Economics.---Higher Secondary First Year.
Annual Exam -2023
Question And Answer

A

PART-A

I. Choose the correct answer.   20 x 1 = 20
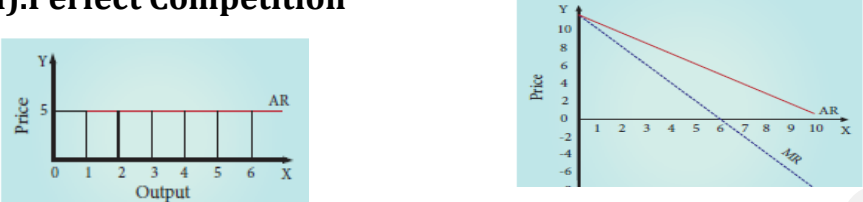
Q.N	Answers	Q.N	Answers
1	d. inductive method	11	a.marginal
2	b. Chennai	12	d. Giovanni ceva
3	b. statutory body	13	d. all the above
4	d. wage	14	c. 400
5	d. positive	15	d. Adam Smith
6	b. year of small divide	16	c. sir Malcolm darling
7	c. 50	17	d. Co-existence of public and private sector
8	d. F b Hawley	18	b. Constant returns to scale
9	b. MS Swaminathan	19	a. dualism
10	b. MC = MR	20	a. Thoothukudi

PART-B

II. Answer any seven of the following questions,
Q.no. 30 is compulsory .   7 x 2 = 14.

Q.N	ANSWERS	MARKS
21	**What are Giffen goods? Why?** The Giffen good or inferior good is an exception to the law of demand. When the price of an inferior good falls, the poor will buy less and vice versa. For Example: Rice, Ragi.	
22	**What are the reasons for upward sloping supply curve?** It explains the positive relationship between the price of a commodity and the supply of that commodity.	

23	**What is meant by Sunk cost?** A cost incurred in the past and cannot be recovered in future is called as Sunk Cost. Sunk cost is also called as 'Retrospective Cost'.	
24	**Draw demand curve of a firm for the following** **a).Perfect Competition** **b) Monopoly**	
25	**State any two features of developed economy** Features of a Developed Economy 1) High National Income 2) High Per Capita Income 3) High Standard of Living 4) Full Employment of Resources 5) Dominance of Industrial Sector 6) High Level of Technology.	
26	**Name out the different types of land tenure existed in India before Independence.** Three different types of land tenure existed in India before Independence. They were Zamindari system, Mahalwari system and Ryotwari system.	
27	**State the various components of Central sector schemes under post - harvest measures.** The ministry of food processing Industries (MOFPI) has implemented various components of central sector schemes, namely : **(i)** Mega Food Parks **(ii)** Scheme for Quality Assurance.	
28	**What are the nuclear power plants in Tamil Nadu?** Kudankulam and Kalpakkam	
29	**What are the Main menus of MS Word?** Document can be created, copied, edited and formatted. Words and sentences can be inserted, changed or deleted. Formatting can be applied. Margins and page size can be adjusted. Spell check can be availed. Multiple documents – files can be merged. **(ANY TWO)**	

| 30 | **Write about National Rural Health Mission**
The National Rural Health Mission (NRHM) was launched on 12th April 2005, to provide accessible, affordable and quality health care to the rural population, especially the vulnerable groups. | |

PART-C

III. Answer any seven of the following questions,
Q.no. 40 is compulsory.   7 x 3 = 21

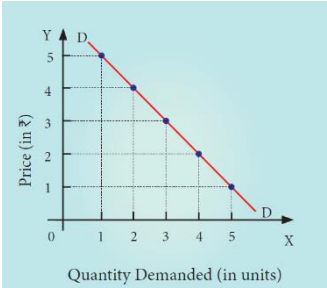| Q.N	ANSWERS	MARKS
31	**Explain the scarcity definition of Economics and assess it.** *Definition:* "Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses". *Major Features.* a. Ends refer to human wants. b. Resources or means that got to satisfy the unlimited human wants. *Criticism:* 1. Robbins does not make any distinction between goods conducive to human welfare and goods that are not. 2. Robbins reduces Economics merely to theory of resource allocation.	
32	**Distinguish between extension and contraction of demand.** The changes in the quantity demanded for a commodity due to the change in its price alone are called "Extension and Contraction of Demand". In other words, buying more at a lower price and less at a higher price is known as "Extension and Contraction of Demand"	
33	**What are the factors governing elasticity of supply?** 1.Nature of the commodity 2. Cost of production 3. Technical condition 4. Time factor	
34	**Define opportunity cost and provide an example.** 1. It refers to the cost of next best alternative use. 2. In other words, it is the value of the next best alternative foregone. 3. For example, a farmer can cultivate both paddy and sugarcane in a farm land.	

