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# Economics

## 11<sup>th</sup> Standard

Based on the updated new textbook



### Salient Features

- Prepared as per the updated new textbook  
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- All the objective type (1 Mark) questions, are given with 4 options.
  - (i) Choosing the correct option
  - (ii) Matching
  - (iii) Filling the blanks
  - (iv) Picking the Odd one Out
  - (v) Assertion & Reason
  - (vi) Choosing the correct Statement
- Govt. Model Question Paper-2018 [**Govt. MQP-2018**], First Mid-Term Test (2018) [**First Mid-2018**], March Public Exam 2019 - [**Mar.19**], Quarterly Exam - 2018, 2019 [**QY-2018; 2019**], Half Yearly Exam - 2018, 2019 [**HY-2018; 2019**] and Board Expected Questions [**BEQ**] are incorporated at appropriate sections.
- Govt. Model Question Paper (2018), Quarterly Question Paper (2019), Half Yearly Question Paper (2019) and Sura's Model Question Paper are given.
- Public Examination March 2020 Question Paper with Answers are given.



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## 1

# INTRODUCTION TO MICRO-ECONOMICS

## CHAPTER SNAPSHOT

### Introduction to Micro Economics

#### 1.1 Introduction

#### 1.2 Economics : Meaning

#### 1.3 Economics : Its Nature

##### 1.3.1 Wealth Definition : Adam Smith

##### 1.3.2 Welfare Definition :

Alfred Marshall

##### 1.3.3 Scarcity Definition :

Lionel Robbins

##### 1.3.4 Growth Definition : Samuelson

#### 1.4 Scope of Economics

##### 1.4.1 Economics : Its Subject Matter

##### 1.4.2 Economics is an Art and a Science

##### 1.4.3 Economics : Positive Science and Normative Science

#### 1.5 Basic Concepts in Economics

##### 1.5.1 Goods and Services

##### 1.5.2 Utility

##### 1.5.3 Price

##### 1.5.4 Market

##### 1.5.5 Cost

##### 1.5.6 Revenue

##### 1.5.7 Equilibrium

##### 1.5.8 Income

#### 1.6 Economics : Its Methods, Facts, Theories and Laws

##### 1.6.1 Methods of Economics :

Deduction and Induction

##### 1.6.2 Economics : Facts, Theories

##### 1.6.3 Nature of Economic Laws

#### 1.7 Economics : Its Sub Divisions

##### 1.7.1 Consumption

##### 1.7.2 Production

##### 1.7.3 Exchange

##### 1.7.4 Distribution

#### 1.8 Economics : Its Types

##### 1.8.1 Micro-Economics

##### 1.8.2 Macro - Economics

##### 1.8.3 International Economics

##### 1.8.4 Public Economics

##### 1.8.5 Developmental Economics

##### 1.8.6 Health Economics

##### 1.8.7 Environmental Economics

#### 1.9 Basic Economic Problems

#### 1.10 Production Possibility Curve

#### 1.11 Conclusion

## TEXTUAL QUESTIONS AND ANSWERS

### MODEL QUESTIONS

### PART - A

#### MULTIPLE CHOICE QUESTIONS.

1. 'Economics is a study of mankind in the ordinary business of life' - It is the statement of. [BEQ]

- (a) Adam Smith (b) Lionel Robbins  
(c) Alfred Marshall (d) Samuelson

[Ans. (c) Alfred Marshall]

2. The basic problem studied in Economics is

- (a) Unlimited wants [BEQ] [QY-2018]  
(b) Unlimited means  
(c) Scarcity  
(d) Strategy to meet all our wants

[Ans. (c) Scarcity]

3. Micro Economics is concerned with

- (a) The economy as a whole [First Mid-2018]  
(b) Different sectors of an economy  
(c) The study of individual economic units behaviour  
(d) The interactions within the entire economy

[Ans. (c) The study of individual economic units behaviour]

4. Which of the following is a micro economics statement? [BEQ] [Govt. MQP-2018]

- (a) The real domestic output increased by 2.5 percent last year  
(b) Unemployment was 9.8 percent of the labour force last year  
(c) The price of wheat determines its demand  
(d) The general price level increased by 4 percent last year

[Ans. (c) The price of wheat determines its demand]

5. Find the odd one out :

[BEQ] [Govt. MQP-2018; First Mid-2018; QY-2018]

- (a) "An inquiry into the nature and the causes of the Wealth of Nations".  
(b) "Principles of Economics"  
(c) "Nature and Significance of Economic Science"  
(d) "Ceteris Paribus" [Ans. (d) "Ceteris Paribus"]

6. The equilibrium price is the price at which

- (a) Everything is sold [HY-2019]  
(b) Buyers spend their money  
(c) Quantity demanded equals quantity supplied  
(d) Excess demand is zero

[Ans. (c) Quantity demanded equals quantity supplied]

7. Author of "An Inquiry into the Nature and Causes of Wealth of Nations"

- (a) Alfred Marshall (b) Adam Smith  
(c) Lionel Robbins (d) Paul A Samuelson

[Ans. (b) Adam Smith]

8. "Economics studies human behaviour as a relationship between ends and scarce means which have alternative uses" is the definition of economics of

- (a) Lionel Robbins (b) Adam Smith  
(c) Alfred Marshall (d) Paul A Samuelson

[Ans. (a) Lionel Robbins]

9. Who is the Father of Economics? [BEQ] [HY-2018]

- (a) Max Muller (b) Adam Smith  
(c) Karl Marx (d) Paul A Samuelson

[Ans. (b) Adam Smith]

10. "Economics is a science" The basis of this statement is \_\_\_\_\_. [BEQ]

- (a) Relation between cause and effect  
(b) Use of deductive method and inductive method for the formations of laws  
(c) Experiments  
(d) All of the above [Ans. (d) All of the above]

11. Utility means [Mar. 19]

- (a) Equilibrium point at which demand and supply are equal  
(b) Want - satisfying capacity of goods and services  
(c) Total value of commodity.  
(d) Desire for goods and services

[Ans. (b) Want - satisfying capacity of goods and services]



