



Padalsalai's Telegram Groups!

(தலைப்பிற்கு கீழே உள்ள லிங்கை கிளிக் செய்து குழுவில் இணையவும்!)

- **Padalsalai's NEWS - Group**
https://t.me/joinchat/NIfCqVRBNj9hhV4wu6_NqA
- **Padalsalai's Channel - Group**
<https://t.me/padasalaichannel>
- **Lesson Plan - Group**
<https://t.me/joinchat/NIfCqVWwo5iL-21gpzrXLw>
- **12th Standard - Group**
https://t.me/Padalsalai_12th
- **11th Standard - Group**
https://t.me/Padalsalai_11th
- **10th Standard - Group**
https://t.me/Padalsalai_10th
- **9th Standard - Group**
https://t.me/Padalsalai_9th
- **6th to 8th Standard - Group**
https://t.me/Padalsalai_6to8
- **1st to 5th Standard - Group**
https://t.me/Padalsalai_1to5
- **TET - Group**
https://t.me/Padalsalai_TET
- **PGTRB - Group**
https://t.me/Padalsalai_PGTRB
- **TNPSC - Group**
https://t.me/Padalsalai_TNPSC

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

THREE MARKS

1. State the importance of Macro Economics.

- ❖ There is a need to understand the functioning of the economy
- ❖ Understanding future problems, needs, and challenges of an economy
- ❖ Macroeconomics use scientific investigation to understand reality.
- ❖ Macroeconomics helps to make a meaningful comparison of economic indicators.
- ❖ Macroeconomics helps for a better prediction about the future and to formulate suitable policies to avoid economic crises.

2. Describe the different types of economic systems.

- | | |
|---------------------------------------|---|
| 1. Capitalistic Economy (Capitalism): | Total freedom and private ownership production. Ex. USA |
| 2. Socialistic Economy (Socialism): | There is no freedom for private and there is public ownership of means of production. Ex. China |
| 3. Mixed Economy (Mixedism) | : Co-existence of capitalism and socialism, Ex. India |

3. Outline the major merits of capitalism.

- ❖ **Automatic Working:**
Without any government intervention, the economy works automatically.
- ❖ **Efficient Use of Resources:**
All resources are put into optimum use.
- ❖ **Incentives for Hard work:**
Hard work is encouraged and entrepreneurs get more profit for more efficiency.
- ❖ **Economic Progress:**
Production and productivity levels are very high in capitalistic economies.
- ❖ **Consumers Sovereignty:**
All production activities are aimed at satisfying consumers.

4. Indicate the demerits of socialism.

- ❖ **Red-Tapism and Bureaucracy:**
The decision is taken by government agencies, the approval of many officials and movement of files from one table to another takes time and leads to red-tapism.
- ❖ **Absence of Incentive:**
The major limitation of socialism is that this system does not provide an incentive for efficiency. Therefore, productivity also suffers.
- ❖ **Limited Freedom of Choice:**
Consumers do not enjoy the freedom of choice over the consumption of goods and services.
- ❖ **The Concentration of Power:**
The State takes all major decisions. The private takes no initiative in making economic decisions.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

5. Enumerate the features of a mixed economy.

S.No.	Features	Mixedism
1	Ownership of Means of Production	Private Ownership and Public Ownership
2	Economic Motive	Social Welfare and Profit Motive
3	Solution of Central Problems	Central Planning System and Free Market System
4	Government Role	Limited Role
5	Income Distribution	Less unequal
6	Nature of Enterprise	Both Private and State Enterprises
7	Economic Freedom	Limited Freedom
8	Major Problem	Inequality and Inefficiency

6. Distinguish between Capitalism and Globalism.

Capitalism	Globalism
Adam Smith	Manfred D Steger
Production is privately owned determines the economic activities	The economic activities of a nation are interconnected and inter-dependent on each other nation
The role of the government is minimum	Ideology is also termed as 'Extended Capitalism'.

7. Briefly explain the two-sector circular flow model.

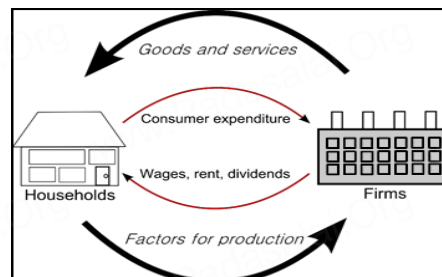
(i) Household Sector:

The household sector is the sole buyer of goods and services, and the sole supplier of factors of production, i.e., land, labour, capital and organisation.

