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Chapter I

1. The branches of the subject Economics is
   a) Wealth and welfare b) production and consumption
   c) Demand and supply d) micro and macro
2. Who coined the word ‘Macro’?
   a) Adam Smith b) J M Keynes c) Ragnar Frisch d) Karl Marx
3. Who is regarded as Father of Modern Macro Economics?
   a) Adam Smith b) J M Keynes c) Ragnar Frisch d) Karl Marx
4. Identify the other name for Macro Economics.
   a) Price Theory b) Income Theory c) Market Theory d) Micro Theory
5. Macro economics is a study of ________________.
   a) individuals b) firms c) a nation d) aggregates
6. Indicate the contribution of J M Keynes to economics.
   a) Wealth of Nations b) General Theory c) Capital d) Public Finance
7. A steady increase in general price level is termed as ____________.
   a) wholesale price index b) Business Cycle c) Inflation d) National Income
8. Identify the necessity of Economic policies.
   a) to solve the basic problems b) to overcome the obstacles
   c) to achieve growth d) all the above
9. Indicate the fundamental economic activities of an economy.
   a) Production and Distribution b) Production and Exchange
   c) Production and Consumption d) Production and Marketing
10. An economy consists of
    a) consumption sector b) Production sector
    c) Government sector d) All the above
11. Identify the economic system where only private ownership of production exists.
    a) Capitalistic Economy b) Socialistic Economy
    c) Globalistic Economy d) Mixed Economy
12. Economic system representing equality in distribution is ________.
    a) Capitalism b) Globalism c) Mixedism d) Socialism
13. Who is referred as ‘Father of Capitalism’?
    a) Adam Smith b) Karl Marx c) Thackeray d) J M Keynes
14. The country following Capitalism is ________________.
    a) Russia b) America c) India d) China
15. Identify The Father of Socialism.
    a) J M Keynes b) Karl Marx c) Adam Smith d) Samuelson

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16. An economic system where the economic activities of a nation are done both by the private and public together is termed as _________.
   a) Capitalistic Economy b) Socialistic Economy
c) Globalistic Economy d) Mixed Economy
17. Quantity of a commodity accumulated at a point of time is termed as ______
a) production b) stock c) variable d) flow
18. Identify the flow variable.
a) money supply b) assets c) income d) foreign exchange reserves
19. Identify the sectors of a Two Sector Model.
a) Households and Firms b) Private and Public
c) Financial and Real d) Firms and Government
20. The Circular Flow Model that represents an open Economy.
a) Two Sector Model b) Three Sector Model
c) Four Sector Model d) All the above

Chapter II
1. Income is a measure of the ______ performance of an economy.
2. Primary sector is _______________.
a) Industry b) Trade c) Agriculture d) Construction.
3. National income is measured by using ________ methods.
a) Two b) Three c) Five d) Four
4. Income method is measured by summing up of all forms of __________.
a) Revenue b) Taxes c) expenditure d) Income
5. Which is the largest figure?
a) Disposable income b) Personal Income c) NNP d) GNP
6. Expenditure method is used to estimate national income in __________.
a) Construction sector b) Agricultural Sector
c) Service sector d) Banking sector
7. Tertiary sector is also called as _______ sector
   a) Service b) Income c) Industrial d) Production
8. National income is a measure of the ______ performance of an economy.
a) Industrial b) Agricultural c) Economic d) Consumption
9. Per capita income is obtained by dividing the National income by ________
a) Production b) Population of a country c) Expenditure d) GNP
10. GNP = _______. + Net factor income from abroad.
a) NNP b) NDP c) GDP d) Personal income
11. NNP stands for ________.
a) Net National Product b) National Net product
c) National Net Provident d) Net National Provident
12. ________ is deducted from gross value to get the net value.
a) Income b) Depreciation c) Expenditure d) Value of final goods
13. The financial year in India is ......
   a) April 1 to March 31 b) March 1 to April 30
   c) March 1 to March 16 d) January 1 to December 31
14. When net factor income from abroad is deducted from NNP, the net value is
   a) Gross National Product b) Disposable Income
   c) Net Domestic Product d) Personal Income
15. The value of NNP at production point is called ......
   a) NNP at factor cost b) NNP at market cost
   c) GNP at factor cost d) Per capita income
16. The average income of the country is ....
   a) Personal Income b) Per capita income c) Inflation Rate d) Disposal Income
17. The value of national income adjusted for inflation is called ....
   a) Inflation Rate b) Disposal Income c) GNP d) Real national income
18. Which is a flow concept ?
   a) Number of shirts b) Total wealth c) Monthly income d) Money supply
19. PQLI is the indicator of ............
   a) Economic growth b) Economic welfare
   c) Economic progress d) Economic development
20. The largest proportion of national income comes from ......
   a) Private sector b) Local sector c) Public sector d) None of the above

Chapter III
1. Every able bodied person who is willing to work at the prevailing wage rate is employed called as .......
   a) Full employment b) Under employment
   c) Unemployment d) Employment opportunity
2. Structural unemployment is a feature in a ...........
   a) Static society b) Socialist society c) Dynamic society d) Mixed economy
3. In disguised unemployment, the marginal productivity of labour is ......
   a) Zero b) One c) Two d) Positive
4. The main concoction of the Classical Economic Theory is .......
   a) Under employment b) Economy is always in the state of equilibrium
   c) Demand creates its supply d) Imperfect competition
5. J.B. Say is a .................... a) Neo Classical Economist b) Classical Economist
   c) Modern Economist d) New Economist
6. According to Keynes, which type of unemployment prevails in capitalist economy ? a) Full employment b) Voluntary unemployment
   c) Involuntary unemployment d) Under employment
7. The core of the classical theory of employment is ...........
   a) Law of Diminishing Return b) Law of Demand
   c) Law of Markets d) Law of Consumption
8. Keynes attributes unemployment to .......... a) A lack of effective supply b) A lock of effective demand c) A lack of both d) None of the above
9. ........ Flexibility brings equality between saving and investment. a) Demand b) Supply c) Capital d) Interest
10. ................. theory is a turning point in the development of modern economic theory. a) Keynes’ b) Say’s c) Classical d) Employment
11. The basic concept used in Keynes Theory of Employment and Income is ............... a) Aggregate demand b) Aggregate supply c) Effective demand d) Marginal Propensity Consume
12. The component of aggregate demand is ............... a) Personal demand b) Government expenditure c) Only export d) Only import
13. Aggregate supply is equal to ............... a) C + I + G b) C + S + G + (x-m) c) C + S + T + (x-m) d) C + S + T + Rf
14. Keynes theory pursues to replace laissez faire by ............... a) No government intervention b) Maximum intervention c) State intervention in certain situation d) Private sector intervention
15. In Keynes theory of employment and income, .......... is the basic cause of economic depression. a) Less production b) More demand c) Inelastic supply d) Less aggregate demand in relation to productive capacity.
16. Classical theory advocates ............... a) Balanced budget b) Unbalanced budget c) Surplus budget d) Deficit budget
17. Keynes theory emphasized on ......... equilibrium. a) Very short run b) Short run c) Very long run d) Long run
18. According to classical theory, rate of interest is a reward for ............... a) Investment b) Demand c) Capital d) Saving
19. In Keynes theory, the demand for and supply of money are determined by .... a) Rate of interest b) Effective demand c) Aggregate demand d) Aggregate supply
20. Say’s law stressed the operation of .......... in the economy. a) Induced price mechanism b) Automatic price mechanism c) Induced demand d) Induced investment

