

DIRECTORATE OF GOVERNMENT EXAMINATIONS CHENNAI – 6
HIGHER SECONDARY SECOND YEAR EXAMINATION – MARCH- 2024
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.

20×1=20

Q No	Option code	Type A	Q. No	Option code	Type -B	Mark
1	B	1	1	C	Rate of Interest	1
2	B	Sales tax	2	B	Noise	1
3	A	Dynamic Society	3	D	Atomic Energy	1
4	B	Capitalist Economy	4	D	Positive	1
5	D	Positive	5	D	J.M. Keynes	1
6	D	Atomic Energy	6	B	Prices are rising	1
7	B	Monetary	7	C	Income	1
8	B	Prices are rising	8	B	1950	1
9	B	C/Y	9	B	Monetary	1
10	C	North Korea	10	A	1911	1
11	B	1950	11	A	Dynamic Society	1
12	B	Noise	12	B	1	1
13	D	J.M. Keynes	13	B	Paper Gold	1
14	D	Foreign Exchange Market	14	B	C/Y	1
15	C	Income	15	D	Ragnar Frisch	1
16	D	Ragnar Frisch	16	C	North Korea	1
17	B	Paper Gold	17	B	Capitalist Economy	1
18	B	Controlling Plans	18	D	Foreign Exchange Market	1
19	C	Rate of Interest	19	B	Controlling Plans	1
20	A	1911	20	B	Sales tax	1

PART - II**Answer Any Seven questions. No 30 is compulsory :****7×2=14**

Q.No	ANSWER	Marks
21	<p>Capitalism</p> <ul style="list-style-type: none"> • The role of the government is minimum • The role of the private sector is more. • Profit motive. <p style="text-align: right;">(Any Two Points)</p>	2
22	<p>Plastic money Plastic money is an alternative to the cash (or) the standard money. Example : Cash cards, Credit cards, Debit cards, Stored cards, Forex cards and Smart cards.</p>	1 1
23	<p>Full Employment Keynes defines full employment as the absence of involuntary unemployment. (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”. (Or) Full employment means that persons who are willing to work and able to work must have employment or a job.</p>	2
24	<p>Self-consumption</p> <ul style="list-style-type: none"> • Farmers keep a large portion of food and other goods produced on the farm for self-consumption. • The problem is whether that part of the produce which is not sold in the market can be included in national income or not. 	2
25	<p>Frictional unemployment Frictional unemployment arises due to imbalance between supply of labour and demand for labour. (Or) This is because of immobility of labour, lack of necessary skills, breakdown of machinery, shortage of raw materials etc.</p>	2
26	<p>Agriculture Credit department</p> <ul style="list-style-type: none"> • To maintain an expert staff to study all questions on agricultural credit; • To provide expert advice to Central and State Government, State Co-operative Banks and other banking activities. • To finance the rural sector through eligible institutions engaged in the business of agricultural credit and to co-ordinate their activities. <p style="text-align: right;">(Any Two points)</p>	2
27	<p>Free trade area</p> <ul style="list-style-type: none"> • A free trade area is the region encompassing a trade block whose member countries have signed free trade agreements. • Such agreements involve cooperation between atleast two countries to reduce trade barriers. 	2

28	Seed Ball: A seed ball (or seed bomb) is a seed that has been wrapped in soil materials, usually a mixture of clay and compost, and then dried.	2
29	Zero based - budget Zero based - budgeting involves fresh evaluation of expenditure in the government budget Assuming it as a new item. Indian Government presented ZBB first in 1987 - 88.	2
30	Components of GST <ul style="list-style-type: none"> • CGST • SGST • IGST 	2

