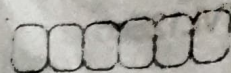


TVL12Eco

Tirunelveli District Common Examinations
Second Revision Test - January 2023

Standard 12

Time Allowed: 3.00 Hours

ECONOMICS

Maximum Marks: 90

PART - A

20×1=20

Answer all the questions:

- 1) Who coined the word 'Macro'?
a) Adam Smith b) J.M. Keynes c) Ragnar Frisch d) Karl Marx
- 2) Who is referred as 'Father of Capitalism'?
a) Adam Smith b) Karl Marx c) Thackeray d) M.Keynes
- 3) Primary sector is _____.
a) Industry b) Trade c) Agriculture d) Construction
- 4) N.N.P stands for _____.
a) Net National Product b) National Net Product
c) National Net Provident d) Net National Provident
- 5) Every able bodied person who is willing to work at the prevailing wage rate is employed called as _____.
a) Full Employment b) Under Employment
c) Un Employment d) Employment Opportunity
- 6) The Basic concept used in Keynes Theory of Employment and Income is _____.
a) Aggregate demand b) Aggregate supply
c) Effective demand d) Marginal propensity consume
- 7) The Average Propensity to consume is measured by _____.
a) C/Y b) CxY c) Y/C d) C+Y
- 8) The sum of the MPC and MPS is _____.
a) 1 b) 2 c) 0.1 d) 1.1
- 9) The RBI Headquarters is located at _____.
a) Delhi b) Chennai c) Mumbai d) Bengaluru
- 10) The study of alternating fluctuations in business activity is referred to in Economics as _____.
a) Boom b) Recession c) Recovery d) Trade cycle
- 11) A Commercial Bank is an institutions that provide services _____.
a) Accepting deposits b) Providing loans
c) Both a and b d) None of the above
- 12) Repo Rate means _____.
a) Rate at which the Commercial Banks are willing to lend to RBI.
b) Rate at which the RBI is willing to lend to Commercial Banks.
c) Exchange rate of the Foreign Bank.
d) Growth rate of the Economy.
- 13) Trade between two countries is known as _____ trade.
a) External b) Internal c) Inter-regional d) Home
- 14) International Monetary Fund was an outcome of _____.
a) Pandung Conference b) Dunkai Draft
c) Bretton Woods Conference d) Doha Conference
- 15) The modern state is _____.
a) Laissey faire state b) Aristocratic state
c) Welfare state d) Police state
- 16) The difference between revenue expenditure and revenue receipts is _____.
a) Revenue deficit b) Fiscal deficit
c) Budget deficit d) Primary deficit
- 17) Who developed Material Balance Models?
a) Thomas and Picardy b) Alen Kneese and R.V. Ayres
c) Joan Robinson and J.M. Keynes and Edward Chamberlin
d) Joseph Stiglity and Edward Chamberlin

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2

- 18) "Redistribution with Growth" became popular slogan which approach?
a) Traditional approach
b) New welfare oriented approach
c) Industrial approach
d) None of the above
- 19) Long-term plan is also known as _____.
a) Progressive plans
b) Non-Progressive plans
c) Perspective plans
d) Non-perspective plans
- 20) The word 'statistics' is used as _____.
a) Singular
b) Plural
c) Singular and Plural
d) None of above

PART - B

Note: Answer any seven questions.

7×2=14

Question No. 30 is compulsory.

- 21) Define Macro Economics.
- 22) Define National Income.
- 23) Define full employment.
- 24) What is consumption function?
- 25) What is plastic money?
- 26) Distinguish between CRR and SLR.
- 27) Define Terms of Trade.
- 28) When and where was SAARC secretariat established?
- 29) Mention the countries where per capita carbon dioxide emission is the highest in the world.
- 30) Write a short note on NITI Aayog.

PART - C

Note: Answer any seven questions.

7×3=21

Question No. 40 is compulsory.

- 31) Enumerate the features of mixed economy.
- 32) Write a short note on per capita income.
- 33) According to classical theory of employment, how wage reduction solve the problem of unemployment diagrammatically explain.
- 34) Differentiate autonomous and induced investment.
- 35) What are the determinants of money supply?
- 36) Distinguish between money market and capital market.
- 37) Mention the various forms Economic integration.
- 38) State any three characteristics of taxation.
- 39) Write a note on (a) Climate change and (b) Acid rain.
- 40) What are the functions of statistics?

PART - D

Note: Answer all the questions.

