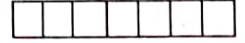


## FIRST REVISION TEST - 2024

### ECONOMICS

12 - Std



Time : 3.00 hrs.

Marks : 90

#### Part - A

#### I Answer all the questions.

20 X 1 = 20

1. The branches of the subject Economics is ..... .  
a) Wealth and Welfare                      b) Production and consumption  
c) Demand and Supply                      d) Micro and Macro
2. The circular flow model that represents an open Economy  
a) Two sector model                              b) Three sector model  
c) Four sector model                              d) All the above
3. The value of national income adjusted for inflation is called ..... .  
a) inflation rate    b) disposal income    c) GNP                      d) Real National income
4. income method is measured by summing up of all forms of ..... .  
a) Revenue            b) Taxes                      c) Expenditure            d) Income
5. In disguised unemployment, the marginal productivity of labour is ..... .  
a) zero                      b) one                      c) two                      d) positive
6. The component of aggregate demand is ..... .  
d) personal demand                              b) Government expenditure  
c) only export                                      d) only import
7. Lower interest rates are likely to ..... .  
a) decrease in consumption                      b) increase cost of borrowing  
c) encourage saving                              d) increase borrowing and spending
8. If the MPC is 0.5 the multiplier is ..... .  
a) 2                              b) 1/2                              c) 0.2                              d) 20
9. Money is ..... .  
a) acceptable only when it has intrinsic value    b) constant in purchasing power  
c) the most liquid of all assets                      d) needed for allocation of resources
10. MV stands for ..... .  
a) demand for money                              b) supply of legal tender money  
c) supply of bank money                              d) total supply of money
11. A bank is a ..... .  
a) financial institution    b) corporate    c) an industry                      d) service institutions
12. Net export equals ..... .  
a) Export X import    b) Export + import    c) Export - import    d) Export of services only
13. International Development Association is an affiliate of ..... .  
a) IMF                              b) World Bank                              c) SAARC                              d) ASEAN
14. New Development Bank is associated with ..... .  
a) BRICS                              b) WTO                              c) SAARC                              d) ASEAN
15. The modern state is ..... .  
a) Laissez - Faire    b) Aristocratic state    c) Welfare stated) Police state
16. The primary purpose of deficit financing is ..... .  
a) Economic development                              b) Economic stability  
c) Economic equality                              d) Employment generation

12 வாராளுசியல் PAGE - 1

17. Which one of the following causes of global warming?  
a) Earth gravitation force b) Oxygen c) Centripetal force d) Increasing temperature
18. Alkali soils are predominant by located in the ..... plains?  
a) Indus - Ganga b) North - Indian c) Gangetic plains d) All the above
19. Arrange following plans in correct chronological order .....  
i) People's Plan ii) Bombay plan iii) Jawaharlal Nehru plan iv) Visweswaraya plan  
a) i,ii,iii,iv b) iv,iii,ii,i c) i,ii,iv,iii d) ii,i,iv,iii
20. Econometric is the word coined by .....  
a) Francis Galton b) Ragnar Frisch c) Karl Pearson d) Spearsman

**Part - B****II Answer any seven questions. Question No. 30 is compulsory.**

7 X 2 = 14

21. Define Economic model.
22. What is the difference between NNP and NDP?
23. State any two merits of international trade.
24. What is effective demand?
25. Define Accelerator?
26. Define inflation.
27. Specify any two affiliates of World Bank Group.
28. What are the components of GST?
29. What are environmental goods? Give examples.
30. What do you mean by inferential statistics.

**Part - C****Answer any seven questions. Question No. 40 is compulsory.**

7 X 3 = 21

31. Indicate the demerits of the multiplier.
32. Specify the functions of IFCI.
33. Give short note on expenditure method.
34. Explain disintiation.
35. Explain the Net Barter Terms of trade and Gross Barter Terms of Trade.
36. What are trade blocks?
37. Describe the canons of Taxation.
38. What is land pollution? Mention the causes of land pollution.
39. Elucidate major causes of vicious circle of poverty with diagram.
40. Specify the limitations of the multiplier.