## 2

## CONSUMPTION ANALYSIS

## CHAPTER SNAPSHOT

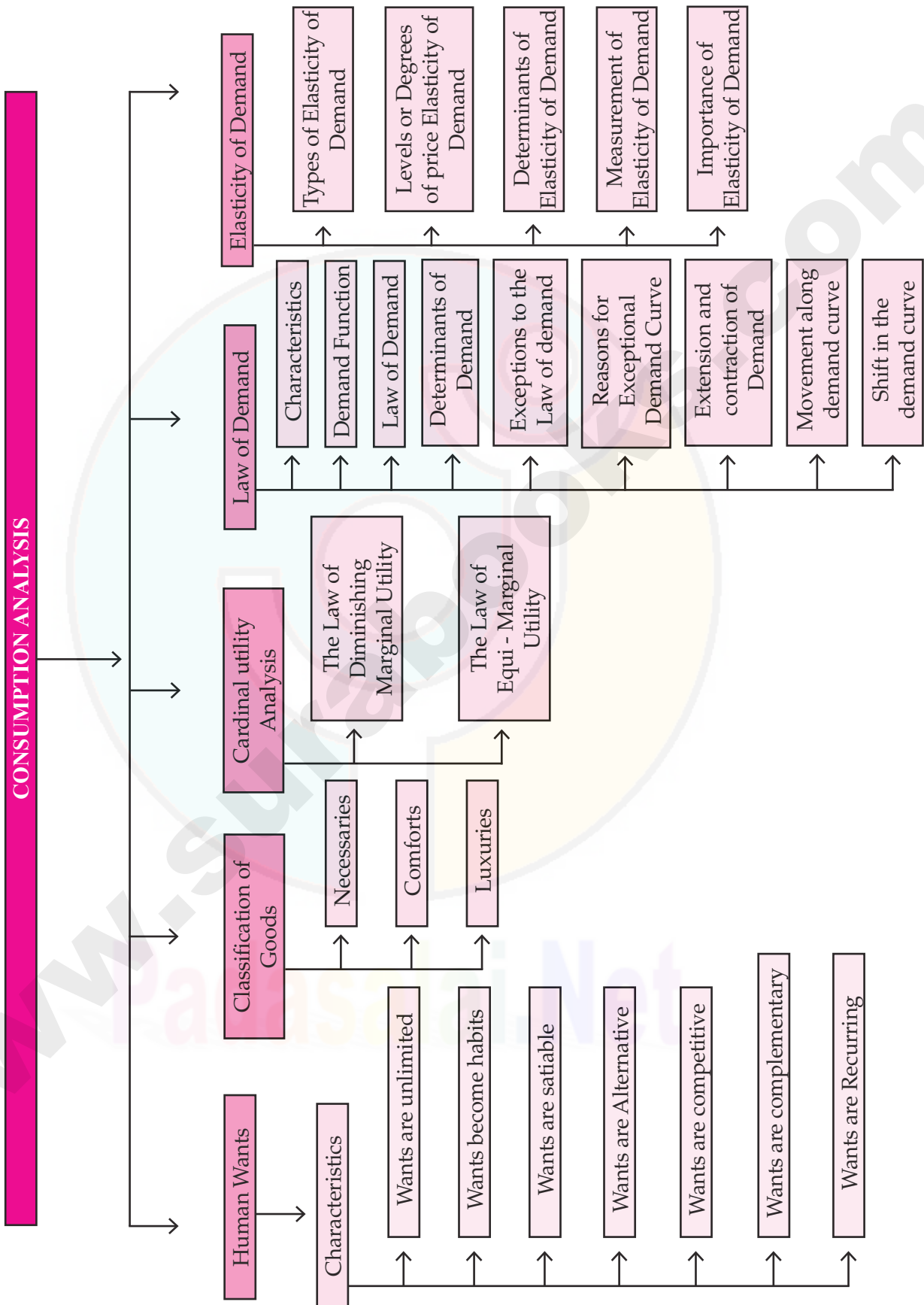
**Consumption Analysis**

- 2.1** Introduction
- 2.2** Human Wants
- 2.3** Characteristics of Human wants
- 2.4** Classification of Goods
- 2.5** Cardinal Utility Analysis
  - 2.5.1. The Law of Diminishing Marginal Utility(DMU)
- 2.6** The Law of Equi - Marginal utility
- 2.7** Consumer's Surplus
- 2.8** Law of Demand
  - 2.8.1 Characteristics of Demand
  - 2.8.2 Demand Function
  - 2.8.3 Law of Demand
  - 2.8.4 Determinants of Demand
  - 2.8.5 Exceptions to the law of demand
  - 2.8.6 Reasons for Exceptional Demand Curve
  - 2.8.7 Extension and Contraction of Demand
  - 2.8.8 Movement along Demand Curve
  - 2.8.9 Shift in the Demand Curve

- 2.9** Elasticity of Demand
  - 2.9.1 Types of Elasticity of Demand
  - 2.9.2 Levels or Degrees of Price Elasticity of Demand
  - 2.9.3 Determinants of Elasticity of Demand
  - 2.9.4 Measurement of Elasticity of Demand
  - 2.9.5 Importance of Elasticity of Demand

- 2.10** Ordinal Analysis
- 2.11** An Indifference Curve
- 2.12** An Indifference Map
- 2.13** Diminishing Marginal Rate of Substitution
- 2.14** Properties of the Indifference curves
- 2.15** Price line or Budget line
- 2.16** Consumer Equilibrium
- 2.17** Conclusion

# CONCEPT MAP





# 3

## PRODUCTION ANALYSIS

### CHAPTER SNAPSHOT

#### Production Analysis

##### 3.1 Introduction

##### 3.2 Features of the Factors of Production

3.2.1 Land

3.2.2 Labour

3.2.3 Capital

3.2.4 Organization

##### 3.3 Production Function

##### 3.4 Law of Variable Proportions

##### 3.5 Laws of Returns to Scale

##### 3.6 Economies of Scale

3.6.1 Internal Economies of Scale

3.6.2 External Economies of Scale

##### 3.7 Diseconomies of Scale

3.7.1 Internal Diseconomies of Scale

3.7.2 External Diseconomies of Scale

##### 3.8 Iso-quants

3.8.1 Definition of Iso-quant

3.8.2 Iso-quant curve

3.8.3 Iso-quant Map

3.8.4 Properties of Iso-quant Curve

##### 3.9 The Iso-cost Line

##### 3.10 Producer's Equilibrium

##### 3.11 Cobb-Douglas Production Function

##### 3.12 Law of Supply

3.12.1 Supply Function

3.12.2 Supply Curve

3.12.3 Factors determining supply

3.12.4 Elasticity of supply

3.12.5 Types of Elasticity of supply

3.12.6 Factors governing elasticity of supply

##### 3.13 Conclusion

## IMPORTANT TERMS

<b>Production</b>	: Production process creates economic well being.
<b>Factors of production</b>	: Factors of production mean resources used in the process of production of commodities
<b>Land</b>	: Land is a free gift of nature.
<b>Labour</b>	: Labour is the human input in the production process.
<b>Capital</b>	: Capital is secondary means of production.
<b>An Entrepreneur</b>	: An entrepreneur is a person who combines land, labour and capital in the production process to earn profit.
<b>Production functions</b>	: Production functions are used to determine the most efficient combination of inputs to product a given amount of output.
<b>Total product</b>	: It refers to the total amount of commodity produced by the combination of all inputs in a given period of time.
<b>Average product</b>	: The average product refers to the average output produced by each input.
<b>Marginal product</b>	: Marginal product is nothing but additional made to the total product.
<b>Law of variable proportion</b>	: Short - run production function which is studies through law of variable proportion.
<b>Returns to scale</b>	: Long-run production function which is explained by returns to scale.
<b>Internal economies of scale</b>	: 'Internal economies of scale' are advantages enjoyed within the production unit.
<b>External economies of scale</b>	: Advantages enjoyed by all the firms in the industry are called external economies of scale.
<b>Diseconomies of scale</b>	: The diseconomies are the disadvantages arising to firm or an industry or a group of firms due large scale production.
<b>ISO - quant</b>	: Iso - quant or Iso product curve represents different combination of two factors of production that yield the same level of output.
<b>ISO - Cost line</b>	: Iso cost line is also called "ISO - expenditure line".
<b>Supply</b>	: Supply means the goods offered for all at a price during specific period of time.
<b>Primary Factors</b>	: Land and Labour are naturally given and without them no goods can be produced. These are called primary factors.
<b>Derived Factors of Production</b>	: Capital and Organisation are derived from the primary factors of production. These factors are called derived factors of production.
<b>Organisation (or) Entrepreneurship</b>	: An entrepreneur is a person who combines the different factors of production in the right proportion and initiates the process of production and also bears the risk involved in it.

## 4

# COST AND REVENUE ANALYSIS

## CHAPTER SNAPSHOT

### Cost and Revenue Analysis

#### 4.1 Introduction

#### 4.2 Cost Analysis

#### 4.3 Cost concepts

##### 4.3.1 Money Cost

##### 4.3.2 Real Cost

##### 4.3.3 Explicit Cost

##### 4.3.4 Implicit Cost

##### 4.3.5 Economic Cost

##### 4.3.6 Social Cost

##### 4.3.7 Opportunity Cost

##### 4.3.8 Sunk Cost

##### 4.3.9 Floating Cost

##### 4.3.10 Prime Cost

##### 4.3.11 Fixed Cost

##### 4.3.12 Variable Cost

#### 4.4 Short run cost curves

##### 4.4.1 Total Fixed Cost

##### 4.4.2 Total Variable Cost

##### 4.4.3 Total Cost Curves

##### 4.4.4 Average Fixed Cost

##### 4.4.5 Average Variable Cost

##### 4.4.6 Average Total Cost

##### or Average Cost

##### 4.4.7 Marginal Cost

##### 4.4.8 The relationship between Average cost and Marginal cost

#### 4.5 Long Run cost curve

#### 4.6 Revenue Analysis

##### 4.6.1 Revenue Concepts

##### 4.6.2 Relationship between AR and MR curves

##### 4.6.3 Relationship among TR, AR and MR curves

##### 4.6.4 TR, AR, MR and Elasticity of Demand

#### 4.7 Conclusion

3. A book seller sold 27 books with the price of 9 each. The total revenue of seller is [QY-2018]

(a) 267 (b) 296 (c) 243 (d) 117

[Ans. (c) 243]

4. Payment made to the use of resources that the firm already owns is known as [QY-2018]

(a) Money cost (b) Implicit cost  
(c) Opportunity cost (d) Real cost

[Ans. (b) Implicit cost]

- (ii) Match List I with List II and Select the Correct Answer using the Codes given below

1. [Govt. MQP-2018]

Elasticity	Marginal Revenue
A. $e=1$	I. MR -ve
B. $e>1$	II. MR =0
C. $e<1$	III. MR +ve

Code:

	A	B	C
(a)	I	II	III
(b)	II	III	I
(c)	III	I	II
(d)	I	III	II

[Ans. (b) A - II; B - III; C - I]

2. List I List II [Mar. 19]

(1) Explicit Cost	(i)	Book Cost
(2) Implicit Cost	(ii)	External Cost
(3) Social Cost	(iii)	Transfer Cost
(4) Opportunity Cost	(iv)	Money Cost

(a) (1) - (iv) (2) - (i) (3) - (iii) (4) - (ii)  
(b) (1) - (iv) (2) - (i) (3) - (ii) (4) - (iii)  
(c) (1) - (ii) (2) - (iii) (3) - (iv) (4) - (i)  
(d) (1) - (iii) (2) - (iv) (3) - (i) (4) - (ii)

[Ans. (b) (1) - iv; (2) - i; (3) - ii; (4) - iii]

## PART - B

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Write the types of income. [QY-2018]

Ans. Types of Income.