7×5=35

- 41) Compare the feature among capitalism, secularism and mixedism. (OR)
What are the difficulties involved in the measurement of national income?
- 42) Critically explain Say's law of market. (OR)
Explain the operation of the Accelerator.
- 43) Describe the phases of Trade cycle. (OR)
What are the objectives of Monetary policy? Explain.
- 44) Discuss the modern theory of International Trade. (OR)
Bring out the functions of World Bank.
- 45) Explain the methods of debt redemption. (OR)
Explain the concepts of externality and its classification.
- 46) Describe the functions of Reserve Bank of India. (OR)
Explain the relationship between Foreign Direct Investment and Economic development.
- 47) Bring out the arguments against planning. (OR)
Elucidate nature and scope of statistics.



II REVISION ANSWER KEY – ECONOMICS

PART – A

TOTAL MARKS- 90

Answer all the questions.

20x1-20

Q.No	Option code	Answer	Marks
1	c)	Ragnar Frisch	1
2	a)	Adam Smith	1
3	c)	Agriculture	1
4	a)	Net National Product	1
5	a)	Full employment	1
6	c)	Effective demand	1
7	a)	C/Y	1
8	a)	1	1
9	c)	Mumbai	1
10	d)	Trade cycle	1
11	c)	Both a and b	1
12	b)	Rate at which the RBI is willing to lend to commercial banks	1
13	a)	External	1
14	c)	Bretton Woods Conference	1
15	c)	Welfare state	1
16	a)	Revenue deficit	1
17	b)	Alen Kneese and R.V. Ayres	1
18	b)	New welfare oriented approach	1
19	c)	Perspective Plans	1
20	c)	Singular and Plural	1

PART - B

Answer any 7 questions.

No 30 is compulsory

7×2=14

Q.No	Answer	Marks										
21	Macro Economics is the study of the economy as a whole. (or) Macro economics deals with aggregates such as national income, employment and output.	2										
22	National Income means the total money value of all final goods and services produced in a country during a particular period of time (one year).	2										
23	Full employment refers to a situation in which every able bodied person who is willing to work at the prevailing wage rate, is employed. (or) Lerner defines full employment as “that level of employment at which any further increase in spending would result in an inflationary spiral of wages and prices”.	2										
24	The consumption function or propensity to consume refers to income consumption relationship. (or) It is a “functional relationship between two aggregates viz., total consumption and gross national income.” $C = f(Y)$	2										
25	Plastic money is one of the most evolved forms of financial products. Plastic money is an alternative to the cash or the standard “money”.	2										
26	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Statutory Liquidity Ratio (SLR): It is the amount which a bank has to maintain in the form of cash, gold or approved securities.</td> <td style="width: 50%;">Cash Reserve Ratio (CRR): Banks are required to hold a certain proportion of their deposits in the form of cash with RBI. This is known as CRR.</td> </tr> </table>	Statutory Liquidity Ratio (SLR): It is the amount which a bank has to maintain in the form of cash, gold or approved securities.	Cash Reserve Ratio (CRR): Banks are required to hold a certain proportion of their deposits in the form of cash with RBI. This is known as CRR.	2								
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27	Terms of trade refers to the ratio of export prices to import prices. $\text{Terms Of Trade (TOT)} = \frac{\text{Index Of Export Prices}}{\text{Index Of Import Prices}} \times 100$	2										
28	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #800040; color: white;">Institution</th> <th style="background-color: #800040; color: white;">Headquarters</th> <th style="background-color: #800040; color: white;">Year of Establishment</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d8bfd8;">South Asian Association for Regional Cooperation (SAARC)</td> <td style="background-color: #d8bfd8;">Kathmandu</td> <td style="background-color: #d8bfd8;">1985</td> </tr> </tbody> </table>	Institution	Headquarters	Year of Establishment	South Asian Association for Regional Cooperation (SAARC)	Kathmandu	1985	2				
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29	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d8bfd8;">Country</th> <th style="background-color: #d8bfd8;">CO2 Emissions per capita (tons)</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d8bfd8;">China</td> <td style="background-color: #d8bfd8;">7.38</td> </tr> <tr> <td style="background-color: #d8bfd8;">United States</td> <td style="background-color: #d8bfd8;">15.52</td> </tr> <tr> <td style="background-color: #d8bfd8;">India</td> <td style="background-color: #d8bfd8;">1.91</td> </tr> <tr> <td style="background-color: #d8bfd8;">Russia</td> <td style="background-color: #d8bfd8;">11.44</td> </tr> </tbody> </table>	Country	CO2 Emissions per capita (tons)	China	7.38	United States	15.52	India	1.91	Russia	11.44	2
Country	CO2 Emissions per capita (tons)											
China	7.38											
United States	15.52											
India	1.91											
Russia	11.44											
30	NITI Aayog is a policy thinktank of the Government of India. It replaced the Planning Commission from 13th August, 2014. The Prime Minister is the Chairperson of NITI Aayog and Union Ministers will be Ex-officio members.	2										

