

NAME	
CLASS / SEC	
BOARD EXAM NUMBER	

2 MARKS**1. What is meant by Economics?**

1. The word 'Economics' comes from the Ancient Greek "Oikonomikos"
2. Oikos means "households"; and Nomos means "management".
3. Thus, the term 'Economics' means 'management of households'.

Economics = Household Management

2. Define microeconomics.

1. Micro Economics is the study of the economic actions of individual units.
2. Such as individual households, individual firms or individual industries.
3. Micro economics covers, (i) Value theory (ii) Welfare theory

3. What are goods?

1. In Economics, the term 'goods' implies the term 'services' also, unless specified otherwise.
2. As material things, goods are tangible.

4. Distinguish goods from services.

	Goods	Services
1	Tangible	Intangible
2	Have physical dimensions	Heterogeneous
3	Exist independently of their owner	Inseparable from their makers
4	Transferable	Perishable

5. Name any two types of utility.

1. Form Utility, 2. Time Utility, 3. Place Utility,
4. Service Utility, 5. Possession Utility, 6. Knowledge Utility

6. Define positive economics.

1. Positive science deals with "what it is"
2. Means, it analyses a problem on the basis of facts and examines its causes.

7. Give the meaning of deductive method.

1. It is also named as analytical or abstract method.
2. Deductive method is a process in logic, moving from general to particular

8. Define Utility.

1. In Economics, utility is the want-satisfying power of a commodity or a service.
2. Utility is the capacity of a commodity to satisfy human wants.

9. Mention the classifications of wants.

1. Necessaries : - For example, food, clothing and shelter.
2. Comforts : - Example: TV, Fan, Refrigerator and Air conditioner.
3. Luxuries : - Example: Jewelry, Diamonds and Cars.

10. Name the basic approaches to consumer behaviour.

1. Cardinal Utility
2. Ordinal Utility

11. What are the degrees of price elasticity of Demand?

The degrees of price elasticity of Demand are five as follow,

1. Perfectly Elastic Demand
2. Perfectly Inelastic Demand
3. Relatively Elastic Demand
4. Relatively Inelastic Demand
5. Unitary Elastic Demand

12. State the meaning of indifference curves.

1. An indifference curve is the locus of all combinations of commodities from which the consumer gets the same level of satisfaction.

Other Names: "Iso- Utility Curve" or "Equal Satisfaction Curve".

13. Write the formula of consumers surplus.

Consumers surplus = Potential Price – Actual Price

Formula : $CS = TU - (P \times Q)$

14. What are Giffen goods? Why it is called like that?

1. The Giffen good or inferior good is an exception to the law of demand.
2. When the price of an inferior good falls, the poor will buy less and vice versa.

15. Classify the factors of production.

Land, Labour, Capital and Organisation

16. Define Labour.

According to Marshall, labour represents services provided by the factor labour, which helps in yielding an income to the owner of the labour-power.

17. State the production function.

“Production function is the relationship between inputs of productive services per unit of time and outputs of product per unit of time.”

$$Q = f(N, L, K, T)$$

18. Define Marginal Product of a factor.

It is the addition or the increment made to the total product when one more unit of the variable input is employed.

19. What is Iso-cost line?

An iso-cost line represents different combinations of inputs which shows the same amount of cost.

Other Name : iso-price line” or “iso-income line

20. What are the conditions for producer’s equilibrium?

1. The iso-cost line must be tangent to iso-quant curve.
2. At point of tangency, the iso-quant curve must be convex to the origin or $MRTS_{Lk}$ must be declining.

21. What are the reasons for upward sloping supply curve?

As the price of the commodity increases, the quantum supplied of the commodity also increases.

22. Define cost.

Cost refers to the total expenses incurred in the production of a commodity.

23. Define cost function.

The functional relationship between cost and output is expressed as ‘Cost Function’.

24. What do you mean by fixed cost?

1. Fixed Cost does not change with the change in the quantity of output.
2. For example, rent of the factory

25. Define Revenue.

The amount of money that a producer receives in exchange for the sale of goods is known as revenue.

26. Explicit Cost - Define.

It refers to the actual expenditures of the firm to purchase or hire the inputs the firm needs.

Examples: i) wages, ii) payment for raw material and etc.,

27. Give the definition for 'Real Cost'.

Real cost refers to the payment made to compensate the efforts and sacrifices of all factor owners for their services in production.

28. What is meant by Sunk cost?

1. A cost incurred in the past and cannot be recovered in future is called as Sunk Cost.

Example : Cost of specialized equipment.

29. Define Market.

The term 'market' refers to a system of exchange between the buyers and the sellers of a commodity, directly or indirectly.

30. Who is price-taker?

A price taker is a seller who has no control to fix prices for a good or service.

Example : A Perfection Competition Seller

31. Point out the essential features of pure competition.

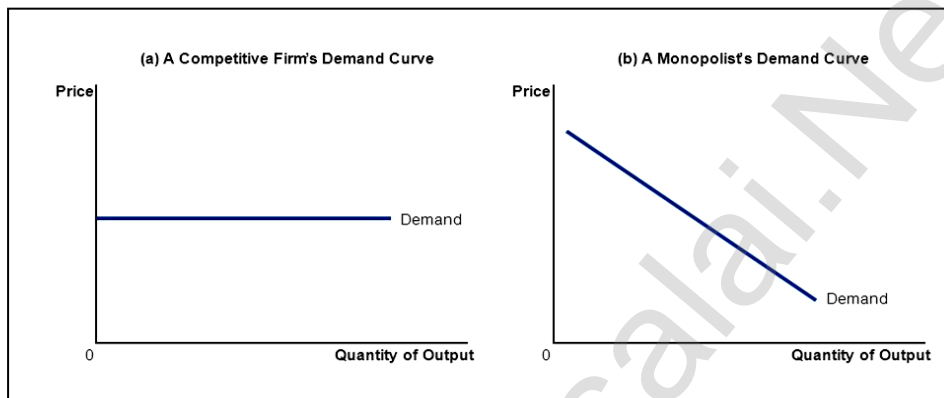
- a. Large Number of Buyers and Sellers
- b. Homogeneous Product and Uniform Price
- c. Free Entry and Exit
- d. Absence Of Transport Cost

32. What is selling cost?

1. Selling costs refer to those expenses which are incurred for popularizing the product.
2. Example : Advertisement Cost, Marketing Cost
3. This is an important feature of monopolistic competition market.

33. Draw demand curve of a firm for the following:

- a) Perfect Competition b) Monopoly

**34. Mention any two types of price discrimination**

1. Personal Discrimination : Example – Railways Ticket
2. Geographical Discrimination : Example – Book Sales

35. Define “Excess capacity”.

A monopolistic firm produces voluntarily lesser output to create artificial and raise price.

Example : Monopolistic Competition.

36. What is meant by distribution?

Distribution means division of income among the four factors of production.

37. Mention the types of distribution.

1. Personal Distribution
2. Functional Distribution

38. Define ‘Rent’.

“Rent is that portion of the produce paid to the landlord for the use of the original and powers of the soil”.

39. Distinguish between real and money wages.

	Money / Nominal Wages	Real Wages
1	Money wages are referred to the wages paid in terms of money.	Real wages are the wages paid in terms of goods and services.
	Example: Wages by cash	Example : Purchasing power of wages

40. What do you mean by interest?

“Interest is the price paid for the use of capital in any market”

41. What is profit?

Profit is a return to the entrepreneur for the use of his entrepreneurial ability.

42. State the meaning of liquidity preference.

“Liquidity Preference is the preference to have an amount of cash rather than of claims against others”.

43. Write the meaning of Economic Growth.

Transformation of an economy from a state of under development to a state of development which is measured by Gross Domestic Product (GDP)

44. State any two features of 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

45. Write the short note on natural resources.

1. Any stock or reserve that can be drawn from nature is a Natural Resource.
2. The major natural resources are -land, forest, water, mineral and energy.

46. Point out any one feature of Indian Economy.

1. India has a mixed economy
2. Agriculture plays the key role

47. Give the meaning of non-renewable energy.

1. As the name suggests, the sources of energy which cannot be renewed or re-used are called non-renewable energy sources.

Ex: Coal, oil, gas

48. Give a short note on Sen's 'Choice of Technique'.

1. Sen's 'Choice of Technique' was a research work
2. Employment cannot be increased at the initial stage by the adaptation of capital-intensive technique.

49. List out the reasons for low per capita income as given by V.K.R.V. Rao.

- i. Low levels of water availability for crops
- ii. Absence of capital

50. What are the Phases of colonial exploitation of India?

1. Period of merchant capital
2. The period of industrial capital and
3. The period of finance capital

51. Name out the different types of land tenure existed in India before Independence.

1. Zamindari system
2. Mahalwari system and
3. Ryotwari system

52. State the features that distinguish a land tenure system from other system.

- (a) Who owns the land ;
- (b) Who cultivates the land; s
- (c) Who is responsible for paying the land revenue to the government.

53. List out the weaknesses on Green Revolution.

- (i) Indian Agriculture was still a gamble of the monsoons.
- (ii) Widespread unemployment among agricultural labourers

54. What are the objectives of Tenth five year plan ?

1. This plan aimed to double the per capita income of India in the next 10 years.
2. It aimed to reduce the poverty ratio to 15% by 2012.

55. What is the difference between HDI and PQLI ?

Human Development Index is a composite statistical measures, on the other hand Physical Quality of Life Index is a measure to calculate the quality of life

56. Mention the indicators which are used to calculate HDI.

1. Life expectancy
2. Education
3. Per capita income

57. Why was structural reform implemented in Indian Economy?

Indian economy responded to the crisis by introducing a set of policies known as Structural Reforms.

58. State the reasons for implementing LPG.

- a. Liberalization was implemented because of licensing policies
- b. Privatization was implemented because to give enough opportunity for private sector,
- c. Globalization was implemented because a developed country can grow without the help of the under developed countries.

