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SURA'S



Sigaram Thoduvom

TARGET

HIGHER SECONDARY FIRST YEAR

ECONOMICS

1 Mark

Questions & Answers

Salient Features :

- Prepared as per the New Textbook for the year 2018.
- Complete 1 mark questions for all chapters. In-text, HOTS, Board Expected Questions (BEQ) & Answers.
- Useful for Public Exam 2019.



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11th Standard

ECONOMICS

1 Mark

1. INTRODUCTION TO MICRO-ECONOMICS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. 'Economics is a study of mankind in the ordinary business of life' - It is the statement of. [BEQ]

- (a) Adam Smith (b) Lionel Robbins
(c) Alfred Marshall (d) Samuelson

[Ans. (c) Alfred Marshall]

2. The basic problem studied in Economics is ____.

- (a) Unlimited wants
(b) Unlimited means
(c) Scarcity
(d) Strategy to meet all our wants [Ans. (c) Scarcity]

3. Micro Economics is concerned with ____.

- (a) The economy as a whole
(b) Different sectors of an economy
(c) The study of individual economic units behaviour
(d) The interactions within the entire economy

[Ans. (c) The study of individual economic units behaviour]

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17. Identify the correct characteristics of utility **[BEQ]**

- (a) It is equivalent to 'usefulness'
- (b) It has moral significance
- (c) It is same as pleasure
- (d) It depends upon consumer's mental attitude

[Ans. (d) It depends upon consumer's mental attitude]

18. Who has given scarcity definition of economic?

- (a) Adam Smith
- (b) Marshall
- (c) Robbins
- (d) Robertson **[Ans. (c) Robbins]**

19. The process of reasoning from particular to general is ⊗

- (a) Deductive method
- (b) Inductive method
- (c) Positive economics
- (d) Normative economics

[Ans. (b) Inductive method]

20. Total revenue is equal to total output sold multiplied by

- (a) Price
- (b) Total cost
- (c) Marginal revenue
- (d) Marginal cost **[Ans. (a) Price]**

In-Text Questions

1. 'Oikos' means _____. ⊗

- (a) Police
- (b) Management
- (c) Household
- (d) All the above

[Ans. (c) Household]

2. 'Nomos' means ____.

- (a) Polite
- (b) Management
- (c) Household
- (d) None of these

[Ans. (b) Management]

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17. The scope of ____ covers public expenditure, public revenue, public debt and financial administration.

- (a) Federal finance (b) Public finance
(c) Government (d) None of these

[Ans. (b) Public finance]

18. Environmental economics is a study of inter disciplinary tools for the problems of ____.

- (a) Ecology (b) Economy
(c) Environment (d) All of these

[Ans. (d) All of these]

19. Production is the process of _____ of inputs into output.

- (a) consumption (b) distribution ⊗
(c) transformation (d) Public finance

[Ans. (c) transformation]

Higher Order Thinking Skills (HOTS)

1. Macro Economics is concerned with

- (a) The theory as a whole
(b) Different sectors of an economy
(c) The study of individual economic behaviour
(d) The interactions within the entire economy

[Ans. (a) The theory as a whole]

2. Creations of utility or wealth is ____.

- (a) Production (b) Consumption
(c) Distribution (d) Public finance

[Ans. (a) Production]

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- 3. The word economy comes from the Greek word for**
- (a) environment
 (b) one who manages a household
 (c) one who participates in a market
 (d) conservation [Ans. (b) one who manages a household]
- 4. Economics deals primarily with the concept of**
- (a) scarcity (b) poverty
 (c) change (d) power [Ans. (a) scarcity]
- 5. Both households and societies face many decisions because**
- (a) resources are scarce
 (b) populations may increase or decrease over time
 (c) wages for households and therefore society fluctuate with business cycles
 (d) people, by nature and to disagree
 [Ans. (a) resources are scarce]
- 6. Which of the following goods best meets the definition of scarcity?**
- (a) air (b) water in the ocean
 (c) water in a city (d) wood in a forest
 [Ans. (c) water in a city]
- 7. Who propounded the opportunity cost theory of international trade?**
- (a) Ricardo (b) Marshall
 (c) Heckscher & ohlin (d) Haberler [Ans. (d) Haberler]

Board Examination Expected Questions

- 1. Who is the father of 'New Economics'?**
- (a) Max Muller (b) Adam Smith
 (c) J.M. Keynes (d) Karl Marx
 [Ans. (c) J.M. Keynes]

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2. CONSUMPTION ANALYSIS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. Pick the odd one out

[BEQ] ⊗

- (a) Luxuries (b) Comforts
(c) Necessaries (d) Agricultural goods

[Ans. (d) Agricultural goods]

2. Choice is always constrained or limited by the ____ of our resources.

- (a) Scarcity (b) Supply
(c) Demand (d) Abundance [Ans. (a) Scarcity]

3. The chief exponent of the cardinal utility approach was

- (a) J.R. Hicks (b) R.G.D. Allen
(c) Marshall (d) Stigler [Ans. (c) Marshall]

4. Marginal utility is measured by using the formula of ⊗

- (a) $TU_n - TU_{n-1}$ (b) $TU_n + TU_{n+1}$ [BEQ]
(c) $TU_n + TU_{n+1}$ (d) $TU_n - TU_{n+1}$

[Ans. (a) $TU_n - TU_{n-1}$]

5. When marginal utility reaches zero, the total utility will be

- (a) Minimum (b) Maximum
(c) Zero (d) Negative [Ans. (b) Maximum]

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17. Elasticity of demand in equal to one indicates

- (a) Unitary Elastic Demand
- (b) Perfectly Elastic Demand
- (c) Perfectly Inelastic Demand
- (d) Relatively Elastic Demand

[Ans. (a) Unitary Elastic Demand]

18. The locus of the points which gives same level of satisfaction is associated with

- (a) Indifference Curves
- (b) Cardinal Analysis
- (c) Law of Demand
- (d) Law of Supply

[Ans. (a) Indifference Curves]

19. Ordinal Utility can be measured by

- (a) Ranking
- (b) Numbering
- (c) Wording
- (d) None of these

[Ans. (a) Ranking]

20. The indifference curve are

[BEQ]

- (a) vertical
- (b) horizontal
- (c) positive sloped
- (d) negatively sloped

[Ans. (a) vertical]

In-Text Questions

1. According to the law of diminishing marginal utility, the utility from the consumption of each additional unit starts ____.

- (a) increasing
- (b) diminishing
- (c) multiplying
- (d) none of these

[Ans. (b) diminishing]

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8. **Higher Indifference curve indicates ____.**

- (a) Higher level of satisfaction
- (b) Higher cost
- (c) Lower cost
- (d) Lower level of satisfaction

[Ans. (a) Higher level of satisfaction]

9. **The point of intersection of demand and supply curves is known as**

- (a) Equilibrium
- (b) Disequilibrium
- (c) Partially equilibrium
- (d) General equilibrium

[Ans. (a) Equilibrium]

10. **Human wants are classified in to**

- (a) Necessaries and Luxuries
- (b) Luxuries and comforts
- (c) Necessaries and comforts
- (d) Necessaries, comforts and Luxuries

[Ans. (d) Necessaries, comforts and Luxuries]

11. **The indifference curves are ____.**

⊗

- (a) vertical
- (b) horizontal
- (c) positively sloped
- (d) negatively sloped

[Ans. (d) negatively sloped]

Higher Order Thinking Skills (HOTS)

1. **Equi - Marginal Utility means equal marginal utilities derived from the consumption of more than ____.**

- (a) four goods
- (b) three goods
- (c) two goods
- (d) one good [Ans. (c) two goods]

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- 12. The horizontal demand curve parallel to x -axis implies that the elasticity of demand is**
- (a) zero
 - (b) infinite
 - (c) equal to 1
 - (d) greater than zero but less than infinity [Ans. (b) infinite]

Board Examination Expected Questions

- 1. Utility analysis was developed by ____.**

- (a) Alfred Marshall and Adam Smith
- (b) Alfred Marshall and Prof. J.R. Hicks
- (c) Alfred Marshall and A.C. Pigou
- (d) Alfred Marshall and J.K. Easthan

[Ans. (c) Alfred Marshall and A.C. Pigou]

- 2. ____ is the other name given for Marshallian utility analysis.**

- (a) Total utility
- (b) Cardinal utility analysis
- (c) Marginal utility
- (d) All of these

[Ans. (b) Cardinal utility analysis]

- 3. In Marshallian analysis, it is assumed that utility can be measured quantitatively in terms of units. These units are called ____.**

- (a) Utils
- (b) Utility
- (c) Luxuries
- (d) Comforts

[Ans. (a) Utils]

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3. PRODUCTION ANALYSIS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. The primary factors of production are : [BEQ]

- (a) Labour and Organisation
 (b) Labour and Capital
 (c) Land and Capital
 (d) Land and Labour [Ans. (d) Land and Labour]

2. The man-made physical goods used to produce other goods and services are referred to as

- (a) Land (b) Labour
 (c) Capital (d) Organization [Ans. (c) Labour]

3. Formula for calculating AP is [BEQ]

- (a) $\frac{\Delta TP}{N}$ (b) $\frac{\Delta TP}{\Delta N}$ (c) $\frac{TP}{MP}$ (d) $\frac{TP}{N}$

[Ans. (d) $\frac{TP}{N}$]

4. Which factor is called the changing agent of the Society

- (a) Labourer (b) Land
 (c) Organizer (d) Capital [Ans. (c) Organizer]

5. Who said, that one of the key of an entrepreneur is "uncertainty -bearing" [BEQ]

- (a) J.B. Clark (b) Schumpeter
 (c) Knight (d) Adam Smith [Ans. (c) Knight]

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18. Production function may be classified into ____.

- (a) One (b) Two (c) Three (d) Four

[Ans. (b) Two]

19. TP = ____.

(a) $\frac{TP}{N}$

(b) $AP \times N$

(c) $\frac{\Delta TP}{\Delta N}$

(d) $TP_n - TP_{n-1}$ [Ans. (b) $AP \times N$]

20. AP = ____.

(a) $\frac{TP}{N}$

(b) $TP_n - TP_{n-1}$

(c) $\frac{\Delta TP}{\Delta N}$

(d) $AP \times N$ [Ans. (a) $\frac{TP}{N}$]

21. MP = ____.

(a) $\frac{\Delta TP}{\Delta N}$

(b) $TP_n - TP_{n-1}$

(c) Both (a) and (b)

(d) None of these

[Ans. (c) Both (a) and (b)]

22. Total product increases upto the point where marginal product is ____.

- (a) One (b) Two (c) Infinity (d) Zero

[Ans. (d) Zero]

23. The tendency of total product to increase at an increasing rate stop at point "A" this point is known as ____.

- (a) Equilibrium (b) Keynesian cross
-
- (c) Point of inflexion (d) All the above

[Ans. (c) Point of inflexion]

Higher Order Thinking Skills (HOTS)

1. ____ is facilitated by transport and communication systems.

- (a) Time utilities (b) Place utilities
(c) Form utilities (d) Possession utilities

[Ans. (b) Place utilities]

2. ____ said that 'exertion of body or mind' results in labour.

- (a) Alfred Marshall (b) Robbins
(c) Adam Smith (d) J.M. Keynes

[Ans. (a) Alfred Marshall]

3. Annual income flows are called ____.

- (a) Annual cost (b) Minimum cost
(c) Annuities (d) Annual income

[Ans. (c) Annuities]

4. ____ represent Human capital.

- (a) Money (b) Efficiency
(c) Hard work (d) All the above **[Ans. (a) Money]**

5. Education and training given to labour is ____.

- (a) money capital (b) human capital
(c) physical capital (d) none of the these

[Ans. (b) human capital]

6. Accumulation of more and more physical capital is called ____.

- (a) Physical capital formation
(b) Money capital
(c) Labour and capital
(d) Human capital

[Ans. (a) Physical capital formation]

12. What is 'Production' in economics?

- (a) Creation / addition to the value of output
- (b) Production of food grains.
- (c) Creation of services
- (d) Manufacturing of goods

[Ans. (a) Creation / addition to the value of output]

13. ____ creates utility.

- (a) Consumption
- (b) Production
- (c) Distribution
- (d) Exchange

[Ans. (b) Production]

14. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to

- (a) Increase
- (b) Decrease
- (c) Remain the same
- (d) Become zero

[Ans. (a) Increase]

Board Examination Expected Questions

1. ____ is a free gift of nature.

- (a) Land
 - (b) Organisation
 - (c) Capital
 - (d) All of these
- [Ans. (a) Land]

2. ____ faces both risks and uncertainties.

- (a) Entrepreneur
- (b) Labour
- (c) Land
- (d) None of these

[Ans. (a) Entrepreneur]

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4. COST AND REVENUE ANALYSIS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. Cost refers to ____.

- (a) price (b) value
(c) fixed cost (d) cost of production

[Ans. (d) cost of production]

2. Cost functions are derived from ____ function. [BEQ]

- (a) production (b) investment
(c) demand (d) consumption

[Ans. (a) production]

3. Money cost is also known as ____ cost. [BEQ]

- (a) explicit (b) implicit
(c) social (d) real [Ans. (a) explicit]

4. Explicit cost plus implicit cost denote ____ cost.

- (a) social (b) economic
(c) money (d) fixed [Ans. (b) economic]

5. Explicit costs are termed as [BEQ]

- (a) out of pocket expenses
(b) real cost
(c) social cost
(d) sunk cost

[Ans. (a) out of pocket expenses]

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20. A book seller sold 40 books with the price of Rs. 10 each. The total revenue of the seller is Rs. _____. [BEQ]
- (a) 100 (b) 200
(c) 300 (d) 400 [Ans. (d) 400]

In-Text Questions

1. Identify the formula of average fixed cost.
(a) TC/Q (b) TVC/Q (c) TFC/Q (d) TAC/Q
[Ans. (c) TFC/Q]
2. Planning curve is also called as _____.
(a) Envelop curve
(b) Long run average cost curve
(c) Group of short run average cost curve
(d) All the above [Ans. (d) All the above]
3. When AR remains constant MR is also _____.
(a) constant
(b) greater
(c) lesser
(d) none of these [Ans. (a) constant]
4. The functional relationship between cost and output is expressed as _____.
(a) Production function
(b) Consumption function
(c) Cost function
(d) Distribution function [Ans. (c) Cost function]

Higher Order Thinking Skills (HOTS)

1. Find total cost where $TFC = 200$ and $TVC = 150$.

- (a) 300 (b) 350 (c) 200 (d) 150

[Ans. (b) 350]

2. Find total fixed cost where $TC = 500$ and $TVC = 100$.

- (a) 100 (b) 200 (c) 300 (d) 400

[Ans. (d) 400]

3. A shop keeper sold 20 bags with the price of Rs. 100 each. The total revenue of the seller is Rs. ____.

- (a) 200 (b) 20 (c) 2000 (d) 1500

[Ans. (c) 2000]

4. Find Total Variable Cost where $TC = 200$ and $TFC = 50$.

- (a) 50 (b) 150 (c) 200 (d) 250

[Ans. (b) 150]

5. Find out profit, when $TR = 55$, $TC = 30$.

- (a) 20 (b) 35 (c) 25 (d) 80 [Ans. (c) 25]

6. $TR = TC$ is

- (a) Break Even Point (b) Loss
(c) Profit (d) None of these

[Ans. (a) Break Even Point]

7. Find out AFC, when $AC = 100$, $AVC = 80$.

- (a) 15 (b) 180 (c) 20 (d) 80 [Ans. (c) 20]

8. What is the shape of the average fixed cost (AFC) curve?

- (a) U-shape
(b) Horizontal upto a point and then rising
(c) Sloping down towards the right
(d) Rectangular hyperbola [Ans. (d) Rectangular hyperbola]

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5. MARKET STRUCTURE AND PRICING

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. In which of the following is not a type of market structure price will be very high? [BEQ]

- (a) Perfect competition (b) Monopoly
(c) Duopoly (d) Oligopoly

[Ans. (b) Monopoly]

2. Equilibrium condition of a firm is ____.

- (a) $MC = MR$ (b) $MC > MR$
(c) $MC < MR$ (d) $MR = \text{Price}$

[Ans. (a) $MC = MR$]

3. Which of the following is a feature of monopolistic competition?

- (a) One seller
(b) Few sellers
(c) Product differentiation

(d) No entry [Ans. (c) Product differentiation]

4. A firm under monopoly can earn ____ in the short run.

- (a) Normal profit (b) Loss
(c) Super normal profit (d) More loss

[Ans. (c) Super normal profit]

[44]

17. Under perfect competition, the shape of demand curve of a firm is _____. [BEQ]

- (a) Vertical (b) Horizontal
(c) Negatively sloped (d) Positively sloped

[Ans. (b) Horizontal]

18. In which market form, does absence of competition prevail?

- (a) Perfect competition (b) Monopoly
(c) Duopoly (d) Oligopoly

[Ans. (b) Monopoly]

19. Which of the following involves maximum exploitation of consumers?

- (a) Perfect competition
(b) Monopoly
(c) Monopolistic competition

(d) Oligopoly

[Ans. (b) Monopoly]

20. An example of selling cost is _____. [BEQ]

- (a) Raw material cost (b) Transport cost
(c) Advertisement cost (d) Purchasing cost

[Ans. (c) Advertisement cost]

In-Text Questions

1. _____ classifies market on the basis of time

- (a) Adam Smith (b) Alfred Marshall
(c) Samuelson (d) E.H. Chamberlin

[Ans. (b) Alfred Marshall]

2. Very short period is also called _____ period

- (a) Long Period (b) Short Period
(c) Market Period (d) None of these

[Ans. (c) Market Period]

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3. Very long period market is also called as ____.