Part – III**Answer Any Seven Q.No.40 is Compulsory:****7×3 =21**

Q.No	ANSWER	Marks
31	<p>Differences between Personal Income and Disposable Income</p> <p>Personal Income Personal income is the total income received by the individuals before payment of direct taxes in a year.</p> <p>Disposable Income Disposable Income is the individuals income after the payment of income tax.</p> <p>(OR)</p> <p>Personal Income Personal Income = National Income – (Social Security Contribution and undistributed corporate profits) + Transfer payments</p> <p>Disposable Income Disposable Income = Personal income – Direct Tax. (or) Disposal income = consumption + saving.</p>	3
32	<p>Keynes Theory</p> <ol style="list-style-type: none"> 1. The concept of full employment as well as the possibility of under employment. 2. The principle of effective demand. 3. It depends upon aggregate demand and aggregate supply. 	3

Q.No	ANSWER	Marks
33	<p>Difference between Direct Tax and Indirect Tax</p> <p>Direct Tax</p> <ul style="list-style-type: none"> • It is levied on person's income • Tax evasion is possible • Cannot be shifted. • Progressive • Falls on the same person. • It helps in controlling the inflation. • Imposed on assesses <p style="text-align: right;">(Any three differences)</p> <p>Indirect Tax</p> <ul style="list-style-type: none"> • Levied on a person who consumes the goods and services. • Tax evasion is hardly possible • Can be shifted • Regressive • Falls on different persons. • It push up price inflation. • Imposed on and collected from consumers are goods and servies <p style="text-align: right;">(Any three differences)</p>	3
34	<p>Objectives of FDI</p> <ol style="list-style-type: none"> 1. Sales Expansion 2. Acquisition of resources 3. Minimization of competitive risk 4. Diversification 	3
35	<p>E-Waste</p> <p>Electronic waste which is commonly referred as "e-waste" is the new by product of the Info Tech society.</p> <p>Example:Computers, Television, Mobile phones, etc.</p>	3
36	<p>Functions of SAARC</p> <ol style="list-style-type: none"> 1. Maintenance of the co operation in the Region 2. Prevention of common problems associated with the member nations. 3. Ensuring strong relationship among the member nations. 4. Removal of the poverty through various packages of programmes. 5. Prevention of terrorism in the region. <p style="text-align: right;">(Any Three points)</p>	3

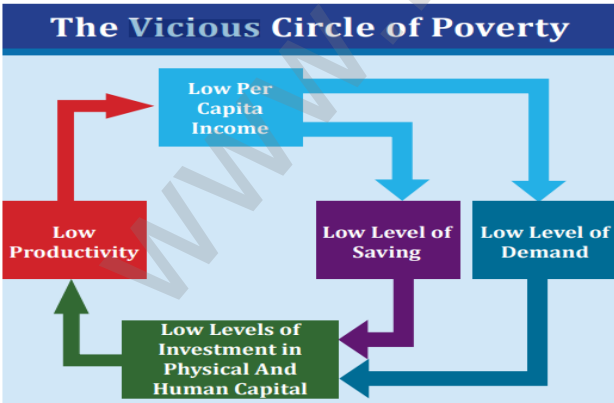
Q.No	ANSWER	Marks
37	<p>Functions of NITI Aayog</p> <ol style="list-style-type: none"> 1. Cooperative and Competitive Federalism 2. Shared National Agenda 3. Decentralized Planning 4. Vision and Scenario Planning 5. Network of Expertise 6. Harmonization 7. Conflict Resolution 8. Coordinating Interface with the World 9. Internal Consultancy 10. Capacity Building 11. Monitoring and Evaluation <p style="text-align: right;">(Any Three points)</p>	3
38	<p>Characteristics of Tax</p> <ol style="list-style-type: none"> 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 style="text-align: right;">(Any Three Points)</p>	3
39	<p>Kinds of correlation</p> <ol style="list-style-type: none"> 1. Based on the direction of change of variables <ol style="list-style-type: none"> a) Positive correlation b) Negative correlation 2. Based upon the number of variable studied <ol style="list-style-type: none"> a) Simple correlation b) Multiple correlation c) Partial correlation 3. Based upon the constancy of the ratio of change between the variables <ol style="list-style-type: none"> a) Linear correlation b) Non-linear correlation. <p style="text-align: center;">(OR)</p> <p style="text-align: center;">(Any Three Kinds With Explanation)</p>	3
40	<p>E-Banking</p> <ol style="list-style-type: none"> 1. Online banking, also known as internet banking, is an electronic payment system. 2. It enables customers of a bank (or) other financial institution to conduct a range of financial transactions through the financial institution's website. 3. Example: 1. NEFT 2. RTGS 	3

