ANSWER KEY

SECOND YEAR HIGHER SECONDARY EXAMINATION MARCH 2021

PART – III – ECONOMICS

CODE NO. SY 235 SCORE : 80

TIME : 2 ½ HOURS

Qn.No.	Sub Qns	Answer Key/Value points	Score	Total Score
		(Qn 1 a to l carry 1 score each)- 12 X 1 = 12		
1	a	(ii) The Government	1	1
	b	(iv) individual income	1	1
	c	(ii) Adam Smith	1	1
	d	(ii) 1936	1	1
	e	(ii) Rises	1	1
	f	(iii) MR = AR	1	1
	g	(iv) NNP fc	1	1
	h	(ii) Reserve Bank of India	1	1
	i	(iii) Equilibrium	1	1
	j	(ii) Downward sloping	1	1
	k	(ii) Deficit Budget	1	1
	l	(ii) CC	1	1
		(Qn No. 2 to 13 carry 2 score each)		
2		Any two relevant features (Welfare motive or welfare of the people, No private property, govt. planning, govt takes all important decisions etc.)	1 + 1	2
3		Difference between value of visible exports and visible imports of goods of a country in a given period of time	2	2
4		AP = Total Product per variable input or AP = TP/variable input MP = Change in output/change in input or MP = ΔTP/Δvariable input (if the student clarifies the difference with the help of numerical example, give full score)	1 1	2
5		The level of utility can be expressed in numbers or utility can be measured cardinally . Eg:- 50 utils etc. (or any relevant point related to cardinal utility)	2	2
6		Household, Firms or Business, Government, External or Foreign Sector (since there is a mistake in the Malayalam version to this Qn, give full score to those students who tries to attend in Malayalam.)	½ x 4 = 2	2
7		Any two points of difference between Micro and Macro (For eg:- Micro deals with individual behaviour, Macro with aggregates etc)	1 1	2
8		**Under Perfect competition, there is uniform price**, so AR = MR	2	2

9		When total demand is greater than total supply in a market or Total demand>Total supply (or correct diagram showing excess demand)	2	2
10		If the MPS of the economy increases, the total value of saving in the economy will not increase or If the individual saving increases, the total saving in the economy will not increases or any relevant point which makes the concept clear)	2	2
Qn.No	**Sub Qns.**	**Answer key/Value points**	**Score**	**Total score**
11		Sum total of individual demand for a good in a particular market at different prices. (Or numerical example or table/diagram which makes the concept clear)	2	2
12		The economic output produced by a nation's normal residents. They are either in India or in abroad. Or GDP + Net Factor income from abroad = GNP or GNP = NNPmp + Depreciation or any relevant formula.	2	2
13		PI = NI –Undistributed profit –Net interest payment made by household –corporate tax + Transfer payment to household	2	2
		(Qn. No. 14 to 23 carry 3 scores each)		
14		What is produced and in what quantities? How are these goods produced ? For whom are these goods produced ?	1 + 1 + 1	3
15		Any 3 points (started in USA, output and employment level in Europe and North America fell by huge amount, many factories were closed or shut down, production fell, huge unemployment, shut down of industries etc)	1 + 1 + 1	3
16		**Correct picture** shows the circular flow/ Brief explanation for circular flow/ identifying real flow and money flows	3	3
17		Any three features of Monopoly market (single seller, No close substitute, No entry , price maker, downward sloping demand curve etc)	1 + 1 + 1	3
18		Any three relevant points (Medium of exchange, Unit of account, Measure of value, store of value, transfer of value etc)	1 + 1 + 1	3
19		AD = $\underline{C} + \underline{I}$ AD = $\underline{\bar{C}} + \underline{\bar{I}} + c.Y$ Y = $\underline{\bar{C}} + \underline{\bar{I}} + c.Y$ Y = $\bar{A} + c.Y$ Equilibrium income $Y^* = \bar{A}/1-c$ (or for correct diagram or for correct explanation of the concept or clarify the concept with numerical example, give full score)	3	3

