Padasalai’s Telegram Groups!

(சாலைப்புறத்தில் கூடு மண்டல விளக்கம் செய்யும் விளக்கக் குறிப்பிட்டு விளக்கம்) 

- Padasalai's NEWS - Group
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1. Why Keynes is considered as the father of modern macro economics? (P-1)

2. Mention any two limitations of macro economics. (P-3)

3. What are the compositions of a four sector model of economy? (P-13)

5. What is business cycle?
   1. Explain the Demerits of capitalism. (P-9)
   2. Explain the classifications of economics (P-4)
   1. Explain the four sector model of economy with chart. (P-9)

2. National Income
   1. Give an example of how real GDP could be increased even though no more output is produced.
      Ans. If output that is currently produced in the home or in the underground economy and if activities that are currently illegal are declared legal, rela GDP could increase.
   2. What are unpaid services? (P-32)
   3. If nominal GDP is $8 trillion and real GDP is $5 trillion, calculate the value of the GDP deflator.
      Ans. GDP deflator = Nominal GDP/Real GDP x 100, $8 trillion/$5 trillion x 100 = 160
   4. What are capital gains? (P-29)
   5. What is the difference between nominal GDP and real GDP?
   6. Distinguish between Domestic and National Income
      Domestic income: Employee compensation + Rent, interest and profits + mixed income
      National Income: Domestic income + factor income from abroad.
   7. Distinguish between NNP_{MP} and NNP_{FC}
      NNP_{MP} = GNP_{MP} - Depreciation
      NNP_{FC} = GNP_{MP} - Depreciation - Net indirect taxes
   8. Distinguish between Intermediate and Final Product
      Intermediate: Products which are used in the production of other products or resale in the same year. Eg, Fuels and raw materials etc.
      Final Product: Products which are used for final consumption or final investment, Eg, Machinery, cloth etc.
   1. What are the five types of final goods and services that GNP includes? (P-21)
   2. Given the table, calculate GNP, NNP, National Income, Personnel Income and Disposable income

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.Cror</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>8000</td>
</tr>
<tr>
<td>Receipts of factor income from the rest of the world</td>
<td>250</td>
</tr>
<tr>
<td>Payment of factor income to the rest of the world</td>
<td>300</td>
</tr>
<tr>
<td>Depreciation</td>
<td>900</td>
</tr>
<tr>
<td>Indirect tax minus subsidies</td>
<td>500</td>
</tr>
<tr>
<td>Corporate profits minus dividends</td>
<td>500</td>
</tr>
<tr>
<td>Social insurance payments</td>
<td>700</td>
</tr>
<tr>
<td>Personal interest income received from the government and consumers</td>
<td>300</td>
</tr>
<tr>
<td>Transfer payment to persons</td>
<td>1100</td>
</tr>
<tr>
<td>Personal tax</td>
<td>1000</td>
</tr>
</tbody>
</table>

GNP = GDP + Factor income from the rest of world + Payment of factor income to the rest of the world
8000 + 250 - 300 = 7950
NNP = GNP - depreciation
7950 - 900 = 7050

NI = NNP - Indirect taxes minus subsidies
7050 - 500 = 6550

PI = NI - Corporate profits minus dividends - Social insurance payments + Personal interest income received from the government and consumers + Transfer of payments to persons
6550 - 700 - 300 + 1100 = 6750

DI = Personal income - Personal tax
6750 - 100 = 5750

3. Calculate National Income by income method and Expenditure method

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs. Cror</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>40</td>
</tr>
<tr>
<td>Interest</td>
<td>60</td>
</tr>
<tr>
<td>Private final consumption expenditure</td>
<td>550</td>
</tr>
<tr>
<td>Net export</td>
<td>-5</td>
</tr>
<tr>
<td>Net factor income from abroad</td>
<td>-10</td>
</tr>
<tr>
<td>Mixed income</td>
<td>10</td>
</tr>
<tr>
<td>Employee compensation</td>
<td>500</td>
</tr>
<tr>
<td>Profit</td>
<td>100</td>
</tr>
<tr>
<td>Government final consumption expenditure</td>
<td>150</td>
</tr>
<tr>
<td>Net domestic capital formation</td>
<td>45</td>
</tr>
<tr>
<td>Net indirect taxes</td>
<td>30</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5</td>
</tr>
</tbody>
</table>

i) INCOME METHOD: NI = Employee compensation + rent + interest + profits + mixed income + net factor income from abroad
ii) EXPENDITURE METHOD: NI = Private final consumption expenditure + government final consumption expenditure + net domestic capital formation + depreciation + net exports + net factor income from abroad - depreciation - net indirect tax

