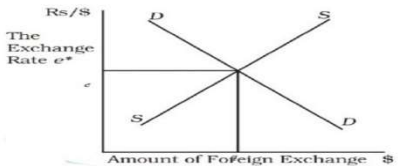
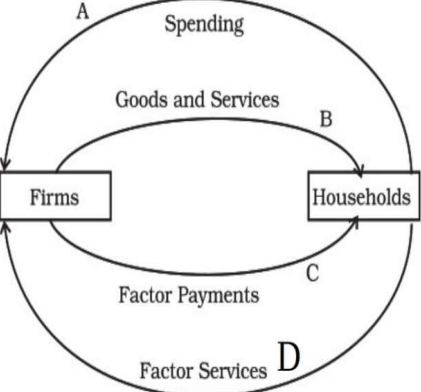
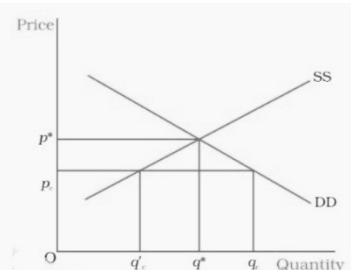


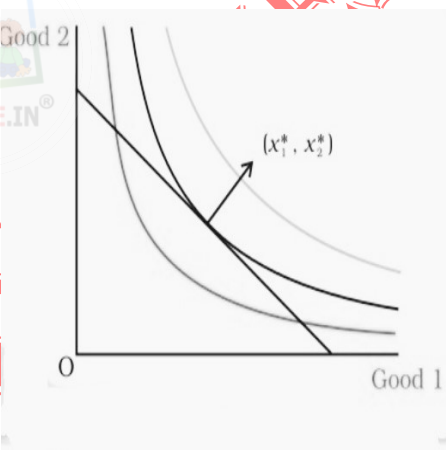
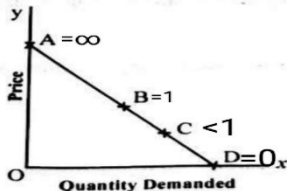
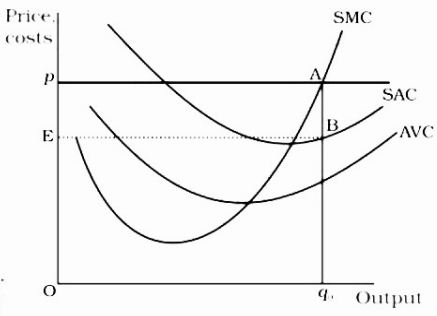
UNOFFICIAL ANSWER KEY**SECOND YEAR HIGHER SECONDARY MODEL EXAMINATION – MARCH 2023****PART III SUBJECT: ECONOMICS****CODE: SY 235****MAXIMUM SCORE: 80****TIME: 2 ½ HOURS****PREPARED BY RAJESH.S**

Qn. No	Sub. Qns	Answer Key / Value Point	Score	Total Score
ANSWER ANY 8 QUESTIONS FROM 1 to 10				
1		b) Consumer goods	1	1
2		c) Short run Production function	1	1
3		d) Factors of Production	1	1
4		a) Perfectly elastic	1	1
5		d) Scarcity of Resources	1	1
6		a) $-\frac{P_1}{P_2}$	1	1
7		c) Reserve Bank of India.	1	1
8		a) Budget	1	1
9		b) Relation between Consumption and Income	1	1
10		d) Foreign Exchange market	1	1
Answer any 4 questions from 11 to 15				
11		Dis investment, Public borrowings	1+_1	2
12		UPI, ATM, Credit Card etc.	1+1	2
13	a) b)	Equilibrium Price Excess Supply.	1+1	2
14		It is an upward Sloping Straight line. It starts from Origin.	1 1	2
15		Vertical Intercept = $\frac{M}{P_2} = \frac{10}{2} = 5$ Horizontal Intercept = $\frac{M}{P_1} = \frac{10}{5} = 2$	1 1	2
Answer any 4 questions from 16 to 20				
16		<ul style="list-style-type: none"> • Indifference curve is convex to the origin • Higher indifference curve gives higher utility • Two Indifference curves never intersect each other 	1 1 1	3
17		Increasing returns to scale (IRS) when a proportional increase in all inputs results in an increase in output by a larger proportion Constant returns to scale (CRS) when a proportional increase in all inputs results in an increase in output by the same proportion	1 1	3

