

SMART SKILLS
ACADEMIC SESSION 2020-21
ECONOMICS
CLASS XII

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Syllabus for Academic Session 2020- 21

Theory: 80 marks

Project: 20 marks

Duration-3 hours

1. Weightage by content

Unit No.	Topic	Marks
Part A	Introductory Macroeconomics	40
1.	National Income and Related Aggregates	10
2.	Money and Banking	06
3.	Determination of Income and Employment	12
4.	Government Budget and the Economy	06
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7.	Current Challenges facing Indian Economy	22
8.	Development Experience of India- A Comparison with Neighbours	06
Part C	Project Work	20

2. Types of questions

Typology of questions	Marks	Percentage
Remembering and Understanding	44	55%
Application	18	22.5%
Analysing ,Evaluating and Creating	18	22.5%
Total	80	100%

Monthly Syllabus

MARCH/ APRIL/MAY 2020

National Income and Related Aggregates

- Macroeconomics – its meaning
- Basic concepts of macroeconomics – consumption goods, capital goods, final goods, intermediate goods, stocks and flows, gross investment and depreciation
- Circular Flow of Income (two sector model)

- Concepts and aggregates related to national income: GDP, GNP, NDP, NNP at both market price and factor cost, Real and Nominal GDP
- Measurement of National Income-
 - Value Added or Product Method
 - Income Method
 - Expenditure Method
- GDP and Welfare

Government Budget and the Economy

- Meaning, objectives and components of Government Budget
- Classification of Receipts- Revenue and Capital
- Classification of Expenditure – Revenue and Capital
- Various measures of government deficit and their meaning :
 - Revenue Deficit
 - Fiscal Deficit
 - Primary Deficit

Development Experience (1947-90)

- Introduction of the state of Indian Economy on the eve of independence
- Common goals of Five Year Plans
- Main feature, problems and policies of
 - agriculture (institutional aspects and new agricultural strategy)
 - industry (IPR 1956; SSI – role & importance)
 - foreign trade

JULY 2020

Development Experience (1947-90)

- Economic Reforms since 1991
- LPG policy
- Concepts of Demonetization and GST

Poverty

- Absolute and Relative
- Main programs for poverty alleviation: a critical assessment

Determination of Income and Employment

- Aggregate demand and its components
- Propensity to consume and propensity to save (average and marginal)

- Short-run equilibrium output
- Investment multiplier and its mechanism
- Meaning of full employment and involuntary unemployment
- Problems of excess demand and deficient demand
- Measures to correct excess demand and deficient demand- change in Government spending, taxes and money supply

Money and Banking

- Money and its meaning
- Supply of money -Currency held by the public and net demand deposits held by commercial banks (M_1)
- Money creation by the commercial banking system
- Central bank and its functions (example of the Reserve Bank of India)
 - Bank of issue
 - Government Bank
 - Banker's Bank
- Controller of credit through Bank Rate, CRR, SLR, Repo Rate, Reverse Repo Rate, Open Market Operations, Margin Requirements

AUGUST / SEPTEMBER 2020**Rural Development**

- Key issues- credit and marketing
- Role of cooperatives
- Agricultural diversification
- Alternate farming-organic farming

Human Capital Formation

- How people become resource
- Role of human capital in economic development
- Growth of Education Sector in India

Employment

- Growth and changes in work force participation rate in formal and informal sectors
- Problems and Policies

OCTOBER 2020**Infrastructure**

- Meaning and types
- Case studies
- Energy and health
- Problems and policies-a critical assessment

Sustainable Economic Development

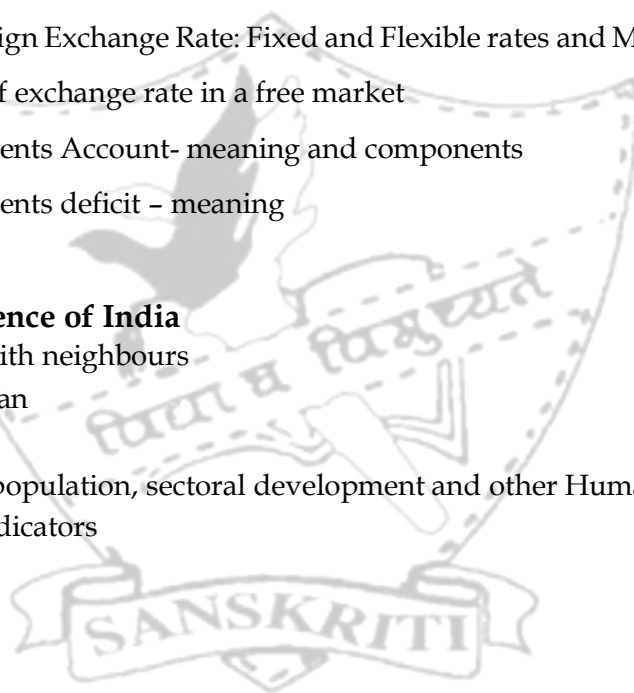
- Meaning, Effects of Economic Development on Resources and Environment
- Global Warming

Balance of Payments

- Meaning of Foreign Exchange Rate: Fixed and Flexible rates and Managed Floating
- Determination of exchange rate in a free market
- Balance of Payments Account- meaning and components
- Balance of payments deficit - meaning

NOVEMBER 2020**Development Experience of India**

- A comparison with neighbours
- India and Pakistan
- India and China
- Issues: growth, population, sectoral development and other Human Development indicators

Revision

INSTRUCTIONS FOR ATTEMPTING THE EXAMINATION

1. The paper is divided into two parts. Each section is to be answered separately.
2. Questions should be answered in **proper sequence** and not in reverse order.
3. 1 mark questions are required to be answered in **one** sentence each. For MCQ full option should be written with the correct subpart mentioned.
4. 3 marks questions should not normally exceed **60-80** words each.
5. 4 marks questions should not normally exceed **80-100** words each.
6. 6 marks questions should not normally exceed **100-150** words each.
7. Answer should be **brief** and to the point and the above word limit should be adhered to as far as possible.
8. Read the question paper carefully, especially questions that offer a choice.
9. Use a pencil and ruler for drawing diagrams and remember to **label the axes** correctly.
10. Mark the diagram with arrows so that it becomes self explanatory.
11. All schedules should be **tabulated** using a pencil and ruler.
12. **Formulae** carry marks. Remember to write the formulae and units in numerical questions.
13. In questions that require a schedule / diagram, remember to incorporate it in your explanation.
14. All calculations should be shown in a rough column on the same page as the solution.
15. **Proper formatting** of answers is essential. Each point should have a **heading** followed by an explanation in the next line.
16. Do not forget to **underline key words**.

National Income Accounting

The following questions are for 1 mark each:

1. What is meant by the household sector?
2. Give 2 examples of residents of 'International Territory'.
3. State one reason for firms retaining a part of their profits.
4. What is meant by an economic activity?
5. What is meant by a corporation tax?
6. What are royalties?
7. What is expected obsolescence?
8. Can consumption exceed production in a year?
9. If the compensation of employee in a firm is 55% of the net value added, what accounts for the balance 45%?
10. When is :
 - NNP at market price equal to NNP at factor cost?
 - Net factor income from abroad equal to zero?
 - Value of output equal to value added?
11. What is a GNP deflator?
12. Define dividend.
13. Direct purchases abroad made by resident households are a part of..... (PFCE/GDP).
14. What are transfer payments?
15. What is investment?

The following questions are for 3/4 marks each:

1. What is meant by employer's contribution to social security schemes? How is it treated in the estimation of national income?
2. Is the import of second hand machinery included in fixed capital formation? How is it accounted for in national income?
3. Is employer's contribution to social security, part of compensation of employee? Why?
4. Distinguish between expenditure on domestic product and expenditure by residents.
5. Why are imports not included in the estimation of national income?
6. Why does Government of India grant subsidies to producing enterprises?
7. What type of data is required in different phases for calculation of national income?

8. What do you understand by the problem of double counting? Explain with help of an example.
9. Differentiate between:
 - Factor income and transfer income
 - Value of output and value added
 - Production for self consumption and production for exchange
 - Nominal GNP and real GNP
 - Change in stock and fixed capital formation
10. Calculate 'Depreciation on Capital Asset' from the following data –

S.no	Particulars	Amount (in ₹crores)
i.	Capital value of the asset	1,000
ii.	Estimated life of the asset	20 years
iii.	Scrap Value	Nil

The following questions are for 6 marks each:

1. State any 6 items that are excluded when calculating GNP, giving reasons.
2. How is nominal GNP converted to real GNP? Explain with an example. What do both reflect? Which is a better measure of welfare and why?
3. What is meant by final consumption expenditure? Mention any two precautions that must be taken while estimating GDP by the expenditure method.
4. Giving reasons explain how the following are treated in estimating national income:
 - a. Wheat grown by a farmer but used for family's consumption.
 - b. Earnings of the shareholders from sale of shares.
 - c. Expenditure by government on providing free education.

