

Reg. No. : .....

Code No. 2026

Name : .....

**SECOND YEAR  
SAY/IMPROVEMENT  
JUNE 2018**

Time : 2½ Hours  
Cool-off time : 15 Minutes

Part – III

**ECONOMICS**

Maximum : 80 Scores

**General Instructions to Candidates :**

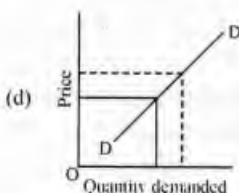
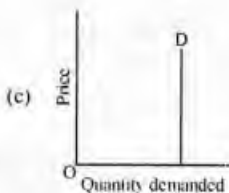
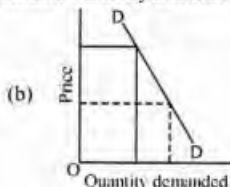
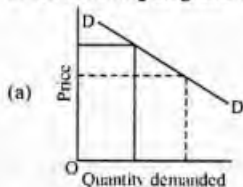
- There is a 'Cool-off time' of 15 minutes in addition to the writing time.
- Use the 'Cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- Read the instructions carefully.
- Calculations, figures and graphs should be shown in the answer 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.

**വിദ്യാർത്ഥികൾക്കുള്ള പൊതുനിർദ്ദേശങ്ങൾ :**

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും.
- 'കൂൾ ഓഫ് ടൈം' ചോദ്യങ്ങൾ പരിചയപ്പെടാനും ഉത്തരങ്ങൾ ആസൂത്രണം ചെയ്യാനും ഉപയോഗിക്കുക.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- നിർദ്ദേശങ്ങൾ മുഴുവനും ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- 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.

1. The curve showing a set of all possible combinations of two factor inputs that give the same level of output is : (1)
- (a) Indifference curve (b) Iso-quant  
(c) Budget Line (d) Rectangular Hyperbola

2. In the following diagrams which one is constant elasticity demand curve ? (1)



3. Identify the type of Economy/Economic System. Basic economic problems regarding allocation of resources are solved through Price Mechanism. (1)

- (a) Centrally Planned Economy (b) Market Economy  
(c) Mixed Economy (d) None of the above

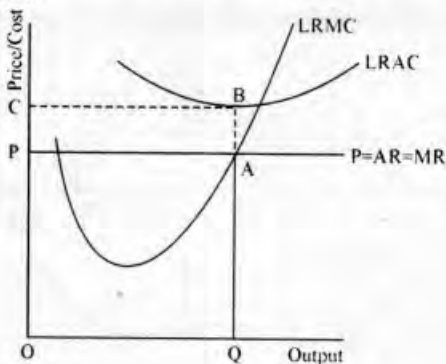
4. The Great Depression of 1929 affected in the countries of Europe and North America. Which of the following is the outcome of the depression ? (1)

- (a) Increase in GDP Growth rate (b) Increase in employment rate  
(c) Increase in unemployment rate (d) Increase in per capita income

5. Give Economic term for the following : (4 × 1 = 4)

- (a) Pictorial illustration of the interdependence between major sectors of the economy.  
(b) The total liability of the monetary authority of country.  
(c) Revenue Expenditure-Revenue Receipts  
(d) The record of the transactions in goods, services and assets between residents of a country with rest of the world for a specified time period.

6. Prepare a demand schedule if the demand function is  $D(P) = 20 - 2P$ , if the prices are 2, 4, 6, 8 (2)
7. In a perfect competitive firm price must be greater than or equal to LRAC in the long-run. As per this condition verify there is any mistake in the following diagram. If so correct the diagram. (2)



8. Complete the columns : (2)

Changes in Demand & Supply	Nature of Changes in Equilibrium Price	Nature of Changes in Equilibrium Quantity
Supply remain the same Demand increases		
Demand and Supply increase in same proportion		

9. Classify the following statements into Micro and Macro Economies : (2)

- RBI announces a new monetary policy.
- Ramu purchased banana from the market.
- GDP growth rate declined.
- Abnormal profit earn by a monopoly firm.

10. Consider the items given below. Identify the most likely market situation in which they are produced. (2)

- Oil Producing Industry
- Indian Railway

11. Explain tax revenue and non-tax revenue sources of revenue receipts of the government budget. (2)

12. The excess of private investment over saving of a country is ₹ 5,000 crores. The amount of Budget deficit is ₹ 500 crores. What was the volume of Trade deficit of that country? (2)

13. From the following data (2)

(a) Derive the consumption function equation

(b) Calculate Aggregate consumption

National Income – 1000 crores

Autonomous consumption – 200 crores

Marginal Propensity of consume – 0.70

14. The following figures are based on Balance of Payment accounts : (2)

(In ₹ crores)

Import of goods – 3,000

Export of goods – 5,000

Shipping – 100

Travel and Tourism – 200

(a) Write Balance of Trade Equation

(b) Calculate Balance of Trade.

