

Reg. No. : .....

**SME-35**

Name : .....

**SECOND YEAR HIGHER SECONDARY MODEL  
EXAMINATION, FEBRUARY 2020**

Part – III  
**ECONOMICS**  
Maximum : 80 Scores

Time : 2½ Hours  
Cool-off time : 15 Minutes

**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.

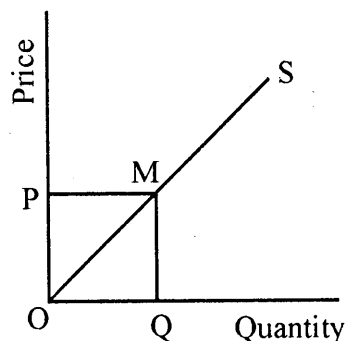
**വിദ്യാർത്ഥികൾക്കുള്ള പൊതുനിർദ്ദേശങ്ങൾ :**

- 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.

Answer any 10 questions from 1 to 12. Each carries 1 score.

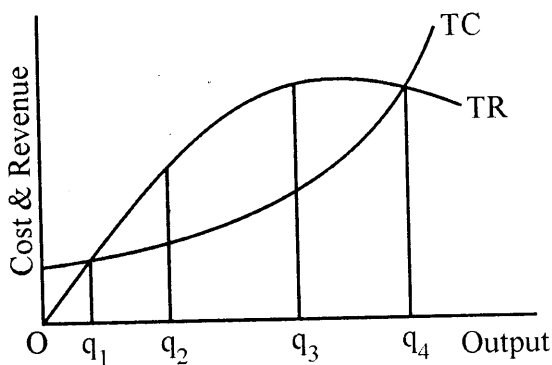
(10 × 1 = 10)

1. The celebrated book of John Maynard Keynes, published in 1936, was \_\_\_\_\_
  - (a) The Great Depression.
  - (b) Wealth of Nations.
  - (c) Principles of Economics.
  - (d) General Theory of Employment, Interest and Money.
  
2. The important feature of a centrally planned economy.
  - (a) Market mechanism
  - (b) Government decisions
  - (c) Individual decisions
  - (d) Profit motive
  
3. A perfectly elastic demand curve is \_\_\_\_\_
  - (a) a straight line parallel to 'Y' axis.
  - (b) a rectangular hyperbola.
  - (c) a straight line parallel to 'X' axis.
  - (d) an upward sloping curve from left to right.
  
4. Other things remain the same, if the price of an input (eg : raw material) increases, equilibrium price \_\_\_\_\_
  - (a) Increases
  - (b) Decreases
  - (c) Remain the same
  - (d) Negative
  
5. Identify the value of price elasticity of supply at point 'M' in the following supply curve.



- (a)  $e_s > 1$
- (b)  $e_s = 0$
- (c)  $e_s = 1$
- (d)  $e_s < 1$

6. According to the Macro Economic point of view, which one is not included in the four major sectors of the economy ?
- (a) Firm (b) Government  
(c) Private Sector (d) External Sector
7. A production theory states that “the marginal product of a factor input initially rises. But after reaching a certain level, it starts falling”. Identify the theory.
- (a) Law of fixed proportion (b) Law of variable proportion  
(c) Increasing return to scale (d) Decreasing return to scale
8. Observe the diagram and find the equilibrium quantity of monopolist in terms of the total curves.



- (a)  $q_1$  (b)  $q_2$   
(c)  $q_3$  (d)  $q_4$

Write the appropriate economic term for the following :

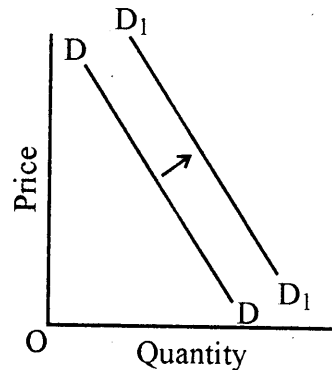
	Concept	Economic Term
9.	Price of one currency in terms of another currency.	
10.	Ratio of nominal GDP to real GDP.	
11.	Gross fiscal deficit – Net interest payment	
12.	Personal Income – Personal tax Payments – personal non-tax payments	

Answer any 5 questions from 13 to 18. Each carries 2 scores.

(5 × 2 = 10)

13. Write a short note on the Great Depreciation of 1929.

14. Observe the diagram and write any two reasons for the shift in demand curve.



15. Write the two different ways in which an Oligopoly firm may behave.

16. Classify the following into stock and flow :

(Wealth, Capital formation, Income, Capital)

17. Differentiate ex-ante and ex-post aggregate demand.

18. Write any two examples for public goods and private goods.

Answer any 6 questions from 19 to 25. Each carries 3 scores.

(6 × 3 = 18)

19. Diagrammatically explain the production possibility frontier.

20. The demand and supply function of a perfectly competitive firm is given as  $q^D = 500 - P$  and  $q^S = 200 + 2P$ . Calculate the equilibrium price and equilibrium quantity.

