

HYM

HALF YEARLY EXAMINATION - 2024

XII - Std
ECONOMICS

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Time : 3.15Hrs

Marks : 90

PART - A

- I (i) Answer all the questions :-** 20 X 1 = 20
1. An Economic system where the Economic activities of a nation are done both by the private and the public sectors together is termed as
a) Capitalist Economy b) Socialist Economy c) Globalist Economy d) Mixed Economy
 2. Identify the necessity of Economic policies
a) to solve the basic problems b) to overcome the obstacles
c) to achieve growth d) all the above
 3. The value of national income adjusted for inflation is called
a) Inflation rate b) Disposal Income c) GNP d) Real National Income
 4. PQLI is the indicator of
a) Economic growth b) Economic Welfare c) Economic progress d) Economic development
 5. Classical theory advocates
a) Balanced budget b) Unbalanced budget c) Surplus budget d) Deficit budget
 6. If every able bodied person who is willing to work at the prevailing wage rate is employed called
a) Full employment b) Under employment c) Unemployment d) Employment opportunity
 7. The multiplier tells us how much changes after a shift in
a) Consumption, income b) Investment, output c) Savings, investment d) Output, aggregate demand
 8. The relationship between total spending in consumption and the total income is the
a) Consumption function b) Savings function
c) Investment function d) Aggregate demand function
 9. Money is
a) Acceptable only When it has intrinsic value b) Constant in purchasing power
c) The most liquid of all assets d) Needed for allocation of resources
 10. inflation occurs when general prices of commodities increases due to increase in production costs such as wages and raw materials
a) Cost push b) Demand pull c) Running d) Galloping
 11. A commercial Bank is an institution that provides services
a) Accepting deposits b) Providing loans c) Both a and b d) None of the above
 12. Repo Rate means the
a) Rate at which the Commercial Banks are willing to lend to RBI
b) Rate at which the RBI is willing to lend to Commercial Banks
c) Exchange rate of the Foreign Bank d) Growth rate of the Economy
 13. Benefits of FDI include, theoretically
a) Boost in Economic Growth b) Increase is the import and export of goods and services
c) Increased employment and skill levels d) All of these
 14. SAARC Agricultural information centre (SAIC) works as a central information institution for agriculture related resources was founded on
a) 1985 b) 1988 c) 1992 d) 1998
 15. The tax possesses the following characteristics
a) Compulsory b) No quid proquo c) Failure to pay is offence d) All the above
 16. Which of the following responsible for protecting humans from harmful ultraviolet rays ?
a) UV - A b) UV - C c) Ozone layer d) None of the above

HYM 12 EM Economics P-I

17. Sarvodaya plan was advocated by
 a) Mahatma Gandhi b) J.P. Narayan c) S N Agarwal d) M.N.Roy
18. The raw materials of Econometrics are
 a) Data b) goods c) Statistics d) Mathematics
19. The father of statistics in India ..is.....
 a) Ronald Fisher b) M.S. Swaminathan c) P.C. Mahalanobis d) J.M. Keynes
20. During economic development was redefined
 a) 1960s b) 1970s c) 1980s d) 1990s

PART - B

II (i) Answer any seven questions. (ii) Question number 30 is compulsory :- $7 \times 2 = 14$

21. What do you mean by "passive deposits" ?
22. Define 'Economic model':
23. Define GDP deflator.
24. What is the main feature of rural unemployment ?
25. Define marginal propensity to consume (MPC) ?
26. Define inflation
27. What is the main difference between Adamsmith and Ricardo with regard to the emergence of foreign trade ?
28. Write a short note on zero based budget ?
29. What are the kinds of statistics ?
30. Specify the meaning of seedball?

PART - C

III (i) Answer any seven questions. (ii) Question number 40 is compulsory :- $7 \times 3 = 21$

31. Indicate the demerits of socialism
32. Write a short note on percapita income
33. Explain Keynes theory.
34. State the propositions of Keynes's psychological Law of consumption.
35. Write a note on metallic money.
36. What are the functions of NABARD ?
37. Write a brief note on flexible exchange rate
38. Mention any three lending programmes of IMF.
39. Explain different types of air pollution.
40. What are the functions of a modern state?