**Part - D****Answer in detail.**

7 X 5 = 35

41. a) Elucidate nature and scope of statistics. **(OR)**  
b) Find regression equation  $y$  on  $x$  and  $x$  on  $y$  for the following data.  

|   |    |    |    |    |    |    |    |    |    |    |
|---|----|----|----|----|----|----|----|----|----|----|
| Y | 45 | 48 | 50 | 55 | 65 | 70 | 75 | 72 | 80 | 85 |
| X | 23 | 30 | 35 | 30 | 40 | 50 | 45 | 55 | 60 | 65 |
42. a) Explain the importance of sustainable development and its goals. **(OR)**  
b) Bring out the arguments against. planning.
43. a) Explain the scope of public finance. **(OR)**  
b) Explain the principles of federal finance.
44. a) Discuss the differences between internal trade and international trade. **(OR)**  
b) Explain the objectives of IMF.
45. a) Describe the phases of trade cycle. **(OR)**  
b) Elucidate the functions of commercial Banks.
46. a) Explain the differences between classical theory and Keynes theory. **(OR)**  
b) What are the differences between MEC and MEI.
47. a) Discuss the scope of Macro Economics. **(OR)**  
b) Discuss the importance of social accounting in economic analysis.



KRISHNAGIRI - District  
First Revision Test - 2024  
ECONOMICS      12<sup>th</sup> std

1. d. Micro and Macro.
2. c. four sector model.
3. d. Real National income.
4. d. Income
5. a. Zero
6. b. Government expenditure.
7. d. increase borrowing and spending.
8. a. 2
9. c. the most liquid of all assets.
10. b. supply of legal tender money.
11. a. financial institution.
12. c. Export - Import
13. b. World Bank.
14. a. BRICS.
15. c. welfare stated.
16. a. Economic development.
17. d. Increasing temperature.
18. d. All the above.
19. b. iv, iii, ii, i.
20. b. Ragnar Frisch.

A. ANANDRAJ

M. A. M. Ed, M. Phil

P. Hd,

P. h. Ass't in Eco

GRASS. Bagalur.

Hosur.

Part - B

21.

Economic Model :-

\* A model is a simplified representation of real situation.

\* It is an explanation of how the economy or part of the economy works.

22.

\*  $NNP = GNP - \text{Depreciation Allowance}$   
 $NDP = GDP - \text{Depreciation}$ .

\* The difference between NNP and NDP is NFIA.

23.

Merits of International Trade.

\* Availability of variety of goods for consumption.

\* Division of Labour and Specialization.

24.

Effective Demand :-

E.D signifies the money spent on consumption of goods and services and on investment.

$$ED = Y = C + I = \text{output} = \text{Employment}$$

25.

Accelerator

The ratio of change in induced investment to change in consumption.

$$\beta = \frac{\Delta I}{\Delta C}$$

26.

"Too much of money chasing too few goods" - Confounder.

- 27
1. IDA International Development Assoc.
  2. IFC International Finance Corporation.

- 28
1. CGST
  2. SGST
  3. IGST

29. Environmental goods

It goods are typically non-market goods. ex:- clear air, clear water, Land scape, green transport infrastructure.

30. Inferential Statistics

The branch of statistics concerned with using sample data to make an inference about a population of data is called inferential statistics.

Part - C

31. Demerits of the multiplier :-

- Payment towards past debts.
- purchase of existing wealth
- Impact of goods and service.
- Non-availability of consumer goods

32. Functions of IFCI

- \* Long-term Loans, Both in rupees & foreign currencies.
- \* Underwriting of equity.
- \* Subscribing to equity.

33. Expenditure method.

$$GDP = C + I + G + (X - M)$$

C = consumption      G = Govd. expenditure

I = Investment      X - M = Net exports.



24

Explain disinflation.

It is the slowing down the rate of inflation by controlling the amount of credit available to consumers without causing more unemployment.

35.

Net Barter Terms of Trade -

The ratio between the prices of exports and of imports is called NBTF

$$T_n = (P_x / P_m) \times 100$$

Gross Barter Terms of Trade -

$$T_g = (Q_m / Q_x) \times 100$$

36.

Trade Blocks

- ① Free Trade Area (FTA)
- ② Customs Union (CU)
- ③ Common market (CM)
- ④ Economic Union (EU)

37

Canons of Taxation -

- ① Canon of Ability
- ② Canon of Certainty
- ③ Canon of Convenience
- ④ Canon of Economy

