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UNIT TEST – CHAPTERS 3, 4 AND 5**DURATION 3.00 HRS****ECONOMICS (+2)****MAX.MARKS : 90****PART A****I. Choose the best answers****(20 x 1 = 20)**

1. If the Keynesian consumption function is $C=10+0.8Y$ then, when disposable income is Rs 100, what is the marginal propensity to consume?

- a) Rs. 0.8
- b) Rs. 800
- c) Rs. 810
- d) Rs. 0.81

2. Aggregate supply is equal to

- (a) $C + I + G$
- (b) $C + S + G + (x-m)$
- (c) $C + S + T + (x-m)$
- (d) $C + S + T + R_f$

3. Say's law stressed the operation of in the economy.

- (a) Induced price mechanism
- (b) Automatic price mechanism
- (c) Induced demand
- (d) Induced investment

4. The multiplier is calculated as

- a) $1/(1-MPC)$
- b) $1/MPS$
- c) $1/MPC$
- d) a and b

5. According to Keynes, which type of unemployment prevails in capitalist economy ?

- (a) Full employment

- (b) Voluntary unemployment
- (c) Involuntary unemployment
- (d) Under employment

6. The relationship between total spending on consumption and the total income is the _____

- a) Consumption function
- b) Savings function
- c) Investment function
- d) aggregate demand function

7. As national income increases

- a) The APC falls and gets nearer in value to the MPC.
- b) The APC increases and diverges in value from the MPC.
- c) The APC stays constant
- d) The APC always approaches infinity.

8. During inflation, who are the gainers?

- (a) Debtors
- (b) Creditors
- (c) Wage and salary earners
- (d) Government

9. If the MPC is 0.5, the multiplier is _____

- a) 2
- b) $1/2$
- c) 0.2
- d) 20

10. Keynes attributes unemployment to

- (a) A lack of effective supply
- (b) A lack of effective demand
- (c) A lack of both
- (d) None of the above

11. In Keynes theory , the demand for and supply of money are determined by

- (a) Rate of interest
- (b) Effective demand
- (c) Aggregate demand
- (d) Aggregate supply

12. Irving Fisher's Quantity Theory of Money was popularized in

- (a) 1908
- (b) 1910
- (c) 1911
- (d) 1914.

13. The RBI Headquarters is located at

- (a) Delhi
- (b) Chennai
- (c) Mumbai
- (d) Bengaluru

14. When prices rise slowly, we call it

- (a) galloping inflation
- (b) mild inflation
- (c) hyper inflation
- (d) deflation

15. _____ inflation is in no way dangerous to the economy.

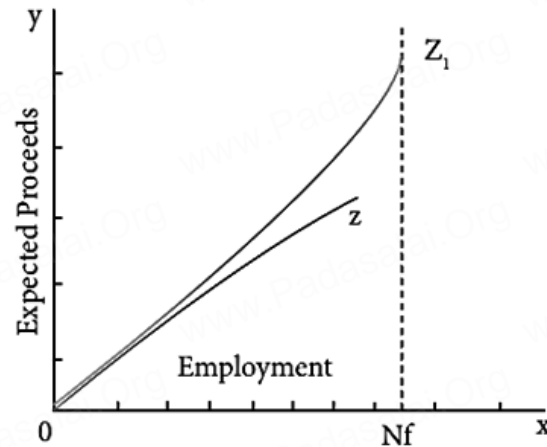
- (a) walking
- (b) running
- (c) creeping
- (d) galloping

16. According to Keynes, investment is a function of the MEC and _____

- a) Demand
- b) Supply

- c) Income
- d) Rate of interest

17. Consider the following diagram.



Assertion (A) Z curve is linear where money wages remains fixed; Z1 curve is non - linear since wage rate increases with employment.

Reason (R) The slope of the aggregate supply curve depends on the relation between the employment and productivity.

- a. Both (A) and (R) are true and (R) is the correct explanation of (A).
- b. Both (A) and (R) are true, but (R) is not the correct explanation of (A).
- c. (A) is true, but (R) is false.
- d. (A) is false, but (R) is true.

