



XI std**3 Mark Only****Lesson - 01. Introduction to Micro Economics****1. Explain the scarcity definition of Economics and assess it.**

Lionel Robbins - "Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses".

Major features of Robbins' definition are:

1. Ends refer to human wants.
2. Resources or means that got to satisfy the unlimited human wants.
3. The scarce means are capable of having alternative uses.

Criticism:

1. Robbins does not make any distinction between goods conducive to human welfare and goods that are not.
2. In the production of rice and alcoholic drink, scarce resources are used.
3. Robbins' definition doesn't cover the theory of economic growth and development.

2. What are the crucial decisions involving What is produced?

1. Whether to produce more food or more luxury goods.
2. Whether to have more agricultural goods or industrial goods.
3. Whether to use more resources in education and health or more in military services.
4. Whether to have more consumption goods or investment goods.
5. Whether to use more resources in education and health.

3. Explain different types of economic activities.

Economic activities are related to Production, Distribution, Exchange and Consumption of goods and services

1. **Consumption:** It serves as the starting point of economic activity.
2. **Production:** The primary aim of the economic activity is the production of goods and services make them available to consumer.
3. **Exchange:** "Human activities which are performed in exchange for money".
4. **Distribution :** The produced wealth has to be distributed among the cooperating factors.

4. Elucidate different features of services.

Four features of services are,

1. **Intangible:** Intangible things are not physical objects but exist in connection to other things.

For Example: Brand Image, Goodwill etc.

2. **Heterogeneous:** A single type services yields multiple experiences

For Example: Music etc.

3. **Inseparable from their makers :** Services are inextricably connected to their makers.

For Example: Labour

4. **Perishable :** Services cannot be stored as inventories.

For Example: Cricket Match

5. What are the important features of utility?

1. Utility is psychological
2. Utility is not equivalent to usefulness
3. Utility is personal and relative.
4. It is the function of the intensity of human want.
5. Utility cannot be measured objectively.
6. Utility has no ethical or moral significance

6. Distinguish between micro economics and macro economics.

| No | Micro Economics | Macro Economics |
|----|---|--|
| 1 | Micro means small | Macro means large |
| 2 | Micro Economics is the study of individuals 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 |

7. Compare positive economics and normative economics.

| 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 |

Lesson - 02. Consumption Analysis.

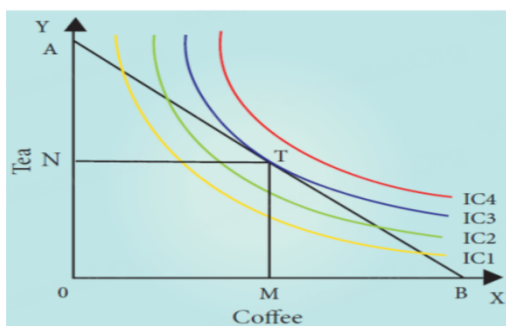
8. Mention the relationship between marginal utility and total utility.

| No | MARGINAL UTILITY | TOTAL UTILITY |
|----|---|---|
| 1 | Marginal utility is the addition made to the total utility by consuming one more unit of a commodity ($MU_n = TU_n - TU_{n-1}$) | Total utility refer to the sum of utilities of all units of a commodity consumed ($TU = \sum MU$) |
| 2 | It declines | It increases |
| 3 | It reaches zero | It reaches maximum |
| 4 | It becomes negative | It declines |

9. Explain the concept of consumer's equilibrium with a diagram.

Consumer will attain equilibrium when he gets maximum satisfaction from his expenditure on different goods is highest.

Consumer Equilibrium : $MRS_{xy} = P_x / P_y$



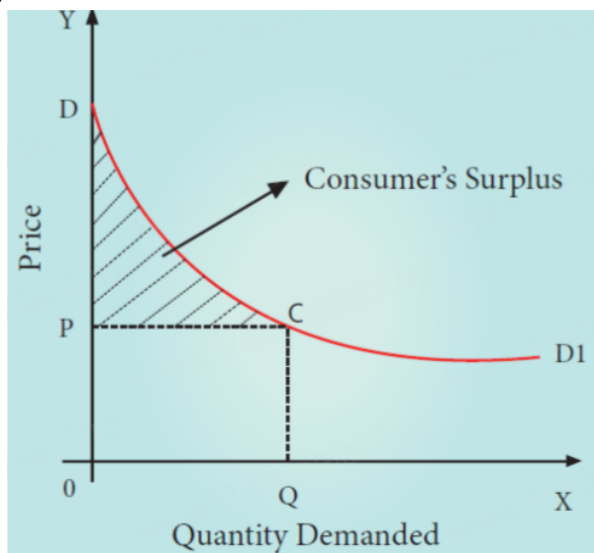
Explanation:

- T is the point of equilibrium as budget line
- AB is tangent on indifference curve
- IC3 the upper IC which implies maximum possible level of satisfaction.
- At equilibrium point,
- The slope of IC refers to MRS_{XY} and the slope of AB (Budget Line) refers to ratio of price of X to price of Y ie P_x/P_y . Therefore $MRS_{x,y} = P_x/P_y$.

