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2 & 3 MARK QUESTIONS& ANSWERS (Exercise)

01. Why did the physiocrats give importance to agriculture ?

1. Physiocrats believed that **agriculture was a productive occupation.**
2. And they considered **other occupations as sterile.**

02. What are the forms of population pressures ?

1. Rural underemployment (or) disguised unemployment. 2. High birth rate
3. Large number of dependent Children and 4. Large increase in population.

03. Explain the concept “economic development”

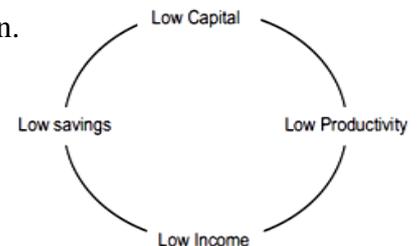
If there is **decline in poverty, unemployment, and inequality**, there is economic development in the country.

04. Write a note on take-off stage.

“The take-off stage refers to a situation where an economy transforms itself from a predominantly **agricultural to a predominantly industrial society.**”

05. What is vicious circle of poverty ?

Low capital formation leads to **low productivity**. Low productivity results in **low income** and low incomes result in **low savings** and low savings lead to low capital formation.



06. Write a note on Hebrew economic thought.

1. The Hebrews had definite ideas on subjects such as **usury (interest), just price, property rights and monopoly**
2. The Hebrew thought was **against lending of money on interest** to fellow Hebrews.
3. They wanted businessmen to charge a just price and they **imposed ceiling on the profit margin**
4. Civilization was a **rural and agrarian civilization.**
5. Another interesting feature of the Hebrew thought was the ‘**Jubilee year**’. According to Jubilee year, the **land sold** to someone was to **revert to its owner in the 50th year.**

07. What is net product ?

1. Physiocrats believed that **agriculture was a productive occupation.**
2. It alone produced “**net product**”.
3. And they considered **other occupations as sterile.**

08. Why is Keynes considered the father of new economics ?

Two Reasons:

1. Keynes suggested a **greater role for government** and a **bold fiscal policy** to tide over the crisis.
2. **The New Deal policy** of America was greatly influenced by Keynesian policy.

09. What are the main ideas of leading classical economists ?

1. Adam smith --- was interested in the nature and causes of the **wealth of nations**.
2. Ricardo -- was interested in the **problems of distribution**.
3. Malthus-- who gave the **theory of population**, interested in finding out why some countries were prosperous at one time and why they were poor at other times.

10. Why is India considered an underdeveloped economy ?

Reasons:

1. Nearly 65 to 70 percent of its population depends upon agriculture.
2. Agricultural productivity is low.
3. Population pressures.
4. Under development of natural resources and economic backwardness.

11. Define birth rate.

Birth rate refers to the number of **births occurring per 1000** population in a year.

12. Define Optimum Population.

Optimum population is that level of population at which **per capita output is the highest**.

13. Define Census.

Census Definition: The process of collecting, compiling, evaluating, analysing and publishing the demographic, economic and social data of a country.

14. Write a note on National Population Policy 2000.

Immediate Objective:

1. Addressing the unmet needs of contraception, health infrastructure, health personnel
2. Integrating service delivery for basic reproductive and child health care.

Long Term :

1. objective is to stabilise population by 2045

15. What are the factors determining population growth?

1. Birth rate

2. Death rate
3. Migration (Emigration & Immigration)

16. Explain the causes of population explosion.

1. High Birth Rate

High Birth rate is a major cause responsible for the rapid growth of population.

2. Low Death Rate

The phenomenal fall in the death rate in recent years is another important factor that has contributed to the rapid increase in population.

3. Early Marriage

The practice of early marriage is another important reason for the rapid increase in population in India.

4. Social and Religious reasons

Most of the people think that at least one male child should be born in the family. In the expectation of getting a male child, they go on increasing the family size.

5. Poverty

Poverty is another cause which contributes to the increase in population. Children are source for income of the family.

17. Examine the steps to check rapid growth of population.

- (1) Couple Protection Rate (CPR)
- (2) Infant Mortality rate (IMR)
- (3) Industrialisation of the country
- (4) Increase in Female Literacy Rate and Education
- (5) Late Marriages
- (6) Legal Steps
- (7) Family Planning

18. Explain Malthusian theory of population.

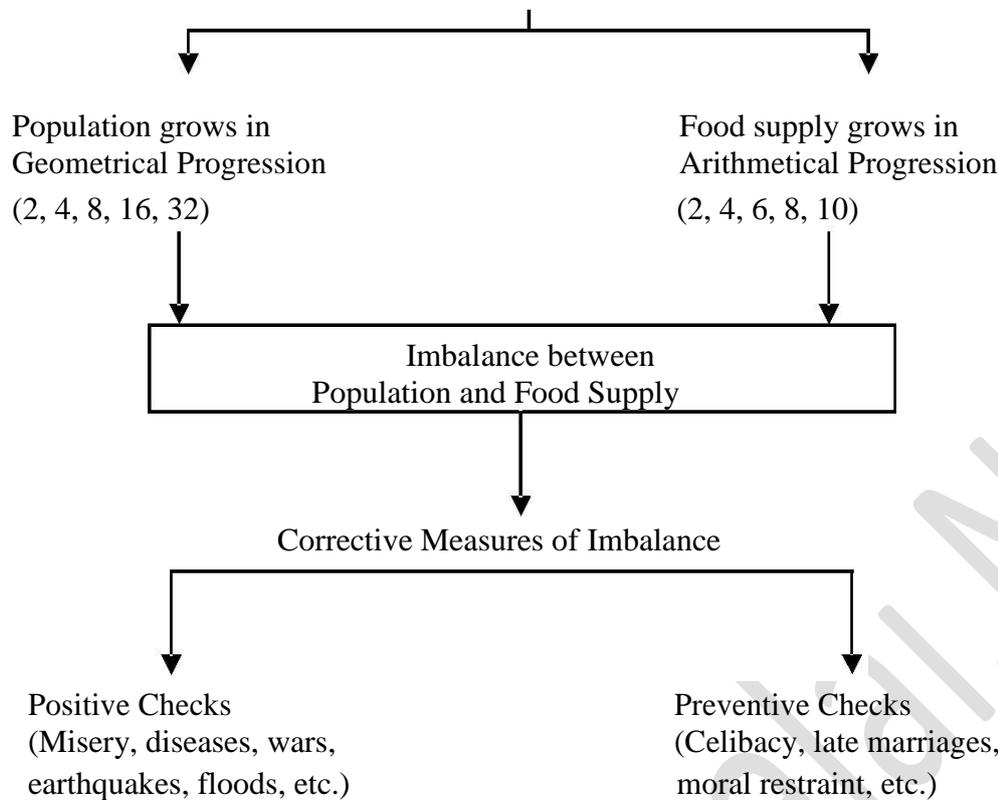
1. Malthus pointed out that an accelerated increase in population would outweigh the increase in food production.

2. **Population** would increase at a **geometrical progression** i.e. in the ratio of **2, 4, 8, 16, 32**, etc., but **food production** would increase at an **arithmetical progression** i.e. in the order of **2, 4, 6, 8, 10**, etc.

3. The **imbalance between the population growth and food supply** would lead to a bare subsistence of living, misery and poverty.

4. This imbalance is corrected by **two checks** namely **preventive** checks and **positive** checks.

Malthusian Theory of Population



19. What are the measures to achieve stable population?

1. Reduction of infant mortality rate (IMR) below 30 per 1,00,000 live births
2. Reduction of maternal mortality rate (MMR) to below 100 per 1, 00,000 live births
3. Universal immunization
4. Raising the age of marriage of girls from 18 to 21
5. A special reward for women who marry after 21

20. Explain optimum theory of population.

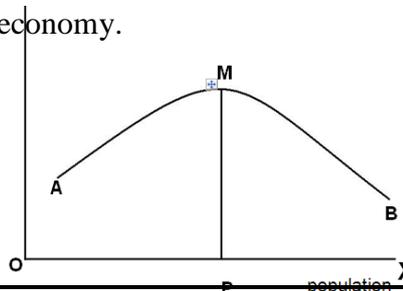
Meaning :

Optimum population is that level of population at which per capita output is the highest.

Explanation :

Optimum population means the ideal population relative to the natural resources, stock of capital equipment and state of technology. Beyond optimum population point, if the population increases, the country will be come overpopulated and the per capita output will start decreasing because there are more women/men in relation to natural resources in the economy.

$$M = \frac{A - O}{O}$$



21. Why unemployment among educated people is increasing?

1. In the Indian educational system, more **emphasis is placed on engineering and other Technical subjects** rather than on Arts subjects.
2. But there is unemployment amongst technical graduates as well.
3. There is a **lack of proper vocational education** in the country.

22. Name the 5 states in India where 58% of the poor people live?

1. Uttar Pradesh
2. Bihar
3. Maharashtra
4. West Bengal
5. Madhya Pradesh

23. Define Poverty.

The World Bank has defined poverty as “**the inability to attain a minimal standard of living**”.

24. Define Poverty line.

The poverty line is the **expenditure level** at which a **minimum calorie intake** and **indispensable non-food purchases** are assured.

Ex: the value of the diet with 2,250 calories as the desired minimum level of consumption

25. Define unemployment.

Unemployment refers to a situation in which the workers who are **capable** of working and **willing** to work **do not get employment**.

