

ECONOMICS-XII
2015
(Micro Economics) Set-1

Time Allowed : 1½ Hours

M.M.50

1. What is meant by economising the use of resources? 1
2. A rise in price of a good results in a decrease in expenditure of it. Is its demand elastic or inelastic? 1
3. What effect does an increase in tax rates have on supply of a commodity? 1
4. Why the demand for water is inelastic? 1
5. What is meant by Marginal Physical Product? 1
6. Complete the following table: 3

Output (In units)	T R (`)	MR (`)	Price (`)
4	300	----	----
3	240	----	----
2	190	----	----
1	140	----	----

7. The price elasticity of demand of a commodity is (-)0.5. At a price of ` 20 per unit, total expenditure on it is ` 2,000. Its price is reduced by 10 percent. Calculate its demand at the reduced price. 3
8. Explain the properties of production possibility curve. 3
9. Distinguish with the help of diagram between increase in demand and contraction in demand. 3
10. Explain the factors determining the supply of a good. 3
11. Complete the following table. 4

Output (units)	Average cost vkSlr ykxr (`)	Average fixed Cost vkSlr fLFkj ykxr (`)	Average Variable Cost vkSlr ifjorhZ ykxr (`)	Marginal Cost lhekar ykxr (`)
1	100		40	
2				36

3			36	
4		15		36
5				41

12. Define price elasticity of demand. Measure Price Elasticity of Demand on the following points of a straight line demand curve : 4
 (a) Centre point of the demand curve.
 (b) Demand curve intercepting y-axis
 (c) Demand curve intercepting x-axis.
13. Explain the effect on equilibrium price and quantity when there is change in market demand of a commodity? 4
14. What is producer's equilibrium? Explain the conditions of producer's equilibrium through the 'marginal cost and marginal revenue' approach. Use diagram. 6
15. Whether the following statements are true or false? Give reasons. 6
 (i) Two indifference curves never intersects each other.
 (ii) Income effect of inferior good is positive.
 (iii) Change in quantity demanded is the explanations of law of demand.
16. Distinguish between perfect competition and monopoly. Also draw demand curve in these markets. Why demand curve and AR curve are similar in perfect competition. 6