10. Explain the theory of “consumer’s surplus”

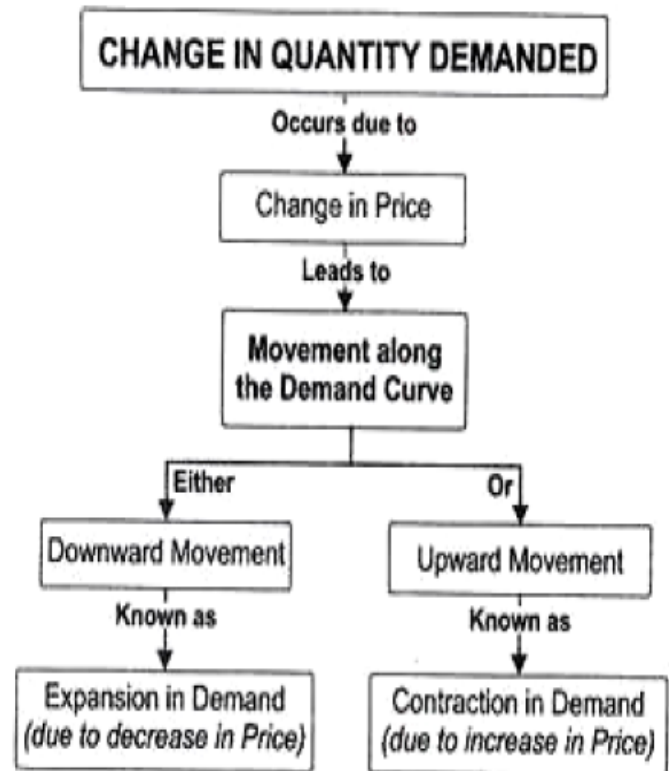
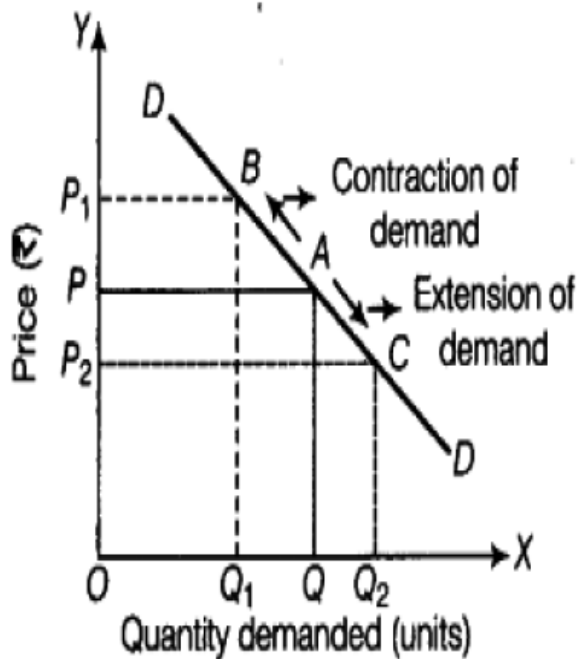
Alfred Marshall defines consumer’s surplus as, “*the excess of price which a person would be willing to pay a thing rather than go without the thing, over that which he actually does pay is the economic measure of this surplus satisfaction. This may be called consumer’s surplus*”.

$$\text{Consumer's surplus} = TU - (P \times Q)$$

Diagram :**Explanation:**

- X axis shows the amount demanded
- Y axis represents the price.
- D,D1 shows the utility which the consumer derives from the purchase of different amounts of commodity.
- When price is OP, the amount demanded is OQ.
- Hence, actual price is OPCQ ($OP \times OQ$).
- Potential Price (Total Utility) is ODCQ.

11. Distinguish between extension and contraction of demand.



The changes in the quantity demanded for a commodity due to the change in its price alone are called “**Extension and Contraction of Demand**”.

12. What are the properties of indifference curves?

1. Indifference curve must have negative slope
2. Indifference Curves are convex to the origin
3. Indifference curve cannot intersect
4. Indifference curves do not touch the horizontal or vertical axis.

Lesson -03 Production Analysis

13. What are the characteristics of land?

1. Land is a primary factor of production.
2. Land is a passive factor of production.
3. Land is the free gift of Nature.
4. Land has no cost of production.
5. Land is fixed in supply. It is inelastic in supply.
6. Land is permanent.
7. Land is immovable.
8. Land is heterogeneous as it differs in fertility.
9. Land has alternative uses.
10. Land is subject to Law of Diminishing Returns.

14. What are the factors governing elasticity of supply?

1. Nature of the commodity:

Durable goods can be stored for a long time. So, the producers can wait until they get a high price

2. Cost of production:

When production is subject to either constant or increasing returns, additional production and therefore increased supply is possible.

3. Technical condition:

In large scale production with huge capital investment, supply cannot be adjusted easily.

4. Time factor:

During very short period when supply cannot be adjusted, elasticity of demand is very low.

15. What are the functions of Entrepreneur?

1. **Initiation:** An organizer is the initiator of the business,
2. **Innovation:** A successful entrepreneur is always an innovator.
3. **Coordination:** An organizer applies a particular combination of the factors of production
4. **Control, Direction and Supervision:** An organiser controls so that nothing prevents the organisation from achieving its goal.
5. **Risk-taking and Uncertainty-bearing:** There are risk-bearing and uncertainty-bearing obstacles.