38

Land pollution

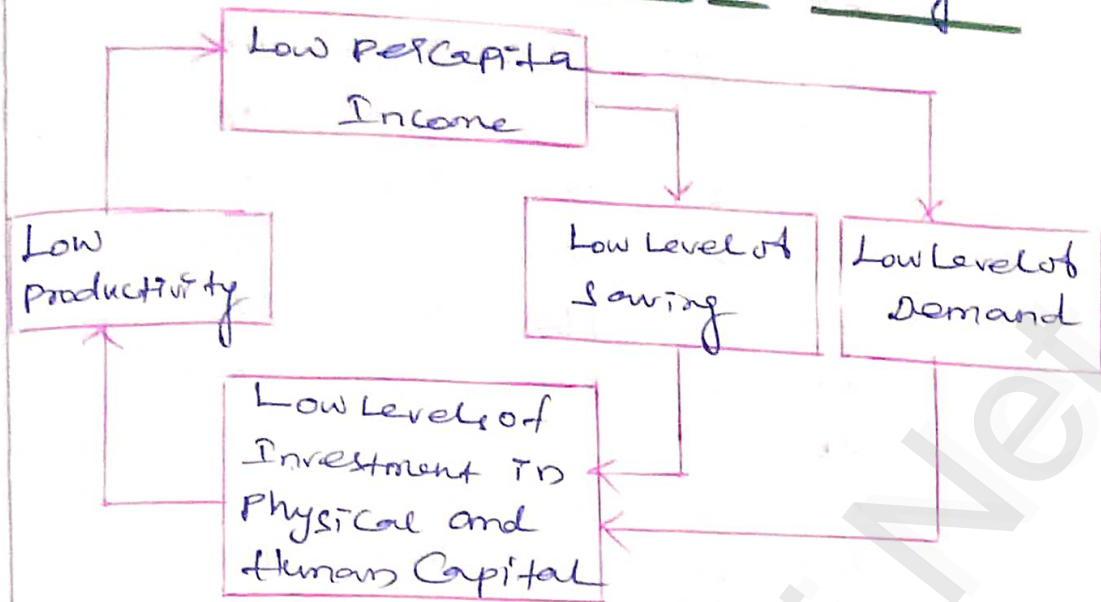
"the degradation of land because of the disposal of waste on the land"

Causes of Land pollution -

- Deforestation & soil erosion.
- Agricultural activities.
- Mining activities.
- Landfills & Nuclear waste.

29

## The Vicious Circle of Poverty



40

## Limitations of the multiplier

- \* Payment towards past debts.
- \* Purchase of existing wealth.
- \* Import of goods & services.
- \* Non-availability of consumer goods.

## Part - 2

41

### Nature of statistics!

Different statisticians and economists differ in views about the nature of statistics. Some call it a science and some say it is an art.

### Scope of statistics!

- ① Statistics and Economics
- ② Statistics and firms.
- ③ Statistics and Commerce.
- ④ Statistics and Education
- ⑤ Statistics and planning
- ⑥ Statistics and medicine

⑧

| $\Sigma X$ | $\Sigma Y$ | $\Sigma X^2$ | $\Sigma Y^2$ | $\Sigma XY$ |
|------------|------------|--------------|--------------|-------------|
| 23         | 45         | 625          | 2025         | 1125        |
| 30         | 48         | 900          | 2304         | 1440        |
| 35         | 50         | 1225         | 2500         | 1750        |
| 30         | 55         | 900          | 3025         | 1650        |
| 40         | 65         | 1600         | 4225         | 2600        |
| 50         | 70         | 2500         | 4900         | 3500        |
| 45         | 75         | 2025         | 5625         | 3375        |
| 55         | 72         | 3025         | 5184         | 3960        |
| 60         | 80         | 4225         | 6400         | 4800        |
| 65         | 85         | 3600         | 7225         | 5525        |
| 435        | 645        | 20625        | 43413        | 29725       |

$$\Sigma X = 435$$

$$\Sigma Y = 645$$

$$\Sigma X^2 = 20625$$

$$\Sigma Y^2 = 43413$$

$$\Sigma XY = 29725$$

$$\bar{X} = \frac{435}{10} = 43.5$$

$$\bar{Y} = \frac{645}{10} = 64.5$$

$$b_{yx} = \frac{N \Sigma XY - (\Sigma X)(\Sigma Y)}{N \Sigma X^2 - (\Sigma X)^2}$$

$$= \frac{10 \times 29725 - (435)(645)}{10 \times 20625 - (435)^2}$$

$$= \frac{297250 - 280575}{206250 - 189225}$$

$$= \frac{16675}{17025}$$

$$b_{yx} = 0.9794$$

$$b_{xy} = \frac{N \Sigma XY - (\Sigma X)(\Sigma Y)}{N \Sigma Y^2 - (\Sigma Y)^2}$$

