

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.****20×1=20**

A TYPE			B TYPE			Marks
Q. NO	Option Code	Answer	Q. NO.	Option Code	Answer	
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	c	Rs 500 and Rs 1000	1
11	b	Singular and plural	11	d	America	1
12	c	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	c	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	c	July 1, 1963	20	c	Trade Cycle	1

PART - II

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

7×2=14

21	<p>Economic Models It is a simplified representation of real situation. or It is an explanation of how the economy or part of economy Works.</p>	2
22	<p>GDP Deflator Is an index of price changes of goods and services included in GDP (or) $GDP\ deflator = \frac{Nominal\ GDP}{Real\ GDP} \times 100$</p>	2
23	<p>Assumptions of say's law</p> <ul style="list-style-type: none"> • 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 . <p style="text-align: right;">(Any 4 Points)</p>	2
24	<p>Multiplier The ratio of the change in national income to change in investment (or) $K = \frac{\Delta y}{\Delta I} \quad (or) \quad K = \frac{1}{1-MPC} \quad (or) \quad K = \frac{1}{MPS}$</p>	2
25	<p>Define Money Money is what money does - walker (or) Crowther - definition</p>	2

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

Answer Any 7 Questions. (Question No 40 is Compulsory)

7×3=21

31	Demerits of socialism 1. Red Tapism and Bureaucracy 2. Absence of Incentive 3. Limited freedom of choice 4. 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	<p>Aggregate Demand and its components</p> <p>The aggregate demand is the amount of money which entrepreneurs expect to get by selling the output produced by the number of labourers employed.</p> $AD=C+I+G+(X-M)$ <p>C - Consumption demand I - Investment demand G - Government Expenditure (X-M) - Net Export (Export- Import)</p>	<p>2</p> <p>1</p>												
34	<table border="1" data-bbox="389 672 1218 903"> <thead> <tr> <th>S. No</th> <th>Autonomous Investment</th> <th>Induced Investment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Independent</td> <td>Planned</td> </tr> <tr> <td>2</td> <td>Income inelastic</td> <td>Income elastic</td> </tr> <tr> <td>3</td> <td>Welfare Motive</td> <td>Profit Motive</td> </tr> </tbody> </table>	S. No	Autonomous Investment	Induced Investment	1	Independent	Planned	2	Income inelastic	Income elastic	3	Welfare Motive	Profit Motive	<p>1</p> <p>1</p> <p>1</p>
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35	<p>Demand Pull Inflation</p> <p>If the demand is high for a product and supply is low, the price of the product increases.</p> <p>Cost Push inflation:</p> <p>When the cost of raw materials and other inputs rises inflation results.</p>	<p>3</p>												
36	<p>Functions of NABARD (Any 3 Points)</p> <ol style="list-style-type: none"> 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. 	<p>3</p>												
37	<p>Subject matter of International Economics</p> <ol style="list-style-type: none"> 1. Pure Theory of trade 2. Policy Issues 3. International cartels and Trade Blocks 4. International Financial and Trade Regulatory Institutions 	<p>3</p>												

38	<p>Agenda of BRICS Summit 2018</p> <ol style="list-style-type: none"> 1. Inclusive growth, 2. Trade Issues 3. Shared Prosperity 4. International peace and Security 5. Global Governance 	3
39	<p>Function Of Statistics (Any 3 Points)</p> <ol style="list-style-type: none"> 1. Statistics Presents facts in a definite form 2. It simplifies mass of figures 3. It facilitates comparison 4. It helps in formulating and testing 5. It helps in prediction 6. it helps in the formulation of suitable policies 	3
40	<p>Levied and collected by the Union (Article 269)</p> <ol style="list-style-type: none"> 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. 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 <p style="text-align: right;">(Any 3 Points)</p>	3

Part -IV

Answer all the Questions.