(ii) Firms:

The firm sector generates its revenue by selling goods and services to the household sector.

Flow Chart



Explanation

In a two-sector economy, production and sales are equal and there will be a circular flow of income and goods.

$Y = C + I$ Where Y is Income, C is Consumption, I is an investment

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**8. Write a short note on per capita income.**

The average income of a person of a country in a particular year is called Per Capita Income.

Per capita income is obtained by dividing national income by population.

Formula: Per Capita income = $\frac{\text{National Income}}{\text{Population}}$

9. Differentiate between personal and disposable income.

Personal Income (PI)	Personal Income (PI)
Personal income is the total income received by the individuals of a country from all sources before payment of direct taxes in a year.	It is the individual's income after the payment of income tax.
Personal income is never equal to the national income	This is the amount available for households for consumption.
Personal Income = National Income – (Social Security Contribution) + Transfer Tax payments	Disposable Income = Personal income – Direct Tax

10. Explain briefly NNP at factor cost.

- ❖ NNP refers to the market value of output.
- ❖ Whereas NNP at factor cost is the total of income payment made to factors of production.
- ❖ $\text{NNP at factor cost} = \text{NNP at Market prices} - \text{Indirect taxes} + \text{Subsidies}$.

11. Give short notes on The Expenditure method.

- ❖ The total expenditure incurred by the society in a particular year is added together
- ❖ It includes personal consumption expenditure
- ❖ Net domestic investment, government expenditure
- ❖ Government expenditure on consumption as well as capital goods and net exports
- ❖ **Formula** $\text{GNP} = C + I + G + (X - M)$

12. What is the solution to the problem of double counting in the estimation of national income?

- ❖ Double counting is to be avoided under the value-added method.
- ❖ Any commodity which is either raw material or intermediate good for the final product should not be included.
- ❖ **For example** The value of cotton enters a value of yarn as cost, and value of yarn in cloth and that of cloth in garments.

13. Write briefly about national income and welfare.

- ❖ National Income is considered as an indicator of the economic well being of a country.
- ❖ The economic progress of countries is measured in terms of GDP per capita.
- ❖ A country with a higher per capita income is supposed to enjoy greater economic welfare with a higher standard of living.

14. List out the uses of national income

- ❖ The National Income of a country describes the economic performance or production performance of a country.
- ❖ National income data help in measuring changes in the standard of living over time and also enable us to compare the standard of living in different countries.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**15. Explain the following in short**

- ❖ **Seasonal unemployment:** This type of unemployment occurs during certain seasons of the year. In agriculture and agro-based industries like sugar production activities are carried out only in some seasons.
- ❖ **Frictional unemployment:** Frictional unemployment arises due to imbalance between the supply of labour and demand for labour.
- ❖ **Educated unemployment** Sometimes educated people are underemployed or unemployed when qualification does not match the job

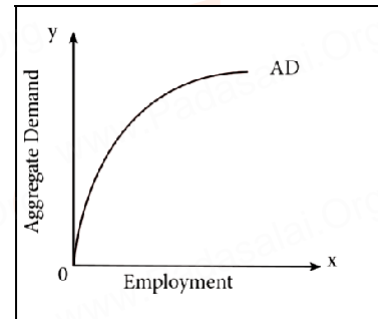
16. Write a short note on the implications of Say's law.

- ❖ There is no possibility of overproduction or unemployment.
- ❖ If there exist unutilized resources in the economy, it is profitable to employ them up to the point of full employment.
- ❖ As an automatic price mechanism operates in the economy

17. What do you mean by aggregate demand? Mention its components. Meaning of Aggregate Demand

The aggregate demand is the amount of money which entrepreneurs expect to get by selling the output produced by the number of labourers employed.

