DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI- 6
HIGHER SECONDARY SECOND YEAR EXAMINATION – MARCH - 2025
ECONOMICS ANSWER KEY

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

20x1=20

Q.No	Option	Type A	Q.No	Option	Type B	Marks
1	b	2	1	d	All of the above	1
2	b	Primary data	2	a	Gandhian plan	1
3	a	Income tax	3	b	Law of Markets	1
4	c	Mild inflation	4	c	Factor Endowment Theory	1
5	d	General Theory	5	d	Agriculture	1
6	b	1997	6	d	General Theory	1
7	c	National Institution for Transforming India	7	a	Income tax	1
8	c	Factor Endowment Theory	8	d	Both (a) and (b)	1
9	d	Both (a) and (b)	9	b	Ragnar Frisch	1
10	d	All the above	10	a	July 1982	1
11	b	Ragnar Frisch	11	b	Primary data	1
12	a	Gandhian plan	12	d	All the above	1
13	b	Fiscal Deficit – Interest Payment	13	b	2	1
14	a	Rs. 500 and Rs. 1000	14	c	National Institution for Transforming India	1
15	b	Law of Markets	15	a	Rs. 500 and Rs. 1000	1
16	a	Bretton Woods Conference	16	b	Fiscal Deficit – Interest Payment	1
17	d	Agriculture	17	a	2	1
18	d	All of the above	18	a	Bretton Woods Conference	1
19	a	2	19	c	Mild inflation	1
20	a	July 1982	20	b	1997	1

PART – II

Answer any **Seven** questions.

(Question No. **30** is compulsory)

7×2=14

Q.No	Answer	Marks
21	Inflation refers to steady increase in general price level. (or) Too much of Money chasing too few goods. (or) A state of abnormal decrease in the quantity of purchasing power.	2
22	National Income means the total money value of all final goods and services produced in a country during a particular period of time (one year). (or) " The labour and capital of country acting on its natural resources produce annually a certain net aggregate of commodities material and immaterial including services of all kinds, this is the true net annual income or revenue of the country or national dividend" – Alfred Marshall. (or) " The net output of the commodities and services flowing during the year from the country's productive system into the hands of the ultimate consumers or into net addition to the country's stock of capital goods" - Simon Kuznets.	2
23	Now a days, invention and innovations lead to the adoption of new techniques thereby the existing workers are retrenched.	2
24	The consumption function or propensity to consume refers to income consumption relationship. (or) $C = F (Y)$	2
25	Marginal Propensity to Save is the ratio of change in saving to a change in income. (or) MPS is obtained by dividing change in savings by change in income. (or) $MPS = \Delta S / \Delta Y$	2
26	Deflation is falling prices, reduced money supply and unemployment. (or) A fall in average level of prices, the opposite of inflation.	2
27	Credit Creation means the multiplication of loans and advances. (or) The loans offered are many times more than the deposits received by banks. This function of banks is known as 'Credit Creation'.	2

Q.No	Answer	Marks
28	The rate at which goods of one Country are exchanged for that of another country . (or) The terms of trade refers to the ratio of export prices to import prices. (or) Index Of Export Prices Terms Of Trade (TOT) = ------------------------- X 100 Index Of Import Prices	2
29	• The SAARC Secretariat was established in Kathmandu in Nepal. • on 16th January 1987.	1 1
30	1. The National Sample Survey Organisation, now known as National Sample Survey Office. 2. An organization under the Ministry of Statistics of the Government of India. 3. It is the largest organisation in India. 4. It was established in 1950 and conducting regular socio-economic surveys. **(Any Two points)** (or) **NSSO has four divisions:** 1.SDRD 2.FOD 3.DPD 4.CPD **(Any Two points)**	2

PART – III

Answer any **Seven** questions.(Question No. **40** is compulsory)   **7×3=21**

Q.No	Answer	Marks
31	1. Capitalist Economy (Capitalism), 2. Socialist Economy (Socialism) and 3. Mixed Economy (Mixedism)	1 1 1
32	The average income of a person of a country in a particular year is called Per Capita Income. (or) Per capita income is obtained by dividing national income by population. (or) National Income Per Capita income = ------------------------- Population	3