20		TR = total amount of receipts from the sale of the product or TR = Price X output AR = Revenue per unit of commodity sold or AR = TR/Q MR = net addition to TR when an additional unit sold or MR = TRn −TRn−1 or MR = ΔTR/ΔQ (Since in the Malayalam version to the question, it is asked to define TP, AP and MP, give score 1 +1+1 , if the student defines or write the equations to TP,AP and MP.) TP – quantity produced by using a given level of output AP – Output per unit of variable input or TP/variable input MP – change in output/change in input	1 1 1	3

Qn.No	Sub Qns.	Answer key/Value points	Score	Total score
21		For equation or formula (relevant formula) For correct process For answer (-0.5 or 0.5) Δq/Δp x p/q -10/10 x5/10 =-0.5	1 1 1	3
22		3 points. 1. Technological progress 2. input price 3. unit tax	1 + 1 + 1	3
23		Revenue Deficit = Revenue Expenditure –Revenue Receipts Primary Deficit = Fiscal Deficit –Net interest payment	1½ + 1½	3
		(Qns from 24 to 31 carry 4 scores each)		
24		1. For writing any two features(downward sloping or convex to origin, Higher IC shows higher level of satisfaction and lower IC shows lower level of satisfaction, two ICs never intersect each other) 2. For explanation or figure/diagram	2 2	4
25		Any four features of Perfect competition (Large number of buyers and sellers, Homogeneous product, free entry and exit, price taker, uniform price, perfect knowledge, demand curve parallel to X axis, No transport cost etc)	1 + 1 + 1 + 1	4
26		One relevant point and one example each to Stocks and flows Stocks :- A quantity or variable measured at a particular point of time or static concept. Eg;- Capital, wealth etc. Flows :- A quantity or variable measured at particular period of time or dynamic concept. Eg;- Capital formation, income etc.	2 + 2	4

27		MPC = Change in consumption/Change in income or ΔC/ΔY or any relevant equation or definition. MPS = Change in saving /Change in income or ΔS/ΔY or any relevant equation or definition (if the student clarifies the difference with the help of numerical example, give full score)	2 2	4
28		Definition to Govt. Budget (Annual financial statement of the govt. Statement of estimated receipts and expenditure of the govt for a financial year.) Objectives:- Allocation function Redistribution function Stabilisation function	1 1 1 1	4
29		Relevant definition to open economy (Is one which interacts with other countries through various channels or country having economic relations with other countries) Three linkages:- Output or product market linkage Financial market linkage Labour or Factor market linkage	1 1 1 1	4

Qn No.	**Sub Qn**	Answer key/Value points	Score	Total score
30		At equilibrium, Qd = Qs or Qs = Qd 100 + p = 500 –p 2p = 400 P = 200 Equi. Price = 200 100 + p = 100 + 200 = 300 500 –p = 500 −200 = 300 Equi. Quantity = 300 (if the student writes , at equilibrium Qd = Qs , 500-p = 100 +p or 100 + p = 500−p and fail to arrive the answers, give 1 score only)	2 2	4
31		1.Any three features of Monopolistic competition (many firms or fairly large number of firms, differentiated products or nonhomogeneous products, free entry and exit, selling cost etc) 2.Any two relevant examples (soap producing firms, Toothpaste producing firms etc)	3 ½ + ½	4
		(Qn. No. 32 to 37 carry 5 scores each)		