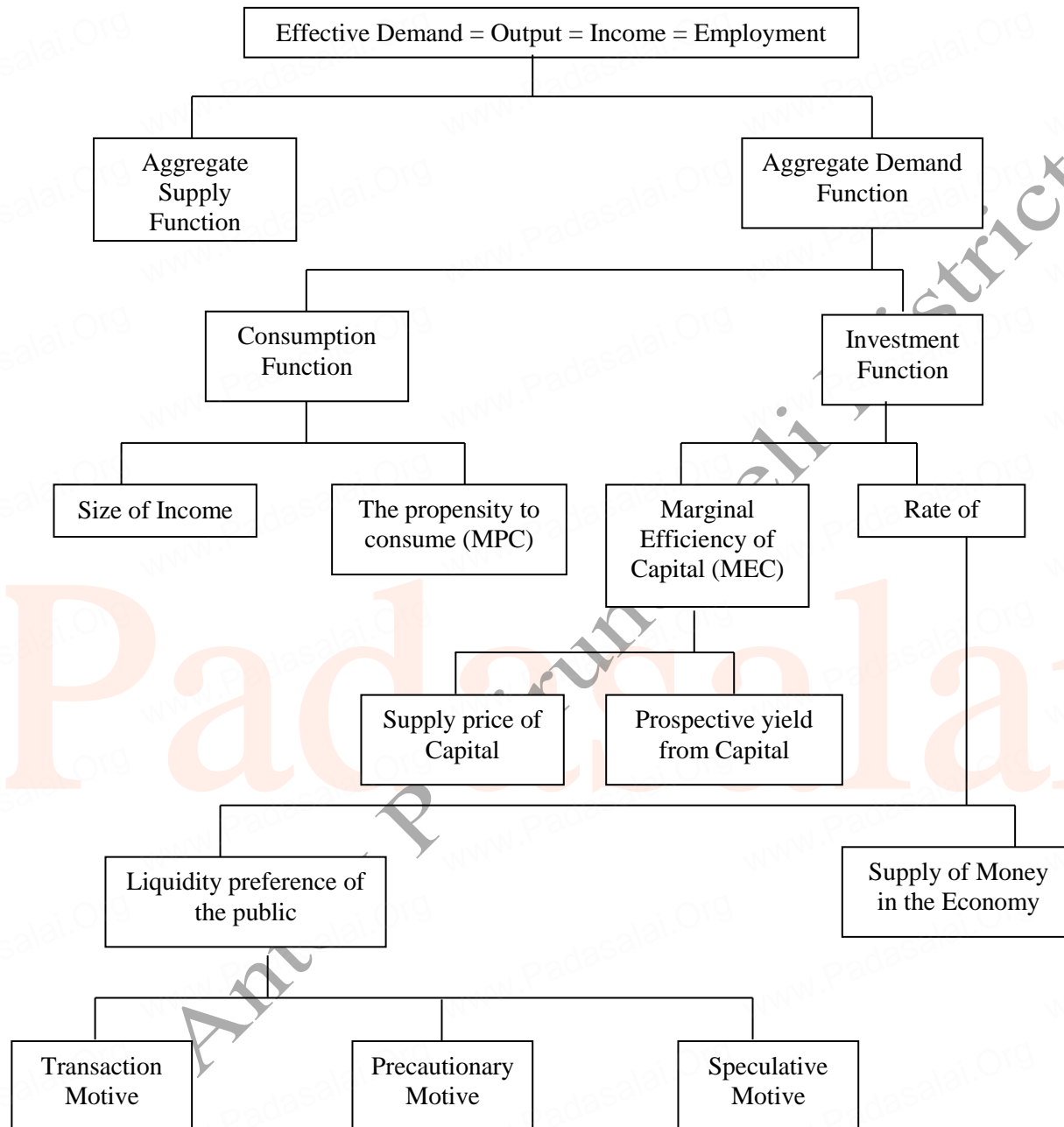
Aggregate Demand Formula = $C + I + G + (X - M)$

**Components**

1. Consumption demand (C) 2. Investment demand (I) 3. Government expenditure (G) and 4. Net Export (export – import) (X-M)

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

18. Explain Keynes' theory in the form of flow chart.



19. Explain any three subjective and objective factors influencing the consumption function.

SUBJECTIVE FACTORS	OBJECTIVE FACTORS
The motive of precaution Ex: Accidents, sickness	Income Distribution Ex: Disparity between rich and poor
The motive of foresight Ex: Old age Savings	Price level Ex: Price falls, real income goes up
The motive of calculation Ex: Desire to enjoy	Wage level Ex: the positive relationship between wage and consumption.