Chapter IV
1. The average propensity to consume is measured by a) C/Y b) CxY c) Y/C d) C+Y
2. An increase in the marginal propensity to consume will: a) Lead to consumption function becoming steeper b) Shift the consumption function upwards c) Shift the consumption function downwards d) Shift savings function upwards
3. If the Keynesian consumption function is C=10+0.8 Y then, if disposable income is Rs 1000, what is the amount of total consumption? a) ₹ 0.8 b) ₹ 800 c) ₹ 810 d) ₹ 0.81

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4. If the Keynesian consumption function is \( C = 10 + 0.8Y \) then, when disposable income is Rs 100, what is the marginal propensity to consume?
   a) \( \text{¥ 0.8} \) b) \( \text{¥ 800} \) c) \( \text{¥ 810} \) d) \( \text{¥ 0.81} \)

5. If the Keynesian consumption function is \( C = 10 + 0.8Y \) then, and disposable income is Rs 100, what is the average propensity to consume?
   a) \( \text{¥ 0.8} \) b) \( \text{¥ 800} \) c) \( \text{¥ 810} \) d) \( \text{¥ 0.9} \)

6. As national income increases
   a) The APC falls and gets nearer in value to the MPC.  b) The APC always approaches infinity.  c) The APC increases and diverges in value from the MPC.  d) The APC stays constant

7. As increase in consumption at any given level of income is likely to lead
   a) Higher aggregate demand b) An increase in exports
c) A fall in taxation revenue d) A decrease in import spending

8. Lower interest rates are likely to:
   a) Decrease in consumption b) Increase cost of borrowing
c) Encourage saving d) Increase borrowing and spending

9. The MPC is equal to:
   a) Total spending / total consumption  b) Total consumption / total income
c) Change in consumption / change in income  d) None of the above.

10. The relationship between total spending on consumption and the total income is the
   a) Consumption function b) Savings function
c) Investment function d) Aggregate demand function

11. The sum of the MPC and MPS is
   a) 1  b) 2  c) 0.1  d) 1.1

12. As income increases, consumption will
   a) fall b) Not change c) Fluctuate d) Increase

13. When investment is assumed autonomous the slope of the AD schedule is determined by the
   a) Marginal propensity to invest b) Disposable income
c) Marginal propensity to consume d) Average propensity to consume

14. The multiplier tells us how much changes after a shift in
   a) Consumption, income b) Investment, output
c) Savings, investment d) Output, aggregate demand

15. The multiplier is calculated as
   a) \( \frac{1}{1-MPC} \) b) \( \frac{1}{MPS} \) c) \( \frac{1}{MPC} \) d) \( a \) and \( b \)

16. If the MPC is 0.5, the multiplier is
   a) 2  b) \( \frac{1}{2} \)  c) 0.2  d) 20

17. In an open economy import reduces the value of the multiplier
   a) Reduces b) Increase c) Does not change d) Changes

18. According to Keynes, investment is a function of the MEC and
   a) Demand b) Supply c) Income  d) Rate of interest

19. The term super multiplier was first used by
   a) J.R. Hicks b) R.G.D. Allen c) Kahn  d) Keynes
20. The term MEC was introduced by
a) Adam Smith b) J.M. Keynes c) Ricardo d) Malthus

Chapter V
1. The RBI Headquarters is located at
a) Delhi b) Chennai c) Mumbai d) Bengaluru
2. Money is
a) acceptable only when it has intrinsic value b) constant in purchasing power c) the most liquid of all assets d) needed for allocation of resources
3. Paper currency system is managed by the a) Central Monetary authority b) State Government c) Central Government d) Banks
4. The basic distinction between M1 and M2 is with regard to
a) post office deposits b) time deposits of banks c) saving deposits of banks d) currency
5. Irving Fisher’s Quantity Theory of Money was popularized in a) 1908 b) 1910 c) 1911 d) 1914.
6. MV stands for a) demand for money b) supply of legal tender money c) supply of bank money d) Total supply of money
7. Inflation means a) Prices are rising b) Prices are falling c) Value of money is increasing d) Prices are remaining the same
8. ______ inflation results in a serious depreciation of the value of money.
   a) Creeping b) Walking c) running d) Hyper
9. ______ inflation occurs when general prices of commodities increases due to increase in production costs such as wages and raw materials.
   a) Cost-push b) demand pull c) running d) galloping
10. During inflation, who are the gainers?
   a) Debtors b) Creditors c) Wage and salary earners d) Government
11. ______ is a decrease in the rate of inflation.
   a) Disinflation b) Deflation c) Stagflation d) Depression
12. Stagflation combines the rate of inflation with
   a) Stagnation b) employment c) output d) price
13. The study of alternating fluctuations in business activity is referred to in Economics as a) Boom b) Recession c) Recovery d) Trade cycle
14. During depression the level of economic activity becomes extremely a) high b) bad c) low d) good
15. “Money can be anything that is generally acceptable as a means of exchange and that the same time acts as a measure and a store of value”, This definition was given by a) Crowther b) A.C.Pigou c) F.A.Walker d) Francis Bacon
16. Debit card is an example of
a) currency b) paper currency c) plastic money d) money
17. Fisher’s Quantity Theory of money is based on the essential function of money as a) measure of value b) store of value c) medium of exchange d) standard of deferred payment