		Decreasing returns to scale (DRS) when a proportional increase in all inputs results in an increase in output by a smaller proportion	1									
18	a) b)	Supply curve shift towards leftwards. Supply curve shift towards rightwards.	1 ½ 1 ½	3								
19		<table border="1"> <tr> <td>Stock</td> <td>Flow</td> </tr> <tr> <td>Bank deposits</td> <td>National income</td> </tr> <tr> <td>Capital</td> <td>Investment</td> </tr> <tr> <td>Population</td> <td>Birth rate</td> </tr> </table>	Stock	Flow	Bank deposits	National income	Capital	Investment	Population	Birth rate	3	3
Stock	Flow											
Bank deposits	National income											
Capital	Investment											
Population	Birth rate											
20		<p>Output Market: An economy can trade in goods and services with other countries.</p> <p>Financial Market: Most often an economy can buy financial assets from other countries.</p> <p>Labour Market: Firms can choose where to locate production and workers to choose where to work.</p>	1 1 1	3								
Answer any 4 questions from 21 to 25												
21		<p>The exchange rate is determined by the demand and supply of foreign currency. No government intervention.</p> 	2+2	4								
22		Until 1929 the emphasis was on the classical concepts of full employment, laissez faire etc. The Great Depression of 1929 proved that the classical ideas were wrong. J M Keynes's General Theory, published in 1936 led to the emergence of macroeconomic ideas.	4	4								
23		<p>It is the pictorial illustration of inter relationship and interdependence among different sectors of the economy. The flow of goods and services and factors services(B&D)is called real flow. The flow of money as factor payments and Spending (A&C) is called money flow.</p> 	2+2	4								
24		The branch of economics deals with individual units is known as Micro Economics	2									

	<p>The branch of economics deals with aggregates is known as Macro Economics.</p> <p>Micro Economics -- output of a firm, Individual investment.</p> <p>Macro Economics -- Resources of an economy, unemployment rate</p>	1	4	
25	<p>It is the upper price limit imposed by the Government. It will always be less than equilibrium price. Results in excess demand.</p>		2+2	4

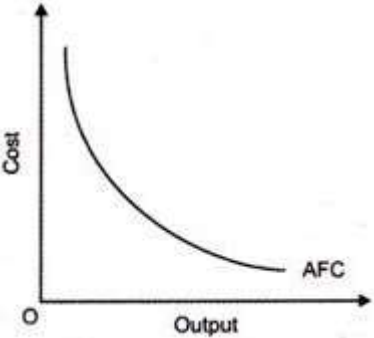
Answer any 4 questions from 26 to 30

26	<p>A consumer is said to be in equilibrium when he attains maximum satisfaction from his limited income. At consumer's equilibrium Indifference curve should be tangent to the budget line and the slope of the indifference curve is equal to the slope of the budget line.</p>		3+2	5
27	<p>a) $ED = \frac{\Delta q}{\Delta p} \times \frac{P}{q} = \frac{6}{2} \times \frac{6}{30} = \frac{36}{60} = 0.6$</p> <p>b) </p>	3	5	
28	<p>A perfect competitive firm is in equilibrium when it gets maximum profit. For the maximization of profit the following conditions are necessary</p> <ol style="list-style-type: none"> 1. $P=MC=MR=AR$ 2. MC is non decreasing at equilibrium output 3. $P>AVC$ in short run. 		3+2	5

29		<p>Aggregate demand is the total demand in the economy. Two components of aggregate demand in a two sector economy are-Consumption demand – C, Investment demand - I</p> <p>$AD = C + I$</p>		3+2	5
30		<p>Non-excludable: No one can be excluded from the consumption of such goods. Non rivalry: There is no rivalry exist in the economy for providing public goods. Free-riders: It is difficult and sometimes impossible to collect fees for the public good. These non- paying users are known as ‘free-riders’. .(ANY TWO)</p> <ol style="list-style-type: none"> 1. Allocation function 2. Redistribution function 3. Stabilization function 		<p>1</p> <p>1</p> <p>1</p> <p>1</p>	5
<p>Answer any 2 questions from 31 to 33</p>					
31	<p>a)</p> <p>b)</p>	<p>Issue of currency</p> <p>Banker's Bank</p> <p>Banker to the government</p> <p>Controller of money supply</p> <p>Bank Rate Policy: Bank rate or rediscount rate is the rate fixed by the central bank at which it rediscounts the first class bills of exchange and government securities held by the commercial banks.</p> <p>Open Market Operation: Open market operations are another quantitative method of credit control. There are two types of open market operations: outright and repo. Outright open market</p>		<p>2</p> <p>3</p> <p>3</p>	8

