Padasalai’s Telegram Groups!

(தமிழ்ப்பிரிக்கு சிறுமி எள்ளிய திக்தை பொருள் எடுக்கு விளக்கம் விளக்கம்!)

- Padasalai's NEWS - Group
  https://t.me/joinchat/NIfCqVRBNj9hhV4wu6_NqA

- Padasalai's Channel - Group
  https://t.me/padasalaichannel

- Lesson Plan - Group
  https://t.me/joinchat/NIfCqVWwo5iL-21gpzrXLw

- 12th Standard - Group
  https://t.me/Padasalai_12th

- 11th Standard - Group
  https://t.me/Padasalai_11th

- 10th Standard - Group
  https://t.me/Padasalai_10th

- 9th Standard - Group
  https://t.me/Padasalai_9th

- 6th to 8th Standard - Group
  https://t.me/Padasalai_6to8

- 1st to 5th Standard - Group
  https://t.me/Padasalai_1to5

- TET - Group
  https://t.me/Padasalai_TET

- PGTRB - Group
  https://t.me/Padasalai_PGTRB

- TNPSC - Group
  https://t.me/Padasalai_TNPSC
I. Choose the best answer. (20 x 1 = 20)
1. b) stock
2. c) four sector model
3. c) economic
4. c) monthly income
5. b) short run
6. b) Automatic price mechanism
7. d) Rate of interest
8. a) J.R. Hicks
9. d) Hyper
10. c) low
11. a) Financial institution
12. c) Bank loans and advances
13. b) Automatic energy
14. d) All of these
15. b) 3
16. a) 2001
17. d) All the above
18. a) Rival
19. a) Controlling Plans
20. a) Controlling Plans

II. 2 mark, (any seven Q.no.30 is compulsory) (7 x 2 = 14)

21. Economic Model:
   It is an explanation of how the economy, or part of the economy, works.

22. 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.

23. Propensity to Save:
in economics, the proportion of total income or of an increase in income that consumers save rather than spend on goods and services.

24. | Cash Reserve Ratio (CRR) | Statutory Liquidity Ratio (SLR) |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks are required to hold a certain proportion of their deposits in the form of cash with RBI. This is known as CRR.</td>
<td>It is the amount which a bank has to maintain in the form of cash, gold or approved securities.</td>
</tr>
</tbody>
</table>

25. International Trade:
A trade between two or more countries and it is a trade beyond the geographical and political boundaries.

26. Objectives of ASEAN (any 2)
   (i) To accelerate the economic growth, social progress and cultural development in the region;
   (ii) To promote regional peace and stability and adherence to the principles of the United Nations Charter;
   (iv) To provide a conducive environment and facilities for research, training, and education among the members
   (v) To serve as a centre of information and as an ASEAN link with other international organizations.

27. Public debt:
Public debt deals with the methods of raising loans from internal and external sources.

28. Environmental goods:
Environmental goods are typically non-market goods, including clear air, clean water, landscape, green transport infrastructure (footpaths, cycle ways, greenways, etc.), public parks, urban parks, rivers, mountains, forests, and beaches.

29. Gross National Product (GNP):
   GNP is the total market value of all final goods and services produced within a nation in a particular year, plus income earned by its citizens (including income of those located abroad), minus income of non-residents located in that country.

30. kinds of statistic: (compulsory)
   1. Descriptive Statistics: It describes the population under study.
   2. Inferential Statistics: It draws conclusion for the population based on the sample result.
31. Merits of Capitalism: (any 4 with Explanation)
1. Automatic Working: Without any government intervention, the economy works automatically.
2. Efficient Use of Resources: All resources are put into optimum use.
3. Incentives for Hard work: Hard work is encouraged and entrepreneurs get more profit for more efficiency.
4. Economic Progress: Production and productivity levels are very high in capitalistic economies.
5. Consumers Sovereignty: All production activities are aimed at satisfying the consumers.
6. Higher Rates of Capital Formation: Increase in saving and investment leads to higher rates of capital formation.
7. Development of New Technology: As profit is aimed at, producers invest on new technology and produce quality goods.

32. The 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. Therefore, it is the expected income or revenue from the sale of output at different levels of employment.

Aggregate demand has the following four components:
1. Consumption demand
2. Investment demand
3. Government expenditure and
4. Net Export (export – import)

33.