- (a) Market Period (b) Short Period
(c) Long Period (d) Secular Period

[Ans. (d) Secular Period]

4. The supply curve is ____ in the long period.

- (a) Perfectly inelastic (b) Inelastic
(c) Elastic (d) Very much elastic

[Ans. (d) Very much elastic]

5. Imperfect competition market which comprises ____.

- (a) Monopoly market
(b) Monopolistic competition market
(c) Duopoly market
(d) Oligopoly market
(e) All of these

[Ans. (e) All of these]

6. $TR = TC$ is ____.

- (a) Profit (b) Loss
(c) Break Even Point (d) All of these

[Ans. (c) Break Even Point]

7. $MC = MR$ is ____.

- (a) Price (b) Equilibrium
(c) Demand (d) Revenue

[Ans. (b) Equilibrium]

8. Under perfect competition there is ____ price prevails in the market.

- (a) High price (b) Low price
(c) Uniform price (d) None of these

[Ans. (c) Uniform price]

7. Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium
- Price will decrease
 - Price will increase
 - Quantity will decrease
 - Quantity will increase [Ans. (c) Quantity will decrease]
8. A firm under perfect competition is
- Price maker
 - Price breaker
 - Price taker
 - Price shaker
- [Ans. (c) Price taker]

Board Examination Expected Questions

1. Product and services are sold at world level are called _____ Market.
- Local
 - Regional
 - National
 - International
- [Ans. (d) International]
2. Group of firm is known as ____.
- Firm
 - Industry
 - Market
 - None of these
- [Ans. (b) Industry]
3. Long run average cost curve is ____ shaped curve.
- Downward sloping curve
 - Upward sloping curve
 - Straight line
 - Flatter 'U' shaped curve
- [Ans. (d) Flatter 'U' shaped curve]

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6. DISTRIBUTION ANALYSIS

Textual Questions

MULTIPLE CHOICE QUESTIONS

- In Economics, distribution of income is among the _____.
(a) factors of production (b) Individual
(c) firms (d) traders
[Ans. (a) factors of production]**
- Theory of distribution is popularly known as _____. [BEQ]
(a) Theory of product - pricing
(b) Theory of factor - pricing
(c) Theory of wages
(d) Theory of interest [Ans. (b) Theory of factor - pricing]**
- Rent is the reward for the use of _____.
(a) Capital (b) Labour
(c) Land (d) Organization [Ans. (c) Land]**
- The concept of 'Quasi-Rent' is associated with _____. [BEQ]
(a) Ricardo (b) Keynes
(c) Walker (d) Marshall [Ans. (d) Marshall]**
- The Classical Theory of rent was propounded by _____.
(a) Ricardo (b) Keynes
(c) Marshall (d) Walker [Ans. (a) Ricardo]**

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19. Abstinence Theory of Interest was propounded by ____.

[BEQ]

- (a) Alfred Marshall (b) N.W. Senior
(c) Bohm-Bawerk (d) Knut Wicksell

[Ans. (b) N.W. Senior]

20. Loanable Funds Theory of Interest is called as ____.

[BEQ]

- (a) Classical Theory (b) Modern Theory
(c) Traditional Theory (d) Neo - Clasical Theory

[Ans. (d) Neo - Clasical Theory]

In-Text Questions

1. Marginal productivity theory of distribution is also known as ____.

- (a) General theory of distribution
(b) National Dividend theory of distribution
(c) Both 'a' and 'b'
(d) None of these

[Ans. (c) Both 'a' and 'b']

2. VMP = ____.

- (a) $MPP + Price$ (b) $MPP \times Price$
(c) $MPP \div Price$ (d) $MPP - Price$

[Ans. (b) $MPP \times Price$]

3. MRP = ____.

- (a) $MPP \times MR$ (b) $MPP \div MR$
(c) $MPP - MR$ (d) $MPP + MR$

[Ans. (a) $MPP \times MR$]

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4. Wages is the reward for _____.

- (a) Land (b) Labour
(c) Capital (d) Organisation

[Ans. (b) Labour]

5. Quasi - Rent was given by _____.

- (a) Adamsmith (b) Benham
(c) Alfred Marshall (d) Hawley

[Ans. (c) Alfred Marshall]

6. Rent theory was propounded by _____.

- (a) Alfred Marshall (b) David Ricardo
(c) Bohm - Bawerk (d) Knut wicksell

[Ans. (b) David Ricardo]

7. David Ricardo is a _____ economists.

- (a) Classical Economists
(b) Neo Classical Economists
(c) Modern Economists
(d) All of these

[Ans. (a) Classical Economists]

8. Economists like Joan Robinson and Boulding have contributed their ideas for the determination of rent, which is known as _____.

- (a) Ricardo theory of rent
(b) Quasi - Rent
(c) Modern theory of Rent
(d) All of these

[Ans. (c) Modern theory of Rent]

9. Wages are divided into _____ types.

- (a) One (b) Two (c) Three (d) Four

[Ans. (d) Four]

Higher Order Thinking Skills (HOTS)

1. _____ is the surplus of income over expenses on production.

- (a) Interest (b) Wages
(c) Profit (d) Rent [Ans. (c) Profit]

2. The producer's demand for a factor of production is governed by the _____ of the factor.

- (a) Marginal productivity
(b) Profitability
(c) Both 'a' and 'b'
(d) None of these [Ans. (a) Marginal productivity]

3. Under conditions of perfect competition in the product market.

- (a) $MRP > vMP$ (b) $MRP = VMP$
(c) $VMP > MRP$ (d) None of these

[Ans. (a) $MRP = VMP$]

4. Which statistical measurer helps in measuring the purchasing power of money?

- (a) Arithmetic average
(b) Index numbers
(c) Harmonic mean
(d) Time series

[Ans. (b) Index numbers]

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7. INDIAN ECONOMY

Textual Questions

MULTIPLE CHOICE QUESTIONS

- The main gold mine region in Karnadaka is _____. [BEQ]
 (a) Kolar (b) Ramgiri
 (c) Anantpur (d) Cochin [Ans. (a) Kolar]
- Economic growth of a country is measured by national income indicated by _____.
 (a) GNP (b) GDP
 (c) NNP (d) Per capita income
 [Ans. (b) GDP]
- Which one of the following is a developed nations?
 (a) Mexico (b) Ghana
 (c) France (d) Sri Lanka [Ans. (c) France]
- The position of Indian Economy among the other strongest economies in the world is _____.
 (a) Fourth (b) Sixth (c) Fifth (d) Tenth
 [Ans. (b) Sixth]
- Mixed economy means _____.
 (a) Private sectors and banks
 (b) Co-existence of Public and Private sectors
 (c) Public sectors and banks
 (d) Public sectors only

[Ans. (b) Co-existence of Public and Private sectors]

[64]

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40. **Ambedkar was a _____.**

- (a) Capitalist
- (b) Socialist
- (c) Communist
- (d) None of these

[Ans. (b) Socialist]

41. **"Interrelation between investment, income and multiplier in an under developed economy" was introduced in _____.**

- (a) 1950
- (b) 1951
- (c) 1952
- (d) 1953

[Ans. (c) 1952]

42. **Joseph Chelladurai Kumarappa was born on _____.**

- (a) 1st January 1890
- (b) 4th January 1892
- (c) 6th January 1990
- (d) 2nd February 1892

[Ans. (b) 4th January 1892]

43. **V.K.R.V. Rao was deeply interested in three large themes are _____.**

- (a) National Income
- (b) Food, nutrition and the distribution of good
- (c) Employment and occupational distribution
- (d) All the above

[Ans. (d) All the above]

Higher Order Thinking Skills (HOTS)

1. **Before independence, the density of population was less than _____.**

- (a) 100
- (b) 50
- (c) 200
- (d) 250

[Ans. (a) 100]

Board Examination Expected Questions

1. _____ refers to the average number of persons residing per square kilometer.

- (a) Density of population
- (b) Population Explosion
- (c) Land Area
- (d) Number of female per 1000 males

[Ans. (a) Density of population]

2. Hematite iron is mainly found in _____.

- (a) Chattisgarh and Karnataka
- (b) Jharkhand
- (c) Odisha, Goa
- (d) All the above

[Ans. (d) All the above]

3. _____ is the largest available mineral resources in India.

- (a) Coal
- (b) Iron
- (c) Bauxite
- (d) Aluminium

[Ans. (a) Coal]

4. _____ has the lowest sex ratio among other states.

- (a) Haryana
- (b) Kerala
- (c) Karnataka
- (d) Madhya Pradesh

[Ans. (a) Haryana]

5. _____ being the maximum pursued occupation in India.

- (a) Agriculture
- (b) Industries
- (c) Small scale
- (d) Companies

[Ans. (a) Agriculture]

This material only for sample

8. INDIAN ECONOMY BEFORE AND AFTER INDEPENDENCE

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. The arrival of Vasco da Gama in Calicut, India _____.
 (a) 1498 (b) 1948
 (c) 1689 (d) 1849 [Ans. (a) 1498]
2. In 1614 Sir Thomas Roe was successful in getting permission from _____.
 (a) Akbar (b) Shajakan
 (c) Jahangir (d) Noorjakhani [Ans. (c) Jahangir]
3. The power for governance of India was transferred from the East India Company (EIC) to the British crown in _____.
 (a) 1758 (b) 1858 (c) 1958 (d) 1658
 [Ans. (b) 1858]
4. Ryotwari system was initially introduced in _____. [BEQ]
 (a) Kerala (b) Bengal
 (c) Tamil Nadu (d) Maharashtra
 [Ans. (c) Tamil Nadu]
5. First World War started in the year _____.
 (a) 1914 (b) 1814 (c) 1941 (d) 1841
 [Ans. (a) 1914]
6. When did the Government of India declared its first Industrial Policy?
 (a) 1956 (b) 1991 (c) 1948 (d) 2000
 [Ans. (c) 1948]

[78]

In-Text Questions

1. The ____ had traded in Goa as early as 1510.

(a) Indians	(b) Portuguese
(c) Greeks	(d) Romans [Ans. (b) Portuguese]

2. Britain had exploited ____ over a period of two centuries of its colonial rule.

(a) India	(b) England
(c) British	(d) Europe [Ans. (a) India]

3. The British capitalists who established ____ in Bengal.

(a) Thread Mills	(b) Cotton Mills
(c) Rice Mills	(d) Jute Mills

[Ans. (d) Jute Mills]

4. The Indian handicraft products had a ____ market.

(a) National Market	(b) State Level Market
(c) Worldwide Market	(d) Local Market

[Ans. (c) Worldwide Market]

5. The production of coal had risen to over ____ tonnes per annum.

(a) 6 million tonnes	(b) 5 million tonnes
(c) 3 million tonnes	(d) 8 million tonnes

[Ans. (a) 6 million tonnes]

6. At the end of ____ century there were about 36 Jute Mills, 194 Cotton Mills and good number of plantation industries.

(a) 18 th Century	(b) 19 th Century
(c) 20 th Century	(d) 21 st Century

[Ans. (b) 19th Century]

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14. The paper industry in India is ranked among the ____ top global paper industries.

- (a) 10 (b) 15 (c) 20 (d) 25 [Ans. (b) 15]

15. ____ bank is a bank in which government holds a major portion of the shares.

- (a) Public sector (b) Private sector
(c) Joint sector (d) Corporation

[Ans. (a) Public sector]

16. Public Sector banks are classified into ____ categories.

- (a) One (b) Two (c) Three (d) Four

[Ans. (b) Two]

17. Plan Holiday ____.

- (a) 1960 - 1965 (b) 1963 - 1966
(c) 1966 - 1969 (d) 1969 - 1972

[Ans. (c) 1966 - 1969]

18. HDI represents ____.

- (a) Physical attributes
(b) Financial attributes
(c) Physical and financial attributes
(d) Cost of living

[Ans. (c) Physical and financial attributes]

Higher Order Thinking Skills (HOTS)

1. The East Indian Company had captured political power to secure maximum goods for ____.

- (a) Maximum payment (b) Minimum payment
(c) Normal payment (d) None of these

[Ans. (b) Minimum payment]

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10. Oil and Natural Gas commission (ONGC) was established in ____.

- (a) 1950 (b) 1952 (c) 1956 (d) 1960

[Ans. (c) 1956]

11. Duration for twelfth five year plan is ____.

- (a) 1997 - 2002 (b) 2002 - 2007
(c) 2007 - 2012 (d) 2012 - 2017

[Ans. (d) 2012 - 2017]

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9. DEVELOPMENT EXPERIENCES IN INDIA

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. Which of the following is the way of privatisation?

- (a) Disinvestment (b) Denationalization
(c) Franchising (d) All the above

[Ans. (d) All the above]

2. Countries today are to be ___ for their growth.

- (a) Dependent (b) Interdependent
(c) Free trade (d) Capitalist

[Ans. (b) Interdependent]

3. The Arguments against LPG is ____.

[BEQ]

- (a) Economic growth
(b) More investment
(c) Disparities among people and regions
(d) Modernization

[Ans. (c) Disparities among people and regions]

4. Expansion of FDI ____.

- (a) Foreign Private Investment
(b) Foreign Portfolio
(c) Foreign Direct Investment
(d) Foreign Private Investment

[Ans. (c) Foreign Direct Investment]

[88]

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18. 'The Hindu Rate of Growth' coined by Raj Krishna refers to _____. [BEQ]

- (a) Low rate of economic growth
- (b) High proportion of Hindu population
- (c) Stable GDP
- (d) None [Ans. (a) Low rate of economic growth]

19. The highest rate of tax under GST is _____ (as on July, 2017).

- (a) 18%
 - (b) 24%
 - (c) 28%
 - (d) 32%
- [Ans. (c) 28%]

20. The transfer of ownership from public sector to private sector is known as _____.

- (a) Globalization
 - (b) Liberalization
 - (c) Privatization
 - (d) Nationalization
- [Ans. (c) Privatization]

In-Text Questions

1. In 1947, India was a typically _____ economy.

- (a) backward
 - (b) developed
 - (c) wealth economy
 - (d) none of the above
- [Ans. (a) backward]

2. India suffered from the twin problems of _____ and _____.

- (a) Poverty, Unemployment.
 - (b) Low per capita income lack of technology.
 - (c) Low productivity, High Cost.
 - (d) High Population, Poverty.
- [Ans. (a) Poverty, Unemployment]

Higher Order Thinking Skills (HOTS)

- ____ Architect of new conomic policy.
 - Manmohan Sing
 - Dr. Raj Krishna
 - Shri. P.V. Narshima Rao
 - Amartiya Sen

[Ans. (a) Manmohan Sing]
- Duty credit script to be freely transferable and usable for payments of _____.
 - Custom duty
 - Excise duty
 - Service tax
 - All the above

[Ans. (d) All the above]
- The main cause for economic reforms
 - Growing inefficiency in the use of resources
 - Over production of industry
 - Mismanagement of firms and the economy
 - All the above

[Ans. (d) All the above]
- Raja J. Chellaiah committee was meant for _____.
 - Fiscal reforms
 - Banking reforms
 - Fiscan reforms
 - Financial reforms

[Ans. (d) Financial reforms]

Board Examination Expected Questions

- India was one of the first in Asia to recognize the effectiveness of the ____ processing zone.
 - Export
 - Development
 - Import
 - Technology

[Ans. (a) Export]

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10. RURAL ECONOMICS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. Which is considered as the basic unit for rural areas?

[BEQ]

- (a) Panchayat
- (b) Village
- (c) Town
- (d) Municipality

[Ans. (b) Village]

2. Which feature is identified with rural areas?

- (a) Low population density
- (b) High population density
- (c) Low natural resources
- (d) Low human resources [Ans. (a) Low population density]

3. Identify the feature of rural economy_____.

- (a) Dependence on agriculture
- (b) High population density
- (c) Low level of population
- (d) Low level of inequality

[Ans. (a) Dependence on agriculture]

4. What percentage of the total population live in rural area, as per 2011 censuses? [BEQ]

- (a) 40 (b) 50 (c) 60 (d) 70 [Ans. (c) 60]

3. When was National Rural Health Mission (NRHM) introduced?

- (a) In the financial year 2005-06
- (b) In the financial year 2006-07
- (c) In the financial year 2007-08
- (d) In the financial year 2008-09

[Ans. (a) In the financial year 2005-06]

Board Examination Expected Questions

1. As per the planning commission estimates, the percentages of people living below poverty in rural areas was ____ during 2009 - 2010.