16. State and explain the elasticity of supply.

Elasticity of supply may be defined as the degree of responsiveness of change in supply to change in price on the part of sellers.

It is mathematically expressed as:

Es = proportionate change in supply / proportionate change in price

$$es = (\Delta Q_s / Q_s) / (\Delta P / P);$$

$$es = \Delta Q_s / \Delta P \times P / Q_s$$

Where

Q_s represents the supply,

P represents price,

Δ denotes a change.

17. Bring out the Relationship among Total, Average and Marginal Products.

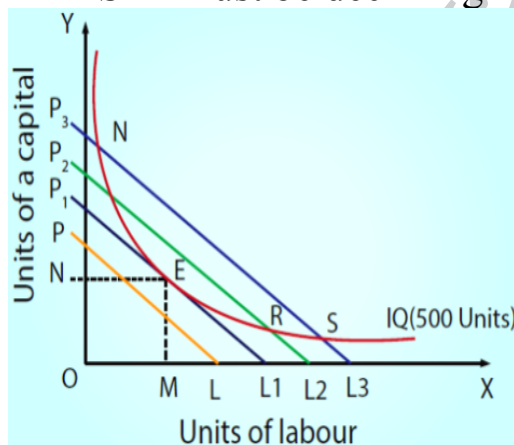
| Stages | TP | MP | AP |
|-----------|--|--|--|
| Stage I | increases at an increasing rate | beginning it increases, reaches a maximum and starts to decrease | increases, then attains maximum |
| Stage II | increase at a diminishing rate and reaches maximum | diminish and becomes equal to zero | equal to MP and then begins to diminish |
| Stage III | Diminishes | becomes negative | continues to diminish but always greater than zero |

18. Illustrate the concept of Producer's Equilibrium

The producer manufactures a given amount of output with 'least cost combination of factors', with his given budget.

Conditions for Producer Equilibrium

1. The iso-cost line must be tangent to iso-quant curve.
2. At point of tangency, the iso-quant curve must be convex to the origin or MRTSL_k must be declining



1. At point E, the firm employs OM units of labour and ON units of capital.
2. The other points such as H, K, R and S lie on higher iso cost lines indicating that a larger outlay is required, which exceeds the financial resources of the firm.

19. State the Cobb-Douglas Production Function.

Cobb-Douglas Production Function is specific standard equation applied to describe how much output can be made with capital and labour inputs.

The Cobb-Douglas production function can be expressed as follows.

$$Q = AL^\alpha KB^\beta$$

Where,

- Q = output;
- A = positive constant;
- K = capital;
- L = Labor α and β are positive fractions showing, the elasticity coefficients of outputs for the inputs labor and capital, respectively.
 - i) $(\alpha + \beta) = 1$, constant returns to scale.
 - ii) $(\alpha + \beta) < 1$, diminishing returns to scale.
 - iii) $(\alpha + \beta) > 1$, increasing returns to scale.

Lesson -04 Cost and Revenue Analysis

20. Distinguish between fixed cost and variable cost.

| No. | Fixed Cost | Variable Cost |
|-----|---|---|
| 1 | Fixed cost does not change with the level of output. | Variable cost changes with the level of output. |
| 2 | It is Short run concept | It is a short run and long run concept. |
| 3 | It is related to the fixed factors . | It is related to the variable factors . |
| 4 | A firm can <i>continue</i> its production even when there is <i>loss of fixed cost</i> . | Production will be <i>continued</i> by a firm only when its <i>variable costs are recovered</i> . |
| 5 | For example, <ul style="list-style-type: none"> • Rent of the factory, • Watchman's wages, • Permanent worker's salary, • Machines insurance premium, | Examples of variable costs are: <ul style="list-style-type: none"> • wages of temporary workers, • cost of raw materials, fuel cost, • electricity charges, etc. |

21. State the differences between money cost and real cost.

| | Money Cost | Real Cost |
|---|---|--|
| 1 | Production cost expressed in <i>money terms</i> is called as money cost . | Real cost refers to the payment made to compensate the <i>efforts and sacrifices</i> of all factor owners for their services in production. |
| 2 | Money cost includes the expenditures such as cost of raw materials, payment of wages and salaries. | It includes the efforts and sacrifices of landlords in the use of land |

| | | |
|---|---|---|
| 3 | Money costs are also called as <i>Prime Cost or Direct Cost or Nominal Cost or Accounting Cost or Explicit Cost or Out of Pocket Cost</i> , suiting to context. | Adam Smith regarded pains and sacrifices of labour as real cost of production. |
|---|---|---|

22. Distinguish between explicit cost and implicit cost.

| | Explicit Cost | Implicit cost. |
|---|---|--|
| 1 | Payment made to others for the purchase of factors of production is known as Explicit Costs . | Payment made to the use of resources that the firm already owns, is known as Implicit Cost. |
| 2 | It refers to the actual expenditures of the firm to purchase or hire the inputs the firm needs. | In simple terms, Implicit Cost refers to the imputed cost of a firm's self-owned and self-employed resources. |
| 3 | Explicit cost includes, <i>i) wages, ii) payment for raw material.</i> | A firm or producer may use his own land, building, machinery, car and other factors in the process of production. |

23. Define opportunity cost and provide an example.

- It refers to the cost of **next best alternative use**.
- In other words, it is *the value of the next best alternative foregone*.
- **For example**, a farmer can cultivate both paddy and sugarcane in a farm land.
- If he cultivates paddy, the opportunity cost of paddy output is the amount of sugarcane output given up.