4. On the basis of the following real data at current prices of Indian economy during 1982-1983 find out

<table>
<thead>
<tr>
<th>Data</th>
<th>Rs. Cror</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDP&lt;sub&gt;FC&lt;/sub&gt;</td>
<td>133151</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11242</td>
</tr>
<tr>
<td>Net indirect taxes</td>
<td>19183</td>
</tr>
<tr>
<td>Net income from abroad</td>
<td>(-681)</td>
</tr>
</tbody>
</table>

Ans: 1. NNP<sub>FC</sub> = 1. NDP<sub>FC</sub> + Net income from abroad = 133151 + (-681) = 132470 cr
2. NNP<sub>MP</sub> = NNP<sub>FC</sub> + Net income from abroad = 132470 + 19183 = 151653 cr
3. GNP<sub>MP</sub> = NNP<sub>MP</sub> + Depreciation = 151653 + 11242 = 162895 cr
4. GDP<sub>MP</sub> = GNP<sub>MP</sub> - Net income from abroad = 162895 - (-681) = 163576 cr
5. GDP<sub>FC</sub> = GDP<sub>MP</sub> + Net indirect taxes = 163576 - 19183 = 144393 cr
6. GNP<sub>FC</sub> = GDP<sub>FC</sub> + Net income from abroad = 144393 + (-681) = 143712 cr
7. NDP<sub>MP</sub> = GDP<sub>MP</sub> - Depreciation = 163576 - 11242 = 152334 cr

FORMULAE

i. Net Domestic Product = GDP - Depreciation
ii. NNP = GNP - depreciation allowance.
iii. NNP at factor cost = NNP at Market prices - Indirect taxes + Subsidies
iv. GNP<sub>MP</sub> = GDP at Market Prices + Net Factor income from Abroad

Personal Income = National Income - (Social Security Contribution and undistributed corporate profits) + Transfer payments
v. \( \text{GNP} = C + I + G + (X-M) \)

vi. \( \text{GNP} = \text{GDP} + \text{NFIA} \)

vii. \( \text{NDP}_{MP} = \text{GDP}_{MP} - \text{Depreciation} \)

viii. \( \text{GNP}_{MP} = \text{GDP}_{MP} - \text{NFIA} \)

ix. \( \text{NNP}_{MP} = \text{GNP}_{MP} - \text{Depreciation} \)

dx. Disposable Income = Personal income – Direct Tax

dxi. Disposal income = consumption + saving.

xii. National Income at constant price = National Income at current price \( \div P1 / P0 \)

xiii. National Income (NNPFC) = Gross Value Added by all the production Enterprises within the Domestic Territory of the Country – Depreciation – Net Indirect Taxes + Net Factor Income from Abroad

xiv. \( \text{GDP}_{MP} = \text{Private Final Consumption} + \text{Government Final Consumption Expenditure} + \text{Gross Domestic Capital Formation} + \text{Net Exports} (\text{Exports} - \text{Imports}) \)

xv. \( \text{GDP}_{FC} = \text{GDP} - \text{Net indirect Taxes} \)

xvi. \( \text{MP} = \text{FC} + \text{Indirect Taxes} - \text{Subsidies} \)

xvii. \( \text{FC} = \text{MP} - \text{Indirect Taxes} + \text{Subsidies} \)

xviii. \( \text{Net Product} = \text{Gross value added} - \text{Depreciation} \)

xix. \( \text{Net value added} = \text{Gross value added} - \text{Depreciation} \)

xx. \( \text{Net Investment} = \text{Gross Investment} - \text{Depreciation} \)