26. Distinguish between Rural and Urban poverty.

	Rural Poverty	Urban Poverty
1	People do not own assets	work for long hours
2	they work as agricultural labourers	but they get low incomes
3	their wages are low	employed in unorganized sector
4	and they get work only for a few months in a year	They are sub-employed

27. What are the estimates of unemployment?

1. Usual Principal Status unemployment
2. Weekly Status unemployment
3. Daily Status unemployment

28. What are the causes of poverty in India?

1. Unemployment and underemployment:
2. Population pressures
3. Indian agriculture is marked by low productivity.
4. A majority of people in rural areas do not have enough assets, especially land.

29. What are the causes of unemployment?

1. High Population growth:
2. Insufficient Rate of Economic Progress:
3. Absence of employment opportunities in activities other than agriculture:
4. Seasonal Employment
5. Joint Family System
6. Slow Developing of Industries

30. Examine the extent of poverty in India?

Year	Percentage of Poor	Number of Poor (in millions)
1973-74	54.9	321
1987-88	38.9	307
1993-94	36.0	320
1999-2000	26.1	260

31. Define national income.

National income is a measure of the **total value of the goods and services** (output) produced by an economy over a period of time (normally a year).

32. What is the indicator of a country's economic development?

GDP : Gross Domestic Product

33. What does national income at constant prices mean?

National income at 'constant price' measures the national income after making necessary adjustment to **eliminate the effect of inflation**. It is based on **unchanged price of output**.

34. Mention the names of national income series in India.

1. NAS – Indian System of National Account Statistics
2. UNSNA – United Nations System of National Accounts
3. CSO – Central Statistical Organisation

35. Write a note on double counting?

Counting the final **output of both industries** will result in double-counting of the Value. For example, the output of the tyre industry is the input of bike industry.

36. Explain the basic concepts of national income.

Gross National Product (GNP)

Gross National Product (GNP) is the total value of output (goods and services) produced and income received in a year by domestic residents of a country.

Gross Domestic Product (GDP)

Gross Domestic Product (GDP) is the total value of output (goods and services) produced by the factors of production located within the country's boundary in a year.

$$\text{GDP} = \text{GNP} - \text{Net income earned from abroad}$$

Net National Product (NNP)

NNP is calculated by deducting depreciation from GNP

$$\text{NNP} = \text{GNP} - \text{Depreciation}$$

Net Domestic Product (NDP)

NDP is calculated by deducting depreciation from GDP

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Per Capita Income

PCI is arrived at by dividing the GDP by the size of population.

$\text{PCI} = \frac{\text{GDP}}{\text{Total number of people in a country}}$
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37. Distinguish between national income at current and constant prices.

At Current Prices : The measure based on current price uses the ongoing market prices to compute the value of output. It includes such influences as inflation and taxes.

At Constant Prices: National income at 'constant price' measures the national income after making necessary adjustment to eliminate the effect of inflation. It is based on unchanged price of output.

38. Why do we study national income?

1. To measure the size of the economy
2. To trace the trend or speed of the economic growth
3. To know the structure and composition of the national income
4. To make projection about the future development
5. To help government formulate suitable development plans

39. Explain the trend in national income from 1950 to 2005.

Sector	1950-1980	1980-2005
GDP Total	3.5	5.6
GDP Per capita	1.4	3.6

Source: Computed from Central Statistical Organisation.

Table provides the trend of the GDP growth from the year 1950 to 2005. The size of the national income at constant prices has increased by about 15 percent during this period. The growth rate of national income has increased from 3.5 percent during 1950-80 to 5.6 percent during 1980- 2005.

40. Explain the sectoral composition of national income.

Year	Primary	Secondary	Tertiary	Total GDP
1950-51	59	13	28	100
1980-81	42	22	36	100
2002-03	24	24	52	100

Source: Central Statistical Organisation.

Figures upto 1990-91 are based on 1993-94 series. From 2000-01 onwards, figures are based on the new series with 1999-2000 as the base year.

41. Define Planning.

Planning is an **organized, conscious and continuous attempt** to select the **basic available alternatives** to achieve **specific goals**.

42. What is the main problem of planning in underdeveloped countries ?

Planning requires a strong, competent and incorrupt administration. But most of the economically backward nations have **weak, incompetent and corrupt administration**.

43. What is a rolling plan ?

Without fixed targets for all the five years, **depending upon** the performance of the Plan in the **current year**, targets will be fixed **for one more year**. Like this, it will **go on a continuous basis**.

44. Explain the concept of Indicative planning ?

In this type of planning, the **government invites representatives** of industry, and business and **discusses** with them in advance what it **proposes to do in the Plan** under question and **indicates** to them its **priorities and goals**. Eg: France

45. What is Mahalanobis strategy ?

1. The strategy adopted in Indian Planning is often referred to as 'Mahalanobis strategy'.
2. In this strategy, emphasis was laid on **rapid industrialization** with priority for basic and heavy industries.

46. What are the problems of planning in underdeveloped countries ?

1. Economically backward nations have weak, incompetent and **corrupt administration**.
2. They have democratic planning. So they **cannot do things in a quick manner** as was done in former Soviet Russia. They have to go slow.
3. And agriculture is the main stay of their economies. There is a lot of **uncertainty about their agricultural programmes**.
4. **Over-population** and **low capital formation** are some other important problems of planning in underdeveloped nations.

47. What are the major objectives of planning in India ?

1. To raise the national income
2. To increase investment
3. To reduce inequalities
4. To expand employment opportunities
5. To remove bottlenecks in agriculture, manufacturing industry

48. What are the key objectives of the Tenth Plan ?

1. Universal access to Primary education by 2007
2. Reduction in the decadal rate of population growth between 2001 to 2011 to 16.2 percent Increase in literacy to 75 percent by 2007
3. Increase in forest and tree cover to 25 percent by 2007 and to 33 percent by 2012
4. All villages to have access to potable water by 2012
5. Cleaning of all major polluted rivers by 2007

49. Discuss the case against Laissez Faire.

1. Under *Laissez faire*, income is **not fairly distributed**. As a consequence, less important and less urgent goods are produced for the wealthy people while the poor lack basic goods like education, health, housing, good food and ordinary comforts.

2. The market economy is a **victim of trade cycles**. And there will be alternating periods of prosperity and depression. And during depression, there will be bad trade, falling prices and mass unemployment. So there is need for state intervention.

50. Explain the need for economic planning.

1. To increase their national income.
2. To evolve some programmes for agricultural development.
3. To industrialize economies.
4. To provide more employment opportunities to people.
5. To reduce inequalities of income and wealth.

51. What is the contribution of agriculture to economic growth?

1. Product contribution i.e., making available food and raw materials.
2. Market contribution i.e., providing the market for producer goods and consumer goods produced in the non-agricultural sector.
3. Factor contribution i.e., making available labour and capital to the non-agricultural sector and
4. Foreign Exchange contribution

52. What are the components of agricultural growth?

1. Increase in area under cultivation (**horizontal expansion**)
2. Increase in the productivity (**vertical expansion**)

53. List out the factors responsible for the backwardness of agriculture.

1. Demographic factors
2. General factors
3. Institutional factors and
4. Technological factors

54. Define cropping pattern.

Cropping pattern means the proportion of **area under different crops at a point of time**. In other words, it means a ratio of different crops cultivated at a particular time.

55. Define agricultural holding.

Agricultural holding means the size of **land owned and cultivated by a farmer**. It may be defined on the basis of ownership and on the basis of cultivation.

56. Explain the relationship between the agricultural and non-agricultural sectors.

1. Production linkages
2. Demand linkages and
3. Savings and investment linkages.

1. Production Linkages

Production linkages arise from the interdependence of agriculture and industry for productive inputs i.e., supply of agricultural materials such as cotton, jute, sugar cane etc., to agro-based industries and supply of fertilizers, machinery and electricity by industry to agriculture over the last five decades.

2. Demand linkages

There are strong demand linkages between the two sectors. The impact of incomes and industrialization on the demand for food and agricultural raw materials is generally recognized.

3. Savings and Investment linkages

Equally significant is the impact of rural income on industrial consumption goods, i.e., clothing, footwear, sugar, edible oils, TV sets, washing machines, refrigerators, motor bikes, etc

57. Examine the remedial measures to solve the various problems of Indian agriculture.

1. Arrangements for better manures
2. Use of better seeds
3. Alternative arrangements for irrigation facilities.
4. Improvements in agricultural credit
5. Reclamation of waste lands
6. Consolidation of holdings
7. Soil conservation and intensive cultivation
8. Improvement in marketing system

58. Describe the factors affecting cropping pattern.

1. Natural Factors: 2. Size of Holdings 3. Price of Agricultural Products:4. Availability of Agricultural Inputs 5. Social Factors:6. Government Policy 7. Knowledge about Cropping Pattern,8. Crop Insurance Scheme9. Government Efforts

59. Explain the objectives and measures of land reforms in India.

1. Elimination of exploitation in land relations
2. Actualization of the goal of 'land to the tiller'
3. Increasing agricultural production and productivity
4. Facilitating land based development of rural poor

60. Discuss the importance of agricultural marketing.?

1. Provides raw materials for industries.
2. Provides foodgrains for the entire population and fodder for cattle.
3. Provides a base for expansion of internal market of a country.
4. Helps in the expansion of international market

61. Define industrialization.

Industrialization means **widespread development of manufacturing vast quantities** of goods, employing a large number of people, promoting international market, characterization of specialized skill, science, technology, increasing application of electrical, electronic, computer technologies to enhance productivity.

62. Define mixed economy.

The mixed economy **consisting both the private sector and public sector**, has been the feature of many modern states.

63. Define Privatization.

Privatization is defined as **transfer of ownership from public sector to private sector**. It is the process of **reducing the role of State** or public sector in the economic activities of a country.