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18. V in MV = PT equation stands for
a) Volume of trade   b) **Velocity of circulation of money**
c) Volume of transaction d) Volume of bank and credit money

19. When prices rise slowly, we call it
a) galloping inflation  b) **mild inflation**  c) hyper inflation  d) deflation

20. _________ inflation is in no way dangerous to the economy.
a) walking  b) running  c) **creeping**  d) galloping

**Chapter VI**

1. A Bank is a
a) **Financial institution**  b) Corporate  c) An Industry  d) Service institutions

2. A Commercial Bank is an institutions that provides services
a) Accepting deposits  b) Providing loans  c) **Both a and b**  d) None of the above

3. The Functions of commercial banks are broadly classified into
a) Primary Functions  b) Secondary functions  c) Other functions  d) **a, b, and c**

4. Bank credit refers to
a) Bank Loans  b) Advances  c) **Bank loans and advances**  d) Borrowings

5. Credit creation means.
a) **Multiplication of loans and advances**  b) Revenue  c) Expenditure  d) Debt

6. NBFI does not have.  a) Banking license  b) government approval
   c) Money market approval  d) Finance ministry approval

7. Central bank is -------------- authority of any country.
a) Monetary  b) Fiscal  c) Wage  d) National Income

8. Who will act as the banker to the Government of India?
a) SBI  b) NABARD  c) ICICI  d) **RBI**

9. Lender of the last resort is one of the functions of.
a) Central Bank  b) Commercial banks
   c) Land Development Banks  d) Co-operative banks

10. Bank Rate means.  a) **Re-discounting the first class securities**
    b) Interest rate  c) Exchange rate  d) Growth rate

11. Repo Rate means.
a) Rate at which the Commercial Banks are willing to lend to RBI
b) **Rate at which the RBI is willing to lend to commercial banks**
c) Exchange rate of the foreign bank
d) Growth rate of the economy

a) Optimization  b) Maximization  c) **Persuasion**  d) Minimization

13. ARDC started functioning from
a) June 3, 1963  b) July 3, 1963
   c) June 1, 1963  d) **July 1, 1963**

14. NABARD was set up in.
15. EXIM bank was established in.
16. The State Financial Corporation Act was passed by
a) Government of India b) Government of Tamilnadu
c) Government of Union Territories d) Local Government.
17. Monetary policy his formulated by.
a) Co-operative banks b)Commercial banks c) Central Bank d) Foreign banks
18. Online Banking is also known as.
a) E-Banking b) Internet Banking c) RTGS d) NEFT
19. Expansions of ATM.
a) Automated Teller Machine b) Adjustment Teller Machine
c) Automatic Teller mechanism d) Any Time Money
20. 2016 Demonetization of currency includes denominations of
a) ₹ 500 and ₹ 1000 b) ₹ 1000 and ₹ 2000 c) ₹ 200 and₹ 500 d) All the above

Chapter VII
1. Trade between two countries is known as ............ trade
a) External b) Internal c) Inter-regional d) Home
2. Which of the following factors influence trade?
a) The stage of development of a product b) The relative price of factors of
productions. c) Government. d) All of the above.
3. International trade differs from domestic trade because of
a) Trade restrictions b) Immobility of factors
c) Different government policies d) All the above
4. In general, a primary reason why nations conduct international trade is because
a) Some nations prefer to produce one thing while others produce another
b) Resources are not equally distributed among all trading nations
c) Trade enhances opportunities to accumulate profits
d) Interest rates are not identical in all trading nations
5. Which of the following is a modern theory of international trade?
a) absolute cost b) comparative cost
c) Factor endowment theory d) none of these
6. Exchange rates are determined in
a) money market b) foreign exchange market c) stock market d) capital market
7. Exchange rate for currencies is determined by supply and demand under the
system of 
   a) Fixed exchange rate b) Flexible exchange rate
c) Constant d) Government regulated
8. Net export equals ....... a) Export x Import b) Export + Import
c) Export - Import d) Exports of services only
9. Who among the following enunciated the concept of single factorial terms of
   trade? a) Jacob Viner b) G.S.Donens c) Taussig d) J.S.Mill

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10. Terms of Trade of a country show ............
a) Ratio of goods exported and imported b) Ratio of import duties
c) Ratio of prices of exports and imports d) Both (a) and (c)

11. Favourable trade means value of exports are ...... Than that of imports.
a) More b) Less c) More or Less d) Not more than

12. If there is an imbalance in the trade balance (more imports than exports), it can be reduced by a) decreasing customs duties b) increasing export duties
c) stimulating exports d) stimulating imports

13. BOP includes a) visible items only b) invisible items only
c) both visible and invisible items d) merchandise trade only

14. Components of balance of payments of a country includes
a) Current account b) Official account c) Capital account d) All of above

15. In the case of BOT, a) Transactions of goods are recorded.
b) Transactions of both goods and services are recorded.
c) Both capital and financial accounts are included. d) All of these

16. Tourism and travel are classified in which of balance of payments accounts?
a) merchandise trade account b) services account
c) unilateral transfers account d) capital account

17. Cyclical disequilibrium in BOP occurs because of
a) Different paths of business cycle.
b) The income elasticity of demand or price elasticity of demand is different.
c) long-run changes in an economy d) Both (a) and (b).

18. Which of the following is not an example of foreign direct investment?
a) the construction of a new auto assembly plant overseas
b) the acquisition of an existing steel mill overseas
c) the purchase of bonds or stock issued by a textile company overseas
d) the creation of a wholly owned business firm overseas

19. Foreign direct investments not permitted in India
a) Banking b) Atomic energy c) Pharmaceutical d) Insurance

20. Benefits of FDI include, theoretically
a) Boost in Economic Growth b) Increase in the import and export of goods and services c) Increased employment and skill levels d) All of these

Chapter VIII
1. International Monetary Fund was an outcome of a) Pandung Conference
b) Dunkel Draft c) Bretton Woods Conference d) Doha Conference