<table>
<thead>
<tr>
<th>Autonomous Investment</th>
<th>Induced Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional investment that is independent of income</td>
<td>Additional investment demand that results from an increase in domestic product (GDP)</td>
</tr>
<tr>
<td>Independent</td>
<td>Planned</td>
</tr>
<tr>
<td>Income inelastic</td>
<td>Income elastic</td>
</tr>
<tr>
<td>Welfare motive</td>
<td>Profit Motive</td>
</tr>
</tbody>
</table>

34. Metallic Money:
Under metallic standard, some kind of metal either gold or silver is used to determine the standard value of the money and currency. Their face value is equal to their intrinsic metal value.

35. Functions ofIndustrial Finance Corporation of India (IFCI): (any 4 points)
IFCI provides assistance to the industrial concerns in the following ways:
1. Long-term loans; both in rupees and foreign currencies.
2. Underwriting of equity, preference and debenture issues.
3. Subscription to equity, preference and debenture issues.
4. Guaranteeing the deferred payments in respect of machinery imported from abroad or purchased in India.
5. Guaranteeing of loans raised in foreign currency from foreign financial institutions.

36. Objectives of FDI
FDI has the following objectives.
1. Sales Expansion
2. Acquisition of resources
3. Diversification

37. Functions of SAARC
The main functions of SAARC are as follows.
1. Maintenance of the co operation in the region
2. Prevention of common problems associated with the member nations.
3. Ensuring strong relationship among the member nations.
4. Removal of the poverty through various packages of programmes.
5. Prevention of terrorism in the region.

38. Characteristics of Tax
1. A tax is a compulsory payment made to the government.
2. There is no quid pro quo between a taxpayer and public authorities. This means that the tax payer cannot claim any specific benefit against the payment of a tax.
3. Every tax involves some sacrifice on part of the tax payer.
4. A tax is not levied as a fine or penalty for breaking law.

39. 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.

40. major causes of vicious circle of poverty (compulsory)

Vicious Circle of Poverty:
Circular relationships that tend to perpetuate the low level of development in Less Developed Countries.

The reasons of vicious circle of poverty can be classified into two groups:
(a) Supply side of vicious circle.
(b) Demand side of vicious circle.

(a) Supply side of vicious circle:
On the supply side, the low level of real income means low savings. The low level of saving leads to low investment and to deficiency of capital.
The deficiency of capital, in turn, leads to low levels of productivity and back to low income.

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

(b) Demand side of vicious circle:
The demand-side of the vicious circle is that the low level of real income leads to a low level of demand which, in turn, leads to a low rate of investment and hence back to deficiency of capital, low productivity and low income.

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

IV. 5 Marks: (7 x 5 = 35)
41. a) feature among capitalism, secularism, mixedism. (any 6 points)

<table>
<thead>
<tr>
<th>Features</th>
<th>Capitalism</th>
<th>Socialism</th>
<th>Mixedism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership (Means of Product)</td>
<td>Private Ownership</td>
<td>Public Ownership</td>
<td>Private and Public Ownership</td>
</tr>
<tr>
<td>Economic motive</td>
<td>Profit</td>
<td>Social Welfare</td>
<td>Social Welfare and Profit Motive</td>
</tr>
<tr>
<td>Government Role</td>
<td>Internal Regulation</td>
<td>Complete Involvement</td>
<td>Limited Role</td>
</tr>
<tr>
<td>Income Distribution</td>
<td>Unequal</td>
<td>Equal</td>
<td>Less unequal</td>
</tr>
<tr>
<td>Nature of Enterprise</td>
<td>Private Enterprise</td>
<td>Government Enterprise</td>
<td>Both Private and State Enterprises</td>
</tr>
<tr>
<td>Major Problem</td>
<td>Inequality</td>
<td>Inefficiency</td>
<td>Inequality and Inefficiency</td>
</tr>
</tbody>
</table>

(OR)

41. b) Importance of social accounting in economic analysis: (any 6 with explanation)

Importance of Social Accounting:
Social accounting helps in understanding the structure of an economy and relative importance of the different sectors and flows. It is a key to the evaluation and formulation of government policies both in the present and future.

