



Varna Vedic Maths

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M.Shanmugam

XI ECONOMICS

XI std**LESSON - 01. INTRODUCTION TO MICRO ECONOMICS****Part B Only****1. What is meant by Economics?**

- The word 'Economics' comes from the ancient greek **oikonomikos** .
- The term 'Economics' means "**Management of household**".
- The '*Political Economy*' is renamed as Economics.

2. Define Micro Economics

- Micro Economics is *the study of the economic actions of small group of individuals* say household, firms, or industries.
- It studies how business firms operate under different market conditions and how the combined actions of buyers and sellers determine prices

3. What are goods?

- Goods are also called '*products*', '*commodities*', '*things*' etc.
- In Economics, the term 'goods' and 'services' also implies, unless specified otherwise.
- Goods and services satisfy human wants

4. Distinguish goods from services

| S.No | Goods | Services |
|------|---|--|
| 1 | Goods are produced | Services are performed |
| 2 | Goods are tangible and homogeneous in nature. | Services are intangible and heterogeneous in nature. |
| 3 | Goods are physical things and involves the production. | Services are more like process . |

5. Name any two types of utility.

1. Time Utility
2. Place Utility
3. Form Utility
4. Service Utility

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6. Define Positive economics

- Positive science deals with **what it is**.
- Which means analyses *a problem on the basis of facts and examines its causes*.
- For example: at the time of a price increase, its causes are analysed.

7. Give the meaning of deductive method.

- Deductive method means **deriving conclusions from general truths**.
- It takes few general principles and applies them to draw conclusions.
- It is also called as *analytical (or) abstract method*.

LESSON - 02. CONSUMPTION ANALYSIS

8. Define utility.

- Utility, the simple meaning of '**utility is usefulness**'
- In Economics, utility is the capacity of a commodity to satisfy human wants.

9. Mention the classifications of wants.

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

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

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

1. Perfectly Elastic Demand ($E_p = \infty$)
2. Perfectly Inelastic Demand ($E_p = 0$)
3. Relatively Elastic Demand ($E_p > 1$)
4. Relatively Inelastic Demand ($E_p < 1$)
5. Unitary Elastic Demand ($E_p = 1$)

11. State the meaning of indifference curves.

- An indifference curve is the locus of all combinations of commodities from which the consumer derives the same level of satisfaction.
- It is also called “**Iso- Utility Curve**” or “**Equal Satisfaction Curve**”.

12. Write the formula of consumers surplus?

- *Consumer surplus = what a person is willing to pay - what he actually pay (OR)*
- *Consumer's surplus = Potential price - Actual price.*
- *Mathematically, Consumer's surplus = TU - (P x Q)*

13. What are Giffen goods? Why?

- The Giffen good or inferior good is **an exception to the law of demand**.
- A Giffen good is typically **an inferior product** that does not have easily available substitutes.
- The unique characteristic that *an increase in price actually increases the quantity of the good* that is demanded.

14. Name the basic approaches to consumer behaviour.

| Basis for Comparison | Cardinal Utility | Ordinal Utility |
|----------------------|---|--|
| Meaning | Cardinal utility is the utility where in the satisfaction derived by the consumers from the consumption of good or service <i>can be expressed numerically.</i> | Ordinal utility states that the satisfaction which a consumer derives from the consumption of good or service <i>cannot be expressed</i> numerical units |
| Approach | Quantitative | Qualitative |
| Realistic | Less | More |
| Measurement | Utils as 1, 2, 3 N | Ranks as ordering I, II, III.. etc. |
| Analysis | Marginal Utility Analysis | Indifference Curve Analysis |

LESSON - 03. PRODUCTION ANALYSIS**15. Classify the factors of production.**

1. Land,
2. labour,
3. capital
4. Organization

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 refers to the relationship among units of the factors of production (inputs) and the resultant quantity of a good produced (output).
- Production function may be expressed as:

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

Where, **Q**=Quantity of output, **N**=Land; **L** = Labour; **K** = Capital; **T** = Technology.

18. Define Marginal Product of a factor.

- Marginal product is the **addition** or the *increment made to the total product* when one more unit of the input is employed.
- In other words, it is the **ratio** of the change in the total product to the change in the units of the input.
- $MP = \Delta TP / \Delta N$ (or) $MP_n = TP_n - TP_{n-1}$

19. What is ISO- cost line?

- The iso - cost line is an important component in analysing **producer's behaviour.**
- The ISO - cost line gives information on factor prices and financial resources of the firm
- It is otherwise called as "*Iso-Price line*" or "*Iso-income line*" or "*Iso-expenditure line*" or "*Total outlay curve*".