18. Match the items in the List – I with items in List – II. Select the correct answer from the code given below :

List – I

List – II

- | | | |
|---------|---|---|
| I. M1 | - | 1. Currency, coins and demand deposits |
| II. M2 | - | 2. M1 + Savings deposits with post office savings banks |
| III. M3 | - | 3. M2 + Time deposits of all commercial and cooperative banks |
| IV. M4 | - | 4. M3 + Total deposits with Post offices. |

Codes :

	I	II	III	IV
a.	3	2	1	4
b.	2	4	1	3
c.	2	3	4	1
d.	1	2	3	4

19. In $MV=PT$, if M doubles and V and T remain constant, then P will:

(A) Double (B) $1/2$ (C) 1 (D) 4

20. What is the other name of Cambridge Approach?

- a. Quantity theory of money
- b. Cash Balances Approach
- c. Modern theory of Money Approach
- d. Classical Approach

Part B

II. Write any of following seven question (Q.N.30 is compulsory) (7x2 = 14)

- 21. Give reasons for labour retrenchment at present situation.
- 22. Write any four assumptions of Say's law.
- 23. Write how the term 'stagflation' is coined?
- 24. Define Marginal Propensity to Save (MPS).
- 25. Write the formula of following :a) Multiplier b) Accelerator.
- 26. What is effective demand? Mention its equation.
- 27. What are the components of aggregate supply?
- 28. What is the key difference between Paper Currency and Plastic Money?
- 29. What are 'Bitcoins'?

Compulsory Question : 30. Write any three exponents of Classical theory.

Part C

III. Write any of following seven question (Q.N.40:compulsory) (7x3=21)

- 31. Write the types of inflation, explain any two.
- 32. Explain about aggregate supply with the help of diagram.
- 33. State the concept of super multiplier.
- 34. State Cambridge equations of value of money.

35. According to classical theory of employment, how wage reduction will solve the problem of unemployment diagrammatically and explain.

36. Specify the limitations of the multiplier.

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

38. Fill in the following table by indicating whether the proposed Central Bank action will increase or decrease the money supply. If the action is not a Central Bank, then write not applicable.

Action	Effect on money in circulation
A decrease in central spending	
A decrease in the required reserve ratio	
A sale of government debt	
A lowering of the discount rate	
Buying government debt	
A decrease in taxes	

39. In each of the following scenario, classify the individual as frictionally, structurally, or cyclically unemployed. Explain your classification.

(a) There has been a general economic slow down. Because of weak demand, Pawan has lost his portering job at the railway station.

(b) Abishek, a newly qualified dental graduate, is looking for a place to set up practice.

(c) Pathmini is thrown out of work by the introduction of a more mechanized production process.

(d) Sherma, a computer programmer with a large bank, quit her job two months ago in search of a better-paid programming position. She is still looking.

Compulsory Question : 40. Mention the differences between accelerator and multiplier effect.

Part D**IV. Write all the following questions****(7 x 5 = 35)**

41.a. Illustrate Fisher's Quantity theory of money. OR

b. Consider $M = \text{Rs. } 1000$. $M' = \text{Rs. } 500$, $V = 3$, $V' = 2$, $T = 4000$ goods and find the value of money using Fisher's quantity theory of money.

42.a. Fill in the table below assuming the consumption function has the following form:

$$C = 500 + 0.9Y.$$

Income (Rs.)	Consumption
0	
100	
200	
300	
400	
500	

OR

b. Explain the operation of the Accelerator.

43.a. Narrate the equilibrium between ADF and ASF with diagram. OR

b. Describe the types of unemployment.

44.a. Describe the evolution money. OR

b. What are the differences between MEC and MEI?

45.a. What are the causes and effects of inflation on the economy? OR

b. Explain the differences between classical theory and Keynes theory.

46.a. Illustrate the working of Multiplier. OR

b. Briefly explain the subjective and objective factors of consumption function?

47.a. Critically explain Say's law of market. OR

b. Explain the functions of money.

UNIT TEST – CHAPTERS 6 AND 7**DURATION 3.00 HRS****ECONOMICS (+2)****MAX.MARKS : 90****PART A****I. Choose the best answers****(20 x 1 = 20)**

1. The RBI uses three policy tools to manipulate the money supply: _____, which affect reserves and the monetary base; changes in _____, which affect reserves and the monetary base by influencing the quantity of discount loans; and changes in _____, which affect the money multiplier.

