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THIRUVALLUVAR GOVT.GIRLS HR.SEC.SCHOOL, PUDUCHERRY
12ᵗʰ ECONOMICS Minimum material - 2019-2020

2 marks

1. Define Macro Economics.
i.The word "Macro" is derived from the Greek word"Makros" which means large
ii.It's the branch of economics that study the economy as a whole.

2. Define the term 'Inflation'.
A study increase in general price level is called Inflation.

3. **What is meant by an 'Economy'?**
A system by which people earn their living –A.J.Brown.

4. Classify the economies based on status of development.
Developed ecomies, Developing economies, Underdeveloped economies and Undeveloped economies.

5. What do you mean by Capitalism?
i.Adam smith is the father of Capitalism
ii.It is the system of total freedom and private ownership of means of production.

6. Define 'Economic Model'.
A model is an explanation of how economy or part of the economy, works.

7. 'Circular Flow of Income' - Define.
i. It is a model of an economy showing connection between different sectors of economy,
ii. Such as firms, households, governments and nations.

8.Define National Income.
The labour and capital of a country acting on its natural resources produce annually a certain net aggregate of commodities, material and immaterial including services of all kinds. This is the true net annual income or revenue of the country or national dividend" -Alfred Marshall

9. Write the formula for calculating GNP.
i.GNP at Market Prices = GDP at Market Prices + Net Factor income from Abroad
ii.GNP=(C + I + G + (X-M) + (R-P))

10. What is the difference between NNP and NDP?

Basic difference	NNP	NDP
Meaning	Depreciation is deducted from GNP	Depreciation is deducted from GDP
Formula	NNP=GNP-Depreciation	NDP=GDP-Depreciation

11. Trace the relationship between GNP and NNP.

Basic Relation	NNP	NDP
At market price	The total measure of the flow of final goods and services at market value resulting from current production in a country during a year, including income from abroad.	The value of net out of the economy during the year.
Formula	GNP at Market Prices = GDP at Market Prices + Net Factor income from Abroad	NNP = GNP – depreciation allowance

12. What do you mean by the term 'Personal Income'?
Personal income is the Total Income received by the individuals before paying direct taxes from all sources. It also include Transfer of Payments.

13. Define GDP deflator.

i. It is an index of price changes of goods and services included in GDP.

ii. **GDP deflator** $=\frac{Nominal\ GDP}{Real\ GDP}$ x100

14. Why is self consumption difficult in measuring national income?

i. Measuring of National Income through product method is done by measure the final goods and services.

ii. Buth the farmer keep a large portion of food and other goods for self consumption, unsold product unable to included in natinal income.

15. Define full employment.

The situation in which every able bodied person who is willing to work at the prevailing wage rate, is employed.

16. What is the main feature of rural unemployment ?

The major feature of rural unemployment is the existence of unemployment in the form of disguised unemployment and seasonal unemployment.

17. Give short note on frictional unemployment.

i. It arises due to imbalance between supply of labour and demand for labour.

ii. This is because of immobility of labour, lack of necessaryskills, break down of machinery, shortage of raw materials etc.

18. Give reasons for labour retrenchment at present situation.

i. Now a days, invention and innovations lead to the adoption of new techniques there by the existing workers are retrenched. ii. Labour saving devices are responsible for technological unemployment.

19. List out the assumptions of Say's law.

i. No single buyer or seller of commodity or an input can affect price. ii. Full employment. iii. There is wage-price flexibility.iv. Money acts only as a medium of exchange.v. Long - run analysis.

20. What is effective demand ?

i. It is money spent actually on products of industry by the people.

ii. ED = Y = C + I = Output = Employment.

21. What are the components of aggregate supply ?

i. Aggregate (desired) consumption expenditure (C) ii. Aggregate (desired) private savings (S)

iii. Net tax payments (T) iv. Personal (desired) transfer payments to the foreigners (Rf).

21. What is consumption function?

i. It is a "functional relationship between two aggregates viz., total consumption and gross national income.

Ii. c=f(y)

22. What do you mean by propensity to consume?

It is the relationship between income and consumption, that is when income increases, consumption also increase.