- (a) 65.10
- (b) 54.10
- (c) 78.20
- (d) 34.30

[Ans. (b) 54.10]

2. SSIs are also known as ____.

- (a) Micro
- (b) Small
- (c) Medium Enterprises
- (d) All the above

[Ans. (d) All the above]

3. Gur ad Khandsari, cane and bamboo basket are the examples of ____.

- (a) Cottage Industries
- (b) Small Scale Industries
- (c) Village Industries
- (d) None of these

[Ans. (c) Village Industries]

4. The excess supply of labour in rural areas reduces the ____.

- (a) wages
- (b) time
- (c) profit
- (d) all the above

[Ans. (a) wages]

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11. TAMIL NADU ECONOMY

Textual Questions

MULTIPLE CHOICE QUESTIONS

- In health index, Tamil Nadu is a head of _____.
 (a) Kerala (b) Punjab
 (c) Gujarat (d) All the above
 [Ans. (c) Gujarat]
- In sex ratio, Tamil Nadu ranks _____.
 (a) first (b) second (c) third (d) fifth
 [Ans. (c) third]
- Tamil Nadu is rich in _____. [BEQ]
 (a) Forest resource (b) Human resource
 (c) Mineral resource (d) All the above
 [Ans. (b) Human resource]
- The main source of irrigation in Tamil Nadu is _____.
 (a) river (b) tank (c) well (d) canals
 [Ans. (c) well]
- Knitted garment production is concentrated in [BEQ]
 (a) Coimbatore (b) Tiruppur
 (c) Erode (d) Karur [Ans. (b) Tiruppur]
- Which of the following is wrongly matched ? [BEQ]
 (a) Gateway of Tamil Nadu – Thoothukudi
 (b) Home textile city - Erode
 (c) Steel city - Salem
 (d) Pump city - Coimbatore
 [Ans. (b) Home textile city - Erode]

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15. The largest contribution to GSDP in Tamil Nadu comes from _____. [BEQ]

- (a) agriculture (b) industry
(c) mining (d) services [Ans. (d) services]

16. In human development index, TN is ranked

- (a) second (b) fourth
(c) sixth (d) seventh [Ans. (d) seventh]

17. SPIC is located in [BEQ]

- (a) Chennai (b) Madurai
(c) Tuticorin (d) Pudukkottai [Ans. (c) Tuticorin]

18. The TICEL park is [BEQ]

- (a) Rubber park (b) Textile park
(c) Food park (d) Bio park [Ans. (d) Bio park]

19. In India's total cement production, Tamil Nadu ranks

- (a) third (b) fourth (c) first (d) second
[Ans. (a) third]

20. The Headquarters of southern Railway is at [BEQ]

- (a) Tiruchirappalli (b) Chennai
(c) Madurai (d) Coimbatore.
[Ans. (b) Chennai]

In-Text Questions

1. Tamil Nadu being the ____ largest in area.

- (a) Tenth (b) Eleventh
(c) First (d) Sixth [Ans. (b) Eleventh]

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9. **Thoothukudi is the major ____ producer in the state.**
 (a) Cement (b) Chemical
 (c) Fireworks (d) Motors and Pumps
[Ans. (b) Chemical]
10. **____ has the highest number of internet subscribers in the country.**
 (a) Karnataka (b) Tamilnadu
 (c) Maharashtra (d) Goa **[Ans. (c) Maharashtra]**
11. **There are ____ national highways in the state, covering a total distance of 5,036 Km.**
 (a) 38 (b) 28 (c) 48 (d) 58 **[Ans. (b) 28]**
12. **Tamil Nadu has ____ major international airports.**
 (a) One (b) Two (c) Three (d) Four
[Ans. (d) Four]
13. **____ International Airport is currently the third largest airport in India after Mumbai and Delhi.**
 (a) Chennai (b) Kolkata
 (c) Madurai (d) Coimbatore
[Ans. (a) Chennai]

Higher Order Thinking Skills (HOTS)

1. **____ ranked I in Tamil Nadu.**
 (a) National Institute of Technology
 (b) Indian Institute of Technology
 (c) Vellore Institute of Techology
 (d) PSG College of Technology
[Ans. (b) Indian Institute of Technology]

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12. MATHEMATICAL METHODS FOR ECONOMICS

Textual Questions

MULTIPLE CHOICE QUESTIONS

1. **Mathematical Economics is the integration of**

- (a) Mathematics and Economics
- (b) Economics and Statistics
- (c) Economics and Equations
- (d) Graphs and Economics

[Ans. (a) Mathematics and Economics]

2. **The construction of demand line or supply line is the result of using** [BEQ]

- (a) Matrices
- (b) Calculus
- (c) Algebra
- (d) Analytical Geometry

[Ans. (d) Analytical Geometry]

3. **The first person used the mathematics in Economic is**

- (a) Sir William Petty
- (b) Giovanni Ceva
- (c) Adam Smith
- (d) Irving Fisher

[Ans. (b) Giovanni Ceva]

4. **Function with single independent variable is known as**

[BEQ]

- (a) Multivariate Function
- (b) Bivariate Function
- (c) Univariate Function
- (d) Polynomial Function

[Ans. (c) Univariate Function]

Higher Order Thinking Skills (HOTS)

- Functions, with more or equal to two independent variables, are called _____ functions.**

(a) Simple Univariate functions
 (b) Multivariable functions
 (c) Both 'a' and 'b'
 (d) None of these

[Ans. (b) Multivariable functions]
- $110 - 20P = 50 + 10P$ therefore $P = ?$**

(a) $P = 2.5$ (b) $P = 3$
 (c) $P = 2$ (d) $P = 1$

[Ans. (c) $P = 2$]
- Suppose $D = 200 - 40P$. When D is zero then**

(a) P is 10 (b) P is 5
 (c) P is -5 (d) P is -10

[Ans. (b) P is 5]
- Suppose $D = 150 - 25P$. Then, the slope is**

(a) -5 (b) 50
 (c) +5 (d) -25

[Ans. (d) -25]
- The algebraic sum of deviation of a set of n values from arithmetic mean is :**

(a) 0 (b) 1
 (c) N (d) 0 and 1

[Ans. (a) 0]
- What is the range of simple correction of co-efficient?**

(a) Minus infinity to infinity
 (b) 0 to infinity
 (c) Minus one to plus one
 (d) None of these

[Ans. (c) Minus one to plus one]

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11th Standard

ECONOMICS

2 & 3 Marks

1. INTRODUCTION TO MICRO-ECONOMICS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What is meant by Economics? *[BEQ]*

Ans. (i) The word 'Economics' comes from the ancient greek oikonomikos.

(ii) The term 'Economics' means "Management of households".

(iii) The 'Political Economy' is renamed as economics.

2. Define Micro Economics.

Ans. (i) Micro Economics is the study of the economic actions of small group of individuals say households, firms, or industries.

(ii) It studies how business firms operate under different market conditions and how the combined actions of buyers and sellers determine prices.

3. What are goods?

Ans. (i) Goods are also called 'products', 'commodities', 'things' etc.

(ii) In Economics, the term 'goods' and 'services' also implies, unless specified otherwise.

(iii) Goods and services satisfies human wants.

[1]

4. Elucidate different features of services.**Ans.** Four features of services are,

- (i) **Intangible** : Intangible things are not physical objects but exist in connection to other things.
For Example : Brand Image, Goodwill etc.
- (ii) **Heterogeneous** : A single type services yields multiple experiences
For Example : Music etc.
- (iii) **Inseparable from their makers** : Services are inextricably connected to their makers.
For Example : Labour
- (iv) **Perishable** : Services cannot be stored as inventories like assets.
For Example : Cricket Match.

5. What are the important features of utility?**Ans.** (i) Utility is psychological

(ii) Utility is not equivalent to usefulness

(iii) Utility is personal and relative.

(iv) It is the function of the intensity of human want.

(v) Utility cannot be measured objectively.

(vi) Utility has no ethical or moral significance.

6. Distinguish between micro economics and macro economics.**Ans.***[BEQ] [First Mid-18]*

Sl. No.	Micro Economics	Macro Economics
1	Micro means small	Macro means large.
2	Micro Economics is the study of individuals households, firms etc.	Macro Economics concerned with the economy as a whole.
3	It covers value theory and Theory of economic welfare.	It is the study of aggregates such as national output, unemployment and taxes.
4	Price theory.	Income theory.
5	Alfred Marshall is the father of micro economics.	J.M. Keynes is the father of macro economics.

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7. Compare positive economics and normative economics.

Ans.

[BEQ]

Sl. No.	Positive Economics	Normative Economics
1	Positive science deals with 'what it is'	Normative science concerned with 'what ought to be'.
2	It analyses problem on the basis of facts and examines its causes	Here the conclusions and results are not based on facts, but on different considerations.
3	Positive science, would be looked into why and how?	Normative science it would be seen whether good or bad.

In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

1. What are the various books available in the titles of economics?

- Ans. (i)** Introductory Economics
(ii) Economics an Introduction
(iii) Basic Economics
(iv) Elements of Economics
(v) Elementary Economics
(vi) Fundamentals of Economics etc.

2. What are the classification of services?

- Ans. (i)** Intangible
(ii) Heterogeneous
(iii) Inseparable from their makers
(iv) Perishable

3. What is market?

[First Mid-18]

- Ans. (i)** Market means a place or geographical area, where buyers and sellers meet together.
(ii) Buyers and sellers who involve in the transaction of goods and services.

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7

- (b) Whether to have more agricultural goods or industrial goods.
- (c) Whether to use more resources in education and health or more in military services.
- (ii) **How to produce?**
Whether to use more labour or more machines.
- (iii) **For whom to produce?**
How its produce be distributed among the different sections of the society.

4. **State any three assumptions of production possibility curve.** *[First Mid-18]*

Ans. Assumptions of production possibility curve:

- (i) The time period does not change. It remains the same throughout the curve.
- (ii) Techniques of production are fixed.
- (iii) There is full employment in the economy.

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. **Who criticized Adam Smith's Wealth definition?**

Ans. (i) Ruskin and Carlyle criticized economics as a 'Dismal science', 'Pig science' etc.

(ii) As it teaches selfishness which is against ethics.

2. **Distinguish between free goods and economic goods.**

Ans.

Sl. No.	Economic Goods	Free Goods
1	Goods which scarce are called economic goods.	Goods that are not scarce are called free goods.
2	Example : Chair, Table etc.	Example : Air and Sunshine.

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Board Examination Expected Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

1. State four definitions of economics.

- Ans. (i)** Smith's Wealth Definition, representing the Classical stage.
- (ii)** Marshall's Welfare Definition, representing the Neo Classical stage.
- (iii)** Robbin's Scarcity Definition, representing the New age, and
- (iv)** Samuelson's Growth Definition, representing the Modern age

2. What are the major features of Robbins definitions?

- Ans. (i)** Ends refers to wants. Human beings have unlimited wants.
- (ii)** Means are limited.
- (iii)** The scarce means time and money are utilized in alternative uses.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. 3 MARKS

1. What are the important features of Marshall's Welfare definition?

- Ans. (i)** Man promotes primarily welfare and not wealth,.
- (ii)** The science of economics contains the concerns of ordinary people who are directed by the desired to get maximum monetary benefit.
- (iii)** Economics is a social science. It studies about people in the society who influence one another.



This material only for sample

2. CONSUMPTION ANALYSIS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

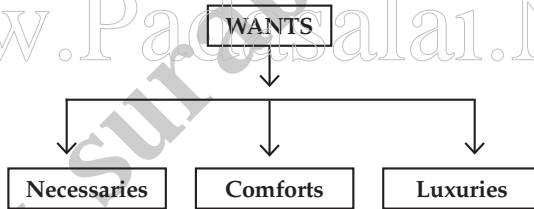
1. Define utility. [BEQ]

Ans. (i) Utility, the simple meaning of 'utility is usefulness'.

(ii) In Economics utility is the capacity of a commodity to satisfy human wants.

2. Mention the classifications of wants.

Ans. Goods (or) wants are broadly classified into three categories. They are,



3. Name the basic approaches to consumer behaviour.

Ans. The basic approaches to consumer behaviour are

(i) Cardinal Approach

(ii) Ordinal Approach

4. What are the degrees of price elasticity of demand?

Ans. (i) Perfectly Elastic Demand ($E_p = \infty$)

(ii) Perfectly Inelastic Demand ($E_p = 0$)

(iii) Relatively Elastic Demand ($E_p > 1$)

(iv) Relatively Inelastic Demand ($E_p < 1$)

(v) Unitary Elastic Demand ($E_p = 1$)

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In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Define total utility.

Ans. It is the sum total of the marginal utilities obtained from the consumption of successive units of a commodity.

$$TU = MU_1 + MU_2 + MU_3 + \dots + MU_n \text{ or } \Sigma MU$$

2. What is market demand?

Ans. Market demand means the total quantity of a commodity that all its buyers are willing to purchase at different prices over a given period of time.

3. Write the criticism of the law of Equi-Marginal Utility.

Ans. Criticisms

[First Mid-18]

(i) In practise, utility cannot be measured, only be felt.

(ii) This law cannot be applied to durable goods.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. Name the importance of elasticity of demand. [First Mid-18]

Ans. Importance of elasticity of demand:

(i) Price fixation

(ii) Production

(iii) Distribution

(iv) International trade

(v) Public Finance

(vi) Nationalization

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. There are three different supply curves passing through the origin. A curve makes an angle of 60°. Curve B makes an angle of 45° and curve C makes an angle of 30°. What will be the price elasticity of curve A, B and C?

Ans. Price elasticity of supply of good will be equal to one if supply curve is passing through the origin point, irrespective of the angle made by it with the origin.

2. What do you mean by indifference map?

Ans. Indifference map refers to a set of indifference curves corresponding to different income levels of satisfaction.

3. When the demand is elastic?

Ans. The demand is elastic when percentage change in quantity demanded is greater than percentage change in its price.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.**3 MARKS****1. Explain the relationship between price elasticity of demand and slope of a linear demand curve.**

Ans. The slope of a linear demand curve is given as $\frac{\Delta p}{\Delta q}$

(i) While price elasticity of demand is given as

$$Ed = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q} \quad \dots(1)$$

(ii) Hence, we can write above equation

$$(iii) \quad (i) \text{ as } Ed = \frac{1}{\text{Slope of Demand Curve}} \times \frac{P}{Q} \quad \dots(ii)$$

$$Ed = \frac{1}{\frac{P}{Q}} \times \frac{P}{Q} \quad (\text{or}) \quad \dots(ii)$$

(iv) The above equation states that there exist an inverse relationship between slope of a linear demand curve and Price elasticity of demand.

2. How does international trade help in stabilising the prices of a product?

Ans. (i) International trade helps in stabilising the prices of a product.

(ii) The production and supply of a product need not be equal to the demand of a product.

(iii) The deficiency or excess of supply creates fluctuations in the prices of product.

(iv) Product in short supply can be imported from other countries.

(v) Product in excess supply can be exported to other countries.

Board Examination Expected Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Define budget line.

Ans. Budget line is a line showing different combinations of two goods which a consumer can attain at his given Income and Market price of the goods.

2. Define budget set.

Ans. It refers to attainable combinations of a set of two goods at given prices of goods and income of the consumer.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. **3 MARKS**

1. Write the classification of wants

Ans. (i) Necessaries: Goods which are indispensable for the human being to exist in the world are called "necessaries" (for example: food)

(ii) Comforts : Goods which are not indispensable for life but to make our life easy, convenient and comfortable are called "comforts". (for example: TV)

(iii) Luxuries; Goods which are not very essential but are very costly are known as "Luxuries". (for example: Jewellery, Diamonds.

2. What are the assumptions of consumer's surplus?

Ans. (i) Cardinal utility of a commodity is measured in money terms.

(ii) Marshall assumes that there is definite relationship between expected satisfaction (utility) and realized satisfaction (actual).

(iii) Marginal utility of money is constant.

(iv) Absence of differences in income, taste, fashion etc.

(v) Independent goods and independent utilities.

(vi) Demand for a commodity depends on its price alone, it includes other determinants of demand.



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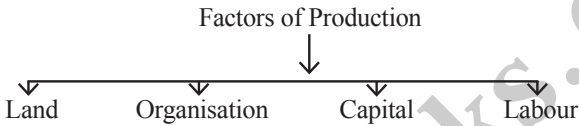
3. PRODUCTION ANALYSIS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Classify the factors of production.

Ans.



2. Define Labour.

Ans. According to Marshall, labour represents services provided by the factor labour, which helps in yielding an income to the owner of the labour-power.

3. State the production function.

Ans. Production function refers to the relationship among units of the factors of production (inputs) and the resultant quantity of a good produced (output).

4. Define Marginal Product of a factor.

[BEQ]

Ans. (i) Marginal product is the addition or the increment made to the total product when one more unit of the input is employed.

(ii) In other words, it is the ratio of the change in the total product to the change in the units of the input.

(iii) $MP = \Delta TP / \Delta N$ or $MP_n = TP_n - TP_{n-1}$

5. What is Iso- cost line?

Ans. (i) The Iso - cost line is an important component in analysing producer's behaviour.

(ii) The Iso - cost line gives information on factor prices and financial resources of the firm.

(iii) It is otherwise called as "Iso-Price line" or Iso-income line" or "Iso-expenditure line" or "Total outlay curve".

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In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What is factors of production?

Ans. (i) The inputs that a firm uses in the production process are called factors of production.

(ii) It includes factor inputs and non factor inputs.