3-Theories of Employment and Income

1. What is cyclical Unemployment? ?(P-38)

2. Write short note on Seasonal Unemployment?(P-39)

3. Write the meaning of Temporary unemployment?(P-39)

1. Write short note on Ex ante and Ex post in Say's Law(P-41)

2. Explain Aggregate Demand function (FP44)

4-. Consumption and Investment Functions

1. What are ceteris paribus?(P-56)

2. State the Dusenberry hypothesis?(P-59)

4. Super multiplier - Define?(P-70)

5. Write the definition of Leverage effect? ?(P-70)

6. Assume that \( C = \text{Rs} 100 + 0.8y \) wheny = 1000 what is the level of consumption at this income

Ans: \( C = \text{Rs} 100 + 0.8y \) so \( 100 + 0.8(1000) = \text{Rs}.100 + 800, \) level of consumption at this income is \( \text{Rs}.900 \)

7. What are factor affecting MEC (p-63)

8. State the relationship between rate of interest and investment (P-62)

1. Mention any six Determinants of Investment function?(P-62)

2. Classification of Multiplier (P-67)

3. Write short note on Autonomous Investment(P-60)

1. Explain multiplier with help of suitable diagram(P-65)

2. Explain Accelerator with help of diagram (P-69)

5- Monetary Economics

1. What is Monetary Economics?(P-76)

2. Write note on silver standard?(P-78)

3. Define paper currency?(P-78)
4. What is crypto currency? (P-79)

5. Write short note on Money as a standard of Deferred Payment (P-79)

6. Mention the components of Money supply in India (P-81)

7. Write the meaning of Galloping Inflation (P-85)

8. What is Wage-Price Spiral? (P-85)

9. Find the answer for a) Value of M1, b) Value of M2, form the following data

<table>
<thead>
<tr>
<th>Currency held outside banks</th>
<th>Rs.800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Deposits</td>
<td>Rs.1000</td>
</tr>
<tr>
<td>Travelers checks</td>
<td>Rs.100</td>
</tr>
<tr>
<td>Other checks deposits</td>
<td>Rs.200</td>
</tr>
<tr>
<td>Saving accounts</td>
<td>Rs.300</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>Rs.100</td>
</tr>
<tr>
<td>Other near monies</td>
<td>Rs.200</td>
</tr>
</tbody>
</table>

M1 = Currency, coins and demand deposits, so M1 = 800+1000+100+200, = Rs.2100
M2 = M1 + Savings deposits with post office savings banks, so M2 = 2100+300+100+200, = Rs.2700

10. What is token money*

11. Write short note on currency symbol in India (P-81)

1. Write note on metallic money (P77)

2. Explain the concept of plastic money (P78)

3. What are the contingent functions (P80)

4. Explain Evaluation of money (P-77)

5. Explain any three main causes of inflation in India (P-86)

1. Explain measures to control inflation (P88)

6. Banking

1. What are demand deposits (P87)

2. What are time deposits (P97)

3. Write short note on travelor’s Cheque (P98)

4. What is banking Ombudsman scheme (P104)

5. Define - Expansionary policy (P114)

6. Define contractionary monetary policy (P114)

7. Write short note on money market (P119)

8. What is capital market (P119)

9. History of Indian banks (P96)

10. Write short note on Primary deposits (P99)

11. Write short note on Demonetisation (P119)

1. Differentiate NEFT and RTGS (P117)

2. Write short note on Two faces of Monetary policy (P115)

3. Mention Central and State level Financial Institutional set up (P111)

4. Differentiate CRR and SLR (P105)

5. Compare the Repo and Reverse Repo (P107)

7. International Economics

1. Write short note on Official Reserve Assets Account (P136)

2. Define FOREX (P141)

3. What is Flexible Exchange Rate (P142)

4. What is FPI (P145)
5. What is FII (P145)
1. Write few lines about history of classical Trade Theory (P128)
2. Write factor endowment model (P130)
3. Write short note on Heckscher-Ohlin (H-O) theorem (P131)
4. Classify Terms of Trade (P133)
1. Explain the determinants of Equilibrium Exchange Rate (P142)
2. Explain Adam Smith theory of Absolute Cost Advantage (P128)