2. International Monetary Fund is having its headquarters at

3. IBRD is otherwise called
a) IMF b) World Bank c) ASEAN d) International Finance Corporation

4. The other name for Special Drawing Rights is
a) Paper gold b) Quotas c) Voluntary Export Restrictions d) None of these
5. The organization which provides long term loans is  
   a) World Bank  
   b) International Monetary Fund  
   c) World Trade Organisation  
   d) BRICS  
6. Which of the following countries is not a member of SAARC?  
   a) Sri Lanka  
   b) Japan  
   c) Bangladesh  
   d) Afghanistan  
7. International Development Association is an affiliate of  
   a) IMF  
   b) World Bank  
   c) SAARC  
   d) ASEAN  
8. --------------- relates to patents, copyrights, trade secrets, etc.,  
   a) TRIPS  
   b) TRIMS  
   c) GATS  
   d) NAMA  
9. The first ministerial meeting of WTO was held at  
   a) Singapore  
   b) Geneva  
   c) Seattle  
   d) Doha  
10. ASEAN meetings are held once in every _________ years  
    a) 2  
    b) 3  
    c) 4  
    d) 5  
11. Which of the following is not a member of SAARC?  
    a) Pakistan  
    b) Sri Lanka  
    c) Bhutan  
    d) China  
12. SAARC meets once in ----------- years.  
    a) 2  
    b) 3  
    c) 4  
    d) 5  
13. The headquarters of ASEAN is  
    a) Jakarta  
    b) New Delhi  
    c) Colombo  
    d) Tokyo  
14. The term BRIC was coined in  
    a) 2001  
    b) 2005  
    c) 2008  
    d) 2010  
15. ASEAN was created in  
    a) 1965  
    b) 1967  
    c) 1972  
    d) 1997  
16. The Tenth BRICS Summit was held in July 2018 at  
    a) Beijing  
    b) Moscow  
    c) Johannesburg  
    d) Brasilia  
17. New Development Bank is associated with  
    a) BRICS  
    b) WTO  
    c) SAARC  
    d) ASEAN  
18. Which of the following does not come under ‘Six dialogue partners’ of ASEAN?  
    a) China  
    b) Japan  
    c) India  
    d) North Korea  
19. SAARC Agricultural Information Centre (SAIC) works as a central information institution for agriculture related resources was founded on  
    a) 1985  
    b) 1988  
    c) 1992  
    d) 1998  
20. BENELUX is a form of  
    a) Free trade area  
    b) Economic Union  
    c) Common market  
    d) Customs union  

Chapter IX  
1. The modern state is  
   a) Laissez-faire state  
   b) Aristocratic state  
   c) Welfare state  
   d) Police state  
2. One of the following is NOT a feature of private finance  
   a) Balancing of income and expenditure  
   b) Secrecy  
   c) Saving some part of income  
   d) Publicity  
3. The tax possesses the following characteristics  
   a) Compulsory  
   b) No quid pro quo  
   c) Failure to pay is offence  
   d) All the above
4. Which of the following canons of taxation was not listed by Adam Smith?
   a) Canon of equality  b) Canon of certainty  
   c) Canon of convenience  d) Canon of simplicity
5. Consider the following statements and identify the correct ones.
   i. Central government does not have exclusive power to impose tax which is not mentioned in state or concurrent list.
      a) i only  b) ii only  c) both d) none
   6. GST is equivalence of
      a) Sales tax  b) Corporation tax  c) Income tax  d) Local tax
7. The direct tax has the following merits except
      a) equity  b) convenient  c) certainty  d) civic consciousness
8. Which of the following is a direct tax?
      a) Excise duty  b) Income tax  c) Customs duty  d) Service tax
9. Which of the following is not a tax under Union list?
      a) Personal Income Tax  b) Corporation Tax  
      c) Agricultural Income Tax  d) Excise duty
10. “Revenue Receipts” of the Government do not include
      a) Interest  b) Profits and dividends  
      c) Recoveries and loans  d) Rent from property
11. The difference between revenue expenditure and revenue receipts is
      a) Revenue deficit  b) Fiscal deficit  c) Budget deficit  d) Primary deficit
12. The difference between total expenditure and total receipts including loans and other liabilities is called
      a) Fiscal deficit  b) Budget deficit  c) Primary deficit  d) Revenue deficit
13. The primary purpose of deficit financing is
      a) Economic development  
      b) Economic stability  c) Economic equality  d) Employment generation
14. Deficit budget means
      a) An excess of government’s revenue over expenditure  
      b) An excess of government’s current expenditure over its current revenue  
      c) An excess of government’s total expenditure over its total revenue  d) None of above
15. Methods of repayment of public debt is
      a) Conversion  b) Sinking fund  c) Funded debt  d) All these
16. Conversion of public debt means exchange of
      a) new bonds for the old ones  b) low interest bonds for higher interest bonds  
      c) Long term bonds for short term bonds  d) All the above
17. The word budget has been derived from the French word “bougette” which means
      a) A small bag  b) An empty box  c) A box with papers  d) None of the above
18. Which one of the following deficits does not consider borrowing as a receipt?  
a) Revenue deficit  b) Budgetary deficit  
c) Fiscal deficit d) Primary deficit 

19. Finance Commission determines 
a) The finances of Government of India  b) The resources transfer to the states  
c) The resources transfer to the various departments d) None of the above 

20. Consider the following statements and identify the right ones.  
i. The finance commission is appointed by the President  
ii. The tenure of Finance commission is five years  
a) i only b) ii only c) both d) none 

Chapter X 

1. The term environment has been derived from a French word------------.  
a) Environ b) Environ  c) Environia d) Envir  
2. The word biotic means environment  
a) living b) non-living c) physical d) None of the above  
3. Ecosystem is smallest unit of  
a) Ionosphere b) Lithosphere c) Biosphere d) Mesosphere 
4. Who developed Material Balance Models?  
a) Thomas and Picardy b) AlenKneese and R.V. Ayres  
c) Joan Robinson and J.M. Keynes d) Joseph Stiglitz and Edward Chamberlin  
5. Environmental goods are ------------.  
a) Market goods b) Non-market goods c) Both d) None of the above  
6. In a pure public good, consumption is ------------.  
a) Rival b) Non-rival c) Both d) None of the above  
7. One of the most important market failures is caused by ------------.  
a) Positive externalities b) Negative externalities  
c) Both d) None of the above  
8. The common source of outdoor air pollution is caused by combustion processes from the following a) Heating and cooking b) Traditional stoves  
c) Motor vehicles d) All the above  
9. The major contributor of Carbon monoxide is a) Automobiles  
b) Industrial process c) Stationary fuel combustion d) None of the above  
10. Which one of the following causes of global warming?  
a) Earth gravitation force b) Oxygen c) Centripetal force  
d) Increasing temperature  
11. Which of the following is responsible for protecting humans from harmful ultraviolet rays?  
a) UV-A b) UV-C c) Ozone layer d) None of the above  
12. Global warming also refers to as a) Ecological change b) Climate Change  
c) Atmosphere change d) None of the above
13. Which of the following is the anticipated effect of Global warming?
   a) Rising sea levels  b) **Changing precipitation**  
   c) Expansion of deserts  d) All of the above