Money and Banking

The following questions are for 1 mark each:

1. Define money.
2. What is M_1 with reference to money supply?
3. Is credit card a form of money? Why?
4. Define money supply.
5. What is a central bank?
6. Why is the central bank called a 'lender of last resort'?
7. What is meant by credit control?
8. Define bank rate.
9. What should a central bank do to the bank rate if it wants credit to be expanded?
10. What is meant by moral suasion?

The following questions are for 3/4 marks:

1. State any 4 functions of a central bank.
2. What is meant by open market operations? Explain their effect on credit creation by commercial banks.
3. Explain the effect of an increase in the bank rate on credit creation by commercial banks.
4. State any three methods by which a central bank tries to control the quantity of credit.
5. State any three main functions of a central bank. Describe any one of them.
6. Explain the "banker's bank" function of a central bank.
7. Distinguish between a central bank and a commercial bank.
8. Explain any one function of a central bank:
 - a) Currency authority
 - b) Lender of last resort.
9. Given that the legal reserve ratio is 30% and the initial deposit is Rs 5000-
 - a) Calculate the value of deposit multiplier.
 - b) Calculate the money created in the economy.

The following questions are for 6 marks:

1. Explain the credit creation process of commercial banks.
2. Explain the quantitative measures that a central bank uses to control credit in an economy.

Determination of Income and Employment

The following questions are for 1 mark each:

1. What happens to income when AD is greater than income?
2. What is the relation between APC and APS?
3. If the ratio of MPC to MPS is 3:2, what is the value of the multiplier?
4. What is "breakeven point" in macroeconomics?
5. Define aggregate demand.
6. Name the components of aggregate demand.
7. What is propensity to consume?
8. What will be the effect on income of an economy if there is a decrease in investment by Rs 200 crores, assuming the value of the multiplier is 5?
9. What is full employment equilibrium?
10. What is voluntary unemployment?
11. What is involuntary unemployment?
12. What is the significance of the intersection of the 45° line and the consumption curve?
13. When does a situation of deficient demand arise in an economy?
14. How does the deficient demand affect the equilibrium level of employment?
15. What effect does a sale of Government securities by the central bank have on AD?

The following questions are for 3/4 marks each:

1. What can be the minimum value of multiplier and why?
2. Explain the three components of aggregate demand.
3. Why can't the value of MPC be greater than one?
4. State the two characteristics of consumption function
5. Explain the concept of investment multiplier. How is it related to (a) MPC (b) MPS
6. In an economy investment expenditure is increased by Rs 400 crores and MPC is 0.8. Calculate the total increase in income, consumption and savings.
7. Explain the components of the equation: $S = -C_0 + (1 - b) Y$.
8. Give the meaning of MPS. Can the value of APS be negative? If yes, when?
9. Explain how taxes are used to correct excess demand.
10. Explain the role of legal reserve ratio in correcting excess demand.
11. Explain the concept of deflationary gap. Use a diagram.

12. What is an inflationary gap? State two measures to correct it.
13. If planned saving is greater than planned investment, what adjustments will bring equality between the two?
14. Given a consumption function $C = 50 + 0.8Y$ and autonomous investment of Rs50, determine the break-even level of income and the equilibrium level of income. What is the additional investment required to achieve full employment level of income of Rs 800?

The following questions are for 6 marks each:

1. Explain the meaning of involuntary unemployment and full employment.
2. On a diagram draw a straight line saving curve for an economy. From it derive the consumption curve, explaining the method of derivation. Show a point on the consumption curve at which APC is equal to one and a point where APS is negative.
3. Why must aggregate demand be equal to income at the equilibrium level of income and output? Explain with the help of a diagram.
4. Why must planned saving of households be equal to planned investment of firms at the equilibrium level of income and output? Explain with the help of a diagram.
5. The saving function of an economy is $S = -200 + 0.25Y$. The economy is in equilibrium when income is equal to Rs 2,000. Calculate:
 - i. Investment expenditure at equilibrium level of income.
 - ii. Autonomous consumption.
 - iii. Investment multiplier.
6. Distinguish between inflationary gap and deflationary gap. Show deflationary gap on a diagram. Can this gap exist at equilibrium level of income? Explain.
7. How can the problems of deficient demand be combated with the help of monetary policy?
8. Explain the concept of under employment equilibrium with the help of a diagram. Show on the same diagram the additional investment expenditure required to reach full employment equilibrium.

Government Budget and the Economy

The following questions are for 1 mark:

1. What is a Government budget?
2. What is a progressive tax?
3. Give two examples of non-tax revenue receipts.
4. How does a tax differ from a fee?
5. Why is repayment of a loan a capital expenditure?
6. Why is payment of interest a revenue expenditure?
7. Why are subsidies treated as revenue expenditure?
8. Why are borrowings treated as capital receipts?
9. Define a fiscal deficit.
10. When will there be a revenue deficit in a government budget?
11. Define primary deficit.
12. Why is income tax a direct tax?
13. A Government budget shows a primary deficit of Rs 4,400 crores. The revenue expenditure on interest payment is Rs 400 crores. How much is the fiscal deficit?
14. Name two types of expenditures in the budget that can reduce income inequalities.
15. In a Government budget, revenue deficit is Rs 50,000 crores and borrowings are Rs 75,000 crores. How much is the fiscal deficit?

The following questions are for 3/4 marks:

1. What is a Government budget? Name two sources each of non-tax revenue receipt and capital receipt.
2. Distinguish between (a) Revenue receipts and Capital receipts.
(b) Direct tax and indirect tax.
3. What is the basis of classifying Government receipt into revenue receipt and capital receipt? Give an example of each.
4. What is the basis of classifying Government expenditure into revenue expenditure and capital expenditure? Explain with the help of examples.
5. Giving reasons categorize the following into revenue receipt and capital receipt:
 - i. Recovery of loans
 - ii. Corporation tax
 - iii. Dividends on investments made by the Government
 - iv. Sale of a public-sector unit

6. Giving reasons, categorize the following into revenue expenditure and capital expenditure:
- Subsidies
 - Grants given to state Government
 - Repayment of loans
 - Construction of school buildings.
7. What is meant by revenue deficit? State two measures to reduce this deficit.
8. Explain the meaning and implications of fiscal deficit.
9. Define fiscal deficit. If the fiscal deficit is high, why does the government try to reduce it?
10. 'The fiscal deficit gives the borrowing requirement of the government'. Elucidate.
11. What is the relationship between revenue deficit and fiscal deficit?
12. Is fiscal deficit necessarily inflationary?
13. Explain the term "debt trap."
14. Explain briefly any two objectives of a Government budget.
15. How can a government budget help in reallocation of resources in an economy?
16. Calculate revenue deficit from the following data:
- | | (in Rs crores) |
|--------------------------------|----------------|
| a. Income tax receipts | 70 |
| b. Grants to state governments | 65 |
| c. Loans from World Bank | 40 |
| d. Administrative revenue | 50 |
| e. Expenditure on subsidies | 165 |
17. Name the different types of deficits in the Government of India's budget.
Explain any one.
18. How can government budget be helpful in altering distribution of income in an economy? Explain.

Foreign Exchange rate and Balance of Payments

The following questions are for 1 mark each:

1. Define foreign exchange.
2. Define foreign exchange rate.
3. State the relation between price and demand for foreign exchange.
4. State the relation between price and supply of foreign exchange.
5. How is the equilibrium foreign exchange rate determined?
6. What is meant by an appreciation of currency?
7. The balance of trade shows a deficit of Rs 5,000 crores and the value of imports is Rs 9000 crores. What is the value of exports?
8. Name the two categories of transactions recorded in the current account of BOP.
9. What is included in balance of payment on the current account?
10. What is the balance of visible items in the BOP account called?
11. What does a deficit in the balance of trade indicate?
12. Define a flexible exchange rate system.
13. What is the difference between values of exports and imports of goods called?
14. When will balance of trade show a surplus?
15. What does a positive figure of net unilateral transfers in the BOP account signify?
16. Define depreciation of the domestic currency.
17. What does a depreciation of the Indian rupee imply for US dollar?
18. What does a balance of payments account of a country record?
19. What is the significance of errors and omissions in the BOP account?
20. At present does any economy operate on fully fixed or floating exchange rate system?