(i) Total Revenue (ii) Average Revenue  
(iii) Marginal Revenue

2. Define Marginal cost. [QY-2019]

Ans. Marginal cost :

(i) Marginal cost is the addition made to the total cost producing one extra unit of output.  
(ii)  $MC_n = TC_n - TC_{n-1}$

## ADDITIONAL QUESTIONS AND ANSWERS

### PART - A

MULTIPLE CHOICE QUESTIONS. **1 MARK**

- (i) Choose the Correct Option

1. Profit = [BEQ]

(a) Total Revenue – Total Cost  
(b) Total Revenue + Total Cost  
(c) Total Revenue × Total Cost  
(d) Total Revenue ÷ Total Cost

[Ans. (a) Total Revenue – Total Cost]

2. Find total cost where TFC = 200 and TVC = 150.

(a) 300 (b) 350 (c) 200 (d) 150

[Ans. (b) 350]

3. Find total fixed cost where TC = 500 and TVC = 100.

(a) 100 (b) 200 (c) 300 (d) 400

[Ans. (d) 400]

4. Planning curve is also called as

(a) Envelop curve  
(b) Long run average cost curve  
(c) Group of short run average cost curve  
(d) All the above

[Ans. (d) All the above]

5. When AR remains constant MR is also

(a) constant (b) greater  
(c) lesser (d) none of these

[Ans. (a) constant]

## 5

MARKET STRUCTURE AND  
PRICING

## CHAPTER SNAPSHOT

## Market Structure and Pricing

## 5.1 Introduction

## 5.2 Meaning of Market

## 5.3 Classification of Markets

## 5.3.1 On the basis of Area

## 5.3.2 On the basis of Time

## 5.3.3 On the basis of Quantity of the commodity

## 5.3.4 On the basis of Competition

## 5.4 Equilibrium conditions for a Firm

## 5.4.1 Total Curve Approach

## 5.4.2 Marginal Curve Approach

## 5.5 Perfect Competition

## 5.5.1 Features of the perfect competition

5.5.2 Perfect competition :  
Firm's Equilibrium in the Short Run5.5.3 Perfect competition :  
Firm's Equilibrium in the Long Run

## 5.6 Imperfect competition

## 5.7 Monopoly

## 5.7.1 Features of Monopoly

## 5.7.2 Sources of Monopoly Power

## 5.7.3 Price &amp; Output Determination under Monopoly

## 5.7.4 Price Discrimination under monopoly

## 5.7.5 Degrees of Price Discrimination

## 5.7.6 Dumping

## 5.8 Monopolistic competition

## 5.8.1 Features of Monopolistic competition

## 5.8.2 Price and output Determination under Monopolistic competition

## 5.8.3 Wastes of Monopolistic competition

## 5.9 Duopoly

## 5.9.1 Characteristics of Duopoly

## 5.10 Oligopoly

## 5.10.1 Features of Oligopoly

## 5.11 Comparison among the features of various markets

## 5.12 Conclusion



## MUST KNOW DEFINITIONS

<b>Definition of Perfect Competition</b>	: According to Joan Robinson, "perfect competition prevails when the demand for the output of each producer is perfectly elastic".
<b>Definition of imperfect competition</b>	: Imperfect competition is a competitive market situation where there are many sellers, but they are selling heterogeneous goods as opposed to the perfect competitive market scenario.
<b>Definition of Monopoly</b>	: Monopoly is a market structure characterized by a single seller, selling the unique product with the restriction for a new firm to enter the market.
<b>Definition of price discrimination</b>	: Price discrimination may be defined as "the sale of technically similar products at prices which are not proportional to marginal cost".

## TEXTUAL QUESTIONS AND ANSWERS

### MODEL QUESTIONS

### PART - A

#### MULTIPLE CHOICE QUESTIONS.

1. In which of the following is not a type of market structure price will be very high? [BEQ]  
 (a) Perfect competition (b) Monopoly  
 (c) Duopoly (d) Oligopoly  
**[Ans. (b) Monopoly]**
2. Equilibrium condition of a firm is \_\_\_\_\_.  
 (a)  $MC = MR$  (b)  $MC > MR$   
 (c)  $MC < MR$  (d)  $MR = \text{Price}$   
**[Ans. (a)  $MC = MR$ ]**
3. Which of the following is a feature of monopolistic competition? [QY-2018]  
 (a) One seller  
 (b) Few sellers  
 (c) Product differentiation  
 (d) No entry **[Ans. (c) Product differentiation]**
4. A firm under monopoly can earn \_\_\_\_\_ in the short run. [BEQ]  
 (a) Normal profit (b) Loss  
 (c) Super normal profit (d) More loss  
**[Ans. (c) Super normal profit]**
5. There is no excess capacity under \_\_\_\_\_.  
 (a) Monopoly (b) Monopolistic competition  
 (c) Oligopoly (d) Perfect competition  
**[Ans. (d) Perfect competition]**
6. Profit of a firm is obtained when \_\_\_\_\_. [BEQ]  
 (a)  $TR < TC$  (b)  $TR - MC$   
 (c)  $TR > TC$  (d)  $TR = TC$  **[Ans. (c)  $TR > TC$ ]**
7. Another name of price is \_\_\_\_\_. [HY-2019]  
 (a) Average Revenue  
 (b) Marginal Revenue  
 (c) Total Revenue  
 (d) Average cost **[Ans. (a) Average Revenue]**
8. In which type of market, AR and MR are equal? [BEQ]  
 (a) Duopoly  
 (b) Perfect competition  
 (c) Monopolistic competition  
 (d) Oligopoly **[Ans. (b) Perfect competition]**
9. In monopoly, MR curve lies below \_\_\_\_\_. [QY-2019]  
 (a) TR (b) MC (c) AR (d) AC  
**[Ans. (c) AR]**
10. Perfect competition assumes \_\_\_\_\_. [BEQ]  
 (a) Luxury goods (b) Producer goods  
 (c) Differentiated goods (d) Homogeneous goods  
**[Ans. (d) Homogeneous goods]**

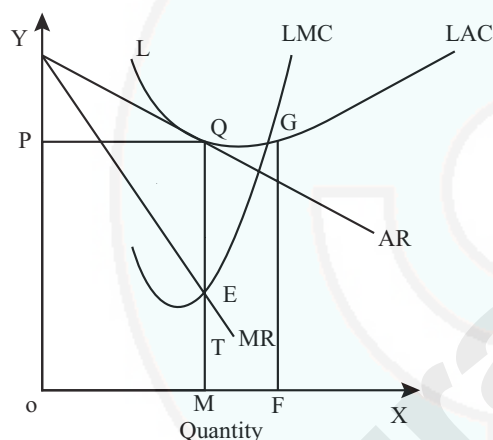


### 3. How is the price and output determined in the long run under monopolistic competition?

**Ans. Long run equilibrium of the firm and group equilibrium :**

- (i) In the short run under monopolistic competition the firm earn super normal profit or loss.
- (ii) But in the long run the entry of new firms will wipe out super normal profit.
- (iii) And the loss experienced by existing firms monopolist leaving the industry.
- (iv) Hence, the firm will earn only normal profit in the long run.
- (v) In the long run AR curve is more elastic or flatter due to plenty of substitute available.

#### Monopolistic competition



- (vi) At Point E the firm achieve equilibrium where  $MC = MR$ .
- (vii)  $OP$  - Price,  $OM$  - Output
- (viii)  $MQ$  - Average Cost,  $M$  = Average Revenue,  
 $\therefore MQ = MR$  ( $AR = AC$ )
- (ix) It mean a firm earn only normal profit in the long run.

