

ANSWER KEY

SECOND YEAR HIGHER SECONDARY EXAMINATION March 2023

PART-IA/II/III

SUBJECT: ECONOMICS

CODE NO: 54235535

VERSION: T

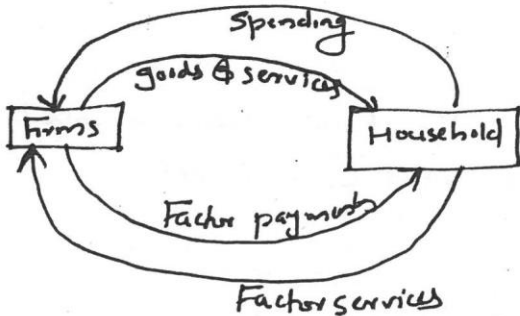
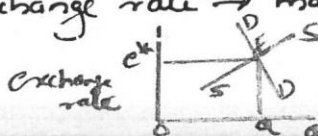
80 SCORES

2 1/2 HOURS

Qn. No	Sub Qns	Answer Key/Value Points	Score	Total Score
1		a) public goods	1	1
2		b) 0 and 1	1	1
3		c) Distribution of National income	1	1
4		d) Price = Average variable cost-	1	1
5		b) RBI	1	1
6		c) Decrease	1	1
7		d) GDP Deflator	1	1
8		a) Surplus	1	1
9		b) Law of Returns to Scale	1	1
10		c) Zero	1	1
11		Intermediate good - Raw material or inputs for production of other commodities Example	1 1	2
12		money multiplier = $\frac{1}{CRR}$ $\frac{1}{25\%} = \frac{1}{0.25} = \underline{4}$	1 1	2
13		Indifference curve slopes downward from left to right, Higher IC's gives greater level of utility, Two IC's never intersect each other (Any two points)	1+1	2

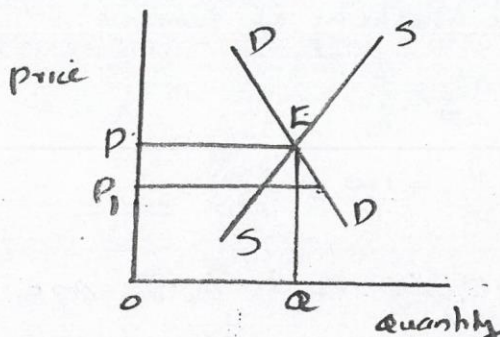
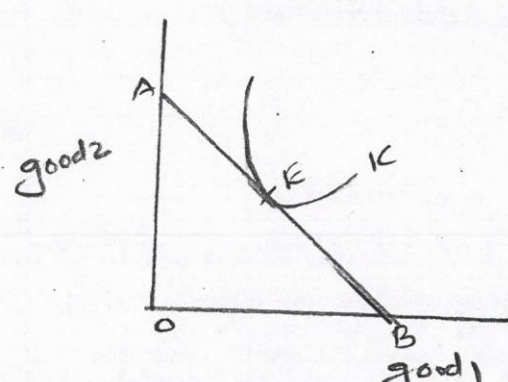
FROM 1 to 10 - ANY EIGHT

FROM 11-15
ANY FOUR

Qn. No	Sub Qns	Answer Key/Value Points	Score	Total Score
14		Equilibrium price = 10 Equilibrium Quantity = 30	1 1	2
15		Allocation, Redistribution, Stabilization (Any 2 points)	1+1	2
16		IRS, CRS, DRS	1+1+1	3
17		large number of Buyers and sellers, Homogeneous products, Free entry or exit, perfect information, price takers etc) Any 3 points	1+1+1	3
18		$HI = m/p_1 = \frac{120}{15} = 8$ $VI = m/p_2 = \frac{120}{20} = 6$ Slope = $-p_1/p_2 = \frac{-15}{20} = -0.75$	1 1 1	3
19		Distribution of income, non-monetary exchanges, externalities	1+1+1	3
20		output market, financial market, labour market	1+1+1	3
21			1+1+1+1	4
22		Great Depression of 1929, unemployment situation, J.M Keynes, General Theory (Any 4 points)	1+1+1+1	4
23		DIAGRAM Flexible Exchange rate $\rightarrow$ market forces Explanation 	2 2	4

