

DEPARTMENT OF EDUCATION, VELLORE DISTRICT
HALF YEARLY EXAM – DECEMBER – 2025

KEY ANSWER
ECONOMICS

12

I. CHOOSE THE CORRECT ANSWER

1	d)	aggregates	11	c)	July 1982
2	c)	inflation	12	a)	Banking licence
3	a)	April 1 to 2 March 31	13	b)	foreign exchange market
4	b)	Economic welfare	14	a)	Jaharta
5	a)	zero	15	b)	1988
6	d)	C+S+T+Rf	16	b)	2017 July 1
7	d)	(a) and (b)	17	d)	all these
8	d)	rate of interest	18	c)	E- waste
9	a)	Central monitory authority	19	a)	M.Vishveshwarayya
10	c)	creeping	20	a)	primary data

II. ANSWER ANY 7 QUESTIONS (Q.NO.30 IS COMPULSORY)

Q.No	ANSWER	MARKS
21	Macroeconomics deals with aggregate such as national income employment and output	2
22	Personal income is the total income received by the individuals of your country from all sources before payment of direct taxes in a year. <p style="text-align: center;">OR</p> Personal income = national income - (social security contribution and un distributed corporate profits) + Transfer payments	2
23	Farmers keep here large portion of the goods produced for their self consumption which creates problem in measuring national income.	2
24	. Full employment means that person who are willing to work and able to work must have employment or a job. <p style="text-align: center;">OR</p> keynes defines full employment as the absence of involuntary unemployment.	2
25	The marginal propensity to consume maybe different as the ratio of the change in the consumption to the change in income. <p style="text-align: center;">OR $MPC = \Delta C / \Delta Y.$</p>	2
26	1. Equalisation of prices between countries 2. Equal distribution of scarce materials.	2
27	Public finance is the study of the financial aspects of government. <p style="text-align: center;">OR</p> Adam Smith defined public finance eastern investigation into the nature and principles of the state revenue and expenditure.	2
28	Received ball is a seed that has been wrapped in clay and composed and then dried to be easily and sustainable cultivated. <p style="text-align: center;">OR</p> A seed covered with the clay and Sown is called seed ball.	2

29	Econometrics may be considered as the integration of Economics, Statistics and Mathematics. It deals with measurement of economic relationships.	2
30	<ol style="list-style-type: none"> 1. National institution for transforming India was formed on 1st January 2015 through a union cabinet resolution which replaced Planning Commission. 2. It is the policy think tank of the government of India. 3. The prime minister is the chairperson of NITI Aayog 	2

III. ANSWER ANY 7 QUESTIONS (Q.NO.40 IS COMPULSORY)

Q.No	ANSWER	MARKS
31	<ol style="list-style-type: none"> 1. Capitalist economy 2. Socialist economy 3. Mixed economy <p style="text-align: right;">With explanation (each 1 mark)</p>	3
32	<ol style="list-style-type: none"> 1. The national income of your country describes economic performance. 2. Economist planners government businessman and international agencies use national income data and analysis them for various purposes. 3. National income data help in measuring changes in the standard of living. 4. Level of development of a country is also measured by using national income figures. 5. To build economic models both in short run and long run. <p style="text-align: right;">(Any 3 points)</p>	3
33	<ol style="list-style-type: none"> 1. There is no possibility of over production or unemployment. 2. Automatic price mechanism operates in the economy. 3. Interest flexibility brings about equality between saving and investment 4. Money performs only the medium of exchange function in the economy as people will not hold idle money. 5. If there exist unutilized resources in the economy it is profitable to employ them up to the point of full employment. <p>(Any 3 points)</p>	3
34	<ol style="list-style-type: none"> 1. Autonomous investment: 1. Independent 2. Income inelastic. 3. Welfare motive 2. Induced investment : 1. Planned. 2. Income elastic 3. Profit motive. 	3
35	<ol style="list-style-type: none"> 1. Sale expansion 2. Acquisition of resources 3. Diversification 4. Minimization of competitive risk 	3
36	<ol style="list-style-type: none"> 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 programs. 5. Prevention of terrorism in the region. <p style="text-align: right;">(Any 3 points)</p>	3

