

DIRECTORATE OF GOVERNMENT EXAMINATIONS CHENNAI – 6
HIGHER SECONDARY SECOND YEAR EXAMINATION – MAY – 2022

Economics Answer key

NOTE :

1. Answers written with Blue or Black ink only to be evaluated.
2. Choose the most suitable answer in Part A from the given alternatives and write the option code and the corresponding answer.
3. If any one of the answer option code or answer is wrong 'O' marks to be awarded.
4. Marks can be awarded, if students write in their own sentences with Economics related concepts and explanations.

TOTAL MARKS- 90

PART - I

Answer all the questions.

20x1-20

Q. No	Option code	Type A	Q. No	Option code	Type -B	Marks
1	b	1950	1	b	more	1
2	b	more	2	d	$\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$	1
3	a	creeping inflation	3	a	Mumbai	1
4	a	Mumbai	4	d	Both (a) and (b)	1
5	d	General theory	5	c	Both (a) and (b)	1
6	b	c/y	6	c	Micro and Macro	1
7	d	both (a) and (b)	7	d	Population of a country	1
8	d	Classical Economist	8	a	creeping inflation	1
9	b	Air pollution	9	d	classical economist	1
10	d	J.M. Keynes	10	c	external trade	1
11	c	both (a) and (b)	11	d	general theory	1
12	d	$\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$	12	b	c / y	1
13	d	Population of a country	13	d	J.M Keynes	1
14	b	Full employment	14	a	welfare state	1
15	c	External trade	15	b	full employment	1
16	b	BRICS	16	c	RBI	1
17	c	Micro and Macro	17	b	BRICS	1
18	c	RBI	18	b	prime minister	1
19	a	Welfare State	19	b	Air pollution	1
20	b	Prime minister	20	b	1950	1

PART - II

Answer any 7 questions. No 30 is compulsory

7×2=14

Q.No	Answer	Marks
21	<p>Macro Economics</p> <p>Macro Economics is the study of the economy as a whole.</p>	2
22	<p>Formula for calculating GNP: $GNP = C+I+G+(x-m)$ (OR) $GNP = C+I+G+(x-m)+(R-P)$ (OR) $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from abroad}$</p>	2
23	<p>Main features of rural Unemployment:</p> <ol style="list-style-type: none">1. Disguised unemployment2. Seasonal unemployment.	2
24	<p>Propensity to consume: Income consumption relationship is called as propensity to consume.</p> <p>(or)</p> <p>Consumption function or propensity to consume refers to income consumption relationship.</p> <p>(OR)</p> <p>$C = f(y)$ C = consumption Y = Income F = Function</p>	2
25	<p>Commercial bank: commercial banks are institutions that conduct business with profit motive by accepting public deposits and lending loans for various investment purposes.</p> <p>(or)</p> <p>Commercial bank refers to a bank, or a division of a large bank, which more specifically deals with deposit and loan services provided to corporations or large / middle-sized business – as opposed to individual members of the public</p>	2
26	<p>FOREX: FOREX refers to foreign currencies. The mechanism through which payments are effected between two countries having different currency system is called FOREX.</p>	2

27	<p>Public Revenue: The income of the government through all sources is called public income or public revenue. (OR) Public Revenue deals with the methods of raising Public revenue such as tax and non-tax, the principles of taxation, rates of taxation, impact, incidence and shifting of taxes and their effects.</p>	2
28	<p>Global Warming: Global warming is the current increase in temperature of the Earth's surface (both land and water) as well as its atmosphere.</p>	2
29	<p>Statistics: Statistics is collection, presentation, classification and interpretation of data. (OR) As a Science of estimates and probabilities -Boddington (OR) Collection, organizations, presentation, analysis and interpretation of numerical data –Croxtton & Cowden</p>	2
30	<p>Local bodies: 1. Village panchayats 2. District Boards (or) zilaparishads 3. Municipalities 4. Municipal Corporations</p>	2

Part – III

Answer Any Seven Q.No.40 Is Compulsory

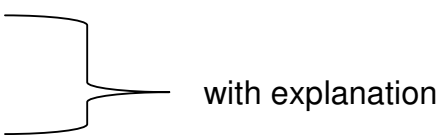
7×3 =21

31	<p>Economic systems: 1. Capitalistic Economy (Market Economy) 2. Socialistic Economy (Command Economy) 3. Mixed Economy (mixedism)</p>	3
32	<p>Per capita Income: The average income of a person of a country in a particular year is called per capita income. (or) Per capita Income is obtained by dividing national income by population. (or) Per Capita Income = $\frac{\text{National Income}}{\text{Population}}$</p>	3