7×5=35

41 a)	Comparison of Capitalism, Socialism and Mixedism (Any 5 comparisons)																																														
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41 b)	Various Methods of estimating the National Income																																														
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42 a)	Types of Unemployment (Any 5 With Explanations) 1. Cyclical unemployment 5. Technical unemployment 2. Seasonal unemployment 6. Structural unemployment 3. Frictional unemployment 7. Disguised unemployment 4. Educated unemployment (OR)		5																		
42 b)	<table border="1" data-bbox="375 646 1240 1381"> <thead> <tr> <th data-bbox="375 646 443 688">S.No</th> <th data-bbox="443 646 834 688">MEC</th> <th data-bbox="834 646 1240 688">MEI</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 688 443 863">1</td> <td data-bbox="443 688 834 863">Based on a given supply price for capital</td> <td data-bbox="834 688 1240 863">Based on the Induced change in the price due to change in the demand for capital</td> </tr> <tr> <td data-bbox="375 863 443 1073">2</td> <td data-bbox="443 863 834 1073">Rate of return on all successive units of capital without regard to existing capital</td> <td data-bbox="834 863 1240 1073">Rate of return on just those units of capital over and above the existing capital stock</td> </tr> <tr> <td data-bbox="375 1073 443 1178">3</td> <td data-bbox="443 1073 834 1178">The capital stock on X axis</td> <td data-bbox="834 1073 1240 1178">The amount of Investment is on X axis</td> </tr> <tr> <td data-bbox="375 1178 443 1251">4</td> <td data-bbox="443 1178 834 1251">Stock</td> <td data-bbox="834 1178 1240 1251">Flow</td> </tr> <tr> <td data-bbox="375 1251 443 1381">5</td> <td data-bbox="443 1251 834 1381">It determines optimum capital stock in an economy</td> <td data-bbox="834 1251 1240 1381">It determines the net investment of the economy</td> </tr> </tbody> </table>		S.No	MEC	MEI	1	Based on a given supply price for capital	Based on the Induced change in the price due to change in the demand for capital	2	Rate of return on all successive units of capital without regard to existing capital	Rate of return on just those units of capital over and above the existing capital stock	3	The capital stock on X axis	The amount of Investment is on X axis	4	Stock	Flow	5	It determines optimum capital stock in an economy	It determines the net investment of the economy	1 1 1 1 1
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43 a)	Keyne's Psychological law 1. keyne's psychological law 2. Assumptions 3. Table 4. Diagram with explanation (OR)		1 1 1 2																		

43 b)	Difference between classical and keyne's theory		
	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 medium of exchange on the one side and a store of value on the other side.	The function of money is to act as a medium of exchange.
	4	Macro approach to national Problems.	Micro Foundation to macro problems
	5	State intervention is advocated.	Champion of Laissez-fair policy.
	6	Applicable to all situations – full employment and less then full employment.	Applicable only to the full employment situation.
	7	Capitalism has inherent contradictions.	Capitalism is well and good.
	8	Budgeting should be adjusted to be requirements of economy.	Balanced budget.
	9	The equality between saving and investment is advanced through change in income.	The equality between saving and investment is achieved through changes of rate of interest.
	10	Rate of Interest is determined by the demand for and supply of money.	Rate of interest is determined by saving and investment.
	11	Rate of interest is a flow.	Rate of interest is a stock.
	12	Demand creates its own supply.	Supply creates its own demand.
13	Rate of interest is a reward for parting with liquidity.	Rate of interest is a reward for saving.	
(Any 5 Differences)			

5

	<p>The remedial measures to control hand Pollution.</p> <ol style="list-style-type: none"> 1. Making people aware about the concept of a Reduce. Recycle and Reuse. 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. <p style="text-align: right;">(Any four Points)</p>	2
47 a)	<p>Karl Pearson correlation co-efficient</p> <ol style="list-style-type: none"> 1. Tabulation 2. Formula and methods 3. Answer $r=0.9955$ <p style="text-align: center;">(OR)</p>	3 1 1
47 b)	<p>Scope of Public Finance (With Explanation)</p> <ol style="list-style-type: none"> 1. Public Revenue 2. Public Expenditure 3. Public debt 4. Financial Administration 5. Fiscal Policy 	1 1 1 1 1