

Economics – 2nd PUC

Model Paper 1

IMPORTANT INSTRUCTIONS

- Crudely drawn or poorly drawn diagrams will not be accepted.
- Main and question number under it must be mentioned
- Diagrams may be in either blue or black pen but legible
- Highlight all key words
- Legend for the diagrams must be clearly mentioned.
- 4 mark and 6 mark questions must start in a new page.

I. Choose the correct answer (each question carries 1 mark) (1x5=5)

1. Utility is
 - a) Objective
 - b) Subjective
 - c) Both a & b
 - d) None of the above
2. The shape of an indifference curve is normally
 - a) Convex to the origin
 - b) Concave to the origin
 - c) Horizontal
 - d) Vertical
3. The consumption bundles that are available to the consumer depend on
 - a) Colour & Shape
 - b) Price & Income
 - c) Income & Quality
 - d) None of the above
4. The formula of production is
 - a) $q = f(L, K)$
 - b) $q = d(p)$
 - c) $y = f(x)$
 - d) None of the above
5. In the short run, a firm
 - a) Can change all the inputs
 - b) Cannot vary all the inputs
 - c) Can keep the inputs fixed
 - d) None of the above

II. Fill in the blanks (each question carries 1 mark) (1x5=5)

1. Want satisfying capacity of a commodity is _____
2. Two indifference curves never _____ each other
3. As income increases the demand curve for normal goods shifts towards _____
4. In the long run, all inputs are _____
5. _____ is defined as the output per unit of variable input.

III. Match the following (each question carries 1 mark) (1x5=5)

1. Demand curve	a. $d(P)=a - bp$
2. Linear demand curve	b. Downward sloping
3. Unitary elasticity of demand	c. Pen and Ink
4. Complimentary goods	d. A family of indifference curves
5. Indifference map	e. $ ed = 1$

IV. Answer the following in a word or sentence. (each question carries 1 mark) (1x7=7)

1. What is budget line?
2. What do you mean by cardinal Utility Analysis?
3. Give the meaning of marginal utility?
4. Write the meaning of cost function of the firm.
5. What is total fixed cost?
6. Give the meaning of marginal product.
7. What is average fixed cost?

V. Answer the following in 4 sentences (each question carries 2 marks) (2x4=8)

1. What is MRS?
2. What are the differences between budget line and budget set?
3. What is Isoquant?
4. Give the meaning of concepts of short run and long run.

VI. Answer the following in 12 sentences (each question carries 4 marks) (4x2=8)

1. Explain TP, MP and AP with examples.
2. Write a brief note on returns to scale.

VII. Answer the following in 20 sentences (each question carries 6 marks) (6x2=12)

1. Explain the law of diminishing marginal utility with the help of table and diagram.
2. Explain the shapes of long run cost curves.

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Model Paper 2

IMPORTANT INSTRUCTIONS

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- Highlight all key words
- Legend for the diagrams must be clearly mentioned.
- 4 mark and 6 mark questions must start in a new page.

I. Choose the correct answer (each question carries 1 mark) (1x5=5)

1. The change in output per unit of change in input is called
 - a) Marginal product
 - b) Average product
 - c) Total product
 - d) Product
2. Cobb=Douglas production function is
 - a) $q = (x, x)$
 - b) $q = (x^{a_1}, x^{b_2})$
 - c) $q = (x_1, x_2)$
 - d) $q = (0)$
3. $TC =$
 - a) TVC
 - b) TFC
 - c) $TFC + TVC$
 - d) $AC + MC$
4. The demand for these goods increases as income increases
 - a) Inferior goods
 - b) Giffens goods
 - c) Normal goods
 - d) None of the above
5. A vertical demand curve is
 - a) Perfectly Elastic
 - b) Perfectly inelastic
 - c) Unitary Elastic
 - d) None of the above

II. Fill in the blanks (each question carries 1 mark) (1x5=5)

1. The demand for some good moves _____ in the direction of its price.
2. Method of adding two individual demand curves is called _____.
3. An equation $xy = C$ gives us _____ hyperbola
4. SMC curve cuts the AVC curve at the _____ point of AVC curve from below.
5. _____ is the set of all possible combinations of the two inputs that yield the same maximum possible level of output.

