

Code No. 1026

Second Year – March 2016

Time : 2 ½ Hours  
Cool-off time : 15 Minutes

Part – III

**ECONOMICS**

Maximum : 80 Scores

**General Instructions to Candidates :**

- There is a 'Cool-off time' of 15 minutes in addition to the writing time of 2 ½ hrs.
- You are not allowed to write your answers nor to discuss anything with others during the 'cool-off time'.
- Use the 'cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- All questions are compulsory and only internal choice is allowed.
- When you select a question, all the sub-questions must be answered from the same question itself.
- 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.

**നിർദ്ദേശങ്ങൾ :**

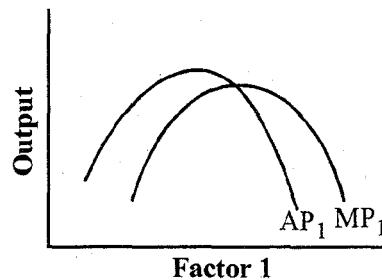
- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും. ഈ സമയത്ത് ചോദ്യങ്ങൾക്ക് ഉത്തരം എഴുതാനോ, മറ്റുള്ളവരുമായി ആശയവിനിമയം നടത്താനോ പാടില്ല.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- എല്ലാ ചോദ്യങ്ങൾക്കും ഉത്തരം എഴുതണം.
- ഒരു ചോദ്യനമ്പർ ഉത്തരമെഴുതാൻ തെരഞ്ഞെടുത്തു കഴിഞ്ഞാൽ ഉപചോദ്യങ്ങളും അതേ ചോദ്യനമ്പറിൽ നിന്ന് തന്നെ തെരഞ്ഞെടുക്കേണ്ടതാണ്.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നൽകിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഛായയിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

1. The choice of technology is associated with

- (a) What to produce ?
- (b) How to produce ?
- (c) For whom to produce ?
- (d) None of these

(Score : 1)

2. (i) There is an error in the diagram. Redraw the diagram by correcting the same.



(ii) Explain the relationship between Average Product (AP) & Marginal Product (MP).

(Scores : 4)

3. Distinguish the concepts  $M_1$ ,  $M_2$  &  $M_3$ .

(Scores : 3)

4. List the 3 different ways in which an oligopoly firm may behave.

(Scores : 3)

5. What would come in the place of question mark :

- (A) (a) Wealth of Nations : 1776
- (b) The general theory : ?
- (B) (a) ? : Economy as a whole
- (b) Micro Economics : individual units

(Scores : 2)

6. Explain the consequence if price prevailing in the market is fixed :

- (i) above the equilibrium price (price floor)
- (ii) below the equilibrium price (price ceiling)

(Scores : 3)

7. Fill in the blanks :

- (a)  $GDP + \underline{\hspace{2cm}} = GNP$
- (b)  $GNP - \text{Depreciation} = \underline{\hspace{2cm}}$
- (c)  $\underline{\hspace{2cm}} - \text{Net Indirect Taxes} = NNP_{FC}$
- (d)  $UP + NIH + CT - TrH = \underline{\hspace{2cm}}$
- (e)  $PTP + NP = \underline{\hspace{2cm}}$

[GDP – Gross Domestic Products

GNP – Gross National Products

$NNP_{FC}$  – Net National product at factor cost

UP – Undistributed Profit

NIH – Net Interest payment by households

CT – Corporate taxes

TrH – Transverse received by households

PTP – Personal Tax Payments

NP – Non-tax Payments]

(Scores : 5)

8. Public goods must be provided by the Government. Do you agree ? Substantiate.

(Scores : 4)

9. Differentiate :

- (a) Currency devaluation
- (b) Currency depreciation

(Scores : 2)

10. Demand and supply equations of commodity X is given by

$$q_d = 100 - P$$

$$q_s = 70 + 2P$$

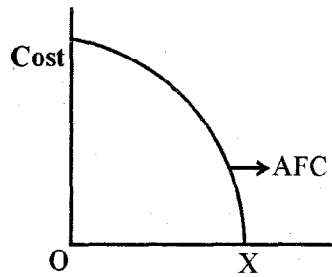
find the equilibrium price and quantity.

(Scores : 3)

11. The relationship between input & output is \_\_\_\_\_.

(Score : 1)

12.



Draw the diagram correctly.

(AFC – Average Fixed Cost)

(Score : 1)

13. Distinguish :

(a) Breakeven point

(b) Shutdown point

(Scores : 3)

14.  $\frac{\Delta TC}{\Delta q}$  is

(a) MC

(b) AC

(c) FC

(d) VC

[TC = Total Cost, q = Output, MC = Marginal Cost, AC = Average Cost, FC = Fixed Cost, VC = Variable Cost]

(Score : 1)

15. Identify the wrong statements and correct the same.

(i) A perfectly competitive market deals in heterogeneous product.

(ii) Each buyer under perfect competition is a price taker.

(iii) A perfectly competitive market is a market where there is only a single seller.

(Scores : 3)

16. Distinguish the different concepts of deficits.

(a) Revenue deficits

(b) Fiscal deficits

(c) Primary deficits

(Scores : 3)

17. From the schedule given below, calculate the Total Revenue (TR) and derive the demand schedule.

<b>Q</b>	1	2	3	4	5	6	7	8	9
<b>MR</b>	10	6	2	2	2	0	0	0	-5

(Scores : 4)

18. Distinguish the following economics systems.

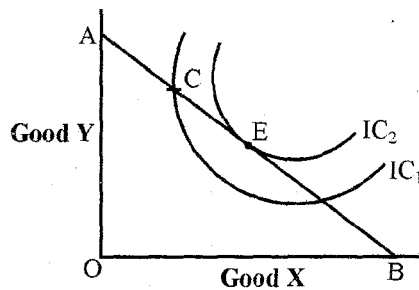
- (a) Centrally Planned economy  
 (b) Market economy

(Scores : 2)

19.  $P_1 X_1 + P_2 X_2 \leq M$  is a budget constraint. Identify the constraints.

(Score : 1)

20. Given the diagram



- (a) Identify :
- (i) AB  
 (ii) Point E
- (b) Elaborate the properties of indifference curve.
- (c) Point 'C' is not the equilibrium point of the consumer, do you agree ? Explain.

(Scores : 8)

21. The demand curve faced by a firm under monopolistic competition is negatively sloped. Explain. (Scores : 2)
22. You are to be cautious while taking only GDP (Gross Domestic Product) as index of welfare. Why so ? (Scores : 4)
23. Diagrammatically explain the effects of changes in autonomous spending on equilibrium demand in the product market. (Scores : 8)
24. Distinguish the concepts :
- (i) Transaction motive of demand for money.
  - (ii) Speculative motive of demand for money. (Scores : 4)
25. Should current account deficit be a cause for alarm ? Explain. (Scores : 5)
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