64. What is the use based classification of industry?

1. Basic goods such as cement, chemicals, fertilizers, etc.
2. Capital goods such as machineries, machine tools, and engineering goods.
3. Consumer goods such as cycle, television, refrigerators, bikes, cars, food articles, soft drinks, etc.
4. Intermediate goods such as paint, plywood, pipe & tube, ancillary parts, etc.

65. Define liberalization.

Liberalisation policies aim at **minimizing the roles and functions of the government in the economy** to promote private sector. It **aims at more external capital inflows** to finance the current account deficit.

66. Explain the significance of public sector.

1. It has promoted small scale and ancillary industries as a result of the backward and forward linkages.
2. It has promoted agro-based industries and supported agriculture sector by providing many inputs like fertilizer, power, etc.
3. It has created a sound infrastructural base to help the private sector.
4. Public sector has exerted a greater influence on the welfare of the people through its vast employment opportunities.

67. Explain the position of industrialization under pre and post independence period.**I. Pre-independence period:**

1. The pre-independent India, mostly characterised by backwardness, did not have an organized industrial sector.
2. The Second World War made small beginning in the industrial development.
3. Still the share of industries in the country's national income was relatively small.

II. Post independence period

1. There had been a marked shift in the advancement of the industries after the implementation of five year Plans in the independent India.
2. The significant role of industrialization as the major channel of rapid economic growth
3. Allround development has been recognized by the planners of modern India.

68. List out the organizations which provide industrial finance.**At National Level**

1. Industrial Finance Corporation of India (IFCI)
2. Industrial Development Bank of India (IDBI)
3. Industrial Credit and Investment Corporation of India (ICICI)
4. Industrial Investment Bank of India (IIBI)
5. National Small Industries Corporation (NSIC)

At State Level

1. Tamil Nadu Industrial Investment Corporation (TIIC)
2. State Financial Corporations (SFC)
3. State Industrial Development Corporations (SIDC)

At Intermediate Level

1. Unit Trust of India (UTI)
2. Life Insurance Corporation of India (LIC)
3. General Insurance Corporation of India (GIC)

69. Write about the disinvestment of public enterprises.

1. The new industrial policy of 1991 suggested the **partial disinvestment** of public sector without fixing any ceiling.
2. Efforts have been initiated subsequently to **disinvest the equity** of public sector undertakings to a greater extent.
3. This is nothing but the outright **process of privatization**. There are three models viz. public offer, strategic sale and cross holding.
4. The Government announced in 1998 to **sell more than 51 percent in strategic sales** and the new cap was fixed at 74% to 100%.

70. Explain the integrated strategies devised by the Eighth Plan for public sector restructuring.

1. Restructuring involving modernization, rationalisation, product-mix changes, selective exit and privatisation.
2. Changes in management practices at specific enterprises level to promote efficiency, dynamic leadership, resourcefulness and innovation
3. A major effort by state governments to promote reforms in public sector.
4. Technology upgradation through an integrated R & D effort and import of technology

71. What do you mean by a bank?

A bank is an institution which **accepts deposits from the public and in turn advances loans** by creating credit.

72. Write a note on commercial banks.

A commercial bank is an institution that **operates for profit**. The traditional functions of a commercial bank relate to the **acceptance of deposits** from the public and provision of **credit to different sectors** of the economy.

73. What is Central Bank? Give example?

According to Samuelson, “a central bank is a **bank of bankers**. Its duty is to **control the monetary base** and through control of high-powered money to control the community’s supply of money. **Ex. Reserve Bank of India.**

74. What is Open market operations?

Direct buying and selling of securities, bills, bonds of government as well as private financial institutions by the central bank, on its own initiative, is called open market operations.

75. What is moral suasion?

Moral suasion implies **persuasion and request made** by the central bank **to the commercial banks** to follow the general monetary policy **in the context of the current economic situation**.

76. Explain the role of banks in economic development.

- 1) Removing the deficiency of capital formation
- 2) Provision of finance and credit
- 3) Extension of the size of the market
- 4) Act as an engine of balanced regional development
- 5) Financing agriculture and allied activities

6) For improving the standard of living of the people

77. Distinguish between central bank and commercial bank.

1. The central bank is the **apex institution** of the monetary and banking system of the country. A commercial bank is only a constituent unit of the banking system and a **subordinate** to the central bank.
2. While the central bank possesses the **monopoly of note-issue**, commercial banks **do not have this right**.
3. The central bank is **not a profit making institution**. Its aim is to promote the general economic policy of the government. But, the primary objective of commercial banks is to **earn profit** for their shareholders.

78. Give definitions of central bank by various monetary theorists.

1. **Smith** - the primary definition of central banking is a banking system in which a single bank has either complete control or a residuary monopoly of note issue.
2. **H.A. Shaw** - a central bank, “as a bank which controls credit.
3. **Hawtrey** - a central bank is that which is the lender of the last resort.
4. **Samuelson**, - a central bank is a bank of bankers. Its duty is to control the monetary base and through control of high-powered money to control the community’s supply of money.

79. Explain various quantitative credit control methods of RBI.

1. Bank Rate (or) Discount Rate Policy

At this rate the central bank rediscounts bills of exchange and government securities held by the commercial banks

2. Open Market Operations

Direct buying and selling of securities, bills, bonds of government as well as private financial institutions by the central bank, on its own initiative, is called open market operations.

3. Variable Reserve Ratio

Every commercial bank is required by law to maintain a minimum percentage of its time and demand deposits with the central Bank.

80. Explain the different types of loans and advances made by the commercial banks.

- | | | | |
|-----------------------|--------------------------------------|--------------------------------|-----------------------------|
| 1. Accepting deposits | 2. Advancing of loans | 3. Creation of money or credit | 4. Other functions |
| ↓ | ↓ | | ↓ |
| a. Savings deposits | a. Cash credit | | a. Transfer of funds |
| b. Demand deposits | b. Provision of overdraft facilities | | b. Agency functions |
| c. Fixed deposits | d. Discounting bills of exchange | | c. General-utility services |

81. What are the three classifications / components of NEP?

1. Liberalization, 2. Privatization & 3. Globalization – that is the “LPG of 1991 economics policy”

82. Name the three methods of technology transfer.

1. Training or Employment of Technical Export
2. Contracts for supply of machinery and equipment and
3. Licensing agreements.

83. What are the functions of money?

1. Medium of exchange, 2. Measure of value, 3. Store of value and 4. Standard of deferred payments

84. What is balance of payments?

Balance of payments means a **systematic record of all the economic transactions of a country** with the rest of the world during a given period, say one year.

85. What are the components of foreign trade?

1. Volume of trade 2. Composition of trade and 3. Direction of trade.

86. What are the parameters of Globalization?

1. Spread of international trade.
2. Increasing migration of people.
3. Increasing flow of money or means of payments.
4. More capital flows.
5. Increased flow of finance capital.

87. Describe the evolution of money.

1. Before the introduction of paper money, any **commodity that was generally demanded** was chosen by common consent as a medium of exchange

2. In the 15th and 16th centuries, European merchants adopted the practice of carrying proper receipts showing their title to **metallic money**, which they had kept with well-known goldsmiths for safe custody.

3. In this way, **paper money** was introduced as a substitute for metallic money.

4. Then the system of monopoly of **note issue by the central bank** of the respective country was introduced.

5. At present **legal tender money** consists mainly of currency notes or paper money issued by the central bank.

88. What are the functions of IMF?

1. Functions as a short term credit institution.
2. Provides machinery for the orderly adjustments of exchange rates.
3. Acts as a reservoir of the currencies of all the member countries from which a borrower nation can borrow the currency of other nations.
4. Functions as a sort of lending institution in foreign exchange. It grants loans for financing current transactions only and not capital transactions.
5. It also provides machinery for altering sometimes the par value of the currency of a member country

89. Differentiate the balance of trade from balance of payments.

Balance of Trade (BoT)

1. Balance of trade confines to trade in **visible items only**.
2. Visible items are those, which are physically exported and imported like merchandise, gold, silver and other commodities.

Balance of Payment (BoP)

1. Balance of payments means a systematic record of all the economic transactions of a country with the rest of the world during a given period, say one year
2. It records all the **visible and invisible items**.

90. What are the objectives of GATT and what are its methods of achieving them?

I. Objectives

1. Expansion of international trade;
2. Increase of world production by ensuring full employment in the participating nations.
3. Development and full utilization of world resources

II. Methods of achieving objectives

1. Most favoured Nation Clause
2. Quantitative restrictions on Imports

91. Define Human Resource Development.

Organized learning **activities arranged** within an organization in order to **improve performance and / or personal growth** for the purpose of improving the job, the individual and/or organization

92. What do you mean by Human Capital ?

An individual **by investing on things which can improve his capabilities** such as health facilities & job training, etc.

93. How is composite index of HRD constructed ?

by taking the arithmetic total of

(1) Enrolment at second level of education as a percentage of the age group fifteen to nineteen, adjusted for length of schooling, (+)

(2) Enrolment at the third level of education as a percentage of the age group, multiplied by a weight of 5

94. What is Human Development ?

“The process of widening people’s choices and the level of well-being they achieve are at the core of the notion of human development.”

95. How is gender related development index constructed ?

GDI adjusts the HDI to reflect the inequalities between men and women. The three measures used related to (1) female life expectancy, (2) female adult literacy and gross enrolment ratio and (3) female per capita income.