Part – C

Answer Any Seven

Q.No.40 Is Compulsory

7×3 =21

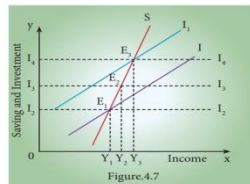
Q.No	Answer	Marks																					
31	<p><u>Features of mixed economy</u></p> <ol style="list-style-type: none"> 1. Ownership of Property and Means of Production 2. Coexistence of Public and Private Sectors 3. Economic Planning 4. Solution to Economic Problems 5. Freedom and Control 	3																					
32	<p><u>Per capita Income:</u> 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. Per Capita Income = $\frac{\text{National Income}}{\text{Population}}$</p>	3																					
33	<p>According to the classical theory of employment, full employment condition can be achieved by cutting down the wage rate. Unemployment would be eliminated when wages are determined by the mechanism of economy itself.</p> <p>In the figure, when the wage rate is OW, then the employment is ON. As the wage rate is reduced to OW, then the employment has increased to ON.</p>	<p>1</p> <p>1</p> <p>1</p>																					
34	<table border="1"> <thead> <tr> <th>Autonomous Investment</th> <th>Induced Investment</th> </tr> </thead> <tbody> <tr> <td>Independent</td> <td>Planned</td> </tr> <tr> <td>Income inelastic</td> <td>Income elastic</td> </tr> <tr> <td>Welfare motive</td> <td>Profit Motive</td> </tr> </tbody> </table>	Autonomous Investment	Induced Investment	Independent	Planned	Income inelastic	Income elastic	Welfare motive	Profit Motive	3													
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Income inelastic	Income elastic																						
Welfare motive	Profit Motive																						
35	<p><u>Determinants of money supply.</u></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) (any 3 with explanation) 	3																					
36	<table border="1"> <thead> <tr> <th></th> <th>Capital Market</th> <th>Money Market</th> </tr> </thead> <tbody> <tr> <td>Definition</td> <td>Market where long-term securities are issued and traded</td> <td>Market where short-term borrowing lending of securities takes place</td> </tr> <tr> <td>Maturity</td> <td>One Year or more, may even be indefinite</td> <td>Up to one year</td> </tr> <tr> <td>Liquidity</td> <td>Comparatively lower</td> <td>High liquidity</td> </tr> <tr> <td>Risk Factor</td> <td>Comparatively higher</td> <td>Lower risk</td> </tr> <tr> <td>Return on Investment</td> <td>Comparatively higher</td> <td>Lower than that of capital markets</td> </tr> <tr> <td>Credit Instruments</td> <td>Treasury bills, commercial papers, municipal notes, money funds, repurchase agreements, swaps</td> <td>Government securities, shares, bonds, debentures, currencies, derivatives</td> </tr> </tbody> </table>		Capital Market	Money Market	Definition	Market where long-term securities are issued and traded	Market where short-term borrowing lending of securities takes place	Maturity	One Year or more, may even be indefinite	Up to one year	Liquidity	Comparatively lower	High liquidity	Risk Factor	Comparatively higher	Lower risk	Return on Investment	Comparatively higher	Lower than that of capital markets	Credit Instruments	Treasury bills, commercial papers, municipal notes, money funds, repurchase agreements, swaps	Government securities, shares, bonds, debentures, currencies, derivatives	3
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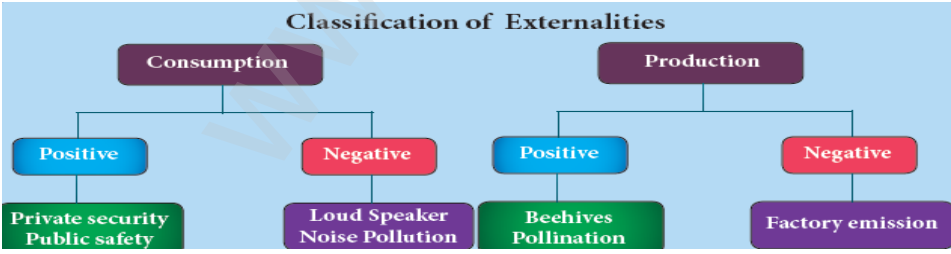
37	<p>EU – Economic Union CM – Common – Market CU – Customs Union FTA – Free Trade Area</p> <p>The regional economic integration among the trade blocks such as SAARC (South Asian nations), ASEAN (South East Asia) and BRICS and their achievements.</p>	3
38	<p>1. A tax is a compulsory payment made to the government 2. There is no quid pro quo between a taxpayer and public authorities. 3. Every tax involves some sacrifice on part of the tax payer. 4. A tax is not levied as a fine or penalty for breaking law.</p> <p>Some of the tax revenue sources are</p> <ul style="list-style-type: none"> • Income tax • Corporate tax • Sales tax • Surcharge and • Cess 	<p>$2\frac{1}{2}$</p> <p>$\frac{1}{2}$</p>
39	<p>(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.</p> <p>(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.</p>	<p>$1\frac{1}{2}$</p> <p>$1\frac{1}{2}$</p>
40	<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. (Any three points) 	3