### 4. Briefly explain the wastes of monopolistic competition. [BEQ]

**Ans.** Generally there are five kinds of wastages under monopolistic competition.

#### (i) Idle Capacity:

- (1) Unutilized capacity is the difference between the optimum output that can be produced and the actual output produced by the firm.

- (2) In the long run, a monopolistic firm produces deliberately output which is less than the optimum output that is the output corresponding to the minimum average cost.

- (3) This leads to excess capacity which is actually a waste in monopolistic competition.

#### (ii) Unemployment:

- (1) Under monopolistic competition, the firms produce less than optimum output.
- (2) As a result, the productive capacity is not used to the fullest extent.
- (3) This will lead to unemployment of human resources also.

#### (iii) Advertisement:

- (1) There is a lot of waste in competitive advertisements under monopolistic competition.
- (2) The wasteful and competitive advertisements lead to high cost to consumers.
- (3) It is also claimed that advertisements cheat the consumers by giving false, information about the product.

#### (iv) Too Many Varieties of Goods:

- (1) Introducing too many varieties of a good is another waste of monopolistic competition.
- (2) The goods differ in size, shape, style and colour. A reasonable number of varieties would be sufficient.
- (3) Cost per unit can also be reduced, if only a few varieties are produced in larger quantity. Instead of larger varieties with small quantity.

#### (v) Inefficient Firms:

- (1) Under monopolistic competition, inefficient firms charge prices higher than their marginal cost.
- (2) Such type of inefficient firms should be kept out of the industry.
- (3) Efficient firms cannot drive out the inefficient firms because sometimes the Efficient firms may not be able to Spend money on attractive advertisement to lure the buyers.

## GOVERNMENT EXAM QUESTIONS AND ANSWERS

### PART - B

**ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS**

**1. Define quasi - rent.** [QY-2018]

**Ans. Qasi - Rent.**

According to Alfred Marshall, "Qasi - Rent is the income derived from machines and other appliances made by man".

### PART - C

**ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. 3 MARKS**

**1. Explain the kinds of profit.** [Mar. 19]

**Ans. (a) Gross profit :**

(i) Gross profit is the surplus which accrues to a firm when its total expenditure is subtracted from its total revenue.

(ii)  $\text{Gross Profit} = \text{Total Revenue} - \text{Total cost.}$

**(b) Net Profit :**

(i) Net (or) pure (or) economic (or) true profit is the residual left with entrepreneur after deducting all expenses.

(ii)  $\text{Net Profit} = \text{Gross Profit} - \text{Implicit costs.}$

**(c) Normal Profit :**

It refers to the minimum expected return to stay in business.

**(d) Super Normal Profit :**

(i) Super Normal Profits are over and above the normal profit.

(ii)  $\text{Super Normal Profit} = \text{Actual Profit} - \text{Normal Profit.}$

**2. What are the changes taken place in a dynamic Society - According to Clark?** [QY-2019]

**Ans.** According to Clark, the following five main changes are taking place in a dynamic society.

- (i) Population is increasing
- (ii) Volume of capital is increasing
- (iii) Methods of production are improving.
- (iv) Forms of industrial organization are changing.
- (v) The wants of consumer are multiplying.

### PART - D

**ANSWER THE FOLLOWING QUESTIONS IN ABOUT A PAGE. 5 MARKS**

**1. Explain the profit theory.** [QY-2018]

**Ans. 1. Dynamic theory of profit**

**2. Innovation Theory of profit**

**3. Risk bearing Theory of profit**

**4. Uncertainty Bearing theory of profit**

**1. Dynamic Theory of profit :**

(i) This theory was propounded by the American economist J.B. Clark in 1900.

(ii) To him, profit is the difference between price and cost of production of the commodity.

(iii) Hence, profit is the reward for **dynamic changes in society.**

(iv) Further he points out that, profit cannot arise in a static society.

(v) Static society is one where everything is stationary or stagnant and there is no change at all.

**2. Innovation Theory of profit :**

(i) Innovation theory of profit was propounded by **Joesph. A Schumpeter.**

(ii) To Schumpeter, an entrepreneur is not only an undertaker of a business, but also an innovator in the process of production.

(iii) To him, **profit is the reward of "innovation"**. Innovation means invention put into commercial practice.

**3. Risk Bearing Theory of profit :**

(i) Risk bearing theory of profit was propounded by the American economist. **F.B.Hawley in 1907.**

(ii) According to him, profit is the reward for **"risk taking"** in business.

(iii) Risk taking is an essential function of the entrepreneur and is the basis of profit.

(iv) It is a well known fact that every business involves some risks.

## 7

## INDIAN ECONOMY

## CHAPTER SNAPSHOT

**Indian Economy****7.1** Meaning of Growth and Development**7.2** Indian Economy**7.3** Features of Indian Economy

7.3.1 Strengths of Indian Economy

7.3.2 Weakness of Indian Economy

7.3.3 Demographic trends in India

**7.4** Natural Resources

7.4.1 Land Resources

7.4.2 Forest Resources

7.4.3 Important Mineral Resources

**7.5** Infrastructure**7.6** Economic Infrastructure

7.6.1 Transport

7.6.2 Energy

**7.7** Social Infrastructure

7.7.1 Education

7.7.2 Health

**7.8** Contributions of Indian Economic Thinkers

7.8.1 Thiruvalluvar

7.8.2 Mahatma Gandhi

7.8.3 Jawaharlal Nehru

7.8.4 B.R. Ambedkar

7.8.5 J.C. Kumarappa

7.8.6 V.K.R.V. Rao

7.8.7 Amartya Kumar Sen

**7.9** Conclusion

**(b) Inequality and Poverty :**

- (i) The proportion of income and assets owned by top 10% of Indian goes on increasing.
- (ii) This has led to an increase in the poverty level in the society and still a higher percentage of individuals are living below poverty line.

**(c) Increasing prices of essential goods :**

- (i) The constant growth in the GDP and growth opportunities in the Indian economy, there have been steady increase in the prices of essential goods.
- (ii) The continuous rise in prices erodes the purchasing power.

**(d) Weak of Infrastructure :**

There is still scarcity of the basic infrastructure like power, transport storage etc.

**(e) Inadequate employment generation :**

- (i) The growth in production is not accompanied by creation of job.
- (ii) The Indian economy is characterised by 'jobless growth'.

**2. Explain about Health in India.**

[HY-2019]

**Ans. Health in India :**

- (i) Health in India is a state government responsibility.
- (ii) The Central Council of Health and Welfare formulates the various health care projects and health department reform policies.
- (iii) The administration of health industry in India as well as the technical needs of the health sector are the responsibility of the Ministry of Health and Welfare.
- (iv) Health care in India has many forms. These are the ayurvedic medicine.
- (v) Practice, unani or galenic herbal care, homeopathy, allopathy, yoga and many more.
- (vi) Each different healthcare form has its own treatment system and practice patterns.
- (vii) The medical practicing in India needs a proper licensing from the Ministry of Health.
- (viii) All medical systems are now under one ministry viz AYUSH.

## ADDITIONAL QUESTIONS AND ANSWERS

**PART - A****MULTIPLE CHOICE QUESTIONS. 1 MARK****(i) Choose the Correct Option****1. A country's economic growth is usually measured by**

- (a) National Income
- (b) Per capita Income
- (c) Foreign Exchange
- (d) All the above

[Ans. (a) National Income]

**2. Natural resources are**

- (a) Renewable resources
- (b) Non renewable resources
- (c) Land resources
- (d) All the above

[Ans. (d) All the above]

**3. Social infrastructure are**

- (a) Education
- (b) Training and research
- (c) Health and Housing
- (d) All the above

[Ans. (d) All the above]

**4. Hematite iron is mainly found in**

[BEQ]

- (a) Chattisgarh and Karnataka
- (b) Jharkhand
- (c) Odisha, Goa
- (d) All the above

[Ans. (d) All the above]

**5. The major deposit of magnetite iron is available.**

- (a) Madhya Pradesh
- (b) Uttar Pradesh
- (c) Western coast of Karnataka
- (d) All the above

[Ans. (c) Western coast of Karnataka]

**6. Before independence, the density of population was less than**

- (a) 100
- (b) 50
- (c) 200
- (d) 250

[Ans. (a) 100]

**7. The population growth rate in India is as high as**

- (a) 1.7
- (b) 1.5
- (c) 1.2
- (d) 2.00

[Ans. (a) 1.7]