23. Define average propensity to consume (APC).

i. is the ratio of consumption expenditure to any particular level of income.   ii.APC=C/Y

24. Define marginal propensity to consume (MPC).

i. Defined as the ratio of the change in the consumption to the change in income.

ii. **MPC** $=\frac{\Delta C}{\Delta Y}$

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25. What do you mean by propensity to save?

i. It is a "functional relationship between two aggregates viz Total savings and gross National income.

ii. $S=f(y)$

26. Define average propensity to save (APS).

i. it is the ratio of total savings to total income　　　　　　　　　　ii. APS= S/Y

27. Define Marginal Propensity to Save (MPS).

i. It is the ratio of change in saving to a change in income.　　　ii. $MPC = \frac{\Delta S}{\Delta Y}$

28. Define Multiplier.

i. Multiplier is defined as the ratio of the change in National income to change in investment

ii. $K = \frac{\Delta Y}{\Delta I}$

29. Define Accelerator

i. Accelerator is the numerical value of the relation between an increase in consumption and the resulting increase in investment.

ii. $\beta = \frac{\Delta I}{\Delta C}$

30. Define Money.

" Money is, what money does" - Walker.

"Money can be anything that is generally acceptable as a means of exchange and at the same time acts as a measure and a store of value".- Crowther

31. What is barter?

Commodities and services were directly exchanged for another commodities and services.

32. What is commodity money?

i. It is the value from the commodity by which it is made

ii. Commodity money has value in itself and vlue in its use of money eg. Jewels.

33. What is gold standard?

Gold standard is a system in which the standard currency is directly linked with Gold.

34. What is plastic money? Give example.

i. It is the advanced form of financial products and it is an alternative to cash.

ii. eg. Credit-Cards, Debit Cards and Smart Cards.

35. Define inflation.

"Too much of money chasing too few goods" – Coulbourn

36. What is Stagflation?

Combination of stagnant Economic growth, High emplyment and High inflation.

37. Define Commercial banks.

It refers to a bank,or a division of a large bank, which more specifically deals with deposit and loan services provided to corporations or large/middle-sized business.

38. What is credit creation?

i. Credit creation means the multiplication of loans and advances.

ii. It leads to increased production, employment, sales, and faster economic development.

39. Define Central bank.
i. A central bank is an institution that manages a state's currency, money supply, and interest rates .
ii. it is called Reserve Bank or Monetary authority.

40. Distinguish between CRR and SLR.

Sl.No	CRR	SLR
1	The commercial bank has to maintain reserve with the RBI	The amount which a bank has to maintain in the form of cash or gold or approved securities.
2	Regulates the flow of money in the economy	Ensures the solvency of the banks.

41. Write the meaning of Open market operations
i. **In narrow sense**, the Central Bank starts the purchase and sale of Government securities in the money market.
ii. **In Broad Sense**, the Central Bank purchases and sells not only Government securities but also other proper eligible securities.

42. What is rationing of credit?
i. This is the oldest method of credit control,
ii. It regulates and controls the purpose for which the credit is granted by commercial banks.

43. Manson the functions of agriculture credit department
a) To maintain an expert staff to study all questions on agricultural credit
b) To provide expert advice to Central and State Government, State Co-operative Banks and other banking activities.
c) To finance the rural sector through eligible institutions engaged in the business of agricultural credit and to co-ordinate their activities.

44. What is International Economics?
International Economics is that branch of economics which is concerned with the exchange of goods and services between two or more countries.

45. Define international trade.
It refers to the exchange of goods and services within the political and geographical boundaries of a nation.

46. State any two merits of trade.
i. Trade is one of the powerful force of economic integration.
ii.It brings foreign exchange to our country.

47. What is the main difference between Adam Smith and Ricardo with regard to the emergence of foreign trade?

Adam Smith	David Ricardo
International trade was absolute cost advantage	A country can gain from trade when it produces at relatively lower costs.

48. Define Terms of Trade.
The gains from international trade depend upon the terms of trade which refers to the ratio of export prices to import prices.

49. What do you mean by balance of payments?
BoP is a systematic record of a country's economic and financial transactions with the rest of the world over a period of time.

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50. What is meant by Exchange Rate?

It is the price paid in the home currency for a unit of foreign currency that is the rate at which one currency is exchanged for another currency.

52. Write the meaning of Special Drawing rights.

i. It is also called as paper Gold

ii. They are a form of international reserves created by IMF in 1969 to solve the problem of International Liquidity.

53. Mention any two objectives of ASEAN.

i.To accelerate the economic growth,social progress and cultural development in the region

ii.To serve as a centre of information and as an ASEAN link with other international organization

54. Point out any two ways in which IBRD lends to member countries.

i. It advances loans to its member and loans out of its own fund

ii. Loans out of borrowed capital and loans through banks gurantee.

55. Define Common Market.

A group formed by countries within a geographical area to promote duty free trade and free movement of labour and capital among its member.

56. What is Free trade area?

A region encompassing a trade bloc whose member countries have signed a free-trade agreement. They involve co-operation between atleast two countries to reduce trade barriers.

57. When and where was SAARC Secretariat established?

The SARC Secretariat was establised in Kathmandu on 16th January 1987

58. Specify any two affiliates of World Bank Group

i.IFC- Iternational Fincance Corporation   ii. IDA- International Development Association.