PART – D

Answer all the questions

7×5 =35

Q.No	Answer				Marks	
41	Comparison of Capitalism, Socialism and Mixedism				5	
	Sl. No	Features	Capitalism	Socialism		Mixedism
	1	Ownership of means of production	Private	public		Both
	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		
	(OR) (Anv five)					
	<p><u>Difficulties in Measuring National income</u> Transfer payments Difficulties in assessing depreciation allowance Unpaid services Income from illegal activities Production for self-consumption and changing price Capital Gains Statistical problems</p> <p style="text-align: center;">(Explain any five points)</p>				5	
42	<u>Say law of Market</u>				1 1 1 ½ 1 ½	
	J.B. Say enunciated the proposition that “Supply creates its own demand”.					
	Diagram					
	Assumptions of the Say’s law of market(any three)					
	Implications of Say’s Law(any three)					
	(OR)					
	<u>Working of Accelerator</u>					
	1. Operation of the Accelerator				2	
	2. Diagram				2	
	3. Diagram Explanation				1	
	 <p style="text-align: center;">Figure.4.7</p>					

<p>43</p>	<p><u>The phases of trade cycle :</u></p> <ol style="list-style-type: none"> 1. Boom 2. Recession 3. Depression 4. Recovery <p style="text-align: right;">} with explanation</p> <p>5. Diagram</p> <p style="text-align: center;">(OR)</p> <p><u>Objectives of monetary policy</u></p> <ol style="list-style-type: none"> 1. Neutrality of Money 2. Stability of Exchange Rates 3. Price Stability 4. Full Employment 5. Economic Growth 6. Equilibrium in the Balance of Payments (Explain any five points) 	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>5</p>
<p>44</p>	<p><u>Modern Theory of International Trade</u></p> <p>The Theory</p> <p>Assumptions</p> <p>Diagram</p> <p>Explanation</p> <p style="text-align: center;">(OR)</p> <ol style="list-style-type: none"> 1. Investment for productive purposes 2. Balanced growth of international trade 3. Provision of loans and guarantees. 4. Promotion of foreign private investment 5. Technical services. <p style="text-align: right;">} with explanation</p>	<p>1</p> <p>1</p> <p>2</p> <p>1</p> <p>5</p>
<p>45</p>	<p><u>Methods of Redemption of Public Debt</u></p> <ol style="list-style-type: none"> (1) Sinking Fund (2) Conversion (3) Budgetary Surplus (4) Terminal Annuity (5) Repudiation (6) Reduction in Rate of Interest (7) Capital Levy <p style="text-align: right;">} (Explain any five points)</p> <p style="text-align: center;">(OR)</p> <p><u>Meaning of Externalities</u></p> <p>Externalities refer to external effects or spillover effects resulting from the act of production or consumption on the third parties.</p> <div style="text-align: center;">  <pre> graph TD A[Classification of Externalities] --> B[Consumption] A --> C[Production] B --> B1[Positive] B --> B2[Negative] C --> C1[Positive] C --> C2[Negative] B1 --> B1a[Private security] B1 --> B1b[Public safety] B2 --> B2a[Loud Speaker] B2 --> B2b[Noise Pollution] C1 --> C1a[Beehives] C1 --> C1b[Pollination] C2 --> C2a[Factory emission] </pre> </div> <p style="text-align: right;">with explanation</p>	<p>5</p> <p>1</p> <p>4</p>
<p>46</p>	<p><u>Functions of Central Bank</u></p> <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 	<p>5</p>

	<p>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)</p> <p>(OR)</p> <p><u>Foreign Direct Investment (FDI) and Trade</u> with explanation</p>	5
47	<p><u>Case against planning</u> 1. Loss of freedom 2. Elimination of Initiative 3. High cost of Management 4. Difficulty in advance calculations</p> <p>with explanation</p> <p>(OR)</p> <p><u>Nature of Statistics</u></p> <p><u>Scope of Statistics</u> Statistics and Economics Statistics and Firms Statistics and Commerce Statistics and Education Statistics and Planning Statistics and Medicine Statistics and Modern applications</p> <p>(Explain any four points)</p>	5 1 4

Prepared by

P.Anandaperumal.MA., B.Ed.,