- a. open market operations; the discount rate; margin requirements
- b. open market operations; the discount rate; reserve requirements
- c. the discount rate; open market operations; margin requirements
- d. the discount rate; open market operations; reserve requirements

2. NBFIs do not have.

- a) Banking license b) government approval c) Money market approval d) Finance ministry approval

3. Match the items in the List – I with items in List – II. Select the correct answer from the code given below :

List – I**List – II**

I. The Central Bank of China

1. 1935

II. The Reserve Bank of New Zealand

2. 1934

III. The Reserve Bank of India

3. 1928

IV. Central Bank of Ceylon

4. 1950

Codes :

	I	II	III	IV
a.	3	2	1	4
b.	2	4	1	3
c.	2	3	4	1
d.	1	2	3	4

4. Lender of the last resort is one of the functions of.

- a) Central Bank b) Commercial banks c) Land Development Banks d) Co-operative banks

5. The factor endowment model of international trade was developed by

- a. Adam Smith and J.B. Say
b. David Ricardo and Schumpeter
c. John Stuart Mill
d. Eli Heckscher and Bertil Ohlin

6. Monetary policy is formulated by.

- a) Co-operative banks b) Commercial banks c) Central Bank d) Foreign banks

7. International trade differs from domestic trade because of

- a) Trade restrictions b) Immobility of factors c) Different government policies d) All the above

Use the information in the table below to answer the next two questions (8 and 9)

COUNTRY	TONS OF STEEL	DVDs
China	80	40
India	20	20

8. The opportunity cost of one DVD in India is

- a. One ton of steel
b. Two tons of steel
c. Three tons of steel
d. Four tons of steel

9. The opportunity cost of one DVD in China is

- a. One-half ton of steel
b. One ton of steel
c. One and one-half tons of steel
d. Two tons of steel

10. 2016 Demonetization of Indian Currency does not include denominations of

- a) Rs.500 and Rs.1000
- b) Rs.100 and Rs.2000
- c) Rs.200 and Rs.50
- d) b and c

11. If capital is available in large proportion and labour is less, then that economy is considered to be

- a. Capital Intensive b. Labour Intensive c. Both a. and b. d. None of above

12. Suppose a doctor from England is invited to diagnose the health status of a VIP in our State. The fees which we pay to the doctor are entered in to which account of the BOPs Account?

- a. The current account
- b. The capital account
- c. State account of expenses
- d. The official settlements account or official reserve assets account.

13. Which of the following factors influence trade?

- a) The stage of development of a product
- b) The relative price of factors of productions.
- c) Government.
- d) All of the above.

14. State which of the following statements are True and which are false. Pick 'T' for True and 'F' for a False statement:

- (a) Loans and advances are both granted by banks to customers for a long period of time.
 - (b) Banks keep our jewelry and important documents safe with them.
 - (c) Banks grant loans to students for their studies at reasonable interest rate.
 - (d) Discounting of bills is done by banks free of cost.
 - (e) Through overdraft, a customer can withdraw more money than the amount in his/her bank account
- a. (a) F, (b) F, (c) T, (d) T, (e) F
 - b. (a) T, (b) F, (c) T, (d) F, (e) T
 - c. (a) F, (b) T, (c) T, (d) F, (e) T

d. (a)T, (b) F, (c) T, (d) F, (e) F

15. Monetary policy is formulated by.

a) Co-operative banks b) Commercial banks c) Central Bank d) Foreign banks

16. Online Banking is also known as _____

a) E-Banking b) Internet Banking c) RTGS d) NEFT

17. Expansions of ATM.

a) Automated Teller Machine b) Adjustment Teller Machine c) Automatic Teller mechanism
d) Any Time Money

18. Exchange rate for currencies is determined by supply and demand under the system of

a) Fixed exchange rate b) Flexible exchange rate c) Constant d) Government regulated

19. Who among the following enunciated the concept of single factoral terms of trade?

a) Jacob Viner b) G.S.Donens c) Taussig d) J.S.Mill

20. Identify the odd one out.

a. IMF

b. IBRD

c. WTO

d. RBI

Part B

II. Write any of following seven question

(Q.N.30 is compulsory)

(7x2 = 14)

21. Differentiate in short – NEFT and RTGS.

22. What is credit creation?

23. Distinguish between CRR and SLR.

24. What do you mean by balance of payments?

25. What is the significant difference between FDI and FII?

26. Mention the functions of agriculture credit department.

27. Write the meaning of Open market operations

28. What is the main difference between Adam Smith and Ricardo with regard to the emergence of foreign trade?
29. Mention various Presidency Banks which operated in India.
30. What is meant by Exchange Rate? (Compulsory)

Part C

III. Write any of following seven question

(Q.N.40: compulsory) (7x3=21)

31. Explain the chain of events that results from an expansionary monetary policy.
32. Write the mechanism of credit creation by commercial banks.
33. Write a brief note on flexible exchange rate.
34. Distinguish between Balance of Trade and Balance of Payments.
35. Specify the functions of IFCI.
36. Compare the dissimilarities of Repo Rate and Reverse Repo Rate.
37. What are import quotas?
38. Compare the Classical Theory of international trade with Modern Theory of International trade.
39. Explain the Net Barter Terms of Trade and Gross Barter Terms of Trade.
40. Mention the objectives of demonetizations. (Compulsory)