59. State the meaning of Privatization.

Privatization means transfer of ownership and management of enterprises from public sector to private sector

60. Define disinvestment

Disinvestment means selling of government securities to other PSUs or private sectors or banks.

61. Write three policy initiative introduced in 1991 – 92 to correct the fiscal imbalance.

1. Reduction in fertilizer subsidy
2. Abolition of subsidy on sugar
3. Disinvestment of a part of the government holdings

62. State the meaning of Special Economic Zones.

A special economic zone (SEZ) is an area in which business and trade laws are different from the rest of the country.

63. State the various components of Central government schemes under post - harvest measures.

Mega Food Parks; Integrated Cold Chain; Value Addition Preservation Infrastructure; Modernization of Slaughter house

64. Define Rural Economy.

Rural economy refers to villages, and rural community refers to people living in villages.

65. What do you mean by Rural Development?

Rural development is a process of improving the rural areas, rural people and rural living.

66. Rural Poverty – Define.

1. Rural poverty refers to the existence of poverty in rural areas.
2. Poverty in India has been defined as the situation in which an individual fails to earn sufficient income to buy the basic minimum.

67. Define Open Unemployment.

1. In Open Unemployment, unemployed persons are identified as they remain without work.

Example : agricultural labourers, rural artisans

68. What is meant by Disguised Unemployment?

1. In Rural areas, many are employed below their productive capacity and even if they are withdrawn from work the output will not diminish.
2. It is also called Disguised Unemployment or Under employment.

69. Define Cottage Industry.

Cottage industries are generally associated with agriculture and provide both part-time and full-time jobs in rural areas.

Examples: Pottery, Basket Weaving, Coir products and etc.,

70. What do you mean by Micro Finance?

Micro finance, also known as micro credit, is a financial service that offers loans, savings and insurance to entrepreneurs and small business owners.

71. State any two causes of housing problem in rural areas.

1. Rapid adoption of nuclear families
2. Lack of proper water supply
3. Lack of good sanitation and
4. Lack of proper disposal of sewage

72. Define Rural Electrification.

Rural Electrification refers to providing electrical power to rural areas.

73. State any two factors hindering Rural Electrification in India.

1. Lack of Funds
2. Inter-state Disputes
3. Uneven Terrain
4. High Transmission Loss
5. Power Theft

74. State any two districts with favourable sex ratio. Indicate the ratios.

S.N	District	Sex Ratio (No. of Females per 1000 Males)
1	The Nilgiris	1041
2	Thanjavur	1031

75. Define GSDP.

The Gross State Domestic Product refers to the total money value of all the goods and services produced annually in the State.

76. Mention any four food crops which are favourable to Tamil Nadu.

1. Rice, 2. Kambu, 3. Corn, 4. Groundnut, 5. Oil Seeds and 6. Sugarcane

77. What are major ports in Tamil Nadu?

Chennai, Ennore, and Tuticorin

78. What is heritage tourism?

Heritage tourism is traveling to experience the places, and activities that represent the stories and people of the past and present.

Example : Mamallapuram, The Nilgiri Mount Railway, Gangaikonda Cholapuram, Vellore Fort and etc

79. What are the nuclear power plants in Tamil Nadu?

1. The Kalpakkam Nuclear Power Plant
2. The Koodankulam Nuclear Power Plant

80. Define Micro industry

Enterprise with a capital investment, not exceeding 25 lakhs

81. If $62 = 34 + 4x$ what is x ?

Solution :

Given $62 = 34 + 4x$

$$62 - 34 = 4x$$

$$4x = 28$$

$$x = \frac{28}{4} \Rightarrow \boxed{x = 7}$$

82. What is the formula for elasticity of supply if you know the supply function?

supply is defined as $\eta_s = \frac{p}{x} \frac{dx}{dp}$

83. What are the Main menus of MS Word?

The MS Word main menus are File, Edit, View, Insert, Format, Tools, Table, Window, Help.

84. How to open MS word

From the desktop or from your 'Start' menu, open Microsoft Word.

3 MARKS**1. 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.
- c. The scarce means are capable of having alternative uses.

2. What are the crucial decisions involving ‘what is produced?’

- a. Whether to produce more of food, clothing and housing or to have more luxury goods
- b. Whether to have more agricultural goods or to have industrial goods and services
- c. Whether to use more resources in education and health

3. Explain different types of economic activities.**1. Consumption**

Human wants coming under consumption is the starting point of economic activity.

2. Production

Production is the process of transformation of inputs into output.

3. Exchange

Exchange is concerned with price determination in different market forms.

4. Distribution

The reward for factors of production is studied in this division under rent, wages, interest and profit.

4. Elucidate different features of services.

1. Intangible
2. Heterogeneous
3. Inseparable from their makers
4. Perishable

5. What are the important features of utility?

1. Utility is psychological.
2. Utility is not equivalent to usefulness.
3. Utility is not the same as pleasure.
4. Utility is personal

6. Distinguish between microeconomics and macroeconomics.

Micro Economics	Macro Economics
1. The economic decision-making of individual economic agents	1. Aggregates and averages of the entire economy.
2. It takes into account small components of the whole economy.	2. It takes into consideration the economy of the country as a whole.
3. It is known as price theory	3. It is also known as the income theory.

7. Compare positive economics and normative economics.

BASIS FOR COMPARISON	POSITIVE ECONOMICS	NORMATIVE ECONOMICS
Meaning	A branch of economics based on data and facts is positive economics.	A branch of economics based on values, opinions and judgement is normative economics.
What it does?	Analyses cause and effect relationship.	Passes value judgement.
Approach	Objective	Subjective
Study of	What it is..?	What should to be..?

8. Describe the feature of human wants.**a. Wants are unlimited**

Human wants are countless in number and various in kinds.

b. Wants become habits

Wants become habits; for example, when a man starts reading news paper in the morning, it becomes a habit.

c. Wants are Satiabale

Though we cannot satisfy all our wants, at the same time we can satisfy particular wants at a given time.

9. Mention the relationship between marginal utility and total utility.

	MARGINAL UTILITY	TOTAL UTILITY
	It declines	It increases
	It reaches zero	It reaches maximum
	It becomes negative	It declines

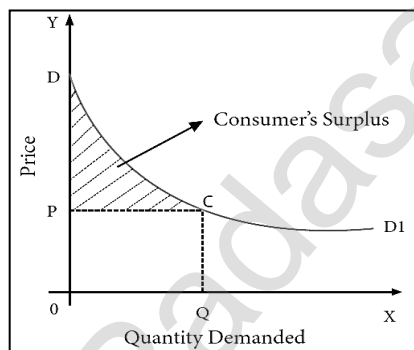
10. Explain the theory of “consumer’s surplus” .

“Consumer Surplus is the difference between the price that the consumers willing to pay and the price that the consumers actually pay.”

Consumer’s surplus = Potential price – Actual price

$$\text{Consumer's Surplus} = TU - (P \times Q)$$

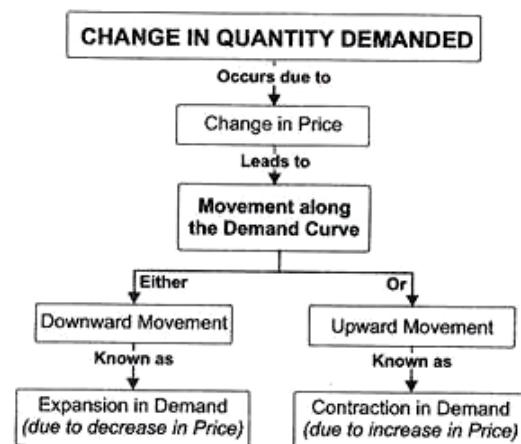
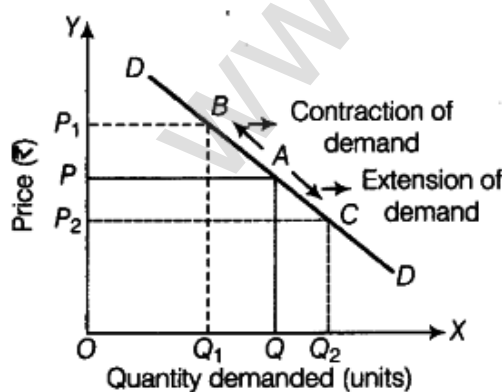
where, TU = Total Utility, P = Price and Q= Quantity of the commodity



Therefore,

Consumer' Surplus = ODCQ – OPCQ = PDC (the shaded area)

11. Distinguish between extension and contraction of demand.



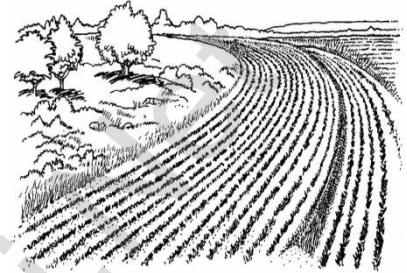
The changes in the quantity demanded for a commodity due to the change in its price alone are called “Extension and Contraction of Demand”.

12. What are the properties of indifference curves?

1. Indifference curve must have negative slope
2. Indifference Curves are convex to the origin
3. Indifference curve cannot intersect
4. Indifference curves do not touch the horizontal or vertical axis.

13. What are the characteristics of land? (any five)

1. Land is a primary factor of production.
2. Land is a *passive* factor of production.
3. Land is the free gift of Nature.
4. Land has no cost of production.

**14. What are the factors governing elasticity of supply? Or**

1. Nature of the commodity
2. Cost of production
3. Technical condition
4. Time factor

**15. What are the functions of Entrepreneur?**

1. **Initiation:** An organizer is the initiator of the business,
2. **Innovation:** A successful entrepreneur is always an innovator.
3. **Coordination:** An organizer applies a particular combination of factors of production

16. Bring out the Relationship among Total, Average and Marginal Products.

Stages	TP	MP	AP
Stage I	increases at an increasing rate	beginning it increases, reaches a maximum and starts to decrease	increases, then attains maximum
Stage II	increase at a diminishing rate and reaches maximum	diminish and becomes equal to zero	equal to MP and then begins to diminish
Stage III	Diminishes	becomes negative	continues to diminish but always greater than zero

17. State the Cobb-Douglas Production Function.

Meaning

According to Cobb-Douglas, “Linear homogeneous production function implies that the factors of production can be substituted for one another up to a certain extent only.”

