
- (v) What is a supply schedule?
- (vi) At which point of the AP curve is AP = MP?
- (vii) What is the shape of the supply curve in the very short-run period?
- (viii) Define normal profit.
- (ix) State two features of imperfect competition.
- (x) Why is  $TC = TVC$  in the long run?
- (xi) What is meant by gross interest?
- (xii) What are transfer payments?
- (xiii) State two conditions for profit maximisation of a firm.
- (xiv) What is fiscal deficit?
- (xv) Mention any two sources of public revenue.

**PART II**

**Question 2**

- a) Mention two exceptions to the law of diminishing marginal utility. [4]
- b) What would be the nature of consumption of commodities X and Y to attain equilibrium on the basis of equi-marginal utility principle? [4]

Price of X (Rs)	5	MU <sub>x</sub>	40
Price of Y (Rs)	12	MU <sub>y</sub>	60

- c) Give four reasons for price elasticity of demand to be relatively inelastic. [6]

**Question 3**

- a) Give the price of a commodity, if there is an improvement in production technology what will be its impact on the supply curve? [4]
- b) Can you indicate a situation where equilibrium price remains the same even after a rightward shift of only the demand curve? [4]
- c) Mention three phases of returns to a variable factor. [6]

**Question 4**

- a) From the following data for a firm find the: [4]
  - (i). Average fixed cost.
  - (ii). Average variable cost.
  - (iii). Marginal cost.

<b>Output (units)</b>	0	1	2
<b>Total Cost (Rs.)</b>	75	95	110

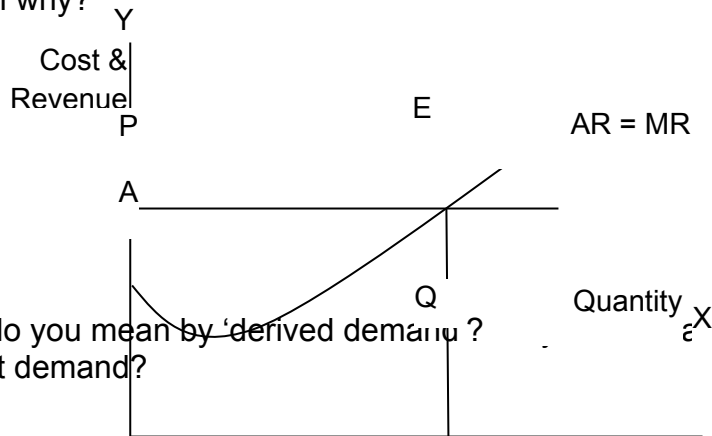
- b) Complete the following table: [4]

units of Output	TR	AR	MR
1		10	
2		8	
3		6	

c) Show the marginal variable cost and marginal cost in production will be identical. [6]

**Question 5**

- a) Mention any two differences between perfect competition and imperfect competition in the product market. [4]
- b) Is it possible to measure profits earned by a firm in the following diagram? Explain why? [4]



c) What do you mean by 'derived demand' for a factor is called indirect demand? [6]

**Question 6**

- a) Can you indicate a situation where NNP at market price is just equal to NNP at factor cost? [4]
- b) What is the solution to the problem of double counting in the estimation of national income? [4]
- c) Calculate national income using income method from the following data: [6]

	Rs. (in crores)
a) Wages and salaries	55,000
b) Rent	14,000
c) Interest	25,500
d) Profits	30,200
e) Employer's contribution to social security	8,400
f) Mixed income of self-employed	20,500
g) Net factor income from abroad	(-)2,500

**Question 7**

- a) Mention any three criticism of the comparative cost theory of international trade. [4]
- b) Distinguish between 'autonomous' and 'accommodating' capital flows internationally, in the Balance of Payments. [4]
- c) What do you mean by the structural causes of disequilibrium in the balance of payments accounts? [6]

**Question 8**

- a) What is revenue expenditure of the Government? Give example. [4]
- b) Distinguish between revenue budget and capital budget. [4]
- c) State two merits and two demerits of VAT. [6]

**Question 9**

- a) Give any two objectives of public debt. [4]
- b) Why the GDP measure may be higher than the GNP measure in any country? [4]
- c) Distinguish between the term 'Revenue deficit', 'Fiscal deficit' and 'Primary deficit' in the Union budget of India. [6]