The following questions are for 3/4 marks each:

1. Differentiate between balance of trade and balance of payments.
2. Higher the exchange rate, lower the demand for foreign exchange. Explain why?
3. Higher the foreign exchange rate, higher the supply of foreign exchange. Explain why?
4. State four sources each of demand and supply of foreign exchange.
5. How is foreign exchange rate determined? Explain with the help of a diagram.
6. State the components of (a) current account and (b) capital account of BOP.

7. Distinguish between balance on current account and balance of trade.
8. Why does a rise in foreign exchange rate cause a rise in its supply?
9. List and explain three economic factors that may lead to disequilibrium in the balance of payments of a country.
10. Differentiate between devaluation and depreciation of a currency.
11. Elaborate any three reasons that cause a deficit in the BOP accounts.
12. Show the effect of a decrease in demand for imports in the foreign exchange market.
13. Differentiate between a fixed and flexible exchange rate system.
14. Explain the functions of the foreign exchange market.
15. How is the official reserve account used to balance a balance of payments account?
16. Using a diagram explain the term 'appreciation of domestic currency'.
17. With the help of a diagram explain how a foreign currency appreciates.
18. What is meant by visible and invisible items in the balance of payments account?
Give two examples of invisible account.
19. What is the significance of speculators in the foreign currency market?
20. Distinguish between autonomous and accommodating items in the BOP.

The following questions are for 6 marks each:

1. Discuss the components of a balance of payments account.
2. How is equilibrium rate of exchange determined?
3. Explain the following-
 - a. Direct relationship between supply of foreign exchange and the price of foreign exchange.
 - b. Inverse relationship between demand of foreign exchange and the price of foreign exchange.

Indian Economy at the Eve of Independence**1 mark Questions**

1. What percent of India's population lived in villages during the British rule?
2. When was Tata Iron and Steel Company incorporated in India?
3. How did the revenue settlement system aggravate the plight of farmers?
4. What is a capital goods industry?
5. When was the railways introduced in India?
6. Name an economist who estimated India's per capita income during the colonial period.
7. When was the first railway bridge set up in India?
8. What is capital goods industry?
9. Give two causes of low productivity in agriculture during colonial rule in India.
10. Why were roads constructed by the British in India?

3/4 mark Questions

1. What were the main causes of India's low level of economic development during the colonial period?
2. Explain how despite an export surplus there was a drain of Indian wealth during the colonial period.
3. What objectives did the British intend to achieve through their policies of infrastructure development in India?
4. What were the main causes of India's agricultural stagnation during the colonial rule?
5. What was the impact of the destruction of Indian handicraft industries by the British during the colonial period?
6. What was the main motive behind the beginning of railways in India? How did the development and construction of railways in colonial period affect the Indian economy?
7. What is commercialization of agriculture? How did commercialization of agriculture affect the Indian economy during British rule?
8. How did the British policy affect foreign trade in India?
9. "The British rule brought a few advantages to the Indian economy". Explain.

6 mark Questions

1. Discuss the demographic condition of British India.
2. Discuss the state of the industrial sector during the British rule. State three drawbacks of the new industrial sector that developed at that time.

Indian Economy (1950-1990)**1 mark Questions**

1. What do you mean by consolidation of land holdings?
2. What was the idea behind abolition of intermediaries?
3. What is meant by self reliance?
4. What are land reforms?
5. What is meant by land ceiling?
6. What is marketed surplus?
7. What are subsidies?
8. Define a small scale industry.
9. Name two ways in which domestic industries can be protected from imports.

3/4 mark Questions

1. Explain the need and types of land reforms implemented in the agricultural sector. Have these reforms been successful in their implementation?
2. "Policy of import substitution can protect domestic industry from foreign competition." Explain with examples.
3. What are the main features of Indian agriculture?
4. What were the main shortcomings of the green revolution?
5. Why was public sector given a strategic role in industrial development during the planning period?
6. Why is reservation and protection essential for the growth of small scale and cottage industries in India?
7. Are subsidies necessary to promote agriculture in India?
8. What role did licensing policy and protectionism play in industrial development of independent India?
9. What is Green Revolution? What are its features?
10. How do small scale industries promote rural development?
11. Give the classification of industries according to IPR 1956.

6 mark Questions

1. While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.
2. Why was green revolution implemented in India? Did it benefit the farmers?
3. Why should small and cottage industries be protected in India?

Economic Reforms Since 1991**1mark Questions**

1. What is outsourcing?
2. Define disinvestment.
3. Name two companies offering BPO services in India.
4. Give one way by which Indian industries were deregulated.
5. Name two services outsourced from India.
6. What is devaluation of rupee?
7. What is the meaning of quantitative restrictions?
8. Which aim of NEP is achieved by delicensing?
9. What is fiscal policy?
10. Why is NEP called the policy of "Economic Reforms"?
11. What is bilateral trade?

3/4 mark Questions

1. Why are tariffs imposed? Distinguish between tariff and non-tariff barriers.
2. India has certain advantages which make it a favourite outsourcing destination. What are these advantages?
3. Write a short note on WTO. What is its importance to India?
4. Discuss three reasons that led to the economic crisis of 1991.
5. Highlight the major economic achievements since the introduction of the NEP 1991.
6. Describe the fiscal reforms undertaken in 1991.
7. Who were given the status of the 'Navaratnas'? Why?
8. What is balance of trade? What is the effect of devaluation on a country's balance of trade?
9. In spite of reforms post 1991, the performance of the industrial sector has been poor. Give reasons.
10. Discuss the changes introduced in India's foreign trade in order to promote capital inflow and encourage foreign trade.
11. Explain the ways in which a country can receive foreign investment.

6 mark Questions

1. Differentiate between structural and stabilisation reforms with examples.
2. State three trade policy reforms and three financial sector reforms brought in 1991.
3. The benefits of the NEP did not trickle down to the agricultural and industrial sectors. Why?
4. Explain the changing role of the state in the Indian economy since 1991.
5. Explain the steps taken by NEP towards a) liberalisation b) globalisation

Poverty**1 mark Questions**

1. What is Head Count Ratio?
2. Which projects have been launched to provide self-employment?
3. Which organisation collects data on poverty in India?
4. Name two programmes that aim at improving the food and nutritional value of the poor.
5. What is the minimum calorie intake estimated for rural and urban areas?

3/4 mark Questions

1. Differentiate between Relative and Absolute poverty.
2. Explain the three / four main causes of poverty in India.
3. Explain the term "vicious circle of poverty".
4. Explain the Mahatma Gandhi National Rural Employment Guarantee Act. How successful has this scheme been so far?
5. What mechanisms can be adopted for redistribution of income? Can this reduce poverty?
6. Why is population control essential for eradication of poverty?
7. "High growth rate is a necessary but not a sufficient condition for removal of poverty". Explain.
8. Describe the main reasons for failure of poverty alleviation programmes in India.
9. Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use trends in poverty ratio to support your answer.
10. What are the ways to categorise the poor?

6 mark Questions

1. What is poverty line? How is it defined in India?
2. Describe any three measures undertaken to alleviate poverty in India.
3. Write a short note on any two of the following:
 - a. Swarna Jayanti Gram Swarozgar Yojana
 - b. Mahatma Gandhi National Rural Employment Guarantee Scheme
 - c. Swarna Jayanti Shahari Rozgar Yojana
4. What are the causes of poverty in India?
5. Write a short note on regional variation in incidence of poverty.
6. Evaluate the efforts made to solve the problem of poverty.

Human Capital Formation

1 mark Questions

1. Why do we need to invest in human capital?
2. Why is government intervention necessary in health and education?
3. How is expenditure on education by government measured?
4. Who prepares HDI?
5. What is education cess? Why is it important?
6. Differentiate between physical and human capital.
7. Why does labour migrate?
8. What are the different sources of human capital formation?

3/4 mark Questions

1. Suggest the capital required for provision of health services in India. Explain with examples.
2. Explain the need for “universalisation of elementary education”.
3. How does human capital formation raise life expectancy?
4. How are economic growth and human capital interrelated?
5. Explain the role of NCERT.
6. Why do we observe regional differences in educational attainment in India? How is human development a broader term as compared to human capital?
7. What factors contribute to human capital formation?
8. Explain the Right to Education Act implemented by the government in 2010. India has a long way to go in achieving 100% literacy attainments. Mention any four areas that can be improved to achieve these goals.
9. What is an NGO? What role does it play in the economic development of India?
10. In your view is it essential for the government to regulate the fee structure in education and health care institutions? Why?