		<p>operations are permanent in nature: when the central bank buys these securities (thus injecting money into the system), it is without any promise to sell them later. Similarly, when the central bank sells these securities (thus withdrawing money from the system), it is without any promise to buy them later. As a result, the injection/absorption of the money is of permanent nature.</p> <p>III. VARIYING RESERVE RATIO: Every commercial bank is required by law to maintain a minimum percentage of its deposits with the central bank. It may be either a percentage of its time and demand deposits separately or of total deposits. During the inflation time RBI increases Reserve Ratio and during deflation time RBI decreases reserve ratios. (ANY TWO)</p>		
32	a)	<p>Value added=value of output-value of intermediate consumption. value of output=price ×quantity =200×₹500=₹1,00,000 Value added=₹1,00,000-₹20,000=₹80,000 Net Value added =GVA-DEPRECIATION ₹80,000-₹5,000=₹75,000</p>	2	
	b)	<p>PRODUCT METHOD OR VALUEADDED METHOD Under this method National Income can be measured by adding all the final goods and services produced by each firm in the economy during a financial year. Then the problem of Double Counting arises. Double Counting means value of a good or service is added more than once in the calculation of National Income. To avoid double counting we use Value Added Method. Value added or Gross Value Added is difference between value of output and intermediate Consumption. Value Added OR Gross value added = Value of output – Value of intermediate Consumption. $GVA_i \equiv \text{Value of sales by the firm } (V_i) + \text{Value of change in inventories } (A_i) - \text{Value of intermediate goods used by the firm } (Z_i)$ Value of output = market price × quantity of output.</p>	1	
			2 ½	

		<p>$GVA_i \equiv$ Value of sales by the firm (V_i) + Value of change in inventories (A_i) – Value of intermediate goods used by the firm (Z_i)</p> <p>change of inventories of a firm during a year = production of the firm during the year – sale of the firm during the year. Under value added method we calculate NI by adding GVA of all firms in the economy during a financial year. If there are N firms in the economy, each assigned with a serial number from 1 to N, then</p> <p>$GDP \equiv$ Sum total of the gross value added of all the firms in the economy $\equiv GVA_1 + GVA_2 + \dots + GVA_N$</p> <p>Therefore $GDP \equiv \sum_{i=1}^N GVA_i$</p> <p>INCOME METHOD: Under this method NI is calculated by adding all the factor income received by owners of factors of production. Income received by land is called Rent (R_i), Income received by labour is called Wages and salaries (W_i), Income received by Capital is called Interest (Ini) And Income received by entrepreneurship is called Profit (P_i). Thus GDP can be written as follows.</p> <p>$GDP \equiv \sum_{i=1}^N R_i + \sum_{i=1}^N W_i + \sum_{i=1}^N Ini + \sum_{i=1}^N P_i \equiv R + W + In + P$</p> <p>EXPENDITURE METHOD Under this 4method of calculating NI on the final expenditure on domestic product. Final expenditure categorized under four heads. The Final Consumption expenditure (C_i), The Final Investment expenditure (I_i), The Government final Consumption expenditure (G_i) and the export revenue (X_i). Then we substract import expenditure from the sum of $C+I+G+X$. Then the GDP can be written as follows</p> <p>$GDP \equiv \sum_{i=1}^N C_i + \sum_{i=1}^N I_i + \sum_{i=1}^N G_i + \sum_{i=1}^N X_i - M \equiv C + I + G + X - M$</p> <p>$GDP \equiv RV_i \equiv C + I + G + X - M$.(ANY TWO)</p>	8																																																	
33	a)	<table border="1"> <thead> <tr> <th>Outp ut</th> <th>TC</th> <th>TFC</th> <th>TVC</th> <th>AVC</th> <th>AFC</th> <th>AC</th> <th>MC</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>100</td> <td>100</td> <td>0</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>1</td> <td>120</td> <td>100</td> <td>20</td> <td>20</td> <td>100</td> <td>120</td> <td>20</td> </tr> <tr> <td>2</td> <td>140</td> <td>100</td> <td>40</td> <td>20</td> <td>50</td> <td>70</td> <td>20</td> </tr> <tr> <td>3</td> <td>150</td> <td>100</td> <td>50</td> <td>16.66</td> <td>33.33</td> <td>50</td> <td>10</td> </tr> <tr> <td>4</td> <td>155</td> <td>100</td> <td>55</td> <td>13.75</td> <td>25</td> <td>38.75</td> <td>5</td> </tr> </tbody> </table>	Outp ut	TC	TFC	TVC	AVC	AFC	AC	MC	0	100	100	0	-	-	-	-	1	120	100	20	20	100	120	20	2	140	100	40	20	50	70	20	3	150	100	50	16.66	33.33	50	10	4	155	100	55	13.75	25	38.75	5	2 ½	5
Outp ut	TC	TFC	TVC	AVC	AFC	AC	MC																																													
0	100	100	0	-	-	-	-																																													
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4	155	100	55	13.75	25	38.75	5																																													

		5	170	100	70	14	20	34	15			
		6	200	100	100	16.66 6	16.66 6	33.3	30			
b)	 <p>Rectangular hyperbola</p>									2	1	8

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