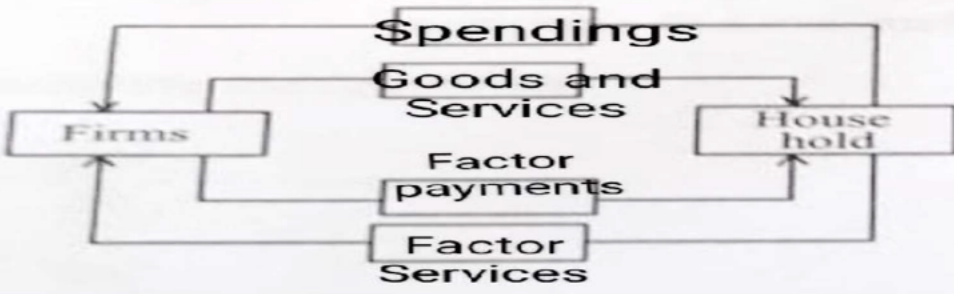
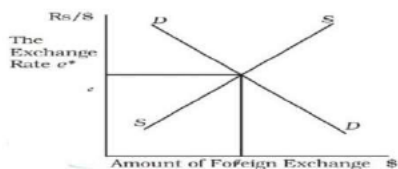
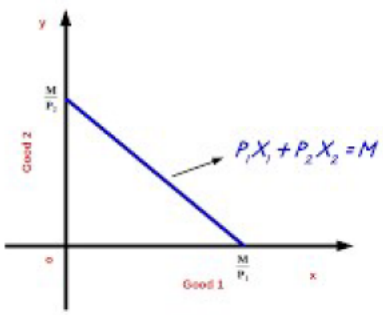
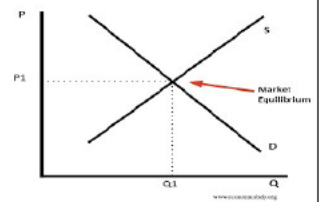
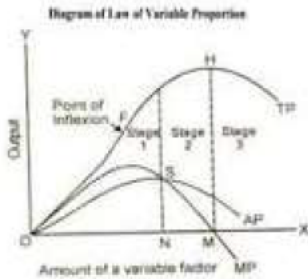
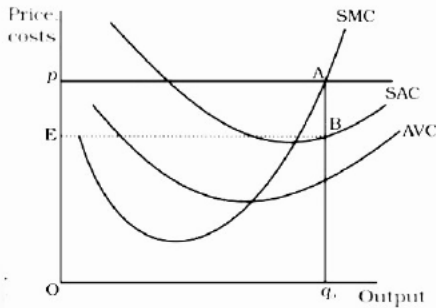


UNOFFICIAL ANSWER KEY**SECOND YEAR HIGHER SECONDARY MODEL EXAMINATION – FEBRUARY 2025****PART III SUBJECT: ECONOMICS****CODE : SY 635****MAXIMUM SCORE: 80****TIME: 2 ½ HOURS****PREPARED BY RAJESH.S**

Qn No	Sub Qns	Answer Key / Value Point	Score	Total Score
ANSWER ANY 8 QUESTIONS FROM 1 to 10				
1		a) Primary deficit	1	1
2		b) Rectangular hyperbola	1	1
3		c) Intermediate goods	1	1
4		b) Right	1	1
5		a) Shut down Point & c) Break even Point	1	1
6		d) utility	1	1
7		a) M_1	1	1
8		a) 1936	1	1
9		a) Autonomous Consumption	1	1
10		d) GDP	1	1
Answer any 4 questions from 11 to 15				
11		Air pollution, Water pollution	1+1	2
12		Firms, House holds, Government, External Sector	$\frac{1}{2} \times 4$	2
13		Price ----Increases Output ----- Increases	1 1	2
14		devaluation means Reduction in Price of Domestic Currency in terms of All Foreign Currency. Revaluation means Increase in Price of Domestic Currency in terms of All Foreign Currency	1 1	2
15		Price Mechanism, Private Ownership, Profit Motive Absence of government control	$\frac{1}{2} \times 4$	2
Answer any 4 questions from 16 to 20				
16		Indifference Curves downwards from left to right Two indifference Curves never intersect each other Higher indifference Curves shows higher level of utility	1 1 1	3
17	a) b) c)	MC AFC AC	1 1 1	3
18		Surplus Budget RECIEPTS > EXPENDITURE Deficit Budget RECIEPTS < EXPENDITURE Balanced Budget RECIEPTS = EXPENDITURE	1 1 1	3
19		What to produce? And in what quantities How to produce ? For whom to produce?	1 1 1	3