2. What is production?

Ans. (i) Production refers to the creation or addition of value.

(ii) Production is a process of value adding.

(iii) In other words, production is also defined as the transformation of input into output.

3. Who is an 'Organizer'?

Ans. (i) The man behind organizing the business is called as 'Organizer' or 'Entrepreneur'

(ii) An organiser is the most important factor of production.

4. Write the short note on Internal economies of scale.

Ans. (i) It refers to the advantages enjoyed by the production units.

(ii) For example, a firm enjoying the advantage of an application of most modern machinery.

5. Give the formula for elasticity of supply.

$$\text{Ans. } e_s = \frac{\Delta Q_s}{Q_s} \div \frac{\Delta P}{P};$$

$$e_s = \frac{\Delta Q_s}{Q_s} \times \frac{P}{\Delta P};$$

$$\therefore e_s = \frac{\Delta Q_s}{\Delta P} \times \frac{P}{Q_s}$$

Q = Quantity

P = Price

Δ = Change

6. What do you mean by law of supply?

Ans. (i) Law of supply is associated with production analysis.

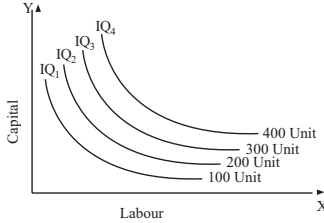
(ii) It explains the positive (or) direct relationship between price and quantity supply.

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Iso-quant Map



- (iv) Higher the Iso-quant denotes higher level of output and lower the Iso-quant denotes lower level of output.

4. What are the factors determining supply?

- Ans.** (i) Price of the commodity.
 (ii) Price of the other commodity.
 (iii) Price of factors.
 (iv) Price expectations.
 (v) Technology.
 (vi) Natural factors.
 (vii) Discovery of new raw materials.
 (viii) Taxes and Subsidies.
 (ix) Objective of the firm.

5. What are the assumptions of law of supply?

- Ans.** (i) No change in the prices of Factors of Production.
 (ii) No change in the price of capital goods.
 (iii) Natural resources remain the same.
 (iv) Prices of substitutes are constant.
 (v) No change in technology.
 (vi) Climate remains unchanged.
 (vii) Political situations are unchanged.
 (viii) No change in tax policy.

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What do you mean by labour According to Karl Marx?

- Ans.** Karl marx says labour is a value and it is the basis for surplus value.

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Average Product :

- (i) It refers to the output per unit of the input

$$AP = \frac{TP}{Q} \text{ (or) } N$$

- (ii) It is the result of the total product divided by the total output.

4. Bring out the differences between short run and long run production function.**Ans.**

Basic for comparison	Short - run production function	Long - run production function
Meaning	Short run production function alludes to the time period in which at least one factor of production is fixed.	Long run production function connotes the time period in which all the factors of production are variable.
Law	Law of variable proportions.	Law of returns to scale.
Scale of production	No change in scale of production.	change in scale of production.
Factor - ratio	Changes	Does not change.
Entry and exit	There are barriers to entry and the firms can shut down but cannot fully exit.	Firm are free to enter and exit.

Board Examination Expected Questions**ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES.****1. What do you mean by Iso-quant?****2 MARKS**

Ans. (i) An Iso-quant curve can be defined as the locus of points representing various combinations of two inputs capital and labour yielding the same output.

- (ii) The Iso quant is also called as the "Equal product curve" (or) the "Product Indifference curve".

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2. What are the three phases of Returns to Scale.

- Ans.** (i) Increasing Returns to scale
(ii) Constant Returns to scale
(iii) Diminishing Returns to scale

3. Economies are divided into how many types? what are they?

- Ans.** Economies are broadly divided into two types. They are,
(1) Internal Economies of scale
(2) External Economies of scale

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. What are the assumptions of Law of variable proportion.

- Ans.** (i) Only one factor is variable others are held constant.
(ii) All units of factor are homogeneous.
(iii) The product is measured in physical units.
(iv) No change in the state of technology.
(v) No change in the price.

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4. COST AND REVENUE ANALYSIS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Define cost. [BEQ]

- Ans. (i)** Cost refers to cost of production.
- (ii) Which means the total expenses incurred in the production of a commodity.
- (iii) Cost analysis refers to the study of behavior of cost in relation to one or more production criteria, namely size of output, scale of production, prices of factors etc.

2. Define cost function.

- Ans. (i)** The functional relationship between cost and output is expressed as "cost function"
- (ii) A cost function may be written as
- $$C = f(Q)$$
- where, C = Cost and Q = Quantity of output
- (iii) Cost functions are derived functions because they are derived from production functions.

3. What do you mean by fixed cost?

- Ans. (i)** In a short run (period), certain factors of production cannot be changed and such factors are called fixed factors.
- (ii) The cost incurred on fixed factors are called fixed costs.

4. Define Revenue. [BEQ]

- Ans. (i)** The amount of money that a producer receives in exchange for the sale of goods is known as revenue.
- (ii) The three basic revenue concepts are Total Revenue, Average Revenue and Marginal Revenue.

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4. Define opportunity cost and provide an example.

- Ans. (i)** It refers to the cost of next best alternative use.
(ii) In other words, It is the value of the next best alternative.
(iii) It is also called as 'Alternative cost' or 'Transfer cost'

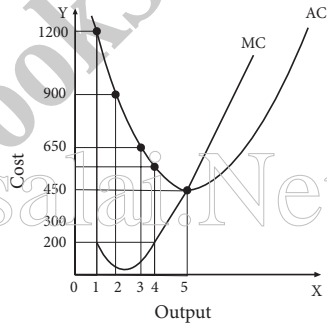
For Example :

- (i)** A farmer can cultivate both paddy and sugarcane in a farm land.
(ii) If he cultivates paddy the opportunity cost of paddy output is the amount of sugarcane output given up.

5. State the relationship between AC and MC. [BEQ]

Ans. There is a unique relationship between the AC and MC curves

- (i)** When AC is falling, MC remains below AC.
(ii) When AC becomes constant MC also become equal to it.
(iii) When AC starts increasing MC lies above the AC.
(iv) MC curve always cuts AC at its minimum point from below.

**6. Write a short note on Marginal Revenue.**

- Ans. (i)** Marginal revenue (MR) is the addition to the total revenue by the sale of an additional unit of a commodity.
(ii) MR can be found out by dividing change in total revenue by the change in quantity sold out.

$$\boxed{MR = \frac{TR_n - TR_{n-1}}{n - (n-1)}} \quad (\text{or}) \quad \boxed{\frac{TR_{n+1} - TR_n}{(n+1) - n}}$$

7. Discuss the Long run cost curves with suitable diagram.

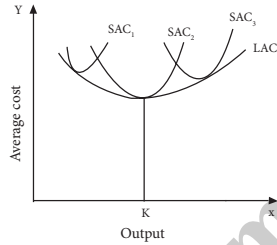
- Ans. (i)** In the long run all factors of production become variable.
(ii) There are neither fixed inputs nor fixed costs in the long run.
(iii) Long run average cost (LAC) is equal to long run total costs divided by the level of output.

(iv) $\boxed{LAC = \frac{LTC}{Q}}$

Where, LAC-Long run Average Cost,

LTC - denotes Long run total cost and Q-denotes, quantity of output.

- (v) The LAC curve is derived from short run average cost curves.
- (vi) It is the locus of points denoting the least cost curve of producing the corresponding output.
- (vii) The LAC curve is called as 'Plant Curve' or 'Boat Shape Curve' or 'Planning Curve' or 'Envelope Curve'.



In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What is Economic cost?

- Ans. (i)** It refers to all payments made to the resources owned and purchased.
- (ii) It is the summation of explicit and implicit costs.
- (iii) Economic Cost = Implicit Cost + Explicit Cost.

2. What is prime cost?

- Ans. (i)** All costs that vary with output, together with the costs of administration are known as prime cost.
- (ii) In shorts, prime cost = variable costs + costs of administration.

3. Give example for fixed cost.

- Ans. (i)** Rent of the factory.
- (ii) Watchman's wages.
- (iii) Permanent worker's salary.
- (iv) payments for minimum equipments and machines insurance premium.
- (v) Deposit for power.
- (vi) License fee etc.

- (iii) Cost minimization implies that the costs of inputs have to be reduced for the purpose.
- (iv) The costs of inputs include the prices of raw materials, wages and salaries of labour, expenditure on machinery and equipments, depreciation on machines etc.

Board Examination Expected Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

1. What is Average Revenue?

- Ans. (i)** Average revenue is the revenue per unit of the commodity sold.
- (ii)** It is calculated by dividing the Total Revenue (TR) by the number of units sold (Q).
- (iii)** $AR = TR/Q$

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. 3 MARKS

1. Explain Average cost with the help of diagram.

Ans. (i) It refers to the total cost per unit of output.

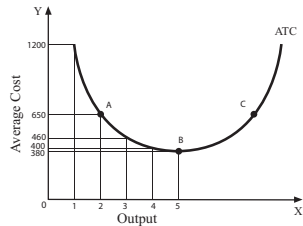
(ii) $ATC = TC/Q$ (or)

(iii) $ATC = AFC + AVC$

(iv) ATC curve is also a 'U' shaped curve.

(v) Initially the ATC declines reaches a minimum when the plant is operated optimally, and rises beyond the optimum output.

(vi) The 'U' shape of the AC reflected the law of the variable proportions.



This material only for sample

5. MARKET STRUCTURE AND PRICING

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Define Market.

Ans. In Economics, the term 'Market' refers to a system of exchange between the buyers and sellers of a commodity.

2. Who is price-taker? [BEQ]

Ans. (i) A firm under perfect competition is a price taker, not a price-maker.

(ii) It takes the price of the product from the industry.

3. Point out the essential features of pure competition.

Ans. (i) Large number of buyer and sellers.

(ii) Homogeneous product and uniform price.

(iii) Free Entry and Exit

(iv) Absence of transport cost.

(v) Perfect knowledge of the market.

4. What is selling cost? [BEQ]

Ans. (i) We can infer that the producer under monopolistic competition has to incur expenses to popularise his brand.

(ii) The expenditure involved in selling the product is called selling cost.

(iii) The cost incurred in order to alter "the position or shape of the demand curve for a product"

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2. What is Monopoly? Can a monopolist sell more of his commodity at a higher price.

- Ans. (i)** Monopoly is a form of market where there is a single seller selling a particular commodity for which there are no close substitute.
- (ii)** A monopoly is a one firm Industry. Therefore, a firm under monopoly faces a downward sloping demand curve (or) AR curve, since under monopoly AR falls, as more units of output are sold.
- (iii)** The monopolist will continue to sell his product as long as his $MR > MC$.
- (iv)** He attains equilibrium at the level of output when its MC is equal to MR.
- (v)** Beyond this point, the producer will experience loss and hence will stop selling.

Board Examination Expected Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. 2 MARKS

1. Classify the market on the basis of time.

- Ans. (i)** Very short period (or) Market Period
- (ii)** Short period
- (iii)** Long period
- (iv)** Very long period (or) Secular period

2. What is Monopoly?

- Ans. (i)** Monopoly has been derived from two words 'Mono' - single, 'poly' - to control.
- (ii)** Monopoly is a market situation in which there is only one seller.
- (iii)** There is no scope for competition.

This material only for sample

6. DISTRIBUTION ANALYSIS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What is meant by distribution? [BEQ]

Ans. (i) Distribution means division of income among the four factors of production.

(ii) For Example : Rent to landlords, wage to labourer, interest to capital and profit to entrepreneurs.

2. Mention the types of distribution.

Ans. (i) Personal distribution : It is the distribution of national income among the individuals.

(ii) Functional distribution : It means the distribution of income among the factors of production.

3. Define 'Rent'.

Ans. Rent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil.

4. Distinguish between real and money wages. [BEQ]

Ans. (i) Nominal wages are referred to the wages paid in terms of money.

(ii) Money wages also called as nominal wages.

(iii) Real wages are the wages paid in terms of goods and services.

5. What do you mean by interest?

Ans. (i) Interest is the reward paid by the borrower to the lender for the use of capital.

(ii) Interest is the price paid for the use of capital in any market.

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Criticism :

- (i) This theory ignores the element of risk taking, uncertainty and dynamic changes.
- (ii) It does not explain the monopoly profit.

7. Write a note on Risk-bearing Theory of Profit. [BEQ]

- Ans. (i)** According to F.B. Hawley, profit is the reward for "risk taking" in business.
- (ii) Risk taking is an essential function of the entrepreneur.
 - (iii) Unless the entrepreneur receive the reward he won't undertake the risks.
 - (iv) Higher the risks provides higher profit.
 - (v) Every entrepreneur produces goods in anticipation of demand if it is correct he gets profit otherwise he gets loss.

Criticism :

- (i) Risk theory ignores the elements of uncertainty, innovation and dynamic changes.
- (ii) It does not explain the monopoly profit.
- (iii) It fails to explain the quantum of profit.

In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. What is functional distribution?

- Ans. (i)** Functional distribution means the distribution income among the four factors of production.
- (ii) The four factors of production are land, labour, capital and organisation.

2. What do you mean by wages?

- Ans. (i)** Wage is the price paid to the labourer for the services rendered.
- (ii) Wage may be paid daily, weekly and monthly etc.

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Write down the criticisms of marginal productivity theory of distribution?

- Ans. (i)** In reality, the factors of production are not homogeneous.
(ii) In practice, factors cannot be substituted for each other.
(iii) This theory is applicable only in the long run.

2. What do you mean by transfer of earning?

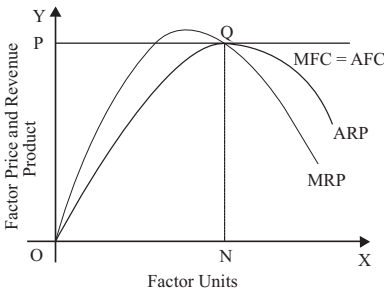
- Ans. (i)** Rent is the difference between the actual earnings of a factor of production and its transfer earning.
(ii) $\text{Rent} = \text{Actual earning} - \text{Transfer earning}$.
(iii) The minimum payment that has to be made to a particular factor of production to retain it in its present use is known as transfer of earnings.

Board Examination Expected Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Draw a diagram of marginal productivity under perfect competition?

Ans. Marginal Productivity of Theory of Distribution



This material only for sample

7. INDIAN ECONOMY

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Write the meaning of Economic Growth.

Ans. (i) A country's economic growth is usually measured by National Income indicated by gross domestic product (GDP).

(ii) The GDP is the total monetary value of the goods and services produced by that country over a specific period of time. (usually one year)

2. State any two features of developed economy. **[BEQ]**

Ans. (i) High National Income

(ii) High percapita Income

3. Write the short note on natural resources.

Ans. (i) Any stock or reserve that can be drawn from nature is a Natural resources.

(ii) The major natural resources are land, forest, water, mineral and energy.

(iii) India is rich in natural resources.

4. Point out any one feature of Indian Economy. **[BEQ]**

Ans. Agriculture is an important sector of Indian economy as it contributes about 17% to the total GDP and provides employment to over 60% of the population.

5. Give the meaning of non-renewable energy.

Ans. Non-Renewable resources that cannot be regenerated. E.g. Fossil Fuels, Coal, Petroleum, Minerals etc.

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- (ii) Amartya Sen occupies a unique position among modern economics.
- (iii) He is an outstanding economic theorist, a world authority on social choice and welfare economics.
- (iv) The major contributions of Amartya Sen have come in the field of social welfare and development economics.

7. Explain social infrastructure.

[BEQ]

- Ans.**
- (i) Social infrastructure refers to those structures which are improving the quality of manpower and contribute indirectly towards the growth of an economy.
 - (ii) These structure are outside the system of production and distribution.
 - (iii) The development of these social structures help in increasing the efficiency and productivity of man power.
 - (iv) For examples schools, colleges, hospitals and other civic amenities.
 - (v) It is a fact that one of the reasons for the low productivity of Indian workers is the lack of development of social infrastructure.

In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES.

2 MARKS

1. What is meant by excellent human capital?

Ans. This means that India is a pride owner of the maximum percentage of youth which is also an indicator of the growth.

2. Write any five features of developed economy?

- Ans.**
- (i) High national income.
 - (ii) High percapita income
 - (iii) High standard of living.
 - (iv) Full employment of resources
 - (v) High level of technology.

6. Give a note a Twelfth Five Year Plan.

- Ans. (i)** Its main theme is “Faster, More Inclusive and Sustainable Growth”.
- (ii)** Its growth rate target is 8%.
- (iii)** These plans had guided the Government as to how it should utilise scarce resources.
- (iv)** It is worthy to mention here that Indian Government adopted the concept of five year plans from Russia.

7. What is PQLI?

[BEQ]

- Ans. (i)** PQLI is a measure to calculate the quality of life (well being of a country).
- (ii)** He included three indicators such as life expectancy, infant mortality rate and literacy rate.
- (iii)** A scale of each indicator ranges from the number 1 to 100.
- (iv)** Number 1 represents the worst performance by any country.
- (v)** 100 is the best performance.

In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES.

2 MARKS**1. What are the classification of public sector banks?**

Ans. Public sector banks are classified into 2 catagories. They are,

- (i)** Nationalised Banks
- (ii)** State Bank and its Associates.