24. Write a short note on Marginal Revenue.

- The total revenue by the **sale of an additional unit of a commodity**.
- MR can be found out by **dividing** change in total revenue by the change in quantity sold out.

$$MR = \Delta TR / \Delta Q$$

Where,

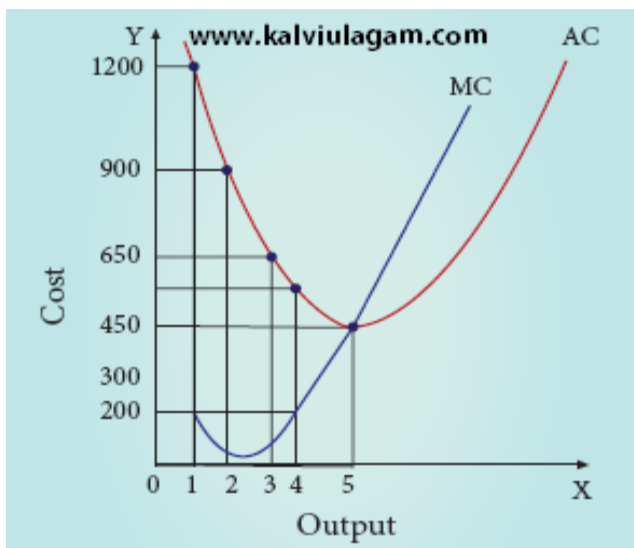
- **MR** denotes Marginal Revenue,
- **ΔTR** denotes change in Total Revenue
- **ΔQ** denotes change in total quantity.

$$MR = TR_n - TR_{n-1} \text{ (or)}$$

$$TR_{n+1} - TR_n$$

25. State the relationship between AC and MC.

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



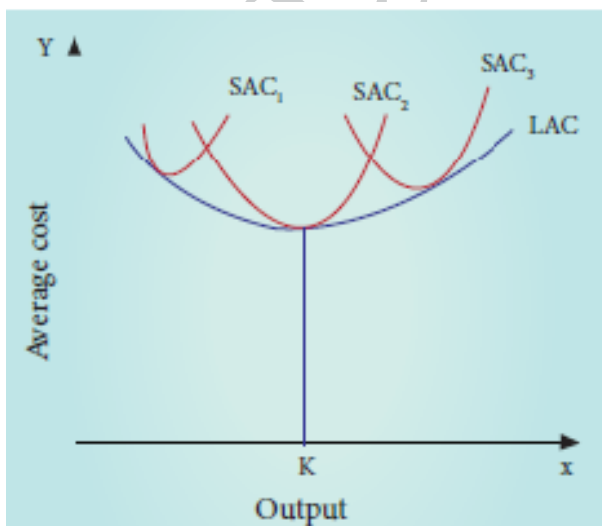
1. When AC is **falling**, MC lies **below** AC.
2. When AC becomes **constant**, MC also becomes **equal** to it.
3. When AC starts **increasing**, MC lies **above** the AC.
4. MC curve always cuts AC at its **minimum point** from below.

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

In the long run all factors of production become variable.

There are neither **fixed inputs** nor **fixed costs** in the long run.

Long run average cost (LAC) is equal to long run total costs divided by **the level of output**.



$$\underline{\underline{LAC = LTC/Q}}$$

where,

- LAC denotes Long-Run Average Cost,
- LTC denotes Long-run Total Cost

- **Q** denotes the quantity of output.
- The LAC curve is derived from short- run average cost curves.
- It is the locus of points denoting the least cost curve of producing the corresponding output.
- The LAC curve is called as '**Plant Curve**' or '**Boat shape Curve**' or '**Planning Curve**' or '**Envelop Curve**'.

Lesson -05 Market Structure and Pricing

27. What are the features of a market?

1. Buyers and sellers of a commodity or a service
2. A commodity to be bought and sold
3. Price agreeable to buyer and seller
4. Direct or indirect exchange.

28. Specify the nature of entry of competitors in perfect competition and monopoly.

Nature and entry of perfect competition:

1. Large number of buyers and sellers. Which implies that share of each individual seller is a very, very small quantum of a product. He has no power to fix the price of the product.
2. Homogeneous product and uniform price.
3. Free entry and exit.
4. Absence of transport cost.
5. Perfect mobility of factors of production.
6. All buyers and sellers have a thorough knowledge of the quality of the product, prevailing price etc.
7. There is no government regulation on supply of raw materials, and in the determination of price etc.

Features of Monopoly:

- (i) There is a single seller of a product.
- (ii) The product of a monopolist is unique and has no close substitute.
- (iii) There is a strict barrier to entry of any new firm.
- (iv) The monopolist is a price-maker.
- (v) The monopolist earns maximum profit / abnormal profit.

29. Describe the degrees of price discrimination.

Price discrimination has become widespread in almost all monopoly markets. According to A.c. Pigou, there are three degrees of price discrimination.

(i) First-degree price discrimination:

1. A monopolist charges the maximum price that a buyer is willing to pay.
2. This is called as perfect price discrimination.