The Cobb-Douglas production function can be expressed as follows.

$$Q = AL^{\alpha} K^{\beta}$$

1. Cobb-Douglas production function implies constant returns to scale.
2. Cobb-Douglas production function considered only two factors.

18. Distinguish between fixed cost and variable cost.

BASIS FOR COMPARISON	FIXED COST	VARIABLE COST
Meaning	The cost which remains same, regardless of the volume produced, is known as fixed cost.	The cost which changes with the change in output is considered as a variable cost.
Nature	Time Related	Volume Related
Behavior	It remains constant for a given period of time.	It changes with the change in the output level.
Examples	Depreciation, Rent, Salary, Insurance, Tax etc.	Material Consumed, Wages, Commission on Sales

19. State the differences between money cost and real cost.

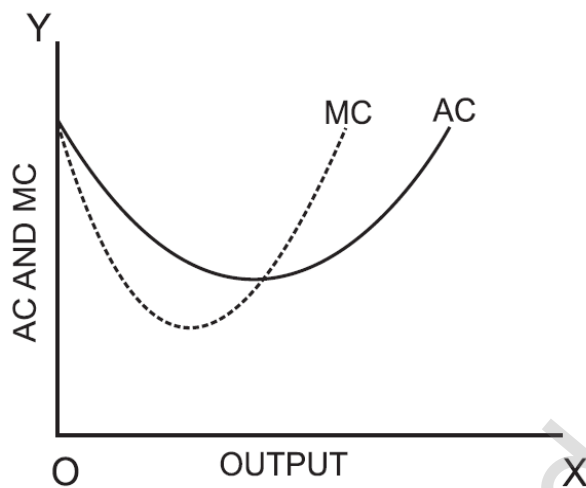
1. Money cost is the cost of acquiring a product or service in available cash.
2. Real cost is the cost of the same expressed in other intangible factors, in addition to cash, such as time, labour, lost opportunity, etc.

20. Distinguish between explicit cost and implicit cost.

1. Explicit cost is the cost of acquiring a product or service in available cash.
2. Implicit cost is the cost of the same expressed in other intangible factors, in addition to cash, such as time, labour, lost opportunity, etc.

21. 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**. If he cultivates paddy, the opportunity cost of paddy output is the amount of sugarcane output given up.

22. State the relationship between AC and MC.

1. When AC is falling, MC lies below AC.
2. When AC becomes constant, MC also becomes equal to it.
3. When AC starts increasing, MC lies above the AC.

23. A. Write a short note on Marginal Revenue.

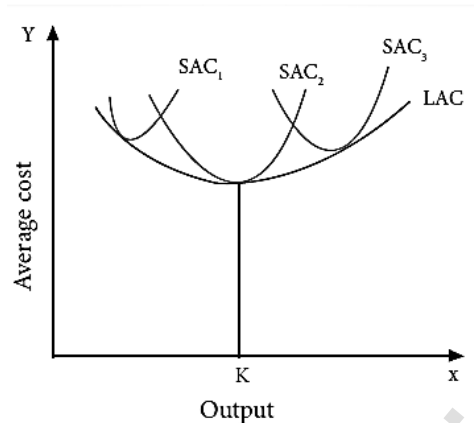
Marginal revenue (MR) is the addition to the total revenue by the sale of an additional unit of a commodity.

The other method of estimating MR is:

$$MR = TR_n - TR_{n-1} \text{ (or) } TR_{n+1} - TR_n$$

23. B. Discuss the Long run cost curves with suitable diagram.

1. In the long run all factors of production become variable.
2. The existing size of the firm can be increased in the case of long run.
3. There are neither fixed inputs nor fixed costs in the long run.



1. $LAC = LTC/Q$ where, LAC denotes Long-Run Average Cost, LTC denotes Long-run Total Cost and Q denotes the quantity of output.
2. The LAC curve is derived from short-run average cost curves.

Other names of LAC:

3. The LAC curve is called as 'Plant Curve' or 'Boat shape Curve' or 'Planning Curve' or 'Envelop Curve'.

24. What are the features of a market?

1. Buyers and sellers of a commodity or a service
2. A commodity to be bought and sold
3. Price agreeable to buyer and seller
4. Direct or indirect exchange.

25. Specify the nature of entry of competitors in perfect competition and monopoly.

Nature of Entry of competitor	
Perfect Competition	Monopoly
It is possible for the very 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.	There is strict barrier for entry of any new firm;

26. Describe the degrees of price discrimination.

According to A.C.Pigou, there are three degrees of price discrimination.

(i) First degree price discrimination

A monopolist charges the maximum price that a buyer is willing to pay. Example: Auctions

(ii) Second degree price discrimination

Under this degree, buyers are charged prices in such a way that a part of their consumer's surplus is taken away by the sellers. Example: Cinema theatres .

(iii) Third degree price discrimination

The monopolist splits the entire market into a few sub-market and charges different price in each sub-market. Example : Railways Ticket

27. State the meaning of selling cost with an example.

Mention the similarities between perfect competition and monopolistic competition.

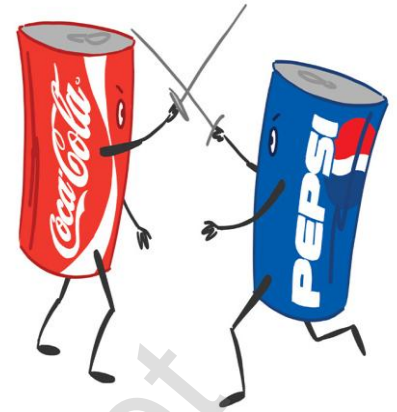
	Basis of Similarities	Perfect Competition	Monopolistic Competition
1	Number of Producers/Sellers	Innumerable	Large
2	Entry / Exit	Free	Free
3	Profit	Abnormal profit in short-run, Normal profit in long-run	Abnormal profit in short-run, Normal profit in long run
4	Quantity	Very large	Substantial

28. Differentiate between 'firm' and 'industry'.

	Firm	Industry
Meaning	A firm refers to a single production unit in an industry	An industry refers to a group of firms
Production	Producing a large or a small quantum of a commodity or service	Producing the same product or service in an economy.
Example	A single cement firm	Cement Industry (group of firms producing cement)

29. State the features of duopoly.

1. Each seller is fully aware of his rival's motive and actions.
2. Both sellers may collude (they agree on all matters regarding the sale of the commodity).
3. They may enter into cut-throat competition.
4. There is no product differentiation.

**30. List out the kinds of wages.****1. Nominal Wages or Money Wages.**

Nominal wages are referred to the wages paid in terms of money.

2. Real Wages

Real wages are the wages paid in terms of goods and services.

3. Piece Wages

Wages that are paid on the basis of quantum of work done.

4. Time Wages

Wages that are paid on the basis of the amount of time.

31. Distinguish between rent and quasi-rent.

Sl. No.	Rent	Quasi-Rent
1.	Rent accrues to land	Quasi-Rent accrues to manmade appliances.
2.	The supply of land is fixed forever.	The supply of manmade appliances is fixed for a short period only.
3.	It enters into price	It does not enter into price.

32. Describe briefly the Innovation Theory of Profit.

An innovation may consist of the following:

1. Introduction of a **new product**.
2. Introduction of a **new method of production**.
3. Opening up of a **new market**.
4. Discovery of **new raw materials**
5. Reorganization of **an industry / firm**.

33. Write a note on Risk-bearing Theory of Profit.

1. According to **Hawley profit is the reward for "risk taking" in business**. Risk taking is an essential function of the entrepreneur and is the basis of profit.
2. **Since the entrepreneur undertakes the risks, he receives profits**.
3. If the entrepreneur does not receive the reward, he will not be prepared to undertake the risks. Thus, **higher the risks, the greater are the profit**.

34. Define Economic Development.

1. The level economic development is indicated not just by GDP, but by an increase in citizens' quality of life or well-being.
2. The quality of life is being assessed by several indices such as Human Development Index (HDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI).

35. State Ambedkar's Economic ideas on agricultural economics.



1. In 1918, Ambedkar published a paper "**Small Holding in India and their Remedies**".
2. Citing Adam Smith's 'Wealth of Nations', he made a fine distinction between "**Consolidation of Holdings**" and "**Enlargement of Holdings**".

36. Write on short note on village sarvodaya.

1. According to Gandhi, "Real India was to be found in villages and not in towns or cities."
2. So he suggested the development of self-sufficient, self-dependent villages.
3. **Sarvodaya** is a Sanskrit term meaning 'universal uplift' or 'progress of all'.
4. The Sarvodaya Movement has as its target the establishment of a whole network of such self-supporting village communities.

**37. Write the V.K.R.V.Rao's contribution on multiplier concept.**

1. Rao's examination of the **"interrelation between investment, income and multiplier in an under developed economy"** was his major contribution to macroeconomic theory.
2. As a thinker, teacher, economic adviser and direct policy maker, **V.K.R.V. Rao followed the footsteps of his great teacher, John Maynard Keynes.**
3. Dr. Rao came to the conclusion even that the **money income multiplier would be working but real income multiplier would not be working.**

**38. Explain Social infrastructure.**

1. The development of these social structures help in increasing the efficiency and productivity of manpower.
2. For example, schools, colleges, hospitals and other civic amenities.
3. These structures are outside the system of production and distribution.