14. The process of nutrient enrichment is termed as
   a) Eutrophication  b) **Limiting nutrients**  c) Enrichment  d) Schistosomiasis

15. Primary cause of Soil pollution is
   a) Pest control measures  b) Land reclamation  
   c) Agricultural runoff  d) **Chemical fertilizer**

16. Which of the following is main cause for deforestation?
   a) **Timber harvesting industry**  b) Natural afforestation  
   c) Soil stabilization  d) Climate stabilization

17. Electronic waste is commonly referred as
   a) solid waste  b) composite waste  c) **e-waste**  d) hospital waste

18. Acid rain is one of the consequences of
   a) Air pollution  b) **Water Pollution**  c) Land pollution  d) Noise pollution

19. Sustainable Development Goals and targets are to be achieved by
   a) 2020  b) 2025  c) **2030**  d) 2050

20. Alkali soils are predominantly located in the plains?
   a) Indus-Ganga  b) North-Indian  c) Gangetic plains  d) **All the above**

Chapter XI

1. "Redistribution with Growth" became popular slogan which approach?
   a) Traditional approach  b) **New welfare oriented approach**  
   c) Industrial approach  d) None of the above

2. Which is not the feature of economic growth?
   a) Concerned with developed nations  b) Gradual change  
   c) Concerned with quantitative aspect  d) **Wider concept**

3. Which among the following is a characteristic of underdevelopment?
   a) **Vicious circle of poverty**  b) Rising mass consumption  
   c) Growth of Industries  d) High rate of urbanization

4. The non-economic determinant of economic development
   a) Natural resources  b) **Human resource**  c) Capital formation  d) Foreign trade

5. Economic growth measures the
   a) Growth of productivity  b) Increase in nominal income  
   c) Increase in output  d) None of the above

6. The supply side vicious circle of poverty suggests that poor nations remain poor because
   a) Saving remains low  b) Investment remains low  
   c) There is a lack of effective government  d) **a and b above**

7. Which of the following plan has focused on the agriculture and rural economy?
   a) People’s Plan  b) Bombay Plan  
   c) **Gandhian Plan**  d) Vishveshwarya Plan
8. Arrange following plans in correct chronological order
   a) People’s Plan  b) Bombay Plan  c) Jawaharlal Nehru Plan  d) Vishveshwarya Plan
   Answer choices:
   a) (i) (ii) (iii) (iv)  b) (iv) (iii) (ii) (i)
   c) (i) (ii) (iv) (iii)  d) (ii) (i) (iv) (iii)
9. M.N. Roy was associated with  __________  __________
   a) Congress Plan  b) People’s Plan  c) Bombay Plan  d) None of the above
10. Which of the following country adopts indicative planning?
    a) France  b) Germany  c) Italy  d) Russia
11. Short-term plan is also known as  __________  __________
    a) Controlling Plans  b) De-controlling Plans
    c) Rolling Plans  d) De-rolling Plans
12. Long-term plan is also known as  __________  __________
    a) Progressive Plans  b) Non-progressive Plans
    c) Perspective Plans  d) Non-perspective Plans
13. The basic philosophy behind long-term planning is to bring  __________ changes in the economy?
    a) Financial  b) Agricultural  c) Industrial  d) Structural
14. Sarvodaya Plan was advocated by  __________
    a) Mahatma Gandhi  b) J.P. Narayan  c) S. N Agarwal  d) M.N. Roy
15. Planning Commission was set up in the year  __________
    a) 1950  b) 1951  c) 1947  d) 1948
16. Who wrote the book ‘The Road to Serfdom’?
    a) Friedrich Hayek  b) H.R. Hicks  c) David Ricardo  d) Thomas Robert Malthus
17. Perspective plan is also known as  __________
    a) Short-term plan  b) Medium-term plan  c) Long-term plan  d) None of the above
18. NITI Aayog is formed through  __________
    a) Presidential Ordinance  b) Allocation of business rules by President of India
    c) Cabinet resolution  d) None of the above
19. Expansion of NITI Aayog?
    a) National Institute to Transform India
    b) National Institute for Transforming India
    c) National Institution to Transform India
    d) National Institution for Transforming India
20. The Chair Person of NITI Aayog is
    a) Prime Minister  b) President  c) Vice - President  d) Finance Minister

Chapter XII
1. The word ‘statistics’ is used as  __________.
   a) Singular.  b) Plural  c) Singular and Plural.  d) None of above.
2. Who stated that statistics as a science of estimates and probabilities.
   a) Horace Secrist.  b) R.A Fisher.  c) Ya-Lun-Chou  d) Boddington

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3. Sources of secondary data are _________.
   a) Published sources. b) Unpublished sources.
   c) neither published nor unpublished sources. d) Both (A) and (B)
4. The data collected by questionnaires are___________.
   a) Primary data. b) Secondary data. c) Published data. d) Grouped data.
5. A measure of the strength of the linear relationship that exists between two variables is called:
   a) Slope b) Intercept c) **Correlation coefficient** d) Regression equation
6. If both variables $X$ and $Y$ increase or decrease simultaneously, then the coefficient of correlation will be:
   a) Positive b) Negative c) Zero d) One
7. If the points on the scatter diagram indicate that as one variable increases the other variable tends to decrease the value of $r$ will be:
   a) Perfect positive b) Perfect negative c) **Negative** d) Zero
8. The value of the coefficient of correlation $r$ lies between:
   a) 0 and 1 b) -1 and 0 c) **-1 and +1** d) -0.5 and +0.5
9. The term regression was used by:
   a) Newton b) Pearson c) Spearman d) **Galton**
10. The purpose of simple linear regression analysis is to:
    a) **Predict one variable from another variable**
    b) Replace points on a scatter diagram by a straight-line
    c) Measure the degree to which two variables are linearly associated
    d) Obtain the expected value of the independent random variable for a given value of the dependent variable
11. A process by which we estimate the value of dependent variable on the basis of one or more independent variables is called:
    a) Correlation b) **Regression** c) Residual d) Slope
12. If $Y = 2 - 0.2X$, then the value of $Y$ intercept is equal to
    a) -0.2 b) 2 c) 0.2X d) All of the above
13. In the regression equation $Y = \beta_0 + \beta_1X$, the $Y$ is called:
    a) Independent variable b) **Dependent variable**
    c) Continuous variable d) none of the above
14. In the regression equation $Y = \beta_0 + \beta_1X$, the $X$ is called:
    a) **Independent variable** b) Dependent variable
c) Continuous variable d) none of the above
15. Econometrics is the integration of
    a) Economics and Statistics b) Economics and Mathematics
    c) **Economics, Mathematics and Statistics** d) None of the above
16. Econometric is the word coined by
    a) Francis Galton b) **Ragnar Frish** c) Karl Person d) Spearman
17. The raw materials of Econometrics are:
    a) Data b) Goods c) Statistics d) Mathematics