1. In Classifying Transactions
2. In Understanding Economic Structure
3. In Understanding Different Sectors and Flows
4. In Clarifying Relations between Concepts
5. In Explaining Trends in Income Distribution
6. In Explaining Movements in GNP
7. Provide a Picture of the Working of Economy
8. In Explaining Interdependence of Different Sectors of the Economy
10. Helpful in Big Business Organisations
11. Basis of Economic Models
42. a) differences between classical theory and Keynes theory: (any 6 points)

<table>
<thead>
<tr>
<th>Classicalism</th>
<th>Keynesianism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-run equilibrium</td>
<td>Short-run equilibrium</td>
</tr>
<tr>
<td>Saving is a social virtue</td>
<td>Saving is a vice.</td>
</tr>
<tr>
<td>The function of money is to act as a medium of exchange</td>
<td>The function of money is a medium of exchange on the one side and a store of value on the other side.</td>
</tr>
<tr>
<td>Micro foundation to macro problems</td>
<td>Macro approach to national problems</td>
</tr>
<tr>
<td>Rate of interest is a stock.</td>
<td>Rate of interest is a flow.</td>
</tr>
<tr>
<td>Supply creates its own demand.</td>
<td>Demand creates its own supply.</td>
</tr>
</tbody>
</table>

(OR)

42. b) working of multiplier:

Suppose the Government undertakes investment expenditure equal to ₹100 crore on some public works, by way of wages, price of materials etc. Thus income of labourers and suppliers of materials increases by ₹100 crore. Suppose the MPC is 0.8 that is 80%. A sum of ₹50 crores is spent on consumption (A sum of ₹20 crores is saved). As a result, suppliers of goods get an income of ₹60 crores. They in turn spend ₹44 crores (80% of ₹50 cr).

In this manner, the consumption expenditure and increase in income act in a chain-like manner.

The final result is ΔY
\[
\Delta Y = 100 + 100 \times 0.8 + 100 \times 0.8^2 + 100 \times 0.8^3
\]
\[
= 100 + 80 + 64 + 51.2...
\]
\[
= 500
\]
that is 100×1/1-4/5
100×1/1/5
100×5 = Rs.500 crores
For instance if C = 100 + 0.8Y, I = 100,
Then Y = 100 + 0.8Y + 100
0.2Y = 100
Y = 200/0.2 = 1000 → Point B
If I is increased to 110, then

0.2Y = 20
Y = 210/0.2 = 1050 → Point D
For Rs.10 increase in I, Y has increased by Rs.50. This is due to multiplier effect.
At point A, Y = C = 500
C = 100 + 0.8 (500) = 500; S=0
At point B, Y = 1000
C = 100 + 0.8 (1000) = 900; S = 100 = I
At point D, Y = 1050
C = 100 + 0.8 (1050) = 940; S = 110 = I
When I is increased by 10, Y increases by 50. This is multiplier effect (K = 5)

K = 1 / 0.2 = 5

43. a) Functions of Money (any 6 with explanation)

Primary Functions
Money as a medium of exchange
Money as a measure of value
Money as a Store of value
Money as a Standard of Deferred Payments

Contingent Functions
Basis of the Credit System
Money facilitates distribution of National Income
Money helps to Equalize Marginal Utilities and Marginal Productivities
Money Increases Productivity of Capital

Other Functions
Money helps to maintain Repayment Capacity
Money represents Generalized Purchasing Power
Money gives liquidity to Capital

(OR)
43. b) Functions of Commercial Banks (any 6 with explanation)

Commercial Banks:
Commercial banks are institutions that conduct business with profit motive by accepting public deposits and lending loans for various investment purposes.

Functions of Commercial Banks
(A) PRIMARY FUNCTIONS:
1. Accepting Deposits
2. Advancing Loans

(B) SECONDARY FUNCTIONS
1. Agency Functions
   - Collecting Cheques
   - Collecting Income
   - Paying Expenses

2. General Utility Functions
   - Providing Locker Facilities.
   - Issuing Traveler’s Cheques:
   - Dealing in Foreign Exchange:

3. Transferring Funds
4. Letter of Credit
   - Underwriting Securities
   - Electronic Banking:

(C) OTHER FUNCTIONS:
   - Money Supply
   - Credit Creation
   - Collection of Statistic

44. a) Differences between ‘Internal Trade’ and ‘International Trade’

<table>
<thead>
<tr>
<th>Internal Trade</th>
<th>International Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade takes place between different individuals and firms within the same nation.</td>
<td>Trade takes place between different individuals and firms in different countries.</td>
</tr>
<tr>
<td>Labour and capital move freely from one region to another.</td>
<td>Labour and capital do not move easily from one nation to another.</td>
</tr>
<tr>
<td>There will be free flow of goods and services since there are no restrictions.</td>
<td>Goods and services do not easily move. There are a number of restrictions like tariff and quota.</td>
</tr>
<tr>
<td>There is only one common currency.</td>
<td>There are different currencies.</td>
</tr>
<tr>
<td>Trade and financial regulations are more or less the same.</td>
<td>Trade and financial regulations such as interest rate, trade laws differ between countries.</td>
</tr>
</tbody>
</table>

(OR)

44. b) Types BOP Disequilibrium: (heading with explanation)
The BOP is said to be balanced when the receipts (R) and payments (P) are just equal, i.e., \( R / P = 1 \).