59. Define public finance.

Public finance is an investigation into the nature and principles of the state revenue and expenditure''. -**Adam Smith.**

60. What is public revenue?

It is the methods of raising public revenue such astax and non-tax, the principles of taxation, rates of taxation, impact, incidence and shifting of taxes and their effects.

61. Differentiate tax and fee.

Tax is a compulsory paymnets by the citizens and fees are charged by the public authorities for rendering service to the citizens.

62. Write a short note on zero based budget.

It involves fresh evaluation of expenditure in the Government budget, assuming it as a new item. Indian Government presented ZBB first in 1987-88.

63. Give two examples for direct tax.

The tax levied on person's income and wealth which is paid directly to the Government.

i.Income tax   ii. Wealth Tax

64. What are the components of GST?

The components are Three types: 1.CGST   2.SGST   3.IGST

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65. What do you mean by public debt?

The debt is the form of promises by the Treasury to pay to the holders of these promises a principal sum and in most instances interest on the principal.- Philip E.Taylor.

66. State the meaning of environment.

"all the conditions, circumstances, and influences surrounding and affecting the development of an organism or group of organisms".

67. What do you mean by ecosystem?

An ecosystem includes all living things in a given area, interacting with each other, and also with their non-living environments .

68. Mention the countries where per capita carbondioxide emission is the highest in the world.

USA, Australia cannada, and Japan.

69. What are environmental goods? Give examples.

Environmental goods are typically non-market goods, including clear air,clean water, landscape, green transport infrastructure ,public parks, urban parks, rivers, mountains, forests, and beache.

70. What are the remedial measures to control noise pollution?

1. Use of noise barriers   2. Newer roadway for surface transport   3. Traffic control
4. Regulating times for heavy vehicles   5. Installations of noise barriers in the work place
6. Regulation of Loudspeakers.

71. Define Global warming.

It is the current increase in temperature in Earth's surface as well as its atmosphere

72. Specify the meaning of seed ball.

A seed ball is seed that has been wrapped in soil materials ussually a mixture of clay and compost then dried.

73. Define economic development

The increase in GNP is accompanied by decline in share of agriculture in output and employment while those of manufacturing and service sectors increase.

74. Mention the indicators of development.

i. Gross National Product ii. GNP Percapita iii. Welfare iv.Social Indicators.

75. Distinguish between economic growth and development

Sl.No	Economic Growth	Economic Development
1	Problems of Developed countries	Problems of Under Developed Countries
2	Changes is gradual and steady	Changes in discontinious and spontaneous
3	Means more output	Means not only more output but also its composition
4	Narrow	Wider concept development=Growth+Change

76. What is GNP?

The total market value of all final goods and services produced within a nation in a particular year, plus income earned by its citizens from abroad minus income of non-residents located in that country.

77. Define economic planning.

According to Robins "Economic planning is collective control or supression ofprivate activities of production and exchange"

78. What are the social indicators of economic development?

i. It is referred to as basic and collective needs of the people
ii. The direct provision of basic needs such as health, educaiton, etc.,

79. Write a short note on NITI Aayog

i. National Institution for transformingIndia was formed in 1st January 2015 by union cabinet Resolution
ii. It has replaced the Planning commision form 13th August 2014
iii. NITI Ayog is a policy Think-tank.

80. What is Statistics?

Statistics as a science of estimates and probabilities - - Boddington

81. What are the kinds of Statistics?

i. Descriptive statistics   ii. Inferential statistics.

82. What do you mean by Inferential Statistics?

The branch of statistics concerned with using sample data to make an inference about a population of data is called Inferential Statistics.

83. What are the kinds of data?

In statistics, data are classified into two broad categories: 1.Quantitative data and Qualitative data

84. Define Correlation.

Correlation is a statistical device that helps to analyse the covariation of two or more variables

85. Define Regression.

Regression is the study of the relationship between the variables The literal meaning of the word "regression" is "Stepping back towards the average".

86. What is Econometrics

Econometrics may be considered as the integration of economics, Statistics and Mathematics.
According to H Theil "Econometrics is concerned with the empirical determination of economic laws".

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So long as you do not achieve social liberty,
Whatever freedom is provided by the law is of no avail to you"

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1 Mark = book bak question = 16 may aske in Public Examinaiton
2 Mark = book bak question = 8 may aske in Public Examinaiton out of which 30 is compulsory may aske book inside question
3 Mark book bak question = 8 may aske in Public Examinaiton out of which 40 is compulsory may aske book inside question
5 Mark =book bak question = 7 may aske in Public Examinaiton out of which one question both in either or may aske book in side

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