



**SECOND YEAR HIGHER SECONDARY
SECOND TERMINAL EXAMINATION, DECEMBER-2023**

Part - III

Time : 2½ Hours

ECONOMICS

Cool-off time : 15 Minutes

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 നല്കിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

Answer any 8 questions from 1 to 10. Each carries 1 score.

1. Price elasticity of demand at all points along the horizontal demand curve is
 - (a) Zero
 - (b) Infinity
 - (c) Unitary
 - (d) Greater than one
2. Which one of the following is true under perfect competitive market ?
 - (a) $P = AR > MR$
 - (b) $P = AR < MR$
 - (c) $P = AR = MR$
 - (d) $P = MR > AR$
3. When income of a consumer increases, demand for good X decreases. Then good X is
 - (a) Normal good
 - (b) Substitute good
 - (c) Complementary good
 - (d) Inferior good
4. A proportional increase in all inputs result in an increase in output by same proportion, the production function shows
 - (a) Constant Returns to Scale
 - (b) Increasing Returns to Scale
 - (c) Decreasing Returns to Scale
 - (d) Negative Returns to Scale
5. Which one of the following is not a feature of perfect competitive market ?
 - (a) Price taker
 - (b) Homogeneous goods
 - (c) Free entry and exit
 - (d) Imperfect information about the market
6. The famous book written by John Maynard Keynes is
 - (a) Principles of Economics
 - (b) General Theory of Employment, Interest and Money
 - (c) Wealth of Nations
 - (d) Economics

7. Selling of bonds issued by government in the open market results in :
- (a) Expansion of money supply
 - (b) Increase in demand for money
 - (c) Contraction of money supply
 - (d) Decrease in Repo rate
8. Ex ante consumption means :
- (a) Planned consumption expenditure
 - (b) Actual consumption expenditure
 - (c) Average consumption expenditure
 - (d) Autonomous consumption expenditure
9. Money supply in India is regulated by :
- (a) Central Government of India
 - (b) State Bank of India
 - (c) NITI Aayog
 - (d) Reserve Bank of India
10. Production function means :
- (a) Relationship between cost and inputs.
 - (b) Relationship between inputs and output.
 - (c) Relationship between short run production function and long run production function.
 - (d) Relationship between variable inputs and fixed inputs.

Answer any 4 questions from 11 to 15. Each carries 2 scores.

(4 × 2 = 8)

11. State the law of diminishing marginal utility.
12. List out the sectors of a four sector macro-economic model.

13. What is the difference between Value of Output and Value Added ?

14.

Price	Demand	Supply
10	10	6
20	9	7
30	8	8
40	7	9
50	6	10

(a) Identify equilibrium price and equilibrium quantity from the above table.

(b) What is equilibrium price ?

15. Write down any two relationships between Average Product (AP) and Marginal Product (MP).

Answer any 4 questions from 16 to 20. Each carries 3 scores.

(4 × 3 = 12)

16. Examine any three limitations of GDP as an index of welfare of a country.

17. (a) What is investment multiplier ?

(b) Calculate the value of investment multiplier, if Marginal Propensity to Save (MPS) is equal to 0.2.

18. Classify the following under the heads of Micro Economics and Macro Economics :

Market demand, Personal Income, Goods and Service Tax, Profit of Indian Oil Corporation, Effective Demand Principle, Money Supply

19. The following table shows supply of a commodity by 3 firms :

Price	S_1	S_2	S_3
2	2	0	0
4	5	1	0
6	8	5	1
8	10	10	3

Compute market supply and draw market supply curve.

20. (a) What is the relationship between Cash Reserve Ratio and Value of Money Multiplier ?
- (b) Calculate the value of money multiplier, if $CRR = 0.4$.

Answer any 4 questions from 21 to 25. Each carries 4 scores.

(4 × 4 = 16)

21. Examine the effect of the following on equilibrium price and equilibrium quantity with the help of diagrams :
- (a) Both demand and supply curves shift to right in same proportion.
- (b) Demand curve shift to left and supply curve shift to right in same proportion.
22. Distinguish between the following with examples :
- (a) Normal goods and Inferior goods
- (b) Substitute goods and Complementary goods
23. (a) List out any two limitations of Barter Exchange System.
- (b) Explain any two functions of Money.

24. Give a short note on the emergence of modern macro economics.
25. (a) What is the difference between Nominal GDP and Real GDP ?
- (b) Find the value of GDP deflator, if the value of Nominal GDP = ₹ 12,500 crores and the value of Real GDP = ₹ 8,000 crores.

Answer any 4 questions from 26 to 30. Each carries 5 scores.

(4 × 5 = 20)

26. (a) What is price elasticity of supply ?
- (b) The price of a good decreases from ₹ 120 per unit to ₹ 100 per unit. As a result, supply of good decreases from 200 units to 150 units. Then calculate price elasticity of supply and also comment on the elasticity of supply.
27. Graphically examine :
- (a) The determination of equilibrium National Income in two sector model of an economy.
- (b) The effect of increase in Autonomous Expenditure (AD) on equilibrium National Income in two sector model of an economy.
28. "RBI can expand and contract money supply in the economy."
- (a) List out any four monetary policy tools used by RBI to control money supply in India.
- (b) Explain any two quantitative monetary policy tools used to control money supply.

29. (a) Write the identity of GDP as per expenditure method.
 (b) Calculate GDP_{mp} , NDP_{fc} and NNP_{fc} from the following data :

Items	₹ In crores
(a) Private final consumption expenditure (C)	20,000
(b) Government Expenditure (G)	10,500
(c) Private final investment expenditure (I)	12,850
(d) Net Export (X - M)	6,300
(e) Net Indirect Taxes	1,800
(f) NFIA	3,500
(g) Depreciation Expenses	500

30. (a) Write down any two relationships between Average Cost (AC) and Marginal Cost (MC).
 (b) Complete the following cost schedule :

Output (Q)	TFC	TVC	TC	AVC	MC
1	20			50	
2	20			40	
3	20			35	
4	20			15	
5	20			30	
6	20			45	
7	20			60	

Answer any 2 questions from 31 to 33. Each carries 8 scores.

(2 × 8 = 16)

31. (a) List out the conditions needed for profit maximisation of a firm under perfect competitive market.
- (b) Using diagrams, examine how profit of a firm is maximised under perfect competition.
32. (a) What is the difference between Price Ceiling and Price Floor ?
- (b) Graphically illustrate the impacts of Price Ceiling and Price Floor on the market by government.
33. Explain the steps of estimating National Income by :
- (a) Value Added Method
- (b) Income Method
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