2. Write down the some service enterprises?

- Ans. (i)** Micro Service Enterprises
- (ii)** Small Service Industries
- (iii)** Medium Service Enterprises

3. What is Medium Scale Industries?

- Ans. (i)** The industries which produce the goods in a large amount.
- (ii)** An Industry which using the improved technology, efficient man-power and more capital are known as medium and large scale industries.

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3. What is Mahalanobis model?

Ans. The main focus on industrial development of country is called mahalanobis model.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. Explain the small scale industries in Indian economy.

- Ans. (i)** Small scale industries play an important role in an Indian economy in many ways.
- (ii)** 60 to 70% of the total innovations in India comes from the SSIs.
- (iii)** Small Scale Industries provide employment, Balanced regional development, optimisation of capital, utilize the local resources, promote exports, to meet consumer demand, to develop entrepreneurship, complement to large scale industries.

2. What do you know about Green Revolution?

- Ans. (i)** The term Green Revolution refers to the renovation of agricultural practices.
- (ii)** During 1960's the traditional agricultural practices were gradually replaced by modern technology and agricultural practices.
- (iii)** The new technology was tried in 1960 - 61 as a pilot project in seven districts.

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9. DEVELOPMENT EXPERIENCES IN INDIA

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Why was structural reform implemented in Indian Economy?

Ans. (i) India suffered from the twin problems of rampant poverty and widespread unemployment.

(ii) Indian economy responded to the crisis by introducing a set of policies known as structural reforms.

(iii) These policies were aimed at correcting the weaknesses and rigidities in the various sector of the economy.

2. State the reasons for implementing LPG.

Ans. Basic reasons behind liberalization, privatization could be summarized as nations believe that globalization and nation - states are not in contradiction.

3. State the meaning of Privatization. [BEQ]

Ans. (i) Privatization means transfer of ownership and management of enterprises from public sector to private sector.

(ii) Denationalization, disinvestment and opening exclusive public sector enterprises to private sector are the gate ways to privatization.

4. Define disinvestment.

Ans. Disinvestment means selling of government securities of Public Sector Undertaking (PSUs) to other PSUs or private sectors (or) banks.

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5. Write three policy initiative introduced in 1991-92 to correct the fiscal imbalance.

Ans. The important policy initiatives introduced in the budget for the year 1991 - 92 for correcting the fiscal imbalance were reduction in fertilizer subsidy, abolition of subsidy on sugar and disinvestment of a part of the governments equity holdings in select public sector undertakings.

6. State the meaning of Special Economic Zones.

Ans. A special economic zone in which business and trade laws different from the rest of the country sez are located within a country's national borders, and their aims include increased trade, increased investment, job creation and effective administration.

7. State the various components of Central sector schemes under post-harvest measures. [BEQ]

Ans. The ministry of food processing Industries (MOFPI) has implemented various components of central sector schemes, namely :

- (i) Mega Food Parks
- (ii) Scheme for Quality Assurance.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. How do you justify the merits of Privatisation? [BEQ]

Ans. (i) Privatization was necessitated because it has given enough opportunities to contribute to the growth of the economy.

(ii) The governmental support was assured to the private sector for the speedy implementation of the policy.

(iii) Such measures paved the way for modernization and diversification of the economy.

2. What are the measures taken towards Globalization?

Ans. (i) Import liberalization through reduction of tariff and non tariff barriers. Opening the doors to Foreign Direct Investment.

(ii) Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are some of the measures towards globalization.

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10. RURAL ECONOMICS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Define Rural Economy.

Ans. (i) Rural areas are geographical areas located outside towns and cities.

(ii) Rural economy refers to villages and rural community refers to people living in villages.

2. What do you mean by Rural Development? **[BEQ]**

Ans. Rural Development is defined as an overall improvement in the economies and social well being of villagers and the institutional and physical environment in which they live.

3. Rural Poverty - Define. **[BEQ]**

Ans. (i) Rural poverty refers to the existence of poverty in rural areas.

(ii) Poverty in India has been defined as the situation in which an individual fails to earn sufficient income to buy the basic minimum of subsistence.

4. Define Open Unemployment.

Ans. (i) In Open Unemployment, unemployed persons are identified as they remain without work.

(ii) This type of unemployment is found among agricultural labourers, rural artisans and literate persons.

5. What is meant by Disguised Unemployment?

Ans. (i) It is difficult to identify who are under employed.

(ii) Many are employed below their productive capacity and even if they are withdrawn from the work the output will not diminish.

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- (iv) Improvements in education, health and sanitation in villages can help avoid many urban problems namely begging, rick picking and road side slumming.
- (v) In order the better utilise the unused and under-utilised resources, there is a need to develop the rural economy.

2. Explain the causes for Rural Backwardness. [BEQ]

Ans. (i) The distribution of land is highly skewed in rural areas.

(ii) Non-farm employment opportunities do not match the increasing labour force.

(iii) The root cause of rural poverty in our country is lack of public sector investment on human resource development.

(iv) Steady increase in prices affects the purchasing power of the rural poor leading to rural poverty.

(v) Low productivity of rural labour and farm activities is a cause as well as the effect of poverty.

3. Enumerate the remedial measures to Rural poverty.

Ans. (i) Creation of employment opportunities.

(ii) To help the poor to become more productive.

(iii) Necessary changes in the economic structure as well as occupational structure.

(iv) Control the unproductive expenditures by villagers.

(v) Effective implementation of assets.

(vi) Equitable distribution of credit to the rural farmers.

4. What are the remedial measures for Rural Unemployment?

Ans. A few remedial measures are listed below. [BEQ]

Control on raising population :

Rural people should be taught the benefits of smaller families.

Subsidiary Occupation :

To reduce the seasonal unemployment and to adopt subsidiary occupations.

Technical Education :

Employment oriented courses should be introduced in schools and colleges.

- (ii) Large masses of the Indian poor continue to fight hopeless and constantly losing the battle for survival and health.

5. Explain about micro scale enterprise.

Ans. Enterprises having not exceeding Rs. 25 Lakhs investment in plant and machinery and service sector industries having not exceeding Rs. 10 Lakhs investment in equipments.

6. What are rural industries?

- Ans. (i)** Rural Industries embrace all industries which are run by rural people in rural areas.
- (ii) The industries are based primarily on the utilization of locally available raw materials skills and small amount of capital.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. What are the features of rural Indebtedness?

- Ans. (i)** Nearly three fourth of rural families in the country are in debt.
- (ii) The amount of debt is heavier in the case of small farmers.
- (iii) Cultivators are more indebted than the non-cultivators.
- (iv) Most of the debts taken are short term and of unproductive nature.
- (v) The proportion of debts having higher rates of interest.
- (vi) Most of the villagers are indebted to private agencies particularly money lenders.

2. What are the functions of National Rural Health Mission?

- Ans. (i)** NRHM focuses on reproductive, maternal newborn, child health and adolescent services.
- (ii) It recognises the inextricable linkages between adolescent health, family planning, maternal health and child survival.
- (iii) The key features of the mission include making the public health delivery system fully functional and accountable to the community.

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. How is gender related development index constructed?

Ans. GDI adjusts the HDI to reflect the inequalities between men and women. The three measures used to related are,

- (i) Female life expectancy
- (ii) Female adult literacy and gross enrolment ratio.
- (iii) Female per capita income.

2. What do you mean by Agro-based industries?

Ans. (i) These industries are based on the processing of agricultural produce.

- (ii) These industries tend to develop household settlements around them as they employ more labour on a regular basis.

3. What is rural roads and rural transport?

Ans. (i) Rural roads constitute the very life line of rural economy.

- (ii) To get the benefits of well - constructed road network is rural areas are called rural transport.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH. **3 MARKS**

1. 'Information technology plays a very significant role in achieving sustainable development and food-security'-comment.

Ans. (i) Information technology plays a very significant role in achieving sustainable development and food security.

- (ii) Governments can predict areas of food insecurity and vulnerability using appropriate information and software tools so that action can be taken to prevent or reduce the likelihood of an emergency.

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11. TAMIL NADU ECONOMY

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. State any two districts with favorable sex ratio. Indicate the ratios.

Ans. (i) The Nilgiris District (1041 females per 1000 males).
(ii) Thanjavur District (1031 females per 1000 males)
The favorable sex is females.

2. Define GSDP. [BEQ]

Ans. The gross state domestic product refers to the total money value of all the goods and services produced annually in the state.

3. Mention any four food crops which are favourable to Tamil Nadu.

Ans. Tamil Nadu ranks first in maize, cumbu, groundnut, oil seeds and cotton.

4. What are major ports in Tamil Nadu? [BEQ]

Ans. Tamil Nadu has three major ports at Chennai, Ennore, and Tuticorin as well as one intermediate port in Nagapattinam.

5. What is heritage tourism? [BEQ]

Ans. Meenakshi Amman temple at Madurai, Sri Ranganatha Swamy temple at Srirangam, Brihadisvara temple in Thanjavur and Monuments in Mahabalipuram are world Heritage sites declared by UNESCO.

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5. Explain the prospect for development of tourism.**Ans. Tourism :**

- (i) Tourism in Tamil Nadu is promoted by Tamil Nadu Tourism Development Corporation (TTDC), a Government of Tamil Nadu undertakings.
- (ii) The state currently ranks the highest among India states with about 25 crores arrivals in 2013.
- (iii) Approximately 28 lakhs foreign and 11 crore domestic tourists visit the state.

(a) Religious Tourism :

- (1) The Brihadishwara Temple in Thanjavur, and the Shore Temple, along with the collection of other monuments in Mahabalipuram have been declared as UNESCO world Heritage sites.
- (2) Madurai is home to the Madurai Meenakshi Amman Temple.

(b) Hill Resorts Tourism :

- (1) Tamil Nadu is also home to hill stations like Udhaigamandalam (Ooty), Kodaikkanal, Yercaud, Coonoor, Topslip, Valparai, Yelagiri and Manjolarai.
- (2) The Nilgiri hills, Palani hills, Shevaroy hills, Kolli hills and Cardamom hills are all abodes of thick forests and wildlife.
- (3) Tamil Nadu has many National Parks, Biosphere Reserves, Wildlife Sanctuaries, Elephant and Bird Sanctuaries, Reserved Forests, Zoo and Crocodile farms.

(c) Medical Tourism :

With advanced medical care in Chennai, Vellore, Coimbatore and Madurai, Tamil Nadu attracts tourists even from foreign countries for treatment.

6. What are the renewable sources of power in Tamil Nadu?*[BEQ]*

Ans. (i) Tamil Nadu is in the forefront of all other Indian States in installed capacity.

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- (ii) Muppandal wind farm is a renewable energy source, supplying the villagers with electricity for work.
- (iii) Wind farms were built in Nagercoil and Tuticorin apart from already existing ones around Coimbatore, Pollachi, Dharapuram and Udumalaipettai.
- (iv) These areas generate about half of India's 2,000 megawatts of wind energy or two percent of the total power output of India.

7. Describe the performance of Tamil Nadu economy in health.

- Ans. (i)** Tamil Nadu has a three - tier health infrastructure comprising hospitals, primary health centres, health units, community health centres and sub centres.
- (ii) As of March 2015, the state had 34 district hospitals, 229 sub-divisional hospitals, 1254 primary health centres, 7,555 sub-centres and 313 community health centres.
- (iii) The Tamil Nadu vision 2023 envisages an investment of 2.3 billion US Dollars for creating an upgrading the existing medical facilities, skill development and other facilities.

In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. Write a short note on mining project in Tamil Nadu?

Ans. Tamil Nadu has a few mining projects based on Titanium, Lignite, Magnesite, Graphite, limestone, Granite and Baxite.

2. Write a note on Urbanisation.

Ans. Tamil Nadu is the most urbanised state with 48.4% of urban population against 31.5% for India as a whole.

3. What is the position of Tamil Nadu in sex ratio?

Ans. Tamil Nadu stands third position next only to Kerala state and Pudhucherry Union Territory in sex ratio.

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4. What are the top 3 rank crops in Tamilnadu?

- Ans. (i)** Tamilnadu ranks first in - Maize, Cumbu, Groundnut, Oil seeds and Cotton.
- (ii)** Second rank in - Rice and Coconut
- (iii)** Third rank in - Sugarcane, Sunflower and Jowar.

ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. Explain about air transport in Tamil Nadu.

- Ans. (i)** Tamil Nadu has four major international airports.
- (ii)** Chennai international airport is currently the third largest airport in India after Mumbai and Delhi.
- (iii)** Other International Airports in TamilNadu include Coimbatore International Airport, Madurai International Airport and Tiruchirapalli International Airport.
- (iv)** It also has domestic airports at Tuticorin, Salem and Madurai which connect several parts of the country.
- (v)** Increased industrial activity has given rise to an increase in passenger traffic as well as freight movement which has been growing at over 18-percent per year.

Higher Order Thinking Skills (HOTS)

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES.

2 MARKS

1. What is the gross export earning of Tamilnadu?

- Ans. (i)** Tamilnadu is the largest textile hub of India.
- (ii)** The textile industry plays a significant role in the Indian economy by providing direct employment to an estimated 35 million people and thereby contributing 4% of GDP and 35% of gross export earnings.

2. Which is called pump city? Why?

- Ans.** Coimbatore is also called as “the pump city” because it supplies to thirds of India’s requirement of motor and pumps.

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12. MATHEMATICAL METHODS FOR ECONOMICS

Textual Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. If $62 = 34 + 4x$ what is x ? [BEQ]

Solution :

$$62 = 34 + 4x$$

$$62 - 34 = 4x$$

$$28 = 4x$$

$$\therefore x = \frac{28}{4} = 7$$

2. Given the demand function $q = 150 - 3p$, derive a function for MR.

Solution :

Demand function $q = 150 - 3p$, MR = ?

$$\frac{dq}{dp} = -3$$

$$\eta_d = \frac{-p}{q} \frac{dq}{dp} = \frac{-p}{150 - 3p} (-3)$$

$$= \frac{3p}{150 - 3p}$$

$$MR = p \left[1 - \frac{1}{\eta_d} \right] = p \left[1 - \frac{1}{\frac{3p}{150 - 3p}} \right]$$

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$$\begin{aligned}\Delta x_2 &= \begin{bmatrix} 1 & 2 & 1 \\ 1 & 0 & -1 \\ -1 & 6 & -1 \end{bmatrix} \\ &= 1(0+6) - 2(-1-1) + 1(6-0) \\ &= 6 - 2(-2) + 1(6) \\ &= 6 + 4 + 6\end{aligned}$$

$$\therefore \Delta x_2 = 16$$

$$\begin{aligned}\Delta x_3 &= \begin{bmatrix} 1 & -1 & 2 \\ 1 & 1 & 0 \\ -1 & -1 & 6 \end{bmatrix} \\ &= 1(6-0) + 1(6-0) + 2(-1+1) \\ &= 6 + 6 + 0\end{aligned}$$

$$\therefore \Delta x_3 = 12$$

$$x_1 = \frac{\Delta x_2}{\Delta} = \frac{-4}{-4} = 1$$

$$x_2 = \frac{\Delta x_2}{\Delta} = \frac{16}{-4} = -4$$

$$x_3 = \frac{\Delta x_3}{\Delta} = \frac{12}{-4} = -3$$

$$\therefore x_1, x_2, x_3 = (1, -4, -3)$$

5. If a firm faces the total cost function $TC = 5 + x^2$ where x is output, what is TC when x is 10?

Solution :

$$TC = 5 + (10)^2 = 5 + 100$$

$$\therefore TC = 105$$

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6. If $TC = 2.5q^3 - 13q^2 + 50q + 12$ derive the MC function and AC function.

Solution :

$$\frac{dc}{dq} = \text{M.C.}$$

$$\text{A.C} = \frac{\text{Total cost}}{\text{output}}$$

$$\frac{dc}{dq} = 2.5(3)q^2 - (13 \times 2)q + 50$$

$$\text{M.C} = 7.5q^2 - 26q + 50$$

$$\text{A.C} = \frac{2.5q^3 - 13q^2 + 50q + 12}{q}$$

$$= \frac{2.5q^3}{q} - \frac{13q^2}{q} + \frac{50q}{q} + \frac{12}{q}$$

$$\therefore \text{A.C} = 2.5q^2 - 13q + 50 + \frac{12}{q}$$

7. What are the steps involved in executing a MS Excel sheet?

Ans. (i) Plan the keystrokes needed to complete the tasks.

(ii) Click Tools.

(iii) Assign a Name for the Macro.

(iv) Assign a shortcut key for the Macro.

(v) Click Ok.

(vi) Perform the steps needed to create your report.

(vii) Click on the stop button on the Macro toolbar to stop recording and save the Macro.