20		$\Delta Y = \frac{1}{1-c} \times \Delta I = \frac{1}{1-0.2} \times 125 = 250$	3	3
Answer any 4 questions from 21 to 25				
21		<p>Substitute goods: Substitute goods are those goods which can be used in place of each other to satisfy a given want. E.g., tea and coffee, ghee and refined oil.</p> <p>Complementary goods: Complementary goods are those goods which are used together to satisfy a given want. They are demanded jointly, e.g., car and petrol, pen and ink.</p>	2 2	4
22		$Es = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q} = \frac{5}{15} \times \frac{10}{15} = \frac{50}{225} = 0.22$	4	4
23		<p style="text-align: center;">Circular flow of income</p> 	1×4	4
24		<p>The exchange rate is determined by the demand and supply of foreign currency. No government intervention.</p> 	2+2	4
25		<p>It is the ratio between Nominal GDP and Real GDP. Value of GDP calculated on basis of current year is called Nominal GDP. It is denoted by GDP. Value of GDP calculated on basis of base year is called Real GDP. It is denoted by gdp</p>		
Answer any 4 questions from 26 to 30				
26		<p>Public Goods are those provided by nature or the government for free use by the general public. National Defence, Public transportation, Roads, Police, dams, and rivers</p> <p>Private Goods are those produced and sold by private firms to meet the needs and desires of consumers. Clothing, cosmetics, footwear, automobiles, electronic devices, and food.</p>	2 ½ 2 ½	5
27	a) b) c)	<p>5X₁+10X₂=50</p> <p>$VI = \frac{M}{P_1} = \frac{50}{10} = 5 \quad HI = \frac{M}{P_2} = \frac{50}{5} = 10$</p>	1 1+1 2	5

				
28	<p>a) Market equilibrium is a market state where the supply in the market is equal to the demand in the market.</p> <p>b) Equilibrium price =100 Equilibrium quantity=300</p>		3 1 1	5
29	<p>a) Aggregated demand means the total demand for final goods and services in an economy. It is the total (final) expenditure of all the units of the economy, i.e., households and firms.</p> <p>b) Private (Household consumption expenditure) (C), Investment expenditure (I) are the components of Aggregated demand in two sector model</p>		2 ½ 2 ½	5
30	<p>a) Gross domestic product (GDP) is the value of all the goods and services produced within a country in a given period of time.</p> <p>b) 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 (Ri), Income received by labour is called Wages and salaries (Wi), Income received by Capital is called Interest (Ini) And Income received by entrepreneurship is called Profit (Pi). Thus GDP can be written as follows.</p> $GDP \equiv \sum_{i=1}^N Ri + \sum_{i=1}^N Wi + \sum_{i=1}^N Ini + \sum_{i=1}^N Pi \equiv R + W + In + P$		2 3	5
Answer any 2 questions from 31 to 33				

31	<p>a) The law of variable proportion is an economic theory that states that increasing one factor of production while keeping others constant will lead to a decline in output. It's also known as the law of diminishing marginal returns. The Law of Variable proportions has three stages.</p> <p>First Stage or Stage of Increasing returns: In this stage, the total product increases at an increasing rate. This happens because the efficiency of the fixed factors increases with addition of variable inputs to the product.</p> <p>Second Stage or Stage of Diminishing Returns: In this stage, the total product increases at a diminishing rate until it reaches the maximum point. The marginal and average product are positive but diminishing gradually.</p> <p>Third Stage or Stage of Negative Returns: In this stage, the total product declines and the marginal product becomes negative.</p> <p>b) When MP is greater than AP, the AP is increasing; When MP equals AP, AP is at its maximum; When MP is less than AP, AP is decreasing</p>	<p>5</p> <p>8</p> <p>3</p>	 <p>The diagram shows a graph with 'Output' on the vertical axis (Y) and 'Amount of a variable factor' on the horizontal axis (X). It illustrates three stages of production: Stage 1 (Increasing Returns), Stage 2 (Diminishing Returns), and Stage 3 (Negative Returns). The Total Product (TP) curve starts at the origin, rises steeply in Stage 1, reaches a maximum point H in Stage 2, and then declines in Stage 3. The Marginal Product (MP) curve starts at the origin, peaks at point S in Stage 1, crosses the Average Product (AP) curve at its maximum point in Stage 2, and becomes negative in Stage 3. The AP curve starts at the origin, peaks at point S, and then declines. A 'Point of Inflection' is marked on the TP curve at point F. Points N and M are marked on the X-axis corresponding to the peak of MP and the maximum of TP, respectively.</p>
32	<p>a) Many buyers and sellers: Homogeneous products: Free entry and exit: Perfect knowledge: Price takers: Perfect mobility</p> <p>b) 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. 	<p>3</p> <p>5</p>	 <p>The graph shows 'Price: costs' on the vertical axis and 'Output' on the horizontal axis. It includes a horizontal demand curve (AR) at price P, a downward-sloping marginal revenue curve (MR), an upward-sloping short-run marginal cost curve (SMC), an upward-sloping short-run average cost curve (SAC), and a U-shaped short-run average variable cost curve (AVC). The profit-maximizing output is where MR = SMC, which corresponds to price P on the AR curve. At this output level, the firm's average cost is represented by point B on the SAC curve, and its average variable cost is represented by point E on the AVC curve. The origin is labeled O, and the equilibrium output is labeled q.</p>
33	<p>a) Issue of currency Banker's Bank Banker to the government Controller of money supply</p> <p>b) 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</p>	<p>3</p> <p>4</p>	

	<p>exchange and government securities held by the commercial banks.</p> <p>Open Market Operation: Open market operations are another quantitative method of credit control.</p> <p>There are two types of open market operations: outright and repo. Outright open market 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.</p> <p>QUALITATIVE Direct action Moral sausion</p>	1	8
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