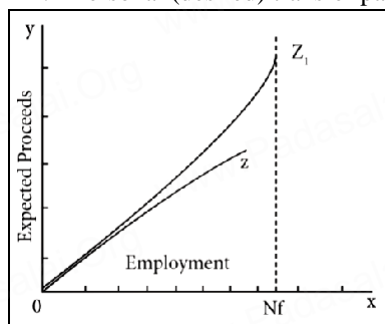
12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**20. Explain about aggregate supply with the help of a diagram. Meaning of Aggregate Supply**

Aggregate supply refers to the value of the total output of goods and services produced in an economy in a year.

$$\text{Formula Aggregate Supply} = C + S + T + R_f$$

The components of aggregate supply are :

1. Aggregate (desired) consumption expenditure (C)
2. Aggregate (desired) private savings (S)
3. Net tax payments (T)
4. Personal (desired) transfer payments to the foreigners (R_f)



1. The figure shows the shape of the two aggregate supply curves are drawn for the assumption of fixed money wages and variable wages.
2. Z curve is linear where money wages remain fixed.
3. Z1 curve is non - linear since the wage rate increases with employment

21. Write any five differences between classism and Keynesianism.

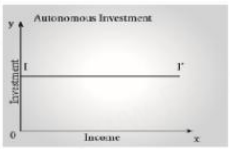

S. NO	BASIS OF DIFFERENCES	CLASSICAL THEORY	KEYNES THEORY
1	Equilibrium	Long-run equilibrium	Short-run equilibrium
2	Savings and Investment	Saving and investment equilibrium through interest rate	Saving and investment equilibrium through income levels
3	Money	The function of money is to act as a medium of exchange	The function of money is a medium of exchange on the one side and a store of value on the other side.
4	Approach	Micro foundation to macro problems	Macro approach to national problems
5	Intervention	No government intervention	Government intervention is necessary for stabilization of economy
6	Employment	Full employment (under employment is voluntary and temporary)	Unemployment and under employment are possible
7	Output	Supply determined (Say's Law: Supply creates demand)	Aggregate demand determined (Demand creates supply. Model based on concept of aggregate demand)
8	Budget	Balanced budget	Budgeting should be adjusted to the requirements of economy.
9	Capitalism	Capitalism is well and good	Capitalism has inherent contradictions
10	Economic System	Laissez faire policy, self adjusting and self stabilizing	Discard Laissez faire and approves stabilizing measures by the government

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

22. State the propositions of Keynes's Psychological Law of Consumption.

- ❖ When income increases consumption, expenditure is also increase
- ❖ The increases income will be divided in some proportion between consumption, expenditure and saving.
- ❖ Increase in income leads to increased consumption and saving.

23. Differentiate autonomous and induced investment.

Autonomous Investment	Induced Investment
Independent	Planned
Income inelastic	Income elastic
Welfare motive	Profit Motive
	

24. Explain any three subjective and objective factors influencing the consumption function.

SUBJECTIVE FACTORS	OBJECTIVE FACTORS
1. The motive of precaution Ex: Accidents, sickness	1. Income Distribution Ex: Disparity between rich and poor
2. The motive of foresight Ex: Old age Savings	2. Price level Ex: Price falls, real income goes up
3. The motive of calculation Ex: Desire to enjoy	3. Wage level Ex: the positive relationship between wage and consumption.

25. Mention the differences between accelerator and multiplier effect

Accelerator	Multiplier
The accelerator is the numerical value of the relation between an increase in consumption and the resulting increase in investment.	The multiplier is defined as the ratio of the change in national income to change in investment.
Change in consumption forms the effect	Change in investment forms the effect
$\beta = \Delta I / \Delta C$	$K = \Delta Y / \Delta I$

26. State the concept of the super multiplier

MEANING OF SUPER MULTIPLIER

- ❖ To measure the total effect of initial investment on income, Hicks has combined the k and β mathematically and given it the name of the Super Multiplier

Formula

$$Y = C + IA + IP$$

Y = Aggregate income.

C = Consumption expenditure IA= autonomous investment IP= induced private investment

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**27. Specify the limitations of the multiplier**

- ❖ Payment towards past debts.
- ❖ Purchase of existing wealth
- ❖ Import of goods and services
- ❖ Non-availability of consumer goods
- ❖ Full Employment situation

28. Write a note on metallic money.

- ❖ Under the metallic standard, some kind of metal either gold or silver is used to determine the standard value of the money and currency.
- ❖ Standard coins made out of the metal are the principal coins used under the metallic standard.
- ❖ The face value of metallic money is equal to their intrinsic metal value.