6 mark Questions

1. Differentiate between a) physical capital and human capital b) human development and human capital.
2. “Adult and female education needs to be given priority in our country” Explain.
3. What are the main problems of human capital formation in India? Suggest two measures to overcome this problem.
4. Explain how investment in education stimulates economic growth.

Rural Development**One mark Questions**

1. What is NABARD?
2. What is meant by rural development?
3. What is 'Operation Flood'?
4. Which state has an efficient implementation of milk co-operatives?
5. Name the states that are major producers of marine products.
6. What is micro credit?
7. What are the non-institutional sources of agricultural credit?
8. What is public investment?
9. What is organic farming?
10. What are co-operative markets?
11. What is the function of NABARD?

3/4 mark Questions

1. How has horticulture encouraged Indian rural development?
2. What is rural credit? Why is it needed?
3. Why has rural banking not been able to give adequate credit to farmers?
4. How does co-operative farming benefit individual farmers?
5. Explain the features of a regulated market.
6. Explain non-farm productive activities.
7. Explain the role of Micro credit in meeting credit requirement in India.
8. What is organic farming? How does it promote sustainable development?
9. What are the different sources of credit in India?
10. Do you think farmers should be encouraged to sell directly to the consumers? What effect will this have?

6 mark Questions

1. Write short notes on a. MSP b. Buffer Stock c. PDS
2. Information technology has gone a long way to bring about new developments to help the farmers. Explain the role of 'e chaupal' in this context.
3. What is organic farming? What are its advantages and its limitations?
4. What are the measures taken by the Government to improve agricultural marketing in India?
5. Bring out the importance of animal husbandry, fisheries, and horticulture as a source of diversification.
6. "Information technology plays a significant role in achieving sustainable development and food security" Comment.
7. Explain the significance of Self Help Groups in rural areas.
8. What are the challenges facing rural development?

Employment- Growth, Informalisation and other Issues**1 mark Questions**

1. Define worker-population ratio.
2. What is informalisation of the workforce?
3. Find the odd man out (i) owner of a salon (ii) a cobbler (iii) a cashier in Mother Dairy (iv) a tuition master (v) transport operator (vi) construction worker.
4. The newly emerging jobs are found mostly in the sector (service/ manufacturing).
5. What is jobless growth?
6. An establishment with four hired workers is known as (formal/informal) sector establishment.
7. Why is the worker participation ratio in urban areas lower than in rural areas ?
8. Raj is going to school. When he is not in school, you will find him working in his farm. Can you consider him as a worker? Why?
9. Who is a worker?
10. What is a small scale industry?
11. Find the odd man out (i) rickshaw puller who works under a rickshaw owner (ii) mason (iii) mechanic shop worker (iv) shoeshine boy.

3/4 mark Questions

1. What are the advantages regular salaried employees have over casual wage labourers?
2. Differentiate between work force and labour force. What is the participation rate?
3. Explain the types of rural unemployment.
4. Why are fewer women found in regular salaried employment?
5. Elaborate the role of small scale and cottage industries in generating employment in the country.
6. State how casualisation of labour is happening in the Indian economy?
7. What is disguised unemployment? Explain how disguised unemployment can exist in rural and urban areas? Explain with the help of suitable examples.
8. Give two reasons for unemployment amongst the educated.
9. Meena is a housewife. Besides taking care of household chores, she works in the cloth shop which is owned and operated by her husband. Can she be considered as a worker? Why?
10. The following table shows the distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution.

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

6 mark Questions

1. Explain how the public sector is leading to informalisation of employment since 2000.
2. What role does the government play in generating employment opportunities?
3. Explain the role of self-employment in a country like India.
4. With economic development, labour employment shifts to different sectors. Explain with reference to India.
5. Differentiate with examples between informal and formal sectors that promote employment.

Infrastructure**1 mark Questions**

1. Explain the term 'infrastructure'.
2. How do infrastructure facilities boost production?
3. Define morbidity.
4. What is medical tourism?
5. What are the types of fuel used by rural women in India?
6. Why is the use of solar energy still not popular in India?
7. What is Unani?
8. Why is CFL being popularised in spite of its high price?
9. What is GBD?
10. Why does infrastructure need to be upgraded?
11. What does plant load factor measure?
12. What is the infant mortality rate?
13. What is the state of rural infrastructure in India?
14. What is the significance of 'energy'?
15. What are the three basic sources of generating power?
16. What are the various non-commercial sources of energy?

3/4 mark Questions

1. Explain the two categories into which infrastructure is divided. How are both interdependent?
2. What do you mean by transmission and distribution losses? How can they be reduced?
3. What are the measures taken to cope with the current challenges facing the power sector?
4. What is the contribution of NGOs in health care in India?
5. Differentiate between commercial and non-commercial sources of energy.
6. What are the emerging challenges in the health sector?
7. How do infrastructure facilities boost production and lead to economic development of a country?
8. What are the 3 basic sources of generating power in our country?
9. Justify that the energy crisis can be overcome with the use of renewable sources of energy.
10. How has the consumption pattern of energy changed over the years?
11. How are the rates of consumption of energy and economic growth connected?

6 mark Questions

1. What is the three tier system of health infrastructure in India?
2. Solar energy, wind power and power produced from tides are going to be future sources of energy. What are their comparative merits and demerits?
3. What are the challenges facing the power sector?
4. How can we increase the effectiveness of healthcare programmes?
5. Suggest ways in which healthcare facilities in India can be improved.
6. What is the state of health facilities being offered in rural India?
7. What are commercial and non-commercial sources of energy? Explain their consumption pattern in India.

Environment and Sustainable Development**1 mark Questions**

1. What is carrying capacity of environment?
2. Name two movements to prevent cutting of trees.
3. What are renewable resources?
4. Mention two sources of water pollution.
5. Who monitors pollution control in India?

3/4 mark Questions

1. How do thermal and hydro power plants cause adverse impact on environment?
2. How can mini hydel plants sustain environment?
3. Give three steps and strategies to achieve sustainable development in India.
4. "Solar energy has an important role to play in our lives today". Critically evaluate this statement in the Indian context.
5. What happens when the rate of resource extraction exceeds that of their regeneration?
6. What is global warming? What are the long term repercussions of global warming?
7. Explain how the opportunity cost of negative environmental impact is high.
8. India's environmental problems pose a dichotomy- they are poverty induced and, at the same time, due to affluence in living standards. Is this true?
9. Why have environmental issues of waste generation and pollution become critical today?
10. What are the nonconventional sources of energy that need to be encouraged for a cleaner environment?

6 mark Questions

1. How do the following factors contribute to the environmental crisis in India? What problems do they pose for the government?
(a) Rising population (b) Affluent consumption standards
(c) Illiteracy (d) Lack of waste management
2. What is sustainable development? What according to leading environmentalists must be done to achieve sustainable development?
3. What are the factors responsible for land degradation?

Development Experience with Neighbours**1 mark Questions**

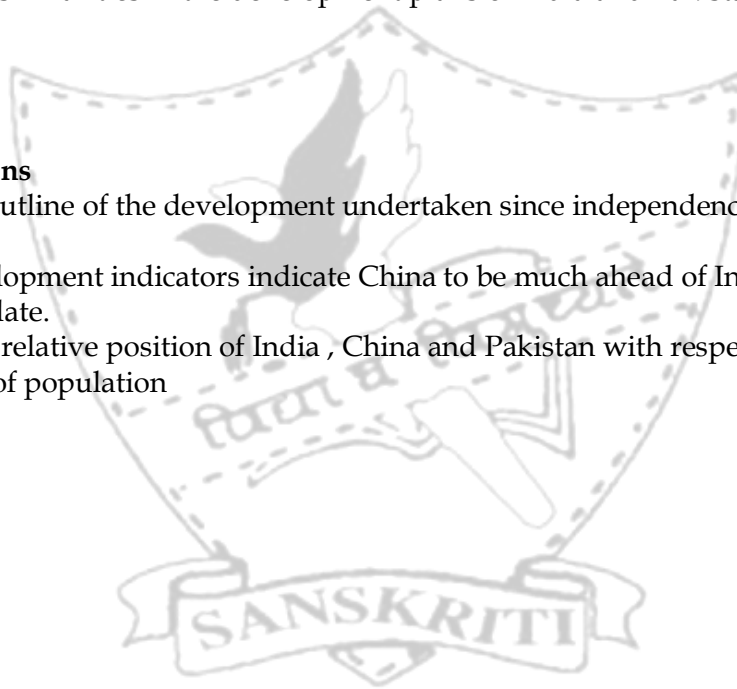
1. When did economic development begin in Pakistan and China?
2. What did the GLF campaign of 1958 aimed at encouraging?
3. When did China adopt the one-child norm policy?
4. What type of economic system is followed in China?

