

SAMPLE QUESTION PAPER—C

1. (a) Alfred Marshall one of the founders of modern economics defined Economics as “the study of man in the ordinary business of life”.
2. (d) Personal Interviews, mailing surveys (questionnaire), telephone interviews etc. are basic ways of collecting data.
3. (b) The root mean square deviation is also called the standard deviation. The variation is the square of deviation and the coefficient of variation is $\frac{\sigma}{\bar{x}} \times 100$.
4. (a) The National Rural Health Mission (NRHM) was launched on 12th April, 2005, to provide accessible, affordable and accountable quality health services to the poorest households in the remotest rural regions.
5. (b) The dense forests in total geographical area according to 2005 has 11.82 percent.
6. **The major factors responsible for high growth of the service sector are as follows :**
 - (i) Development of means of transport and communication due to globalisation. 1/2
 - (ii) Development of banking and insurance sector due to the policy of privatisation. 1/2
 - (iii) Expenditure on the development of infrastructure. 1/2
 - (iv) Investment in different service sectors due to indigenous and foreign institutional investment. 1/2
 - (v) Rapid industrialisation. 1/2
 - (vi) Development of agriculture due to Green Revolution. 1/2
7. Statistics is useful in analyzing economic problem such as; growing population, rising prices, unemployment, poverty etc. and it can be explained with following examples : 1
Example (i) : It can be ascertain easily by using statistical tools that whether the policy of family planning is effective in checking the problem if ever-increasing population in India. 1
Example (ii) : In the present time oil prices are rapidly increasing at global level therefore it is necessary to take serious action towards this problem that how much oil should be imported, based on statistical data. This quantity of import would depend on the domestic production of oil and also demand for oil in future. 1
8. **Following are the examples of sample & variable population.**
 - (i) **Sample :** (a) to test the electric bulbs produced in a factory : (b) to find out the average weight of the students of a class.
 - (ii) **Population :** (a) population of income or prices, (b) population of heights and weights of all individuals.
 - (iii) **Variable :** (a) Height of the individuals ; (b) Prices of commodities. 1 × 3
9. The indirect oral investigation can be conducted to get necessary information from an indirect source. Usually a list of questions relating to the inquiry is prepared and these questions are put to different person and their answers are recorded. In this method accuracy of data collected depends upon the type of person whose evidence are being recorded. 3
10. **Construction of Weighted Index Numbers**

Commodity	Weights q_0	Price (2000) P_0	Price (2005) P_1	Value Weights ($p_0 q_0$) W	$\frac{P_1}{P_0} \times 100$ R	RW
A	80	5	8	400	160	64,000
B	65	8	14	520	175	91,000
C	42	12	18	504	150	75,600
D	37	4	5	148	125	18,500
E	31	4	5	124	125	15,500
F	15	2	4	30	200	6,000
				$\Sigma W = 1,726$		$\Sigma RW = 2,70,600$

$$P_{01} = \frac{\sum RW}{\sum W} = \frac{2,70,600}{1,726} = 156.77$$

The index number of 156.77 shows the increase of 56.77% in prices in the year 2005 as compared to year 2000.

11. Role of World Trade Organization : The World Trade Organization (WTO) is playing an important role for administering the new global trade rules in the following manner :

1. WTO oversees the implementation of the significant tariff cuts and reduction of non-tariff measures agreed in the trade negotiations.
2. It acts as a watchdog of international trade and regularly examines the trade regimes of individual members.
3. It provides several reconciliation mechanisms for finding an amicable solution to trade conflicts that can arise among members.
4. Trade disputes that cannot be solved through bilateral talks are adjudicated under the WTO Dispute Settlement Court.
5. WTO is a management consultant for world trade. Its economists keep a close watch on the global economy and provide studies on the main trade issues of the day.
6. WTO is a forum, where countries continuously negotiate exchange of trade barriers all over the world. ½ × 6

12. Value involved in the given statement is 'Mutual Dependence'. Policies of trade and industry go hand in hand and the same was reflected during the colonial rule as import substitution (trade policy) replaced the imports by means of domestic production (Industrial policy). 3

13. The given statement projects the exploitative and biased intent of the British towards Indian underdeveloped economy. The restrictive policy of commodity production, trade and tariff had made India, an exporter of primary essential goods and importance of finished goods as well as capital goods of Britain, and thereby exercised an absolute monopoly control over India exports and imports. 3

14. Following are the motives of British behind the infrastructural development.

- (i) The bonafide motive of British behind the infrastructural development was only to serve their colonial interest. There was infrastructural developments in the fields of transport and communication.
- (ii) The roads served the purpose of facilitating transportation of raw materials from different parts of the country to ports and ports were developed for easy and fast exports to and imports from Britain.
- (iii) Railways were introduced and developed for the transportation of finished goods of British industries to the interiors of India. Railways assisted British industries to widen the market for their finished products.
- (iv) Posts and telegraphs were developed to enhance the efficiency and effectiveness of the British administration.