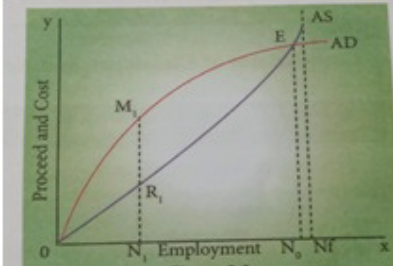
Part -IV

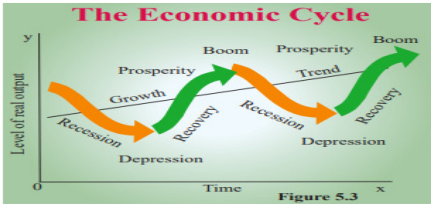
Answer all the Questions.

7×5=35

Q No	Answer	Marks																																			
41	<p>Karl Pearson correlation co-efficient</p> <table border="1"> <thead> <tr> <th>Price X</th> <th>Supply Y</th> <th>XY</th> <th>X²</th> <th>Y²</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>40</td> <td>400</td> <td>100</td> <td>1600</td> </tr> <tr> <td>12</td> <td>41</td> <td>492</td> <td>144</td> <td>1681</td> </tr> <tr> <td>14</td> <td>48</td> <td>672</td> <td>196</td> <td>2304</td> </tr> <tr> <td>15</td> <td>60</td> <td>900</td> <td>225</td> <td>3600</td> </tr> <tr> <td>19</td> <td>50</td> <td>950</td> <td>361</td> <td>2500</td> </tr> <tr> <td>ΣX=70</td> <td>ΣY=239</td> <td>ΣXY=3414</td> <td>Σ X²=1026</td> <td>Σ Y²=11685</td> </tr> </tbody> </table> $r = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$ $r = \frac{(5 \times 3414) - (70 \times 239)}{\sqrt{(5 \times 1026) - (70)^2} \sqrt{(5 \times 11685) - (239)^2}}$ $r = \frac{17070 - 16730}{\sqrt{230 \times 1304}}$ $r = \frac{340}{547.65}$ $r = 0.621$ <p>Explanation: Price of Product and supply for the product is positively correlated. When Price of the product increase then the supply for the product also increase.</p>	Price X	Supply Y	XY	X ²	Y ²	10	40	400	100	1600	12	41	492	144	1681	14	48	672	196	2304	15	60	900	225	3600	19	50	950	361	2500	ΣX=70	ΣY=239	ΣXY=3414	Σ X ² =1026	Σ Y ² =11685	5
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b)	<p>Importance of National income</p> <ol style="list-style-type: none"> To know the relative importance of the various sectors of the economy and their contribution towards national income To formulate the national income polices such as monetary policy, fiscal policy and other polices. To formulate planning and evaluate plan progress. To build economic models both in short-run and long run. To make international comparison inter-temporal comparison of growth of the economy during different periods. To know the distribution of income for various factors of production. <p style="text-align: right;">(Any Five Points)</p>	5																																			

Q.No	ANSWER	Marks
42 a)	<p>Functions of Central Bank(RBI)</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 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. (Any five points with Explanation) 	5
(OR)		
b)	<p>Vicious Circle of Poverty</p>  <p>On the demand side (Explanation)</p> <p>On the supply side (Explanation)</p>	3 1 1