3/4 mark Questions

1. Briefly describe how China has been able to reform its agriculture.
2. How is China's experience different from India and Pakistan with respect to industrial development?
3. What are the similarities in the development plans of India and Pakistan?

6 mark Questions

1. Give a brief outline of the development undertaken since independence in India and Pakistan.
2. Human development indicators indicate China to be much ahead of India and Pakistan. Elucidate.
3. Compare the relative position of India, China and Pakistan with respect to-
 - a. Growth rate of population
 - b. Sex ratio



6. 'Machine' is always a final good. Justify your answer.

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7. Are the following included in the domestic income of India? Give reasons.

4

(a) Profit earned by Tata Tea's office located in London.

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(b) Profit earned by Royal Bank of Scotland's office in India.

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(c) Income earned by an American secretary working at the Indian High Commission in Washington.

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(d) Income earned by a resident Indian working at the United Nation's office in Delhi.

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8. An economy produces 2 goods- rice and milk. In 2013, the output of rice and milk were 200 kg and 650 litres respectively. These were sold at a price of Rs 20 per kg and Rs 5 respectively. In 2014 the output became 190 kg and 700 litres respectively and the prices changed to Rs 22 and Rs 7 respectively. Calculate real and nominal GDP in 2014.

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Assignment No. 2
Value Added

Please follow the presentation of the solved example given below to attempt all national income accounting assignments

From the data given below calculate net value added at factor cost

	(Rs '000)
i. Domestic Sales	1,000
ii. Subsidies	10
iii. Purchase of raw materials and other inputs	360
iv. Exports	500
v. Depreciation of fixed capital	45
vi. Import of raw materials	60
vii. Increase in stock	120
viii. Net Indirect taxes	30

Solution:

	(Rs '000)
(i) Domestic Sales	1,000
+ (iv) Exports	+ 500
Total sales	1500
+ (vii) Change in stock	+ 120
Value of output	1620
- (iii) Purchase of raw materials & other inputs	- 360
Gross value added at market price	1260
- (v) Depreciation of fixed capital	- 45
Net value added at market price	1215
- (viii) Net indirect taxes	- 30
Net value added at factor cost	1185

1. Calculate the value added by firm P and Q from the following data:

	(Rs lakhs)
i. Sales by firm P	80
ii. Sales by firm Q to firm P	40
iii. Sales by firm Q to households	60
iv. Imports by Firm P	20
v. Exports by firm Q	30
vi. Opening stock of firm P	25
vii. Closing stock of firm P	15
viii. Opening stock of firm Q	35
ix. Closing stock of firm Q	50
x. Purchases by firm Q	100

2. Calculate gross value added at factor cost from the following data:

	(Rslakhs)
i. Net indirect tax	20
ii. Purchase of intermediate products	120
iii. Purchase of machines for installation	300
iv. Sales	250
v. Consumption of fixed capital	20

3. Estimate the gross value added at factor cost from the following data:

	(Rslakhs)
i. Sales	500
ii. Purchase of intermediate products	350
iii. Subsidies	40
iv. Exports	250
v. Consumption of fixed capital	60
vi. Change in stock	30

4. From the following data, calculate GNP at market price. All values are in Rs lakhs.

i. Value of output in primary sector	1000
ii. Net factor income from abroad	(-)20
iii. Value of output in tertiary sector	700
iv. Intermediate consumption in secondary sector	400
v. Value of output in secondary sector	900
vi. Intermediate consumption in primary sector	500
vii. Intermediate consumption in tertiary sector	300

5. Calculate the gross value added at factor cost:

	(Rs lakhs)
i. Excise duty	40
ii. Consumption of fixed capital	15
iii. Closing stock	20
iv. Sales	700
v. Subsidy	5
vi. Intermediate consumption	400
vii. Opening stock	10

6. Estimate the net value added at factor cost of a factory with the help of the following data:

	(Rs lakhs)
i. Sales during the period	5,000
ii. Increase in stock	750
iii. Purchase of fuel from other organizations	500
iv. Purchase of raw materials from other firms	1,000
v. Imports of raw materials	500
vi. Indirect taxes	250
vii. Depreciation	700

7. Estimate NVA at factor cost from the following data:

	(Rslakhs)
i. Sales	800
ii. Change in stock	50
iii. Rent	70
iv. Purchase of raw materials from domestic market	400
v. Import of raw material	100
vi. Indirect taxes	25
vii. Depreciation	40

Answers: 1.10, 45 2.110 3. 220 4. 1380 5.275 6. 3300 7. 285

Assignment No. 3**Income Method**

1. Find compensation of employees from the following data: (Rs Crores)
 - i. Net indirect taxes 15
 - ii. Gross value added at market price 125
 - iii. Consumption of fixed capital 10
 - iv. Operating surplus 50
 - v. Mixed income of self employed 30

2. Calculate operating surplus from the following data: (Rs Crores)
 - i. Mixed income 50
 - ii. Rent 625
 - iii. Interest 375
 - iv. Royalty 25
 - v. Dividends 225
 - vi. Corporate tax 10
 - vii. Undistributed profits 50

3. Calculate operating surplus from the following data: (Rs Crores)
 - i. Value of output at market prices 12000
 - ii. Indirect taxes 200
 - iii. Economic subsidy 150
 - iv. Compensation of employees 5000
 - v. Consumption of fixed capital 250
 - vi. Intermediate consumption 3500

4. Calculate National income and GNP_{MP} from the following data: (Rs Crores)
 - i. Interest 25
 - ii. Net factor income from abroad (-) 5
 - iii. Net indirect taxes 40
 - iv. Royalty 5
 - v. Wages and Salaries in kind 45
 - vi. Depreciation 50
 - vii. Profits 30
 - viii. Rent 10
 - ix. Old age pension 20
 - x. Compensation of employees 240

5. Calculate GNP_{FC} and NDP_{MP} from the following data: (RsCrores)
 - i. Wages and Salaries 800
 - ii. Mixed income of self employed 160
 - iii. Operating surplus 600
 - iv. Undistributed profits 150
 - v. Gross capital formation 330
 - vi. Change in stocks 25
 - vii. Net capital formation 300
 - viii. Employer's contribution to social security schemes 100
 - ix. Net factor income from abroad (-) 20
 - x. Net indirect taxes 60

6. Calculate GNP_{MP} from the following data: (Rs Crores)
- | | |
|--|--------|
| i. Wages and Salaries | 700 |
| ii. Rent | 100 |
| iii. Depreciation | 50 |
| iv. Net factor income from abroad | (-) 10 |
| v. Mixed income | 400 |
| vi. Subsidies | 100 |
| vii. Profits | 400 |
| viii. Indirect taxes | 300 |
| ix. Employees contribution to social security scheme | 50 |
| x. Interest | 40 |
7. Calculate national income from the following data: (Rs Crores)
- | | |
|---|--------|
| i. Rent | 80 |
| ii. Interest | 100 |
| iii. Profits | 210 |
| iv. Tax on profits | 30 |
| v. Employee's contributions to social security schemes | 25 |
| vi. Mixed income of self employed | 250 |
| vii. Net indirect tax | 60 |
| viii. Employer's contributions to social security schemes | 50 |
| ix. Compensation of employees | 500 |
| x. Net factor income from abroad | (-) 20 |
8. Calculate GDP_{MP} and GNP_{FC} from the following data: (Rs Crores)
- | | |
|--|--------|
| i. Operating surplus | 700 |
| ii. Profit | 100 |
| iii. Wages and salaries in cash | 1000 |
| iv. Interest | 200 |
| v. Consumption of fixed capital | 50 |
| vi. Net factor income from abroad | (-) 10 |
| vii. Value of benefits in kind provided to employees | 200 |
| viii. Indirect tax | 150 |
| ix. Subsidies | 10 |

Answers: 1. 20 2. 1310 3. 3200 4. 395 5. 1670 6. 1880 7. 1120 8. 1940

Assignment No. 4
Income and Expenditure Method

For the following numerical, calculations should be based on both methods except for question1:

1. On the basis of the following information calculate GDP at MP and NDP at FC:

	(Rs Crores)
i. Private consumption expenditure	15,000
ii. Private fixed investment (gross)	1,500
iii. Changes in inventories	1,400
iv. Government consumption expenditure	3,500
v. Consumption of fixed capital	700
vi. Net exports	1,600
vii. Indirect taxes	2,000
viii. Subsidies	1,200

2. On the basis of the following data calculate NDP at FC:

	(Rs Crores)
i. Compensation of employees	5,200
ii. Government consumption expenditure	1,500
iii. Net indirect taxes	1,400
iv. Operating surplus	2,000
v. Net exports	(-) 400
vi. Gross fixed capital formation	2,500
vii. Private consumption expenditure	12,000
viii. Net increase in stocks	400
ix. Net factor income from abroad	400
x. Consumption of fixed capital	1,000
xi. Mixed income of self-employed	6,400

3. From the data below calculate GDP at MP and NNP at FC:

	(Rs Crores)
i. Government final consumption expenditure	7,340
ii. Indirect taxes	8,840
iii. Gross fixed capital formation	13,300
iv. Mixed income of self-employed	29,300
v. Subsidies	1,100
vi. Changes in stock	3,200
vii. Rent, interest and profits	9,600
viii. Consumption of fixed capital	4,100
ix. Private consumption expenditure	52,200
x. Import of goods and services	5,700
xi. Export of goods and services	4,800
xii. Net factor income from abroad	(-) 300
xiii. Compensation of employees	24,400

4. Estimate GDP at FC:

	(Rs Crores)
i. Personal consumption expenditure	700
ii. Wages and salaries	700
iii. Employers' contribution to social security schemes	100
iv. Gross business fixed investment	60
v. Profits	100
vi. Gross residential construction investment	60
vii. Government purchases of goods and services	240
viii. Rent	50
ix. Inventory investment	50
x. Exports	40
xi. Interest	50
xii. Imports	20
xiii. Net factor income from abroad	-10
xiv. Mixed income	100
xv. Depreciation	20
xvi. Subsidies	10
xvii. Indirect taxes	20

5. From the following data calculate NDP at MP and NNP at FC:

	(Rs Crores)
i. Personal consumption expenditure	410
ii. Wages and salaries	140
iii. Employers' contribution to social security schemes	100
iv. Gross business fixed investment	130
v. Profits	10
vi. Gross residential construction investment	60
vii. Government purchases of goods and services	115
viii. Rent	50
ix. Inventory investment	35
x. Exports	50
xi. Interest	40
xii. Imports	60
xiii. Net factor income from abroad	-5
xiv. Mixed income	280
xv. Depreciation	40
xvi. Subsidies	10
xvii. Indirect taxes	90

Answers: 1. 21500 2. 13600 3. 63000 4. 1120 5. 615

Assignment No. 5

Money and Banking

Max Marks: 15

1. What is meant by Statutory Liquidity Ratio? 1

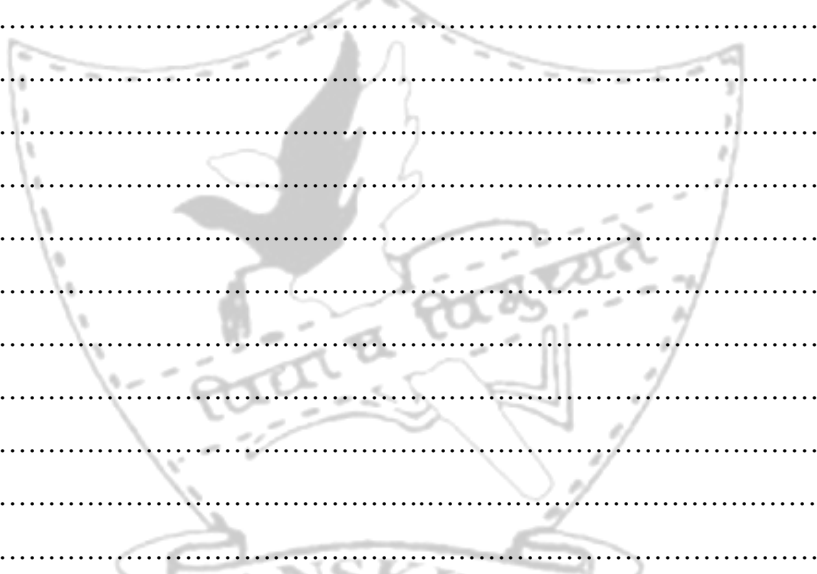
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2. What is meant by reverse repo rate? 1

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3. How does a central bank act as a banker to the government? 3

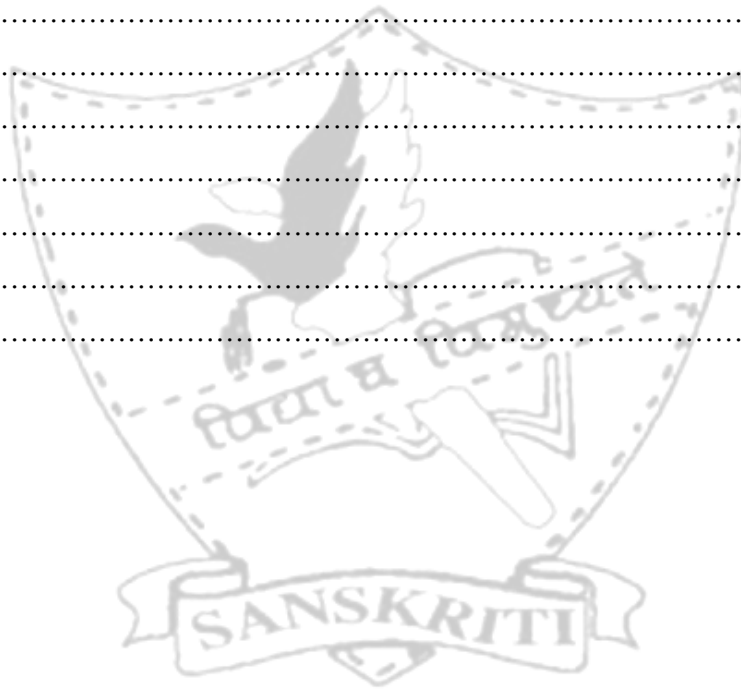


4. What are the components of M1? Explain in brief. 3

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4. Derive the savings function curve from the consumption function curve. Draw a schedule and also explain the derivation.

6



5. In an economy the autonomous investment is Rs 700 crores and the consumption function is $C = 100 + 0.8Y$. Calculate the following: 3
- The equilibrium level of income.
 - Level of realized investment at an income of Rs 3,000 crores.
 - Level of unplanned investment or disinvestment at an income of Rs 3,000 crores.

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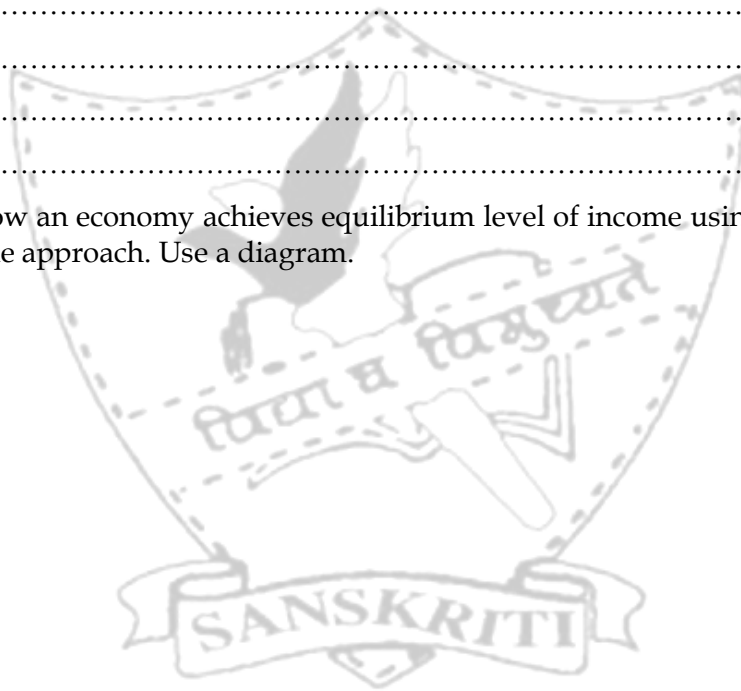
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6. Explain how an economy achieves equilibrium level of income using the aggregate demand and income approach. Use a diagram. 6