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18. The term Ui is in regression equation is
   a) Residuals b) Standard error c) **Stochastic error term** d) none
19. The term Ui is introduced for the representation of
   a) **Omitted Variable** b) Standard error c) Bias d) Discrete Variable
20. Econometrics is the amalgamation of
   a) 3 subjects b) 4 subjects c) 2 subjects d) 5 subjects

**2 Marks**

1. Define Macro Economics.

   The branch of economics that studies the behavior and performance of an economy as a whole.

2. Define the term ‘Inflation’.

   A steady increase in general price level is termed as “inflation”.

3. What is meant by an ‘Economy’?

   An economy is referred to any system or area where economic activities are carried out.

4. Classify the economies based on status of development.

   Developed, underdeveloped, undeveloped and developing economies.

5. What do you mean by Capitalism?

   The system where the means of production are privately owned and market determines the economic activities.


   It is an explanation of how the economy, or part of the economy works.


   It shows flows of income, goods and services and factors of production between economic agents such as firms, households, government and nations.


   “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.

   GNP at Market Prices = GDP at Market Prices + Net Factor income from Abroad.
10. What do you mean by the term ‘Personal Income’?
   Personal income is the total income received by the individuals of a
country from all sources before payment of direct taxes in a year.
Personal Income = National Income - (Social Security Contribution and
undistributed corporate profits) + Transfer payments

11. Why is self consumption difficult in measuring national income?
   Farmers keep a large portion of food and other goods produced on the
farm for self consumption.

12. Define GDP deflator.
   GDP deflator is an index of price changes of goods and services included
in GDP.
GDP deflator = Nominal GDP x 100
Real GDP

   Keynes defines full employment as the absence of involuntary unemployment.

14. What is the main feature of rural unemployment?
   Disguised unemployment
   Seasonal unemployment.

15. List out the assumptions of Say’s law.
   1. No single buyer or seller of commodity or an input can affect price.
   2. Full employment.
   3. Unutilized resources
   4. No Government intervention

16. What is consumption function?
   The consumption function or propensity to consume refers to income
consumption relationship.
C= f (Y)

17. What do you mean by propensity to consume?
   The consumption function or propensity to consume refers to income
consumption relationship.

18. Define average propensity to consume (APC).
   The average propensity to consume is the ratio of consumption
expenditure to any particular level of income.”
APC = C / Y

   “Money is, what money does” - Walker.

20. What is barter?
   Exchange of goods for goods was known as “Barter Exchange” or “Barter System”.

21. What is Stagflation?
   Stagflation is a combination of stagnant economic growth, high
unemployment and high inflation.
22. What is credit creation?
Credit Creation means the multiplication of loans and advances.

23. State any two merits of trade.
Efficient Production
Equalization of Prices between Countries

24. Point out any two ways in which IBRD lends to member countries.
i) Loans out of its own fund,
ii) Loans out of borrowed capital and

25. When and where was SAARC Secretariat established?
The SAARC Secretariat was established in Kathmandu (Nepal) on 16th January 1987.

26. Specify any two affiliates of World Bank Group
1. IBRD 2. IDA 3. IFC 4. MIGA

27. Write a short note on zero based budget.
It involves fresh evaluation of expenditure in the Government budget, assuming it as a new item.

28. Give two examples for direct tax.
Corporation tax
Income tax

29. What are the components of GST?
CGST
SGST
IGST

30. State the meaning of environment.
Environment means “all the conditions, circumstances, and influences surrounding and affecting the development of an organism or group of organisms”.

31. Mention the countries where per capita carbon dioxide emission is the highest in the world.
The U.S.A, India and Japan

32. What are the remedial measures to control noise pollution?
1. Use of noise barriers
2. Newer roadway for surface transport
3. Traffic control

33. Define economic development
Generally speaking, economic development refers to the problems of underdeveloped countries and economic growth to those of developed countries.

34. Mention the indicators of development.
Gross National Product (GNP)
GNP per capita
Welfare
Social Indicators

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35. Define economic planning.
Economic Planning is “collective control or suppression of private activities of production and exchange”. -Robbins.

36. Write a short note on NITI Aayog
- NITI Aayog (National Institution for Transforming India) was formed on January 1, 2015 through a Union Cabinet resolution.
- NITI Aayog is a policy thinktank of the Government of India.

37. What is Statistics?
Statistics as a science of estimates and probabilities – Boddington.

38. What are the kinds of Statistics?
- Descriptive Statistics
- Inferential Statistics

39. What are the kinds of data?
- Quantitative data
- Qualitative data.

40. What is Econometrics?
{Economics + Statistics + Mathematics} + Empirical Data = Econometrics

3 Marks

1. Describe the different types of economic systems.
There are three major types of economic systems. They are:
1. Capitalistic Economy (Capitalism),
2. Socialistic Economy (Socialism) and
3. Mixed Economy (Mixedism)
- Capitalism and socialism are two extreme and opposite approaches. In capitalism, there is total freedom and private ownership of means of production.
- In socialism, there is no freedom for private and there is public ownership of means of production.
- Mixedism denotes the Co-existence of capitalism and socialism.

2. Enumerate the features of mixed economy.
1. Ownership of Property and Means of Production:
2. Coexistence of Public and Private Sectors:
3. Economic Planning:
4. Solution to Economic Problems:
5. Freedom and Control

3. Write a short note on per capita income.
1. The average income of a person of a country in a particular year is called Per Capita Income.
2. Per capita income is obtained by dividing national income by population.