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In-Text Questions

ANSWER THE FOLLOWING QUESTIONS IN ONE OR TWO SENTENCES. **2 MARKS**

1. If $124 = 68 + 8x$ what is x ?

Solution :

$$124 = 68 + 8x$$

$$124 - 68 = 8x$$

$$56 = 8x$$

$$x = \frac{56}{8}$$

$$\therefore x = 7$$

2. Find the slope of the function $Y = 9x^3$ for any value of x .

Solution :

Given $Y = 9x^3$

$$\text{Slope} = \frac{dy}{dx}$$

$$\frac{dy}{dx} = 9(3) x^{3-1}$$

$$= 27x^2 \text{ for any value of } x.$$

3. What is the slope function $Y = 10x^4$ when $x = 5$ =?

Solution :

Given function $Y = 10x^4$

$$\text{Slope} = \frac{dy}{dx}$$

$$\frac{dy}{dx} = 10(4) x^{4-1}$$

$$= 40x^3$$

$$= 40(5)^3$$

$$= 40 \times 125$$

$$\text{Slope is} = 5,000$$

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4. Given the total cost function. $TC = 30 + 6Q^2 + 14Q^3$ drive the marginal cost function.

Solution :

$$TC = 30 + 6Q^2 + 14Q^3$$

$$MC = \frac{d(30)}{dQ} + \frac{d(6Q^2)}{dQ} + \frac{d(14Q^3)}{dQ}$$

$$= 0 + 6(2)Q^{2-1} + 14(3)Q^{3-1}$$

$$MC = 12Q + 42Q^2$$

5. Given $TR = 20Q - 2Q^2$, find marginal revenue when $Q = 3$.

Solution :

$$TR = 20Q - 2Q^2$$

$$\therefore Q^0 = 1$$

$$MR = 20(1)Q^{1-1} - 2(2)Q^{2-1}$$

$$= 20Q^0 - 4Q^1$$

$$= 20(1) - 4Q$$

$$= 20 - 4Q$$

When $Q = 3$

$$MR = 20 - 4Q$$

$$= 20 - 4(3)$$

$$= 20 - 12$$

$$MR = 8$$

6. What are the five phases of information and communication technology (ICT) = ?

Ans. The evaluation of ICT has five phases. They are :

- (a) Computer (b) PC
(c) Microprocessor (d) Internet and
(e) Wireless links.

7. What is MS word?

Ans. MS word is a word processor, which helps to create, edit, print and save documents for future retrieval and reference.

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ANSWER THE FOLLOWING QUESTIONS IN ONE PARAGRAPH.

3 MARKS

1. Find the equation of a straight line which passes through two points (2,2) and (4,-8) which are (x_1, y_1) and (x_2, y_2) respectively.

*Solution :*Here $x_1 = 2, x_2 = 4, y_1 = 2, y_2 = -8$

Formula for construction of

$$\text{straight line} = \frac{y - y_1}{y_2 - y_1} = \frac{x - x_1}{x_2 - x_1}$$

Applying the values,

$$= \frac{y - 2}{-8 - 2} = \frac{x - 2}{4 - 2}$$

$$= \frac{y - 2}{-10} = \frac{x - 2}{2}$$

$$2(y - 2) = -10(x - 2)$$

$$2y - 4 = -10x + 20$$

$$2y = -10x + 20 + 4$$

$$2y = -10x + 24$$

$$y = \frac{-10x + 24}{2}$$

$$y = -5x + 12$$

-5 is slope, denoted by M or b, 12 is y intercept, on constant denoted by a

This is $y = Mx + c$ or $y = a + bx$

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$$\begin{aligned}y &= \frac{\Delta y}{\Delta} \\ &= \frac{11^1}{-11} \\ y &= -1\end{aligned}$$

$$\therefore x = 4, y = -1$$

3. What are the features of word processor?

Ans. The features of word processor are :

- (i) Document can be created, copied, edited and formatted.
- (ii) Words and sentences can be inserted, changed or deleted.
- (iii) Formating can be applied.
- (iv) Margins and Page size can be adjusted.
- (v) Spell check can be availed.
- (vi) Multiple documents - files can be merged.

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This material only for sample

11th Standard

ECONOMICS

5 Marks

1. INTRODUCTION TO MICRO-ECONOMICS

Textual Questions

1. Compare and contrast various definitions of Economics.

[GMQP-2018; QY-2018]

Ans. Marshall's Definition vs. Robbin's Definition

Marshall's Definition	Robbin's Definition
"Economics is the study of man in the ordinary business of life." It examines that part of individual and social action, which is most closely connected with the attainment and with the use of material requisites of well being.	"Economic is the science which studies human behaviour as a relationship between multiple ends and scarce means, which have alternative uses".

Similarities between Robbins & Marshall's Definition.

Human Behaviour :

- (i) Both the definitions are concerned with human behaviour.
- (ii) Marshall's and Robbin's definitions are concentrate on optimization.
- (iii) According to Marshall, wealth is the basic source of maximisation of material welfare. Robbins is of the opinion that maximize our satisfaction by scarce resources.

[1]

Explanation :

- (i) The quantity of food is shown on X-axis and No. of Cars on the Y - axis.
- (ii) The different six production possibilities are being shown as point P_1, P_2, P_3, P_4, P_5 & P_6 .
- (iii) The production possibility curve P_1 to P_6 .
- (iv) The locus of points of the different possibilities of production of two commodities which a firm or an economy can produce, with the help of given resources and the techniques of production.
- (v) Points lying inside the curve like P_1 are attainable by the society but these points resources production are not fully employed.
- (vi) Shift of Production Possibility Curve the PPC shifts upward or downward due to.
 - The change in the supply of productive resources.
 - The change in the state of technology.
 - This outward shift of the PPC is the features of economic growth.

In-Text Questions**1. Explain the stable equilibrium with the help of diagram.**

Ans. (i) Prof. Stigler states that "equilibrium is a position from which there is no net tendency to move".

- (ii) Its referred to as disequilibrium.
- (iii) Consumer's equilibrium occurs when he gets maximum satisfaction.
- (iv) The equilibrium of the producer occurs when he get maximum profit.
- (v) Thus static equilibrium is based on given and constant prices, quantities, income, technology, population etc.

3. Explain the merits of production possibility curve.**Ans. Merits of production possibility curve :** [QY-2018]

- ◆ The problem of choice
- ◆ The Notion of Scarcity
- ◆ Solution of central problems

1. The problem of choice :

The problem of choice arise because of the given limited resources and unlimited wants, may relate to the allocation of resources between the goods for the higher income group and the lower income group and the goods for the defense and the civilians. Since PPC is the locus of the combination of the goods the problem of choice will not arises when we choose any point on PPC.

2. The Notion of Scarcity :

We can explain the notion of scarcity with the help of PPC. We know that every society possesses only a specific amount of resources, which can produce only limited amount of output even with the help of best technology. Economic scarcity of best fact of life.

3. Solution of central problems :

The central problems of an economy can be explained with the help of PPC. The solution of problem of what to produce involves the decision regarding the choice of location on the production possibility curves.

Higher Order Thinking Skills (HOTS)**1. Economics is a science or an art? Explain.**

Ans. (i) We no longer ask the question whether economics is a science or an art.

(ii) Science is a systematized body of knowledge.

(iii) Just as physics and chemistry are sciences, economics is also a science.

(iv) We observe facts, conduct experiments and make generalizations in physics and chemistry after testing the results.

This material only for sample

2. CONSUMPTION ANALYSIS

Textual Questions

1. Explain the law of demand and its exceptions.

Ans. Law of Demand :

[First Mid-18]

The Law of Demand was first stated by Augustin Cournot in 1838. Later it was refined and elaborated by Alfred Marshall.

Definitions :

The Law of Demand says as “the quantity demanded increases with a fall in price and diminishes with a rise in price”.

Assumptions :-

- (i) The income of the consumer remains constant.
- (ii) The taste, habit and preference of the consumer remain the same.
- (iii) The price of other related goods should not change.
- (iv) No substitute for the commodity.
- (v) Demand for the commodity must be continuous.
- (vi) No change in the quality of the commodity.

If there is change in one of these above assumptions the law will not operate.

Table 2.4 Demand Schedule

Price	Quantity Demanded
5	1
4	2
3	3
2	4
1	5

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(iv) Arc Method :-

- (1) Segment of the demand curve between two points is known as an Arc method.

$$(2) \quad EP = \frac{Q_1 - Q_2}{Q_1 + Q_2} \div \frac{P_1 - P_2}{P_1 + P_2}$$

$$= \frac{\Delta Q}{Q_1 + Q_2} \div \frac{\Delta P}{P_1 + P_2} \uparrow \downarrow = \frac{\Delta Q}{Q_1 + Q_2} \times \frac{P_1 + P_2}{\Delta P}$$

$$EP = \frac{\Delta Q}{\Delta P} \times \frac{P_1 + P_2}{Q_1 + Q_2}$$

Q_1	=	Original Quantity
Q_2	=	New Quantity
Δ	=	Change
P_1	=	Original Price
P_2	=	New Price

In-Text Questions

1. Explain the condition of consumer's equilibrium using indifference curve analysis.

Ans. (i) In terms of indifference curve analysis, the consumer achieves his optimum choice when he strikes a balance between what he wishes to buy and what he can buy.

- (ii) According to indifference curve analysis, a consumer is in equilibrium at a point, where the slope of the indifference curve is equal to the slope of budget line.

- (iii) Condition of consumer's Equilibrium

$$MRS_{xy} = \frac{P_x}{P_y}$$

Board Examination Expected Questions

1. Explain the characteristics of Human Wants.

Ans. (i) Wants are unlimited :

- (1) Human wants are countless in number and various in kinds. When one want is satisfied another want crops up.
- (2) Human wants multiply with the growth of civilization and development.

(ii) Wants become habits :

- (1) Wants become habits; for example, when a man starts reading news paper in the morning, it becomes a habit.
- (2) Same is the case with drinking tea or chewing pans.

(iii) Wants are Satiabale :

- (1) Though we cannot satisfy all our wants, at the same time we can satisfy particular wants at a given time.
- (2) When one feels hungry, he takes food and that want is satisfied.

(iv) Wants are Alternative :

There are alternative ways to satisfy a particular want eg. Idly, dosa or chappathi.

(v) Wants are Competitive :

- (1) All our wants are not equally important. So, there is competition among wants.
- (2) Hence, we have to choose more urgent wants than less urgent wants.

(vi) Wants are Complementary :

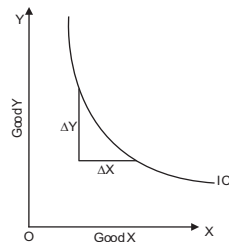
- (1) Sometimes, satisfaction of a particular want requires the use of more than one commodity.
- (2) Example: Car and Petrol, Ink and Pen.

(v) Wants are Competitive :

- (1) All our wants are not equally important. So, there is competition among wants.
- (2) Hence, we have to choose more urgent wants than less urgent wants.

(vi) Wants are Complementary :

- (1) Sometimes, satisfaction of a particular want requires the use of more than one commodity.
- (2) Example: Car and Petrol, Ink and Pen.

Higher Order Thinking Skills (HOTS)**1. Explain the properties of Indifference curve with diagrams.****Ans. (i)** Indifference curve slope downwards to the right.**(ii)** Indifference curves are convex to the origin.**(iii)** No two indifference curves can ever cut each other.**All indifference curves slope downwards from left to the right :****(i)** The downward slope of indifference curve must be attributed to the fact that consumer in substituting good X by good. Y, increases the amount of Y and reduces the amount of X.**(ii)** The indifference curve were horizontal line running parallel to X axis then the combinations which it represents is the same amount of Y but more and more of X.**(iii)** In the case the satisfaction from the combination will not be equal.**All indifference curves are convex to the origin :****(i)** The operation of a principle known as 'Diminishing' Marginal Rate of Substitution.**(ii)** X axis represents the commodity of X.**(iii)** Y axis represents commodity of Y.

This material only for sample

3. PRODUCTION ANALYSIS

Textual Questions

1. Examine the Law of Variable Proportions with the help of diagram.

Ans. Definition :

According to G.Stigler, As equal increments of one input are added, the inputs of other productive services being held constant, beyond a certain point the resulting increment of products will decrease, i.e the marginal products will diminish.

Assumptions:

- (i) Only one factor is variable while others are held constant.
- (ii) All units of the variable factor are homogeneous.
- (iii) The product is measured in physical units
- (iv) No change in the state of technology.
- (v) No change in the price.

Units of variable factor	Total Product (TP_L)	Marginal Product (MP_L)	Average	Stages
1	2	2	2	I
2	6	4	3	
3	12	6	4	
4	16	4	4	II
5	18	2	3.6	
6	18	0	3	III
7	16	-2	2.28	

Diagram Explanation :

The number of worker is measured on, X-axis, TP_L , AP_L and MP_L are denoted on Y-axis.

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In-Text Questions

1. What are the Characteristics of Labour?

- Ans. (i)** Labour is the animate factor of production.
- (ii)** It is an active factor of production
- (iii)** Labour implies several types
- (iv)** Labour is perishable
- (v)** Labour is inseparable from the labourer
- (vi)** Labour is less mobile between places and occupations.
- (vii)** Labour is a means as well as ends
- (viii)** Labour units are heterogeneous.
- (ix)** Supply of labour determines its reward
- (x)** Individual labour has weak bargaining power.

2. What are the factors determining supply?

Ans. (i) Price of the commodity :

Higher the price larger the supply. Price is the incentive for the producers and sellers to supply more.

(ii) Price of other commodities :

The supply of a commodity depends not only upon its price but also price of other commodities. For instance if the price of commercial crops like cotton rise, this may result in reduction in cultivation of food crops like paddy and so its supply.

(iii) Price of factors :

When the input prices go up, this results in rise in cost and so supply will be affected.

(iv) Price expectations :

The expectation over future prices determines present supply. If a rise in price is anticipated in future, sellers tend to retain their produce for future sale and so supply in present market is reduced.

(v) Technology :

With advancement in technology, production level improves, average cost declines and as a result supply level increases.

(vi) Natural factors :

In agriculture, natural factors like monsoon, climate etc. play a vital role in determining production level.

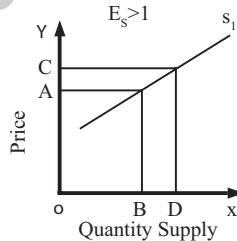
Board Examination Expected Questions

1. Explain the types of elasticity supply with the help of diagram.

Ans. There are five types of elasticity supply. There are,

(1) Relative Elastic Supply : ($E_s > 1$)

- (i) The co-efficient of elastic supply is greater than one ($E_s > 1$)
- (ii) A unit change in the price causes more than one percent change in quantity supply of the commodity.

**(2) Unitary Elastic Supply : ($E_s = 1$)**

- (i) The co-efficient of elastic supply is equal to one ($E_s = 1$)
- (ii) A unit change in the price causes an equal change in quantity supply is called elastic supply.

This material only for sample

4. COST AND REVENUE ANALYSIS

Textual Questions

1. If total cost = $10 + Q^3$, find out AC, AVC, TFC, AFC when $Q = 5$. [BEQ] [GMQP-2018]

Ans. $TC = TFC + TVC$

$$AVC = \frac{TVC}{Q}$$

$$AFC = \frac{TFC}{Q}$$

$$AC = \frac{TC}{Q}$$

- (i) $TC = 10 + Q^3$. Total cost has two components TFC and TVC.
- (ii) TFC = is the total fixed cost which does not change with the level of output.
- (iii) It is determined by putting the value of Q.
- (iv) Given the total cost function

$$TC = 10 + Q^3$$

Q = units of output where $Q = 5$

Here TFC = 10 (TFC will not change when output changes)

$$TC = 10 + (5)^3$$

$$TC = 10 + 125$$

$$TC = 135 \quad \therefore 135 = 10 + TVC$$

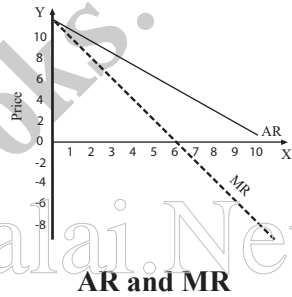
$$135 - 10 = TVC$$

$$\boxed{125 = TVC}$$

[39]

Quantity Sold (Q)	Price (P)/ Average Revenue (AR) Rs.	Total Revenue (TR) Rs.	Marginal Revenue (MR) Rs.
7	4	28	-2
8	3	24	-4
9	2	18	-6
10	1	10	-8

- (i) It is to be noted that MR will be lower than AR
- (ii) The MR curve divides the distance between AR curve and Y axis into equal parts.
- (iii) The decline in AR need not be a straight line or linear, if the prices are declining with increase in quantity sold.
- (iv) The AR can be non-linear taking a shape of concave or convex to the origin as shown in the diagram.



In-Text Questions

1. Explain the Total Revenue with the help of Diagram.

Ans. (i) Total revenue is the amount of income received by the firm from the sale of its products.

(ii) It is obtained by multiplying the price of the commodity by the number of units sold.