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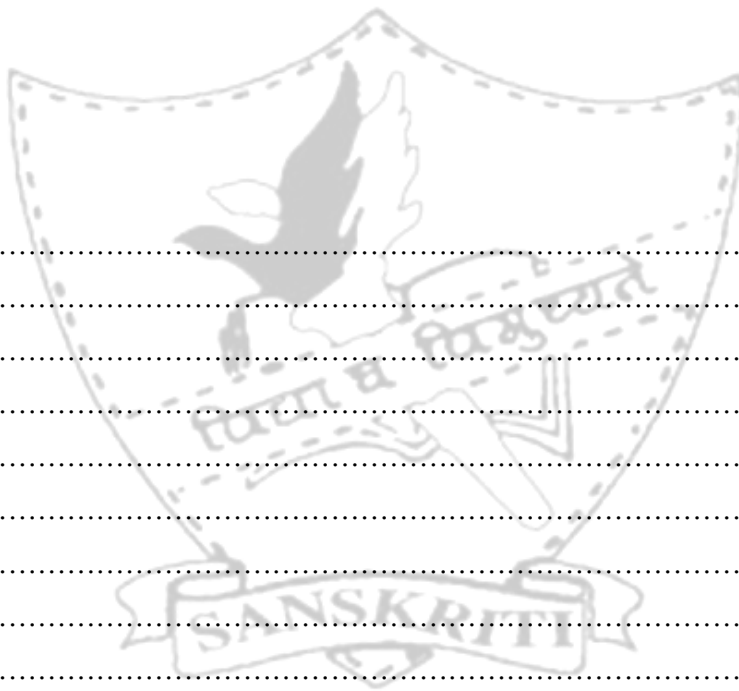
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Max Marks: 15

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5. Explain inflationary gap with the help of a diagram. What happens to income, employment and prices under this situation? 6



Assignment No. 9
Government Budget and the Economy

Max Marks: 20

1. What is meant by a tax? 1
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2. If fiscal deficit is Rs 40,000crores, interest payment is Rs 5,000 crores and subsidies are Rs 10,000 crores, what is the primary deficit? 1
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3. What is the significance of a revenue deficit? 3
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4. Classify the following central government receipts into revenue receipts and capital receipts. On what basis have they been classified? (1+4)
Revenue receipts.....
Capital receipts.....
(a) Interest received on a developmental loan given to the Nepal government.....
(b) Dividend earned on investment in ONGC.....
(c) Public debt raised by the central government.....
(d) Fee received for issuing a license to a pharmaceutical company to start operations.....
(e) A 20 year loan received by the Indian government from the World Bank to improve rural infrastructure.....
(f) Receipts from disinvestment of equity holding in MarutiUdyog Ltd.....
(g) Receipts from sale of Indira VikasPatra.....
(h) Payment received from a firm refusing to comply by the Court's orders.....

5. Classify the following central government expenditure into revenue expenditure and capital expenditure. On what basis have you classified? (1+4)

Revenue expenditure.....

Capital expenditure.....

(a) Expenditure incurred on servicing interest on government borrowing.....

(b) Food subsidy granted to BPL families.....

(c) Grants extended to state government.....

(d) Investment in shares of a bluechip company in the capital market.....

(e) Pension payment made to retired government personnel.....

(f) Scholarships awarded to deserving students.....

(g) Expenditure incurred on construction of the Golden Quadrilateral Highway project.....

(h) Wages paid to personnel working on the Golden Quadrilateral Highway project.....

6. Define fiscal deficit. What is its significance in the economy? Calculate fiscal deficit from the following data -

5

	(Rs crores)
i. Revenue receipts	2037
ii. Revenue expenditure	2811
iii. Capital receipts	1348
iv. Capital expenditure	574
v. Recoveries of loans and other receipts	235
vi. Borrowings and other liabilities	1113
vii. Interest payments	1013

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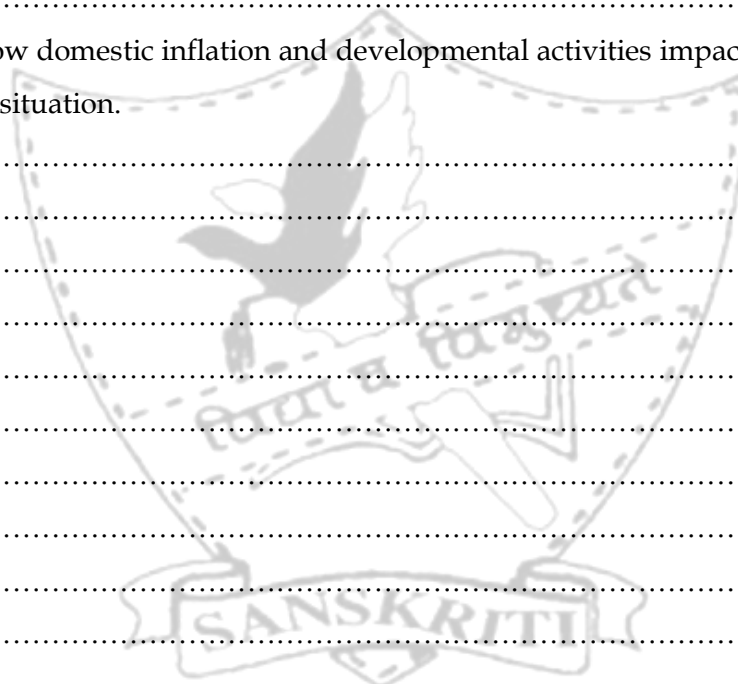
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Assignment No. 10

Foreign exchange and Balance of Payments

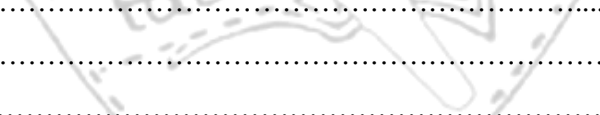
Max Marks: 15

1. What is meant by a foreign exchange rate? 1
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2. What is the value of the official reserves account of the BOP, if the balance on the current and capital account is (-) Rs 4,324 crore? 1
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3. What is a balance of trade account? 1
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4. Discuss how domestic inflation and developmental activities impact a country's balance of payments situation. 4



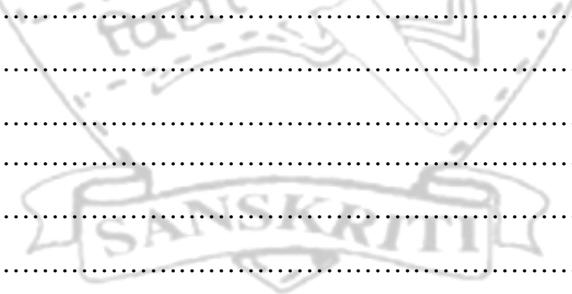
5. Following UK's decision to exit the European Union, the exchange rate fell from £1=Rs 101 to £1=Rs 86. Highlight the concept of appreciation and depreciation in the light of this development. Also state one advantage and one disadvantage that this will bring to the Indian economy.

6. Differentiate between autonomous and accommodating entries of the balance of payment account. 4



6. Explain the importance of small scale industries for underdeveloped countries like India. How were these promoted?

7. State two land reforms undertaken post-independence. Were these reforms successful? Why?



Assignment No. 13

Max Marks: 20

Liberalisation, Privatisation and Globalisation: An Appraisal


1. Define privatisation. 1

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2. What is outsourcing? Explain any 2 advantages which make India a favourite outsourcing destination. 3

3. Distinguish between “structural and stabilisation measures under the New Economic Policy. 4



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Assignment No. 15
Human Capital Formation

Max Marks: 15

1. What is Human Capital? 1
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2. What are the different sources of human capital? 1
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3. Mention 2 core areas for expenditure on health in India. 1
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4. What do you understand by youth literacy rate? 1
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5. Explain with example how a well-developed information system facilitates human capital formation. 3
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6. How is migration a source of human capital?

4

[illegible]

7. Explain any four challenges faced by the Indian economy with respect to human capital formation?

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Assignment No. 16
Rural Development

Max Marks: 15

1. What status is accorded to retail chains and supermarkets which sell organic food? 1

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2. What is organic farming and how does it promote sustainable development? 3

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3. Explain how diversification helps to bring about rural development. 3

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Assignment No. 17
Employment - Growth, Informalisation and other issues

Max Marks: 15

1. What is jobless growth? When did India experience jobless growth? 2

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2. Differentiate between disguised and seasonal unemployment using examples. 3

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3. Despite economic growth, India is still plagued with high levels of unemployment. Why? 4

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4. Answer the following questions based on the statistics given below:

**Worker-Population Ratio in India,
1999-2000**

Sex	Worker Population Ratio		
	Total	Rural	Urban
Men	52.7	53.1	51.8
Women	25.4	29.9	13.9
Total	39.5	41.7	33.7

- (a) What does the statistic 39.5 in the above table signify?