29. What is the money supply?

- ❖ Money supply means the total amount of money in an economy.
- ❖ It refers to the amount of money which is in circulation in an economy at any given time.
- ❖ Money supply plays a crucial role in the determination of price level and interest rates.

30. What are the determinants of the money supply?

1. **Currency Deposit Ratio (CDR):** It is the ratio of money held by the public in currency
2. **Reserve deposit ratio (RDR):** Reserve of cash in banks and deposits of commercial banks with RBI.
3. **Cash Reserve Ratio (CRR):** It is the fraction of the deposits the banks must keep with RBI.
4. **Statutory Liquidity Ratio (SLR):** It is the deposits of the commercial banks in the form of specified liquid assets.

31. Write the types of inflation.

- ❖ **Based on speed:** (i) Creeping inflation (ii) Walking inflation (iii) Running inflation and (iv) Galloping inflation or Hyper-inflation.
- ❖ **Based on demand and cost:** (i) Demand-Pull Inflation (ii) Cost-Push Inflation
- ❖ **Based on Inducement:** (i) Currency inflation (ii) Credit inflation (iii) Deficit induced inflation (iv) Profit induced inflation (v) Scarcity induced inflation (vi) Tax induced inflation

32. Explain Demand-pull and Cost push inflation.

- ❖ **Demand-Pull Inflation:** Demand and supply play a crucial role in deciding the inflation levels in society at all points of time. For instance, if the demand is high for a product and supply is low, the price of the products increases.
- ❖ **Cost-Push Inflation:** When the cost of raw materials and other inputs rises inflation results. Increase in wages paid to labour also leads to inflation.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**33. State Cambridge equations of the value of money.****I) MARSHALL'S EQUATION: $M = KPY$**

Where **M** is the quantity of money **Y** is the aggregate real income of the community **P** is Purchasing Power of money **K** represents the fraction of the real income.

The price level : $P = M/KY$

II) KEYNES' EQUATION : $n = pk$ (or) $p = n/k$

Where **n** is the total supply of money **p** is the general price level of consumption goods **k** is the total quantity of consumption

34. EXPLAIN DISINFLATION.

- ❖ Disinflation is slowing down the rate of inflation by controlling the amount of credit (bank loan, hire purchase) available to consumers without causing more unemployment.
- ❖ Disinflation may be defined as the process of reversing inflation without creating unemployment or reducing output in the economy.

35. Write the mechanism of credit creation by commercial banks.

- ❖ Credit Creation means the multiplication of loans and advances.
- ❖ Banks have the power to expand or contract demand deposits and they exercise this power through granting more or fewer loans and advances and acquiring other assets.
- ❖ This power of the commercial bank to create deposits through expanding their loans and advances is known as credit creation

36. Give a brief note on NBFI.

- ❖ non-banking financial institution (NBFI) or non-bank financial company (NBFC)
- ❖ It is a financial institution that does not have a full banking license **Ex: GIC Re, UTI Mutual Funds**
- ❖ They receive deposits and provide loans

37. Bring out the methods of credit control

Quantitative Method:	Qualitative Method
(i) Bank Rate Policy	(i) Rationing of Credit
(ii) Open Market Operations	(ii) Direct Action
(iii) Variable Reserve Ratio	(ii) Regulation of Consumer's Credit

38. What are the functions of NABARD?

- ❖ NABARD acts as a refinancing institution to agriculture, small-scale industries, cottage and village industries, handicrafts
- ❖ It provides short-term, medium-term and long-term credits to state cooperative Banks
- ❖ NABARD gives long-term loans (up to 20 Years) to State Government
- ❖ NABARD has the responsibility of coordinating the activities of Central and State Governments

39. Specify the functions of IFCI.

- ❖ Long-term loans, both in rupees and foreign currencies.
- ❖ Underwriting of equity, preference and debenture issues.
- ❖ Subscribing to equity, preference and debenture issues.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**40. Distinguish between money market and capital market**

BASIS FOR COMPARISON	MONEY MARKET	CAPITAL MARKET
Meaning	Lending and borrowing of short term securities are done.	Long term securities are issued and traded.
Nature of Market	Informal	Formal
Financial instruments	Treasury Bills, Commercial Papers.	Shares, Debentures, Bonds.
Liquidity	High	Low
Purpose	To fulfil short term credit needs of the business.	To fulfil long term credit needs of the business.
Time Limit	Within a year	More than a year

41. Mention the objectives of demonetizations.**Meaning**

Demonetisation is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change in national currency.