(iii) $TR = P \times Q$

Where TR = Total Revenue

P = Price

Q = Quantity Sold

Board Examination Expected Questions

1. If the total cost = $100 + Q^3$, find out AVC, AC, TFC, AFC and TVC when $Q = 10$.

Ans. Solution :

$$\boxed{TC = TFC + TVC}$$

$$\boxed{AVC = \frac{TVC}{Q}}$$

$$\boxed{AFC = \frac{TFC}{Q}}$$

$$\boxed{AC = \frac{TC}{Q}}$$

- (i) $TC = 100 + Q^3$. Total cost has two components TFC and TVC.
- (ii) TFC is the total fixed cost which does not change with the level of output.
- (iii) It is determined by putting the value of Q.
- (iv) Given the total cost function

$$T = 100 + Q^3$$

$$Q = \text{units of output where } Q = 10$$

Here TFC = 100 (TFC will not change with output changes)

$$\begin{aligned} TC &= 100 + (10)^3 \\ &= 100 + 1000 \end{aligned}$$

$$\boxed{TC = 1100}$$

This material only for sample

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Or

$$AC = AFC + AVC$$

$$AFC = 10, AVC = 100$$

$$AC = 10 + 100$$

$$\therefore AC = 110$$

Higher Order Thinking Skills (HOTS)

1. Explain various costs incurred by the firm.

Ans. Concept cost and classifications of cost :

(a) **Money cost and real cost :**

(i) Money cost (or) nominal cost is the total money expenses incurred by a firm in producing a commodity

(ii) Cost of raw material

(iii) Wages and salaries of labour

(iv) Interest on capital etc.

(b) **Real cost :**

(i) Real cost is a subjective concept.

(ii) It expresses the pains and sacrifices involved in producing commodity.

(c) **Opportunity cost :**

(i) Opportunity cost of any good is the next best alternative good that is scarified.

(ii) For e.g. a farmer who is produce potatoes with the same factors

(d) **Accounting cost :**

(i) Accounting cost or explicit costs are the payments made by the entrepreneur to the suppliers of various productive factors.

This material only for sample

5. MARKET STRUCTURE AND PRICING

Textual Questions

1. Bring out the features of perfect competition. [BEQ]

Ans. (i) Large Number of Buyers and Sellers :

‘A large number of buyers’ implies that each individual buyer buys a very, very small quantum of a product as compared to that found in the market.

(ii) Homogeneous Product and Uniform Price :

The product sold and bought is homogeneous in nature, in the sense that the units of the product are perfectly substitutable.

(iii) Free Entry and Exit :

In the short run, it is possible for the very efficient producer, producing the product at a very low cost, to earn super normal profits.

(iv) Absence Of Transport Cost :

The prevalence of the uniform price is also due to the absence of the transport cost.

(v) Perfect Mobility of Factors of Production :

The prevalence of the uniform price is also due to the perfect mobility of the factors of production.

(vi) Perfect Knowledge of the Market :

All buyers and sellers have a thorough knowledge of the quality of the product, prevailing price etc.

(vii) No Government Intervention :

There is no government regulation on supply of raw materials, and in the determination of price etc.

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Board Examination Expected Questions

1. Explain the comparison among the features of various markets.

Ans.

Sl. No.	Features	Perfect Competition	Monopoly	Monopolistic Competition
1	No. of producers / sellers	Large	Only one	A few (or) some
2	Nature of the product	Homogeneous	Unique	Differentiate Product
3	Control over price	Price taker	Price maker	Price variation
4	Entry / Exit	Free	Entry prevented	Existence of entry possibility
5	Profit	No ultimate profit	Monopoly profit	Profit arising due to markets special feature
6	Market knowledge	Complete	Complete	Partial
7	Cost Curves	Same	Same	Same
8	AR Curves	Parallel to X axis perfectly elastic	Fairly flat more elastic	Steep (highly inelastic)
9	Quantity	Very large	Substantially large	Very small
10	Price	Very low	Low	Very high
11	Market Power	Little	Less	More

(v) Inefficient Firms:

- (1) Under monopolistic competition, inefficient firms charge prices higher than their marginal cost.
- (2) Such type of inefficient firms should be kept out of the industry.
- (3) Efficient firms cannot drive out the inefficient firms because sometimes the Efficient firms may not be able to Spend money on attractive advertisement to lure the buyers.

Higher Order Thinking Skills (HOTS)**1. Distinguish between perfect competition from monopoly.****Ans.**

Sl. No.	Perfect competition	Monopoly
1	Perfect competition is a market where there are large number of buyers and sellers in the market.	Monopoly is a market where there is a single seller in the market.
2	There must be homogeneous and identical product.	There are no close substitutes for the product.
3	Average revenue and marginal revenue curve is horizontal straight line parallel to x-axis.	Average revenue and marginal revenue are downward falling curves. Marginal revenue less than AR and price.
4	Price will be lower and the output is larger.	Price is higher and the output will be smaller.
5	The firm can earn only normal profit in the long run and super normal profit in the short run.	It earns super normal profit both in short and long run.



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6. DISTRIBUTION ANALYSIS

Textual Questions

1. Explain the Marginal Productivity Theory of Distribution.

Ans. (i) This theory explains how prices of various factors of production are determined under conditions of perfect competition.

(ii) Prices are determined in markets under the forces of supply and demand.

(iii) For Example : There will be demand for workers engaged in construction industry only when there is demand for housing.

(iv) Each factor will be paid a price equal to the value.

(v) This theory is applicable to all factor of production.

Assumption :

(i) There is perfect competition.

(ii) All the units of factors are homogeneous.

(iii) The theory is based on the law of diminishing returns as applied to business.

(iv) There is full employment of factors.

(v) The entrepreneur aimed at profit maximization.

Explanation :

According to the marginal productivity theory of distribution the price or the reward or the remuneration or the income of any factor of production is equal to the marginal productivity of that factor.

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(ii) Bank Credit (BC) :

- Commercial banks create credit and supply of loanable funds to the investors.

(iii) Disharding (DH) :

- Disharding means bringing out the hoarded money into use.
- It constitutes a source of supply of loanable funds.

(iv) Disinvestment (DI) :

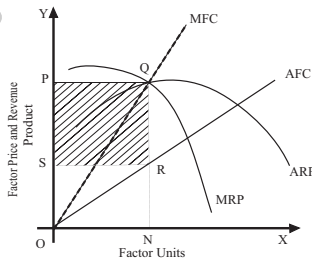
- Disinvestment is the opposite of investment.
- Not providing sufficient funds for depreciation of equipment.
- All the four sources of supply of loanable funds vary directly with the interest rate.

Board Examination Expected Questions

1. Explain the marginal productivity under imperfect competition.

Ans. The factor pricing under imperfect competition can be explained with the help of following diagram.

**Marginal Productivity Theory of Distribution
(Imperfect Competition)**



Explanations :

- (i) AFC - Average Factor Cost curve.
- (ii) MFC - Marginal Factor Cost curve.
- (iii) As AC rises, MC lies above AC.
- (iv) It represents the marginal cost paid to the factors.

and cost of production of the commodity. Hence, profit is the reward for dynamic changes in society. Further he points out that, profit cannot arise in a static society.

Static society is one where everything is stationary or stagnant and there is no change at all, Therefore, there is no role for an entrepreneur in a static society would be equal to their cost of production.

Innovation Theory of profit

Innovation theory of profit was propounded by Joesph. A Schumpeter. To Schumpeter, an entrepreneur is not only an undertaker of a business, but also an innovator in the process of production. To him, profit is the reward of “innovation”. Innovation means invention put into commercial practice.

Risk Bearing Theory of profit

Risk bearing theory of profit was propounded by the American economist. F.B.Hawley in 1907. According to him, profit is the reward for “risk taking” in business. Risk taking is an essential function of the entrepreneur and is the basis of profit. It is a well known fact that every business involves some risks.

Uncertainty Bearing theory of profit

Uncertainty theory was propounded by the American economist Frank H. Knight. To him, profit is the reward for “uncertainty bearing”. He distinguishes between “insurable” and “non-insurable” risks.

1. Insurable Risks
2. Non-Insurable Risks

Higher Order Thinking Skills (HOTS)

1. Profit is the reward for risk-taking and uncertainty-bearing.

Ans. Profits :

- (i) Profits are the reward for organization or entrepreneurship.

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7. INDIAN ECONOMY

Textual Questions

1. Explain Strong features of Indian economy. [GMQP-2018]

Ans. 1. India has a mixed economy:

- (i) Indian economy is a typical example of mixed economy.
- (ii) This means both private and public sectors co-exist and function smoothly.
- (iii) On one side, some of the fundamental and heavy industrial units are being operated under the public sector, while, due to the liberalization of the economy, the private sector has gained importance.
- (iv) This makes it a perfect model for public – private partnership.

2. **Agriculture plays the key role :**

- (i) Agriculture being the maximum pursued occupation in India, it plays an important role in its economy as well.
- (ii) Around 60% of the people in India depend upon agriculture for their livelihood. In fact, about 17% of our GDP today is contributed by the agricultural sector.
- (iii) Green revolution, ever green revolution and inventions in bio technology have made agriculture self sufficient and also surplus production.
- (iv) The export of agricultural products such as fruits, vegetables, spices, vegetable oils, tobacco, animal skin, etc. also add to forex earining through international trading.

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In-Text Questions

1. Explain about the natural resources.

Ans. (i) Goods and services provided by the nature are called as natural resources.

(ii) In other words, any stock or reserve that can be drawn from nature is a natural resources.

Land resources :

The area operated by large holdings (above 10 hectares) and the area operated under marginal holding (less than one hectare) has increased. This indicates is being fragmented.

Forest Resources :

India's forest cover in 2001 is 69.09 million hectare which 21.02 percent of the geographical area, of this 8.35 million hectare is very dense forest, 31.90 million moderately dense rest of the 28.84 million hectare is open forest.

Important Mineral :

India possesses high quality iron - ore in abundance. The total reserves of iron - ore in the country are about 14.630 million tonnes of haematite and 10,619 million tonnes of magnetite

Coal and lignite :

Coal is the largest available mineral resources. India ranks third in the world after China and USA in the real of coal production.

Bauxite :

Bauxite is a main source of metal like aluminium.

Mica :

India stands first in sheet mica production and contributes 60% of mica trade in the world.

Crude Oil :

Oil is being explored in India at many places.

Gold :

India possesses only a limited gold reserve. There are only 3 main gold mine regions in our country.

Diamond :

As per UNECE the total reserves of diamond is estimated at around 4582, thousand carats which are mostly available in panna, Madhya Pradesh, Rammallakota of kunnur district of Andra Pradesh and also in the Basin of Krishna River.

- (h) High Consumption Level
- (i) High Level of Urbanisation
- (j) Smooth Economic Growth.
- (k) Social equity, Gender Equality and low levels of Poverty.
- (l) Political Stability and good governance.

Board Examination Expected Questions

1. Explain weakness features Indian Economy.

Ans. (a) Large Population :

- (i) India stands the second largest population in the world.
- (ii) Population growth rate of India is very high.
- (iii) The growth rate in India is as high as 1.7 per 1000.
- (iv) The annual addition of population equals the total population of Australia.

(b) Inequality and Poverty :

- (i) The proportion of income and assets owned by top 10% of Indian goes on increasing.
- (ii) This has led to an increase in the poverty level in the society and still a higher percentage of individuals are living below poverty line.

(c) Increasing prices of essential goods :

- (i) The constant growth in the GDP and growth opportunities in the Indian economy, there have been steady increase in the prices of essential goods.
- (ii) The continuous rise in prices erodes the purchasing power.

(d) Weak of Infrastructure :

There is still scarcity of the basic infrastructure like power, transport storage etc.

(e) Inadequate employment generation :

- (i) The growth in production is not accompanied by creation of job.
- (ii) The Indian economy is characterised by 'joblers growth'.

2. Inequality and poverty

The proportion of income and assets owned by top 10% of Indians goes on increasing. This has led to an increase in the poverty level in the society and still a higher percentage of individuals are living Below Poverty Line (BPL).

3. Increasing Prices of Essential Goods

Even though there has been a constant growth in the GDP and growth there have been steady increase in the prices of essential goods. The continuous rise in prices erodes the purchasing power and adversely affects the poor people, whose income is not protected.

4. Weak Infrastructure

Even though there has been a gradual improvement in the infrastructural development in the past few decades, there is still a scarcity of the basic infrastructure like power, transport, storage etc.

5. Inadequate Employment generation

With growing youth population, there is a huge need of the employment opportunities. The growth in production is not accompanied by creation of job. The Indian economy is characterized by 'jobless growth'.

6. Outdated technology

The level of technology in agriculture and small scale industries is still outdated and obsolete.

Higher Order Thinking Skills (HOTS)

1. Underscore some of India's most crucial economic challenges at the time of independence.

Ans. The Indian economy was a backward economy at the time of independence.

(i) Low level of agricultural productivity:

Over 70 percent of total population of India was engaged in agriculture, but the total output was very low.

This material only for sample

8. INDIAN ECONOMY BEFORE AND AFTER INDEPENDENCE

Textual Questions

1. Discuss about the Indian Economy during British Period.

Ans. (1) Introduction :

- (i) Britain had exploited India over a period of two centuries of its colonial rule.
- (ii) The Indian, economic historians have divided the whole period into three phases.
- (iii) Namely the period of merchant capital, the period of industrial capital, the period of finance capital.

(2) Period of Merchant Capital :

- (i) British captured political power to secure maximum goods for minimum payments.
- (ii) The land revenue was an instrument of plundering the peasant.
- (iii) The corrupt and unscrupulous officers of the east Indian Company adopted all possible means to make large fortunes.

(3) Period of Industrial Capital :

- (i) British products were both inferior and costly, and thus failed to penetrate Indian markets.
- (ii) To protect the textile industry in England from Indian competition, the British Government levied a heavy customs duty of 78% on imports of Indian product.
- (iii) The British goods imported in India were, however, kept duty free.
- (iv) So India had imbalance in its receipts and expenditure in this phase.

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- (vi) **Sixth Five Year Plan (1980 - 1985) :**
Poverty eradication and technological self reliance was the main objective of this plan.
- (vii) **Seventh Five Year Plan (1986 - 1991) :**
The establishment of the self sufficient economy opportunities for productive employment.
- (viii) **Eight Five Year Plan (1992 - 1997) :**
The top priority was given to development of human resources, employment, education and public health.
- (ix) **Ninth Five Year Plan (1997 - 2002) :**
The main focus of this plan growth with justice and equity.
- (x) **Tenth Five Year Plan (2002 - 2007) :**
To double the per capita income of India next 10 years.
- (xi) **Eleventh Five Year Plan (2007 - 2012) :**
"Faster and more inclusive growth was the main aim of this plan".
- (xii) **Twelfth Five Year Plan (2012 - 2017) :**
Its main aim is "Faster, more inclusive and sustainable growth".

In-Text Questions

1. Name the large scale industries and explain about any four of them.

- Ans.** (i) Iron and Steel Industry
(ii) Jute Industry
(iii) Cotton and Textile Industry
(iv) Sugar Industry
(v) Fertiliser Industry
(vi) Paper Industry
(vii) Silk Industry
(viii) Petroleum and Natural Gas Industry.

3. What are the achievement of Green Revolution?(any 5)

- Ans. (i)** The major achievement of the new strategy was to boost the production of major cereals viz., wheat and rice. India was depending on the US for the food grain. On the other hand, India lost lots of minerals.
- (ii)** The Green revolution was confined only to High Yielding Varieties (HYV) cereals, mainly rice, wheat, maize and jowar.
- (iii)** This Strategy was mainly directed to increase the production of commercial crops or cash crops such as sugarcane, cotton, jute, oilseeds and potatoes.
- (iv)** Per hectare productivity of all crops had increased due to better seeds.
- (v)** Green Revolution had positive effect on development of industries, which manufactured agricultural tools like tractors, engines, threshers and pumping sets.
- (vi)** Financial resources were provided by banks and co-operative societies. These banks provided loans to farmer on easy terms.

Board Examination Expected Questions

1. Explain about the following Large scale industries.

- (i) Cotton and Textile Industry**
- (ii) Sugar Industry**
- (iii) Silk Industry**
- (iv) Petroleum and Natural Gas Industry.**

Ans. Cotton and Textile Industry :-

- (i)** Oldest industry of India, and employs largest number of workers.
- (ii)** It is broad - based industry
- (iii)** The first Indian modernised cotton cloth mill was established in 1818 at Fort gloaster near Calcutta.

Higher Order Thinking Skills (HOTS)

1. **Small scale enterprises exist in every part of India. If you had a work given to identify these industries, what features you may remember of such industries.**

Ans. I would remember following features of small scale industries that would also help me in recognising it.

(i) Personal character:

Small scale unit is generally owned and managed by a single entrepreneur. Thus, personal character is a main feature of this enterprise.

(ii) Limited Investment :

A small scale enterprise requires less capital investment because it doesnot employ highly mechanised means of production.

(iii) Limited area of operation :

A small scale enterprise generally operates in a compact area but can export the products all over the world.

(iv) Located in rural and semi-urban areas:

Most of the small scale enterprises are located in rural or semi-urban areas, due to easy availability of labour.

(v) Independent Management:

Small scale enterprises are generally managed by the owners only. So there is the advantage of direct motivation, personal care, secrecy, flexibility, sound judgement etc.

2. **What is Green revolution? Why was it implemented and how did it benefit the farmers? Explain in brief.**

Ans. (i) The term Green revolution refers to the large increase in production of food grains resulting from the use of high yielding variety (HYV) seeds especially for wheat and rice.

This material only for sample

9. DEVELOPMENT EXPERIENCES IN INDIA

Textual Questions

1. Discuss the important initiatives taken by the Government of India towards Industrial Policy.

Ans. The policy has brought changes in the following aspect of industrial regulation.