PART - D

IV (i) Answer in Detail :- $7 \times 5 = 35$

41. a) Compare the features of capitalism and socialism. (OR)
 b) Discuss the various methods of estimating the national income of a country.
42. a) What are the difficulties involved in the measurement of national income? (OR)
 b) Critically explain says law of market
43. a) Explain the differences between classical theory and Keynes' theory. (OR)
 b) Illustrate the working of multiplier.
44. a) Describe the phases of Trade cycle. (OR)
 b) Describe the functions of Reserve Bank of India
45. a) Mention the advantages of Foreign Direct Investment. (OR)
 b) Bring out the functions of world Bank.
46. a) State and explain instruments of fiscal policy. (OR)
 b) Explain the concepts of externality and its classification.
47. a) Describe the different types of planning. (OR)
 b) Elucidate the nature and scope of statistics.

KRISHNAGIRI DISTRICT HALF YEARLY EXAMINATION

2024

ECONOMICS KEY ANSWERSXII StandardPART - A

1. d. Mixed Economy.
2. d. all the above.
3. d. Real National Income.
4. b. Economic welfare.
5. a. Balanced budget.
6. a. full employment.
7. d. output, aggregate demand.
8. a. Consumption function.
9. c. The most liquid of all assets.
10. a. Cost push.
11. c. Both a and b
12. b. Rate at which the RBI is willing to lend to Commercial Banks.
13. d. All the above.
14. b. 1988.
15. d. All the above.
16. c. Ozone layer.
17. b. J.P. Narayan.
18. a. Data.
19. c. P.C. Mahalanobis.
20. b. 1970s.

PART - B

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21. "passive deposits" (or) primary deposits :: (Box)

* A customer gives cash to the bank and the bank creates a book debt in his name called a deposit, it is known as a "primary or passive deposits".

* It is out of these primary deposits that the bank makes loans and advances to its customers.

So these deposits are also called

"passive deposits".

22. Economic Model !:

* A model is a simplified representation of real situation.

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

23. GDP deflator !:-

$$\text{GDP deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$$

24. Main feature of rural unemployment !:

Disguised unemployment and Seasonal unemployment.

25. MPC !:

MPC is the ratio of change in Consumption to change in come.

$$\text{MPC} = \frac{\Delta C}{\Delta Y}$$

26. Inflation !:

"Too much of Money chasing too few goods"

- Coulbourn.

27. Adam Smith stresses to have based on absolute cost advantages whereas Ricardo stresses to have trade on the basis of comparative cost advantages.

28. Zero based budget :-

* It involves fresh evaluation of expenditure in the Government budget, assuming it as a new item. The review has been made to provide justification.

29. Kinds of Statistics :-

- (i) Descriptive Statistics.
- (ii) Inferential Statistics.

30. Seed ball :-

A seed ball (or seed bomb) is a seed that has been wrapped in soil materials, usually a mixture of clay and compost and then dried. It can be sowed anywhere.

PART - C

31. Demerits of Socialism :-

1. Red Taperism and Bureaucracy.
2. Absence of Incentive.
3. Limited freedom of Choice.
4. Concentration of Power.

32.

