

Reg. No. :

Code No. 2026

Name :

**Second Year – JUNE 2016
SAY / IMPROVEMENT**

Time : 2½ Hours
Cool-off time : 15 Minutes

Part – III

ECONOMICS

Maximum : 80 Scores

General Instructions to Candidates :

- There is a 'cool-off time' of 15 minutes in addition to the writing time of 2½ hrs.
- You are not allowed to write your answers nor to discuss anything with others during the 'cool-off time'.
- Use the 'cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- All questions are compulsory and only internal choice is allowed.
- When you select a question, all the sub-questions must be answered from the same question itself.
- Calculations, figures and graphs should be shown in the answer sheet itself.
- Malayalam version of the questions is also provided.
- Give equations wherever necessary.
- Electronic devices except non-programmable calculators are not allowed in the Examination Hall.

നിർദ്ദേശങ്ങൾ :

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും. ഈ സമയത്ത് ചോദ്യങ്ങൾക്ക് ഉത്തരം എഴുതാനോ, മറ്റുള്ളവരുമായി ആശയവിനിമയം നടത്താനോ പാടില്ല.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- എല്ലാ ചോദ്യങ്ങൾക്കും ഉത്തരം എഴുതണം.
- ഒരു ചോദ്യനമ്പർ ഉത്തരമെഴുതാൻ തെരഞ്ഞെടുത്തു കഴിഞ്ഞാൽ ഉപ ചോദ്യങ്ങളു അതേ ചോദ്യനമ്പറിൽ നിന്ന് തന്നെ തെരഞ്ഞെടുക്കേണ്ടതാണ്.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നൽകിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

2026

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P.T.O.

1. Distinguish between the movement along a demand curve and the shifts in demand curve. (Scores : 2)
2. If the quantity demanded of 'good X' increases with a rise in the price of 'good Y', these goods are _____.
- (a) Complementary goods
 - (b) Inferior goods
 - (c) Normal goods
 - (d) Substitute goods (Score : 1)
3. Complete the following equations :
- (a) Revenue Deficit = Revenue Expenditure - (_____)
 - (b) Gross Fiscal Deficit = Total Expenditure - (_____)
 - (c) Gross Primary Deficit = Gross Fiscal Deficit - (_____)
 - (d) $1 - MPC =$ (_____) (Scores : 4)
4. Are Fiscal Deficit inflationary ? Substantiate your answer. (Scores : 3)
5. "The consumer's optimum bundle is located at the point of tangency between the budget line and the highest indifference curve." Explain the consumer's equilibrium as per the indifference curve approach with a suitable diagram. (Scores : 5)

6. Central problems faced by an economy can be solved through different ways by different economic systems.
- (a) Which are the important economic systems ?
 - (b) How each system solves the central problems ? (Scores : 4)
7. State and explain the “law of variable proportions”. (Scores : 5)
8. What do you mean by monopoly market ? Explain the features of monopoly. Also explain the shortrun equilibrium of a monopoly producer. (Scores : 7)
9. Write a note on fixed exchange rate and floating exchange rate.
(Answer should not exceed 1 page). (Scores : 4)
10. The relative price of foreign goods in terms of domestic goods is _____.
- (a) The nominal exchange rate
 - (b) The real exchange rate
 - (c) Floating exchange rate
 - (d) All of the above (Score : 1)
11. Oligopoly is a market situation in which there is only _____.
- (a) a few buyers
 - (b) one seller
 - (c) a few sellers
 - (d) large number of sellers (Score : 1)

12. The cost curve which is a rectangular hyperbola is _____.

- (a) ATC
- (b) AFC
- (c) TFC
- (d) AVC

(Score : 1)

13. Imposition of price floor leads to _____.

- (a) an excess demand
- (b) an excess supply
- (c) normal demand
- (d) any of the above

(Score : 1)

14. Short run marginal cost curve cuts' average variable cost curve from below at the

- (a) the minimum point of AVC
- (b) any point of AVC
- (c) the falling portion of AVC
- (d) the rising portion of AVC

(Score : 1)

15. A firm under perfect competition wishes to maximize its profit in the short run. State and explain the conditions must hold for profit maximization.

(Scores : 4)

16. Differentiate between the shut-down point and breakeven point.

(Scores : 2)

17. Describe the four major sectors in an economy according to the macro economic point of view. (Scores : 4)
18. Differentiate between the stock variables and flow variables with examples. (Scores : 2)
19. Write down the three identities of calculating the GDP of a country by the three methods. Also briefly explain why each of these should give us the same value of GDP. (Scores : 7)
20. State whether the following statements are true or false :
- (a) With supply curve remaining unchanged, when demand curve shifts rightward, the equilibrium quantity decreases and equilibrium price decreases.
 - (b) In a perfectly competitive market, equilibrium occurs where market demand equals market supply. (Scores : 2)
21. Suppose onion price increases above ₹ 100 per kg and the government imposes price ceiling.
- (a) What is price ceiling ?
 - (b) What are the consequence of imposing price ceiling ? (Scores : 4)
22. Write a note on speculative demand for money. Why speculative demand for money is inversely related to the rate of interest ? (Scores : 4)

23. What are the instruments of monetary policy of the central bank ? Explain. (Scores : 4)
24. Distinguish between the terms Ex-ante Investment and Ex-post Investment. (Scores : 2)
25. What is "effective demand" ? Explain the operation of autonomous expenditure multiplier when price of final goods and the rate of interest are given. (Scores : 5)
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