39. The Handicrafts declined in India in British Period. Why?

1. Through **discriminatory tariff policy**, the British Government purposefully destroyed the handicrafts.
2. With the **disappearance of nawabs and kings**, there was **no one to protect Indian handicrafts.**
3. Indian **handicraft products could not compete with machine-made products.**

40. Elucidate the different types of land tenure system in colonial India.

	Permanent Settlement	Ryotwari System	Mahalwari System
Region	Bengal, Bihar Orissa	South India	North West India
Tax Collected by	Zamindars	Company Directly	Village Headman
Land Owner	Zamindars	Farmers	Land Lords
Other Features	❖ Tax Burden to Farmers ❖ High Tax was Imposed ❖ Tax was Increased Frequently		

41. State the reasons for nationalization of commercial banks.

1. The main objective of nationalization was **to attain social welfare**.
2. Nationalisation of banks helped **to curb private monopolies**
3. Needed **to encourage the banking habit among the rural** population.

42. Write any three objectives of Industrial Policy 1991.

- (i) Liberalising the industry from the regulatory devices such as licenses and controls.
- (ii) Enhancing support to the small scale sector.
- (iii) Increasing competitiveness of industries

43. Give a note on Twelfth Five Year Plan.

1. Its main theme is “Faster, More Inclusive and Sustainable Growth”.
2. Its growth rate target is 8%, Agriculture growth at 4%.
3. Manufacturing growth at 10%.
4. Every state must attain higher growth rate than the rate achieved during 11th plan.

44. What is PQLI ?

1. Morris D Morris developed the Physical Quality of Life Index (PQLI).
2. The PQLI is a measure to calculate the quality of life (well being of a country).
3. For this, he included three indicators such as life expectancy, infant mortality rate and literacy rate.

45. How do you justify the merits of Privatisation?

1. Helps in reducing the burden on government.
2. Makes the public sector units competitive.
3. Greater autonomy for public sector units.
4. Industrial growth.

46. What are the measures taken towards Globalization?**Measures of globalization**

1. Import liberalization through reduction of tariff and non-tariff barriers,
2. opening the doors to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are some of the measures towards globalization.
3. The economic activity of multinational firms and the internationalisation of technology.

47. Write a note on Foreign investment policy?

1. Red carpet welcome to foreign investment and foreign technology
2. Enhanced the industrial competition and improved business, including FDI and FPI were allowed
3. Automatic permission was granted for a specified list of high-technology and high-investment priority industries

48. Give short note on Cold storage.

1. India is **the largest producer of fruits and second largest producer of vegetables in the world.**
2. Most of the problems relating to the marketing of **fruits and vegetables can be traced to their perishability.**

49. Mention the functions of APMC.

1. To promote public private partnership in the ambit of agricultural markets.
2. To provide market led extension services to farmer.
3. To ensure payments to farmers for the sale of agricultural produce on same day.
4. To promote agricultural activities.

50. List out the features of new trade policy.

1. **Free imports and exports:** Prior to 1991, in India imports were regulated. From 1992, imports were regulated by a limited negative list.
2. **Rationalization of tariff structure and removal of quantitative restrictions**

51. 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 motto is one nation, one market, one tax.*

Advantages

1. Removing cascading tax effect
2. Single point tax
3. Higher threshold for registration
4. Composition scheme for small business
5. Online simpler procedure under GST

52. State the importance of Rural Development.

1. A major share of population contributions are very much supportive for the **nation building activities.**
2. The rural economy **supports the urban sectors**
3. Improvements in education, health and sanitation in **villages can help avoid many urban problems**

53. Explain the causes for Rural Backwardness.

1. The distribution of land is **highly skewed in rural areas.**
2. **Non-farm employment opportunities do not match the increasing labour** force.
3. Lack of public sector investment on human resource development.
4. Steady **increase in prices** affects the purchasing power
5. **Low productivity of rural labour**

54. Mention the features of SHGs.

1. SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.
2. Most SHGs are women’s groups with membership ranging between 10 and 20.

3. SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline

55. 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.

56. Write a note on mineral resources in Tamil Nadu.

1. Tamil Nadu has a few mining projects based on Titanium, Lignite, Magnesite, Graphite, Limestone, Granite and Bauxite.
2. The first one is the Neyveli Lignite Corporation that has led development of large industrial complex around Neyveli in Cuddalore district with Thermal power plants, Fertilizer and Carbonisation plants.

57. Describe development of textile industry in Tamil Nadu.

1. Tamil Nadu is the largest textile hub of India.
2. Tamil Nadu is known as the “**Yarn Bowl**” of the country accounting for 41% of India’s cotton yarn production.
3. Employment to an estimated 35 million people
4. The textile sector contributes to 14% of the manufacturing sector.
5. Tirupur known as “**Knitting City**” is the exporter of garments

58. Compare productivity of any two food crops between Tamil Nadu and India.

Crop	Position of Tamil Nadu at National Level
Maize	1
Cumbu	1
Groundnut	1
Total Oilseeds	1
Cotton	1
Coconut	2
Rice	2

59. What are the renewable sources of power in Tamil Nadu?**1. Hydel Energy**

There are about 20 hydro electric units in Tamil Nadu. The prominent units are Hundah, Mettur, Periyar, Maravakandy, Parson Valley etc.

2. Solar Energy

Southern Tamil Nadu is considered as one of the most suitable regions in the country for developing solar power projects.

3. Wind Energy

Tamil Nadu has the highest installed wind energy capacity in India. The State has very high quality of off shore wind energy potential off the Tirunelveli coast and southern Thoothukudi and Rameswaram coast.

60. Uses of Mathematical Methods in Economics

1. Mathematical Methods help to present the economic problems in a more precise form.
2. Mathematical Methods help to explain economic concepts.
3. Mathematical Methods help to use a large number of variables in economic analyses.
4. Mathematical Methods help to quantify the impact or effect of any economic activity implemented by Government or anybody.

61. What are the steps involved in executing a MS Excel Sheet?**TO START**

- 1) To start Excel from the Windows Start menu, choose Start→All Programs→Microsoft Office→Microsoft Excel.
- 2) A new, blank workbook appears, ready for you to enter data.

EXECUTING WORK SHEET

- 3) A worksheet is a table like document containing rows and columns with data and formula.

5 MARKS**1. Compare and contrast various definitions of Economics.**

PART I	Wealth Definition	Welfare Definition
Author	Adam Smith	Alfred Marshal
Year	1776	1890
“Definition”	“Economics as the science of wealth”	“Economics is a study of mankind in the ordinary business of life”
Key Concepts	<ol style="list-style-type: none"> 1. Individual in the society wants to promote his own gain and in this process 2. Man is guided and led by an “invisible hand”. 3. It means that each person works for his own good. 	<ol style="list-style-type: none"> 1. Economics studies on one side a study of wealth, on the other, and more important side, a part of the study of man 2. Man promotes primarily welfare and not wealth. 3. Economics contains the concerns of ordinary people.
Criticisms	<ol style="list-style-type: none"> 1. Economics as a ‘dismal science’, “pig science” etc. 2. As it teaches selfishness which is against ethics. 	<ol style="list-style-type: none"> 1. Does not consider immaterial things, 2. Welfare varies from person to person, country to country and one period to another.

PART II	Scarcity Definition	Growth Definition
Author	Lionel Robbins	Paul Samuelson
Year	1932	1948
“Definition”	“Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses”.	“Economics is the study of how men and society choose, with or without the use of money, to produce various commodities over time, and distribute them for consumption, now and in the future”
Key Concepts	<ol style="list-style-type: none"> 1. Human beings have unlimited wants 2. Resources are limited or scarce. 3. the scarce means are capable of having alternative uses. 	<ol style="list-style-type: none"> 1. Samuelson makes his definition dynamic. 2. Covers various aspects like production, distribution and consumption.
Criticisms	<ol style="list-style-type: none"> 1. Does not make any distinction between goods conducive to human welfare and goods that are not 	<ol style="list-style-type: none"> 1. Samuelson’s definition is applicable also in a barter economy, where money is not used.

2. Explain various divisions of Economics.

Economics has been divided into some branches.

1. Consumption

Human wants coming under consumption is the starting point of economic activity.

2. Production

Production is the process of transformation of inputs into output. the factors of production namely Land, Labour, Capital and Organization.

3. Exchange

Exchange is concerned with price determination in different market forms. This division covers trade and commerce.

4. Distribution

The reward for factors of production is studied in this division under rent, wages, interest and profit. Distribution studies about the pricing of factors of production.

3. Explain various Steps of Deductive and Inductive methods.

BASIS FOR COMPARISON	INDUCTIVE METHOD	DEDUCTIVE METHOD
1. Meaning	Deduction is a process in logic facilitating or arriving at an inference, moving from general to particular	Induction is a process in logic facilitative or arriving at an inference, moving from particular to general
2. Approach	Bottom-up approach	Top-down approach
3. Based on	Patterns or trend	Facts, truths and rules
4. Steps	Observation > Pattern > Tentative Hypothesis > Theory	Theory > Hypothesis > Observation > Confirmation
5. Argument	May or may not be strong.	May or may not be valid.
6. Structure	Goes from particular to general	Goes from general to particular

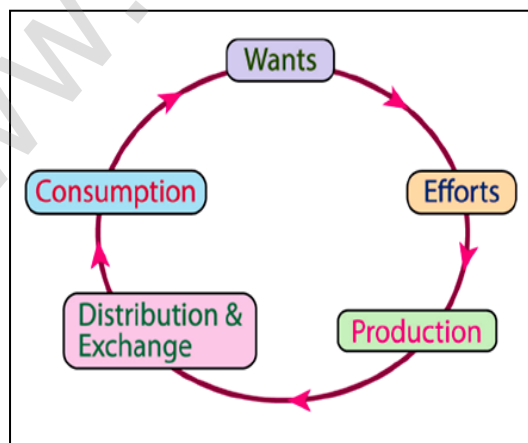
4. Elaborate the nature and scope of Economics.

I. Nature of Economics:

1. A Law **expresses a causal relation between two or more** than two phenomena.
2. Marshall states that the Economic **laws are statement of tendencies** the laws function with cause and effect.
3. Economic **laws are not as precise and certain**
4. Economic **laws are not inviolable**
5. The use of the **assumption 'other things remaining the same'**
6. Economics makes the **Economic laws hypothetical.**

II. The scope of the subject of Economics refers to on the subject-matter of Economics.

1. All human activities related to wealth constitute the subject-matter of Economics.
2. Production, consumption and capital formation are called the basic economic activities of an economy.