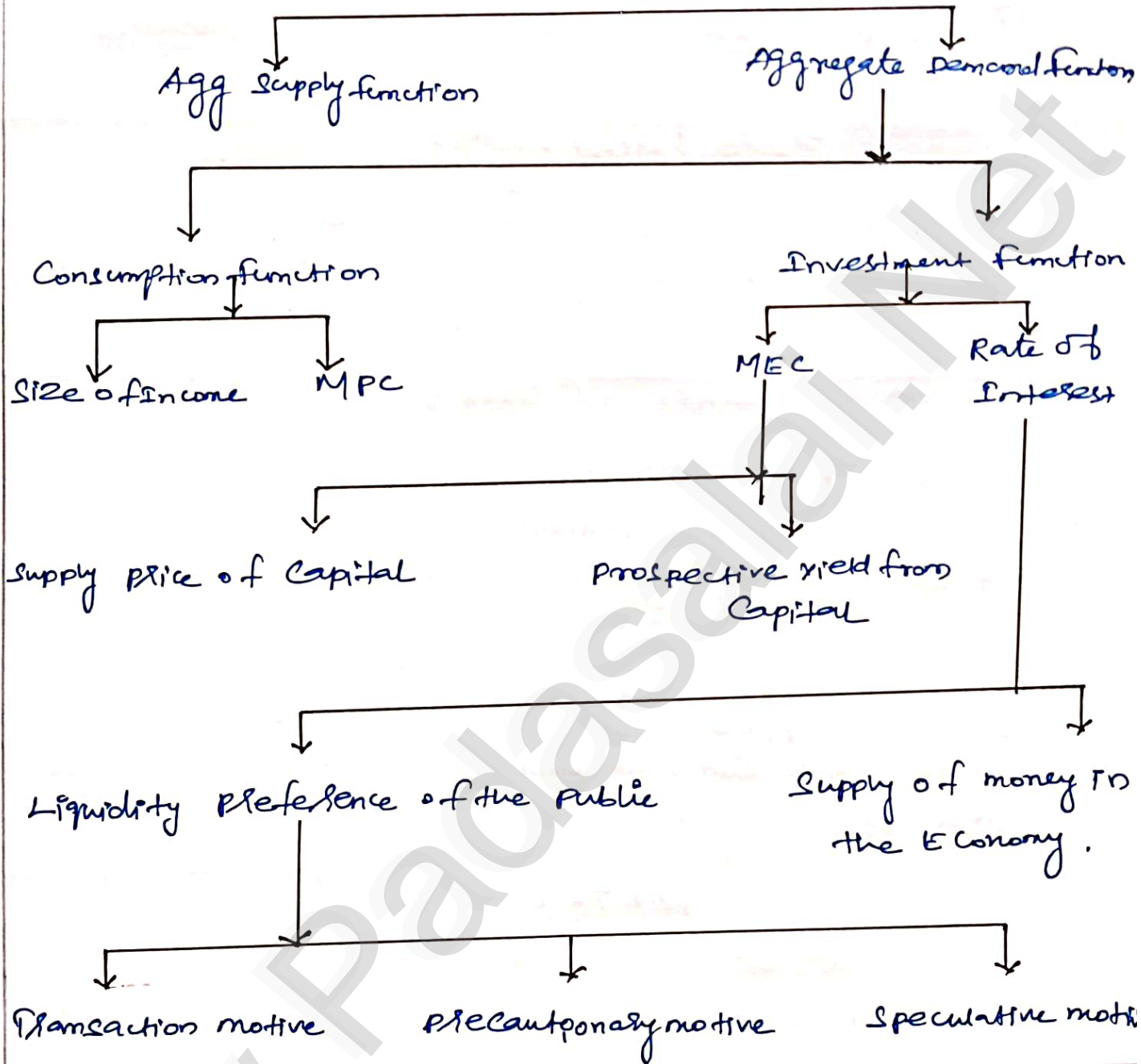
Per capita Income :: $\frac{\text{National Income}}{\text{Population}}$.

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33.

Keyne's theory in the form of flow chart:-

Effective Demand = Output = Income = Employment



34.

Propositions of Keynes Psychological Law of Consumption:-

- * When income ↑ Consumption expenditure also ↑, but by a smaller amount.
- * The increased income will be divided in some proportion between consumption expenditure and saving.
- * Increase in income always leads to an increase in both consumption and saving.

35.

Metallic Money

Under metallic standard, some kind of metal either gold or silver is used to determine the standard value of money. Standard coins made out of the metal are the principal coins used under the metallic standard.

36.

Functions of NABARD

- * It acts as a refinancing institution for all kinds of production and investment credit.
- * It provides short-term, medium-term, and long-term credits.
- * It gives long-term loans (up to 20 years) to state governments.

37.

flexible Exchange Rate :-

- * The (FXR) is also known as floating exchange rate.
- * Exchange rates are freely determined in an open market by market forces of demand & supply.

38.