20. What are conditions for producer's equilibrium?

- The **two conditions** that are to be fulfilled for the attainment of producer equilibrium.
- 1. An 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 MRTSLK must be **declining**.

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

- The **price** of the **commodity increases**, the quantity **supply** of the commodity is **also increases**.
- Thus the supply curve has a **positive slope** from left to right.

LESSON -04 COST AND REVENUE ANALYSIS**22. Define cost.**

- Cost refers to the **total expenses** incurred in the production of a commodity.
- Cost analysis refers to the study of behaviour of cost in relation to one or more production .

23. Define cost function.

- The functional relationship between **cost and output** is expressed as 'Cost Function'.
- A Cost Function may be written as **$C = f(Q)$**
- where, **C=Cost** and **Q=Quantity of output**.

24. Define Revenue.

- The amount of money that a producer *receives* in exchange for the *sale of goods* is known as **revenue**. In short, revenue means **sales revenue**.

$$TR = P \times Q$$

where,

- **TR** denotes Total Revenue, **P** denotes Price and **Q** denotes Quantity sold.

25. Explicit Cost - Define.

- It refers to the actual expenditures of the firm to purchase or hire the inputs the firm needs.
- It is also called **Accounting Cost** or **Out of Pocket Cost** or **Money Cost**.
- **Examples:**
 1. wages,
 2. payment for raw material etc.,

26. 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.
- It includes the efforts and sacrifices landlords in the use of land.

27. What is meant by Sunk cost?

- A cost incurred in the **past and cannot be recovered in future** is called as Sunk Cost.
- It is called as sunk because, they are *unalterable, unrecoverable*, and if once invested it should be treated as *drowned or disappeared*.
- **Example :** Cost of specialized equipments.
- Sunk cost is also called as '**Retrospective Cost**'.

28. What do you mean by fixed cost?

- Fixed Cost **does not change** with the change in the quantity of output.
- In other words, expenses on fixed factors remain unchanged irrespective of the level of output.
- For example, rent of the factory
- Fixed cost is also called as '**Supplementary Cost**' or '**Overhead Cost**'.

LESSON - 05 MARKET STRUCTURE AND PRICING**29. Define Market.**

- In Economics, the term 'market' refers to a system of exchange between the buyers and the sellers of a commodity.

30. Who is price-taker?

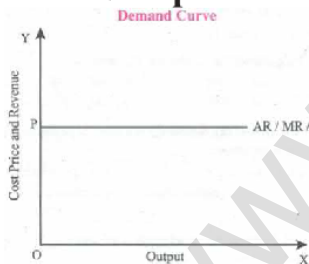
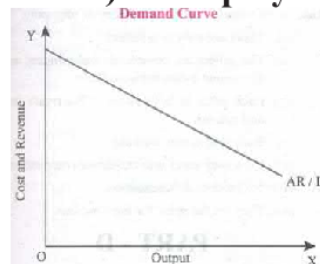
- A price taker is a seller who has **no control to fix prices** for a good or service.
- A price taker simply has to accept the market price.
- Example : A Perfect Competition Seller.

31. Point out the essential features of pure competition.

1. Large Number of Buyers and Sellers
2. Homogeneous product and uniform price.
3. Free Entry and Exit
4. Absence Of Transport Cost

32. What is selling cost?

- Selling costs refer to those expenses which are incurred for popularizing the differentiated product and increasing the demand for it.
- Selling cost is a special feature of monopolistic competition.
- *Example* : Advertisement Cost, Marketing Cost, and etc.,

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** – Different prices are charged for different individuals (Ex: Railways Ticket)
2. **Geographical** - Different prices are charged at different places for the same product (Ex: same book sold in different countries at different prices)
3. **On the basis of Use** - Different prices are charged according to the use of a product (Ex : Electricity Prices charged by Tamil Nadu Electricity Board)

35. Define “Excess capacity”.

1. A monopolistic firm produces deliberately output which is less than the **optimum output** that is the output corresponding to the *minimum average cost*.
2. This is done so mainly to **create artificial and raise price**.
3. This leads to excess capacity.

LESSON-06 DISTRIBUTION ANALYSIS**36. What is meant by distribution?**

- Distribution means **division of income** among the four factors of production.
- **For Example :** Rent to landlords, wage to labourer, interest to capital and profit to entrepreneurs.

37. Mention the types of distribution.

- **Personal distribution :** It is the distribution of **national income among the individuals**.
- **Functional distribution:** It means the distribution income **among the factors of production**.