There are three main types of BOP Disequilibrium, which are discussed below.
(a) Cyclicl Disequilibrium,
(b) Secular Disequilibrium,
(c) Structural Disequilibrium.

45. a) Objectives Of IMF (any 6 points )
i) To promote international monetary cooperation among the member nations.
ii) To facilitate faster and balanced growth of international trade.
iii) To ensure exchange rate stability by curbing competitive exchange depreciations.
iv) To eliminate or reduce exchange controls imposed by member nations.
v) To establish multilateral trade and payment system in respect of current transactions instead of bilateral trade agreements.
vi) To promote the flow of capital from developed to developing nations.
vii) To solve the problem of international liquidity.

(OR)
45. b) Recent Growth in public Expenditure: (any 6 with explanation)
The modern state is a welfare state. In a welfare state, the government has to perform several functions viz Social, economic and political.
These activities are the cause for increasing public expenditure.
1. Population Growth:
2. Defence Expenditure
3. Government Subsidies
4. Debt Servicing
5. Development Projects
6. Urbanisation
7. Industrialisation
8. Increase in grants in aid to state and union territories

(OR)

46. a) Importance of sustainable development and goals:
Definition:
“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”
Importance of Sustainable Development:
Sustainable Development is necessary for the maintenance of the environment. The purpose of Development Work is people’s welfare. The target of development work is never achieved effectively if the adverse effects are ignored. The importance of Sustainable Development are as follows
1. Proper use of means and resources.
2. Development of positive attitude.
3. Development of fundamental parts.
4. Development based on people’s participation.
5. Limitation and effective Development.

Sustainable Development Goals
1. End Poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and quality education for all and promote lifelong learning
5. Achieve gender equality and empower women and girls
6. Ensure access to water and sanitation for all

(OR)

46. b) Arguments against planning: (heading with explanation)
Arguments against planning:
- Economic planning also is not free from limitations.
- It may retard private initiatives, hamper freedom of choice, involve huge cost of administration and stop the automatic adjustment of price mechanism.

The arguments against planning are discussed below.
1. Loss of freedom
2. Elimination of Initiative
3. High cost of Management
4. Difficulty in advance calculations

47. a) Important statistical organization:
The Statistics Wing called the National Statistical Office (NSO) consists of the Central Statistical Office (CSO), the Computer Centre and the National Sample Survey Office (NSSO).
Central Statistical Office (CSO):
It is responsible for co-ordination of statistical activities in the country and for evolving and maintaining statistical standards.
National Sample Survey Organisation (NSSO):
The National Sample Survey Organisation, now known as National Sample Survey Office, is an organization under the Ministry of Statistic of the Government of India. It is the largest organisation in India, conducting regular socio-economic surveys. It was established in 1950. NSSO has four divisions:
1. Survey Design and Research Division (SDRD)
2. Field Operations Division (FOD)
3. Data Processing Division (DPD)
4. Co-ordination and Publication Division (CPD)

(OR)
47.b)

Solution: Deviations from actual mean.

<table>
<thead>
<tr>
<th>S.No</th>
<th>X</th>
<th>(x- ( \bar{x} ))</th>
<th>( (x- \bar{x})^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25</td>
<td>25-25=0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
<td>15-25=-10</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>23</td>
<td>23-25=-2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>42</td>
<td>42-25=17</td>
<td>289</td>
</tr>
<tr>
<td>5</td>
<td>27</td>
<td>27-25=-2</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>25</td>
<td>25-25=0</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>23</td>
<td>23-25=-2</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>25</td>
<td>25-25=0</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>20</td>
<td>20-25=-5</td>
<td>25</td>
</tr>
<tr>
<td>N-9</td>
<td>225</td>
<td>0</td>
<td>126</td>
</tr>
</tbody>
</table>

\[
\bar{x} = \frac{225}{9} = 25
\]

\[
\sigma = \sqrt{\frac{\Sigma (x- \bar{x})^2}{N}}
\]

\[
= \sqrt{\frac{426}{9}}
\]

\[
= \sqrt{47.33}
\]

\[
= 6.88
\]

Note: heading alone-2 marks
Heading with explanation – 5 marks

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