Three lending programmes of IMF :-

- * Basic credit facility.
- * Extended fund facility.
- * Buffer stock facility.
- * Supplementary financing facility.

39.

Types of Air Pollution :-

- (i) Indoor air pollution.
- (ii) Outdoor air pollution.

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functions of modern state:-

- ① Defence ② Judiciary ③ Enterprises.
④ Social welfare ⑤ Infrastructure ⑥ Social Justice.

PART - D

A1 ① Compare the features of Capitalism and Socialism!

S.NO	<u>features</u>	<u>Capitalism</u>	<u>Socialism</u>
1.	ownership of means of production	private ownership	public ownership
2.	Economic Motive	Profit	Social welfare
3.	Government Role	Internal Regulation only	Complete Involvement.
4.	Income Distribution	unequal	Equal.
5.	Nature of Enterprise	private enterprise	Government Enterprise
6.	Economic freedom	complete freedom	Lack of freedom

② various methods of estimating the N.I of a country① Production method:

It measures the output of the country.

② Income method!.

$$Y = W + \lambda + I + \pi + (R - P)$$

③ Expenditure method (outlay method)

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

42 (a) Difficulties involved in the measurement of N.I?

1. Transfer payment
2. Difficulties in assessing depreciation allowance.
3. Unpaid service.
4. Income from illegal activities.
5. Production for self-consumption and changing price.
6. Capital gains.
7. Statistical problems.

(b) Critically explain Say's Law of market.

Say's Law "Supply creates its own demand".

Assumptions:

- * full employment.
- * There is no possibility for over production
- * money acts only as a medium of exchange.

Criticisms of Say's Law:

- * According to Keynes "supply does not create its demand".
- * Automatic adjustment process will not remove unemployment
- * money is not neutral.
- * Keynes said that over production is possible.
- * According to Keynes, there is a need for state intervention.

43 (a)

Keynesianism

Classicism

1. Short run equilibrium

Long run equilibrium.

2. Saving is a vice

Saving is a social virtue.

3. Macro approach to national problems

Micro foundation to macro problems.

4. State intervention is advocated

Champions of Laissez-faire policy.

5. Rate of Interest is a flow

Rate of Interest is a stock

6. DD creates its own SS

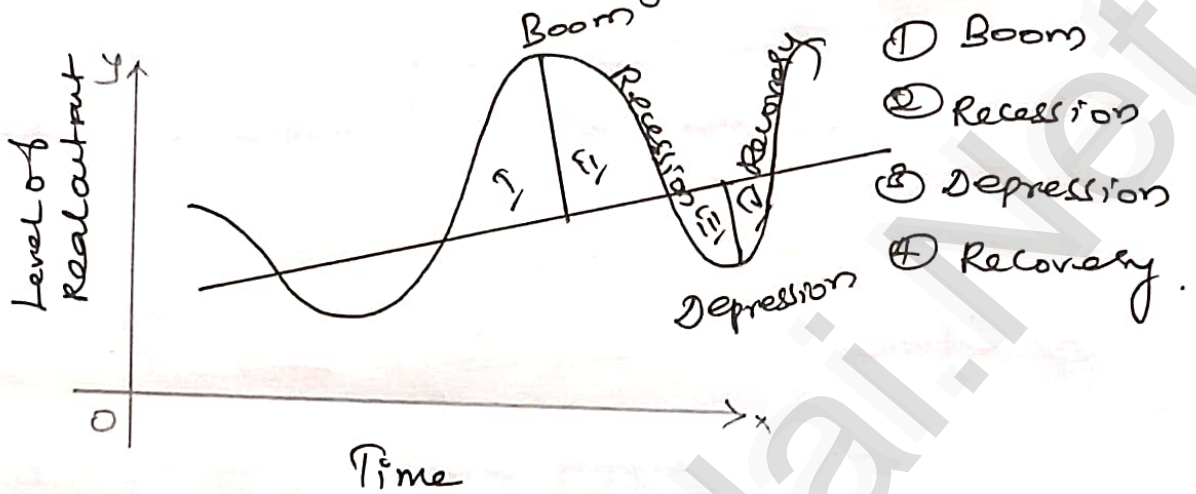
SS creates its own DD.