33	<p>(a) Seasonal Unemployment This type of unemployment occurs during certain seasons of the year.</p> <p>(b) Frictional Unemployment This type of unemployment arises due to imbalance between supply of labour and demand for labour.</p> <p>(c) Educated Unemployment Sometimes educated people are underemployed or unemployed when qualification does not match the job.</p>	3
34	<p>Functions of Statistics.</p> <ol style="list-style-type: none"> 1. Statistics presents facts in a definite form. 2. It simplifies mass of figures. 3. It facilitates comparison. 4. It helps in formulating and testing. 5. It helps in prediction. 6. It helps in the formulation of suitable policies. <p style="text-align: center;">(Any three points)</p>	3
35	<p>Determinants of money supply.</p> <ol style="list-style-type: none"> 1. Currency Deposit Ratio (CDR) 2. Reserve Deposit Ratio (RDR) 3. Cash Reserve Ratio (CRR) 4. Statutory Liquidity Ratio (SLR) 	3
36	<p>Functions of IFCI</p> <ol style="list-style-type: none"> 1. Long-term loans; both in rupees and foreign currencies. 2. Underwriting of equity, preference and debenture issues. 3. Subscribing to equity, preference and debenture issues. 4. Guaranteeing the deferred payments in respect of machinery imported from abroad or purchased in India. 5. Guaranteeing of loans raised in foreign currency from foreign financial institutions. <p style="text-align: center;">(Any three points)</p>	3

37	Functions of Modern State. 1. Defence 2. Judiciary 3. Enterprises 4. Social welfare 5. Infrastructure 6. Macro-Economic Policy. 7. Social justice 8. Control of monopoly	3
38	(A) Climate Change The climate change refers to seasonal changes over a long period with respect to the growing accumulation of green houses gases in the atmosphere. (B) Acid rain Acid rain is one of the consequences of air pollution. It occurs when emissions from factories, cars or heating boilers contact which the water in the atmosphere.	1½ 1½
39	Vicious Circle of poverty. 1. Diagram i. Supply side. (with explanation) ii. Demand side (with explanation)	1 1 1
40	Kinds of Multiplier (i) Static multiplier (ii) Dynamic multiplier (OR) <ul style="list-style-type: none"> • Tax multiplier • Employment multiplier • Foreign Trade Multiplier • Investment Multiplier 	1½
	Uses of multiplier (Any two points)	1½

PART – IV Answer all the questions		7×5 =35
41. (a)	Two sector circular flow of income with Diagram: 1. Household sector explanation 2. Firms with explanation 3. Diagram 4. Diagram explanation	1 1 2 1
[OR]		

41. (b)	The phases of trade cycle : 1. Boom 2. Recession 3. Depression 4. Recovery 5. Diagram 	1 1 1 1 1																																								
42. (a)	Working of Accelerator 1. Operation of the Accelerator 2. Diagram 3. Diagram Explanation	2 2 1																																								
[OR]																																										
42. (b)	Different types of planning: 1. Democratic VS Totalitarian 2. Centralized VS Decentralized 3. Planning by direction VS Inducement 4. Indicative VS Imperative planning 5. Short, medium and long term planning 6. Financial VS Physical planning 7. Functional VS Structural planning 8. Comprehensive VS partial planning (any 5 points)	5																																								
43. (a)	Role of commercial banks in economic development of a country: 1. Capital Formation 2. Creation of credit 3. Channelizing the funds towards productive investment 4. Encouraging right type of industries 5. Banks monetize Debt 6. Finance of government 7. Employment generation 8. Banks promote entrepreneurship [Any 5 points with explanation]	5																																								
[OR]																																										
43. (b)	Standard Deviation: <table border="1" data-bbox="324 1512 1201 1743"> <thead> <tr> <th>S. No</th> <th>Values (X)</th> <th>X - \bar{X}</th> <th>(X - \bar{X})²</th> </tr> </thead> <tbody> <tr><td>1.</td><td>14</td><td>14-15 = -1</td><td>1</td></tr> <tr><td>2.</td><td>22</td><td>22-15 = +7</td><td>49</td></tr> <tr><td>3.</td><td>9</td><td>9-15 = -6</td><td>36</td></tr> <tr><td>4.</td><td>15</td><td>15-15 = 0</td><td>0</td></tr> <tr><td>5.</td><td>20</td><td>20-15 = +5</td><td>25</td></tr> <tr><td>6.</td><td>17</td><td>17-15 = +2</td><td>4</td></tr> <tr><td>7.</td><td>12</td><td>12-15 = -3</td><td>9</td></tr> <tr><td>8.</td><td>11</td><td>11-15 = -4</td><td>16</td></tr> <tr><td colspan="2" style="text-align: center;">$\Sigma X = 120$</td><td>$\Sigma(X - \bar{X}) = 0$</td><td>$\Sigma(X - \bar{X})^2 = 140$</td></tr> </tbody> </table> $\bar{X} = \frac{\Sigma X}{N}$ $\bar{X} = \frac{120}{8} = 15$ $\sigma = \frac{\sqrt{\Sigma(X - \bar{X})^2}}{N} \quad \sigma = \frac{\sqrt{140}}{8} = \sqrt{17.5}$ $\sigma = 4.18$	S. No	Values (X)	X - \bar{X}	(X - \bar{X}) ²	1.	14	14-15 = -1	1	2.	22	22-15 = +7	49	3.	9	9-15 = -6	36	4.	15	15-15 = 0	0	5.	20	20-15 = +5	25	6.	17	17-15 = +2	4	7.	12	12-15 = -3	9	8.	11	11-15 = -4	16	$\Sigma X = 120$		$\Sigma(X - \bar{X}) = 0$	$\Sigma(X - \bar{X})^2 = 140$	2 1 1 (Formula) 1
S. No	Values (X)	X - \bar{X}	(X - \bar{X}) ²																																							
1.	14	14-15 = -1	1																																							
2.	22	22-15 = +7	49																																							
3.	9	9-15 = -6	36																																							
4.	15	15-15 = 0	0																																							
5.	20	20-15 = +5	25																																							
6.	17	17-15 = +2	4																																							
7.	12	12-15 = -3	9																																							
8.	11	11-15 = -4	16																																							
$\Sigma X = 120$		$\Sigma(X - \bar{X}) = 0$	$\Sigma(X - \bar{X})^2 = 140$																																							