3. Per Capita income = National Income / Population

4. **Give short note on Expenditure method.**
   Under this method, the total expenditure incurred by the society in a particular year is added together.
   
   \[ GNP = C + I + G + (X - M) \]

5. **Write short note on the implications of Say's law.**
   1. There is no possibility for over production or unemployment.
   2. Interest flexibility brings about equality between saving and investment.
   3. Money performs only the medium of exchange function in the economy, as people will not hold idle money.

6. **Differentiate autonomous and induced investment.**

<table>
<thead>
<tr>
<th>SL. 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>

7. **Explain any three subjective and objective factors influencing the consumption function**

**Subjective Factors**
1. The motive of precaution:
2. The motive of foresight:
3. The motive of calculation:

**Objective Factors**
1. Income Distribution
2. Price level
3. Wage level

8. **Specify the limitations of the multiplier.**
   1. Payment towards past debts.
   2. Purchase of existing wealth
   3. Import of goods and services
   4. Non availability of consumer goods
   5. Full employment situation

9. **What is money supply?**
   
   \[ M1 = \text{Currency, coins and demand deposits} \]
   \[ M2 = M1 + \text{Savings deposits with post office savings banks} \]
   \[ M3 = M2 + \text{Time deposits of all commercial and cooperative banks} \]
   \[ M4 = M3 + \text{Total deposits with Post offices.} \]
10. What are the determinants of money supply?
   1. Currency Deposit Ratio (CDR);
   2. Reserve deposit Ratio (RDR);
   3. Cash Reserve Ratio (CRR);
   4. Statutory Liquidity Ratio (SLR);

11. Write the types of inflation.
    On the basis of speed
    (i) Creeping inflation
    (ii) Walking inflation
    (iii) Running inflation
    (iv) Galloping inflation or Hyper inflation.

    Other types of inflation (on the basis of inducement)
    i) Currency inflation
    ii) Credit inflation
    iii) Deficit induced inflation
    iv) Profit induced inflation:
    v) Scarcity induced inflation
    vi) Tax induced inflation

12. Bring out the methods of credit control.

13. Mention the objectives of demonetizations.
    1. Removing Black Money from the country.
    2. Stopping of Corruption.
    3. Stopping Terror Funds.
    4. Curbing Fake Notes

14. Describe the subject matter of International Economics.
    1. Pure Theory of Trade
    2. Policy Issues
    3. International Cartels and Trade Blocs
    4. International Financial and Trade Regulatory Institutions
15. State the objectives of Foreign Direct Investment.
1. Sales Expansion
2. Acquisition of resources
3. Diversification
4. Minimization of competitive risk

16. What are trade blocks?
1. Some countries create business opportunities for themselves by integrating their economies in order to avoid unnecessary competition among them.
2. Trade blocks cover different kinds of arrangements between or among countries for mutual benefit.
3. Economic integration takes the form of Free Trade Area, Customs Union, Common Market and Economic Union.

17. Mention any three lending programmes of IMF.
(i) Basic Credit Facility:
(ii) Extended Fund Facility
(iii) Compensatory Financing Facility
(iv) Buffer Stock Facility
(v) Supplementary Financing Facility
(vi) Structural Adjustment Facility

18. What is Multilateral Agreement?
1. It is a multinational legal or trade agreements between countries. It is an agreement between more than two countries but not many.
2. An international agreement involving three or more parties.

South Africa hosted the 10th BRICS summit in July 2018.
The agenda for BRICS summit 2018 includes
Inclusive growth,
Trade issues,
Global governance
Shared Prosperity,
International peace and security

20. State briefly the functions of SAARC.
1. Maintenance of the cooperation 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.

1. Canon of Ability
   The government should impose tax in such a way that the people have to pay taxes according to their ability.
2. Canon of Certainty
The Government must ensure that there is no uncertainty regarding the rate of tax or the time of payment.

3. Canon of Convenience
The method of tax collection and the timing of the tax payment should suit the convenience of the people.

4. Canon of Economy
The Government has to spend money for collecting taxes, for example, salaries are given to the persons who are responsible for collecting taxes.

22. What are the functions of a modern state?
(i) Defence
(ii) Judiciary:
(iii) Enterprises
(iv) Social Welfare
(v) Infrastructure
(vi) Macro-economic policy
(vii) Social Justice
(viii) Control of Monopoly

23. Point out any three differences between direct tax and indirect tax.

<table>
<thead>
<tr>
<th>Direct Tax</th>
<th>Indirect Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government.</td>
<td>Indirect Tax is referred to as the tax, levied on a person who consumes the goods and services and is paid indirectly to the government.</td>
</tr>
<tr>
<td>Progressive</td>
<td>Regressive</td>
</tr>
<tr>
<td>Falls on the same person.</td>
<td>Falls on different persons.</td>
</tr>
</tbody>
</table>

24. Mention any three methods of redemption of public debt.
(1) Sinking Fund
(2) Conversion
(3) Budgetary Surplus

25. Explain different types of air pollution.
1. Indoor Air Pollution:
It refers to toxic contaminants that we encounter in our daily lives in our homes, schools and workplaces.

2. Outdoor Air Pollution:
It refers to ambient air.
26. What are the causes of water pollution?
   1. Discharge of sewage and waste water:
   2. Dumping of solid wastes:
   3. Discharge of industrial sastes:
   4. Oil Spill:
   5. Acid rain:
   6. Global warming:
   7. Eutrophication:

27. What is land pollution? Mention the causes of land pollution.
    The land pollution is defined as, “the degradation of land because of the disposal of waste on the land”.
    Causes of Land Pollution
    i. Deforestation and soil erosion:
    ii. Agricultural activities:
    iii. Mining activities:
    iv. Landfills:
    v. Industrialization:
    vi. Construction activities:
    vii. Nuclear waste:

29. What are the non-economic factors determining development?

30. What are the functions of NITI Aayog?
   1. Cooperative and Competitive Federalism
   2. Shared National Agenda
   3. Decentralized Planning
   4. Vision and Scenario Planning
   5. Network of Expertise
   6. Harmonization
   7. Conflict Resolution
   8. Coordinating Interface with the World
   9. Internal Consultancy
   10. Capacity Building
   11. Monitoring and Evaluation
31. What are the functions of Statistics?
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.