21. Fill in the blanks and classify them into Narrow money and Broad money.

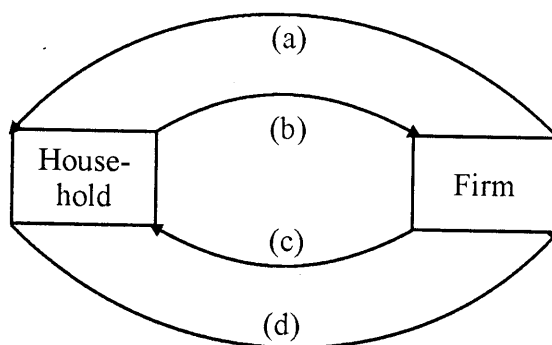
$$M_1 = CU + \dots\dots\dots$$

$$M_2 = M_1 + \dots\dots\dots$$

$$M_3 = \dots\dots\dots + \text{Net time deposits of commercial banks}$$

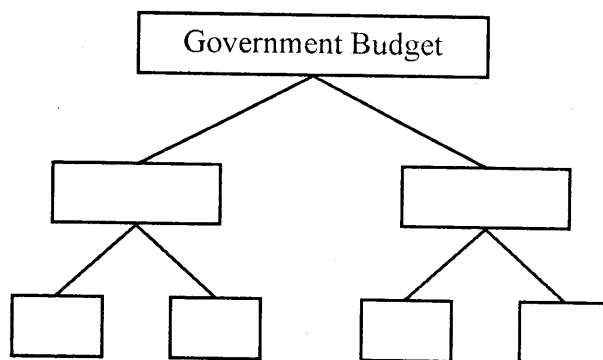
$$M_4 = M_3 + \dots\dots\dots$$

22. Complete the circular flow of income and expenditure and identify the money flows and real flows.



23. If consumption (C) = 40 + 0.8Y, Investment (I) = 100, Government Expenditure = 80  
Export (X) = 60 Import (M) = 50 + 0.05 Y, calculate open economy multiplier and equilibrium income.

24. Complete the flow chart :



25. Complete the table :

Characteristics	Perfect Competition	Monopoly
No. of Sellers		
Nature of Product		
Freedom of Entry and Exit		

(4 × 4 = 16)

Answer any 4 questions from 26 to 30. Each carries 4 scores.

26. Define substitute goods and complementary goods. Give two examples each.

27. Price of rubber determined in the market is ₹ 120/kg. Government fix a minimum price of rubber as ₹ 150/kg to support the rubber farmers. Explain the impact of this on the market with the help of a diagram.

28. The total revenue and total cost schedules of a monopoly firm is given below :

(a) Calculate Marginal Revenue (MR) and Marginal Cost (MC).

(b) Find the quantity of output and profit at the market equilibrium.

Quantity of Output	TR	TC	MR	MC
0	0	5		
1	50	50		
2	90	88		
3	120	105		
4	140	120		
5	150	130		
6	150	145		
7	140	170		
8	120	210		

29. Analyse any two objectives of Government budget.

30. Compare the Flexible Exchange Rate and Fixed Exchange Rate.

**Answer any 2 questions from 31 to 33. Each carries 5 scores.**

**(2 × 5 = 10)**

31. Briefly explain any two methods of National Income calculation.

32. Prepare a short note on the Monetary Policy of Central Bank.

33. Mr. Jeevan wants to consume two goods. The price of good 1 is ₹ 5 and the price of good 2 is ₹ 10. His income is ₹ 40.

(a) Write the budget line equation .

(b) Find horizontal intercept.

(c) Find vertical intercept.

(d) Draw the budget line.

(e) Find the slope of budget line.

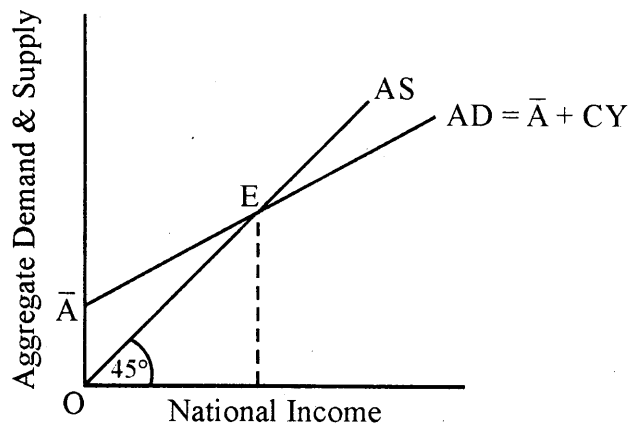
**Answer any 2 questions from 34 to 36. Each carries 8 scores.**

**(2 × 8 = 16)**

34. (a) Briefly explain the profit maximising conditions of perfect competition. **(3)**

(b) Diagrammatically illustrate the shortrun and longrun profit maximisation conditions of perfect competition. **(5)**

35. The diagram shows the equilibrium of ex-ante aggregate demand and supply.



- (a) Explain the components of ex-ante aggregate demand and analyse the determination of National Income in two sector model. (6)
- (b) If there is an increase in the aggregate demand, show the effect on National income in the above diagram. (2)

36. The following table shows the Total Cost (TC) schedule of a firm.

- (a) Calculate TFC, TVC, AVC, SAC and SMC schedules of the firm. (5)
- (b) Explain the relationship between SAC and SMC. (3)

<b>Quantity</b>	0	1	2	3	4	5	6
<b>Total Cost (TC)</b>	20	60	90	110	140	180	240