(ii) Second-degree price discrimination:

1. Under this degree, buyers are charged prices in such a way that a part of their consumer's surplus is taken away by the sellers.
2. This is called as imperfect price discrimination.

(iii) Third-degree price discrimination:

1. The monopolist splits the entire market into a few sub-market and charges different prices in each submarket.
2. The groups are divided on the basis of age, sex, and location.
3. For Example, Railway charges lower fares from senior citizens.

30. State the meaning of selling cost with an example.

1. From the discussion of 'Product differentiation'. We can infer that the producer under monopolistic competition has no incur expenses to popularise his brand.
2. This expenditure involved in selling the product is called selling cost.
3. According to prof. Chamberlin, selling cost is "the cost incurred in order to alter the position or shape of the demand curve for a product".
4. Most important form of 'selling cost is the advertisement.

31. Mention the similarities between perfect competition and monopolistic competition.

| Basis of Similarities | Perfect Competition | Monopolistic Competition |
|-----------------------------|---|---|
| Number of Producers/Sellers | Innumerable | Large |
| Entry / Exit | Free | Free |
| Profit | Abnormal profit in short-run, Normal profit in long-run | Abnormal profit in short-run, Normal profit in long-run |
| Quantity | Very large | Substantial |

32. Differentiate between 'firm' and 'industry'.

| | Firm | Industry |
|---------|--|--|
| Meaning | A firm refers to a single production unit in an industry | An industry refers to a group of firms |

| | | |
|-------------------|---|---|
| Production | Producing a large or a small quantity of a commodity or service | Producing the same product or service in an economy |
| Example | A single cement firm | Cement Industry (group of firms producing cement) |

33. State the features of duopoly.

1. Each seller is fully aware of his rival's motive and actions.
2. Both sellers may collude (they agree on all matters regarding the sale of the commodity).
3. They may enter into cut-throat competition.
4. There is no product differentiation.
5. They fix the price for their product with a view to maximising their profit.

Lesson -06 Distribution Analysis

34. What are the motives of demand for money?

1. **The Transaction Motive :** It relates to the desire of the people to hold cash for the current transactions $M_t = f(y)$
2. **The Precautionary Motive:** It relates to the desire of the people to hold cash to meet unexpected or unforeseen expenditures. $M_p = f(y)$
3. **The Speculative Motive:** It relates to the desire of the people to hold cash in order to take advantage of market movements. $M_s = f(i)$.

35. List out the kinds of wages.

1. Nominal Wages or Money Wages.

Nominal wages are referred to the wages paid in terms of money.

2. Real Wages

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

3. Piece Wages

Wages that are paid on the basis of quantum of work done.

4. Time Wages

Wages that are paid on the basis of the amount of time.

36. Distinguish between rent and quasi-rent.

| Rent | Quasi - Rent |
|-------------------------------------|---|
| Rent accrues to land | Quasi -Rent accrues to man made appliances. |
| The supply of land is fixed forever | The supply of man made appliances is fixed for a short period only. |
| It enters into price. | It does not enter into price. |

37. Briefly explain the Subsistence Theory of Wages.

- Subsistence theory is one of the oldest theories of wages.
- It was explained by physiocrats a group of French economists and restated by Ricardo.
- Subsistence means the minimum amount of food, clothing and shelter which workers and their family require for existence.
- If workers are paid higher wages than the subsistence level it will increase the workers it leads to reduced the wages.
- If the wages are lower than the subsistence level, the supply of labour falls and wages increases.
- This theory holds that the wages of workers would not be above (or) below the subsistence level of the labour.

Criticisms :

1. This theory ignored the role of trade unions in collective bargaining.
2. It does not explain the differences in wages in different occupations.
3. The assumption that population would increase with a rise in wages rate. Which is not correct.

38. State the Dynamic Theory of profit.

1. Prof. Clark is the author of this theory.
2. Profits are the result of dynamic changes in society.
3. Clark has defined profits as the excess of the prices of goods over the cost of production.
4. Some of the important changes relate to the size of population, supply of capital, production techniques, industrial organization and human wants.
5. According to Clark, profit is the result of economic, dynamics and not of static.

Criticism:

- (i) This theory ignores the elements of risk taking, uncertainty, and innovation.
- (ii) It doesn't explain the monopoly profit

39. Describe briefly the Innovation Theory of Profit.

1. According to Schumpeter, profits are the reward for innovation.
2. He uses innovation to explain the emergence of profit.
3. An innovation is something more than an invention.
4. Innovation includes introduction of new goods, new method of production, open a new market, discovery of new raw materials.
5. Innovation is introduced by an entrepreneur.
6. Profit is the reward for dynamic changes in society.

40. Write a note on Risk-bearing Theory of Profit.

1. According to F.B. Hawley, profit is the reward for “risk-taking” in business.
2. Risk taking is an essential function of the entrepreneur.
3. Unless the entrepreneur receive the reward he won't undertake the risks.
4. Higher the risks provides higher profit.
5. Every entrepreneur produces goods in anticipation of demand if it is correct he gets profit otherwise he gets loss.

Criticism:

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

Lesson -07 Indian Economy**41. Define Economic Development.**

1. Economic Development is indicated not just by GDP but also an increase in citizen's quality of life or well being.
2. The quality of life is being assessed by several indices such as Human Development Index (HDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI).

