

SETHU BHASKARA MARTIC HR. SEC. SCHOOL, PUDUR AMBATTUR  
COMMON QUARTERLY EXAMINATION – 2026-2027.

ECONOMICS 12 STD

Note: 1. Answer all the questions

20X1=20

2. Choose the most suitable answer from the given four alternatives and writes the option code and corresponding answer.

| S.NO | OPTIONS | ANSWERS                          | MARKS |
|------|---------|----------------------------------|-------|
| 1    | d       | Micro and Macro                  | 1     |
| 2    | b       | America                          | 1     |
| 3    | c       | Agriculture                      | 1     |
| 4    | a       | April 1 to March 31              | 1     |
| 5    | c       | Law of Markets                   | 1     |
| 6    | a       | Balanced budget                  | 1     |
| 7    | a       | Higher aggregate demand          | 1     |
| 8    | d       | A and b                          | 1     |
| 9    | c       | Mumbai                           | 1     |
| 10   | b       | Velocity of circulation of money | 1     |
| 11   | c       | Bank loans and advances          | 1     |
| 12   | c       | Central bank                     | 1     |
| 13   | b       | Foreign exchange markets         | 1     |
| 14   | b       | Atomic energy                    | 1     |
| 15   | a       | Paper Gold                       | 1     |
| 16   | b       | 1967                             | 1     |
| 17   | b       | J.M Keynes                       | 1     |
| 18   | b       | C+I+G+ (X-M)                     | 1     |
| 19   | c       | Depression                       | 1     |
| 20   | b       | TRIMS                            | 1     |

PART –II

II. Note: Answer any 7 questions. Question number 30 is compulsory.

7X2=14

| S.NO | ANSWERS                                                                                                                                                                                                                                        |                                                                                                                                    | MARKS  |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------|
| 21   | <b>Capitalism</b> <ul style="list-style-type: none"><li>Adam smith is the father of capitalism.</li><li>Capitalist economy is also termed as a free economy.</li><li>For example USA , West Germany</li></ul>                                  |                                                                                                                                    | 2      |
| 22   | <b>National Income</b><br>“ The net output of the commodities and services flowing during the year from the country’s productive system into the hands of the ultimate consumers or into net addition to the country’s stock of capital goods” |                                                                                                                                    | 2      |
| 23   | <b>Assumptions of Say’s law.</b> <ul style="list-style-type: none"><li>Full employment</li><li>Long-run analysis</li></ul>                                                                                                                     |                                                                                                                                    | 1<br>1 |
| 24   | <b>Multiplier.</b><br>➤ The multiplier is defined as the ratio of the change in national income to change on investment.<br>➤ $K= \Delta Y/\Delta I$                                                                                           |                                                                                                                                    | 1<br>1 |
| 25   | <b>Stagflation</b><br>Stagflation is a combination of stagnant economic growth, high unemployment and high inflation.                                                                                                                          |                                                                                                                                    | 2      |
| 26   | <b>SLR</b><br>It is the amount which a bank has to maintain in the form of cash, gold or approved securities.                                                                                                                                  | <b>CRR</b><br>Banks are required to hold a certain proportion of their deposits in the form of cash with RBI. This is known as CRR | 2      |
| 27   | <b>International Economics</b><br>A special branch of Economics which primarily deals with the basics of international trade.                                                                                                                  |                                                                                                                                    | 2      |
| 28   | <b>Free trade area</b><br>A free trade area is the region encompassing a trade bloc whose member countries have signed a free-trade agreement FTA.<br>e.g SAFTA, EFTA                                                                          |                                                                                                                                    | 2      |
| 29   | <b>SAARC secretariat established</b>                                                                                                                                                                                                           |                                                                                                                                    |        |

|    |                                                                                    |   |
|----|------------------------------------------------------------------------------------|---|
|    | The SAARC Secretariat was established in Kathmandu (Nepal ) on 16 th January 1987. | 2 |
| 30 | <b>Stock</b><br>A quantity of a commodity that is constant at a point of time.     | 2 |