96. What according to Harbison and Myers are human resource indicators ?

1. Number of teachers (first and second levels) per 10,000 population ;
2. Engineers and scientists per 10,000 population ;
3. Physicians and dentists per 10,000 population.
4. Pupils enrolled at first – level (primary) education as a percentage of the estimated population aged five to fourteen inclusive ;
5. The adjusted school enrolment ratios for first and second levels combined.
6. Pupils enrolled at second level (secondary) education, as a percentage of the estimated population aged fifteen to nineteen inclusive.
7. Enrolment in third – level (higher education) as a percentage of the age group twenty to twenty four.

97. Write a note on early Child Health Care Programme and Arivoli Thittam.

1. The Child Health Care Programme schemes focus on provision of services to improve nutrition and health requirement of children from the date of conception till the age of six years.
2. Total Literacy campaign (TLC), Post – Literacy campaign and Continuing Education measures come under Arivoli Iyakkam (Light of Knowledge movement).

98. Explain the concept of Human Poverty Index (HPI).

The 1997 HDI introduced Human Poverty Index (HPI). It measures deprivation in longevity, knowledge and a decent living standard.

99. What are the basic choices to be made by Government while evolving HRD strategies ?

1. It has to decide in formal education whether the emphasis should be on quantity or quality.
2. In secondary and higher education, it has to decide whether priority should be given to science and technology or law, arts and humanities ;

3. It has to decide in skill development whether the reliance should be placed on pre – employment formal training or in-service training ;
4. It has to decide whether incentives should be provided by manipulation of wages and salaries or should be left to market prices; and
5. It has to consider the needs and desires of the individual and needs of the State.
6. The choice between quantity and quality in educational development can take many forms.

100. Define statistics.

According to Croxton and Cowden, “Statistics may be defined as a science of **collection, presentation, analysis and interpretation** of numerical data”.

101. What are the types of data?

1. Qualitative Data
2. Quantitative Data

102. Write a note on graphs and diagrams.

1. They give a bird’s eye view of the entire data. Therefore the information presented is easily understood.
2. They are attractive to the eyes.
3. They have a great memorising effect.
4. They facilitate comparison of data.

103. What are the types of classification?

- (i) Geographical classification
- (ii) Chronological classification
- (iii) Qualitative classification
- (iv) Quantitative classification

104. Write a note on pie diagram.

Pie diagram is used to represent the components of a variable. For example Pie chart can show the household expenditure, which is divided under different heads like food, clothing, electricity, education and recreation.

105. Distinguish between classification and tabulation.

- (i) Classification is the process of **grouping the data** on the basis of some common characteristics. Tabulation is the process of **placing the classified data** in columns and rows.
- (ii) Classification is the **first step** in tabulation. Tabulation **process starts only after the classification** is completed.
- (iii) Classification is done **for the purpose of tabulation** whereas tabulation is done for the **purpose of**

analysis of data.

106. Explain rules of tabulation.

- (i) **Number:** Table must be arranged with number in order to identify the table
- (ii) **Title:** Table must have a title. The title should be clear, brief and self- explanatory.It should convey the content and purpose of the table.
- (iii) **Stubs and Captions:** Stubs are the row headings and Captions are columnheadings. Stubs and Captions should also be clear and brief.
- (iv) **Body of the table:** The body of the table contains the numerical information. This is the most important part of the table and should contain only relevant information. Table should not be overloaded with details.
- (v) **Spacing:** Proper space should be provided in between various data presented in the table. It helps for easy identification of data. Proper spacing gives good appearance for the table.
- (vi) **Total:** Total must be given for each column and row.
- (vii) **Head note:** It is a brief explanation of the information given in the table. It is placed below the title in brackets
- (viii) **Footnotes:** If any item presented in the table needs further explanation, it should be given at the end of the table.

Source: Source is an important requirement for the table.

Table No.

Title: (Head note)

<i>Stub</i>	<i>Caption</i>
<i>Row Entries</i>	<i>Body</i>

Foot note:

Source:

107. Distinguish between graphs and diagrams.

1. Diagrams are **prepared in a plain paper** whereas graphs should be prepared in **graph paper**.
2. A Graph represents **mathematical relations** between two variables. But diagrams **do not represent mathematical relationship**. They help for comparisons.
3. Diagrams are **more attractive** to the eye. Therefore they are **suitable for publicity and propaganda**. They are not so useful for research analysis whereas Graphs are very much useful for research analysis.

108. Examine the characteristics of a good average.

1. It should be rigidly defined so that there is no confusion regarding its meaning.
2. It should be easy to understand
3. It should be simple to compute
4. Its definition must be in the form of a mathematical formula.
5. It should be based on all the items of a series
6. It should not be influenced by a single item or a group of items
7. It should be capable of further algebraic treatment
8. It should have sampling stability

109. Calculate the mean for the following data.

X	1	2	3	4	5	6	7	8	9	10	Total
F	10	18	20	31	30	25	20	15	10	6	185
FX	10	36	60	124	150	150	140	120	90	60	940

110. What are the methods of measuring variability?

1. Range
2. Inter-quartile Range or Quartile Deviation
3. Mean Deviation
4. Variance and Standard Deviation

111. What is mean deviation?

The mean deviation is defined as the average distance between the mean and each point in the distribution. It is the arithmetic mean of the deviations of each point to the mean.

$$\text{Mean Deviation (M.D)} =$$

112. What is variance?

Variance is the most stable measure of variability and its derivative is standard deviation. Variance also resembles mean deviation where the negative signs are removed by taking mod values.

113. Name the three major types of Index Numbers.

1. Price Index Numbers
2. Quantity Index Numbers
3. Value Index Numbers

114. What are the three main methods to calculate weighted index number?

1. Paasche index
2. Laspeyre's index
3. Fisher's Index

115. Explain the Mean Deviation.

The mean deviation is defined as the average distance between the mean and each point in the distribution. It is the arithmetic mean of the deviations of each point to the mean.

$$\text{Mean Deviation (M.D.)} = \frac{\sum |x - \bar{x}|}{n}$$

116. What is meant by Standard Deviation? Explain.

The variance and standard deviation are the most widely used measures of variation. Variance is the most stable measure of variability and its derivative is standard deviation.

117. What is Quartile Deviation? Explain. $\sigma^2 = \frac{\sum (X - \bar{X})^2}{n}$

Quartile deviation is the most commonly used measure of position. It is also known as semi-inter-quartile range. As the name indicates, it is the mid-point of the difference between the third quartile (Q_3) and the first quartile (Q_1).

$$\text{Quartile Deviation (Q.D.)} = \frac{Q_3 - Q_1}{2}$$

118. What is Index Number? Explain the types.

An index number is a statistical tool used to measure changes over time and to interpret economic figures. Index numbers are values expressed as a percentage of single base figures.

Types : 1. Price Index Numbers 2. Quantity Index Numbers 3. Value Index Numbers

119. What are the uses of Index Number?

1. Index numbers are useful to study the trend of business and economic variable.
2. Economic and business policy formulations will be easier with the help of index numbers.
3. It can be used to measure the purchasing power of money or to know the real value of money.
4. Measurement of inflation and cost of living are useful to know the changes in the standard of living of people.
5. As they measure the trend of price, output, inflation, trade and many more variables they are considered as barometers of an economy

120. Explain the methods of constructing Unweighted Index Number.

1. Unweighted Index Numbers

Under this method, the index number is expressed as a percent of aggregate price of the current year ($\sum P_1$) to the aggregate price of the base year ($\sum P_0$).

2. Weighted Index Numbers

When we construct index numbers for large number of commodities, the relative variation in their quantity needs to be accommodated by assigning suitable 'weights' in such way that the weights assigned should reflect the relative significance of various items.

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5 MARK QUESTIONS AND ANSWERS:

1. Discuss the mercantilist thought.

1. The economic ideas and policies which were **followed by European governments** from the 15th century until the second half of the 18th century may be described as mercantilism.
2. The mercantilists thought that the **wealth of a nation could be increased by trade**.
3. The mercantilists regulated the economic activity of the State in order to create a **strong and powerful State**.
4. They wanted favourable balance of trade. That is, **exports should be more than imports**.
5. According to mercantilists, **trade was the most important occupation**. Industry and manufacture were ranked second in importance.

2. What are the essential ideas of the physiocrats ?

1. The physiocrats developed a body of economic theory in the 18th century in France. The term **'physiocracy' means 'Rule of Nature'**
2. Physiocrats believed that **agriculture was a productive occupation**. It alone produced **"net product"**.
3. And they considered **other occupations as sterile**.
4. The physiocrats developed the **concept of natural order**. According to them, the natural order is **an ideal order given by God**.
5. They advocated **laissez-faire policy**. The State will have a minimum role to play.

3. Explain the role of the State in economic development

1. The State has to play the role of **an entrepreneur** in the underdeveloped countries.
2. The Governments in these countries have to play a dominant role in implementing **plans for economic development**.
3. The Government plays a very big role in the field of **social services** like education and health.
4. The Government has to make huge **investment in physical infrastructure**.
5. The Government has to take steps such as **promotion of exports, making investment** attractive for foreigners through fiscal measures..
6. The State has to **regulate and control monopolies**.

4. What are the basic characteristics of underdeveloped countries ?

- 1) It is primary producing
- 2) It faces population pressures
- 3) It has underdeveloped natural resources
- 4) It has an economically backward population
- 5) It is capital deficient
- 6) It is foreign trade oriented.