Objectives: 1. Removing Black Money from the country. 2. Stopping of Corruption. 3. Stopping Terror Funds. 4. Curbing Fake Notes

42. Describe the subject matter of International Economics.

- ❖ Pure Theory of Trade
- ❖ Policy Issues
- ❖ International Cartels and Trade Blocs (MNCs)
- ❖ International Financial and Trade Regulatory Institutions:

43. Compare the Classical Theory of international trade with the Modern Theory of International trade.

Classical Theory of International Trade	Modern Theory of International Trade
The classical theory explains the phenomenon of International Trade based on the labour theory of value.	The modern theory explains the phenomenon of international trade based on the general theory of value.
Labour	Labour and Capital
It attributes the differences in the comparative costs of differences in the productive efficiency of workers.	It attributes the differences in comparative costs to the differences in factor endowments.

44. What are the import quotas?

- ❖ A quota is a limit on the total Quantity or a product that can be supplied to the market.
- ❖ An import quota, therefore, restricts the supply of an imported product.
- ❖ The black market may develop.

45. Write a brief note on flexible exchange rate.

- ❖ Exchange rates are freely determined in an open market by market forces of demand and supply.
- ❖ Market prices that vary day today.
- ❖ It is also known as a floating exchange rate.

46. State the objectives of Foreign Direct Investment.

- ❖ Sales Expansion
- ❖ Acquisition of resources
- ❖ Diversification
- ❖ Minimization of competitive risk.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**47. What are the trade blocks?**

- ❖ Trade blocks are a set of countries which engage in international trade together and are usually related through a free trade agreement or other associations.
- ❖ Trade blocks cover different kinds of arrangements between or among countries for mutual benefit.

48. Mention any three lending programmes of IMF.

- ❖ Basic Credit Facility:
- ❖ Extended Fund Facility
- ❖ Compensatory Financing Facility
- ❖ Buffer Stock Facility
- ❖ Supplementary Financing Facility

49. What is the Multilateral Agreement?

- ❖ Multilateral Agreements or Multilateral Trade Agreements are trade agreements between three or more nations.
- ❖ The agreements reduce tariffs and make it easier for businesses to import and export.
- ❖ Since they are among many countries, they are difficult to negotiate.

50. Write the agenda of BRICS Summit, 2018.

- ❖ Inclusive growth
- ❖ Trade issues
- ❖ Global governance
- ❖ Shared Prosperity
- ❖ International peace and security

51. State briefly the functions of SAARC.

- ❖ Maintenance of cooperation in the region
- ❖ Prevention of common problems associated with the member nations.
- ❖ Ensuring a strong relationship among the member nations.

52. List out the achievements of ASEAN.

- ❖ The main achievement of ASEAN has been the maintenance of an uninterrupted period of peace and stability
- ❖ ASEAN's modernization efforts have brought about changes in the region's structure of production.
- ❖ ASEAN has been the fourth largest trading entity in the world

53. Describe the canons of Taxation.

Canons of	Meaning
Canon of Ability	People have to pay taxes according to their ability
Canon of Certainty	There is no uncertainty regarding the rate of tax or the time of payment.
Canon of Convenience	The tax payment should suit the convenience of the people
Canon of Economy	The government has to spend money on collecting taxes

54. Mention any three similarities between public finance and private finance.

- ❖ **Rationality:** Both public finance and private finance are based on rationality
- ❖ **Limit to borrowing:** Both have to apply restraint about borrowing.
- ❖ **Resource utilization:** Both the private and public sectors have limited resources.
- ❖ **Administration:** The effectiveness of measures depends on the administrative machinery

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**55. What are the functions of a modern state?**

- ❖ **Defence:** The primary function of the Government is to protect the people from external aggression and internal disorder.
- ❖ **Judiciary:** Rendering justice and settlement of disputes are the concern of the government.
- ❖ **Enterprises:** The regulation and control of private enterprise fall under the purview of the modern State.
- ❖ **Social Justice:** The Government needs to intervene with fiscal measures to redistribute income.
- ❖ **Control of Monopoly:** Concentration of economic power is another evil to be corrected by the Government.