33	1.Seasonal Unemployment :
	    This type of unemployment occurs during certain seasons of the year.
	2. Frictional unemployment :
	    Frictional unemployment arises due to imbalance between supply of labour and demand for labour.
	3.Educated Unemployment :
	    Sometimes educated people are under employed or unemployed when qualification does not match the job.
		1
		
		1
		
		1

34	Accelerator	Multiplier	
	Accelerater is the numerical value of the relation between an increase in Consumption and the resulting increase in investment. (or) Ratio of change in induced investment to change in Consumption. (or) "The accelerator coefficient is the ratio between induced investment and an initial change in Consumption. (or) $\beta = \dfrac{\Delta I}{\Delta C}$	The multiplier is defined as the ratio of the change in national Income to change in investment. (or) Ratio of change in income to change in investment. (or) $K = \dfrac{\Delta Y}{\Delta I}$ (or) $K = \dfrac{1}{1-MPC}$ (or) $K = \dfrac{1}{MPS}$	3
35	**Demand-Pull Inflation**: If the demand is high for a product and supply is low, the price of the products increases.		1 ½
	Cost-Push Inflation: When the cost raw materials and other inputs rises inflation results.		1 ½
36	**Non-performing Asset:** 1. Once the borrower fails to make interest or principal payments for 90 days the loan is considered to be a Non performing Asset(NPA). 2. Non performing Assets are problematic for Financial institutions. (or) Any other related points to Non performing Assets		3

37	**Fuctions of Modern state:**
	
	• Defence
	• Judiciary
	• Enterprises
	• Social Welfare
	• Infrastructure
	• Macro-economic policy
	• Social Justice
	• Control of Monopoly.
	
	                    (Any 6 headings) or
	         (Any three headings with explanation)
			3

38	Standard Deviation $\bar{x}= \Sigma X \div n$				

வ. எண்.	மதிப்பு(x)	$(x-\bar{x})$ $\bar{x}=15$	$(x-\bar{x})^2$	
1	14	14-15=-1	1	
2	22	22-15=7	49	
3	9	9-15=-6	36	
4	15	15-15=0	0	1
5	20	20-15=5	25	
6	17	17-15=2	4	
7	12	12-15=-3	9	
8	11	11-15=-4	16	
	$\Sigma x = 120$	$\Sigma (x-\bar{x}) = 0$	$\Sigma (x-\bar{x})^2 = 140$	

$$\bar{x} = 120 / 8$$
$$= 15$$
$$\sigma = \frac{\sqrt{\Sigma(x-\bar{x})^2}}{n}$$
$$= \frac{\sqrt{140}}{8}$$
$$= \sqrt{17.5}$$
$$\sigma = 4.18$$

(or)

Marks can be Provided for Using Assumed mean method also   1

39	Types of air pollution	
	• Indoor Air pollution	1 ½
	• Outdoor Air pollution	1 ½
	(with Explanation)	

40	1. Statistics is not suitable to the study of qualitative phenomenon.	
	2. Statistical laws are not exact.	
	3. Statistics table may be misused.	3
	4. Statistics is only one of the methods of studying a problem.	
	(Any Three points)	

Answer all the questions: 7×5=35

Q.No	Answer	Marks
41 (a)	FUNCTIONING OF AN ECONOMY BASED ON ACTIVITIES **Flow Chart: 1** **Functioning of an Economy Based on Activities** Growth Production Activity ↔ Consumption Activity Exchange Activity Supporting Economic and Non-Economic Activities of an Economy External Activities (Activities of other Economies) **(OR)** Functioning of an Economy Based on Activities- Explanation	5
	(OR)	
41(b)	1. Democratic Vs Totalitarian 2. Centralized Vs Decentralized 3. Planning by Direction Vs Inducement 4. Indicative Vs Imperative Planning 5. Short, Medium and Long term Planning 6. Financial Vs Physical Planning 7. Functional Vs Structural Planning 8. Comprehensive Vs Partial Planning (Any five points with explanation)	5
42(a)	**Difficulties in Measuring National Income :** 1. Transfer payments 2. Difficulties in assessing depreciation allowance 3. Unpaid services 4. Income from illegal activities 5. Production for self-consumption and changing price 6. Capital Gains 7. Statistical problems (Any five points with explanation)	5
	(OR)	
42(b)	Difference between Classical Theory and Keyne's Theory (Any five differences)	5