42. State the B.R. Ambedkar Economic Ideas in agricultural economics.

The main economic ideas of B.R. Ambedkar (1891 - 1956) may be studied under four below headings. They are,

- (i) Financial Economics
- (ii) Agricultural Economics
- (iii) Economics of caste
- (iv) Economics of Socialism

43. Write the short note on village sarvodaya.**Village Sarvodaya :**

1. According to Gandhi, “Real India was to be found in villages and not in towns or cities”.
2. So he suggested the development of self - sufficient, self - dependent villages.

44. Write the strategy of Jawaharlal Nehru in India's planning.

1. Jawaharlal Nehru was responsible for the introduction of planning in our country.

2. To Jawaharlal Nehru, the plan was essentially an integrated approach for development.
3. He said, “the essence of planning is to find the best way to utilize all resources of man power, of money and so on. Planning for Nehru was essentially linked up with industrialization and eventual self reliance for the country’s economic growth on a self - accelerating growth”.
4. Nehru carried through this basic strategy of planned development.

45. Write the V.K.R.V. Rao’s contribution on multiplier concept.

1. Rao’s examination of the interrelation between investment, income and multiplier in an under developed economy (1952).
2. Prof. Rao examined the validity of the keynesian multiplier in underdeveloped countries.
3. This was his major contribution to macro economic theory.
4. Rao was a thinker, teacher, economic adviser and direct policy maker.
5. Rao followed the footsteps of his great teacher J .M. Keynes.

46. Write a short note on Welfare Economics given by Amartya Sen.

1. Amartya Sen was awarded the nobel prize “for his contributions to welfare economics”.
2. Amartya Sen occupies a unique position among modern economics.
3. He is an outstanding economic theorist, a world authority on social choice and welfare economics.
4. The major contributions of Amartya Sen have come in the field of social welfare and development economics.

47. Explain social infrastructure.

1. Social infrastructure refers to those structures which are improving the quality of manpower and contribute indirectly towards the growth of an economy.
2. These structure are outside the system of production and distribution.
3. The development of these social structures help I in increasing the e iciency and productivity of man power.
4. For examples schools, colleges, hospitals and other civic amenities.
5. It is a fact that one of the reasons for the low productivity of Indian workers is the lack of development of social infrastructure.

Lesson -08 Indian Economy Before and After Independence**48. Explain about the Period of Merchant Capital.**

1. The land revenue was an instrument of plundering the peasant.
2. The East India Company had captured political power to secure maximum goods for minimum payments.
3. The land revenue collections were treated as the profit of the company.
4. The east India Company adopted all possible means to make large fortunes.

49. The Handicrafts declined in India in British Period. why?

1. Through discriminatory tari policy, the British government successfully destroyed the demand for handicrafts.
2. Indian products couldn't compete with machine - made products.
3. There is no one like nawab, kings to protect Indian handicrafts.
4. Introduction of railways in India increased the domestic market for the British goods.

50. Elucidate the different types of land tenure system in colonial India.

- (i) The three different types of land tenure existed in India.
- (ii) They were Zamindari system, Mahalwari system, and Ryotwari system.

Zamindari system (or) Land lords :

1. The land lords or the zamindars were declared as the owner of the land.
2. They were responsible to pay the land revenue to the government.
3. The share of the government in total rent collected and fixed at 10/11, the balance going to the zamindars as remuneration.

Mahalwari System :

The ownership of the land was maintained by the collective body usually the villagers which served as a unit of a management.

Ryotwari system or the owner cultivator system :

1. The rights of ownership and control of land were held by the tiller.
2. There was the direct relationship between owners.
3. This system was the least oppressive system.

51. State the reasons for nationalization of commercial banks.

1. The main objective of the economic planning aimed at social welfare.
2. Before the independence commercial bank were in the private sector.
3. These commercial banks failed in helping the government to achieve social objectives of planning.
4. Therefore, the government decided to nationalize 14 major commercial banks.

52. Write any three objectives of Industrial Policy 1991.

- (i) To develop both small scale industries and large scale industries.
- (ii) To develop a weak and shallow industries in to a strong and solid industries.
- (iii) This policy aimed to protect cottage and small scale industries.

53. Give a note a Twelfth Five Year Plan.

- (i) This plan aimed to double the per capital income of India in the next 10 years.
- (ii) To reduce the poverty ratio of 15% by 2012.
- (iii) Its growth target was 8.0% but it achieved only 7.2%.

54. What is PQLI?

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

Lesson -09 Development Experiences in India**55. How do you justify the merits of Privatisation?**

1. Privatization was necessitated because it has given enough opportunities to contribute to the growth of the economy.
2. The governmental support was assured to the private sector for the speedy implementation of the policy.
3. Such measures paved the way for modernization and diversification of the economy.

56. What are the measures taken towards Globalization?

- (i) Import liberalization through reduction of tari and non tari barriers.
- (ii) Opening the doors to foreign direct investment.
- (iii) Foreign direct investment (FDI) and Foreign portfolio Investment (FPI) are some of the measures towards globalization.

57. Write a note on Foreign investment policy

- Another major feature of the economic reform was red carpet.
- Red carpet welcomes to foreign investment and foreign technology.
- This measure has enhanced the industrial competition and improved business environment in the country.