III. Match the following (each question carries 1 mark) (1x5=5)

A	B
CRS	$\frac{\Delta TC}{\Delta C}$
SAC	Long run average cost
LRAC	Short run average cost
TFC + TVC	Constant returns to scale
SMC	TC

IV. Answer the following in a word or sentence (each question carries 1 mark) (1x7=7)

1. What is utility?
2. Expand MRS.
3. What is indifference curve?
4. What is demand?
5. What is total product?
6. What is average product?
7. Give the meaning of marginal product.

V. Answer the following in 4 sentences (each question carries 2 marks) (2x4=8)

1. What do you mean by inferior goods?
2. What is monotonic preference?
3. State the law of demand
4. Mention the types of returns to scale.

VI. Answer the following in 12 sentences (each question carries 4 marks) (4x2=8)

1. Write the difference between total utility and marginal utility.
2. Briefly explain budget set with a diagram.

VII. Answer the following in 20 sentences (each question carries 6 marks) (6x2=12)

1. Explain the features of indifference curves with the help of diagrams
2. Explain the optimal choice of consumer with the help of a diagram.

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Model Paper 3

IMPORTANT INSTRUCTIONS

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- Diagrams may be in either blue or black pen but legible
- Highlight all key words
- Legend for the diagrams must be clearly mentioned.
- 4 mark and 6 mark questions must start in a new page.

I. Choose the correct answer (each question carries 1 mark) (1x5=5)

1. Utility is
 - e) Objective
 - f) Subjective
 - g) Both a & b
 - h) None of the above
2. The shape of an indifference curve is normally
 - e) Convex to the origin
 - f) Concave to the origin
 - g) Horizontal
 - h) Vertical
3. The consumption bundles that are available to the consumer depend on
 - e) Colour & Shape
 - f) Price & Income
 - g) Income & Quality
 - h) None of the above
4. The demand for these goods increases as income increases
 - e) Inferior goods
 - f) Giffens goods
 - g) Normal goods
 - h) None of the above
5. A vertical demand curve is
 - e) Perfectly Elastic
 - f) Perfectly inelastic
 - g) Unitary Elastic
 - h) None of the above

II. Fill in the blanks (each question carries 1 mark) (1x5=5)

1. Want satisfying capacity of a commodity is _____
2. Two indifference curves never _____ each other
3. An equation $xy = C$ gives us _____ hyperbola
4. SMC curve cuts the AVC curve at the _____ point of AVC curve from below.
5. _____ is the set of all possible combinations of the two inputs that yield the same maximum possible level of output.

III. Match the following (each question carries 1 mark) (1x5=5)

1. Demand curve	a. $d(P)=a - bp$
2. Linear demand curve	b. Downward sloping
3. Unitary elasticity of demand	c. Pen and Ink
4. Complimentary goods	d. A family of indifference curves
5. Indifference map	e. $ ed = 1$

IV. Answer the following in a word or sentence. (each question carries 1 mark) (1x7=7)

1. What is utility?
2. Expand MRS.
3. What is indifference curve?
4. What is demand?
5. What is total fixed cost?
6. Give the meaning of marginal product.
7. What is average fixed cost?

V. Answer the following in 4 sentences (each question carries 2 marks) (2x4=8)

1. What do you mean by inferior goods?
2. What is monotonic preference?
3. What is Isoquant?
4. Give the meaning of concepts of short run and long run.

VI. Answer the following in 12 sentences (each question carries 4 marks) (4x2=8)

1. Explain indifference map with diagram
2. Explain the difference between inferior and normal goods with examples.

VII. Answer the following in 20 sentences (each question carries 6 marks) (6x2=12)

1. Give the meaning and formula of price elasticity of demand and explain the elasticity along a linear demand curve
2. Explain the movement along the demand curve and shift in demand curve with the help of diagrams.