DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI-6. HSE SECOND YEAR EXAMINATION - MARCH/APRIL - 2023 ECONOMICS KEY ANSWER

<u>NOTE</u>

- 1. Answer written with Blue or Black ink only to be evaluated.
- 2. Choose the most suitable answer in part A from the given alternatives and write the option code and the corresponding answer.
- 3. If any one of the answer option code or answer is wrong '0'marks to be awarded.
- 4 Marks can be awarded, if students write in their own sentences with Economics.

TOTAL MARKS: 90

PART – I

Answer all the questions.

$20 \times 1 = 20$

		A TYPE			В ТҮРЕ	
Q. NO	Option Code	Answer	Q. NO.	Option Code	Answer	Marks
1	a	The resource transfer to the state	1	d	(a) and (b)	1
2	с	National institution for transforming India	2	b	Singular and Plural	1
3	c	Saving	3	d	All of the above	1
4	a	The purchase of bonds or stock issued by a textile company overseas	4	a	2030	1
5	d	Economic welfare	5	d	Income Theory	1
6	d	Income Theory	6	a	The resources transfer to the state	1
7	d	All the above	7	a	The purchase of bonds or stock issued by a textile company overseas	1
8	a	Law of Markets	8	b	Non - market goods	1
9	d	America	9	a	Law of Markets	1
10	С	Trade cycle	10	с	Rs 500 and Rs 1000	1
11	b	Singular and plural	11	d	America	1
12	с	Rs 500 and Rs 1000	12	c	National Institution for Transforming India	1
13	d	(a) and (b)	13	c	Customs Union	1
14	b	Non -market goods	14	c	Total Supply money	1
15	с	Total Supply money	15	c	Saving	1
16	с	Customs Union	16	с	Structural	1
17	d	World Bank	17	d	Economic Welfare	1

18	c	Structural	18	с	July 1, 1963	1
19	a	2030	19	d	World Bank	1
20	с	July 1, 1963	20	с	Trade Cycle	1

PART - II

Answer Any 7 Questions. (Question No 30 is Compulsory)

	7×2=	=14
21	Economic Models It is a simplified representation of real situation. or It is an explanation of how the economy or part of economy Works.	2
22	GDP DeflatorIs an index of price changes of goods and services included in GDP GDP (or) $GDP deflator = \frac{Nominal GDP}{Real GDP} X100$	2
23	 Assumptions of say's law No Single buyers or seller of commodity or an input can affect price. Full employment People are motivated by self interest The laissez fair policy essential Perfect competition. There is wage - price flexibility. Money acts only as a Medium of exchange Long-run analysis. There is no possibility for over production or unemployment. unutilized resources used until reaches full employment. No Government intervention . Interest rate flexibility . 	2
24	Multiplier The ratio of the change in national income to change in investment (or) $K = \frac{\Delta y}{\Delta I}$ (or) $K = \frac{1}{1-MPC}$ (or) $K = \frac{1}{MPS}$	2
25	Define Money Money is what money does - walker (or) Crowther - definition	2

26	CRR and SLR		
	CRR	SLR	
	1.Banks are required to hold a	SLR is the amount which a	
	certain proportion of their depo	bsits bank has to maintain in the	2
	in the form of cash with RBI	form of cash gold or approved securities	
27	Balance of payments : A syste	ematic record of a country 's economic	
	and financial transactions with re	est of the world over a period of time.	2
28	SAARC - Kathmandu (Nepal)		1
	16 th January 1987		1
29	Social Indicators		
	Basic and Collective needs such as Health Education Food, Water,		
			2
	Sanitation, and housing facilities		
30			
	Descriptive statistics	Inferential statistics	
	1.It describes the population	It draws conclusion for the	
	under study	Population based on the sample result	
	2.It presents the data in a	It uses hypotheses testing	2
	meaning ful way	and predicting on the basis	2
		of the out come	
	3.It gives the Summary of	It tries to understand the	
	data	population beyond the	
		sample	
		(Any 2 Points)	

PART-III

Answer Any 7 Ouestions.	(Question No 40 is Compulsory)	7×3=21
	(Question no is compaison)	1

31	Demerits of socialism1. Red Tapism and Bureaucracy2. Absence of Incentive3. Limited freedom of choice4. Concentration of power	3
32	NNP at Factor Cost 1. The total of Income payment made to factors of Production 2. NNP at factor cost=NNP at Market Prices - Indirect taxes + Subsidies	3