## 8

# INDIAN ECONOMY BEFORE AND AFTER INDEPENDENCE

## CHAPTER SNAPSHOT

### Indian Economy Before and After Independence

#### 8.1 Introduction

#### 8.2 Indian Economy during the British period

8.2.1 Period of Merchant Capital

8.2.2 Period of Industrial Capital

8.2.3 Period of Finance Capital

8.2.4 Decline of Indian Handicrafts

#### 8.3 The Land Tenure Systems in India

8.3.1 Zamindari System

8.3.2 Mahalwari System

8.3.3 Ryotwari System

#### 8.4 Process of Industrial Transition and Colonial Capitalism

#### 8.5 Problems of British Rule

#### 8.6 Important Industrial Policies prior to 1991

8.6.1 Industrial Policy Resolutions 1948

8.6.2 Industrial Policy Resolutions 1956

#### 8.7 Green Revolution

#### 8.8 Large Scale Industries

#### 8.9 Small Scale Industries

#### 8.10 Micro, Small and Medium Enterprises

#### 8.11 Public sector and Private sector banks

#### 8.12 Nationalisation of Banks

#### 8.13 Performance of India's five year plans

#### 8.14 Development Indicators

8.14.1 Human Development Index (HDI)

8.14.2 Physical Quality of Life Index (PQLI)

#### 8.15 Conclusion



**5. Problems of British rule.**

- (i) The British rule stunted the growth of Indian enterprises.
- (ii) The economic policies of British checked and increase capital formation in India.
- (a) Only (i) is true
- (b) Both (i) and (ii) are true
- (c) Only (ii) is true
- (d) (i) is true and (ii) is false

[Ans. (d) (i) is true and (ii) is false]

## PART - B

### ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

**1. What do you mean by Rolling Plan? [BEQ]**

- Ans. (i)** This plan was started with an annual plan for 1978 - 79.
- (ii)** It is a continuation of the terminated fifty year plan.

**2. Write a note on plan holiday. [BEQ]**

- Ans. (i)** The main reason behind plan holiday was the Indo-Pakistan war & failure of third plan.
- (ii)** Annual plans were made and equal priority was given to agriculture allied and industry sector.

**3. What is Mahalanobis model? [BEQ]**

- Ans.** The main focus on industrial development of country is called mahalanobis model.

**4. What are the classification of public sector banks?**

- Ans.** Public sector banks are classified into 2 categories. They are,
- (i)** Nationalised Banks
  - (ii)** State Bank and its Associates.

**5. Write down the some service enterprises?**

- Ans. (i)** Micro Service Enterprises
- (ii)** Small Service Industries
- (iii)** Medium Service Enterprises

**6. What is Medium Scale Industries?**

- Ans. (i)** The industries which produce the goods in a large amount.
- (ii)** An Industry which using the improved technology, efficient man-power and more capital are known as medium and large scale industries.

**7. Who established jute mills in India?**

- Ans. (i)** The British capitalists who established jute mills in Bengal.
- (ii)** It had a virtual monopoly over the supplies of jute products in international markets.
- (iii)** They earned huge profits in jute products.

**8. Which sector you can find finance capital?**

- Ans.** The British finance capital found its entry into the main sector such as,
- (i)** Railway
  - (ii)** Plantation of tea and coffee and
  - (iii)** Rubber in mid-nineteenth century.

**9. Who introduced Zamindari System?**

- Ans.** Zamindari system was introduced by Cornwallis in 1793 through Permanent Settlement Act.

**10. What are the two industrial Transition in India during British period?**

- Ans. (i)** Industrial growth during the 19<sup>th</sup> Century.
- (ii)** Industrial progress during the 20<sup>th</sup> Century.

## PART - C

### ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. 3 MARKS

**1. Explain the small scale industries in Indian economy. [BEQ]**

- Ans. (i)** Small scale industries play an important role in an Indian economy in many ways.
- (ii)** 60 to 70% of the total innovations in India comes from the SSIs.
- (iii)** Small Scale Industries provide employment, Balanced regional development, optimisation of capital, utilize the local resources, promote exports, to meet consumer demand, to develop entrepreneurship, complement to large scale industries.

**2. Explain about Industrial resolution policy (1956).**

- Ans. (i)** It sought to give a dominant role to public sector.
- (ii)** It assured a fair treatment to the private sector.
- (iii)** The government would support and encourage cottage and small scale industry by restricting volume of production in the large scale sector by differential taxation or by direct subsidies.



## 9

# DEVELOPMENT EXPERIENCES IN INDIA

## CHAPTER SNAPSHOT

### Development Experiences in India

#### 9.1 Introduction

#### 9.2 Meaning of Liberalization, Privatization and Globalization (LPG)

#### 9.3 Arguments in favour of LPG

#### 9.4 Arguments against LPG

#### 9.5 Relative Position of on Indian Economy

#### 9.6 Industrial Sector Reforms

#### 9.7 Impact of LPG on Agricultural Sector Reforms

##### 9.7.1 Crop Insurance

##### 9.7.2 Cold Storage

##### 9.7.3 Post Harvest Measures

##### 9.7.4 Agricultural Produce Market Committee

##### 9.7.5 Agrarian crisis after Reforms

#### 9.8 Trade Reforms

##### 9.8.1 Export and Import Policy

##### 9.8.2 Special Economic Zones

#### 9.9 Fiscal Reforms

##### 9.9.1 Goods and Services Tax

#### 9.10 Monetary and Financial Sector Reforms

#### 9.11 Conclusion

**2. Major objectives of SEZs**

- (i) To create employment opportunities.
- (ii) To decrease the shares in global export.
- (a) Only (i) is true
- (b) Both (i) and (ii) are true
- (c) (i) is true (ii) is false
- (d) (i) and (ii) are false

[Ans. (c) (i) is true (ii) is false]

**3. Advantages of GST**

- (i) Removing cascading tax effect
- (ii) Multipoint tax.
- (a) Only (i) is true
- (b) Both (i) and (ii) are true
- (c) (i) is true but (ii) is false
- (d) (i) is false but (ii) is true

[Ans. (i) is true but (ii) is false]

**4. Characteristics of SEZs**

- (i) Geographically demarked area with physical security.
- (ii) Administrated by single body.
- (a) Only (i) is true
- (b) Both (i) and (ii) are true
- (c) (i) is true but (ii) is false
- (d) (i) is false but (ii) is true

[Ans. (b) Both (i) and (ii) are true]

**(vi) Consider the following statement.**

- 1. Assertion (A) :** The Government of India, ministry of commerce and industry announced new Foreign Trade policy on 1<sup>st</sup> April 2015 for the period of 2015-2020.

**Reason (R) :** The New EXIM policy has been formulated focusing on increasing in exports scenario, boosting production and supporting the concepts like make in India and Digital India.

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

[Ans. (a) Both A and R are true and R is the correct explanation of A]

**PART - B****ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS****1. What do you know about Kisan Credit Card Scheme?**

**Ans. (i)** A Kisan Credit Card (KCC) is a credit delivery mechanism that is aimed at enabling farmers to have quick and timely access to affordable credit.

**(ii)** The scheme aims to reduce farmer dependence on the informal banking sector for credit.

**2. What do you mean by Agricultural Produce Market Committee?**

**Ans.** Under the Agricultural Produce Market Committee (APMC) Act 2003, the Agricultural Produce Market Committee (APMC) is a statutory body constituted by state government in order to trade in agriculture or horticulture or livestock products.

**3. What are the positive effects of Globalisation?**

- Ans. (i)** Expansion of Market  
**(ii)** Development of Infrastructure  
**(iii)** Higher Living Standard  
**(iv)** International Co-operation

**4. What are the negative effects of Globalisation?**

- Ans. (i)** Cut throat competitions  
**(ii)** Rise in Monopoly  
**(iii)** Discourage domestic Firms  
**(iv)** Increase in inequalities

**5. What are positive effects of Liberalisation?**

- Ans. (i)** Increase in foreign investment  
**(ii)** Increase in production  
**(iii)** Technological advancement  
**(iv)** Increase in GDP growth rate.