38. Define ‘Rent’.

- “*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*”. - **David Ricardo**

39. Distinguish between real and money wages.

| Money / Nominal Wages | Real Wages |
|---|---|
| <i>Money wages</i> are referred to the wages paid in terms of money . | <i>Real wages</i> are the wages paid in terms of goods and services . |
| Example: Money received by a worker per unit of time or quantum of work etc., | Example: $\text{Real Wages} = \text{Money Wages} - \text{Effect of inflation on the purchasing power.}$ |

40. What do you mean by interest?

- Interest is the **reward paid by the borrower** to the lender for the use of capital.
- Interest is the price paid for the *use of capital* in any market.

41. What is profit?

- Profit is the **remuneration paid to the entrepreneur**.
- Profit is the amount left with the entrepreneur after he has made payments for all other factors.

42. State the meaning of liquidity preference.

1. Liquidity preference means the preference of the people to **hold wealth in the form of liquid cash**.
2. Other **non-liquid assets** like *bonds, securities, bills of exchange, land, building, gold, etc.*

LESSON-07 INDIAN ECONOMY**43. Write the meaning of Economic Growth.**

- A country's economic growth is usually measured by National Income indicated by **Gross Domestic Product (GDP)**.
- The GDP is the total monetary value of the goods and services produced by that country over a specific period of time. (usually one year).

44. State any two features of developed economy.

1. High National Income
2. High percapita Income
3. High Standard of Living

45. Write the short note on natural resources.

- **Any stock or reserve** that can be drawn from nature is a Natural resources.
- *The major natural resources* are land, forest, water, mineral and energy.
- India is rich in natural resources.

46. Point out anyone feature of Indian Econoy.**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.

Agriculture plays the key role:

- Agriculture being the maximum pursued occupation in India, it plays an important role in its economy as well. Around 60% of the people in India

47. Give the meaning of non-renewable energy.

- As the name suggests, the sources of energy **which cannot be renewed or re-used** are called non-renewable energy sources.
- Basically these are the energy sources which **will get exhausted** over a period of time.
- Some of the examples of this kind of resources are **coal, oil, gas etc.**

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

- Sen's 'choice of Technique' was a research work where he argued that in a labour surplus economy 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.

1. Uneconomic holdings with sub divisions and fragmentation.
2. Low level of water availability for crops.
3. Absence of Capital.

4. Excess population pressure on agriculture due to the absence of a large industrial sector.
5. Absence of autonomy in currency policy and in general in monetary matters encouraging holding of gold.

LESSON 08 - INDIAN ECONOMY BEFORE AND AFTER INDEPENDENCE

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

The three phases of colonial exploitation of India are

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

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

The three different types of land tenure existed in India before independence.

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

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

The features that distinguish a land tenure system from the others relate to the following.

- Who owns the land
- Who cultivate the land.
- Who is responsible for paying the land revenue to the government.

53. List out the weaknesses on Green Revolution.

- Indian agriculture was still **a gamble in the monsoons.**
- This strategy needed **heavy investment** in seeds, fertilizers pesticides and water.
- Gap between irrigated and rain fed areas has widened.

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

- To double the per capital income in the next 10 years.
- To reduce the proverty ratio of 15% by 2012.
- Its growth target was 8.0%. But it achieved only 7.2%.

55. What is the difference between RDI and PQLI?

| Points | PQLI | HDI |
|--------------|--|---|
| Meaning | It refers to overall well being of people | It refers to composite measure of economic & social progress to find out the quality of human life |
| Made by | Morris D.Morris in 1979 | Mahabub – ul – Haq in 1990 for UNDP |
| Based on | PQLI is based on a) Life expectancy indicator b) Infant mortality indicator c) Basic Literacy indicator | HDI is based on a) Life expectancy indicator b) Educational attainment indicator c) Standard of Living indicator |
| Construction | PQLI is constructed on a scale of 1 to 100.Where 2 is worst & 100 is best performance | HDI is constructed on a scale of maximum and minimum values of indicator |
| Formula | $PQLI = \frac{L.E.I+I.M.I+B.L.I}{3}$ | $HDI = \frac{L.E.I+E.A.I+S.L.I}{3}$ |

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

Before calculating HDI, the fixed minimum and maximum values of indicators are chosen

1. Life expectancy at birth
2. Adult literacy
3. Combined enrollment ratio
4. Real GDP per Capital (PPPs)

LESSON -09 DEVELOPMENT EXPERIENCES IN INDIA.**57. Why was structural reform implemented in Indian Economy?**

- India suffered from the twin problem of **rampant poverty** and **widespread unemployment**.
- Indian economy responded to the crisis by introducing a set of policies known as *structural reforms*.
- These policies were *aimed at correcting the weaknesses and rigidities* in the various sector of the economy.