33	Aggregate Demand and its components	
	The aggregate demand is the amount of money which entrepreneurs expect to get by selling the output produced by the number of labourers employed. AD=C+I+G+(X-M)	2
	C - Consumption demand I - Investment demand G - Government Expenditure	1
	(X-M) - Net Export (Export-Import)	
34	S. No Autonomous Induced Investment Investment	
	1 Independent Planned	1
	2 Income inelastic Income elastic	1
	3 Welfare Motive Profit Motive	1
35	Demand Pull InflationIf the demand is high for a product and supply is low, the price ofthe product increases.Cost Push inflation:When the cost of raw materials and other inputs rises inflationresults.	3
36	 Functions of NABARD (Any 3 Points) 1. Acts as a refinancing Institution. 2. It Provides short term, medium and long term credits to SCBs RRBs LDBs. 3.Long term (20 Years) loans to state government. 4.It gives loans to any institution approved by the central or state government. 5.It is the responsibility of co ordinating the activities of central and state Government, NITI Aayog. 6.It maintain a Research and development fund 	3
37	Subject matter of International Economics1. Pure Theory of trade2. Policy Issues3. International cartels and Trade Blocks4 International Financial and Trade Regulatory Institutions	

38	Agenda of BRICS Summit 2018	
	 Inclusive growth, Trade Issues Shared Prosperity International peace and Security Global Governance 	3
39	Function Of Statistics (Any 3 Points)	
	 Statistics Presents facts in a definite form It simplifies mass of figures It facilitates comparison It helps in formulating and testing It helps in prediction it helps in the formulation of suitable policies 	3
40	Levied and collected by the Union (Article 269)	
	 Duties in respect of succession to Property other than agricultural land Estate Duty Taxes on railway fare and freights Taxes other than stamp duties transactions in stock exchange and future market Taxes on the sale or Purchase of news papers and on advertisements published therein. Terminal taxes on goods or passengers carried by railways sea or air. Taxes on the sale or purchase of goods other than newspaper (Any 3 Points) 	3

Part -	-IV
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Answer all the Questions.

7×5=35

S.NO	Features	Capitalism	Socialism	Mixedim
1.	Ownership of	Private	Public	Private
	means of	Ownership	Ownership	Ownership
	production			and
				Public Owner
2			0 1	ship
2.	Economic Motive	Profit Motive	Social welfare	Social welfare and
			wenare	Profit
				Motive
3.	Solution of Central	Free market	Central	Central
2.	Problems	system	Planning	Planning
			System	System
			5	and Free
				market
				system
4.	Government Role	Internal	Complete	Limited
		Regulation	Involvement	Role
		Only	-	-
5.	Income distribution	Unequal	equal	Less
6	Nature of	Private	Carrant	unequal Both Private
6.	Enterprise	Enterprise	Enterprise	and State
	Enterprise	Enterprise	Enterprise	Enterprises
7.	Economic Freedom	Complete	Lack of	Limited
		Freedom	Freedom	Freedom
8.	Major Problem	Inequality	Inefficiency	Inequali
				ty and
				Inefficiency.
		(OR)		
Vario	us Methods of estim	ating the Nati	onal Income	
1. Prod	luct Method			
) Inco	ma Mathad	L 11/2	th Explanation	
2. Inco	ome Method.	W1	th Explanation	18

42	Types o	f Unemployment	(Any 5 With Explanations)	
a)	1.0.1			
	-		nical unemployment	
	2. Seaso	onal unemployment 6. Struc	tural unemployment	5
	3. Fricti	onal unemployment 7. Disgu	uised unemployment	5
	4. Educa	ated unemployment		
		(OR)		
42			· · · · · · · · · · · · · · · · · · ·	
b)	S.No		MEI	
	1	Based on a given supply	Based on the Induced	1
		price for capital	change in the price due to change in the demand for capital	1
	2	Rate of return on all	Rate of return on just those	1
		successive units of capital	units of capital over and	1
		without regard to existing	above the existing capital	
		capital	stock	
	3	The capital stock on X axis	The amount of Investment	1
		-	is on X axis	
	4	Stock	Flow	1
	5	It determines optimum	It determines the net	1
		capital stock in an	investment of the economy	
		economy		
43	Keyne's	s Psychological law		
a)		1. keyne's psychological law		1
		2. Assumptions		1
		3. Table		1
		4. Diagram with explanation		2
		(OR)		

Difference between classical and keyne's theory

b)

No	Keynesianism	Classicism
1	Short-run equilibrium.	Long run equilibrium.
2	Saving is a vice.	Saving is a social virtue.
3	The function of money is a	The function of money is to
	medium of exchange on the	act as a medium of
	one side and a store of value	exchange.
	on the other side.	
4	Macro approach to national	Micro Foundation to macro
	Problems.	problems
5	State intervention is	Champion of Laissez-fair
	advocated.	policy.
6	Applicable to all situations –	Applicable only to the full
	full employment and less then	employment situation
	full employment.	
7	Captalism has inherent	Capitalism is well and good.
	contradictions.	
8	Budgeting should be adjusted	Balanced budget.
	to be requirements of	
9	The equality between saving	The equality between saving
9	and investment is advanced	and investment is achieved
	through change in income.	through changes of rate of
	through change in meome.	interest.
10	Rate of Interest is determined	Rate of interest is
10	by the demand for and supply	determined by saving and
	of money.	investment.
11	Rate of interest is a flow.	Rate of interest is a stock.
12	Demand creates its own	Supply creates its own
	supply.	demand.
13	Rate of interest is a reward	Rate of interest is a reward
	for parting with liquidity.	for saving.
		(Any 5 Differences