	4. Opportunity Cost is also called as 'Alternative Cost' or 'Transfer Cost'.
35	A firm refers to a single production unit in an industry. Example A single cement firm An industry refers to a group of firms Example Cement Industry (group of firms)

36	**What are the motives of demand for money?**
	    The Transaction Motive The transaction motive relates to the desire of the people to hold cash for
	the current transactions. Mt = f (y)
	    The Precautionary Motive The precautionary motive relates to the desire of the people to hold
	cash to meet unexpected or unforeseen expenditures. Mp = f (y)
	    The Speculative Motive The speculative motive relates to the desire of the people to hold cash in
	order to take advantage of market movements. Ms = f (i).

37	**Write on short note on village sarvodhaya.**
	    According to Gandhi, "Real India was to be found in villages and not in towns or cities."
	    So he suggested the development of self- sufficient, self-dependent villages.
	    Sarvodaya is a Sanskrit term meaning 'universal uplift' or 'progress of all'.

38	**What is GST? Write its advantages.**
	"Goods and Services Tax (GST) is defined as the tax levied when a consumer buys a good or service"
	    The Act came into effect on 1st July 2017.*The motto is one nation, one market, one tax.*
	Advantages
	    Removing cascading tax effect
	    Single point tax
	    Higher threshold for registration
	    Composition scheme for small busines

39	**List out the objectives of MUDRA Bank.** **1.** Regulate the lender and the borrower of microfinance 2. bring stability to the microfinance system . 3. lend money to small businesses, retailers, self-help groups and individuals. 4. introduce a system of performance rating and accreditation for the first time.
40	Explain about DMP model Peter Diamond, Dale Mortensen and Christopher Pissarides shared 2010 Economics Nobel prize for jobs study.Their model, called DMP model, helps us understand how regulation and economic policies affect unemployment, job vacancies and wages.

PART-D

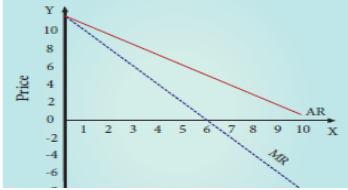IV. Answer all the question   7 x 5 = 35.

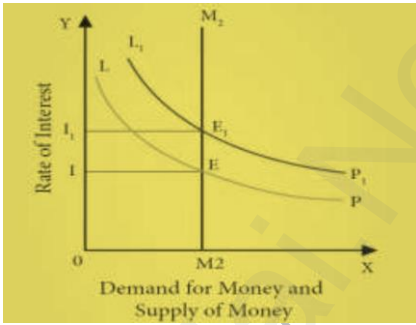| Q.N	ANSWERS	MARKS
41a	**Elaborate the nature and scope of Economics.** The scope of the subject of Economics refers to on the subject-matter of Economics. It throws light on whether it is an art or a science and if science, whether it is a positive science or a normative science. Economics as an Art Art is the practical application of knowledge for achieving particular goals. Economics provides guidance to the solutions to all the economic problems. A.C. Pigou, Alfred Marshall and others regard Economics as an art. Science is a systematic study of knowledge. All its relevant facts are collected, classified and analyzed with its scale of measurement. Using these facts, science develops the co-relationship between cause and effect. Positive science deals with what it is, means, it analyses a problem on the basis of facts and examines its causes. On the other hand, normative science responds to a question like *what ought to be.*	
41 b	**Explain the public transport system in Tamil Nadu.** **Tamil Nadu Public Transport System** Tamil Nadu has a well established transportation system that connects all parts of the State. **a. Road:** There are 28 national highways in the State, covering a total distance of 5,036 km. It ranks second in India with a share of over 20% in total road projects under operation. **b. Rail:** Tamil Nadu has a well-developed rail network as part of Southern Railway, Headquartered at Chennai. Tamil Nadu has a total railway track length of 6,693 km and there are690 railway stations in the State. **d. Ports:** Tamil Nadu has three major ports; one each at Chennai, Ennore, and Tuticorin, as well as one intermediate port in Nagapattinam, and 23 minor ports.	

42 a	**The features of Rural Economy are peculiar'- Argue.**
	Meaning
	Rural economy refers to villages, and rural community refers to people living in villages. **Village is an Institution**: The Village is a primary institution and it satisfies almost all the needs of the rural community.
	1. Dependence on Agriculture: The rural economy depends much on nature and agricultural activities.
	3. Life of Rural People: Lifestyles in villages are very simple.
	Public services like education, housing, health and sanitation, transport and communication, banking, roads and markets are limited and unavailable.
	4. Population Density: Population density, measured by number of persons living per sq. km is very low and houses are scattered in the entire villages.
	5. Employment: Exists unemployment, seasonal unemployment and underemployment in rural areas.
	6. Poverty: About 22 crores of people in rural areas are poor and live below the poverty line.