56. State any three characteristics of taxation.

- ❖ A tax is a compulsory payment made to the government
- ❖ There is no quid pro quo between a taxpayer and public authorities.
- ❖ Every tax involves some sacrifice on part of the taxpayer

57. Point out any three differences between direct tax and indirect tax.

Direct Tax	Indirect Tax
Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government.	Indirect Tax is referred to as the tax, levied on a person who consumes the goods and services and is paid indirectly to the government.
Progressive	Regressive
Falls on the same person.	Falls on different persons.
Income or wealth of the assessee	Purchase/sale/manufacture of goods and provision of services
Tax evasion is possible.	Tax evasion is hardly possible because it is included in the price of the goods and services.

58. What is the primary deficit?

- ❖ Primary deficit is equal to fiscal deficit minus interest payments.
- ❖ It shows the real burden of the government and it does not include the interest burden on loans taken in the past. $\text{Primary Deficit (PD)} = \text{Fiscal deficit (PD)} - \text{Interest Payment (IP)}$

59. Brief the linkage between economy and environment.

- ❖ Human's life depends on social, political, ethical, philosophical and other aspects of the economic system.
- ❖ The relationship between the economy and the environment is generally Explained in the form of a "Material Balance Model" developed by Alen Kneese and Ayres.

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

60. Specify the meaning of material balance principle

Model Name	“Material Balance Model”
Developed by	Alen Kneese and R.V. Ayres
Definition	“what goes in must come out”
Implies	The material flow diagram implies that mass inputs must equal mass outputs for every process.
Linkage Between	The interdependence of economics and environment
Economic Activities	Production and Consumption
Process of Linkage	Materials come From Environment 1. Raw Material 2. Production 3. Goods for Consumption 4. Residual 5. Discharge or Recycled Discharges go back to Environment
Conclusion	Material and energy are drawn from the environment, used for production and consumption activities and returned to the environment as wastes.

61. Explain different types of air pollution.

- ❖ **Indoor Air Pollution:** It refers to toxic contaminants that we encounter in our daily lives in our homes, schools and workplaces.

For example, cooking and heating with solid fuels on open fires or traditional stoves results in high levels of indoor air pollution.

- ❖ **Outdoor Air Pollution:** It refers to ambient air. The common sources of outdoor air pollution are caused by combustion processes from motor vehicles, solid fuel burning and industry

62. What are the causes of water pollution?

- ❖ Discharge of sewage and wastewater
- ❖ Dumping of solid wastes
- ❖ Discharge of industrial wastes
- ❖ Oil Spill
- ❖ Acid rain
- ❖ Global warming
- ❖ Eutrophication

63. State the meaning of e-waste.

- ❖ Electronic waste which is commonly referred to as 'e-waste' is a new by-product of the Info-Tech society.
- ❖ It is a physical waste in the form of old discarded, end of life electronics.

Example: refrigerators, air conditioners, cellular phones, computers and other electronic goods.

64. What is land pollution? Mention the causes of land pollution

The degradation of land because of the disposal of waste on the land.

Causes :

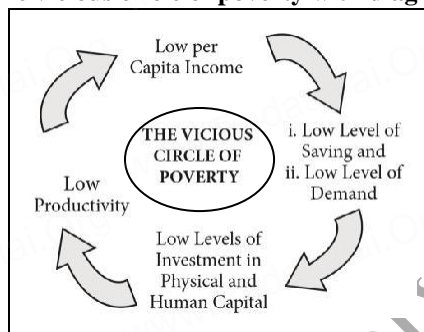
- ❖ **Deforestation and soil erosion**
- ❖ **Agricultural activities**
- ❖ **Mining activities**
- ❖ **Landfills**
- ❖ **Industrialization**
- ❖ **Construction activities**
- ❖ **Nuclear waste**

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

65. Write a note on a) Climate change and b) Acid rain

Note on Climate Change	Note on Acid Rain
Climate change refers to seasonal changes over a long period in the atmosphere	It occurs when emissions from factories, cars or heating boilers contact with the water in the
CO ₂	NO, SO ₂ and SO ₃
Industrial Revolution	Emissions and Volcanic Eruptions
warming of coastal waters, high temperatures, a marked change in rainfall patterns	harmful effects on plants, aquatic animals and infrastructure

66. Elucidate major causes of the vicious circle of poverty with diagram



(a) Supply-side cause of vicious circle.

Low Income → Low Saving → Low Investment → Low Production → Low Income

(b) Demand-side cause of vicious circle

Low Income → Low Demand Low Investment → Low Productivity → Low Income

67. What are the non-economic factors determining development?

1.Human Resource 2.Technical Know-how 3.Political Freedom 4.Social Organization 5.Corruption free administration

68. How would you break the vicious circle of poverty?

According to Nurkse, "If the investment is made in several industries simultaneously the workers employed in various industries will become consumers of each other's products and will create demand for one another."