5. Describe Rostow’s stages of economic growth.

1. The traditional society - custom-bound and tradition-oriented
2. The transitional society - economic motivation, improvements in infrastructure.
3. The take-off stage - transforms itself from a predominantly agricultural to a predominantly industrial society
4. The mature stage and - abundant resources and goods
5. The age of high mass consumption - people will consume durable goods like cars on a mass scale

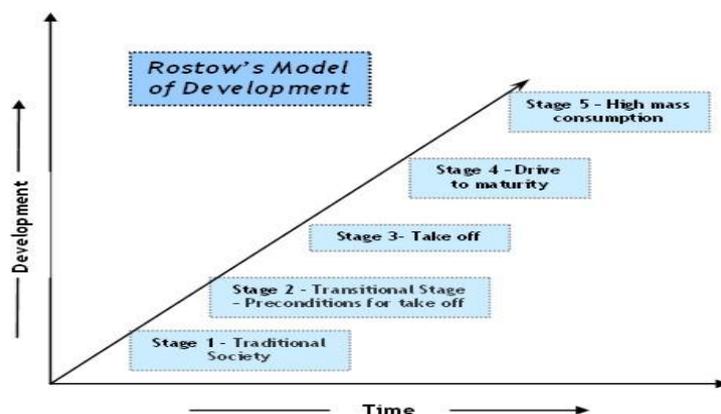


Figure 1: Rostow’s Model of Development.

6. Describe in brief the ways that affect economic development by rapidly increasing population.

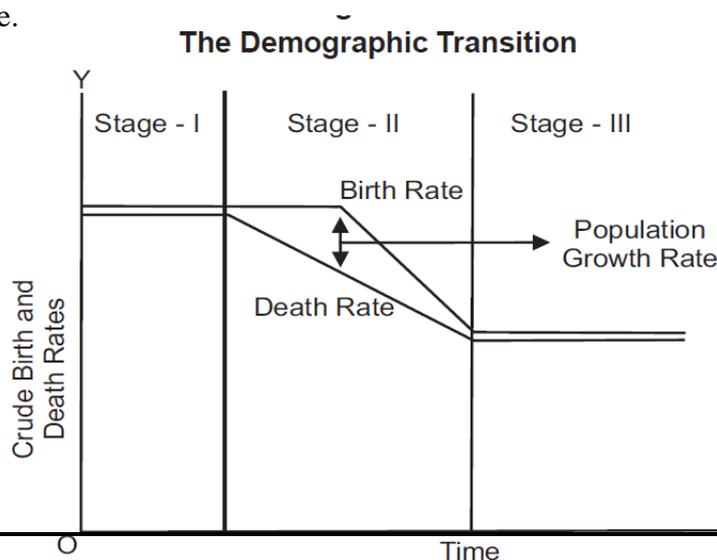
1. Food Shortage
2. Reduction in National and Per Capita Income
3. Low savings and investment
4. Unemployment and Underemployment
5. Low Labour efficiency
6. More Expenditure on Social Welfare Programmes
7. Financial Burden on Government

7. Explain the theory of demographic transition

I. Meaning :

The demographic transition brings out the relationship between fertility and motility, i.e. between the birth rate and the death rate.

II. Diagram:



III. Explanations:

1. **Stage I: High Birth Rate and Death Rate** : This stage is characterised by high birth rate and high death rate. The high death rate is due to poor diets, improper sanitation and lack of proper medical facilities.

2. **Stage II: High Birth Rate and Low Death Rate** : The advancement in science, technology and better sanitary conditions reduce the incidence of disease and death. The birth rate still remains high due to the resistance to change, and the long established customs and beliefs.

3. **Stage III: Low Birth Rate and Death Rate** : With the spread of education, people prefer small families in order to increase the standard of living. Thus the birth rate is reduced. Implementation of better medical facilities, control of disease and public sanitation result in low death rate.

8. Describe the various measures taken to solve unemployment problem in India?

1. Change in the pattern of investment
2. Encouragement to small enterprises as against big enterprises
3. Problem of Choice of technique
4. Encouragement of New Growth Centres in Small Towns and Rural Areas
5. Subsidies on the Basis of Employment
6. Reorientation of Educational Policy
7. Underemployment in Rural Areas

9. Briefly explain the programs implemented to alleviate poverty

1. Land Reforms – (like the Zamindari system)
2. Jawahar Gram Samridhi Yojana (JGSY) – in 1999
3. National Social Assistance Programme (NSAP) – in 1995
4. Employment Assurance Scheme (EAS) – in 1993
5. Pradhan Mantri Gramodaya Yojana (PMGY) – in 2000
6. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) – in 1997
7. Integrated Rural Development Programme (IRDP) – in 1978

10. Examine the methods of calculating national income.

1. Product or Output Method
2. Income Method
3. Expenditure Method

$$\text{Income} = \text{expenditure} = \text{output} \quad Y = E = O$$

Output or Product Method

In the output or product method, the measures of GDP are calculated by adding the total value of the output (of goods and services) produced by all activities during any time period, such as a year.

Income Method

In the income method, the measures of GDP are calculated by adding all the income earned by various factors of production which are engaged in the production of output.

Expenditure Method

In the expenditure method, the measures of GDP are calculated by adding all the expenditures made in the economy.

$$GDP = E = C + I + G + (X-M)$$

where E is aggregate expenditure

11. Describe the problems in calculating the national income.

1. Double Counting

Counting the final output of both industries will result in double-counting of the Value. For example, the output of the tyre industry is the input of bike industry.

2. Black Money

In countries where level of illegal activities, illegal businesses and the level of corruption are very high, the circulation of black money is so high, it has created a 'parallel economy'.

3. Non-Monetization

In most of the rural economy, considerable portion of transactions occurs informally and they are called as non-monetized economy.

4. Growing Service Sector

Value addition in legal consultancy, health services, financial and business services and the service sector as a whole is not based on accurate reporting and hence under-estimated in national income measures.

5. Household Services

The national income analysis ignores domestic work, and housekeeping and social services. Most of such valuable work rendered by our women at home does not enter our national accounting.

6. Social Services

It ignores volunteer and unpaid social services.

7. Environmental Cost

National income estimation does not distinguish between environmental-friendly and environmental-hazardous industries.

12. Discuss the problems of planning in backward countries.

1. Economically backward nations have weak, incompetent and **corrupt administration**.
2. They have democratic planning. So they **cannot do things in a quick manner** as was done in former Soviet Russia. They have to go slow.

3. And agriculture is the main stay of their economies. There is a lot of **uncertainty about their agricultural programmes.**

4. **Over-population** and

5. **Low capital formation** are some other important problems of planning in underdeveloped nations.

13. Describe the characteristics of economic planning.

1. The period of a Plan is five years.

2. The Plan has to be drawn in advance.

3. It is done by the Planning Commission in India.

4. A plan will be of a definite size and it will fix the targets for the Plan period

5. It will also indicate the ways by which the financial resources are to be mobilized for the Plan.

14. Explain the various types of planning.

1. Centralized Planning

In a socialist economy there was centralized planning; it was planning by direction. In a socialist state, most of the means of production are owned by the State. (Ex. Former Soviet Russia),

2. Planning by Inducement

In a democracy, Planning is done by inducement. For example, ours is a mixed economy where there is a public sector and a private sector. (Ex. India).

3. Indicative planning

In this type of planning, the government invites representatives of industry, and business and discuss with them in advance what it proposes to do in the Plan under question and indicates to them its priorities and goals. (Ex: France)

4. Rolling Plan

Without fixed targets for all the five years, **depending upon** the performance of the Plan in the **current year**, targets will be fixed **for one more year**. Like this, it will **go on a continuous basis**.

15. Discuss the objectives and achievements of planning of India.

I. Objectives of Planning:

1. To raise the national income.

2. To increase investment

3. To reduce inequalities in the distribution of income and wealth

4. To expand employment opportunities, and

5. To remove bottlenecks in agriculture, manufacturing industry

II. Achievements of Planning:

1. We have not succeeded much in reducing regional imbalances.

2. In agriculture, there are surplus states and deficit states, with reference to food grains.

3. In manufacturing industry, there are advanced regions and backward regions

16. Explain the objectives and achievements of the Ninth Five Year Plan

Ninth Five Year Plan (1997 – 2002)

I. Main objectives of the Ninth Plan

1. Priority to agriculture and rural development so as to generate adequate productive employment and to eradicate poverty ;
2. Growth with stable prices;
3. To ensure food security to all, especially vulnerable sections of the society;
4. Providing basic minimum services of safe drinking water

II. Achievements of the Ninth Plan

1. The growth rate of GDP during the Ninth Plan was 5.35 percent as against the target of 6.5 percent.
2. The Plan did not achieve the target of investment. It aimed at an investment of 28.2 percent of GDP but it achieved only 24.2 percent.
3. The size of the public sector plan got reduced by 18 percent.
4. The Plan failed on the external trade front.
5. The Ninth Plan failed to create 50 million jobs to reduce unemployment

17. Express in detail the role of agriculture in economic development.

1. Contribution to National Income

Agriculture contributes even now a major share of the national income in India. The distribution of national income by agricultural commodities, animal husbandry and ancillary activities has always been more than 40 percent.

2. Major source of Livelihood

The main source of livelihood is agriculture. Six out of every ten persons in India depend upon agriculture.

3. Provider of Employment

Agriculture provides employment and work to an overwhelming majority of the Indian masses. In villages, about seventy per cent of the people earn their livelihood from cultivation and allied agro-industries

4. Industrial development

Agriculture provides raw materials to the industries. Cotton and Jute textile industries, sugar, vanaspathi and plantations – all these depend on agriculture.

5. International Trade

Indian agriculture plays an important role in the country's international trade. The main exported agricultural commodities are tea, oil cakes, fruits and vegetables, spices, tobacco, cotton, coffee, sugar, raw wool and vegetable oils.