42 b	**Explain the law of demand and its exceptions.**
	Definition
	According to Alfred Marshall, The Law of Demand said as "the quantity demanded increases with a fall in price and diminishes with a rise in price".
	Assumptions of Law of Demand
	1. The income of the consumer remains constant.
	2. The taste, habit and preference of the consumer remain the same.
	3. The prices of other related goods should not change.
	4. There should be no substitutes for the commodity in study
	Explanation
	1. Quantity demanded and Y axis represents the price of the commodity.
	2. DD is the demand curve, which has a negative slope.
	3. Slope downward from left to right which indicates that when price falls, the demand expands and when price rises, the demand contracts.
	Conclusion
	Therefore, the law of demand states that **there is an inverse relationship between the price and the quantity demanded** of a commodity.

43 a	**List out the properties of iso-quants with the help of diagrams.**	
	Meaning	
	An iso-quant curve can be defined as the locus of points representing various combinations of two inputs capital and labour yielding the same output.	
	The iso-quant is also called as the "Equal Product Curve" or the "Product Indifference Curve"	
	Properties of Iso-quant Curve	
	1. The iso-quant curve has negative slope.	
	2. Convex to the origin.	
	3. Non inter-section of Iso-quant curves.	
	4. An upper iso-quant curve represents a higher level of output.	
	5. Iso- quant curve does not touch either X axis Y axis.	
43 b	**Explain the objectives and characteristics of SEZs.**	
	Meaning of Special Economic Zones.	
	1. A **special economic zone** (**SEZ**) is an area in which business and trade laws are different from the rest of the country.	
	2. SEZs are located within a country's national borders, and their aims include: increased trade, increased investment, job creation and effective administration.	
	Major Objectives of SEZs	
	1.To enhance foreign investment (especially FDI)	
	2. To increase shares in Global Export	
	3. To generate additional economic activity.	
	4. To create employment opportunities.	
	5. To develop infrastructure facilities.	
	Main Characteristics of SEZ	
	1. Geographically demarked area with physical security	
	2. Administrated by single body/ authority	
	3. Streamlined procedures	
	4. Having separate custom area	
	5. Governed by more liberal economic laws.	
44 a	**Describe the performance of five year plans in India.**	
	Economic planning is the process in which the limited natural resources are used skill fully so as to achieve the desired goals.	
	The concept of economic planning in India or five year plan is derived from Russia (then USSR). India has launched 12 five year plans so far. Twelfth five year plan was the last one. The government of India has decided to stop the launching of five year plans and it was replaced by NITI Aayog.	
	First Five Year Plan- Its main focus was on the agricultural development of the country .	

Second Five Year Plan-Its main focus was on the industrial development of the country.

Third Five Year Plan-Due to Indo -China war, this plan could not achieve its growth target of 5.6

Fourth Five Year Plan-
There are two main objectives of this plan i.e. growth with stability and progressive achievement of self reliance.

Fifth Five Year Plan- In this plan top priority was given to agriculture, next came industry and mines.

Sixth Five Year Plan -The basic objective of this plan was poverty eradication and technological self reliance. Poverty eradication (GARIBI-HATAO) was the motto.

Seventh Five Year Plan- Objectives of this plan included the establishment of the self sufficient economy and opportunities for productive employment.

Eighth Five Year Plan-In this plan the top priority was given to development of the human resources i.e. employment, education and public health.

Ninth Five Year Plan -The main focus of this plan was "growth with justice and equity".

Tenth Five Year Plan --This plan aimed to double the per capita income of India in the next 10 years. It aimed to reduce the poverty ratio to 15% by 2012.

Eleventh Five Year Plan -- Its main theme was "faster and more inclusive growth".

Twelfth Five Year Plan --Its main theme is "Faster, More Inclusive and Sustainable Growth".
Its growth rate target is 8%.

| 44 b | **Bring out the relationship between AR and MR curves under various price conditions.** | |

Average Revenue
Average revenue is the revenue per unit of the commodity sold. It is calculated by dividing the total
revenue by the number of units sold.

Marginal Revenue
Marginal Revenue is the addition made to the total revenue by selling one more unit of a
commodity.

Explanation
1. If a firm is able to sell additional units at the sameprice then AR and MR will be constant and equal.