Q.No	ANSWER	Marks
43 a)	<p>ADF and ASF Equilibrium between ADF and ASF explanation</p>  <p>Diagram Explanation</p>	2 2 1
(OR)		
43 b)	<p>WTO and India</p> <ol style="list-style-type: none"> 1. The WTO was established in 1995 as a successor to the GATT 2. By reducing tariff rates on raw materials, components and capital goods, it was able to import more for meeting her developmental requirements. India's imports go on increasing. 3. India gets market access in several countries without any bilateral trade agreements. 4. Advanced technology has been obtained at cheaper cost. 5. India is in a better position to get quick redressed from the trade disputes. 6. The Indian exporters benefited from wider market information. 	5
44 a)	<p>Criticisms of Say's law of market</p> <ol style="list-style-type: none"> 1. According to Keynes, supply does not create its demand. 2. Automatic adjustment process will not remove unemployment 3. Money is not neutral. 4. Say's law is based on the proposition that supply creates its own demand and there is no over production. Keynes said that over production is possible 5. Keynes regards full employment as a special case because their under employment in capitalist economics. 6. The need for state intervention arises in the case of general over production and mass unemployment. <p style="text-align: right;">(Any Five Points)</p>	5
(OR)		
44 b)	<p>Components of BOP Account</p> <ol style="list-style-type: none"> 1. The current account, 2. The capital account and 3. The official settlements account or official reserve assets account. <p style="text-align: right;">(with explanation)</p>	5

Q.No	ANSWER	Marks
45 a)	<p>The phases of trade cycle :</p>  <p>1. Boom 2. Recession 3. Depression 4. Recovery</p> <p style="margin-left: 200px;">} with Explanation</p>	1 4
(OR)		
b)	<p>i) Public Debt:</p> <ol style="list-style-type: none"> 1. Internal Debt 2. International Debt <p>ii) Primary Deficit:</p> <ul style="list-style-type: none"> • Primary deficit is equal to fiscal deficit minus interest payments. • It shows the real burden of the government and does not include the interest burden on loans taken in the past. <p style="margin-left: 200px;">} Explanation</p>	2 3
46 a)	<p>Importance of Sustainable Development</p> <ul style="list-style-type: none"> • Sustainable Development is a crucial harmonize three core elements such as economic growth, social inclusion and environmental protection. <p>Objectives:</p> <ol style="list-style-type: none"> 1. End poverty in all its forms everywhere. 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture. 3. Ensure healthy lives and promote well being for all at all ages. 4. Ensure inclusive and equality education for all and promote lifelong learning. 5. Achieve gender equality and empower women and girls. 6. Ensure access to water and sanitation for all. 7. Ensure access to affordable, reliable sustainable and modern energy for all. 8. Promote inclusive and sustainable, economic growth, employment and decent work for all. 9. Build resilient infrastructure, promote sustainable industrialization and foster innovation. 	5

	<p>10. Reduce inequality within and among countries.</p> <p>11. Make cities inclusive, safe, resilient and sustainable.</p> <p>12. Ensure sustainable consumption and production pattern.</p> <p>13. Take urgent action to contact climate change and its impacts.</p> <p>14. Conserve and sustainably use the Oceans, seas and marine resources.</p> <p>15. Sustainably manage forests, compatible certification, halt and revers land degradation, halt biodiversity loss.</p> <p>16. Promote just, peaceful and inclusive societies.</p> <p>17. Revitalize the global partnership for sustainable development.</p> <p style="text-align: right;">(Any Five Points)</p>	
(OR)		
b)	<p>Objective factors of consumption function</p> <ol style="list-style-type: none"> 1) Income Distribution 2) Price level 3) Wage level 4) Interest rate 5) Fiscal Policy 6) Consumer credit 7) Demographic factors 8) Duesenberry hypothesis 9) Windfall Gains or losses <p style="text-align: right;">(Any Five Points with Explanation)</p>	5
47	<p>Scope of National Income</p> <ol style="list-style-type: none"> 1) National Income 2) Inflation 3) Business Cycle 4) Poverty and Unemployment 5) Economic Growth 6) Economic Policies <p style="text-align: right;">(Any Five Points with Explanation)</p>	5
(OR)		
b)	<p>Arguments against Planning</p> <ol style="list-style-type: none"> 1) Loss of Freedom 2) Elimination of Initiative 3) High cost of management 4) Difficulty in advance calculations <p style="text-align: right;">(with Explanation)</p>	5

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