- (1) Industrial delicensing.
- (2) Dereservation of the industrial sector.
- (3) Public sector policy.
- (4) Abolition of MRTP act.
- (5) Foreign investment policy and foreign technology policy.

Industrial delicensing :

- (i) Under this policies, private sector firms have to secure licenses to start an industry.
- (ii) This has created log delay in the start up of industries.

Dereservation of the Industrial Sector :

Only three sectors like atomic energy, mining and railway will continue as reserved for public sector, all other sectors have been opened for private sector.

Reforms related to the public sector enterprises :

- (i) Public sectors aimed at enhancing efficiency and competitiveness of the sector.
- (ii) The government identified strategic and priority areas for the public sector to concentrate.

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- (ii) Reduce Export obligation by 25% and boot to domestic manufacture.
- (iii) MEIS to promote export of notified goods and market.
- (iv) MEIS and SEIS firm will get subsidized office spaces in SEZs.
- (v) Duty credit scripts to be freely transferable and usable for payments of custom duty, excise duty and service tax.
- (vi) Online procedure to upload digitally signed document by CA/CS/Cost accountant are developed and further mobile app for filling tax, stamp duty has been developed.
- (vii) Export obligation period for export items related to defence, military store, aerospace and unclear energy to 24 months.
- (viii) Exporter and Importer profile are not required.
- (ix) EXIM policy 2015 - 2020 is expected to double the share of India in world trade.

In-Text Questions

1. Explain about Agrarian Crisis after reforms.

Ans. (a) High Input Costs :

- (i) The biggest input for farmers is seeds. Before liberalisation, farmers across the country had access to seeds from the state government institution
- (ii) The institution produced own seeds and were responsible for their quality and price.
- (iii) With liberalization, India's seed market was opened up to global agri business. Also, following the deregulation many state government institution were closed down in 2003.
- (iv) These hit farmers doubly hard.
- (v) Seed prices shot up, and fake seeds made an appearance in a big way.

(b) Cutback in agricultural subsidies :

Liberalisation policies reduced pesticide and fertilizer subsidy and so fertilizer prices have increased by 300% and electricity tariffs have been also increased.

(c) Reduction of Import Duties :

- (i) With a view to open India's market, the liberalisation reforms also withdraw tariffs and duties on imports, which protect and encourage domestic industry.
- (ii) By 2001 India completely removed restrictions on imports of almost 1,500 items including food.
- (iii) As a result, cheap imports flooded the market, pushing prices of crops like cotton and pepper down.

(d) Paucity of credit facilities :

- (i) After 1991 the lending pattern of commercial banks, including nationalised bank drastically changed.
- (ii) This has forced the farmers to rely on money lenders who charge exorbitant rate of interest.

Board Examination Expected Questions

1. Explain about monetary and financial sector reforms.

Ans. (i) Monetary reforms aimed at doing away with interest rate distortions and rationalizing the structure of lending rates.

- (ii) The new policy tried in many ways to make the banking system more efficient.

(a) Reserve Requirements :

- (i) In mid-1991, SLR and CRR were very high.
- (ii) It was proposed to cut down the SLR from 38.5% to 25% within a time span of three years.

This material only for sample

10. RURAL ECONOMICS

Textual Questions

1. 'The features of Rural Economy are peculiar'-Argue.

Ans. (a) Village is an Institution : [BEQ] [GMQP-2018]

The village is a primary Institution and it satisfies almost all the needs of the rural community.

(b) Dependence on Agriculture :

The rural economy depends much on nature and agriculture and its allied activities are the main occupation.

(c) List of Rural people :

(i) Life styles in villages are very simple.

(ii) Public services like education, housing, health and sanitation, transport and communication, banking, roads and markets are limited and unavailable.

(d) Population Density :

Number of persons living per. sq. km. is very low and houses are scattered in the entire villages.

(e) Employment :

There exists unemployment, seasonal unemployment and under employment in rural areas.

(f) Poverty :

Poverty is a condition where the basic needs of the people like food, clothing and shelter are not sufficient.

(g) Rural Income :

The income of the rural people is not sufficient.

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(f) Infrastructural Problem :

Poor infrastructure facilities like, water, electricity, transport, educational institution, health, employment, bank etc.

3. Analyse the causes for Rural Indebtedness.

Ans. (i) Rural indebtedness refers to the situation of the rural people unable to repay the loan accumulated over period.

(ii) Existence of the rural indebtedness indicates the weak financial infrastructure, landless people and agricultural wage labourers.

(iii) Indebtedness is attributed to the causes like poverty, ancestral debt, illiteracy and ignorance.

(iv) Indebtedness has the harmful impacts such as low standard of living, health problem, decline in productivity, suicides etc.

(v) The farmers borrow loan for various purpose like agricultural operations, supporting the family in the lean season, purchase of equipments, celebrations, liquor consumption and so on.

(vi) Due to lower income the villagers are unable to repay the loans and pending of interest on the principal amount.

(vii) The date of the National sample survey organisation reveals that about 30% of the poor borrows get credit from the formal sector banks. This will reduces the indebtedness of the farmer.

In-Text Questions

1. What are the requirements of Rural Development?

Ans. (i) Inequality in the distribution of income and wealth needs to be decreased.

(ii) Efforts need to raise farm non farm rural real incomes through job creation and rural industrialization

(iii) Investment in basic infrastructure and social services need to be increased.

(vi) Low Rate of Economic Growth:

- (1) The rate of growth of India is always below the target and it has benefited the rich.
- (2) The poor are always denied of the benefits of the achieved growth and development of the country.

(vii) More Emphasis on Large Industries:

- (1) Huge investment in large industries catering to the needs of middle and upper classes in urban areas are made in India.
- (2) Such industries are capital-intensive and do not generate more employment opportunities.

Board Examination Expected Questions**1. What are the causes for Rural Unemployment? Briefly explain.**

Ans. Causes for rural unemployment in India are discussed below:

- (i) **Absence of skill development and employment generation:** Lack of Government initiatives to give required training and then to generate employment opportunities.
- (ii) **Seasonal Nature of Agriculture:**
 - (1) Agricultural operations are seasonal in nature and depend much on nature and rainfall.
 - (2) Therefore, the demand for labour becomes negligible during off-season. So, non-farm employment opportunities must be created.
- (iii) **Lack of Subsidiary Occupation:**
 - (1) Rural people are not able to start subsidiary occupations such as poultry, rope making, piggery etc. due to shortages of funds for investment and lack of proper marketing arrangements.
 - (2) This restricts the employment opportunity and rural family incomes.

(iv) Mechanization of Agriculture:

- (1) The landlords are the principal source of employment to the farm labour.
- (2) Mechanization of agricultural operations like ploughing, irrigation, harvesting, threshing etc. reduces employment opportunities for the farm labour.

(v) Capital-Intensive Technology:

- (1) The expanding private industrial sector is largely found in urban areas and not creating additional employment opportunities due to the application of capital intensive technologies.
- (2) Government must establish firms to absorb surplus labour power

Higher Order Thinking Skills (HOTS)**1. What are the remedies for Rural Unemployment?**

Ans. In order to reduce rural unemployment in the country there is a need to take integrated and coordinated efforts from various levels. A few remedial measures are listed below:

- (i) **Subsidiary Occupation:** To reduce the seasonal unemployment rural people should be encouraged to adopt subsidiary occupations. Loans should be granted and proper arrangements should be made for marketing their products.
- (ii) **Rural Works Programme:** Rural Works Programme such as construction and maintenance of roads, digging of drains, canals, etc should be planned during off-season to provide gainful employment to the unemployed.
- (iii) **Irrigation Facilities:** Since rainfall is uncertain irrigation facilities should be expanded to enable the farmers to adopt multiple cropping. The increased cropping intensity creates additional demand for labour.

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11. TAMIL NADU ECONOMY

Textual Questions

1. Describe the qualitative aspects of population.

[BEQ] [GMQP-2018]

Ans. (a) Sex Ratio (No. of Female per 1000 males)

- (i) Balanced sex ratio implies improvement in quality of life of female population.
- (ii) The sex ratio in Tamil Nadu is nearing balance with 996 which is far better compared to most of the states and all India level.
- (iii) Tamil Nadu stands third next to Kerala state and Puduchery Union Territory in sex ratio.

(b) Infant Mortality Rate (Mortality before completing 1 year)

- (i) Tamil Nadu is well ahead of National average and other states in IMR.
- (ii) According To NITIAAYOG, the IMR is 17 (per 1000) for Tamil Nadu is half of national average of 34 as on 2016.

(c) Maternal Mortality Rate (MMR) (Mother's death at the time of delivery per 1 lakh)

- (i) Tamil Nadu has a good record of controlling MMR ranking third with 79 (Kerala - 61, Maharashtra - 67).
- (ii) It is against national average of 159 half of national average.

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In-Text Questions**1. Explain about Tamil Nadu among developed states.**

- Ans. (i)** Gujarat and Maharastra outshine in economic indicators but not good at social indicator. Similarly, Kerala is better regarding social aspects but it has failed in economic grounds.
- (ii)** Tamil Nadu stands at the top on both economic and social grounds.
- (iii)** According to NAAC and UGC look at the 25 ranks in each of these four areas namely engineering, management, Pharmacy and universities, show that the Tamil Nadu stood first among other states.
- (iv)** The top engineering institutes in Tamil Nadu included IIT Madras (ranked - 1), National Institute of Technology, Tiruchirappalli (ranked - 12), Vellore Institute of Technology (ranked - 13) and Psy College of Technology, Coimbatore (ranked - 24).
- (v)** Tamil Nadu has ranked among the best performing states in terms of eight out of nine development parameters like economy power, roads and health while Kerala is in second place.
- (vi)** The Tamil Nadu state has performed better than Gujarat in lowering poverty, improving public health and literacy.
- (vii)** In health indicators too Tamil Nadu is ahead of Gujarat.
- (viii)** Percentage of children who are undernourished in Tamil Nadu Stands at 31.1 against 51.7 in Gujarat.

Board Examination Expected Questions

1. Explain about Banking network in Tamil Nadu.

- Ans. (i)** There was a steady increase in the number of bank branches in the state from 7253 in 2011 - 12 to 10321 in 2017.
- (ii)** Of the total bank branches in the state, nationalized banks, alone accounted for a large share of 55%.
- (iii)** Scheduled Commercial banks (26%), State Bank of India associates 14%, Regional Rural banks - 4% and remaining being Foreign banks.
- (iv)** Tamil Nadu housed 7.5% of the total number of banks in the country.
- (v)** The short term and medium term co-operative banks have three tiers.

State-co-operative Bank at
The state level (SCB)



District Central Co-operative Bank at
The district level (DCCB)



Primary Agricultural Co-operative bank at
The Village level (PACB)

- (vi)** The long term co-operative banks have two tier structure. They are,

Central Land Development Bank
(State level)



Primary Land Development Bank
(Block level)

Higher Order Thinking Skills (HOTS)**1. Examine the steps to check rapid growth of population.****Ans. (i) Couple protection Rate :**

Percentage of couples using birth control or family planning methods should go up.

(ii) Infant Mortality Rate:

Infant die in Lesser number, there is an incentive to adopts small family norm by the people.

(iii) Industrialisation of the country:

The burden of population on land must be reduced.

(iv) Increase in Female Literacy Rate and Education:

The educated people have a better and more responsible outlook towards the size of their families.

(v) Late Marriages:

Late marriages must be encouraged. At the same time, early marriages must be strictly checked.

(vi) Legal Steps:

Strict laws must be made and enforced to check early marriages and polygamy.



This material only for sample

12. MATHEMATICAL METHODS FOR ECONOMICS

Textual Questions

1. A Research scholar researching the market for fresh cow milk assumes that $Q_t = f(P_t, Y, A, N, P_c)$ where Q_t is the quantity of milk demanded, P_t is the price of fresh cow milk, Y is average household income, A is advertising expenditure on processed pocket milk, N is population and P_c is the price of processed pocket milk .

- (a) What does $Q_t = f(P_t, Y, A, N, P_c)$ mean in words?
 (b) Identify the independent variables.
 (c) Make up a specific form for this function. (Use your knowledge of Economics to deduce whether the coefficients of the different independent variables should be positive or negative.)

Ans. (a) (i) Q_t is the functions of P_t, Y, A, N, P_c .

(ii) Other determinants of demand are,

- P_t - Price of fresh cow milk.
- Y - Average household Income.
- A - Advertising expenditure on processed pocket milk.
- N - Population.
- P_c - Price of processed pocket milk.

- (b) • 'Y' (Average household Income and population) and 'N' are independent variables.
 • P_c is depending on P_t, A and N .
 • 'A' is depending on 'N'.
 (c) When price of fresh cow milk increases quantity of milk demanded decreases.
 • When average household income increases and quantity of milk demanded is also increases.

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4. What are the ideas of information and communication technology used in economics? *[BEQ]*

Ans. Introduction :

- (i) Information and communication Technology (ICT) is the infrastructure that enables computing faster and accurate.
- (ii) The following tables gives an idea of range of technologies that fall under the category of ICT.

S. No.	Information	Technologies
1	Creation	Personal computers, Digital Camera, Scanner, Smart Phone.
2	Processing	Calculator, PC, Smart Phone.
3	Storage	CD, DVD, Pen Drive, Microchip, Cloud.
4	Display	PC, TV, Projector, Smart Phone.
5	Transmission	Internet, Tele conference, video conferencing, Mobile Technology, Radio.
6	Exchange	E-mail, Cell Phone.

In-Text Questions

1. Find the solution of the equation system.

$$7x_1 - x_2 - x_3 = 0$$

$$10x_1 - 2x_2 + x_3 = 8$$

$$6x_1 + 3x_2 - 2x_3 = 7$$

Solution :

The matrix form of the given equation is written as

$$\begin{bmatrix} 7 & -1 & -1 \\ 10 & -2 & +1 \\ 6 & 3 & -2 \end{bmatrix} \begin{bmatrix} x_1 \\ x_2 \\ x_3 \end{bmatrix} = \begin{bmatrix} 0 \\ 8 \\ 7 \end{bmatrix}$$

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$$\begin{aligned}\Delta &= \begin{vmatrix} 7 & -1 & -1 \\ 10 & -2 & +1 \\ 6 & 3 & -2 \end{vmatrix} \\ &= 7(4-3) - (-1)(-20-6) + (-1)(30+12) \\ &= 7(1) + 1(-26) - 1(42) \\ &= 7 - 26 - 42 \\ &= 7 - 68\end{aligned}$$

$$\Delta = -61$$

$$\begin{aligned}\Delta x_1 &= \begin{vmatrix} 0 & -1 & -1 \\ 8 & -2 & +1 \\ 7 & +3 & -2 \end{vmatrix} \\ &= 0(-4-3) - (-1)(-16-7) + (-1)(+24+14) \\ &= 0 + 1(-23) - 1(38) \\ &= 0 - 23 - 38\end{aligned}$$

$$\Delta x_1 = -61$$

$$\begin{aligned}\Delta x_2 &= \begin{vmatrix} 7 & 0 & -1 \\ 10 & 8 & +1 \\ 6 & 7 & -2 \end{vmatrix} \\ &= 7(-16-7) - (0)(-20-6) + (-1)(70-48) \\ &= 7(-23) + 0(-26) - 1(22) \\ &= -161 + 0 - 22\end{aligned}$$

$$\Delta x_2 = -183$$

$$\Delta x_3 = \begin{vmatrix} 7 & -1 & 0 \\ 10 & -2 & 8 \\ 6 & 3 & 7 \end{vmatrix}$$

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$$\begin{aligned}
 &= 7(-14-24)-(-1)(70-48)+0(30+12) \\
 &= 7(-38)+1(22)+0(42) \\
 &= -266+22+0
 \end{aligned}$$

$$\Delta x_3 = -244$$

$$x_1 = \frac{\Delta x_1}{\Delta} = \frac{-61}{-61} = 1$$

$$x_2 = \frac{\Delta x_2}{\Delta} = \frac{-183}{-61} = +3$$

$$x_3 = \frac{\Delta x_3}{\Delta} = \frac{-244}{-61} = 4$$

$$\begin{array}{l}
 x_1 = 1 \\
 x_2 = 3 \\
 x_3 = 4
 \end{array}$$

Board Examination Expected Questions

1. What is Microsoft power point? What are the step involved in executing a MS power point?

Ans. Microsoft Power Point :

It is a software used to perform computer based presentation.

Steps involved in making presentation :

- (i) Click start menu
- (ii) Click program
- (iii) Select Microsoft power point - click
- (iv) New power point file will open and then type the title and subtitle if wanted.
- (v) A new slide can be inserted by 'click' on icon 'new slide'.

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- (vi) We can type the content, insert the table, picture, movies, sounds etc. with the content.
- (vii) Tab 'Design' helps to design the slides.
- (viii) Click icon slide show, one can run slide show either starting from the first slide (or) starting from the current slide.
- (ix) The power point presentation (PPP) facilitates the key point to be kept in memory and understand the particular topic.
- (x) Recently, the smart class room teaching use the PPP to deliver the information in an effective way to enhance the quality of teaching.



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