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

NOTE

- 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	c	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	c	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	С	Customs Union	1
14	b	Non -market goods	14	С	Total Supply money	1
15	С	Total Supply money	15	c	Saving	1
16	c	Customs Union	16	c	Structural	1
17	d	World Bank	17	d	Economic Welfare	1

18	c	Structural	18	c	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)

21	Economic Models It is a simplified representation of real situation.			
	or	2		
	It is an explanation of how the economy or part of economy	2		
	Works.			
22	CDD D. G			
22	GDP Deflator			
	Is an index of price changes of goods and services included in			
	GDP (or)	2		
	$GDP\ deflator = \frac{Nominal\ GDP}{Real\ GDP} X100$			
	Real GDP			
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.	2		
	 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 .			
	(Any 4 Points)			
24	Multiplier			
	The ratio of the change in national income to change in investment			
	(or)	2		
	$K = \frac{\Delta y}{\Delta I}$ (or) $K = \frac{1}{1 - MPC}$ (or) $K = \frac{1}{MPS}$			
25	Define Money			
	Money is what money does - walker	2		
	(or)			
	Crowther - definition			

26	CRR and SLR			
	CRR	SLR		
	1.Banks are required to hold a	SLR is the amount which a		
	certain proportion of their depos	sits 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 system	matic record of a country 's economic		
		st of the world over a period of time.	2	
28	SAARC - Kathmandu (Nepal)		1	
	16 th January 1987	6	1	
29	Social Indicators			
	Basic and Collective needs s	uch 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	_	
		of the out come		
	3.It gives the Summary of	It tries to understand the		
	data	population beyond the		
	sample			
	Y	(Any 2 Points)		

PART-III Answer Any 7 Questions. (Question No 40 is Compulsory) $7 \times 3 = 21$

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

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)			
	C - Consumption demand	0.4		
	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		
	3 Welfare Motive Profit Motive	1		
35	Demand Pull Inflation			
	If the demand is high for a product and supply is low, the price of			
	the product increases.			
	Cost Push inflation:			
	When the cost of raw materials and other inputs rises inflation			
	results.			
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	3		
	state government.			
	5.It is the responsibility of co ordinating the activities of			
	central and state Government, NITI Aayog.			
3	6.It maintain a Research and development fund.			
37	Subject matter of International Economics			
	1. Pure Theory of trade			
	2. Policy Issues	3		
	3. International cartels and Trade Blocks			
	4. International Financial and Trade Regulatory Institutions			

38	Agenda of BRICS Summit 2018	
	 Inclusive growth, Trade Issues Shared Prosperity 	3
	4. International peace and Security	
	5. Global Governance	
39	Function Of Statistics (Any 3 Points)	
	1. Statistics Presents facts in a definite form	
	2. It simplifies mass of figures	
	3. It facilitates comparison4. It helps in formulating and testing	2
	5. It helps in prediction	3
	6. it helps in the formulation of suitable policies	
	6. It helps in the formulation of suitable policies	
40	Levied and collected by the Union (Article 269)	
	1. Duties in respect of succession to Property other than agricultural land	
	2. Estate Duty	
	3. Taxes on railway fare and freights	
	4. Taxes other than stamp duties transactions in stock exchange and future market	_
	5. Taxes on the sale or Purchase of news papers and on advertisements published therein.	3
	6. Terminal taxes on goods or passengers carried by railways	
	sea or air.	
	7. Taxes on the sale or purchase of goods other than newspaper	
	(Any 3 Points)	

Part –IV

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
				ship
2.	Economic Motive	Profit Motive	Social	Social
			welfare	welfare and
				Profit
				Motive
3.	Solution of Central	Free market	Central	Central
	Problems	system	Planning	Planning
			System	System
				and Free
				market
				system
4.	Government Role	Internal	Complete	Limited
		Regulation	Involvement	Role
		Only		
5.	Income distribution	Unequal	equal	Less
				unequal
6.	Nature of	Private	Government	Both Private
	Enterprise	Enterprise	Enterprise	and State
				Enterprises
7.	Economic Freedom	-	Lack of	Limited
		Freedom	Freedom	Freedom
8.	Major Problem	Inequality	Inefficiency	Inequali
				ty and
				Inefficiency.
		(OR)		
Vario	us Methods of estim	ating the Natio	onal Income	
		_		
	duct Method			
2. Inco	ome Method.	≻ Wi	th Explanation	IS
0 E1	expenditure Method			

42	Types o	f Unemployment	(Any 5 With Explanations)	
a)	1 6 1			
			nical unemployment	
	2. Seaso	onal unemployment 6. Struc	tural unemployment	5
	3. Friction	onal unemployment 7. Disgu	uised unemployment	
	4. Educa	ated unemployment		
		(OR)		•
42				
b)	S.No		MEI	
		Based on a given supply	Based on the Induced	4
		price for capital	change in the price due to	1
			change in the demand for capital	
	2	Rate of return on all	Rate of return on just those	1
		successive units of capital	units of capital over and	
		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	1
	4	Stock	Flow	1
	5	It determines optimum	It determines the net	1
		capital stock in an	investment of the economy	
		economy		
12	TZ.	D. J. L. C. H		
43	Keyne's	s Psychological law		
a)		1. keyne's psychological law		1
		2. Assumptions		1
3		3. Table		1
		4. Diagram with explanation		2
		(OR)		

43 Difference between classical and keyne's theory

b)

S.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 meonic.	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		Supply creates its own
12	supply.	demand.
13	Rate of interest is a reward	Rate of interest is a reward
	for parting with liquidity.	for saving.
	Larringm udarani).	(Any 5 Differences)
		(ring 5 Differences)

44	Func	tions of money:				
a)		mary function				
<i>(4)</i>		Iedium of exchange				
		leasure of value				
		condary functions				
		Store of value		2		
	ii. Standard of deferred payments					
	iii.Means of transferring purchasing power					
	3) Contingent functions i. Basis of the credit system					
	ii.	Basis of the credit system Facilitates distribution of Nation	al Income			
	111.	Equalise marginal utilities and m	larginal Productivities.	2		
	iv.	Increases productivity of capital		3		
		her Functions				
	i. 	To maintain repayment capacity				
	ii.	Represents generalised purchasi	ng power.			
	iii.	Liquidity to capital.				
		(OR)				
44		rence between Internal Trade an	d international Trade			
b)		5 Differences)				
	S.no		International Trade			
	1		Frade takes place between			
			lifferent individuals and firms			
		firms within the same in nation.	n different countries.			
	2		Labour and capital do not			
			nove easily from one nation			
			o another.			
	3	There will be free flow of	Goods and services do not			
			asily move number of			
			estrictions	5		
	4	only one common currency I	Different currencies.			
	5	The physical and T	There are differences in			
	,		ohysical and geographical			
7			onditions of the two			
			ountries.			
	6	Trade and financial Tra	ade and financial regulations			
			ch as interest rate, trade laws			
			fer between countries.			
	7		fferences are Pronounced in			
		F T	litical affiliations, customs and			
			pits of the people and			
		government policies. gov	vernment policies.	ļ		

l <u>vi</u> exp	ress.in www.	<u>kalviex</u>
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	
	6. Equilibrium in the Balance of Payments.	
46	GST	
a)	1. GST Means Goods and Service Tax.	
	2. The GST Act was passed in the parliament on 29 th March	
	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.	
	4. GST levied on every value addition.	
	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	
	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	3
	4. Land Fills	
	5. Industrialization	
	6. Construction Activities	
L	7. Nuclear Waste	

. <u> </u>	1C55.111 WWW.	Kurvicz
	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