b.	<p style="text-align: center;">MEC</p> <ol style="list-style-type: none"> 1. It is based on a given supply price for capital 2. It represents the rate of return on all successive unit of capital without regard to existing capital 3. The capital stock is taken on the x-axis of the diagram. 4. It is a stock concept 5. It determines the optimum capital stock in an economy at each level of the rate of interest. 	<p style="text-align: center;">MEI</p> <ol style="list-style-type: none"> 1. It is based on the induced change in the price due to the change in the demand for capital. 2. It shows the rate of return on just those units of capital over and above the existing capital stock. 3. The amount of investment is taken on the exactis of the diagram. 4. It is a flow concept 5. It determines the net investment of the economy are each interest rate given the capital stock. 	5
43 a.	<ol style="list-style-type: none"> 1. Boom 2. Recession 3. Depression 4. Recovery <p>Each point with explanation Diagram</p>	5	
b.	<ol style="list-style-type: none"> 1. Accepting deposits with explanation 1 mark 2. Advancing loans with explanation 1 mark 3. Commercial banks act as agent of customers, collect cheques, bills of exchange dividends pension salaries rent and interest on investment for behalf of their customers. 4. Commercial banks make the payments of various obligations of customers suggest telephone bills insurance premium school fees and rents etc 5. Commercial banks provide locker facilities to its customers for safe custody of jewellery and documents. 6. Banks issue travels cheques to individuals for travelling outside the country and the banks help in providing foreign exchange to businessman dealing in exports and imports. 7. Transferring of funds from one bank to another and commercial banks issue letters of credit to their customers. 8. Other functions of commercial bank internet banking money supply credit creation and collection of statistics. 	5	
44 a.	<p>MV = PT (explanation 1 mark)</p> <p>Diagram 2 marks</p> <p>Explanation of diagram 2 marks</p>	5	
b.	<p style="text-align: center;">any 5 point with explanation each 1 mark</p> <ol style="list-style-type: none"> 1. Monetary authority 2. The issuer of currency 3. The sure of banking licence 4. Banker to the government 5. Bankers Bank 6. Blender of last resort 7. Actors clearing house 	5	

45 a.	any 5 differences each 1 mark Internal trade: 1. Trade within a country 2. Labour and capital more freely from one region to another 3. There is only one common currency. 4. There is no change in physical under geographical conditions with in a country. 5. Free flow of goods and services 6. Trade and financial regulations are more or less the same 7. There is no difference in political affiliations and habit of the people. International trade: 1. Trade between two or more countries 2. Capital do not move freely from one country to another 3. There are different currencies 4. There are differences in physical and geographical conditions between countries 5. Tarif and quota restrict the flow of goods and services 6. Financial regulations such as interest rate trade last differ between countries. 7. There is difference in political affiliations and habit of the people.	5
b.	5 subheadings with explanation each 1 mark. only subheadings 2 marks 1. Investment for productive purposes 2. Balanced growth of international trade 3. Provision of loans and guarantees 4. Promotion of foreign private investments 5. Technical services	5
46 a.	Importance of Sustainable Development Sustainable development goals:	1 mark. 4 marks
b.	5 subheadings with explanation each Only subheadings 1. Public Revenue 2. Public Expenditure 3. Public Debt 4. Financial administration 5. Fiscal policy	1 mark . 2 marks.
47 a.	any five subheadings with explanation only sub headings 1. Democratic vs Totalitarian 2. Planning by direction vs Inducement 3. Short, Medium and Long term. 4. Functional vs Structural 5. Centralised vs Decentralized 6. Indicative vs Imperative 7. Financial vs Physical 8. Comprehensive vs Partial	each 1 mark 2 marks
b.	Table Formula Calculation Answer	2 Mark 1 Mark 1 Mark 1 Mark