**6. What are the negative effects of Liberalisation?**

- Ans. (i)** Increase in unemployment  
**(ii)** Decrease in tax receipts

**7. Who introduced new Industrial Policy?**

**Ans.** Late Prime Minister of India Shri Narasimha Rao had announced the new Industrial Policy on July 24, 1991.

## 10

## RURAL ECONOMY

## CHAPTER SNAPSHOT

**Rural Economics****10.1** Introduction**10.2** Features of Rural Economy**10.3** Meaning of Rural Development**10.4** Need for Rural Development**10.5** Problems of Rural Economy**10.6** Rural Poverty

## 10.6.1 Causes for Rural Poverty

## 10.6.2 Remedial Measures to Rural Poverty

**10.7** Rural Unemployment

## 10.7.1 Causes for Rural Unemployment

## 10.7.2 Remedies for Rural Unemployment

**10.8** Rural Industries**10.9** Rural Indebtedness

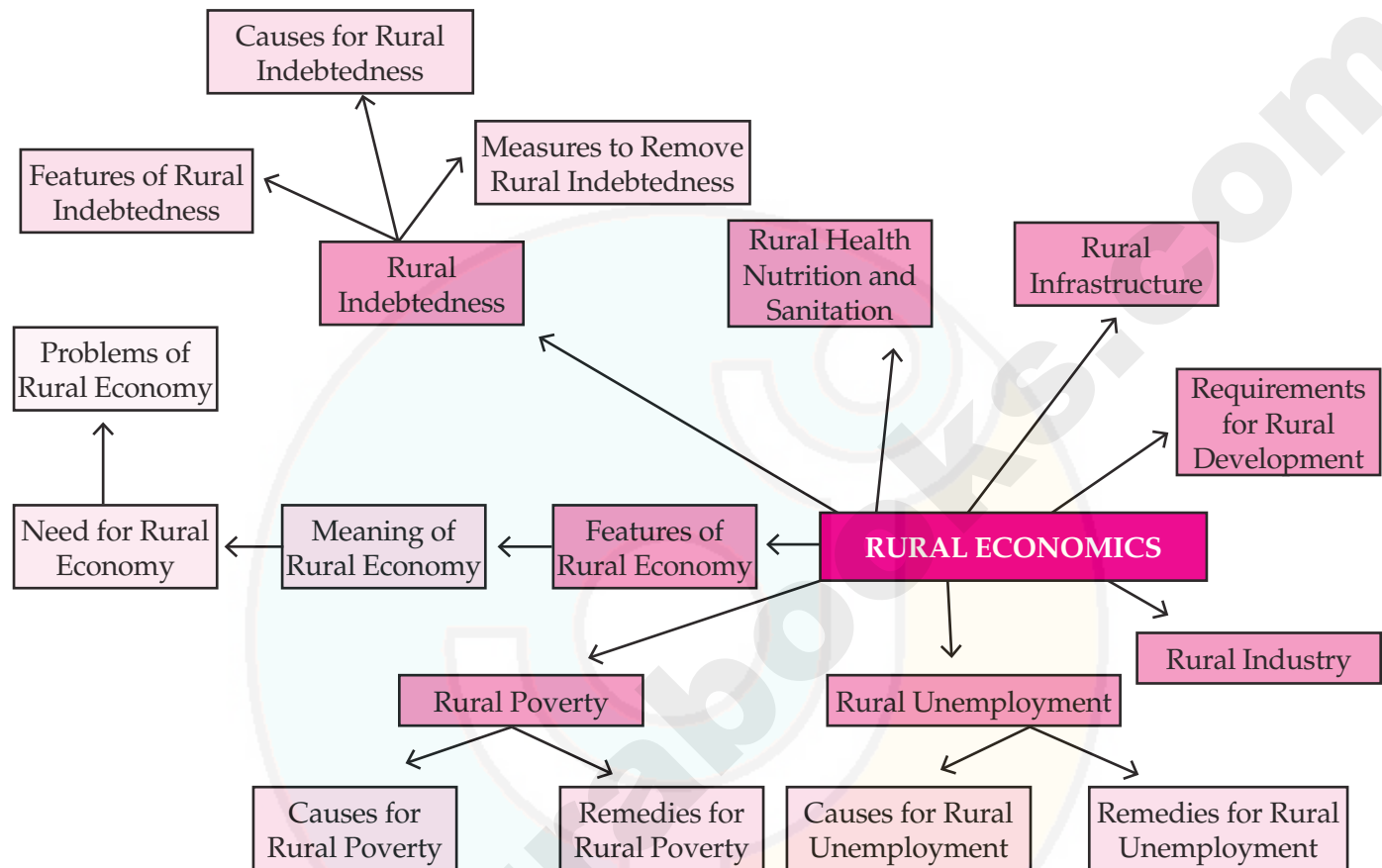
## 10.9.1 Features of Rural Indebtedness

## 10.9.2 Causes for Rural Indebtedness

## 10.9.3 Measures to Remove Rural Indebtedness

**10.10** Rural Health, Nutrition and Sanitation**10.11** Rural Infrastructure**10.12** Requirements for Rural Development**10.13** Conclusion

## CONCEPT MAP



## IMPORTANT TERMS

- Rural Economics** : Rural Economics deals with the application of economic principles in understanding and developing rural areas.
- Population Density** : Population density, measured by number of persons living per Sq. Km.
- Unemployment** : A situation in which a person who is actively searching for employment is unable to find work at the prevailing wage rate.
- Open Unemployment** : Unemployed persons are identified as they remain without work.
- Seasonal Unemployment** : Employment occurs only on a particular season supported by nature circumstances and the remaining period of a year the rural people are unemployed (or) partially employed.
- Poverty** : Poverty, debt and high rates of interest hold the farmer in the grip of money lenders.
- Dualism** : Dualism means the co existence of extremely different sectors.

## 11

## TAMIL NADU ECONOMY

## CHAPTER SNAPSHOT

## Tamil Nadu Economy

## 11.1 Introduction

## 11.2 Highlights of Tamil Nadu Economy

## 11.3 Performance of Tamil Nadu Economy

## 11.4 Natural Resource

## 11.4.1 Water Resources

## 11.4.2 Mineral Resources

## 11.5 Population

## 11.5.1 Density

## 11.5.2 Urbanisation

11.5.3 Sex Ratio (Number of female  
per 1000 males)

## 11.5.4 Infant Mortality Rate

## 11.5.5 Maternal Mortality Rate

## 11.5.6 Life Expectancy at Birth

## 11.5.7 Literacy

## 11.6 Gross State Domestic Product

## 11.6.1 Sectoral Contribution

## 11.6.2 Per capita Income

## 11.7 Agriculture

## 11.7.1 Food grain Production

11.7.2 Productivity position of  
TamilNadu and India

## 11.8 Industry

## 11.8.1 Textiles

## 11.8.2 Leather

## 11.8.3 Electronics

## 11.8.4 Automotives

## 11.8.5 Cement Industry

## 11.8.6 Fire works

## 11.8.7 Other Industries

## 11.8.8 MSMEs

## 11.9 Energy

## 11.9.1 Nuclear Energy

## 11.9.2 Thermal Power

## 11.9.3 Hydel Energy

## 11.9.4 Solar Energy

## 11.9.5 Wind Energy

## 11.10 Services

## 11.10.1 Banking

## 11.10.2 Education

## 11.10.3 Educational Loans

## 11.10.4 Health

## 11.10.5 Communication

## 11.10.6 Transport

## 11.11 Tourism

## 11.12 Unemployment and Poverty

## 11.13 Conclusion



## GOVERNMENT EXAM QUESTIONS AND ANSWERS

### PART - A

#### MULTIPLE CHOICE QUESTIONS. 1 MARK

##### (i) Choose the Correct Option

##### 1. Which of the following is wrongly matched?

- (a) SAIL - Salem [Mar. 19]  
 (b) The Pump city - Coimbatore  
 (c) BHEL - Trichy  
 (d) Knitting city - Karur

[Ans. (d) Knitting city - Karur]

##### 2. \_\_\_\_\_ has the highest installed wind energy capacity in India. [HY-2019]

- (a) Tamil Nadu (b) Kerala  
 (c) Andhra Pradesh (d) Karnataka

[Ans. (a) Tamil Nadu]

### PART - B

#### ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

##### 1. Explain about the Industry clusters in Tamil Nadu. [Mar. 19]

**Ans.** The heavy engineering manufacturing companies are centered around the suburbs of Chennai. Chennai boasts of global car manufacturing giants as well as home grown companies.