Part D

IV. Write any of the seven following questions

(7 x 5 = 35)

41. Explain the role of Commercial Banks in economic development.
42. Describe the functions of Reserve Bank of India.
43. Write any six disadvantages of FDI.
44. Compare and contrast fixed and flexible exchange rates.
45. Discuss the differences between Internal Trade and International Trade.
46. Mention and explain the types of Terms of Trade given by Viner.
47. Explain briefly the Comparative Cost Theory with suitable diagram.
48. Elucidate the functions of Commercial Banks.
49. Draw a flow chart depicting correction of balance of payment disequilibrium.
50. Bring out the followings.
 - a) Components of balance of payments account.
 - b) Types of disequilibrium in the balance of payments

+2 ECONOMICS – UNIT TEST : CHAPTERS – 9, 10.**Duration : 1.30 Hrs****Maximum Marks 50****Part A****I. Choose the correct answer****(15 x 1 = 15)**

1. One of the most important market failures is caused by -----
a. Positive externalities b. Negative externalities c. Both d. None of the above
2. The direct tax has the following merits except,
a. equity b. convenient c. certainty d. civic consciousness
3. Which of the following conditions indicate the impact of global warming?
i. Melting of glaciers ii. Lowering down of sea level iii. Changes in weather conditions iv. Rise in global temperature (Select the correct answer from the codes given below)
Codes: a. i and ii b. i,ii and iii c. i, iii and iv d. i,iv
4. Sustainable Development Goals and targets are to be achieved by -----
a. 2020 b. 2025 c. 2030 d. 2050
5. Which of the following canons of taxation was not listed by Adam smith?
a. Canon of equality b. Canon of certainty c. Canon of convenience d. Canon of simplicity
6. “Revenue Receipts” of the Government do not include
a. Interest b. Profits and dividends c. Recoveries and loans d. Rent from property
7. Who developed Material Balance Models?
a. Thomas and Picardy b. Alen Kneese and R.V. Ayres
c. Joan Robinson and J.M. Keynes d. Joseph Stiglitz and Edward Chamberlin
8. The difference between total expenditure and total receipts including loans and other liabilities is called
a. Fiscal deficit b. Budget deficit c. Primary deficit d. Revenue deficit
9. Which one of the following deficits does not consider borrowing as a receipt?
a. Revenue deficit b. Budgetary deficit c. Fiscal deficit d. Primary deficit
10. Global warming also refers to as
a. Ecological change b. Climate Change c. Atmosphere change d. None of the above
11. The term environment has been derived from a French word-----.
a. Environ b. Environs c. Environia d. Envir
12. Deficit budget means

- a. An excess of government's revenue over expenditure
 - b. An excess of government's current expenditure over its current revenue
 - c. An excess of government's total expenditure over its total revenue d. None of above
13. Consider the following statements and identify the right ones. i. The finance commission is appointed by the President ii. The tenure of Finance commission is five years
- a) i only b) ii only c) both d) none
14. Which one of the following causes of global warming?
- a. Earth gravitation force b. Oxygen c. Centripetal force d. Increasing temperature
15. Assertion (A) :A poor person should pay more tax compared to a middle class person or a rich person. Reason (R) :The Government should impose tax in such a way that the people have to pay taxes according to their ability.
- a. Both A and R are true and R is the correct explanation of A.
- b. Both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false. d. A is false but R is true.

Part B

II. Write any five of the following questions

(Q.No. 22 is Compulsory) (5 x 2 = 10)

- 16. What are the components of GST?
- 17. What do you mean by ecosystem?
- 18. Write a short note on finance commission.
- 19. What are spill-over effects?
- 20. What is meant by Environmental Economics?
- 21. Write a short note on zero based budget.
- 22. Mention top five countries where per capita carbondioxide emission is the highest in the world with their figures.

Part C

II. Write any five of the following questions

(Q. No. 29 is Compulsory) (5 x 3 = 15)

- 23. Specify the meaning of material balance principle.
- 24. Describe canons of Taxation.
- 25. What are the objectives of organic farming?
- 26. Mention any three methods of redemption of public debt.
- 27. State the meaning of e-waste.
- 28. Mention any three similarities between public finance and private finance.

29. List the finance commissions in India.

Part D

III. Write the following questions

(2 x 5 = 10)

30. a. Bring out the merits of indirect taxes over direct taxes. (or)

b. List the Remedial measures to control Land Pollution

31. a. Explain the importance of sustainable development and its goals. (or)

b. Explain the principles of federal finance.

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