

**DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI-6.**  
**HSE FIRST YEAR EXAMINATION- MARCH 2025**  
**ECONOMICS KEY ANSWER (ENGLISH MEDIUM)**

**TOTAL MARKS: 90**

**Note :**

1. Use Blue or Black ink to write and underline and pencil to draw diagrams.
2. Choose the most appropriate answer from the given four alternatives and write the option code and the corresponding answer.

**PART-I**

**Answer all the questions:**

**20 x 1 = 20**

<b>TYPE A</b>			<b>TYPE B</b>			<b>Marks</b>
<b>1</b>	<b>d</b>	Adam Smith	<b>1</b>	<b>c</b>	-50	<b>1</b>
<b>2</b>	<b>a</b>	Total population/Land area of the region	<b>2</b>	<b>d</b>	Chennai	<b>1</b>
<b>3</b>	<b>d</b>	Third Five Year Plan	<b>3</b>	<b>d</b>	It is Mobile	<b>1</b>
<b>4</b>	<b>c</b>	Rs.400	<b>4</b>	<b>c</b>	Differentiation	<b>1</b>
<b>5</b>	<b>c</b>	Salt	<b>5</b>	<b>c</b>	Rs.400	<b>1</b>
<b>6</b>	<b>d</b>	Wage	<b>6</b>	<b>d</b>	Third Five Year Plan	<b>1</b>
<b>7</b>	<b>b</b>	Law of diminishing Marginal Utility	<b>7</b>	<b>d</b>	Year of the population Explosion	<b>1</b>
<b>8</b>	<b>b</b>	MC=MR	<b>8</b>	<b>d</b>	Wage	<b>1</b>
<b>9</b>	<b>d</b>	Year of the population Explosion	<b>9</b>	<b>b</b>	MC=MR	<b>1</b>
<b>10</b>	<b>a</b>	Marginal	<b>10</b>	<b>d</b>	Higher Subsidy	<b>1</b>
<b>11</b>	<b>d</b>	It is Mobile	<b>11</b>	<b>d</b>	2017	<b>1</b>
<b>12</b>	<b>c</b>	-50	<b>12</b>	<b>a</b>	Total population/Land area of the region	<b>1</b>
<b>13</b>	<b>d</b>	Under Employment or Disguised Unemployment	<b>13</b>	<b>c</b>	Salt	<b>1</b>
<b>14</b>	<b>d</b>	Higher Subsidy	<b>14</b>	<b>d</b>	Monopoly	<b>1</b>
<b>15</b>	<b>b</b>	Price Theory	<b>15</b>	<b>b</b>	Law of diminishing Marginal Utility	<b>1</b>
<b>16</b>	<b>d</b>	2017	<b>16</b>	<b>b</b>	Price Theory	<b>1</b>
<b>17</b>	<b>d</b>	Monopoly	<b>17</b>	<b>c</b>	Man-made Appliances	<b>1</b>
<b>18</b>	<b>c</b>	Man-made Appliances	<b>18</b>	<b>d</b>	Under Employment or Disguised Unemployment	<b>1</b>
<b>19</b>	<b>d</b>	Chennai	<b>19</b>	<b>d</b>	Adam Smith	<b>1</b>
<b>20</b>	<b>c</b>	Differentiation	<b>20</b>	<b>a</b>	Marginal	<b>1</b>

## Part II

Answer **Any Seven** questions (**Question No. 30** is compulsory).

**7×2=14**

21.	<p><b>Goods:</b> In Economics, the term 'goods' implies the term 'services' also, unless specified otherwise</p> <p style="text-align: center;"><b>(OR)</b></p> <ul style="list-style-type: none"> <li>• as material things, they are tangible.</li> <li>• have physical dimensions, i.e., their physical attributes can be preserved over time.</li> <li>• exist independently of their owner.</li> <li>• are owned by some persons.</li> <li>• are transferable.</li> <li>• have value-in exchange.</li> </ul> <p style="text-align: right;"><b>(Any Two)</b></p>	2
22.	<p><b>Giffen Paradox:</b> The Giffen good or inferior good is an exception to the law of demand when the price of an inferior good falls, the poor will buy less and vice versa . Ex: Rice, Ragi.</p>	1  1
23.	<p><b>Cost:</b> Cost refers to the total expenses incurred the production of a commodity.</p> <p style="text-align: center;"><b>(OR)</b></p> <p>Cost refers to the study of behaviour of cost in relation to one or more production.</p>	2
24.	<p><b>Selling cost:</b> Firms compete with each other by incurring selling cost or expenditure on sales promotion of their products.</p> <p style="text-align: center;"><b>(OR)</b></p> <p>Advertisement cost</p>	2
25.	<p><b>Liquidity Preference:</b> 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.</p> <p style="text-align: center;"><b>(OR)</b></p> <p>Liquidity preference is the preference to have an amount of cash rather than of claims against others.</p>	2
26.	<p><b>Iso-cost line:</b> An Iso-cost line represents different combinations of inputs which shows the same amount of cost.</p>	2
27.	<p><b>Labour:</b> According to Marshall, labour represents services provided by the factor labour, which helps in yielding an income to the owner of the labour-power.</p> <p style="text-align: center;"><b>(OR)</b></p> <p>Labour in economics refers to any type of work performed by a labourer for earning an income. <b>(OR)</b></p> <p>Physical or Mental effort of human being in the process of production.</p>	2
28.	<p><b>Fixed cost:</b></p> <ul style="list-style-type: none"> <li>➤ Fixed Cost does not change with the change in the quantity of output.</li> </ul> <p style="text-align: center;"><b>(OR)</b></p> <ul style="list-style-type: none"> <li>➤ Expenses on fixed factors remain unchanged irrespective of the level of output.</li> </ul>	2