RANIPET	: Leather
AMBUR	: Leather
VANIYAMBADI	: Leather
SALEM	: Powerlooms, Home textiles, Steel, Sago
SANKAGIRI	: Lorry eet operators
TIRUCHENGODE	: Borewell drilling services
NAMAKKAL	: Transportation, Poultry
KARUR	: Coach-building, Powerlooms

ERODE	: Powerlooms, Turmeric
COIMBATORE	: Spinning mills, Engineering industries
TIRUPUR	: Knitwear, Readymade garments
RAJAPALAYAM	: Surgical cotton products
SIVAKASI	: Safety matches, Fireworks, Printing

### PART - D

#### ANSWER THE FOLLOWING QUESTIONS IN ABOUT A PAGE. 5 MARKS

##### 1. Compare the Per Capita Income of Tamil Nadu with other Countries. [HY-2019]

**Ans. Per capita Income :**

The Per capita GSDP of Tamil Nadu also (\$2,200) which is higher than that of many other States in India. Per capita GSDP of Tamil Nadu is nearly 1.75 times higher than the national average, as per 2018 data. In term of ₹ the per capita income in Tamil Nadu was ₹ 1,03,600 in 2010-11 and it has increased to ₹ 1,88,492 in 2017-18 as per the Budget figures 2018.

State/Country	Per capita Income (in USD)
Tamil Nadu	2200
India	1670
Nigeria	2175
Nicaragua	2151
Pakistan	1443
Bangladesh	1358
Zimbabwe	1029
Nepal	729



## 12

# MATHEMATICAL METHODS FOR ECONOMICS

## CHAPTER SNAPSHOT

### Mathematical Methods for Economics

#### 12.1 Introduction

- 12.1.1 Why Study Mathematics?
- 12.1.2 Mathematics in Economics
- 12.1.3 Uses of Mathematical Methods in Economics

#### 12.2 Functions

- 12.2.1 Definition
- 12.2.2 Linear Equation
- 12.2.3 Application in Economics
- 12.2.4 Equilibrium

#### 12.3 Matrices

- 12.3.1 Matrices
- 12.3.2 Determinants
- 12.3.3 Cramer's Rule
- 12.3.4 Application in Economics

#### 12.4 Differential Calculus

- 12.4.1 Meaning
- 12.4.2 Some Standard Forms of Differentiation

#### 12.4.3 Application of Differential Calculus

- 12.4.4 Marginal Concepts
- 12.4.5 Marginal Product
- 12.4.6 Marginal Cost
- 12.4.7 Marginal Revenue
- 12.4.8 Elasticity of Demand

#### 12.5 Integral Calculus

- 12.5.1 Integration
- 12.5.2 Meaning
- 12.5.3 Basic Rule of Integration
- 12.5.4 Application of Integration
- 12.5.5 Consumer's Surplus
- 12.5.6 Producer's Surplus

#### 12.6 Information and Communication Technology (ICT)

- 12.6.1 MS Word
- 12.6.2 Microsoft Office Excel
- 12.6.3 Microsoft Power Point

#### 12.7 Conclusion

$$\therefore \Delta x_1 = -4$$

$$\begin{aligned} \Delta x_2 &= \begin{bmatrix} 1 & 2 & 1 \\ 1 & 0 & -1 \\ -1 & -6 & -1 \end{bmatrix} \\ &= 1(0-6) - 2(-1-1) + 1(-6-0) \\ &= -6 + 4 - 6 \\ &= -8 \end{aligned}$$

$$\therefore \Delta x_2 = -8$$

$$\begin{aligned} \Delta x_3 &= \begin{bmatrix} 1 & -1 & 2 \\ 1 & 1 & 0 \\ -1 & -1 & -6 \end{bmatrix} \\ &= 1(-6+0) - (-1)(-6+0) + 2(-1+1) \\ &= 1(-6) + 1(-6) + 2(0) \\ &= -6 - 6 \end{aligned}$$

$$\therefore \Delta x_3 = -12$$

$$\begin{aligned} x_1 &= \frac{\Delta x_1}{\Delta} = \frac{-4}{-4} = 1 \\ x_2 &= \frac{\Delta x_2}{\Delta} = \frac{-8}{-4} = 2 \\ x_3 &= \frac{\Delta x_3}{\Delta} = \frac{-12}{-4} = 3 \end{aligned}$$

$$\therefore x_1, x_2, x_3 = (1, 2, 3)$$

5. If a firm faces the total cost function  $TC = 5 + x^2$  where  $x$  is output, what is TC when  $x$  is 10?

**Solution :**

$$\begin{aligned} TC &= 5 + (10)^2 \\ &= 5 + 100 \end{aligned}$$

$$\therefore TC = 105$$

6. If  $TC = 2.5q^3 - 13q^2 + 50q + 12$  derive the MC function and AC function.

**Solution :**

$$\frac{dc}{dq} = \text{M.C.}, \quad \text{A.C} = \frac{\text{Total cost}}{\text{output}}$$

$$\frac{dc}{dq} = 2.5(3)q^2 - (13 \times 2)q + 50$$

$$\text{M.C} = 7.5q^2 - 26q + 50$$

$$\begin{aligned} \text{A.C} &= \frac{2.5q^3 - 13q^2 + 50q + 12}{q} \\ &= \frac{2.5q^3}{q} - \frac{13q^2}{q} + \frac{50q}{q} + \frac{12}{q} \end{aligned}$$

$$\therefore \text{A.C} = 2.5q^2 - 13q + 50 + \frac{12}{q}$$

7. What are the steps involved in executing a MS Excel sheet?

- Ans. (i)** Plan the keystrokes needed to complete the tasks.  
**(ii)** Click Tools.  
**(iii)** Assign a Name for the Macro.  
**(iv)** Assign a shortcut key for the Macro.  
**(v)** Click Ok.  
**(vi)** Perform the steps needed to create your report.  
**(vii)** Click on the stop button on the Macro toolbar to stop recording and save the Macro.

## PART - D

### ANSWER THE FOLLOWING QUESTIONS IN ABOUT A PAGE

1. A Research scholar researching the market for fresh cow milk assumes that  $Q_t = f(P_t, Y, A, N, P_c)$  where  $Q_t$  is the quantity of milk demanded,  $P_t$  is the price of fresh cow milk,  $Y$  is average household income,  $A$  is advertising expenditure on processed pocket milk,  $N$  is population and  $P_c$  is the price of processed pocket milk.
- (a) What does  $Q_t = f(P_t, Y, A, N, P_c)$  mean in words?
- (b) Identify the independent variables.
- (c) Make up a specific form for this function. (Use your knowledge of Economics to deduce whether the coefficients of the different independent variables should be positive or negative.)

- Ans. (a) (i)**  $Q_t$  is the functions of  $P_t, Y, A, N, P_c$ .  
**(ii)** Other determinants of demand are,
- $P_t$  - Price of fresh cow milk.
  - $Y$  - Average household Income.
  - $A$  - Advertising expenditure on processed pocket milk.
  - $N$  - Population.
  - $P_c$  - Price of processed pocket milk.

11<sup>th</sup>  
STD.

## Half Yearly Examination 2019

## Part III - ECONOMICS

Reg. No. 

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Time Allowed : 3.00 Hours]

[Maximum Marks : 90

**Instructions :**

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams.

**Part - I****Note :** (i) Answer all the questions.**[20 × 1 = 20]**

- (ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. The equilibrium price is the price at which \_\_\_\_\_.  
(a) Everything is sold  
(b) Buyers spend their money  
(c) Quantity demanded equals quantity supplied  
(d) Excess demand is zero
2. The concept of elasticity of demand was introduced by \_\_\_\_\_.  
(a) Ferguson (b) Keynes  
(c) Adam Smith (d) Marshall
3. Ordinal utility can be measured by \_\_\_\_\_.  
(a) Ranking (b) Numbering  
(c) Wording (d) None of these
4. Cobb-Douglas production function assumes \_\_\_\_\_.  
(a) Increasing returns to scale  
(b) Diminishing returns to scale  
(c) Constant returns to scale  
(d) All of the above
5. The primary factors of production are \_\_\_\_\_.  
(a) Labour and Organisation  
(b) Labour and Capital  
(c) Land and Capital  
(d) Land and Labour
6. Find the total cost where  $TFC = 100$  and  $TVC = 125$ .  
(a) 125 (b) 175 (c) 225 (d) 325