69. Describe the case for planning.

- ❖ To accelerate and strengthen the market mechanism
- ❖ To remove unemployment:
- ❖ To achieve balanced development
- ❖ To remove poverty and inequalities

70. What are the functions of NITI Aayog

- ❖ Cooperative and Competitive Federalism
- ❖ Shared National Agenda
- ❖ Decentralized Planning
- ❖ Vision and Scenario Planning
- ❖ Network of Expertise
- ❖ Harmonization
- ❖ Conflict Resolution
- ❖ Coordinating Interface with the world
- ❖ Internal Consultancy
- ❖ Capacity Building
- ❖ Monitoring and Evaluation

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS**71. What are the functions of Statistics?**

- ❖ It simplifies the mass of figures
- ❖ It facilitates comparison
- ❖ It helps in formulating and testing
- ❖ It helps in prediction.

72. State and explain the different kinds of Correlation**I. Based on the direction of change of variables**

- ❖ Positive Correlation
- ❖ Negative Correlation

II. Based upon the number of variables

- ❖ Simple Correlation Ex: $Y = a + bx$.
- ❖ Multiple Correlation
- ❖ Partial Correlation

III. Based upon the constancy of the ratio of change between the variables.

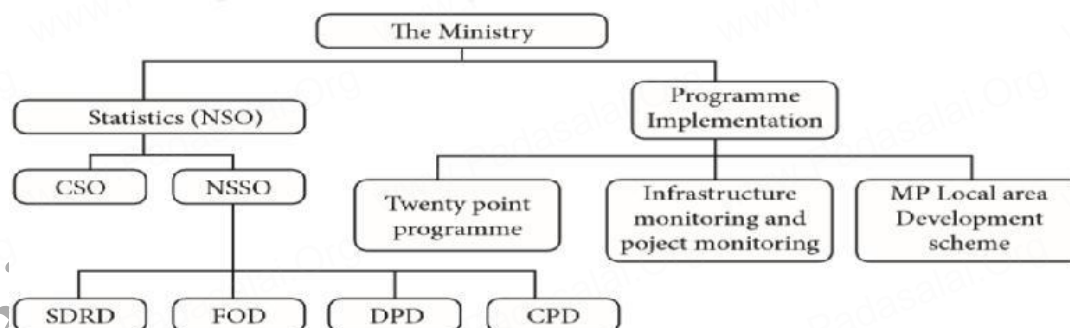
- ❖ Linear Correlation Ex: $Y = a + bx$.
- ❖ Non-Linear Correlation Ex: $Y = a + bx^2$.

73. Mention the uses of Regression Analysis.

- ❖ It indicates the cause and effect relationship between the variables and establishes a functional relationship.
- ❖ Besides verification, it is used for the prediction of one value, about the other given value.
- ❖ Regression coefficient is an absolute figure.
- ❖ It has wider application, as it studies the linear and nonlinear relationship between the variables.

74. Specify the objectives of econometrics

- ❖ It helps to explain the behaviour of a forthcoming period that is forecasting economic phenomena.
- ❖ It helps to prove the old and established relationships among the variables or between the variables
- ❖ It helps to establish new theories and new relationships.
- ❖ It helps to test the hypotheses and estimation of the parameter.

75. Discuss the important statistical organizations (offices) in India.**76. Differentiate the economic model with the econometric model.**

Economic Model	Econometric Model
Economics models are developed based on Economic Theories	Econometric Models are developed based on Economic Theories to test the validity of Economic Theories
$Y_i = \beta_0 + \beta_1 X_i$	$Y_i = \beta_0 + \beta_1 X_i + U_i$
does not concentrate more on the error term	concentrate more on error terms
U_i unexplained part in a regression.	U_i cannot and should not be ignored

12th ECONOMICS – 2019 – 2020 - NEW SYLLABUS

Prepared by

P. Raj Antony, M.A. M.Sc., (Psy), B.Ed., B.Lit., B.Lisc.,
West Tirunelveli Higher Secondary School,
Nallur – 627853. Tirunelveli District.

P. Raj Antony, M.A. M.Sc., (Psy), B.Ed., B.Lit., B.Lisc., Nallur