(b)

Working of Multiplier :-

$$k = \frac{\Delta Y}{\Delta I}, \quad k = \frac{1}{1 - MPC}, \quad k = \frac{1}{MPS}.$$

44 (a)

Phases of Trade Cycle :-(b) Functions of Reserve Bank of India

- ① Monetary Authority
- ② The Issue of Banking License
- ③ The Issue of Currency
- ④ Banker's to the Government.
- ⑤ Banker's Bank.
- ⑥ Lender of the Last Resort.
- ⑦ Act as a clearing house.

45 (a)

Advantages of FDI

1. FDI may help to increase the investment level.
2. Direct foreign investment may facilitate transfer of technology to the recipient country.
3. FDI may also bring revenue to the govt. of host country.
4. A part of profit from direct foreign investment may be ploughed back into the expansion.
5. Foreign capital may enable the country to increase its exports and reduce import.

45 (b) Functions of World Bank :-

- (i) Investment for productive purposes.
- (ii) Balanced growth of international trade.
- (iii) Provision of loans and guarantees.
- (iv) Promotion of foreign private investment.
- (v) Technical services.

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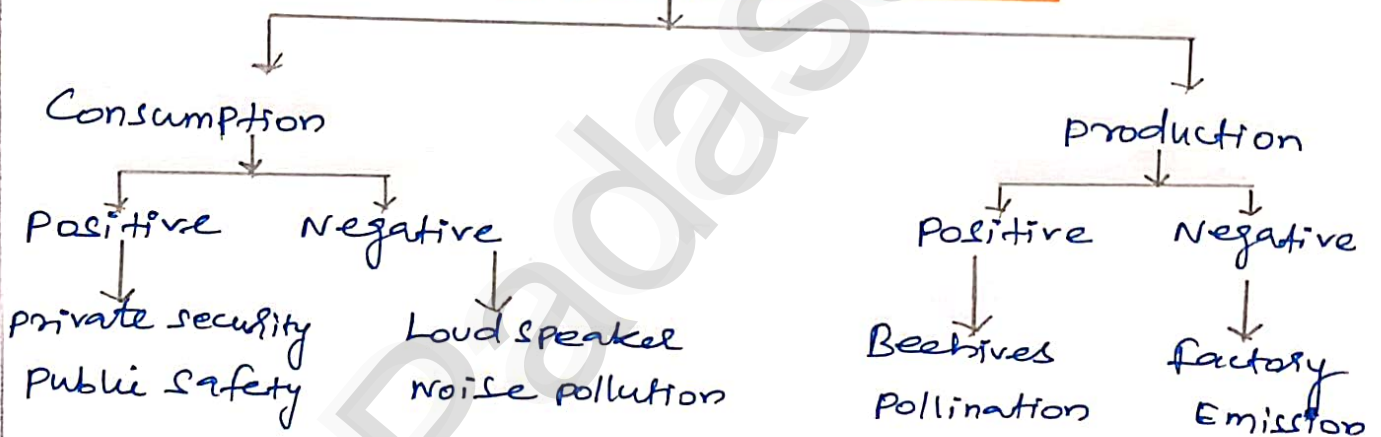
(9)

Instruments of fiscal policy.

- ① Taxation.
- ② public expenditure.
- ③ public debt.

(b)

Classifications of Externalities :-



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(9)

Types of Planning !:

- ① Democratic vs Totalitarian.
- ② Planning by Direction vs Inducement.
- ③ Short, medium, and long term.
- ④ functional vs Structural.
- ⑤ Centralized vs Decentralized.
- ⑥ Indicative vs Imperative.
- ⑦ financial vs Physical.
- ⑧ Comprehensive vs partial.

⑥

Nature of Statistics

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

Scope of Statistics

- ① Statistics and Economics.
- ② Statistics and firms.
- ③ Statistics and Commerce
- ④ Statistics and Education
- ⑤ Statistics and planning
- ⑥ Statistics and medicine.
- ⑦ Statistics and modern application.