Hence, the aim of infrastructural development was not the growth and development of the Indian economy but to serve their own interest. 1 × 3 (Any three)

15. Electric power transmission and distribution losses refer to the losses that occur in transmission between the sources of supply and points of distribution. In other words, the loss of power that arises due to the inherent resistance and transformation inefficiencies in the electrical conductors and distribution transformers respectively are called transmission and distribution losses.

The following measures should be taken to reduce power transmission and distribution losses :

- (i) Improved technology of transmission and distribution should be used. 1
- (ii) Electricity distribution network should be privatized. This will infuse efficiency, thereby, eliminating wastages. 1
- (iii) Theft cases of electricity should be handled strictly by the trustworthy employees. Strict imposition of fines and penalties should be imposed. 1

16. India has abundant natural resources including rich quality soil, various rivers and tributaries, green forests, mineral deposits, vast stretch of the Indian Ocean, mountain ranges, etc.

- (i) **Minerals** : Large deposits of iron-ore, coal and natural gas are found in the country. India alone accounts for nearly 20% of the world's total iron-ore reserves. Bauxite, copper, chromate, diamonds, gold, lead, lignite manganese, zinc, uranium, etc. are also available in different parts of the country.
- (ii) **Soil** : The black soil of the Deccan Plateau is particularly suitable for cultivation of cotton. The Indo-Gangetic plains spread from the Arabian Sea to the Bay of Bengal are highly fertile, intensively cultivated and densely populated regions in the world.
- (iii) **Forests** : India's forests, though unevenly distributed, provide green cover for a majority of its population and natural cover for its wildlife. 2 + 2 [Any two]

17. The Science and practice of protecting and improving the health of community, as by preventive medicine, health education, control of communicable diseases, application of sanitary measures and monitoring of environmental hazards is called public health. At the village level, Primary Health Centres (PHCs) have been set up by the government. India also has a large number of hospitals run by voluntary agencies and the private sector. These hospitals are maintained by professionals and para-medical professionals trained in medical, pharmacy and nursing colleges. There has been a significant expansion in the physical provision of health services since independence. During 1951-2000, the number of hospitals and dispensaries increased from 9300 to 43300 and hospital beds from 1.2 to 7.2 million. During 1951-2010, nursing personnel increased from 0.18 to 14.31 lakh and allopathic doctors from 0.62 to 6 lakh.

18. Conventional agriculture : Relies on chemical fertilisers and toxic pesticides etc. for higher yields of crops. These chemicals and pesticides enter the food supply, penetrate the water sources, harm the livestock, deplete the soil and damage the natural environment. Organic farming is an eco-friendly technique of growing crops which promotes sustainable development.

On the other hand organic agriculture is a whole system of farming that restores, maintains and enhances the ecological balance and enhances the food safety, thus encouraging the practices towards sustainable development.

19. Values involved here are — Critical Analysis and assessment, concern and initiation. Structural unemployment arises due to changes in demand pattern and supply structure in the economy. Some labour in one sector becomes idle while there may be demand in the other sector since labour cannot immediately switch over to new pattern, therefore, it causes structural unemployment. Indian workforce is dependent on the business sentiments in the market and industrialization. Therefore, the government is expected to take pro-active measures in reviewing the status of workers population in the business segment.

20. (i) Contribution of primary sectors : This sector includes the following sub-sectors :

- (a) **Agriculture** : Its contribution was around 58.7%
- (b) **Allied activities** : These are as follows :
 - (1) **Forestry and logging** : Its contribution was only 1.8%
 - (2) **Fisheries** : Its contribution was only 0.5% i.e., negligible.
 - (3) **Mining and quarrying** : Its contribution was only 0.7%. 2

(ii) Contribution of secondary sectors : This sector includes the following :

- (a) **Manufacturing** : The manufacturing industries both registered and unregistered contributed only 10.8% of the national income.
- (b) **Construction** : Construction activities contributed only 3% to the national income.
- (c) **Electricity, gas and water supply** : The total contribution to national income is 0.5%. 2

(iii) Contribution of tertiary sectors : The following sub-sectors are included :

- (a) **Transport, storage and communication** : Its contribution to the national income was only 3%.
- (b) **Trade, hotel and restaurant** : This activity contributed 10.4% to the national income.
- (c) **Banking, insurance and financing** : The contribution of all these activities to the national income was only 8%.
- (d) **Real estate and business services** : Their contribution was only 2%.
- (e) **Public administration, defence, social and personal services** : The contribution to the national income of all these activities was 3.8%.
- (f) **Other services** : These contributed 7% to national income. 2