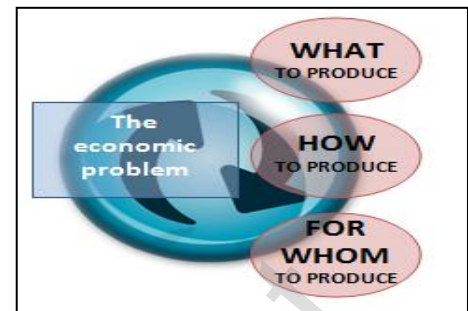
5. Explain basic problems of the economy with the help of production possibility curve.

Production Possibility Curve

Meaning

Production possibility curve shows the menu of choice along which a society can choose to substitute one good for another.

- Choice between relatively scarce commodities due to limited productive resources with the help of a “Geometric Device” (that is production possibility curve)



Assumptions

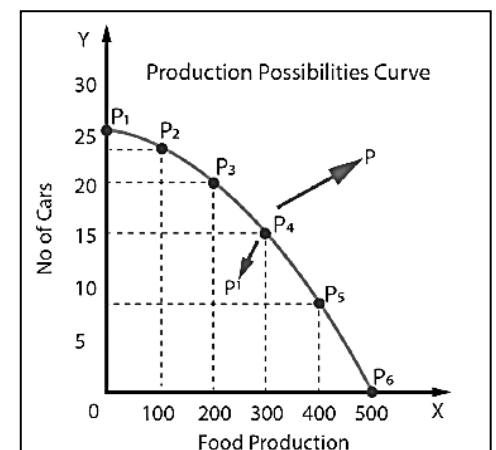
- (i) The time period does not change.
- (ii) Techniques of production are fixed.
- (iii) There is full employment in the economy.
- (iv) Only two goods can be produced from the given resources.
- (v) Resources of production are fully mobile.

Explanation

1. The quantity of food is shown on x-axis and the number of cars is shown on y-axis
2. The different six production possibilities are being shown as point P1 P2 P3 P4 P5 & P6.
3. A maximum of 500 tons of food can be produced, given the existing technology.
4. If on the other hand, all resources are instead used for producing cars, 25 cars can be produced.
5. In between these two extremes, possibilities exist.
6. If we are willing to give up some food, we can have some cars.

Production possibilities schedule

Production possibilities	Quantity of food production in tons	No of car production
I	0	25
II	100	23
III	200	20
IV	300	15
V	400	8
VI	500	0



6. 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.

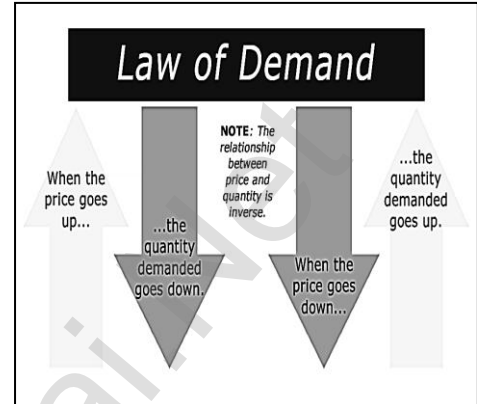
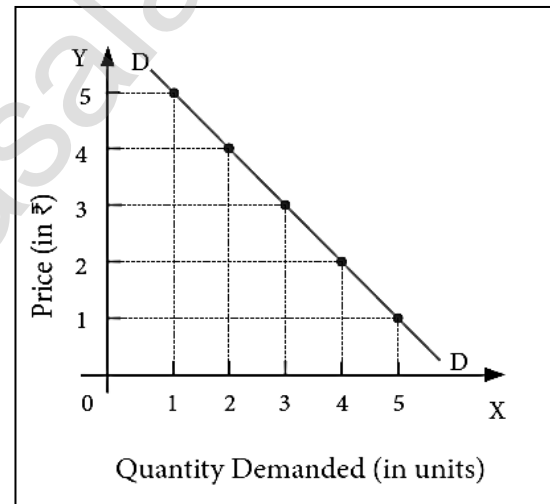


Table 2.4 Demand Schedule

Price	Quantity Demanded
5	1
4	2
3	3
2	4
1	5



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.

Exception (Giffen Goods)

1. The Giffen good or inferior good is an exception to the law of demand.
2. When the price of an inferior good falls, the poor will buy less and vice versa.

7. Elucidate the law of diminishing marginal utility with diagram.

Definition

Marshall states the law as, “the additional benefit which a person derives from a given increase of his stock of a thing, diminishes with every increase in the stock that he already has”.

Assumption

1. Utility can be measured by cardinal number (Eg:1,2, 3..)
2. The marginal utility of money remains constant.
3. The consumer should be a rational consumer
4. The units of the commodity must be reasonable in size.
5. The commodity consumed should be homogeneous

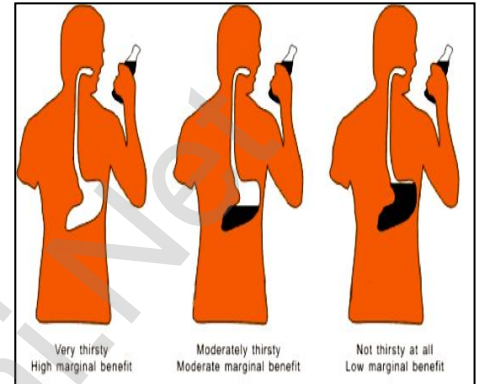
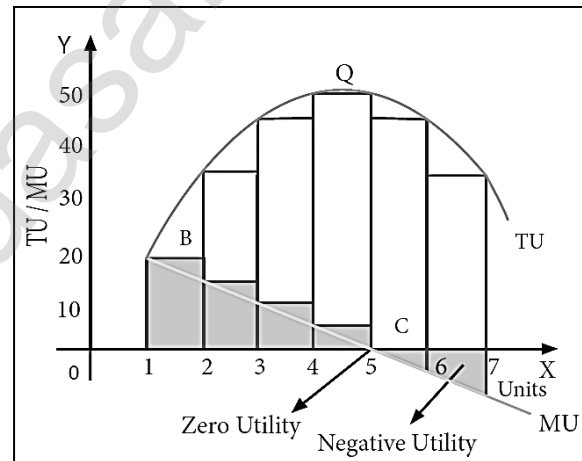


Table 2.1 The Law of Diminishing Marginal Utility

Units of Apple	Total Utility	Marginal Utility
1	20	20
2	35	15 (35-20)
3	45	10 (45-35)
4	50	5 (50-45)
5	50	0 (50-50)
6	45	-5 (45-50)
7	35	-10(35-45)



Explanation

1. Suppose a consumer wants to consume 7 apples one after another.
2. The utility from the first apple is 20. But the utility from the second apple will be less than that of the first (say 15), the third less than that of the second (say 10) and so on.
3. Finally, the utility from the fifth apple becomes zero and the utilities from sixth and seventh apples are negative.

Criticisms

1. Utility cannot be measured numerically.
2. This law is based on the unrealistic assumptions.
3. This law is not applicable

8. List out the properties of iso-quants with the help of diagrams.

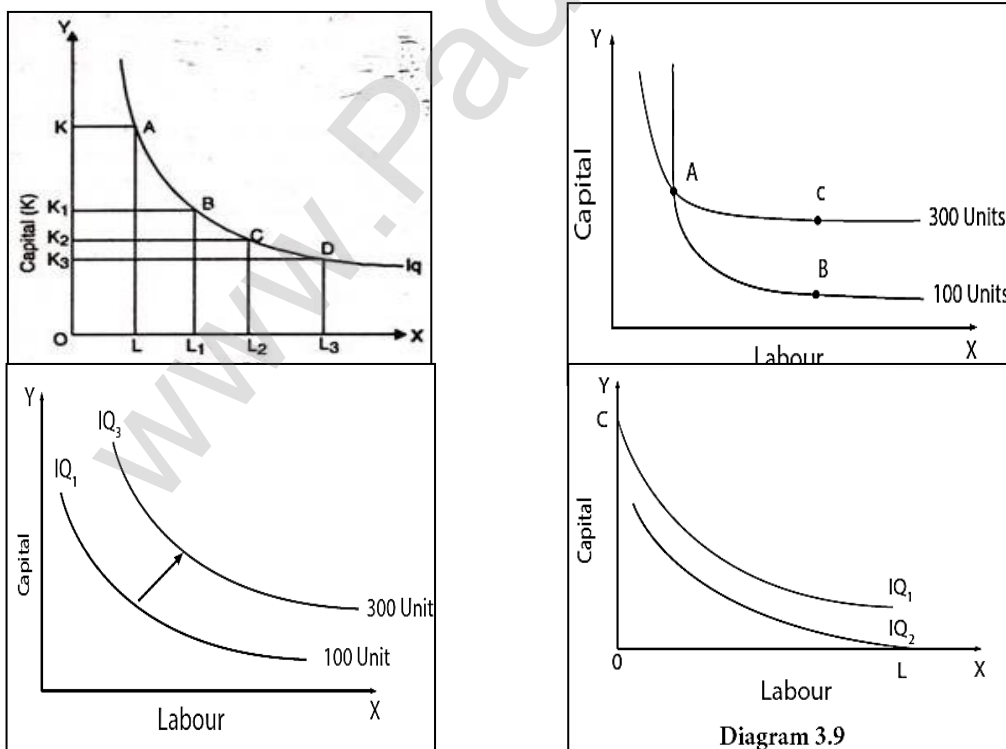
Meaning

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 or Y axis.