6. Capital Formation and Investment

Since agriculture contributes about 25 percent of the national income, this sector is the primary source of savings and hence capital formation for the economy.

7. Food and Fodder

In India, agriculture meets almost the entire food requirements of the people. Agriculture also provides fodder to sustain livestock whose number runs to several crores.

8. Economic Planning

Agriculture is the backbone of the Indian economy and prosperity of agriculture can also largely stand for the prosperity of the Indian economy.

9. International Ranking

At the global level, Indian agriculture has ranked in certain commodities. In the case of groundnuts, India stands first in the world, for rice production it ranks second and in the case of tobacco it occupies third rank in the world.

18. Discuss the factors responsible for the backwardness in agriculture.

1. Demographic factors
2. General factors
3. Institutional factors and
4. Technologies factors

I. Demographic factors

With population growth rates being what they are, an increasing addition to the labour force could be expected to be absorbed in the industrial sector of the economy. But the rate of growth in the industrial sector has been far from adequate.

II. General factors

1. Excess or surplus labour in Agriculture
2. Discouraging Rural climate

III. Institutional factors

1. Size of holdings
2. Defective land tenure structure

IV. Technologies factors

1. Poor inputs and techniques
2. Inadequate irrigation facilities
3. Indebtedness of the farmers
4. Inadequate Research

19. Describe in detail the factors affecting the cropping pattern.

1. Natural factors include the type of land, climate, rainfall and average temperature

2. Size of Holdings
3. Price of Agricultural Products
4. Availability of Agricultural Inputs
5. Social Factors - Social customs and attitude of farmers towards new technology and development
6. Government Policy
7. Knowledge about Cropping Pattern

20. Explain various large scale industries and their performance.

S.N	Industry	Performance
1	Steel Industry: Base for - Manufacturing, mining, construction, power, transport. It is popularly called as 'mother industry'.	1. The production of steel has increased more than about fifty seven times since independence. 2. It has increased from .7 million tons per annum in 1951 to 40 million tons in 2004-05.
2	Textile Industry: Oldest as well as the largest industries in India. It has spread to almost all parts of the country.	1. Textile industry accounts for 20 per cent of the total industrial output. It also employs 25 million people. 2. This is almost tenfold increase since independence.
3	Cement Industry: Cement, being the key raw material of the construction industry, plays a significant role in the country's current phase of development.	1. Produces only 6 per cent of world cement production. It has recorded an annual growth rate of 8.4 per cent over the last two decades
4	Sugar Industry: Sugar industry is an important agro-based industry. Its contribution to the economy is manifold.	1. India has emerged as the largest sugar producing country in the world. It contributes 15 per cent of the world sugar production.

21. Examine the needs of industrial sector.

1. To Rise National Income
2. To Provide Employment Opportunities
3. To give Higher Living Standard
4. To Promoting Exports of our trade
5. To Increase Capital Formation
6. To assist Technological Progress

22. Explain the role and importance of small scale industries.

1. The contribution of SSIs to the manufacturing sector and GDP
2. Role in generating employment opportunities
3. In mitigating the problem of imbalance in the balance of payment accounts
4. To help widespread equal distribution of income and wealth.
5. To have higher allocative efficiency
6. Element of risk is minimum in small scale sectors

23. Discuss elaborately the various aspects of new industrial policy of 1991.

- (i) To encourage private participation in the economy.
- (ii) The disinvestment of shares of some public sector enterprises
- (iii) An improvement of performance and accountability has to be ensured
- (iv) Budgetary support to sick public sector industries will be reduced drastically.
- (v) Only potentially viable PSUs can be revived and others will be closed down.

24. Explain environmental hazards and its causes and the measures taken by the Government to overcome them.

Environmental Hazards

Environmental hazards have become a matter of very serious concern of humanity.

Causes

1. The western societies, having been driven by the culture of consumerism, increased their production rapidly to meet the accelerated consumption. This has resulted in mounting wastages and greater damages to the environment.
2. The culture of rampant consumerism of the West has shifted to the East accompanied by vast number of 'use and throw' products.

Measures taken by the Government

1. Formulation of National Environmental Policy
2. Setting up of National Clean Development Mechanism (CDM) Authority as per Kyoto Protocol.
3. Reengineering environmental clearance process
4. Revising the Coastal Regulation Zones (CRZ)
5. Developing a National Chemical Management Profile for the country.

25. Describe the functions of commercial banks.

Meaning of Commercial Banks:

A commercial bank is an institution that operates for profit. The traditional functions of a commercial bank relate to the acceptance of deposits from the public and provision of credit to different sectors of the

economy.

I. Accepting or attracting deposits

1. Savings deposits
2. Demand deposits
3. Fixed deposits

II. Advancing of loans

1. Cash credit
2. Provision of overdraft facilities
3. Discounting bills of exchange

III. Creation of money or credit

IV. Other functions

1. Transfer of funds
2. Agency functions
3. General utility services

26. Examine the functions of central bank.

I. Meaning of Central Bank:

According to Samuelson, “a central bank is a bank of bankers. Its duty is to control the monetary base and through control of high-powered money to control the community’s supply of money.

II. Functions of central bank

1. Regulator of currency - Issue currency for circulation, keep a certain amount or a fixed proportion of gold and foreign securities against the total notes issued
2. Banker, Agent and Adviser to the Government
3. Custodian of cash Reserves of commercial banks
4. Custodian and Management of Foreign Exchange reserves
5. Lender of the last resort
6. Clearing Function
7. Controller of credit - bank rate policy ii) open market operations

27. Explain the role of Foreign Trade in the economic development.

1. It explores means of procuring imports of capital goods
2. It provides for flow of technology, it allows an increase in factor productivity.
3. It generates pressure for dynamic change
4. A better allocation of resources.
5. Exports allow fuller utilization of capacity, increased exploitation of economies of scale
6. Foreign trade increases worker’s welfare
7. Reduction of poverty in most developing countries.

28. Explain the components of India’s Foreign Trade.

	Components of Trade	India's Position
I	Volume of trade It refers to size of international transactions.	1. The trade to GDP ratio has gone up from 13 percent in 1980 to 20 percent at present. 2. The increase has been shared both by exports and imports.
II	Composition of trade It tells about the commodities of imports and the commodities of exports of a country. 1. Composition of Imports 2. Composition of Exports	1. Imports of India may be divided into three parts namely capital goods, raw materials and consumer goods. 2. Exports of India may be divided into two parts I) Exports of traditional items and ii) Exports of non-traditional items.
III	Direction of trade	1. At present we get our imports from almost all the countries of the world. 2. items contributed about 80 percent of our total exports

29. What is IMF? Explain its functions?

The IMF- International Monetary Funds:

The decision to start IMF was taken at Bretton woods conference and it commenced its operation in March 1947.

Function:

1. Functions as a short term credit institution.
2. Provides machinery for the orderly adjustments of exchange rates.
3. Acts as a reservoir of the currencies of all the member countries
4. Functions as a sort of lending institution in foreign exchange.
5. It also provides machinery for international consultations.
6. Provides technical experts to member countries.
7. Conducts research studies and publishes them

30. What is IBRD? Explain its functioning.

The IBRD - International Bank for Reconstruction and Development:

IBRD better known as World Bank was set up in 1944, was established for promoting long term investment loans on concessional terms.

Functions:

1. To assist in the reconstruction and development
2. To promote private foreign investment.
3. To promote growth of international trade and Balance of Payments of member countries.
4. To arrange for loans through for small and large projects.

31. Discuss the relationship between HRD and economic development.

The findings of an important study by Harbison and Myers reveal the relationship between HRD and economic development as follow,

1. There is a very high positive correlation between the **composite index of HRD and G.N.P. per capita** in U.S. dollars; there is a high negative correlation between the composite index and the percentage of the active population engaged in agriculture
2. There are also high correlations between the **adjusted second level enrolment ratio and GNP** and percentage engaged in agriculture.
3. Correlations between the **first level enrolment ratio and GNP** and percentage in agriculture are lower than the correlations of either the composite index or the second level enrolment ratio with GNP and percentage in agriculture.

32. Describe the different approaches of manpower planning.

1. Assumes that manpower with different levels and types of education is essential to attain a certain target growth rate of GNP.
2. Then, the target is divided into different sectoral contributions to GNP.
3. In a given year, the GNP is divided into different sectors and manpower structure in each of the sectors is analysed.
4. Then the needed manpower with different levels and types of education is estimated.
5. Death, retirement and migration are taken into account to estimate the necessary manpower.

33. Describe the educational development in India since 1951.

1. The number of pupils in India outnumber the total population of England, France, Canada, and Norway taken together.
2. Every sixth student in the world enrolled at the primary level, every seventh in the secondary level and every eighth in the tertiary level is an Indian.
3. The public investment increased to about 3.5 percent of GNP.
4. The educational expansion in India is remarkable quantity, quality and equity have become an elusive triangle of the Indian education system.
5. The greatest failure of the Indian educational system relates to the goal of universalisation of elementary education.

34. Discuss educational progress in Tamil Nadu.

1. Tamil Nadu is an educationally progressive state in India.
2. In literacy, it is one of the three top states and it is next only to Kerala and Maharashtra.
3. The literacy rates for both males and females are more than the national average. (2001 Census - Tamil Nadu 73.47% & India : 65.38%)
4. Between 1991 and 2001, the percentage of enrolment at the secondary level has increased from 13 percent

to 59 percent.

5. There was a steady increase in educational expenditure in Tamil Nadu from 1962-63 to 2000 – 2001.

35. Discuss the meaning and importance of Human Development Index.

I. The HDI - Human Development Index:

1. Human development Index (HDI) is a holistic measure of living levels.
2. The human development Report (1977) describes human development as follows : “ the process of widening people’s choices and the level of well-being they achieve are at the core of the notion of human development.