Write any 6 questions from Q. 15 to Q. 21. Each carry 3 score.

(6 × 3 = 18)

15.

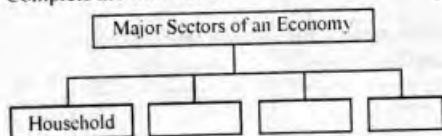
Production Possibilities	Food	Cloth
A	0	50
B	10	45
C	20	35
D	30	20
E	40	0

By using the production possibility set draw a production possibility frontier and mark the following points :

(a) Fuller Utilisation of Resources

(b) Under Utilisation of Resources

19. Complete the flow chart :



20. The aggregate demand function is  $AD = 100 + .754$  (2)
- (a) Calculate the equilibrium income. (2)
- (b) If Autonomous expenditure increased to ₹ 150 from ₹ 100 calculate the change in equilibrium income. (1)
21. (a) State the conditions of shutdown point of a firm under perfect competition in the short-run. (1)
- (b) Represent that shut-down point in a diagram. (2)

**Write any 4 questions (Q. No. 22 to 27). Each carry 5 marks : (4 × 5 = 20)**

22. Short-run cost curves are 'U' shaped. (1)
- (a) Do you agree with this ? Give reasons. (1)
- (b) Draw the SMC and SAC curves on a diagram. (2)
- (c) Write any two relationship between SAC and SMC. (2)

23.

Output	Price	TR	MR	MC	TC
0		0		—	5
1		10		11	
2		20		10	
3		30		9	
4		40		8	
5		50		7	
6		60		10	
7		70		16	
8		80		24	

- (a) Find Price, MR and TC in the above table. (3)
- (b) From the table, find equilibrium level of output at the profit maximisation conditions of perfect competition in the long-run. (1)
- (c) Find level of profit at the equilibrium output. (1)

24. Suppose the equilibrium price of Rubber in the market is ₹ 150/kg.
- The government intervene in the market and fix a price ₹ 200/kg for Rubber, with a view to protect the rubber cultivators. Name the strategy. (1)
  - What are the effects of that strategy? (1)
  - Draw the diagram to illustrate this. (3)

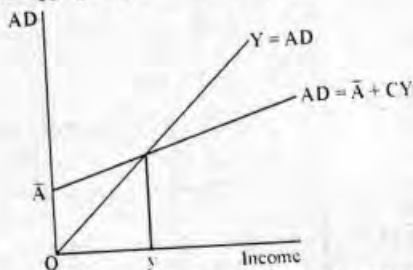
25. Receipts and Expenditure of central government are given below :

Revenue Receipts	-	5250 crores
Revenue Expenditure	-	6200 crores
Borrowing	-	1700 crores
Capital Receipts	-	1800 crores
Capital Expenditure	-	850 crores

Calculate by using formula :

- Gross Fiscal Deficit (3)
  - Revenue Deficit (2)
26. Bi-monthly review of RBI reduces the Bank rate from 7% to 6.5.
- What are the effects of the policy on money supply and aggregate demand? (2)
  - If  $cdr = 1$   $rdr = 0.2$  and High Powered Money = ₹ 2000 crores. Calculate the total money supply in the economy by using the formula. (3)

27. The diagram shows Aggregate equilibrium in the economy :



Show diagrammatically the following changes in the Aggregate demand.

- Autonomous expenditure ( $\bar{A}$ ) increases. (2)
- Marginal propensity to consume ( $C$ ) increases. (2)
- Identify the slope parametric shift and intercept parametric shift in the diagrams (a or b) (1)

Write any 2 questions (28 – 30). Each carry 8 marks :

(2 × 8 = 16)

28. Compare the market conditions of monopoly and perfect competition by considering Number of Sellers, Nature of Product, Freedom of Entry, Demand Curve and Longrun Equilibrium with AC and MC.

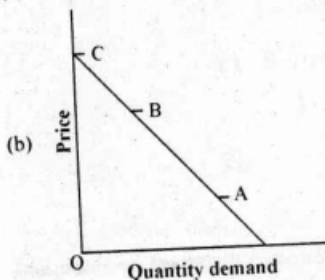
29. Some Macro economic aggregates are given below :

	(In Crores)
Intermediate consumption	150
Wage	350
Consumption Expenditure	400
Changes in Stock	350
Profit	200
Import	150
Export	250
Rent	300
Government Expenditure	200
Interest	150
Sales	800
Investment Expenditure	300

(a) Identify the three methods to measuring National Income. (3)

(b) Calculate GDP from the above data by using any two methods. (5)

30. (a) Write the five degrees of elasticity and diagrammatically explain it. (5)



Find elasticity at the points A, B, and C. (3)