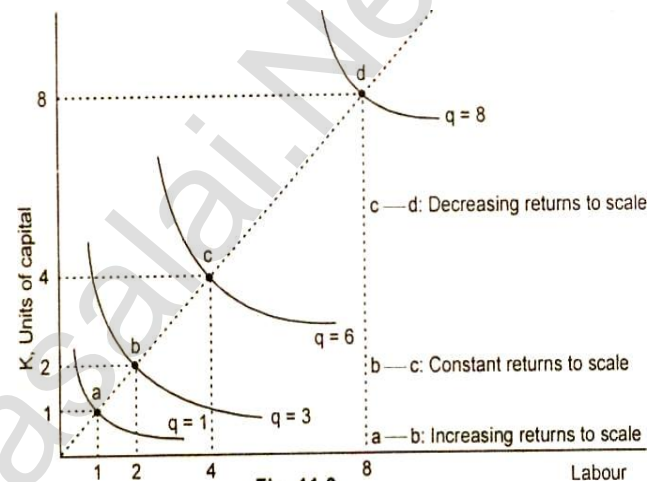
9. Elucidate the Laws of Returns to Scale. Illustrate.

Meaning

The laws of returns to scale explain the relationship between output and the scale of inputs in the long-run when all the inputs are increased in the same proportion.

Assumption

1. All the factors of production are variable but organization is fixed.
2. There is no change in technology.
3. There is perfect competition in the market.
4. Outputs or returns are measured in physical quantities.



Three Phases of Returns to Scale

- (1) Increasing Returns to Scale:
- (2) Constant Returns to Scale:
- (3) Diminishing Returns to Scale:

Stages	Input	Output	Returns to Scale
a to b	100% ↑	200% ↑	Increasing
b to c	100% ↑	100% ↑	Constant
c to d	100% ↑	33.33% ↑	Decreasing

Explanation

1. In the the movement from point **a to point b** represents increasing returns to scale.
2. The law of constant returns to scale is implied by the movement from the point **b** to point **c**.
3. Decreasing returns to scale are denoted by the movement from the point **c** to point **d**.

10. Explain the internal and external economies of scale.

	Internal Economies	External Economies
1	Technical Economies: There is a possibility to introduce up-to-date technologies	1. Increased transport facilities
2	Financial Economies: Big firms can float shares in the market for capital expansion,	2. Banking facilities
3	Managerial Economies: Large scale production facilitates specialisation and delegation.	3. Development of townships
4	Labour Economies: Large scale production implies greater and minute division of labour.	4. Development of information and communication
5	Marketing Economies: The producers can both buy raw-materials in bulk at cheaper cost and can take the products to distant markets.	5. Expansion of the Plant size

11. If total cost = 10+Q³, find out AC, AVC, TFC, AFC when Q=5.

35. If total cost = 10 + Q³, find out AC, AVC, TFC, AFC when Q = 5.

Ans:

$$TC = TFC + TVC$$

$$AVC = \frac{TVC}{Q}$$

$$AFC = \frac{TFC}{Q}$$

$$AC = \frac{TC}{Q}$$

- TC = 10 + Q³. Total cost has two components TFC and TVC.
- TFC = is the total fixed cost which does not change with the level of output.
- It is determined by putting the value of Q.
- Given the total cost function

$$TC = 10 + Q^3$$

Q = units of output where Q = 5

Here TFC = 10 (TFC will not change when output changes)

$$TC = 10 + (5)^3$$

$$TC = 10 + 125$$

$$TC = 135 \quad \therefore 135 = 10 + TVC$$

$$135 - 10 = TVC$$

$$125 = TVC$$

$$TVC = 125, TC = 135 \therefore TFC = ?$$

$$TC = (TFC + TVC)$$

$$135 = x + 125$$

$$135 - 125 = 10$$

$$\therefore TFC = 10$$

$$AFC = \frac{TFC}{Q}$$

$$TFC = 10, Q = 5$$

$$AFC = \frac{10}{5} = 2$$

$$AFC = 2$$

$$AVC = \frac{TVC}{Q}$$

$$TVC = 125, Q = 5$$

$$AVC = \frac{125}{5} = 25$$

$$AVC = 25$$

$$AC = \frac{TC}{Q}$$

$$TC = 135, Q = 5$$

$$AC = \frac{135}{5} = 27$$

[or]

$$AC = AFC + AVC$$

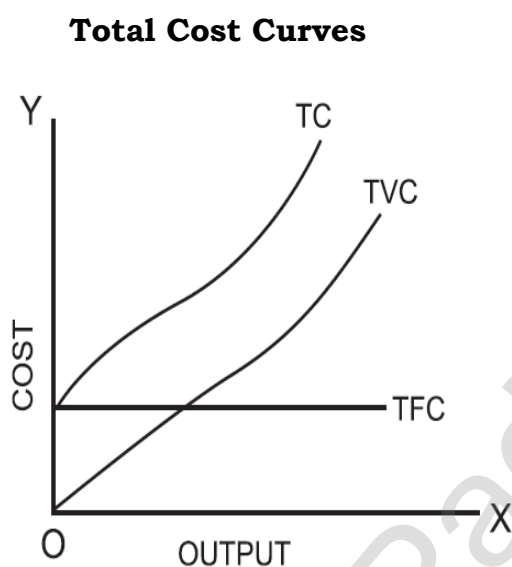
$$AC = 2 + 25$$

$$AC = 27.$$

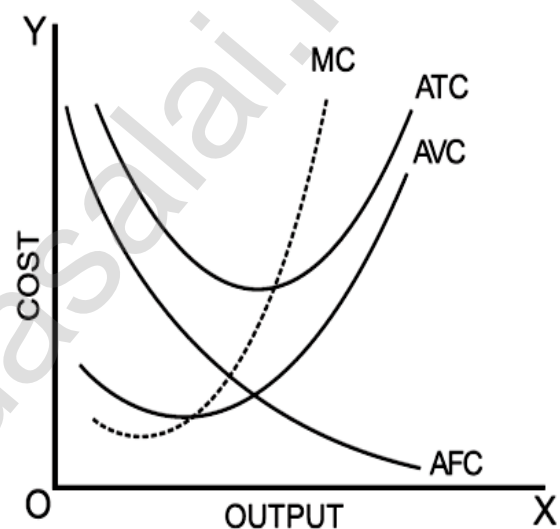
12. Discuss the short run cost curves with suitable diagram.

Short run cost curves:

1. **TFC** - Total Fixed Cost Curve
2. **TVC** - Total Variable Cost Curve
3. **TC** - Total Cost Curve
4. **AFC** - Average Fixed Cost Curve
5. **AVC** - Average Variable Cost Curve
6. **AC OR ATC** - Average Cost or Average Total Cost
7. **MC** - Marginal Cost



Short run average cost curves



Total cost

Total cost is the sum of total fixed cost and total variable cost.

$$TC = TFC + TVC, \text{ where}$$

TC = Total cost

TFC = Total Fixed cost (cost of fixed factors)

TVC = Total variable cost (Cost of Variable Factors)

Short run average cost curves

Average Fixed Cost (AFC)

The average fixed cost is the fixed cost per unit of output. It is obtained by dividing the total fixed cost by the number of units of the commodity produced.

$$AFC = TFC / Q$$

Average Variable cost (AVC)

Average variable cost is the variable cost per unit of output. It is the total variable cost divided by the number of units of output produced.

$$AVC = TVC / Q$$

Average Total Cost or Average Cost

Average total cost is simply called average cost which is the total cost divided by the number of units of output produced.

$$AC = TC / Q \text{ (or)}$$

$$AC = AFC + AVC$$

Marginal Cost

Marginal cost is defined as the addition made to the total cost by the production of one additional unit of output.

$$MC_n = TC_n - TC_{n-1}$$

13. Bring out the features of perfect competition.

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 Mobility of Factors of Production

As they enjoy perfect freedom to move from one place to another and from one occupation to another, the price gets adjusted.

6. Perfect Knowledge of the Market

All buyers and sellers have a thorough knowledge of the quality of the product, prevailing price etc.

7. No Government Intervention

There is no government regulation on supply of raw materials, and in the determination of price etc.

14. Describe the features oligopoly.**1. Few large firms**

Very few big firms own the major control of the whole market by producing major portion of the market demand.

2. Interdependence among firms

The price and quality decisions of a particular firm are dependent on the price and quality decisions of the rival firms.

3. Group behaviour

The firms under oligopoly realise the importance of mutual co-operation.

4. Advertisement cost

The oligopolist could raise sales either by advertising or improving the quality of the product.

5. Nature of product

Perfect oligopoly means homogeneous products and imperfect oligopoly deals with heterogeneous products.

6. Price rigidity

The oligopolistic firms do not change their prices due to the fear of rivals' reaction.

15. Illustrate price and output determination under Monopoly.

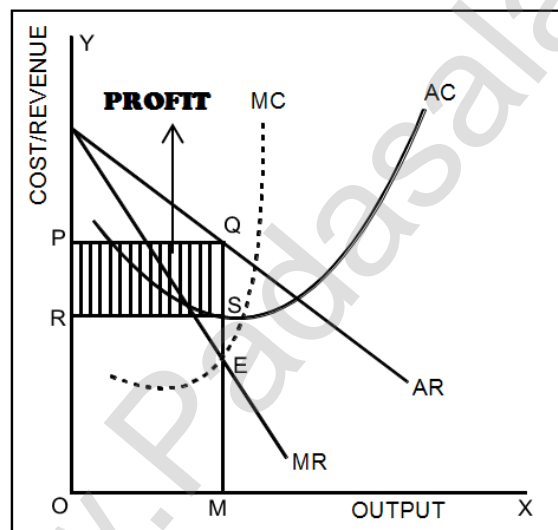
Meaning

Monopoly is a market structure characterized by a single seller, selling the unique product with the restriction for a new firm to enter the market.

Features of Monopoly

1. There is a single producer / seller of a product;
2. The product of a monopolist is unique and has no close substitute;
3. There is strict barrier for entry of any new firm;
4. The monopolist is a price-maker

Price & Output Determination Under Monopoly



Explanation

1. The Diagram shows that MC cuts MR at E to give equilibrium output as OM.
2. At OM, the price charged is OP (we find this by extending line EM till it touches AR or demand curve).
3. Also at OM, the cost per unit is MS.
4. Therefore, profit per unit is SQ or total profit is PQRS.