II. Three Basic Parameters of HDI:

1. Longevity – as measured by life expectancy at birth,
2. Knowledge – as measured by a weighted average of adult literacy
3. Standard of living – as measured by Purchasing Power Parity (PPP)

III. Importance of HDI:

1. One major advantage of HDI is that it tells that even countries with a low level of income can achieve better human development than countries with substantial incomes.
2. The HDI points out that there are greater disparities in income than other indicators of development such as health and education measures.
3. So by development, we mean broad human development, not just higher incomes. Some countries (oil-rich countries), it is said experienced growth without development.

36. Explain the methods of measuring variability.

Methods of Measuring Variability

1. Range
2. Quartile Deviation
3. Mean Deviation
4. Variance and Standard Deviation

1. Range

Range is the numerical difference between the largest and the smallest value.

$\text{Range} = L - S$ that is, “L = Largest Value & S = Smallest Value”

2. Quartile Deviation

Quartile deviation is the most commonly used measure of position. It is also known as semi-inter-quartile range. As the name indicates, it is the mid-point of the difference between the third quartile (Q_3) and the first quartile (Q_1).

$$\text{Quartile Deviation (Q.D.)} = \frac{Q_3 - Q_1}{2}$$

3. Mean Deviation

The mean deviation is defined as the average distance between the mean and each point in the distribution. It is the arithmetic mean of the deviations of each point to the mean.

$$\text{Mean Deviation (M.D)} = \frac{\sum |x - \bar{x}|}{n}$$

4. Variance & Standard Deviation

The variance and standard deviation are the most widely used measures of variation. Variance is the most stable measure of variability and its derivative is standard deviation.

$$\sigma^2 = \frac{\sum (X - \bar{X})^2}{n}$$

37. What is an index Number? Explain its kinds and uses.

Index Number – Meaning:

An index number is a statistical tool used to measure changes over time and to interpret economic figures. Index numbers are values expressed as a percentage of single base figures.

1. Price	Such as the market price of 1 metric ton of cement or 1 square metre of fabrics
2. Quantity	Such as million metric tonnes of cement or million square metres of fabrics
3. Value	such as the market value of 1 metric ton of cement or 1 square metre of fabrics

Uses:

1. Index numbers are useful to study the trend of business and economic variable.
2. Economic and business policy formulations will be easier with the help of index numbers.
3. It can be used to measure the purchasing power of money or to know the real value of money.

38. Explain the methods of constructing Index Number.

1. Un weighted Index Numbers
2. Weighted Index Numbers

1. Unweighted Index Numbers

Under this method, the index number is expressed as a percent of aggregate price of the current year ($\sum P_t$) to the aggregate price of the base year ($\sum P_0$).

$$P_{01} = \frac{\sum P_t}{\sum P_0} \times 100$$

2. Weighted Index Numbers

When we construct index numbers for large number of commodities, the relative variation in their quantity needs to be accommodated by assigning suitable 'weights' in such way that the weights assigned should reflect the relative significance of various items.

$$P_F = \sqrt{P_p P_L}$$

$$P_F = \sqrt{\frac{\sum p_t q_t}{\sum p_0 q_0} \times \frac{\sum p_t q_0}{\sum p_0 q_0}} \times 100$$

Economics Minimum Material - VMHSS– SURAPET
ADDITIONAL QUESTIONS (Non - Exercise)

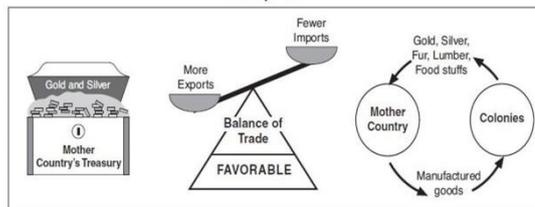
1. The Sabbath

The Sabbath was the weekly day of rest, relaxation and good living. In the words of Spiegel, “ the institution of the weekend was a social invention that has no parallel in the civilizations of Greece, Rome or other ancient cultures”.

2. European culture

Greek thought, Roman law and Christian religion form the basis of European culture.

4. Mercantilism



The economic ideas and policies which were followed by European governments from the 15th century until the second half of the 18th century may be described as mercantilism.

5. The Physiocrats

The physiocrats developed a body of economic theory in the 18th century in France. Adam Smith, who is regarded as the Father of Economics was greatly influenced by the physiocrats. The term ‘physiocracy’ means ‘Rule of Nature’. Physiocracy was essentially a revolt by the French against mercantilism.

6. The historical school

The historical school was dominant in Germany during the second half of the 19th century. It was a revolt against the classical school. While the classical economists believed that the laws of economics were of universal application, the economists of the historical school argued that the laws of economics were relative. Thus, while the classical economists advocated free trade, the historical school advocated protection for new industries through tariffs

7. Marxism

Karl Marx (1818-1883) was the founder of scientific socialism. He was a great critic of the capitalist system which was exploitative in nature and predicted that capitalism would give way to socialism. According to Marx, “all history is a history of class struggle”. The teachings of Marx resulted in the birth of a socialist State in Russia and China. Planning which is the gift of former Soviet Russia to the world is based on socialist philosophy.

8. The Institutional school

The institutional school is a 20th century phenomenon and it is of American origin. It emphasizes the role of institutions in economic life. The term “institutions” includes customs, social habits, laws, ways of living and modes of thinking. For example, slavery is an institution. We celebrate certain days as festivals. That is also an institution.

J.A. Schumpeter (1883-1993) considered economic life mainly as a process of change and development. According to him, innovating entrepreneurs play a key role in the process of economic development.

9. Economic Growth

Economic growth has been defined by Arthur Lewis as “the growth of output per head of population”.

10. Population as a stimulant to economic development

1. In a backward economy, population growth results in increase in supply of labour. This in turn results in the availability of cheap labour in the economy. Therefore, under a given technology with the availability of capital, production can be increased by increasing the labour use.

2. Population growth results in increased demand for products. Increased demand results in increased production, employment and income in the economy. As a result, the economy will develop.

3. Due to population growth, the supply of goods and services increases. Increased supply results in increased production, which in turn results in specialisation. Specialisation will induce technological improvements.

4. Increased demand and increased supply of products result in scarcity of resources, which induce technological improvements.

11. Preventive checks are those checks applied by man to reduce the population.

The preventive checks include late marriage, self-restraint and other similar measures applied by people to limit the family.

12. Positive checks affect population growth by increasing death rate. The positive checks on population are many and include every cause either from vice or misery which helps to shorten the life span. Common diseases, plagues, wars, famines unwholesome occupations, excess labour, exposure to the seasons, extreme

poverty, bad nursing of children are a few examples for positive checks.

13. The Theory of Demographic Transition

The demographic transition brings out the relationship between fertility and motility, i.e. between the birth rate and the death rate.

14. Types of poverty

1. Absolute poverty and 2. Relative poverty

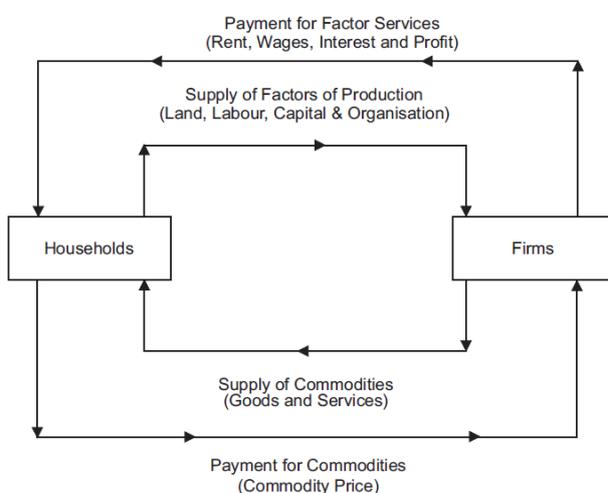
When people do not have adequate food, clothing and shelter, we say they are in absolute poverty.

Relative poverty refers to differences in income among different classes of people or people within the same group or among people of different countries.

15. Characteristics of Poor Households

1. large, with many children or economically dependent members.
2. spend nearly all their income on consumption of one sort or another and half of this consumption is likely to be in the form of food.
3. invest in education for boys than for girls.
4. The poor play little part in politics.
5. Crime, ill-health and lack of access to the poor are considered other correlates of poverty.

15. b: Circular Flow of Two Sector (National Income)



16. The following are some of the national income identities.

NNP = GNP - Depreciation

NNI = NNP - Indirect taxes

PI = NNI - Retained earnings, corporate taxes and interest on public debt

PDI = PI - Personal taxes.

Where, GNP - Gross National Product

NNP - Net National Product

NNI - Net National Income

PI - Personal Income

PDI - Personal Disposable Income

17. The main objectives of Planning

Growth, modernization, self-reliance and social justice.

18. Modernization

The term 'modernization' refers to a number of structural changes in the economy.

19. Social Justice

By social justice, we mean equal opportunities for all. That means, improving the standard of living of the poorest groups and reduction in inequalities in income and wealth.

20. Agricultural marketing

Agricultural marketing means the economic process under which agricultural goods are exchanged. Process of agricultural marketing determines the value of agriculture products in terms of money and delivers them to their final consumer.

21. Marketable Surplus

Marketable surplus may be defined as the residual of produce left with the producer after meeting his requirements for family consumption, farm needs etc.