44	Func	Functions of money:				
a)	1. Primary function					
	i) Medium of exchange					
	ii)Measure of value					
	2. <u>Se</u>	2. <u>Secondary functions</u>				
	i S	Store of value		2		
	ii.	Standard of deferred payments				
	iii.	Means of transferring purchasing	ng power			
	3) <u>C</u>	ontingent functions				
	i.	Basis of the credit system				
	ii.	Facilitates distribution of Nat	ional Income			
	iii.	Equalise marginal utilities an	d marginal Productivities.			
	iv.	Increases productivity of capit	ital	3		
	4) Ot	her Functions				
	i.	To maintain repayment capao	city			
	ii.	Represents generalised purch	asing power.			
	iii.	Liquidity to capital.				
		(OR)				
44	Diffe	rence between Internal Trade	and international Trade			
b)	(Any	5 Differences)				
	S.no		International Trade			
	1	Trade takes place between	Trade takes place between			
		different individuals and	-			
		firms within the same	in different countries.			
		nation.				
	2	Labour and capital move	-			
		freely from one region to another.	move easily from one nation to another.			
	3	There will be free flow of				
	5	goods and services-no	easily move number of			
		restrictions	restrictions	5		
	4	only one common currency	Different currencies.			
	5	The physical and				
		geographical conditions of a				
		country are more or less similar.	conditions of the two countries.			
	6	Trade and financial	Trade and financial regulations			
		regulations are more or less	such as interest rate, trade laws			
		the same.	differ between countries.			
	7	There is no difference in	Differences are Pronounced in			
		political affiliations, customs	political affiliations, customs and			
		and habits of the people and	habits of the people and			
		government policies.	government policies.			

45	Different types of planning (Any 5 with Explanations)		
a)			
	1. Democratic Vs Totalitarian		
	2. Centralized Vs Decentralized	5	
	3. Planning by direction Vs Inducement		
	4. Indicative Vs Imperative Planning		
	5. Short Medium and long term Planning		
	6. Financial Vs Physical Planning		
	7. Functional Vs Structural Planning		
	8. Comprehensive Vz Partial Planning		
	(OR)		
45	Objectives of monetary policy (Any 5 With Explanations)		
b)			
	1. Neutrality of Money	~	
	2. Exchange Rate Stability.	5	
	3. Price Stability.		
	4. Full Employment		
	5. Economic Growth		
46	6. Equilibrium in the Balance of Payments.		
_	GST 1. GST Means Goods and Service Tax.		
a)			
	2. The GST Act was passed in the parliament on 29 th March	3	
	2017. The act came on to effect on 1 st July 2017.	3	
	3. This law has replaced many indirect tax laws that previously existed in India.		
	 GST levied on every value addition. GST is one of the indirect tax for entire country. 		
	5. GST is one of the indirect tax for entire country.		
	Advantages	2	
	1 GST Will mainly remove the cascading effect on the sale of	2	
	goods and services		
	2. GST also technologically driven. Registration, return filling		
	application for refund and response to notice need to be		
	done online on the GST portal.		
	(OR)		
46	Land pollution – causes (Any 3 points with Explanation)		
b)			
	1. Deforestation and soil erosion		
	2 Agricultural activities		
	3. Mining activities		
	4. Land Fills		
	5. Industrialization		
	6. Construction Activities		
	7. Nuclear Waste		

	The remedial measures to control hand Pollution.		
	1. Making people aware about the concept of a Reduce.		
	Recycle and Reuse.	2	
	2. Buying biodegradable products		
	3. Minimizing the usage of pesticides.		
	4.Shifting cultivation		
	5. Disposing unwanted garbage properly either by burning or		
	by burying under the soil.		
	6. Minimize the usage of plastics.		
	(Any four Points)		
47	Karl Pearson correlation co-efficient		
a)			
	1. Tabulation	3	
	2. Formula and methods	1	
	3. Answer r=0.9955	1	
	(OR)		
47	Scope of Public Finance (With Explanation)		
b)			
	1. Public Revenue	1	
	2. Public Expenditure	1	
	3. Public debt	1	
	4. Financial Administration	1	
	5. Fiscal Policy	1	