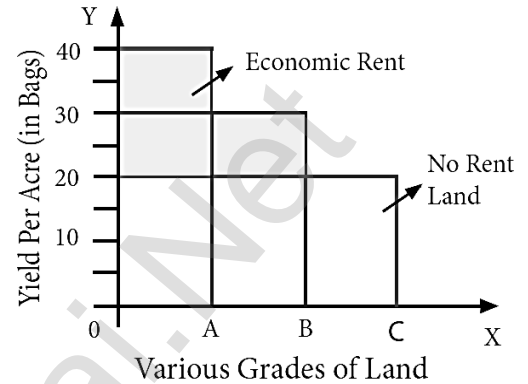
16. Illustrate the Ricardian Theory of Rent.

Definition

According to Ricardo, "Rent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil".

Assumption

1. Land differs in fertility.
2. The law of diminishing returns operates in agriculture.
3. Rent depends upon fertility and location of land.
4. Theory assumes perfect competition.



Schedule of Ricardian Theory of Rent

Grades of Lands	Production (in bags)	Surplus (i.e., Rent in bags)
A	40	$40 - 20 = 20$
B	30	$30 - 20 = 10$
C	20	$20 - 20 = 0$

Explanation

1. In diagram, X axis represents various grades of land and Y axis represents yield per acre (in bags).
2. OA, AB and BC are the 'A' grade, 'B' grade and 'C' grade lands respectively.
3. The application of equal amount of labour and capital on each of them gives a yield represented by the rectangles standing just above the respective bases.
4. The 'C' grade land is the "no-rent land" 'A' and 'B' grade lands are "intra - marginal lands".

17. Elucidate the Loanable Funds Theory of Interest.

Definition

According to Loanable Funds theory, The rate of interest is determined by the equilibrium between demand for and supply of loanable funds in the credit market.

➤ The Loanable Funds Theory, also known as the “Neo-Classical Theory”,

Demand for Loanable Funds

1. Demand for Investment (I)
2. Demand for Consumption (C)
3. Demand for Hoarding (H)

Supply of Loanable Funds

1. Savings (S)
2. Bank Credit (BC)
3. Dishoarding (DH)
4. Disinvestment (DI)

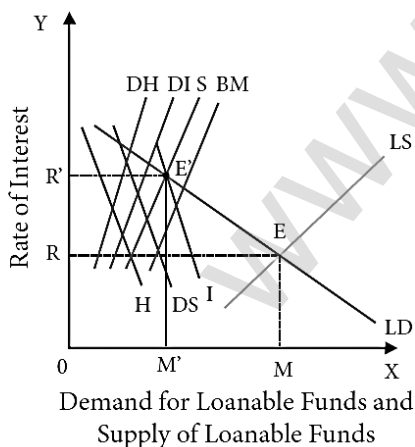
Equilibrium

The rate of interest is determined by the equilibrium between the total demand for and the total supply of loanable funds.

$$\text{Supply of loanable funds} = S + BC + DH + DI$$

$$\text{Demand for loanable funds} = I + C + H$$

$$\mathbf{E = S + BC + DH + DI = I + C + H}$$



1. In Diagram, X axis represents the demand for and supply of loanable funds and Y axis represents the rate of interest.

2. The LD and LS curves, intersect each other at the point “E” the equilibrium point. At this point, OR rate of interest and OM is the amount of loanable funds.

Criticisms

1. The loanable funds theory is “indeterminate” unless the income level is already known.
2. Difficult to combine real factors like savings and investment with monetary factors like bank credit

18. 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.

Motives of Demand for Money

1. The Transaction Motive

The desire of the people to hold cash for the current transactions (or day-to-day expenses).

$$M_t = f(y)$$

2. The Precautionary Motive

Desire of the people to hold cash to meet unexpected or unforeseen expenditures such as sickness, accidents).

$$M_p = f(y)$$

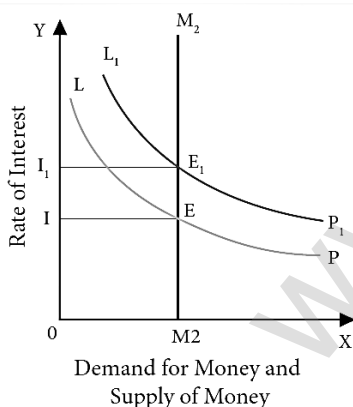
3. The Speculative Motive

The speculative motive relates to the desire of the people to hold cash in order to take advantage of market movements regarding the future.

$$M_s = f(i)$$

Equilibrium between Demand and Supply of Money

The rate of interest is determined by the demand for money and the supply of money.



1. If liquidity preference increases from LP to L1P1 the supply of money remains constant,
2. The rate of interest would increase from OI to OI1.
3. The supply of money remains constants.
4. Total demand for money = $M_t + M_p + M_s$

Demand for money = supply of money at equilibrium point ;

$$\text{Equilibrium Point 1} = E = LP = M_2 = I = \text{Rate of Interest} \quad \dots (1)$$

$$\text{Equilibrium Point 2} = E_1 = L_1P_1 = M_2 = I_1 = \text{Rate of Interest} \quad \dots (2)$$

19. Explain strong features Indian economy**Important Strong features of Indian Economy****1. India has a mixed economy**

Indian economy is a typical example of mixed economy. This means both private and public sectors co-exist and function smoothly.

2. Agriculture plays the key role

Around 60% of the people in India depend upon agriculture for their livelihood. In fact, about 17% of our GDP today is contributed by the agricultural sector.

3. An emerging market

India has a high potential for prospective growth. This also makes it an emerging market for the world.

4. Fast Growing Economy

India has emerged as the world's fastest growing economy in the year 2016-17 with the growth rate of 7.1% in GDP next to sChina.

5. Fast growing Service Sector

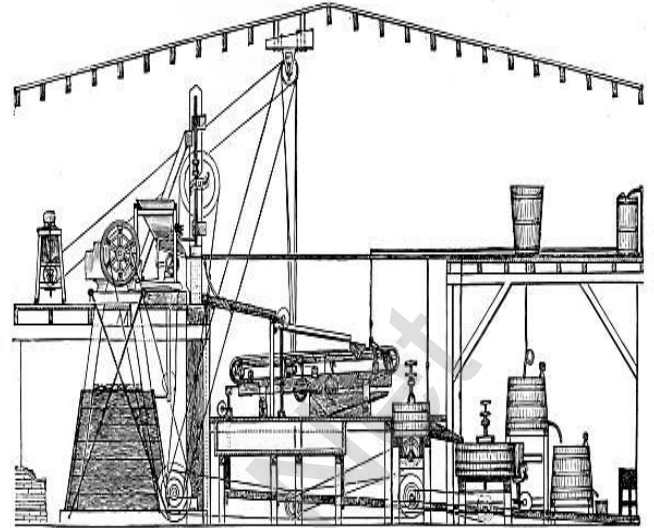
The service sector, contributes a lion's share of the GDP in India. There has been a high rise growth in the technical sectors like Information Technology, BPO etc.

20. Write the importance of mineral resources in India.**a. Iron-Ore**

India possesses high quality iron-ore in abundance. Hematite iron is mainly found in Chattisgarh, Jharkhand, Odisha, Goa and Karnataka.

b. Coal and Lignite

India ranks third in the world after China and USA in coal production. The main centres of coal in India are the West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.

**c. Bauxite**

Major reserves are concentrated in the East Coast bauxite deposits of Odisha and Andhra Pradesh.

d. Mica

India stands first in sheet mica production and contributes 60% of mica trade in the world.

e. Crude Oil

Oil is being explored in India at many places of Assam and Gujarat.

f. Gold

India possesses only a limited gold reserve. There are only three main gold mine regions—Kolar Goldfield, Kolar district and Hutti Goldfield in Raichur district (both in Karnataka) and Ramgiri Goldfield in Anantpur district (Andhra Pradesh).

g. Diamond

As per UNECE the total reserves of diamond is estimated at around 4582, thousand carats.

21. Bring out Jawharlal Nehru's contribution to the idea of economic development.

1. Jawaharlal Nehru, one of the chief builders of Modern India,
2. He was a great patriot, thinker and statesman.
3. His views on economics and social problems are found in the innumerable speeches he made and in the books he wrote.
4. Jawaharlal Nehru was a firm believer in democracy.
5. Secularism is another significant contribution of Nehru to India.
6. To Jawaharlal Nehru, the Plan was essentially an integrated approach for development.
7. Jawaharlal Nehru was responsible for the introduction of planning in our country.
8. It was during his period, many IITs and Research Institutions were established.
9. Socialism is another contribution of Nehru to India.
10. Nehru's socialism is democratic socialism.

22. Write a brief note on the Gandhian 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, self-dependent villages.
- 6. The Doctrine of Trusteeship:** Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one.
- 7. On Population** : Gandhi opposed the method of population control through contraceptives.
- 8. On Prohibition** : Gandhi advocated cent per cent prohibition. He regarded the use of liquor as a disease rather than a vice.

23. Discuss about the Indian economy during British Period.

On the basis of the form of colonial exploitation, economic historians have divided the British period into three phases: namely,

1. The period of merchant capital
2. The period of industrial capital
3. The period of finance capital



Periods under British Rule	Period	State of Indian Economy
Period of Merchant Capital	From 1757 To 1813	<ol style="list-style-type: none"> 1. Aim of the East India Company was to earn profit 2. The best hunting ground for capital 3. The officers of the company were unscrupulous and corrupt.
Period of Industrial Capital	From 1813 To 1858	<ol style="list-style-type: none"> 1. India had become a market for British textiles. 2. Indians were exploited 3. India's traditional handicrafts were thrown out of gear.
Period of Finance Capital	From 1858 To 1947	<ol style="list-style-type: none"> 1. Finance imperialism began to entrench itself 2. Britain decided to make massive investments in various fields 3. Railway construction policy of the British led to unimaginable as well as uneconomic.

24. Explain the role of SSIs in economic development?

1. Provide Employment

SSIs use labour intensive techniques. Hence, they provide employment opportunities to a large number of people.