(Old stocks + Current output) – (Consumption + waste + inventories for next season)

22. Causes of food problem in India

Important causes of food problem in India are as follows:

- i) Rapid growth of population.
- ii) Low agricultural productivity.
- iii) Natural calamities.
- iv) Development of commercial crops.
- v) Changes in the consumption pattern.
- vi) Increase in income demand for food.
- vii) Economic development and urbanisation.
- viii) Hoarding and black – marketing.

23. Public Distribution System (PDS)

Public distribution system means the regulated and controlled distribution of essential goods among people. Under the system, essential consumer goods are provided to people at fair prices through government agencies.

24. Super Bazaars

Super bazaars are the bazaars which provide all the goods of daily needs at controlled prices.

25. Minimum support prices

A minimum support price is declared by government, normally at the beginning of sowing season for every important agricultural commodity. These prices are a long term guarantee to farmers that the prices of these products will not be allowed to fall below a certain level.

26. Buffer Stock Operations

Buffer stock operations refer to buying and selling of food stocks by government.

27. Agricultural Productivity

Agricultural productivity is the ratio of agricultural inputs and output.

$$\text{Agricultural Productivity} = \frac{\text{Total Production}}{\text{Amount of Inputs Employed}}$$

28. Classification of Goods:

1. Basic goods such as cement, chemicals, fertilizers, etc.
2. Capital goods such as machineries, machine tools, and engineering goods.
3. Consumer goods such as cycle, television, refrigerators, bikes, cars, food articles, soft drinks, etc.
4. Intermediate goods such as paint, plywood, pipe & tube, ancillary parts, etc.

29. Globalization

The term “Globalization” means the integration of the economy of each country with the world economy. In other words, globalization is the process of transformation of the world into a single integrated economic unit.

30. Expand SIA & FIPB:

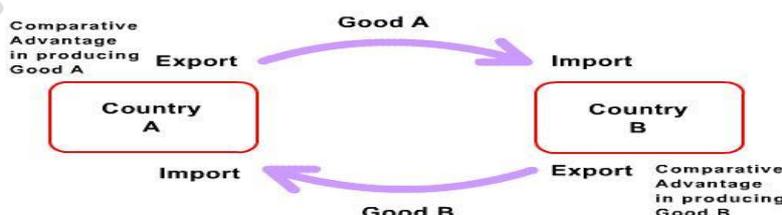
Secretariat of Industrial approvals (SIA) & Foreign Investment Promotion Board. (FIPB).

31. Theory of Comparative Advantage

1. The theory of comparative advantage just explains such advantages of free trade.
2. David Ricardo shown that trade without barriers can be beneficial for two countries
3. The Theory : “if countries specialize in producing what they are most efficient, then they can trade these goods for those produced most efficiently by other country”

Explanatory Table:

Country	Food (Price)	Clothing(Price)	Comparative Advantage	Allocation
Country A	0.5 units of Clothing	2 units of Food	Efficient in Food	Less in Food High in Cloth
Country B	1.67 units of Clothing	0.6 units of Food	Efficient in Clothing	Less in Cloth High in Food



32. Volume of trade

It refers to size of international transactions. Large numbers of commodities are involved in international transactions. Volume of trade can be measured by adding the money value of all commodities and hence it is also called value of trade.

33. Composition of Trade and Direction of Trade

Composition of trade means a study of the goods and services of imports and exports of a country. In other words, it tells about the commodities of imports and the commodities of exports of a country.

34. Composition of Imports of India

Imports of India may be divided into three parts namely capital goods, raw materials and consumer goods.

35. Composition of exports of India

Exports of India may be divided into two parts I) Exports of traditional items and ii) Exports of non-traditional items.

36. OECD countries

Organisation for Economics Co-operation and Development

Belgium, France Germany, U.K. North America, Canada, USA, Australia and Japan.

37. Structural Adjustment Facility (SAF)

The Structural Adjustment Facility was introduced in 1985 in order to reduce the balance of payments deficits of its members while maintaining or regaining their economic growth.

38. Conditions for lending

1. An efficient regulating mechanism for ensuring transparent policies and depoliticised environment.
2. Adequate risk management.
3. Provision for long-term finance.
4. Increase in the share of the private sector in the country's GDP.

39. The Multinational Investment Guarantee Agency (MIGA)

MIGA is the new affiliate of the World Bank family and was established in 1988.

It has an authorized capital of \$ 1.08 billion.

Objectives

- 1) To encourage the flow of direct foreign investment into developing member countries.
- 2) It provides insurance cover to investors against political risks.
- 3) It insures only new investments.
- 4) Promotional and advising services are provided to increase the attractiveness of the investment climate.

MIGA's guarantee serves as a catalyst for multinational investments.

40. The theories of human resource development,

in a general way, refer to educational planning. They can be divided into three categories (1) manpower approach (2) social demand approach and (3) rate of return approach.

41. Human Development Index

Human Development Index Consists of the following three indicators,

(1) life expectancy, (2) adult literacy and gross enrolment ratio and (3) per capita income.

42. Frequency Distribution

Frequency Distribution is a summarised table in which raw data are arranged into classes and frequencies.

43. Sources of Data

(i) Primary source

and (ii) Secondary source.

44. Primary data

Data collected for the first time for a specific purpose is called primary data. They are original in character. They are collected by individuals or institutions or government for research purpose or policy decisions. Example: Data collected in a population census by the office of the census commissioner.

45. Secondary Data

These data are not originally collected. They are obtained from published or unpublished sources. Published sources are reports and official publications like annual reports of the bank, population census, Economic survey of India; unpublished sources are the Government records, studies made by research institutions. Example for the secondary data: Census data used by research scholars.

46. Types of Diagrams

The followings are the important types of diagrams

(i) Bar diagrams

(ii) Pie chart or circular diagram

(iii) Pictograms and cartograms

47. Bar diagrams

Bar diagrams are one-dimensional diagrams where the length is considered and width is not considered.

There are different types of bar diagrams.

They are

(i) Simple Bar diagram

(ii) Sub-divided bar diagram

(iii) Multiple bar diagram

Statistical Portion – Problems and Solutions:

Central Tendency Measures		
Measure	Formula	Description
Mean	$\Sigma x/n$	Balance Point
Median	$n+1/2$ Position	Middle Value when ordered
Mode	None	Most frequent

1. **Mean** = Sum of scores divided by the number of scores (often referred to as the statistical average)

Pronounced "x-bar" → $\bar{X} = \frac{\Sigma X}{N}$ ← Capital Sigma for "Sum of"

N represents the number of scores → "x" represents each score

2. **Median** = Middle Most Number
 M_d

3. **Mode** = Most Frequently Occurring Number
 M_o

Formula of Mode :

$$Z = l_1 + \frac{f_1 - f_0}{2f_1 - f_0 - f_2} \times i$$

where,

Z = value of Mode

l_1 = lower limit of modal class

f_0 = Frequency of the preceding modal class

f_2 = Frequency of the subsequent modal class or post modal class

i = Class interval of the modal class

$$\text{Mode } (\tilde{x}) = x_l + \frac{f_0 - f_{-1}}{2f_0 - f_1 - f_{-1}} \times w$$

where, x_l is the lower class boundary of the modal class.

f_0 is the frequency of the modal class.

f_1 is the frequency corresponding to the class next to the modal class.

f_{-1} is the frequency of the class previous to the modal class.

w is the equal class width.

Example: The following frequency distribution table shows the monthly wage-distribution of 130 workers of a factory. Obtain the mode of the following distribution.

Monthly Wage (in Rupees)	Number of Workers
1500-1700	25
1700-1900	30
1900-2100	37
2100-2300	27
2300-2500	11
Total	130

Solution:

Here, the maximum frequency is 37. The class corresponding to which the frequency is 37 is 1900-2100. So, 1900-2100 is the modal class.

Here, $x_l = 1900$ is the lower class boundary of the modal class.

$f_0 = 37$ is the frequency of the modal class.

$f_1 = 27$ is the frequency corresponding to the class next to the modal class, i.e. 2100-2300.

$f_{-1} = 30$ is the frequency of the class previous to the modal class, i.e. 1700-1900.

$w = 200$ is the equal class width.

∴ the required mode is:

$$\begin{aligned} \tilde{x} &= 1900 + \frac{37 - 30}{2 \times 37 - 30 - 27} \times 200 \\ &= 1900 + \frac{1400}{17} = 1982.35 \end{aligned}$$

$$\begin{aligned} \text{Median} &= L + \frac{\frac{N}{2} - CF}{f} \times i \\ &= 20 + \frac{\frac{100}{2} - 30}{27} \times 10 \\ &= 20 + \frac{50 - 30}{27} \times 10 \\ &= 20 + \frac{20}{27} \times 10 \\ &= 27.407 \end{aligned}$$

VARIABILITY

Variability refers to the spread of the scores within a distribution. Along with the central tendency, it helps in understanding the data set as a whole. There are four major measures of variability:

- Range**
 - Difference Between the highest and lowest scores [+1]
- Interquartile Range**
 - Difference between the 75th and 25th Percentile
- Variance**
 - The degree of spread within the distribution (the larger the spread, the larger the variance)
- Standard Deviation**
 - A measure of how the average score deviates or spreads away from the mean (defined as the square root of the variance)

Index numbers

What is an index number?

• Index number = $\frac{\text{Value in period of interest}}{\text{Value in base period}} \times 100$

- When the value exceeds 100, indicates an increase in the level of activity
- When the value is less than 100, indicates a decrease in the level of activity
- Activity can indicate a change
 - Price index
 - Quantity index

Say: Index = 108.4
There was a:
 $108.4 - 100 = 8.4\%$
increase