7. Another name of price is \_\_\_\_\_.  
(a) Average Revenue  
(b) Marginal Revenue  
(c) Total Revenue  
(d) Average cost
8. \_\_\_\_\_ arises when products or services are sold and bought in the place of their production.  
(a) Local market  
(b) Provincial market  
(c) National market  
(d) International market
9. The reward for labour is \_\_\_\_\_.  
(a) rent (b) wage  
(c) profit (d) interest
10. The advocate of democratic socialism was \_\_\_\_\_.  
(a) Jawaharlal Nehru  
(b) P.C. Mahalanobis  
(c) Dr. Rajendra Prasad  
(d) Indira Gandhi
11. \_\_\_\_\_ was responsible for the introduction of planning in our country.  
(a) Jawaharlal Nehru (b) Gandhiji  
(c) Ambedkar (d) Thiruvalluvar
12. The First World War started in the year \_\_\_\_\_.  
(a) 1914 (b) 1814 (c) 1941 (d) 1841
13. The Goods and Services Tax Act came into effect on \_\_\_\_\_.  
(a) 1<sup>st</sup> July 2017 (b) 1<sup>st</sup> July 2016  
(c) 1<sup>st</sup> January 2017 (d) 1<sup>st</sup> January 2016
14. The year \_\_\_\_\_ is an important landmark in the economic history of post independent India.  
(a) 1991 (b) 1995 (c) 2001 (d) 2011
15. Indicate the cause for rural poverty :  
(a) Lack of non-farm employment  
(b) High employment  
(c) Low inflation rate  
(d) High investment

**11<sup>th</sup>**  
**STD.**

## Sura's Model Question Paper

**Time : 3.00 Hours**

# ECONOMICS

**Marks : 90**

### PART - A

**Answer the following questions. [20 × 1 = 20]**

**Choose the best answers**

1. The basic problem studied in Economics is \_\_\_\_  
(a) Unlimited wants (b) Unlimited means  
(c) Scarcity  
(d) Strategy to meet all our wants
2. Match List I with List II and Select the Correct Answer using the Codes given below

List I

List II

- |                     |                          |
|---------------------|--------------------------|
| (A) Adam Smith      | (i) Growth definition    |
| (B) Alfred Marshall | (ii) Scarcity definition |
| (C) Lionel Robbins  | (iii) Welfare definition |
| (D) Samuelson       | (iv) Wealth definition   |

- |         |     |     |    |
|---------|-----|-----|----|
| A       | B   | C   | D  |
| (a) iv  | iii | ii  | i  |
| (b) i   | ii  | iii | iv |
| (c) ii  | iii | iv  | i  |
| (d) iii | iv  | i   | ii |

3. \_\_\_\_\_ is the other name given for Marshallian utility analysis.  
(a) Total utility (b) Cardinal utility analysis  
(c) Marginal utility (d) All of these
4. **Pick the Odd one Out.**  
(a) Advertising Elasticity of demand  
(b) Cross elasticity of demand  
(c) Price elasticity of demand  
(d) Relatively elastic demand
5. The relationship between the price of a commodity and the supply of commodity is  
(a) Negative (b) Positive  
(c) Zero (d) Increase
6. \_\_\_\_\_ attract new customers.  
(a) Producer (b) Labour  
(c) Successful entrepreneur (d) None of these
7. Choose the Incorrect Pairs  
(a) Accounting cost - Explicit cost.  
(b) Explicit cost - Money cost.  
(c) Social cost - Transfer cost  
(d) Variable cost - Direct cost
8. Under perfect competition there is \_\_\_\_\_ price prevails in the market.  
(a) High price (b) Low price  
(c) Uniform price (d) None of these
9. Consider the following statement.  
Assertion (A) : All the four (S + BC + DH + DI) sources of supply of loanable funds vary directly with the interest rate.

**Reason (R) :** The rate of interest is determined by the equilibrium between the total demand for and the total supply of loanable funds.

- (a) Both A and R are true R is the correct explanation of A
  - (b) Both A and R are true and R is not the correct explanation of A
  - (c) A is true but R is false
  - (d) A is false but R is true
  10. Marginal productivity theory of distribution was developed by  
(a) Clark (b) Wickseed  
(c) Walras (d) All of these
  11. Choose the Correct Statement.  
Perfect competition:-  
(i) A firm achieve its equilibrium in the short period when MC = MR  
(ii) In the long period there are two condition.  
(i) MC = MR (ii) AC = AR  
(a) Only (i) is true  
(b) Both (i) and (ii) are true  
(c) Only (ii) is true  
(d) Neither (i) nor (ii) is true
  12. The main gold mine region in Karnataka is \_\_\_\_\_.  
(a) Kolar (b) Ramgiri  
(c) Anantpur (d) Cochin
  13. Match List I with List II and Select the Correct Answer using the Codes given below
- |                |  |
|----------------|--|
| List I         | List II                                    |
| (A) GNHI       | (i) Foreign Direct Investment              |
| (B) FDI        | (ii) Gross National Happiness Index        |
| (C) Birth rate | (iii) No. of death per 1000 of population. |
| (D) Death rate | (iv) No. of birth per 1000 of population   |
- |         |     |    |     |
|---------|-----|----|-----|
| A       | B   | C  | D   |
| (a) iv  | iii | ii | i   |
| (b) ii  | i   | iv | iii |
| (c) iii | iv  | i  | ii  |
| (d) iii | iv  | ii | i   |
14. The arrival of Vasco da Gama in Calicut, India  
(a) 1498 (b) 1948  
(c) 1689 (d) 1849
  15. The Arguments against LPG is \_\_\_\_  
(a) Economic growth  
(b) More investment  
(c) Disparities among people and regions  
(d) Modernization
  16. Choose the correct one:  
In cold storage India is the largest producer of the following.



**11<sup>th</sup>  
STD****PUBLIC EXAM QUESTION PAPER MARCH - 2020  
ECONOMICS (with Answer)**

Reg. No.

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TIME ALLOWED : 3.00 Hours]

PART - III

[MAXIMUM MARKS : 90

**Instructions :**

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor Immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

**PART - I**

- Note :** (i) Answer all the questions. [20 × 1 = 20]  
(ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. Who is the Father of Economics?  
(a) Paul A Samuelson (b) Max Muller  
(c) Adam Smith (d) Karl Marx
2. Marginal Utility is measured by using the formula of :  
(a)  $TU_n + TU_{n+1}$  (b)  $TU_n - TU_{n-1}$   
(c)  $TU_n - TU_{n+1}$  (d)  $TU_n + TU_{n-1}$
3. The indifference curves are :  
(a) negatively sloped (b) vertical  
(c) horizontal (d) positively sloped
4. The short-run production is studied through :  
(a) Law of Demand  
(b) The Laws of Returns to scale  
(c) The Law of Variable Proportions  
(d) Iso - quants
5. Modern economists have propounded the Law of :  
(a) Variable proportions (b) Increasing returns  
(c) Decreasing returns (d) Constant returns
6. Revenue received from the sale of products is known as \_\_\_\_\_ revenue.  
(a) marginal (b) profit  
(c) total revenue (d) average
7. Perfect competition assumes \_\_\_\_  
(a) Homogeneous goods (b) Luxury goods  
(c) Producer goods (d) Differentiated goods
8. Dumping refers to practice of the monopolist charging higher price for his product in the local market and \_\_\_\_\_ in the foreign market.  
(a) no price (b) higher price  
(c) lower price (d) equal price

9. Residual Claimant Theory is propounded by :  
(a) Knight (b) Keynes  
(c) Walker (d) Hawley
10. "Quasi-Rent is the income derived from machines and other appliances made by man". Whose quote is this?  
(a) J.S. Mill (b) Joan Robinson  
(c) Alfred Marshall (d) Adam Smith
11. "Year of Small Divide" :  
(a) 1975 (b) 1951 (c) 1961 (d) 1971
12. The basic objective of Sixth Five Year Plan was :  
(a) Growth with justice and equity  
(b) Agricultural development  
(c) Poverty eradication  
(d) Industrial development
13. The Arguments against LPG is \_\_\_\_\_.  
(a) Modernization  
(b) Economic growth  
(c) More investment  
(d) Disparities among people and regions
14. The triple pillars of New Economic Policy are :  
(a) GST (b) LPG (c) PSU (d) SEZ
15. Identify the advantages of rural roads.  
(a) Rural development (b) Rural marketing  
(c) Rural employment (d) All the above
16. In which year, SHG Bank Linked programme started?  
(a) 2010 (b) 2009 (c) 1992 (d) 1991
17. The largest contribution to GSDP in Tamil Nadu comes from \_\_\_\_\_.  
(a) Services (b) Agriculture  
(c) Industry (d) Mining
18. Chennai is called as :  
(a) Detroit of Asia  
(b) Detroit of India  
(c) Detroit of Tamil Nadu  
(d) Detroit of South India