58. State the reasons for implementing LPG.

- **Basic reasons** behind liberalization, privatization could be summarized as nations believe that globalization and nation - states are not in contradiction.
- 1. **Liberalization** was necessitated because various licensing policies were said to be deterring the growth of the economy.
- 2. **Privatization** was necessitated because of the belief that the private sector was not given enough opportunities to earn more money.
- 3. **Globalization** was necessitated because today a developed country can grow without the help of the under developed countries.

59. State the meaning of Privatization.

1. **Privatization** means transfer of ownership and management of enterprises from *public sector to private sector*.
2. Denationalization, disinvestment and opening exclusive public sector enterprises to private sector are the gate ways to privatization

60. Define disinvestment.

- Disinvestment means selling of government securities in public sector undertaking (PSUs) to other PSUs or private sectors (or) banks.

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

- Reduction in the Fertilizer subsidy,
- Abolition of subsidy on Sugar
- Disinvestment of a part of the Government's equity holdings in select public sector undertakings.
- Expenditures on welfare measures were reduced

62. State the meaning of special Economic Zones.

- A special economic zone in which business and trade laws different from the rest of the country
- SEZs are located within a country's national borders, and their **aims** include *increased trade, increased investment, job creation and effective administration.*

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

- The ministry of food processing Industries (MOFPI) has implemented various components of central sector schemes, namely:
 1. Mega food parks
 2. Scheme for quality assurance.

LESSON - 10 RURAL ECONOMY

64. Define Rural Economy.

- Rural areas are geographical areas located outside towns and cities.
- 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 defined as an overall improvement in the economies and social well being of villagers and the institutional and physical environment in which they live.

66. Rural Poverty - Define.

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

67. Define open unemployment

- In open unemployment, unemployed persons are identified as they remain without work.
- This type of unemployment is found among agricultural labourers, rural artisans and literate persons

68. What is meant by Disguised Unemployment?

- In Rural areas, many are employed below their productive capacity and even if they are withdrawn from work the output will not diminish.
- It is also called Disguised Unemployment or Under employment.
- This type of unemployment is found among small and marginal farmers, livestock persons and rural artisans.

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, etc.,

70. What do you mean by Micro Finance?

- Micro finance, also known as **micro credit**.
- it is a **financial service** that offers loans, savings and insurance to entrepreneurs and small business owners who do not have access to traditional sources of capital, like banks or investors.
- The goal of micro financing is to provide individuals with money to invest in themselves or their business.

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

- To getting aggravated due to rapid adoption of **nuclear families**
- Low cost technology in house construction, provision of adequate housing finance and provision of land sites to land less workers

72. Define Rural Electrification.

- Rural electrification refers to providing electrical powers to rural areas
- The main aims of rural electrification are to provide electricity to agricultural operations and to enhance agricultural productivity,

73. State any two factors hindering Rural Electrification in India

1. Lack of funds
2. Power Theft.
3. High Transmission Loss
4. Inter-state disputes

LESSON - 11 TAMIL NADU ECONOMY**74. State any two districts with favorable sex ratio. Indicate the ratios.**

1. The Nilgiris District (1041 females per 1000 males).
2. Thanjavur District (1031 females per 1000 males)
3. The favorable sex is females

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.
- Tamil Nadu is the second largest economy (GSDP) in India

76. Which city is called “Gateway of Tamil Nadu”?

- **Thoothukudi** is known as “Gateway of Tamil Nadu” because Thoothukudi is the major chemical producer in the state.

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

1. Maize,
2. Cumbu,
3. Groundnut,
4. Oil Seeds
5. Cotton.

78. What are major ports in Tamil Nadu?

- Tamil Nadu has three major ports,
 1. *Chennai*,
 2. *Ennore*,
 3. *Tuticorin*

79. What is heritage tourism?

- “Heritage tourism is traveling to experience the places, artifacts and activities that authentically represent the stories and people of the past and present. It includes cultural, historic, and natural resources.”
 1. Meenakshi Amman temple at Madurai,
 2. Sri Ranganatha Swamy temple at Srirangam,
 3. Brihadisvara temple in Thanjavur
 4. Monuments in Mahabalipuram

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

- **The Kalpakkam Nuclear Power Plant,**
- **the Koodankulam Nuclear Power Plant** are the major Nuclear energy plants for the energy grid.

81. Define Micro industry

- The guidelines with regard to investment in plant and machinery or equipment as defined in the MSMED Act, 2006 are:
 - Micro Not exceeding Rs.25.00 Lakhs.
 - Not exceeding Rs.10.00 Lakhs

82. What are the main menus of MS Word?

- 1. Home menu**
- 2. Insert**
- 3. Page Layout**
- 4. Reference**
- 5. Review**
- 6. View**

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