2. Bring Balanced Regional Development

SSIs promote decentralized development of industries as most of the SSIs are set up in backward and rural areas.

3. Help in Mobilization of Local Resources

SSIs help to mobilize and utilize local resources like small savings, entrepreneurial talent etc.,

4. Pave for Optimisation of Capital

SSIs require less capital per unit of output. They provide quick return on investment

5. Promote Exports

SSIs do not require sophisticated machinery. there is a great demand for goods produced by SSIs in international market.

6. Complement Large Scale Industries

SSIs play a complementary role to large scale sector and support the large scale industries.

7. Meet Consumer Demands

SSIs produce wide range of products required by consumers in India.

8. Develop Entrepreneurship

SSIs help to develop a class of entrepreneurs in the society

25. Explain the objectives of nationalization of commercial banks.

1. The main objective of nationalization was **to attain social welfare**.
2. Nationalisation of banks helped to **curb private monopolies** in order to ensure a smooth supply of credit
3. To encourage the **banking habit among the rural population**.
4. To **reduce the regional imbalances** where the banking facilities were not available.
5. After nationalization, **new bank branches were opened in both rural** and urban.
6. **Credit facilities mainly to the agriculture sector** and its allied activities

26. Describe the performance of 12th five year plan in India.

1. Its main theme is “Faster, More Inclusive and Sustainable Growth”.
2. Its growth rate target is 8%.

Major Objectives:

- For growth to be more inclusive we need: Better performance in agriculture
- Faster creation of jobs, especially in manufacturing
- Stronger efforts at health, education and Infrastructure.
- Special plans for disadvantaged/backward regions

Major Achievements (Performance of 12th Five Year Plan)

1. Free and compulsory education to all children in the age group of 6 to 14 years
2. Construction of school toilets under Swachh Vidyalay initiative
3. Implementation of Udaan programme to ensure quality education for girl child
4. Padhe Bharat Badhe Bharat initiative to increase learning outcomes in children.

27. Discuss the important initiatives taken by the Government of India towards Industrial Policy.**Meaning of Industrial Policy:**

Any government action aimed at affecting industry may be considered to be part of industrial policy, which makes it a limitless field.

Industrial Policy	Important Initiatives
Industrial Policy Resolutions 1948	<ol style="list-style-type: none"> 1. It ushered India as a the system of mixed economy. 2. Industries were classified into four groupssuch as public sector, public-cum -private Sector, controlled private sector, private and co-operative sectors. 3. This policy endeavoured to protect cottage and small scale industries.
Industrial Policy Resolution 1956	<ol style="list-style-type: none"> 1. It assured a fair treatment to the private sector 2. Support and encourage cottage and small scale enterprises 3. Indianisation of foreign concerns
The New Industrial Policy of 1991	<ol style="list-style-type: none"> 1. Industrial licensing will be abolished for all projects except for a short list of industries 2. The policy provides for automatic clearance for import of capital goods

28. 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.
6. To exchange technology in the global market.

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.
6. Greater freedom to the firms located in SEZs.

29. Describe the salient features of EXIM policy (2015 – 2020)

1. Reduce export obligations by 25% and give boost to domestic manufacturing supporting the “Make in India” concept.
2. As a step to Digital India concept, online procedure to upload digitally signed document by CA/CS/Cost Accountant are developed and further mobile app for filing tax, stamp duty has been developed.
3. Repeated submission of physical copies of documents available on Exporter Importer Profile is not required.
4. Export obligation period for export items related to defence, military store, aerospace and nuclear energy to be 24 months.
5. EXIM Policy 2015-2020 is expected to double the share of India in World Trade from present level of 3% by the year 2020. This appears to be too ambitions.

30. 'The features of Rural Economy are peculiar'- Argue.

Meaning

Rural economy refers to villages, and rural community refers to people living in villages.

1. Village is an Institution:

The Village is a primary institution and it satisfies almost all the needs of the rural community.

2. 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:

There 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.

7. Indebtedness:

People in rural areas are highly indebted owing to poverty and underemployment, lack of farm and non-farm employment opportunities, low wage employment,

8. Rural Income:

The income of the rural people is constrained as the rural economy is not sufficiently vibrant

9. Dependency:

Rural households are largely dependent on social grants and remittances from family members working in urban areas and cities.

10. Dualism:

Dualism means the co existence of two extremely different features like developed and underdeveloped, organised and unorganised, traditional and modern.

31. Discuss the problems of Rural Economy.

1. The problems related to **individuals and their standard of living** consist of illiteracy etc.,
2. Agricultural problems as **1.Lack of expected awareness, knowledge, skill and attitude, 2.Unavailability of inputs and so on.**
3. **Poor infrastructure facilities like, water, electricity, transport, educational institutions, communication, health** and etc.,
4. The economic problems related to rural areas are: **inability to adopt high cost technology, high cost of inputs** and so on.
5. Leadership among the hands of **inactive and incompetent people, self-interest of leaders, biased political will.**
6. **Political interference, lack of motivation and interest, low wages in villages, improper utilization of budget,** and absence of monitoring.

32. Analyse the causes for Rural Indebtedness.**Meaning**

Rural indebtedness refers to the **situation of the rural people unable to repay the loan** accumulated over a period.



1. Poverty of Farmers:

The vicious circle of poverty forces the farmers to borrow for consumption, cultivation and celebrations. Thus, poverty, debt and high rates of interest hold the farmer in the grip of money lenders.

2. Failure of Monsoon:

Frequent failure of monsoon is a curse to the farmers and they have to suffer due to the failure of nature. Therefore, farmers find it difficult to identify good years to repay their debts.

3. Litigation:

Due to land disputes litigation in the court compels them to borrow heavily. Being uneducated and ignorant they are caught in the litigation process and dry away their savings and resources.

4. Money Lenders and High Rate of Interest:

The rate of interest charged by the local money lenders is very high and the compounding of interest leads to perpetuate indebtedness of the farmer.

33. Describe the qualitative aspects of population.**1. Density**

The density of population which measures population per sq.km is 555 (2011) against 480 (2001).

2. Urbanisation

Tamil Nadu is the most urbanized state with 48.4% of urban population against 31.5% for India as a whole.

3. Sex ratio (Number of female per 1000 males)

Balanced sex ratio implies improvement in quality of life of female population. The sex ratio in Tamil Nadu is nearing balance with 995 which is far better compared to most of the States and all India level.

4. Infant Mortality Rate (mortality before completing 1 year)**5. Maternal Mortality Rate (MMR) (Mother's death at the time of delivery per 1 lakh)****6. Life Expectancy at birth**

The average period that a person may expect to live is called life expectancy.

7. Literacy

The literacy rate of Tamil Nadu is higher than in many States.

34. Explain the various sources of energy in Tamil Nadu.

1. Tamil Nadu **tops in power generation** among the southern States
2. Tamil Nadu is in the **forefront of all other Indian States in installed capacity.**
3. There are about **20 hydro electric units in Tamil Nadu.**
4. The **Kalpakkam Nuclear Power Plant and the Koodankulam Nuclear Power Plant** are the major nuclear energy plants for the energy grid.
5. The thermal power plants are at **Athippattu (North Chennai) Ennore, Mettur, Neyveli and Thoothukudi.**
6. Southern Tamil Nadu is considered as one of the most suitable regions in the country for **developing solar power projects.**
7. Tamil Nadu has the **highest installed wind energy capacity in India.**

35. 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 are 690 railway stations in the State.

c. Air

Tamil Nadu has four major international airports. Chennai International Airport is currently the third largest airport in India after Mumbai and Delhi.

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.

36. A Research scholar researching the market for fresh cow milk assumes that $Q_t = f(P_t, Y, A, N, P_c)$ where Q_t is the quantity of milk demanded, P_t is the price of fresh cow milk, Y is average household income, A is advertising expenditure on processed pocket milk, N is population and P_c is the price of processed pocket milk .

- (a) What does $Q_t = f(P_t, Y, A, N, P_c)$ mean in words?
 (b) Identify the independent variables.
 (c) Make up a specific form for this function. (Use your knowledge of Economics to deduce whether the coefficients of the different independent variables should be positive or negative.)

Solution :

a) Q_t is the functions of P_t, Y, A, N, P_c .

Here

Q_t is the quantity of milk demanded.

P_t is the price of fresh cow milk,

Y is average household income,

A is advertising expenditure on processed Pocket milk.

N is population and

P_c is the Price of Processed Pocket Milk.

b) Independent variables are Y and N where y is average household and N is population.

c) When the Price of fresh cow milk (P_t) increases then the quantity of milk demanded (Q_t) decreases.

$$Q_t = -aP_t + bY - cA + dN - eP_c$$

where the slope is negative.

37. What are the ideas of information and communication technology used in economics?

S.No	Information	Technologies
1	Creation	Personal Computers, Digital Camera, Scanner, Smart Phone
2	Processing	Calculator, PC, Smart Phone
3	Storage	CD, DVD, Pen Drive, Microchip, Cloud
4	Display	PC, TV, Projector, Smart Phone
5	Transmission	Internet, Teleconference, Video conferencing, Mobile Technology, Radio
6	Exchange	E mail, Cell phone

38. Draw a table of target and actual achievements of growth in Indian five plans.

Ans. :

PLAN	TARGET	ACTUAL
First plan (195-56)	2.1%	3.6%
Second plan (1956-61)	4.5%	4.21%
Third plan (1961-66)	5.6%	2.72%
Fourth plan (1961-66)	5.7%	2.05%
Fifth plan (1974-79)	4.4%	4.83%
Sixth plan (1980-85)	5.2%	5.54%
Seventh plan (1985-90)	5.0%	6.02%
Eighth plan (1992-97)	5.6%	6.68%
Ninth plan (1997-2002)	6.5%	5.35%
Tenth plan (2002-07)	8.0%	7.7%
Eleventh plan (2007-12)	9.0%	8.0%
Twelfth plan (2012-17)	8.2%	7.0%

Good, better, best. Never let it rest. Till your good is better and your better is best.