8-International Economic Organisations
1. What is the key difference between GATT and WTO (P163)
2. How is the SDR valued (P160)
3. What is multifibre agreement (P164)
4. Write a short note on BRICS (P169)
5. What are the major functions of WTO (P164)
6. Write the history of WTO (P165)
7. Write short note on the bufferstock facility (P-157)
1. Write short note on TRIPs (P163)
2. Write short note on TRIMs (P163)
3. Distiguish between IMF and World bank
4. Write short note on SDR (P157)
5. Write short note on India and IBRD sustainable relationship (P187)
6. Write the history of WTO ministerial conference (P165)
1. List the major objectives of World Bank (P158)
2. Elaborate the WTO Agreement in detail (P163)
3. What are the functions of ASEAN (P168)

5-Fiscal Economics
1. What is public finance (P176)
2. What is public finance means (P176)
3. What are the sub divisions of public finance (P177)
4. Define public Expenditure (P180)
5. What is excise duty (P186)
6. What are sales tax (P186)
7. Write a note on custom duty (P186)
8. What is the main advantage of GST (P188)
9. What is sinking fund (P192)
10. What is vote on account budget (P193)
11. Define Escheats (P184)
12. What is service tax (P187)
13. Define article 280 (P202)
1. Discuss the merits of Direct tax (P186)
2. Classification of public expenditure (P180)
3. What are the components of GST (P189)
4. Draw flow chart the process and preparation of budget (P196)
5. Write the Sources of revenue of District Boards (P203)
1. Explain the non-tax revenue of a state (P183)
2. Explain the types of budget (P193)

10-Environmental Economics
1. What is meant by environmental economics (P212)
2. What are spill over effect (P216)
3. What is climate change (P225)
4. Define Organic farming (P229)
5. Write a brief note on Trees (P230)
1. What are the source of E-waste (P227)
1. State and discuss the Cause of Land Pollution (P223)

11-Economics of Development and Planning
1. Write the meaning of the term underdevelopment (P238)
2. What is Casino Capitalism (P242)
3. What are initiative of NITI Aayog (P253)
4. What are the implication of NITI Aayog (P253)
1. Write short note on Viscious circle of poverty on demand side (P-244)
2. Write short note on Viscious circle of poverty on supply side (P-244)
1. What are the features of underdeveloped economy (P238)

12-Introduction to Statistical Methods and Econometrics
1. Write a note on origin of Indian statistics (P258)
2. What are the functions of statistics (P259)
3. What is the meaning of Average (P242)
4. Define coefficient of correlation (P)
1. What are major differences between Descriptive Statistics and Inferential Statistics (P261)
2. Write any three differences between Correlation and Regression (P272)
3. Write note on CSO (P277)
4. Write note on NSO (P277)
5. Distinction between qualitative and Quantitative data
1. Find the Pearson correlation coefficient between sales and expenses

<table>
<thead>
<tr>
<th>Firm</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>50</td>
<td>50</td>
<td>55</td>
<td>60</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>60</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>Expenses</td>
<td>11</td>
<td>13</td>
<td>14</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

2. The data on price and quantity purchased relating to a commodity for 5 months is given below find the pearson correlation coefficient between prices and quantity and comment on its sign and magnitude

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Quantity</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Ans: \( r_{xy} = -0.98 \)
Comment: Negative sign of \( r \) indicate negative correlation and its magnitude indicate a. High degree of correlation
b. There is a high degree of negative correlation between price and quantity demand

3. Compute the pearson \( r \) for the same sets of data using the raw score method

<table>
<thead>
<tr>
<th>X</th>
<th>9</th>
<th>13</th>
<th>6</th>
<th>18</th>
<th>14</th>
<th>12</th>
<th>11</th>
<th>7</th>
<th>2</th>
<th>6</th>
<th>14</th>
<th>15</th>
<th>5</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>23</td>
<td>40</td>
<td>10</td>
<td>48</td>
<td>25</td>
<td>30</td>
<td>15</td>
<td>10</td>
<td>5</td>
<td>45</td>
<td>40</td>
<td>35</td>
<td>12</td>
<td>27</td>
</tr>
</tbody>
</table>

Ans: 0.70

“So long as you do not achieve social liberty, Whatever freedom is provided by the law is of no avail to you”