

SECOND YEAR HIGHER SECONDARY EXAMINATION (SAY) JUNE 2019

Subject: ECONOMICS

Code No: SY 35

Qn. No	Sub Qns	Answer Key/Value Points	Score	Total Score
1		b) How to Produce	1	1
2		a) SMC Curve	1	1
3		a) 5	1	1
4		c) Oligopoly	1	1
5		b) Income Determination	1	1
6		c) Grants	1	1
7		b) J. M. Keynes.	1	1
8		b) 1	1	1
9		a) Goods abroad is more expensive than goods at home.	1	1
10		b) Market Economy.	1	1
11	a)	$20x_1 + 10x_2 = 100$ / $P_1x_1 + P_2x_2 = M$	1	2
	b)	$-P_1/P_2 = -\frac{20}{10} = -2$ / Equations	1	
12	a)	Situation I - Short run Situation II - Long run	$\frac{1}{2}$ $\frac{1}{2}$	2
	(b)	Short run Production function / Law of variable Proportion / Law of Diminishing Marginal Product.	1	
13		Household, Firms, Government and External Sectors	$\frac{1}{2} \times 4$	2

$\frac{1}{5}$

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14		Ex ante consumption - Planned consumption Ex post consumption - Real or Actual consumption	1 1	2		
15		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Revenue Expenditure Subsidies Interest Payments</td> <td style="width: 50%; padding: 5px;">Capital Expenditure Exp. on defence Equipment Exp Investment in Shares</td> </tr> </table>	Revenue Expenditure Subsidies Interest Payments	Capital Expenditure Exp. on defence Equipment Exp Investment in Shares	1/2 x 4	2
Revenue Expenditure Subsidies Interest Payments	Capital Expenditure Exp. on defence Equipment Exp Investment in Shares					
16	a) b) ii)	Positive Economics - what is? Normative Economics - what ought to be? Population growth should be controlled	1 1 1	3		
17	a) b)	Diagram 'B' Any 2 non-Price factors	1 2	3		
18	a) b) c)	Rightward shift / Increase in supply Leftward shift / Decrease in supply Rightward shift / Increase in supply	1 1 1	3		
19		<p style="text-align: center;">Only Diagrams Explanation without Diagrams (1/2)</p>	3	3		

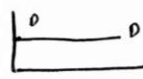
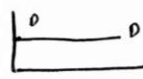
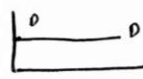
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20	a)		2	3
	b)	Liquidity Trap	1	
21	(a)	$Y = \frac{\bar{A}}{1-c} = \frac{100}{1-0.8} = \frac{100}{.2} = \underline{\underline{500}}$	2	3
	(b)	Any attempt for finding Saving	1	
22		Allocation, Distribution, Stabilisation (3 Points) Explanation	2 1	3
23	a)	TR = DP A <sub>g0</sub> , TC = OE B <sub>g0</sub>	1	4
	b)	① MC = MR, ② MC is non decreasing ③ P ≥ AVC	3	
24		Inequality in Income, Non-monetary transactions, Harmful goods, Externalities	1x4	4
25			Diagram - 2 Explanation 2	4

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26		<p>Diagram Explanation</p>	2 2	4
27	a) Definition b) correct distinction between the two c) Factors determining 2 <del>flexible</del> E. Rate		1 2 1	4
28		Diagrams Explanation	3 2	5
29	a) $M_1 = CU + DD$ $M_2 = M_1 + SD$ $M_3 = M_1 + TD$ $M_4 = M_3 + \text{Total deposits of P.O (exclude NSE)}$ b) $M_1$ and $M_2$ — narrow money $M_3$ and $M_4$ — Broad money c) $M_3$		$\frac{1}{2} \times 6 = 3$ $\frac{1}{2} \times 2 = 1$ 1	5
30		<p>Tax multiplier = <math>\frac{-c}{1-c} = \frac{-0.75}{1-0.75} = \underline{\underline{-3}}</math></p> <p>Transfer " = <math>\frac{c}{1-c} = \frac{0.75}{1-0.75} = \underline{\underline{3}}</math></p> <p>Govt. Expenditure = <math>\frac{1}{1-c} = \frac{1}{1-0.75} = \underline{\underline{4}}</math></p>	1 1 1	

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	b)	$\frac{1}{1-c} + \frac{-c}{1-c} = \frac{1-c}{1-c} = \underline{\underline{1}}$ / $4 + -3 = \underline{\underline{1}}$	2	5																																																																
31	a)	<table border="1"> <thead> <tr> <th>Features</th> <th>Monopoly</th> <th>Perfect</th> </tr> </thead> <tbody> <tr> <td>Number of firms</td> <td>Single</td> <td>Large</td> </tr> <tr> <td>Nature of Product</td> <td>No close substitu<sup>ti</sup></td> <td>Homogeneous</td> </tr> <tr> <td>Entry of firms</td> <td>No Entry</td> <td>free Entry</td> </tr> <tr> <td>Shape of DD curve</td> <td>No</td> <td></td> </tr> <tr> <td>Nature of Profit</td> <td>Abnormal</td> <td>Normal</td> </tr> </tbody> </table>	Features	Monopoly	Perfect	Number of firms	Single	Large	Nature of Product	No close substitu <sup>ti</sup>	Homogeneous	Entry of firms	No Entry	free Entry	Shape of DD curve	No		Nature of Profit	Abnormal	Normal	5	8																																														
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	b)	Drawing correct Diagrams & Explanation	3																																																																	
32		Product method	3																																																																	
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		Expenditure method	2																																																																	
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	b)	Drawing TFC, TVC and TC Curves	3																																																																	
1.		Rathiyan Kovvannan HSS (Eio) GHS Palluvan Kannur 9400586780		Rathiyan																																																																