- Foreign investment including FDI and FPI were allowed.
- In 1991 the government announced a specific list of high technology and high investment priority industries wherein automatic permission was granted for foreign. direct investment.
- Foreign Investment Promotion Board (FIPB) has been setup to negotiate with international firms and approve direct foreign investment in select areas.

58. Give short note on Cold storage.

- India is the largest producer of fruits and second largest producer of vegetables in the world.
- In spite of that per capita availability of fruits and vegetables is quite low because of post harvest losses which account for about 25% to 30% of production.

53. Mention the functions of APMC.

Functions of APMC:

1. To promote public private partnership in the ambit of agriculture markets.
2. To provide market led extension services to farmer.
3. To ensure payments to the farmers for the sale of agricultural produces on the same day.
4. To promote agricultural activities.
5. To display data on arrivals and rates of agricultural produce from time to time into the market.

59. List out the features of new trade policy.

The main features of the new trade policy:

1. Free imports and exports
2. Rationalization of tariffs structure and removal of quantitative restrictions.
3. Trading Houses
4. Export and Import policy.

60. What is GST? Write its advantages.

- Goods and Services Tax (GST) is defined as the tax levied when a consumer buys a good or service.
- It is proposed to be a comprehensive indirect tax levy on manufacture sale and consumption of goods as well as services.

Advantages of GST :

1. Removing cascading tax effect.
2. Higher threshold for registration.

3. Composition scheme for small business.
4. Online simpler procedure under GST
5. Define treatment for e-commerce.
6. Increased efficiency in logistics.
7. Regulating the unorganized sector.

Lesson -10 Rural Economics

61. State the importance of Rural Development

Rural development is very urgent in the context for overall growth and development of Indian economy due to the following reasons.

1. A major share of population lives in rural areas, and their development and contributions are very much supportive for nation building activities
2. It supports the urban sectors by way of supplying drinking water, food and raw materials.
3. Development of agriculture and allied activities for gainful employment.
4. Improvements in education, health and sanitation in villages can help avoid many urban problems namely begging, rick picking and road side slumming.
5. In order to better utilise the unused and under-utilised resources, there is a need to develop the rural economy.

62. Explain the causes for Rural Backwardness.

1. The distribution of land is highly skewed in rural areas.
2. Non-farm employment opportunities do not match the increasing labour force
3. The root cause of rural poverty in our country is lack of public sector investment on human resource development.
4. Steady increase in prices affects the purchasing power of the rural poor leading to rural poverty.
5. Low productivity of rural labour and farm activities is a cause as well as the effect of poverty.

63. Enumerate the remedial measures to Rural poverty.

1. Creation of employment opportunities.
2. To help the poor to become more productive.
3. Necessary changes in the economic structure as well as occupational structure.
4. Control the unproductive expenditures by villagers.
5. Effective implementation of assets.
6. Equitable distribution of credit to the rural farmers.

64. What are the remedial measures for Rural Unemployment?

A few remedial measures are listed below.

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.

Rural Industrialisation :

- New industries should be setup in the rural areas.
- Irrigation facilities should be expanded to enable the farmers to adopt multiple cropping.

65. Write a note on Regional Rural Banks.

- Regional rural banks appointed by the government of India in 1975.
- RRBs are recommended to develop rural economy by providing credit and other facilities particularly to the small and marginal farmers, agricultural labours and small entrepreneurs.
- In 1976, six regional banks were sponsored by the public sector banks.
- RRB lending only to the weaker section and their lending rates are at par with prevailing rate of cooperative societies

66. Mention the features of SHGs.

1. SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.
2. Most SHGs are women's groups with membership ranging between 10 and 20.
3. SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline.
4. SHGs are self-managed institutions characterized by participatory and collective decision making.

67. List out the objectives of MUDRA Bank

1. To regulate the lender and the borrower of micro ,finance and bring stability to the micro finance system.
2. Extend finance and credit support to micro finance institution.
3. Provide structure guidelines for the borrowers to follow to avoid failure of the business.
4. Offer a credit guarantee scheme for providing guarantees to loans being offered to micro business.

5. Introduce appropriate technologies to assist in the process of efficient lending, borrowing and monitoring of distributed capital.

Lesson -11 TamilNadu Economy

68. Write a note on mineral resources in Tamil Nadu

1. Tamil Nadu has a few mining projects based on Titanium, Lignite, Magnesite, Graphite, Limestone, Granite and Bauxite.
2. The first one is the Neyveli Lignite Corporation that has led development of large industrial complex around Neyveli in Cuddalore district with Thermal power plants, Fertilizer and Carbonisation plants.
3. Magnesite mining is done at Salem firm which mining of Bauxite ores are carried out at Yercaud and this region is also rich in Iron ore at Kanjamalai.
4. Molybdenum is found in Dharmapuri and is the only source in the country.

69. Explain GSDP in Tamil Nadu

- Just like GDP. The Gross state domestic product refers to the total money value of all the goods and services produced annually in the state.
- According to the Directorate of Economics and statistics, Tamil Nadu is the third largest economy in India with a GSDP of \$207.8 billion on 2016 - 17.
- The GSDP of Tamil Nadu is equal to the GDP of Kuwait on national term and GDP of UAE on PPP terms.

