First Revision - February - 2022
+2 Economics key Answer.

Total marks = 20

PART - I

(20×1 = 20)

Question Number	Option code	Answer	Marks
1	(d)	micro and macro	1
2	(a)	Adam Smith	1
3	(a)	Households and Firms	1
4	(b)	Keynes	1
5	(b)	Income Theory	1
6	(b)	Three	1
7	(a)	Simon kuznets	1
8	(c)	Economic	1
9	(d)	Income	1
10	(d)	Inventory method	1
11	(b)	Seasonal unemployment	1
12	(d)	$C + S + T + Rf$	1
13	(a)	Involuntary unemployment	1
14	(a)	zero	1
15	(b)	classical Economist	1
16	(a)	sequence	1
17	(d)	(a) and (b)	1
18	(a)	c/y	1
19	(c)	horizontal, Parallel.	1
20	(a)	1	

PART - II

Answer any 7 questions.
Q.NO. 20 is compulsory   7×2 = 14

Q NO		Marks
21.	Macro Economics	
	• It is the study of the economy as a whole.	2
	• It is also known as Income Theory	
22.	Capitalism. • the means of Production are privately owned. • profit motive. * The role of the government is minimum and market determines the economic activities.	2

23.	GDP deflator. (2) * It is an index of price changes of goods and services included in GDP. (OR) * GDP deflator = $\dfrac{Nominal\ GDP}{Real\ GDP} \times 100$	2
24.	Formula for calculating GNP. $$GNP = c + I + O_T + (x-m) + (R-P)$$ (OR) $$GNP_{MP} = GDP_{MP} + Net\ Factor\ income\ from\ Abroad.$$	2
25.	Effective Demand. * the money spent on consumption of goods and services and on investment. (OR) * determined by aggregate supply and aggregate demand.	2
26.	Frictional unemployment. * – imbalance between supply of labour and demand for labour. * The person who loses job and in search of jobs also come under frictional unemployment.	2
27.	Consumption function * It is a functional relationship between total consumption and gross national income. * $c = f(y)$	2
28.	multiplier. * Ratio of the change in national income to change in investment. (OR) * $k = \dfrac{\Delta Y}{\Delta I}$ (or) $\dfrac{1}{1-mpc}$ (or) $k = \dfrac{1}{mps}$.	2
29	MPS * Ratio of change in saving to a change in income * $MPS = \dfrac{\Delta S}{\Delta Y}$.	2
30.	unemployment. People, who are willing to work and able to work but cannot find suitable jobs is unemployment.	2
	PART - III Answer Any 7 questions. $(7 \times 3 = 21)$ Q.No. 40 is compulsory.	

Q.No.		mark
31.	**Importance of macro Economics.** 1. To understand the functioning of the economy at the aggregate level, to evolve strategies to solve the basic problems. 2. To understand the future problems, needs and challenges — to evolve precautionary measures. 3. To provide opportunities to use scientific investigation to understand reality. 4. To make meaningful comparison and analysis of economic indicators. 5. To predict the future and formulate suitable policies to avoid economic crises. (Any 3 points)	3.
32.	**Features of mixed Economy** 1. Ownership of property and means of production 2. Co-existence of public and private sectors 3. Economic planning 4. Solution to Economic problems 5. Freedom and control. (Five points (OR) Any 3 points with explanation)	3.
33.	**Expenditure method.** meaning — (2 mark) Symbol (or) Equation — (1 mark).	3
34.	**The Implications of J.B. Say's Law.** 1. No possibility for over production or unemployment. 2. It is profitable to employ unutilized resources up to full employment. 3. Automatic price mechanism. — no need for government intervention. 4. Interest flexibility brings about equality between saving and Investment. 5. Money acts as the medium of exchange — people will not hold idle money. (Any 3 points)	3.
35.	**Aggregate supply with the help of diagram.** 1. meaning of aggregate supply — 1 mark 2. Diagram — 1 mark 3. Diagramatic Explanation — 1 mark	3

36.

Sl. No.	Autonomous Investment	Induced Investment	
1.	Independent	Planned (1)	
2.	Income inelastic	Income elastic (1)	3.
3.	Welfare motive	Profit motive. (1)	

37. Per capita Income.

    1. The average income of a person of a country in a particular year. (1)

    2.   Dividing national income by population (1)

    3.   Per capita Income $= \dfrac{\text{National income}}{\text{population}}$ (1)

                                                              3

38. Components of aggregate Supply

    $A.S = C + S + T + Rf$ (with Expansion)   3.

39. Different Types of economic systems.

    1. Capitalistic Economy (capitalism)

    2. Socialistic Economy (socialism)

    3. Mixed Economy (mixedism)   (with Explanation)   3.

40. Kinds of multiplier

    1. Static multiplier   (with Explanation - 1½)

    2. Dynamic multiplier (with Explanation -1½)   3

              (OR)

    1. Tax multiplier

    2. Employment multiplier

    3. Foreign Trade multiplier   (3 mark)

    4. Investment multiplier.

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PART-IV $7 \times 5 = 35$

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Answer all the questions.

41. (a) Features of capitalism, socialism.

        Any 5 points of comparison out of 8   5

41. (b) Operation of the Accelerator

    1. Operation of the Accelerator   - 2 mark

    2. Diagram   - 1 mark   5.

    3. Diagram Explanation   - 2 mark.

Q.No.		marks
42 (a)	various methods of estimating the national income of a country 1. product method (2 mark) 2. Income method (1½ mark) 3. Expenditure method (1½ mark) (with Explanation)	5
42 (b)	Four sector Economy 1. Diagram (2 mark) 2. Equation and Explanation (3 mark)	5
43 (a)	Differences between MEC and MEI. (5 points)	5.
43 (b)	Basic concepts of National Income 1. Gross Domestic Product (GDP) 2. Net Domestic product (NDP) 3. Gross National product (GNP) 4. Net National product (NNP) at factor cost 5. personal Income 6. Dis posable Income 7. Per capita Income 8. Real Income 9. GDP deflator. (Any five with Explanation)	5
44 (a)	Aggregate demand and its components. 1. Aggregate demand (2 mark) 2. components (1 mark) 3. Diagram (1 mark) 4. Diagram Explanation (1 mark)	5.
44 (b)	Definition and assumptions of multiplier. 1. Definition of multiplier −(1 mark) 2. Assumption of multiplier −(4 mark) (Any four points out of 9 points)	5.
45. (a)	Determinants of Investment Function Any 10 points out of 12 points	5.
45 (b)	Types of Investment 1. Autonomous Investment meaning, diagram with Explanation (3 mark)	

		Marks
	2. Induced Investment: (b) Meaning - diagram with Explanation (2 mark)	5
46 (a)	Criticisms of say's Law of market. (Any 5 points out of 6 points)	5.
46 (b)	Merits of Mixed Economy 1. Rapid Economic Growth 2. Balanced Economic Growth 3. Proper utilization of Resources 4. Economic Equality 5. Special Advantages to the society. (5 points with Explanation)	5.
47 (a)	Uses of Multiplier. 1. It highlights the importance of investment in income and employment theory 2. It throws light on the different stages of trade cycle. 3. It brings equality between S and I 4. It helps in formulating government policies 5. It reduces unemployment and achieves full employment. (5 points)	5.
47 (b)	Relationship between rate of interest and Investment. 1. Explanation 2. Diagram 3. Diagram - Explanation.	5.