### PART- III

III. Note: Answer any 7 questions. Question number 40 is compulsory.

7X3=21

| S.NO | ANSWER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | MARKS       |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 31   | <b>Demerits of socialism</b> <ul style="list-style-type: none"> <li>• <b>Red Tapism and bureaucracy:</b> Approval of many officials and movement of files from one table to other takes time and leads to red tapism.</li> <li>• <b>Absence of incentive:</b> The major limitation of socialism is that this system does not provide any incentive for efficiency.</li> <li>• <b>Limited Freedom of choice:</b> Consumers do not enjoy freedom of choice over the consumption of goods and services.</li> </ul> <p>( any three points of demerits of socialism each carry one mark)</p>                                                                                                                                                    | 1<br>1<br>1 |
| 32   | <b>Solution to the problem of double counting in the estimation of national income.</b> <ul style="list-style-type: none"> <li>• The value obtained is actually the GNP at market prices. Care must be taken to avoid double counting.</li> <li>• The value of the final product is derived by the summation of all the values added in the productive process.</li> <li>• Double counting is to be avoided under value added method.</li> </ul> <p>( any three points of solution to the problem of double counting in the estimation of national income each carry one mark)</p>                                                                                                                                                         | 1<br>1<br>1 |
| 33   | <b>Keynes theory</b> <ul style="list-style-type: none"> <li>• Keynes's book, "The General Theory of Employment, Interest and Money" published in 1936</li> <li>• The theory of Keynes was against the belief of classical economists that the market forces in capitalist economy adjust themselves to attain equilibrium. Keynes not only criticized classical economists but also advocated his own theory of employment.</li> <li>• Keynes's theory was a general theory as it tried to explain all types of situations, i.e. not only equilibrium level of employment but also the concept of full employment as well as the possibility of underemployment.</li> </ul> <p>(any three points of Keynes theory each carry one mark)</p> | 1<br>1<br>1 |
| 34   | <b>Three subjective and objective factors influencing the consumption function.</b> <ul style="list-style-type: none"> <li>• Three subjective factors</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1 ½         |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                            |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
|    | <ul style="list-style-type: none"> <li>Three objective factors</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1 ½                        |
| 35 | <p><b>Determinants of money supply.</b></p> <p><b>Currency Deposit Ratio</b><br/>It is the ratio of money held by the public in currency to that they hold in bank deposits</p> <p><b>Reserve deposit Ratio</b><br/>Reserve Money consists of two things<br/>(a) Vault cash in banks<br/>(b) deposits of commercial banks with RBI</p> <p><b>Cash Reserve Ratio</b><br/>It is the fraction of the deposits the banks must keep with RBI<br/>(any three points of determinants of money supply each carry one mark)</p>     | <p>1</p> <p>1</p> <p>1</p> |
| 36 | <p><b>NBFI</b></p> <ul style="list-style-type: none"> <li>A non- banking financial institution or non-bank financial company is a financial institution that does not have a full banking license or is not supervised by the central bank</li> <li>The NBFI do not carry on pure banking business, but they will carry on other financial transactions. They receive deposits and give loans.</li> <li>NBFI can be broadly classified into two categories (1) stock exchange (2) other Financial institutions.</li> </ul> | <p>1</p> <p>1</p> <p>1</p> |
| 37 | <p><b>Import control</b></p> <ul style="list-style-type: none"> <li>Imposing or enhancing import duties.</li> <li>Restricting imports through import quotas</li> <li>Licensing and even prohibiting altogether the import of certain non- essential items. But this would encourage smuggling.</li> </ul>                                                                                                                                                                                                                  | <p>1</p> <p>1</p> <p>1</p> |
| 38 | <p><b>Three lending programmes of IMF.</b></p> <ul style="list-style-type: none"> <li>Basic credit facility with full explanation</li> <li>Buffer stock facility with full explanation</li> <li>Extended fund facility with full explanation</li> </ul>                                                                                                                                                                                                                                                                    | <p>1</p> <p>1</p> <p>1</p> |
| 39 | <p><b>Agenda of BRICS summit, 2018</b></p> <ul style="list-style-type: none"> <li>Inclusive growth</li> <li>Trade issues</li> <li>Global governance</li> <li>Shared prosperity</li> <li>International peace and security</li> </ul>                                                                                                                                                                                                                                                                                        | 3                          |
| 40 | <p><b>Nature of unemployment found in the developed and developing countries</b></p> <ul style="list-style-type: none"> <li>Developed countries - cyclical unemployment, frictional unemployment.</li> <li>Developing countries – structural unemployment.</li> </ul>                                                                                                                                                                                                                                                      | <p>1 ½</p> <p>1 ½</p>      |