70. Describe development of textile industry in Tamil Nadu.

1. Tamil Nadu is the largest textile hub of India.
2. Tamil Nadu is known as the “Yarn Bowl” of the India.
3. The textile industry plays a significant role in the Indian economy by providing direct employment to an estimated 35 million people.
4. Therefore it contributing 4% of GDP and 35% of gross export earnings.
5. The textile sector contributes to 14% of the manufacturing sector.

71. Compare productivity of any two food crops between Tamil Nadu and India.

- The Government of Tamil Nadu lays emphasis on agricultural production and productivity.
- As a result, Tamil Nadu tops in productivity in food crops as well as non food crops among the states in India.
- Tamil Nadu ranks first in maize, cumbu, groundnut, oil seeds and cotton, second in rice and coconut, Third in Sugarcane, Sunflower and Jowar crops, among the States in India.

| Productivity Position of Tamil Nadu | |
|--|---|
| Crop | Position of TN at National Level |
| Maize | 1 |
| Cumbu | 1 |
| Groundnut | 1 |
| Total Oilseeds | 1 |
| Cotton | 1 |
| Coconut | 2 |
| Rice | 2 |

72. Explain the prospect for development of tourism.

- Tourism in Tamil Nadu is promoted by Tamil Nadu Tourism Development Corporation (TTDC) a Government of Tamil Nadu undertaking.
- The state currently ranks the highest among India states with about 248 million arrivals in 2013.
- 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 Udhagamandalam (Ooty), Kodaikanal, Yercaud, Coonoor, Topslip, Valparai, Yelagiri and Manjulai.
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.

73. What are the renewable sources of power in Tamil Nadu?

- Tamil Nadu is in the forefront of all other Indian States in installed capacity.
- Muppandal wind farm is a renewable energy source, supplying the villagers with electricity for work.

- Wind farms were built in Nagercoil and Tuticorin apart from already existing ones around Coimbatore, Pollachi, Dharapuram and Udumalaipettai.
- These areas generate about half of India's 2,000 megawatts of wind energy or two percent of the total power output of India

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

- Tamil Nadu has a three-tier health infrastructure comprising hospitals, primary health centres, health units, community health centres and sub-centres.
- 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.
- 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.

Lesson -11 Mathematical Methods for Economics

75. 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.

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

Formula for construction of straight line = $y - y_1 / y_2 - y_1 = x - x_1 / x_2 - x_1$

Applying the values

$$= y - 2 / -8 - 2 = x - 2 / 4 - 2$$

$$= y - 2 / -10 = x - 2 / 2$$

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

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

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

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

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

$$y = -5x + 12$$

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

This is $y = 0 Mx + c$

or $y = a + bx$



76. The demand for milk given by**Price 1 2 3****Demand 100 50 0**

find the linear demand function and its slope.

Equation of demand function joining two data points (100, 1) and (50, 2) are

 (x_1, y_1) and (x_2, y_2) respectively

$$y - y_1 / y_2 - y_1 = x - x_1 / x_2 - x_1$$

$$y - 1 / 2 - 1 = x - 100 / 50 - 100$$

$$y - 1 / 1 = x - 100 / -50$$

$$Y = 1$$

$$Y = 2$$

$$X = 100$$

$$X = 50$$

$$-50(y - 1) = 1(x - 100)$$

$$-50y + 50 = x - 100$$

$$50y = x - 100 - 50$$

$$-50y = x - 150$$

$$-50y + 150 = x$$

$$x = 150 - 50y$$

Hence the **demand function** is $D = 150 - 50P$ and **Slope** $M = 50$ **77 Find the value of the determinant of the Matrix.**

$$A = \begin{vmatrix} 3 & 4 & 7 \\ 2 & 1 & 3 \\ 7 & 2 & 1 \end{vmatrix}$$

$$A = \begin{vmatrix} 3 & 4 & 7 \\ 2 & 1 & 3 \\ 7 & 2 & 1 \end{vmatrix} = 3 \begin{vmatrix} 1 & 3 \\ 2 & 1 \end{vmatrix} - 4 \begin{vmatrix} 2 & 3 \\ 7 & 1 \end{vmatrix} + 7 \begin{vmatrix} 2 & 1 \\ 7 & 2 \end{vmatrix}$$

$$= 3(1 - 6) - 4(2 - 21) + 7(4 - 7)$$

$$= 3(-5) - 4(-19) + 7(-3)$$

$$= -15 + 76 - 21$$

$$= 76 - 36$$

$$= 40$$



78. Find the value of x and y in the equations by using cramer's rule. $x + 3y = 1$ and $3x - 2y = 14$

Given the equations are :

$$x + 3y = 1$$

$$3x - 2y = 14$$

Then the equations in the Matrix form :

$$\begin{matrix} 1 & 3 & x & & 1 \\ 3 & -2 & y & = & 14 \end{matrix}$$



Calculating,

79. What are the features of word processor?

The features of word processor are :

1. Document can be created, copied, edited and formatted.
2. Words and sentences can be inserted, changed or deleted.
3. Formatting can be applied.
4. Margins and Page size can be adjusted.
5. Spell check can be availed.
6. Multiple documents - files can be merged.



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