29.	<b>Kinds of Wages:</b> <ul style="list-style-type: none"> <li>➤ Nominal Wages or Money Wages.</li> <li>➤ Real Wages</li> <li>➤ Piece Wages</li> <li>➤ Time Wages</li> </ul> <p style="text-align: right;"><b>(Any Two)</b></p>	2
30.	<b>Matrices:</b> Matrix is a rectangular array of numbers systematically arranged in rows and columns within brackets.	2

### Part-III

Answer **any seven** question (**Question No. 40** is compulsory)

7×3 = 21

31.	<b>Different Features of service:</b> <ol style="list-style-type: none"> <li>1. Intangible:</li> <li>2. Heterogeneous</li> <li>3. Inseparable from their makers</li> <li>4. Perishable</li> </ol> <p style="text-align: right;"><b>(Any three)</b></p>	3
32	<b>Marginal Revenue :</b> Marginal revenue (MR) is the addition to the total revenue by the sale of an additional unit of a commodity. <p style="text-align: center;"><b>(OR)</b></p> $MR = TR_n - TR_{n-1} \quad \text{(OR)} \quad MR = \frac{\Delta TR}{\Delta Q} \quad \text{(OR)} \quad MR = TR_{n+1} - TR_n$	3
33.	<b>Land tenure system:</b> <ol style="list-style-type: none"> <li>1 Zamindari System or the Land lord-Tenant System</li> <li>2. Mahalwari System or Communal System of Farming</li> <li>3. Ryotwari System or the Owner-Cultivator System</li> </ol>	3
34	<b>Cold storage:</b> <ul style="list-style-type: none"> <li>• India is the largest producer of fruits and vegetables.</li> <li>• Most of the problems relating to the marketing of fruits and vegetables can be traced to their perishability.</li> <li>• Perishability is responsible for high marketing costs, market gluts, price fluctuations and other similar problems.</li> <li>• In order to overcome this constraint, the Government of India and the Ministry of Agriculture promulgated an order known as "Cold Storage Order, 1964".</li> <li>• Availability of fruits and vegetables is quite low because of post harvest losses which account for about 25% to 30% of production.</li> </ul> <p style="text-align: right;"><b>(Any three)</b></p>	3
35	<b>Risk bearing Theory of profit:</b> <ul style="list-style-type: none"> <li>• Risk bearing theory of profit was propounded by the American Economist F. B. Howley in 1907.</li> <li>• Profit is the reward for risk taking in business.</li> <li>• Risk taking is an essential function of the entrepreneur and is the basis of profit.</li> <li>• It is a well known fact that every business involves some risks.</li> <li>• Since the entrepreneur undertakes the risks he receives profits.</li> </ul> <p style="text-align: right;"><b>(Any three)</b></p>	3



**PART – IV**

**Answer all the questions.**

**7×5=35**

41 a.	<b>Nature and Scope of Economics:</b> <ul style="list-style-type: none"> <li>• Nature of Economics</li> <li>• Scope of economics</li> </ul> <p align="right"><b>(With Explanation)</b></p> <p align="center"><b>(OR)</b></p>	2½ 2½																					
41 b.	<b>Ideas of information and communication technology used in economics:</b> <table border="1"> <thead> <tr> <th>S.No.</th><th>Information</th><th>Technologies</th></tr> </thead> <tbody> <tr> <td>1</td><td>Creation</td><td>Personal Computers, Digital Camera, Scanner, Smart Phone</td></tr> <tr> <td>2</td><td>Processing</td><td>Calculator, PC, Smart Phone</td></tr> <tr> <td>3</td><td>Storage</td><td>CD, DVD, Pen Drive, Microchip, Cloud</td></tr> <tr> <td>4</td><td>Display</td><td>PC, TV, Projector, Smart Phone</td></tr> <tr> <td>5</td><td>Transmission</td><td>Internet, Tele conference, Video Conferencing, Mobile Technology, Radio</td></tr> <tr> <td>6</td><td>Exchange</td><td>Email, Cell Phone</td></tr> </tbody> </table> <p align="center"><b>(OR)</b></p> <p>1. The Evaluation of ICT has five phases. They are evaluation in</p> <ul style="list-style-type: none"> <li>• Computer</li> <li>• PC</li> <li>• Microprocessor</li> <li>• Internet</li> <li>• Wireless links.</li> </ul> <p>2. In Economics, the uses of mathematical and statistical tools need the support of ICT for data compiling editing, manipulating and presenting the results.</p> <p>3. In general, SPSS and Excel packages are often used by researchers in economics.</p> <p>4. Word processor, Spread sheet, and Web browser are Some of the examples which are frequently used while undertaking analysis in the study of economics.</p>	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, Tele conference, Video Conferencing, Mobile Technology, Radio	6	Exchange	Email, Cell Phone	5
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42 a	<b>Law of Demand:</b> <ol style="list-style-type: none"> <li>1. Definition</li> <li>2. Assumption</li> <li>3. Schedule</li> <li>4. Diagram</li> <li>5. Exception of law</li> </ol> <p align="right"><b>(With Explanation)</b></p> <p align="center"><b>(OR)</b></p>	1 1 1 1 1																					

