

2025-26 II PUC PREPARATORY EXAMINATION

Subject: 22 - Economics

Duration: 3.00 Hours

Maximum Marks: 80

No. of Questions: 43

Instructions: 1. Write the question numbers legibly in the margin.

2. Answer for the questions should be continuous.

3. For PART - 'A' questions, only the first written answers will be considered for evaluation.

4. In PART - 'F', alternative questions are given for visually challenged students.

PART - A

(5×1=5)

I. Choose the correct answer.

1. At the midpoint of the demand curve, the elasticity is
 - a) Equal to one
 - b) Less than one
 - c) More than one
 - d) Equal to zero
2. Cobb-Douglas production function is
 - a) $q = (x, x)$
 - b) $q = (x_1, x_2)$
 - c) $q = (x_1^\alpha, x_2^\beta)$
 - d) $q = (x_0, x_1)$
3. In Perfect competition buyers and sellers are
 - a) Price makers
 - b) Price takers
 - c) Price analysts
 - d) Price givers
4. In India, the institution which reports GDP is,
 - a) NSSO
 - b) RBI
 - c) SEBI
 - d) CSO
5. The price of one country's currency in terms of foreign currency is called
 - a) Foreign exchange control
 - b) Interest rate differential
 - c) Foreign exchange rate
 - d) Purchasing power parity

II. Fill in the blanks by choosing correct answers from the bracket.

(5×1=5)

(Maximum/Lumpsum taxes/Government/Minimum/ Unit/Narrow money)

6. In a centrally planned economy all important decisions are made by _____
7. SMC curve cuts AVC curve at the _____ point of AVC curve from below.
8. _____ tax is a tax that the Government imposes per unit sale of output.
9. M1 and M2 are known as _____
10. The government imposes taxes that do not depend on income is called _____.

III. Match the following.

(5×1=5)

- | A | B |
|------------------------|----------------------------|
| a Linear demand Curve | i) $Y - C$ |
| b $MR =$ | ii) Capital account |
| c Repurchase agreement | iii) Repo |
| d Savings | iv) $\Delta TR/\Delta Q$ |
| e Investment | v) Attraction of new firms |
| | vi) $d(P) = a - bp$ |

IV. Answer the following questions in a sentence or a word.

(5×1=5)

12. Suppose, to a consumer 5 oranges give 24 units of total utility and 6 oranges give 22 units of total utility, calculate marginal utility.
13. What is supply?
14. Write the meaning of Exports.
15. CPI – Expand.
16. Write the meaning of Deficient demand.

PART-B**(6x2=12)****V. Answer any six of the following questions in 4 sentences each.**

17. List out the basic economic activities.
18. State the Law of demand.
19. State the types of Returns to scale.
20. Give the meaning of Price elasticity of supply and write its formula.
21. Find out the market supply when the supply curves of two producers are $S_1(P) = P-15$ and $S_2(P) = P-5$ respectively.
22. What is the difference between Consumer goods and Capital goods?
23. Differentiate between GVA at Basic price and Market price.
24. What is inventory investment? When is it positive or negative?
25. Mention any two Direct and Indirect taxes of central government.
26. Who are Free riders? Why are they called so?

PART-C**(5x4=20)****VI. Answer any five of the following questions in 12 sentences each.**

27. Explain the Production Possibility Frontier.
28. Write the differences between Total utility and Marginal utility.
29. The following table shows the total revenue and total cost schedules of a competitive firm. Calculate the profit at each output level.

Quantity sold(q)	TR (Rs.)	TC (Rs.)	Profit
0	0	5	
1	5	7	
2	10	10	
3	15	12	
4	20	15	
5	25	23	
6	30	33	
7	35	40	

30. Discuss the concept of Price floor with the help of diagram.
31. Explain the working of the economy of a Capitalist country.
32. 'Money acts as a convenient unit of account'. Explain this statement with example.
33. $C=150+0.8Y$ and $I=200$ is the information given about a closed economy.
 - a) Calculate the equilibrium level of income.
 - b) Suppose I , increases to 250, find out the new equilibrium income.
34. Write about the issue of Deficit reduction in budget.
35. Write the current account components chart of Balance of Payments.

PART-D**(3x6=18)**

VII. Answer any three of the following questions in 20 sentences each.

36. Explain the features of Indifference curve with diagrams.
 37. A firm's SMC schedule is shown in the following table. TFC is Rs.200. Find out TVC, TC, AVC and SAC schedule of the firm.

Q	0	1	2	3	4	5	6
SMC	--	500	300	200	300	500	800

38. Explain the Macroeconomic identities.
 39. Write the story of gold smith Lala on the process of deposit and loan (credit) creation by commercial banks.
 40. Briefly explain the foreign exchange market with fixed exchange rates based on a diagram.

PART-E**(2x5=10)**

VIII. Answer any two of the following project and assignment oriented questions.

41. A consumer wants to consume two goods, the price of good X_1 is Rs.10 and the price of good X_2 is Rs.15. The consumer's income is Rs.150. Answer the following.
 a) How many X_1 goods a consumer can consume if the entire income is spent on that good?
 b) How many X_2 goods a consumer can consume if the entire income is spent on that good?
 c) Is the slope of budget line downward or upward?
 d) Are the bundles on the budget line equal to the consumer income or not?
 e) If consumer wants to have more of X_1 good, X_2 good has to be given up. Is it true?
 42. Draw a diagram for the following table and identify the equilibrium point, equilibrium price, equilibrium quantity, excess demand and excess supply in the diagram.

P	QD	QS
1	100	20
2	80	40
3	60	60
4	40	80
5	20	100

43. Find out the missing values in the following table.

Production Levels	Total Production	Intermediate Goods used	Value Added
Wheat (Farmer)	1000	0	---
Flour (A Miller)	---	1000	600
Bread (Baker)	2200	---	600
Retail Shop (Seller)	---	2200	400
Gross Value Added (GVA)			---

Part-F

For Visually challenged students only

42. Give the meaning of market equilibrium, equilibrium price, equilibrium quantity, excess demand and excess supply.
 43. Expand GDP_{MP} , NDP_{MP} , GNP_{FC} , NNP_{MP} and NNP_{FC} .