43(a)	Difference between Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI) (All the five differences)	5
	(OR)	

43(b)	**Quantity Theories of Money**
	    1. Equation
	       $MV = PT$ (or)
	       $PT = MV + M^1V^1$
	    2. Diagram
	    3. Explanation
		1
		
		 2
		 2

44(a)	**Objectives of Monetary Policy** 1. Neutrality of Money 2. Stability of Exchange Rates 3. Price Stability 4. Full Employment 5. Economic Growth 6. Equilibrium in the Balance of Payments (Any 5 with explanation)	5
	(OR)	

44(b)	**Modern Theory of International Trade**
	   • The Theory
	   • Assumptions
	   • Table (with explanation)
		1
		 2
		 2

45(a)	• SAARC
	   • BRICS
	           (with explanation)
		2 ½
		 2 ½

	(OR)	

45(b)	**Causes for the Increase in Government Expenditure:**
	    1. Population Growth
	    2. Defence Expenditure
	    3. Government Subsidies
	    4. Debt Servicing
	    5. Development Projects
	    6. Urbanisation
	    7. Industrialization
	    8. Increase in grants in aid to state and union territories
	 (Any five with explanation)
		5

46(a)	**Budgetary Deficits :** (a) Revenue Deficit (b) Budget Deficit (c) Fiscal Deficit, and (d) Primary Deficit (With explanation)	2 ½ 2 ½
	(OR)	

46(b)	**Meaning of Externalities** **Classification of Externalities** (with explanation)	2 3
47(a)	**Objectives Of Econometrics:** 1. The general objective of Econometrics is to give empirical content to economic theory.	1
	2. It helps to explain the behaviour of a forthcoming period that is forecasting economic phenomena.	1
	3. It helps to prove the old and established relationships among the variables or between the variables	1
	4. It helps to establish new theories and new relationships.	1
	5. It helps to test the hypotheses and estimation of the parameter	1

<div align="center">(OR)</div>

47(b) Solution: Let A = 30 and B = 26 then dx = X- A dy= Y-B

X	Y	d_x	d_y	d^2_x	d^2_y	$d_x d_y$
23	18	-7	-8	49	64	56
27	22	-3	-4	9	16	12
28	23	-2	-3	4	9	6
29	24	-1	-2	1	4	2
30	25	0	-1	0	1	0
31	26	1	0	1	0	0
33	28	3	2	9	4	6
35	29	5	3	25	9	15
36	30	6	4	36	16	24
39	32	9	6	81	36	54
		11	-3	275	159	175

(right column mark: 2)

$$r(x,y) = \frac{N\Sigma dxdy - \Sigma dy}{\sqrt{N\Sigma d^2_x - (\Sigma dx)^2}\sqrt{n\Sigma d^2_y - (\Sigma dy)^2}}$$

(mark: 1)

$$= \frac{10(175) - (11)(-3)}{\sqrt{10(215) - (11)^2}\sqrt{10(159) - (-3)^2}}$$

$$= \frac{1750 + 33}{\sqrt{2150 - 121}\sqrt{1590 - 9}}$$

(mark: 1)

$$= \frac{1783}{\sqrt{(45.044)}\sqrt{(39.761)}}$$

$$= \frac{1783}{1790.94}$$

Ans:r(x,y) = 0.9955

Direct method **(OR)** Actual Mean method or Assumed mean deviation method.

(mark: 1)

<div align="center">(Any One of the method can be used)</div>