32		1.Price ceiling :- The government imposed upper limit on the price of a good or services. Fixed below the market determined price. 2.Brief explanation or diagram 3. Any two Effects :- Rationing, Long queue, creation of black marketing etc.	2 2 ½ +½ = 1	5
33		Revenue Expenditure :- Interest Payments, Subsidies, Salaries and Pensions Capital Expenditure :- Investment in shares, Loans to state Govt by central govt.	1 + 1 + 1 =3 1 + 1 = 2	5
34		A / B		5
		Short run / Some factors are fixed	1	
		Marginal Product / Change in output/change in input	1	
		Total Fixed Cost Curve(TFC) / Horizontal straight line parallel to X axis	1	
		Total Fixed Cost + Total Variable Cost(TFC + TVC) / Total Cost	1	
		Marginal Cost(MC) / ΔTC/ΔQ	1	
35		BoP :- Record the transactions in goods, services and assets between a country with the rest of the world for a specified period, typically a year. Components of current a/c:- Trade in goods, Trade in services, Transfer payments & with brief explanation Or the chart showing the components without explanation	2 3 (1 +1+1)	5
Qn No	**Sub Qn**	Answer key/Value points	Score	Total score
36		1.Tax Revenue :- Direct Tax and Indirect |Tax 2. Direct Tax :- Personal income tax, Corporate tax .wealth tax etc (any two examples) 3. Indirect Tax :- Customs duty, excise duty, GST, etc (any two) 4. Non Tax Revenue :- interest receipts, dividends, profits, fee, grants in aid etc (any four)	1 ½ + ½ = 1 ½ + ½ = 1 ½ x4 = 2	5
37		Long run production function/ Studies the effects of increase in factors in same ratio on the output (or any relevant point which clarifies the concept) 3 stages of Returns to scale :- IRS, CRS and DRS with brief explanation(1½ score for listing the stages & 1½ score for explanation)	2 3	
		(Qn. No. 38 to 41 carry 8 sores each)		

<table>
<tr><td>38</td><td>A</td><td>M/p1 = 50/10 = 5
M/p2 = 50/10 = 5
Drawing BL with given data and quoting the Budget Equation
(If the student draws the BL with given data by plotting M/p1 and M/p2 on the axes itself correctly, give 4 score. If the student writes the correct Budget equation only and fails to draw the BL, give score 1)</td><td>1
1
2</td><td rowspan="2">8</td></tr>
<tr><td></td><td>B</td><td>For correct diagram showing the optimal choice
For explanation or listing the two conditions for optimal choice</td><td>2
2</td></tr>
<tr><td>39</td><td></td><td>
<table>
<tr><th>Output</th><th>TFC</th><th>TVC</th><th>TC</th><th>AFC</th><th>AVC</th><th>SAC</th><th>SMC</th></tr>
<tr><td>0</td><td>100</td><td>0</td><td>100</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>1</td><td>100</td><td>100</td><td>200</td><td>100</td><td>100</td><td>200</td><td>100</td></tr>
<tr><td>2</td><td>100</td><td>200</td><td>300</td><td>50</td><td>100</td><td>150</td><td>100</td></tr>
<tr><td>3</td><td>100</td><td>300</td><td>400</td><td>33.3</td><td>100</td><td>133.3</td><td>100</td></tr>
<tr><td>4</td><td>100</td><td>400</td><td>500</td><td>25</td><td>100</td><td>125</td><td>100</td></tr>
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TFC – The total cost to employ fixed inputs or TC –TVC
TVC- Total cost to employ variable inputs or TC –TFC TC –
Total cost of the firm or TFC + TVC = TC</td><td>5 x1 = 5

1
1
1</td><td>8</td></tr>
<tr><td>40</td><td></td><td>(If the student writes anything related with GDP, National Income or listing the three methods etc, give 2 score at entry level.)
1.For explaining income method(W + P +In + R)
2.For explain Expenditure method(C + I + G + X –M)</td><td>4
4</td><td>8</td></tr>
<tr><td>41</td><td></td><td>(If the student writes anything related with RBI, Functions of RBI etc, give 2 score at entry level)
1.For Quantitative Measures – Bank Rate, CRR, Open Market Operation etc (any relevant three measures with explanation) 2. For listing any two qualitative measures –persuasion, moral suasion, margin requirement etc</td><td>2 + 2 + 2 = 6

2</td><td>8</td></tr>
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