32. Discuss the important statistical organizations (offices) in India.

1. Discuss the scope of Macro Economics.
National Income:
- Measurement of national income and its composition by sectors are the basic aspects of macroeconomic analysis.
- The trends in National Income and its composition provide a long term understanding of the growth process of an economy.

Inflation:
- Inflation refers to steady increase in general price level.
- Estimating the general price level by constructing various price index numbers such as Wholesale Price Index, Consumer Price Index, etc, are needed.

Business Cycle:
- Almost all economies face the problem of business fluctuations and business cycle.

Poverty and Unemployment:
• The major problems of most resource-rich nations are poverty and unemployment. This is one of the economic paradoxes.

Economic Growth:
• The growth and development of an economy and the factors determining them could be understood only through macro analysis.

Economic Policies:
• Macro Economics is significant for evolving suitable economic policies.

2. Compare the feature among Capitalism, Secularism and Mixedism.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Features</th>
<th>Capitalism</th>
<th>Socialism</th>
<th>Mixedism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ownership of Means of Production</td>
<td>Private Ownership</td>
<td>Public Ownership</td>
<td>Private Ownership and Public Ownership</td>
</tr>
<tr>
<td>2</td>
<td>Economic Motive</td>
<td>Profit</td>
<td>Social Welfare</td>
<td>Social Welfare and Profit Motive</td>
</tr>
<tr>
<td>3</td>
<td>Solution of Central Problems</td>
<td>Free Market System</td>
<td>Central Planning System</td>
<td>Central Planning System and Free Market System</td>
</tr>
<tr>
<td>4</td>
<td>Government Role</td>
<td>Internal Regulation only</td>
<td>Complete Involvement</td>
<td>Limited Role</td>
</tr>
<tr>
<td>5</td>
<td>Income Distribution</td>
<td>Unequal</td>
<td>Equal</td>
<td>Less unequal</td>
</tr>
<tr>
<td>6</td>
<td>Nature of Enterprise</td>
<td>Private Enterprise</td>
<td>Government Enterprise</td>
<td>Both Private and State Enterprises</td>
</tr>
<tr>
<td>7</td>
<td>Economic Freedom</td>
<td>Complete Freedom</td>
<td>Lack of Freedom</td>
<td>Limited Freedom</td>
</tr>
<tr>
<td>8</td>
<td>Major Problem</td>
<td>Inequality</td>
<td>Inefficiency</td>
<td>Inequality and Inefficiency</td>
</tr>
</tbody>
</table>

3. Explain the scope of public finance.
1. Public Revenue
Public revenue deals with the methods of raising public revenue such as tax and non-tax, the principles of taxation, rates of taxation, impact, incidence and shifting of taxes and their effects.

2. Public Expenditure
This part studies the fundamental principles that govern the Government expenditure, effects of public expenditure and control of public expenditure.

3. Public Debt
Public debt deals with the methods of raising loans from internal and external sources.

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4. Financial Administration
This part deals with the study of the different aspects of public budget.

5. Fiscal Policy
Taxes, subsidies, public debt and public expenditure are the instruments of fiscal policy.

4. Bring out the merits of indirect taxes over direct taxes.
   (1) Wider Coverage
   All the consumers, whether they are rich or poor, have to pay indirect taxes.
   (2) Equitable
   The indirect tax satisfies the canon of equity when higher tax is imposed on luxuries used by rich people.
   (3) Economical
   Cost of collection is less as producers and retailers collect tax and pay to the Government.
   (4) Checks harmful consumption
   The Government imposes indirect taxes on those commodities which are harmful to health e.g. tobacco, liquor etc.
   (5) Convenient
   Indirect taxes are levied on commodities and services.

5. State and explain instruments of fiscal policy.
   i) Taxation:
      • Taxes transfer income from the people to the Government.
      • Taxes are either direct or indirect.
      • An increase in tax reduces disposable income.
      • So taxation should be raised to control inflation.
      • During depression, taxes are to be reduced.
   ii) Public Expenditure:
      • Public expenditure raises wages and salaries of the employees and thereby the aggregate demand for goods and services.
      • Hence public expenditure is raised to fight recession and reduced to control inflation.
   iii) Public debt:
      • When Government borrows by floating a loan, there is transfer of funds from the public to the Government.
      • At the time of interest payment and repayment of public debt, funds are transferred from Government to public

6. Explain the principles of federal finance.
   2. Principle of Equity.

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6. Principle of Integration and coordination.
7. Principle of Efficiency.
9. Principle of Accountability

7. Briefly explain the relationship between GDP growth and the quality of environment.
   - Environmental quality is a set of properties and characteristics of the environment either generalized or local, as they impinge on human beings and other organisms.
   - It is a measure of the condition of an environment relative to the requirements of one or more species and to any human need.
   - Environmental quality has been continuously declining due to capitalistic mode of functioning.
   - Environment is a pure public good that can be consumed simultaneously by everyone and from which no one can be excluded.
   - A pure public good is one for which consumption is non-revival and from which it is impossible to exclude a consumer.
   - Pure public goods pose a freerider problem.
   - As a result, resources are depleted.

8. Explain the concepts of externality and its classification
   - Externalities refer to external effects or spillover effects resulting from the act of production or consumption on the third parties.
   - Externalities arise due to interdependence between economic units.

![Diagram of Classification of Externalities]

9. Explain the importance of sustainable development and its goals.
   1. End Poverty in all its forms everywhere

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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
7. Ensure access to affordable, reliable, sustainable and modern energy for all

10. Discuss the economic determinants of economic development.

1. Natural Resource:
The principal factor affecting the development of an economy is the availability of natural resources.
2. Capital Formation:
   Capital formation is the main key to economic growth.
3. Size of the Market:
   Large size of the market would stimulate production, increase employment and raise the National per capita income.
4. Structural Change:
   Structural change refers to change in the occupational structure of the economy.
5. Financial System:
   Financial system implies the existence of an efficient and organized banking system in the country.
6. Marketable Surplus:
   Marketable surplus refers to the total amount of farm output cultivated by farmers over and above their family consumption needs.
11. Describe different types of Planning.

**Types of Planning**

- Democratic Vs Totalitarian
- Planning by Direction Vs Inducement
- Short, Medium and Long term
- Functional Vs Structural
- Centralized Vs Decentralized
- Indicative Vs Imperative
- Financial Vs Physical
- Comprehensive Vs Partial