FROM 16-20 ANY FOUR

FROM 21-25 ANY FOUR

Qn. No	Sub Qns	Answer Key/Value Points	Score	Total Score
24		 Diagram Explanation	2 2	4
25		market Economy $\rightarrow$ Private ownership, market mechanism, Centrally planned Economy $\rightarrow$ govt, planning mechanism [ANY TWO RELEVANT POINTS EACH]	2 2	4
26		Conditions $\rightarrow$ Budget line touches with indifference curve, equal slope 	2 3	5
27		Components of Budget <pre> graph TD A[Components of Budget] --> B[Revenue Budget] A --> C[Capital Budget] B --> D[Revenue Receipts] B --> E[Revenue Expenditure] C --> F[Capital Receipts] C --> G[Capital Expenditure] D --> H[Tax] D --> I[Non-Tax] </pre> (Correct 5 points)	5 (1+1+1+1+1)	5
28		3 conditions - $MC = P$ ($MC = MR$), MC non decreasing, short run $P \geq AVC$ Graphs	3 2	5

FROM 26 - 30. ANY FOUR

Qn. No	Sub Qns	Answer Key/Value Points	Score	Total Score																																																																								
29	a	Definition of Price Elasticity of Demand	2	5																																																																								
	b	Equation $e = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q}$ $= \frac{5}{25} \times \frac{100}{10} = \frac{500}{250} = 2$	1 1																																																																									
	c	more elastic (Elastic)/greater than one	1																																																																									
30	a	$mpc = \frac{\Delta C}{\Delta Y}$ $mps = \frac{\Delta S}{\Delta Y}$	1 1	5																																																																								
	b	Equation of Investment multiplier Investment multiplier = $\frac{1}{1-c} = \frac{1}{0.4} = 2.5$	1 2																																																																									
31		product method (value added method) expenditure method, income method Three methods with explanation (Listing of three methods only - 3 score)	3+3+2	8																																																																								
32		Instruments of monetary policy → open market operations, Bank rate, CRR, moral suasion, margin requirements, Repo rate, Reverse repo rate etc (Any 4 points with explanation) if points only - maximum 4 score	2+2+2+2	8																																																																								
33	a	<table><thead><tr><th>Q</th><th>TFC</th><th>TVC</th><th>TC</th><th>AC</th><th>AFC</th><th>AVC</th><th>SMC</th></tr></thead><tbody><tr><td>0</td><td>70</td><td>0</td><td>70</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>1</td><td>70</td><td>30</td><td>100</td><td>100</td><td>70</td><td>30</td><td>30</td></tr><tr><td>2</td><td>70</td><td>40</td><td>110</td><td>55</td><td>35</td><td>20</td><td>10</td></tr><tr><td>3</td><td>70</td><td>45</td><td>115</td><td>38.33</td><td>23.33</td><td>15</td><td>5</td></tr><tr><td>4</td><td>70</td><td>55</td><td>125</td><td>31.25</td><td>17.5</td><td>13.75</td><td>10</td></tr><tr><td>5</td><td>70</td><td>75</td><td>145</td><td>29</td><td>14</td><td>15</td><td>20</td></tr><tr><td>6</td><td>70</td><td>110</td><td>180</td><td>30</td><td>11.67</td><td>18.33</td><td>35</td></tr><tr><td>7</td><td>70</td><td>180</td><td>250</td><td>35.71</td><td>10</td><td>25.71</td><td>70</td></tr></tbody></table> Calculation (TVC, AC, AFC, AVC & SMC)	Q	TFC	TVC	TC	AC	AFC	AVC	SMC	0	70	0	70	-	-	-	-	1	70	30	100	100	70	30	30	2	70	40	110	55	35	20	10	3	70	45	115	38.33	23.33	15	5	4	70	55	125	31.25	17.5	13.75	10	5	70	75	145	29	14	15	20	6	70	110	180	30	11.67	18.33	35	7	70	180	250	35.71	10	25.71	70	1+1+1+1+1	8
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b		Diagrams of TC, TFC & TVC curves	1+1+1																																																																									

FROM 31-33 ANY TWO