	2. If the firm is able to sell additional units only by reducing the price, then both AR and MR will fall and be different.	
45 a	**Bring out the features of perfect competition.** **Meaning of Perfect Competition** Perfect Competition market is that type of market in which the number of buyers and sellers is very large, all are engaged in buying and selling a homogenous product at uniform price. *Features* **1. Large Number of Buyers and Sellers** The term, 'large number of sellers' implies that share of each individual seller is a very, very small quantum of a product. **2. Homogeneous Product and Uniform Price** All the units of the product are identical (ie) of the same size, shape, colour, quality etc. Therefore, a uniform price prevails in the market. **3. Free Entry and Exit** Efficient producer producing the product at a very low cost, to earn super normal profits. Attracted by such a profit, new firms enter into the industry. **4. Absence Of Transport Cost** The prevalence of the uniform price is also due to the absence of the transport cost. **5. Perfect Knowledge of the Market** All buyers and sellers have a thorough knowledge of the quality of the product, prevailing price etc. **6. No Government Intervention** There is no government regulation on supply of raw materials, and in the determination of price etc.	
45 b	**Write a brief note on the Gandhi an economic ideas.** **Gandhian Thought Gandhian Economics is based on ethical foundations.** *1.* **Village Republics** To Gandhi, India lives in villages. He was interested in developing the villages as self-sufficient units. *2.* **On Machinery** Gandhi described machinery as 'Great sin'. *3.* **Industrialism** Gandhi considered industrialism as a curse on mankind. *4.* **Decentralization** He advocated a decentralized economy, *5.* **Village Sarvodaya** He suggested the development of self-sufficient, selfdependent villages. *6.* **The Doctrine of Trusteeship** Trusteeship provides a means of transforming the	

	present capitalist order of society into an egalitarian one	
46 a	**Explain the Keynesian Theory of Interest.** **Meaning** Liquidity preference means the preference of the people to hold wealth in the form of liquid cash rather than in other non- liquid assets like bonds, securities, bills of exchange, land, building, gold etc. **1.The Transaction Motive 2. The Precautionary Motive** **3. The Speculative Motive.** **Equilibrium between Demand and Supply of Money** The rate of interest is determined by the demand for money and the supply of money. If liquidity preference increases from LP to L1P1 the supply of money remains constant, Demand for Money and Supply of Money The rate of interest would increase from OI to OI1. The supply of money remains constants. **Demand for money=supply of money at equilibrium point ;** Equilibrium Point $1 = E = LP = M2 = I = $ Rate of Interest ... (1) Equilibrium Point$2 = E_1 = L_1P_1 = M2 = I_1 = $ Rate of Interest ... (2)	
46 b	**What are the ideas of information and communication technology used in economics?** Information and Communication Technology (ICT) is the infrastructure that enables computing faster and accurate. The following table gives an idea of range of technologies that fall under the category of ICT. In Economics, the uses of mathematical and statistical tools need the support of ICT for data compiling, editing, manipulating and presenting the results. In general, SPSS and Excel packages are often used by researchers in economics. Such Software is designed to do certain user tasks.Word processor, spread sheet and web browser are some of the examples which are frequently used while undertaking analysis in the study of economics.	

47 a | Find the value of x and y in the equations by using Cramer's rule. $x + 3y = 1$ and $3x - 2y = 14$

Solution:

Given equations are

$$x + 3y = 1$$
$$3x - 2y = 14$$

Then the equations in the matrix form :

$$\begin{pmatrix} 1 & 3 \\ 3 & -2 \end{pmatrix} \begin{pmatrix} x \\ y \end{pmatrix} = \begin{pmatrix} 1 \\ 14 \end{pmatrix}$$

Calculating Δ,

$$\Delta = \begin{vmatrix} 1 & 3 \\ 3 & -2 \end{vmatrix}$$
$$= -2 - 9$$
$$= -11$$

$\Delta \neq 0$, Hence solution exists.

$$\Delta_x = \begin{vmatrix} 1 & 3 \\ 14 & -2 \end{vmatrix} = -2 - 42 = -44$$

$$\Delta_y = \begin{vmatrix} 1 & 1 \\ 3 & 14 \end{vmatrix} = 14 - 3 = 11$$

Hence $x = \dfrac{\Delta x}{\Delta} = \dfrac{-44}{-11} = 4, \quad y = \dfrac{\Delta y}{\Delta} = \dfrac{11}{-11} = -1$

$\therefore x = 4$ and $y = -1$

Answer checking:

Substituting in equation the values of x and y,

$4 + 3(-1) = 1,$

$3(4) - 2(-1) = 14$

47 b

The term "Large scale industries" refers to those industries which require huge infrastructure, man-power and have influx of capital assets. The term 'large scale industries' is a generic one including various types of industries in its purview. All the heavy industries of India like the iron and steel industry, textile industry, automobile manufacturing industry fall under the large scale industrial arena. However in recent years due to the IT boom and the huge amount of revenue generated by it, the IT industry can also be included within the jurisdiction of the large scale industrial sector. Indian economy is heavily dependent on these large industries for its economic growth, generation of foreign currency and for providing job opportunities to millions of Indians.

The following are the major large scale industries in India.
1.Iron and steel industry
2. Jute industry
3. Cotton and textile industry
4. Sugar industry
5.Fertiliser industry
6. Paper industry
7. Silk industry

Any five with explanation.