42 b)	<b>Price and output are determined under Perfect competition:</b> 1. Meaning 2. Diagram <div style="text-align: right;">(With Explanation)</div>	1 4
43 a)	<b>Laws of returns to scale:</b> 1. Definition 2. Assumption 3. Three Phases of returns to scale 4. Schedule 5. Diagram <div style="text-align: right;">(With Explanation)</div> <div style="text-align: center;">(OR)</div>	1 1 1 1 1
43 b)	<b>Price and output determination under Monopoly</b> 1. Meaning 2. Diagram <div style="text-align: right;">(With Explanation)</div>	1 4
44 a)	<b>Performance of India's : Five Year Plans :</b> <ul style="list-style-type: none"> <li>• First Five-Year Plan (1951-1956)</li> <li>• Second Five Year Plan (1956-1961)</li> <li>• Third Five Year Plan (1961-1966)</li> <li>• Fourth Five Year Plan (1969-1974)</li> <li>• Fifth Five Year Plan 1974-1979)</li> <li>• Sixth Five Year Plan (1980-1985)</li> <li>• Seventh Five Year Plan (1985-1990)</li> <li>• Eighth Five Year Plan (1992-1997)</li> <li>• Ninth Five Year Plan (1997-2002)</li> <li>• Tenth Five Year Plan (2002-2007)</li> <li>• Eleventh Five Year Plan(2007-2012)</li> <li>• Twelfth Five Year Plan(2012-2017)</li> </ul> <div style="text-align: right;">(Any Five with Explanation)</div> <div style="text-align: center;">(OR)</div>	5
44 b)	<b>Problem of Rural Economy:</b> 1. People Related problems 2. Agriculture related problems 3. Infrastructural related problems 4. Economics related problems 5. Social and cultural problems 6. Leadership related problems 7. Administrative problems <div style="text-align: right;">(Any Five with Explanation)</div>	5
45 a)	<b>Consumer surplus:</b> 1. Definition 2. Assumption 3. Schedule 4. Diagram <div style="text-align: right;">(With Explanation)</div> <div style="text-align: center;">(OR)</div>	1 1 1 2

45 b)	<b>Cost Concepts :</b> 1. Money cost 2. Real cost 3. Explicit cost 4. Implicit cost 5. Economic cost 6. Social cost 7. Opportunity cost 8. Sunk cost 9. Floating cost 10. Prime cost 11. Fixed cost 12. Variable cost  <p style="text-align: right;"><b>(Any Five with explanation)</b></p>	5
46 a)	<b>Keynesian Theory of Interest :</b> <ul style="list-style-type: none"> <li>• Meaning of Liquidity preference</li> <li>• Motives of demand for money</li> <li>• Diagram</li> </ul> <p style="text-align: right;"><b>(With Explanation)</b></p> <p style="text-align: center;"><b>(OR)</b></p>	1  2 2
46 b)	<b>Jawaharlal Nehru's contribution to the idea of Economic Development.</b>  a. Democracy and Secularism b. Planning c. Democratic Socialism  <p style="text-align: right;"><b>(with explanation)</b></p>	5
47 a	<b>Major Objectives of SEZs:</b>  1. To enhance foreign investment, especially to attract foreign direct investment (FDI) and thereby increasing GDP. 2. To increase shares in Global Export (International Business). 3. To generate additional economic activity. 4. To create employment opportunities. 5. To develop infrastructure facilities. 6. To exchange technology in the global market.  <p style="text-align: right;"><b>(Any Five)</b></p>	2½

	<b>Main Characteristics of SEZ :</b> <b>a.</b> Geographically demarked area with physical security <b>b.</b> Administrated by single body/ authority <b>c.</b> Streamlined procedures <b>d.</b> Having separate custom area <b>e.</b> Governed by more liberal economic laws. <b>f.</b> Greater freedom to the firms located in SEZs. <p style="text-align: right;"><b>(Any Five)</b></p>	2½
47 b	<b>Qualitative aspects of Population</b> 1. Meaning of Population 2. Density 3. Urbanisation 4. Sex ration 5. Infant mortality rate 6. Maternal mortality rate 7. Life Expectancy at birth 8. Literacy <p style="text-align: right;"><b>(Any Five with Explanation)</b></p>	5