$$= \frac{10 \times 29725 - (435)(645)}{10 \times 43413 - (645)^2}$$

$$= \frac{297250 - 280575}{434130 - 416025}$$

$$= \frac{16675}{18105}$$

$$b_{xy} = 0.9210$$



Regression equation X on Y

$$x - \bar{x} = b_{xy} (y - \bar{y})$$

$$x - 43.5 = 0.92 (y - 64.5)$$

$$x - 43.5 = 0.92y - 59.34$$

$$x = 0.92y - 59.34 + 43.5$$

$$x = 0.92y - 15.84$$

Regression equation Y on X

$$y - \bar{y} = b_{yx} (x - \bar{x})$$

$$y - 64.5 = 0.98 (x - 43.5)$$

$$y - 64.5 = 0.98x - 42.63$$

$$y = 0.98x - 42.63 + 64.5$$

$$y = 0.98x + 21.87$$

42 (9)

(\*) Sustainable Development

- \* End poverty
- \* End hunger
- \* Ensure healthy lives and promote education for all and promote life long.
- \* Ensure inclusive & quality education.
- \* Achieve gender equality.
- \* Ensure access to water & sanitation for all.
- \* Ensure access to affordable, reliable...
- \* Ensure & promote inclusive & Sustainable.
- \* Ensure Sustainable Consumption and production patterns.
- \* Revitalize the global partnership for Sustainable development.

b The arguments against planning

- ① Loss of Freedom.
- ② Elimination of initiative
- ③ High Cost of Management
- ④ Difficulty in Advance Calculations.

43 ⑨

Scope of Public Finance

- ① Public Revenue
- ② Public Expenditure
- ③ Public Debt
- ④ Financial Administration
- ⑤ Fiscal Policy

⑩

Principles of Federal Finance

- ① Principle of Independence
- ② Principle of Equity
- ③ Principle of Uniformity
- ④ Principle of Adequacy of Resources.
- ⑤ Principle of Fiscal Access
- ⑥ Principle of Integration & Coordination
- ⑦ Principle of Efficiency.

44

⑨

Internal Trade

International Trade

\* Trade between same nation

Trade between different <sup>Countries</sup> nation.

\* Labour & Capital freely move one place to other place

L & C do not move freely

\* One Common Currency

different currencies

\* free flow of goods & service

can't move free of goods & services.

\* Financial regulations are more or less the same

financial regulations are differ between

## Objectives of IMF

- ⑥
- ① To promote International monetary Cooperation among the member nations.
  - ② To facilitate faster & balanced growth of International trade.
  - ③ To ensure exchange rate stability by curbing competitive exchange depreciations.
  - ④ To eliminate or reduce exchange controls imposed by member nations.
  - ⑤ To solve the problem of International Liquidity.

## Trade cycle

45

④



⑤

## Functions of Commercial Banks.

- ① Primary functions
  - Accepting deposits
  - Time deposits
  - Advancing loans
- ② Secondary functions
  - Agency service
  - General Utility functions.
  - Transferring funds -
- ③ Other functions.
  - money supply
  - Credit Creation
  - Collection of cheques



| ⑨ <u>Keynesianism</u>   | <u>Classicism</u>  |
|---|--|
| A6 ④ Short run equilibrium<br>② Saving is a vice<br>③ Macro approach to national problems<br>④ State intervention is advocated<br>⑤ Rate of interest is a flow<br>⑥ Demand creates its own supply | - Long run equilibrium<br>- Saving is a social virtue<br>- Micro foundation to macro problems.<br>- Champions of Laissez-fair Policy<br>Rate of Interest is a stock<br>Supply creates its own demand |

| ⑥ <u>MEC</u>  | <u>MEI</u>  |
|---|---|
| - It is based on a give $\rightarrow$ price for Capital<br>- All successive units of Capital without regard to existing Capital<br>- X' axis shows Capital stock<br>- Stock Concept<br>- The optimum Capital Stock in an economy at each level of Interest rate | - Induced change in the price due to $\Delta$ in the DD for Capital.<br>- Shows units of Capital over & above the existing Capital Stock.<br>X axis shows amount of Investment<br>flow concept<br>net investment of the economy at each interest rate gives the Capital Stock |

### A7 ④ Scope of macro Economics -

- \* National income
- \* Inflation
- \* Business Cycle
- \* Poverty & Unemployment
- \* Economic Growth
- \* Economic Policies

(b)

Importance of social accounting  
in economic analysis:-

- ① firms
- ② households
- ③ Government
- ④ Rest of the world and
- ⑤ Capital sector.

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