44. (a)	<p>Relationship between FDI and Economic development;</p> <ol style="list-style-type: none"> 1. Increase the employment 2. Facilitate transfer of technology 3. Bring revenue to the government of host country 4. A part of profit from FDI may be ploughed back into development of related industries 5. It may kindle a managerial revolution 6. Reduce BOP disequilibrium 7. Increase competition and break domestic monopolies. 8. The social returns are greater than the private returns of foreign investment 9. By bringing capital and FOREX, FDI may help in filling the savings gap and the foreign exchange gap 10. It stimulates domestic enterprise to invest in ancillary industries in collaboration with foreign enterprises 11. FDI encourages its entrepreneurs to invest in other countries <p>[Any 5 points]</p>	5
[OR]		
44. (b)	<p>i. SAARC:-</p> <ol style="list-style-type: none"> 1. South Asian Association for Regional Co-operation is an Organisation for the promotion of economic and social progress of South Asian nations 2. Established on 8 December 1985 3. SAARC Group Comprises of Bangladesh, Bhutan, India, The Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan <p>BRICS:-</p> <ol style="list-style-type: none"> 1. The acronym of five major emerging national economies Brazil, Russia, India, China and South Africa. 2. Head quarters- at Shanghai, China 3. The agenda for BRICS summit 2018 includes inclusive growth, trade issues, global governance, shared prosperity, international peace and security. 	2 ½
45 a)	<p>Canons of taxation: with explanation</p> <ol style="list-style-type: none"> 1. Canon of Ability 2. Canon of Certainty 3. Canon of Convenience 4. Canon of Economy 	5
45 b)	<p>Causes of Water Pollution;</p> <ol style="list-style-type: none"> 1. Discharge of sewage and waste water 2. Dumping of solid wastes 3. Discharge of industrial wastes 4. Oil spill 5. Acid rain 6. Global warming 7. Eutrophication <p>[Any 5 points with explanation]</p>	5
46 a)	<p>Circular flow of income in a three sector economy:</p> <p>Diagram</p> <p>Diagram Explanation</p> <p style="text-align: center;">(OR)</p>	3 2

		Comparison of Capitalism, Socialism and Mixedism				
Sl. No	Features	Capitalism	Socialism	Mixedism		
46 b)	1	Ownership of means of production	Private	public	Both	5
	2	Economic Motive	Profit	Social Welfare	Both	
	3	Solution of Central Problems	Free Market	Central Planning	Both	
	4	Government Role	Internal Regulation only	Complete Involvement	Limited Role	
	5	Income distribution	Unequal	Equal	Less Unequal	
	6	Nature of enterprise	Private	Government	Both	
	7	Economic Freedom	Complete Freedom	Lock of Freedom	limited Freedom	
	8	Major Problem	Inequality	Inefficiency	Both	
(Any five)						
47 a)	Functions of Central Bank <ol style="list-style-type: none"> 1. Monetary Authority 2. Issuer of Currency 3. Issuer of Banking License 4. Banker to the Government 5. Banker's Bank 6. Lender of last resort 7. Act as Clearing house 8. Custodian of foreign exchange 9. Regulator of Economy 10. Managing Government Securities 11. Regulator and supervisor of payment and settlement system 12. Developmental role 13. Publisher of monetary data 14. Exchange manager and controller 15. Banking ombudsman scheme 16. Banking codes and Standards Board (Explain any five points) 				5	
47. (b)	Primary and secondary functions of money <ol style="list-style-type: none"> 1. <u>Primary functions</u> <ol style="list-style-type: none"> i) Money as a medium of exchange ii) Money as a measure of value 2. <u>Secondary functions.</u> <ol style="list-style-type: none"> i) Money as a store of value ii) Money as a standard of deferred payments iii) Money as a means of transferring purchasing power 				2 3	