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- (b) Why is there such a difference in worker-population ratio in rural and urban areas?

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- (c) Why are women, in general, and urban women, in particular, not working?

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Assignment No. 18

Infrastructure

Max Marks: 15

1. Name one source of non-conventional energy. 1

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2. What is meant by commercial sources of energy? 1




3. Discuss the rural- urban divide in healthcare in India. 3



- 4

A faint, stylized illustration of a bird, possibly a crow or raven, perched on a branch. The bird is rendered in a light gray tone, with its wings slightly spread and its head turned to the side. The background is a solid light gray, and the entire image is framed by a thin black border.

- 6



Assignment No. 19
Environment and Sustainable Development

Max Marks: 15

Max Marks: 15

1. What is environment? 1
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2. Define sustainable development. 1
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3. What is the function of CPCB? 1
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4. Define global warming. 1
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5. “Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to the environment”. Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development? 3
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Assignment No. 20
Comparative Development Experience of India and its neighbours

Max Marks: 15

1. Define commune system of farming. 1

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- 2 What was the Great Leap Forward campaign? 1

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3. What are the various means by which countries are trying to strengthen their own domestic economies?

4. Answer the following questions on the on the basis of the data given below- 4

- a) Comment upon the population growth rates among the three countries.

- b) Which country has the most skewed sex ratio?

Country	Estimated Population (in million)	Annual Growth of Population (in %)	Sex Ratio
India	1311	1.2	929
China	1371	0.5	941
Pakistan	188	2.1	947

Source: World Development Indicators, 2015, www.worldbank.org

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Practice Paper

Time: 3 hours

Max Marks: 80

General Instructions:

- i. All questions are compulsory.
- ii. 1 mark questions are required to be answered in one sentence.
- iii. 3 mark questions are required to be answered in 60-80 words each.
- iv. 4 mark questions are required to be answered in 80-100 words each.
- v. 6 mark questions are required to be answered in 100 -150 words each.
- vi. Answers should be brief and to the point and the above word limit should be adhered to as far as possible.
- vii. This paper has 4 printed sides and 34 questions.

Marks will be deducted if the answers are not properly numbered. Best of Luck!

Section A: Macroeconomics

1. Which of the following is a function of the Central Bank? 1
 - a. Accepting deposits from the public .
 - b. Extending loans to the public .
 - c. Sale and purchase of government securities.
 - d. All of the above.
2. "India's balance of payments is in deficit." What does this statement mean? 1
3. What is the balance of trade if the value of import and export of goods is equal? 1
4. Which of the following statements is incorrect? 1
 - a. Money includes currency and demand deposits.
 - b. Money is a stock concept.
 - c. Money creation happens by a central bank.
 - d. Money is a legal tender.
5. Is study of the petroleum industry a part of macroeconomics? 1
6. Define government budget. 1
7. Which of the following statements is not true of a consumption function? 1
 - a. Consumption is positive when income is zero.
 - b. As income rises consumption also rises.
 - c. At break even, consumption is equal to income.
 - d. Income levels greater than consumption lead to dissaving.
8. Read the following statements: 1
 - i. Burden can be shifted.
 - ii. Payer and bearer are the same.
 - iii. Payer and bearer are different

An indirect tax is featured by:

 - a. Only i. is correct.
 - b. Only ii. is correct.
 - c. Both i and ii. are correct.
 - d. Both i and iii. are correct.
9. How can tax be used to solve the problem of deficit demand? 1
10. Write the saving function if MPS = 0.3 and the saving is (-) Rs. 40 crores at an income level of zero. 1

11. Government borrowings are bad for an economy. Comment. 3
- OR**
- The government wants to reduce the fiscal deficit in the economy. It decides to substantially increase taxes on automobiles and reduce its expenditure on Sarv Shiksha Abhiyan. Comment on the government's policy initiative using economic principles.
12. Giving reasons, classify the following into intermediate and final goods. 3
- Machine purchased by the dealer of machines.
 - A car purchased by a household.
 - Chalks and dusters purchased by a school.
13. Differentiate between fixed and flexible exchange rate mechanisms. 4
14. If the legal reserve ratio in the economy is 20%, then: 4
- Find the deposit multiplier. Calculate the amount of credit created in the economy, if the initial deposit is Rs 7,500.
- OR**
- With an initial deposit of Rs 1,000, the economy creates a credit of Rs 10,000. Calculate:
- Legal reserve ratio
 - Credit created if the initial deposit is Rs 750.
15. State whether the following are true or false. Give reasons. 4
- SLR and CRR operate in the opposite direction to each other.
 - Higher CRR implies more ability of the commercial banks to create credit.
- OR**
- State how a change in LRR can be used to control the flow of credit by RBI.
16. What is meant by excess demand? What happens to prices under a situation of excess demand? 2,4
- The consumption function is $C = 40 + 0.6Y$. If the equilibrium level of income is 300, find:
- Investment
 - Investment multiplier
- OR**
- What is meant by planned investment? How is it related to planned saving?
- The saving function is $S = -60 + 0.8Y$. Calculate:
- The equilibrium level of income if planned investment is 100.
 - The level of unplanned investment at an income of 300.
17. Calculate GDP_{MP} and factor income from abroad from the following data: 6
- | | (Rs. Cr) |
|---|----------|
| i. Profits | 500 |
| ii. Exports | 40 |
| iii. Compensation of employees | 1500 |
| iv. Gross national product at factor cost | 2800 |
| v. Net current transfers from the rest of the world | 90 |

vi.	Rent	300
vii.	Interest	400
viii.	Factor income to abroad	120
ix.	Net indirect taxes	250
x.	Net domestic capital formation	650
xi.	Gross fixed capital formation	700
xii.	Change in stock	50

Section B: Indian Economics

18. Which of the following is not a Navratna company? 1
- a. Bharat Petroleum Co. Ltd b. Gas Authority of India Ltd
- c. Indian Railways d. Steel Authority of India Ltd
19. Define Privatisation. 1
20. When the number of people is estimated as the proportion of people below poverty line, it is called 1
- a. absolute poverty b. relative poverty
- c. head count ratio d. poverty index
21. Define human capital. 1
22. Name any two sources of institutional credit in India. 1
23. What is Global Burden of Disease? 1
24. The period between 1991-2003 is an important landmark phase in horticulture? What is it termed as? What does it signify? 1
25. Explain the term 'sustainable development'. 1
26. Which of the following countries is growing mainly because of its manufacturing sector? 1
- a. India b. China
- c. Pakistan d. Both a and b
27. Rank India, China and Pakistan in terms of better value of Human development Index: 1
- a. Pakistan, China, India b. Pakistan, India, China
- c. China, Pakistan, India d. China, India, Pakistan
28. Why are fewer women found in regular salaried employment? Give three reasons to substantiate your answer. 3
29. While subsidies encourage farmers to use modern technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact. 3

OR

- Why are the small scale and cottage industries important in the development of Indian economy?
30. Foreign trade covers up a country's need for particular resources and to get rid of extra resources abundantly available, and thereby maintaining a balance. Do 4

you think this balance was being maintained by the colonial government in India? Give reasons to support your answer.

OR

Today, India is one of the top developing countries compared to the countries of Africa and South America. We can attribute this achievement to the industrial development during the planning period.

In light of the above statements, critically appraise the industrial development of India from 1950-1990.

- | | | |
|-----|--|---|
| 31. | Healthcare is an area as important as defense for India, which requires a long term strategy. Highlight any four challenges faced by the Indian Government in this vital sector. | 4 |
| 32. | Explain the Great Leap Forward Campaign of China as initiated in the year 1958. | 4 |
| 33. | Economic planning is the process in which the limited natural resources are used skilfully so as to achieve the desired objectives. What were the four basic goals of economic planning in India which aimed to make India a developing country? | 6 |
| 34. | Briefly explain the three approaches adopted by the Indian Government to combat poverty. | 6 |

OR

‘Poverty is a curse; it must be checked without delay.’ Elaborate any four poverty alleviation programmes undertaken by Government of India.