PART – IV

IV. Note: Answer all the questions.

7X5=35

| S.NO | ANSWER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | MARKS                                                                                     |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 41   | <p>(a) Features of capitalism, Secularism and socialism<br/>Any five points award each one marks (5X1=5)<br/>(OR)</p> <p>(b) Causes and effects of inflation on the economy</p> <ul style="list-style-type: none"> <li>Causes of inflation</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 5                                                                                         |
| 42   | <p>(a) importance of national income</p> <ul style="list-style-type: none"> <li>National income is of great importance for the economy of a country.</li> <li>National income data is used to formulate monetary policy, fiscal policy and other policies.</li> <li>National income helps to build economic models both in short- run and long-run.</li> <li>National income helps to make international comparison, inter- regional comparison and inter-temporal comparison of growth of the economy during different periods.</li> <li>National income helps us to know a country's per capita income which reflects the economic welfare of the country</li> <li>National income helps us to know the distribution of income for various factors production in the country.</li> </ul> <p>(any five points award each one marks )<br/>(OR)</p> <p>(b)Modern theory of international trade</p> <ul style="list-style-type: none"> <li>Meaning with full explanation</li> <li>Assumption with full explanation</li> <li>Explanation with full explanation</li> <li>Table with full explanation</li> <li>Flow charts with full explanation</li> </ul> | <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> |
| 43   | <p>(a) Importance of social accounting in economic analysis</p> <p>(i) Firms with full explanation</p> <p>(ii) Households, with full explanation</p> <p>(iii) Government, with full explanation</p> <p>(iv) Rest of the world with full explanation</p> <p>(v) Capital sector with full explanation</p> <p>(OR)</p> <p>(b) Function of commercial Banks</p> <ul style="list-style-type: none"> <li>Primary function with full explanation</li> <li>Secondary function with full explanation</li> <li>Other function with full explanation</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>1</p>          |
| 44   | <p>(a) equilibrium between ADF and ASF with diagram</p> <ul style="list-style-type: none"> <li>Diagram</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1                                                                                         |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                      |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
|    | <ul style="list-style-type: none"> <li>Explanation</li> </ul> <p>(Or)</p> <p>(b) Objectives of IMF</p> <p>(Any five points award each one mark)</p>                                                                                                                                                                                                                                                                                            | 4<br><br><br><br>5                   |
| 45 | <p>(a) Difference between MEC and MEI</p> <p>Any five points award each one marks</p> <p>(Or)</p> <p>(b) Objectives of monetary policy</p> <ul style="list-style-type: none"> <li>Neutrality of money with full explanation</li> <li>Stability of exchange rates with full explanation</li> <li>Price stability with full explanation</li> <li>Full employment with full explanation</li> <li>Economic growth with full explanation</li> </ul> | 5<br><br><br>1<br>1<br>1<br>1<br>1   |
| 46 | <p>(a) Fisher quantity theory of money</p> <ul style="list-style-type: none"> <li>General equation</li> <li>Revised equation</li> <li>Diagram</li> <li>Explanation</li> </ul> <p>(Or)</p> <p>(b) Working of multiplier</p> <ul style="list-style-type: none"> <li>Working of multiplier with complete derivation</li> </ul>                                                                                                                    | 1<br>1<br>1<br>2<br><br><br>5        |
| 47 | <p>(a) Difference between internal trade and international trade.</p> <p>Any five difference award each one marks (5X1=5)</p> <p>(Or)</p> <p>(b) Three models of circular flow of income.</p> <ul style="list-style-type: none"> <li>Two sector models with full explanation</li> <li>Three sector models with full explanation</li> <li>Four sector models with full explanation</li> </ul>                                                   | 5<br><br><br><br><br><br>1<br>2<br>2 |

#### SUBJECT HANDLING TEACHERS

1. MR. JAYSANKAR –

2. MRS. LAKSHMI SRI ROY –

3. MS. SHANMUGAPRIYA –

*[Signature]*  
19/9/26