21. Problems of agricultural marketing are as follows :

- (i) **Distress sales :** Most of the farmers are poor and indebted. They can't wait to get higher prices. They want to clear their debts. So, they are compelled to sell their surplus produce to the rural moneylenders or traders at lower prices. It is called distress sale. It makes the conditions of the farmers weak. 1
- (ii) **More middlemen :** There are a large number of middlemen between the farmers and the final consumers. Therefore, the middlemen get the maximum benefit but the farmers get the minimum. 1
- (iii) **Lack of storage facilities :** There is a lack of good storage facilities to the farmers to keep their produce safe. The storage facilities available in villages are very poor. About 10% to 20% of the produce is destroyed by rats. 1
- (iv) **Bad condition of rural transport :** The transport condition in rural areas is very bad. Most of the rural roads are not metalled. These are useless in rainy seasons. Even the rich farmers are not interested in carrying their surplus produce to the mandis. 1
- (v) **Malpractices :** In mandis, the farmers take the services of brokers. The brokers and 'arthatiya' bargain through a coded language. The brokers are always in contact with the arthatiya. So the brokers are always in favour of arthatiya when the price is fixed. 1
- (vi) **Lack of knowledge of the market :** The farmers don't have the knowledge of demand and supply of their produce in the market. They depend upon the information supplied by the intermediaries. This information is always in favour of mandis of market. As a result the farmers can't get reasonable price for their produce. 1

22. New Series : Rise of ₹ 20 to each worker to get new series ₹ 20 * 50 workers = 1000

$$\text{New } \Sigma X = 10,000 + 1000 = ₹ 11,000$$

$$\text{New } \bar{X} = \Sigma X / N$$

$$= 11,000 / 50$$

$$₹ = 220$$

$$\text{New S.D } \sigma = \sqrt{\Sigma X^2 / N - (\bar{X})^2}$$

Each worker given a rise of ₹ 20 i.e.,

$$200 + 20 = ₹ 220$$

$$\Sigma X^2 = (220)^2 * 50 \text{ workers}$$

$$= 48,400 * 50$$

$$= 24,20,000$$

$$\sigma = \sqrt{24,20,000 / 50 - (220)^2}$$

$$\sigma = 1$$

(i) New average is 220, and new S.D is 1

$$\text{(ii) Old C.V.} = \frac{\sigma}{\bar{X}} * 100$$

$$\text{Old } \sigma = \sqrt{\Sigma X^2 / N - (\bar{X})^2}$$

$$\Sigma X^2 = (200)^2 * 50 \text{ workers}$$

$$= 40,000 * 50 = 20,00,000$$

$$\sigma = \sqrt{20,00,000 / 50 - (200)^2}$$

$$\sigma = 1$$

$$\text{C.V.} = 1/200 * 100$$

$$= 0.5\%$$

$$\text{New C.V.} = \frac{\sigma}{\bar{X}} * 100$$

$$= 1/220 * 100 = 0.45\%$$

The wage have become more uniform after increase in wage because C/V is less (=0.45%) than before increase of wages (= 0.5%).

23. Commodity	Base Year 1997		Current Year 2004	
	Price	Quantity	Price	Quantity
A	10	30	12	50
B	8	15	10	25
C	6	20	6	30
D	4	10	6	20

Commodity	Base Year				Current Year			
	Price (P ₀)	Quantity (Q ₀)	Price (P ₁)	Quantity (Q ₁)	P ₀ Q ₀	P ₀ Q ₁	P ₁ Q ₀	P ₁ Q ₁
A	10	30	12	50	300	500	360	600
B	8	15	10	125	120	200	150	250
C	6	20	6	30	10	180	120	180
D	4	12	6	20	42	80	60	120
					ΣP ₀ Q ₀ = 580	ΣP ₀ Q ₁ = 960	ΣP ₁ Q ₀ = 690	ΣP ₁ Q ₁ = 1150

1. Laspeyre's Method : $\frac{\Sigma P_1 Q_0}{\Sigma P_0 Q_0} \times 100 = \frac{690}{580} \times 100, P_{ot} = 118.96$

2. Paasche's Method : $\frac{\Sigma P_1 Q_1}{\Sigma P_0 Q_1} \times 100 = \frac{1150}{960} \times 100, P_{ot} = 119.79$

24. Steps For Developing A Project

The following steps should be followed for the successful execution of project :

- Identifying a problem or an area of study :** The first step in developing a project is that nature and object of the project should clearly be specified. On the basis of the objective, we will proceed with the collection and processing of the data. The objective of the project may be to make project regarding producing or sale, of consumer products or regarding consumer awareness about a particular product or with regard to problems faced by households of a particular area.
- Choice of Target Group :** The next step is to determine the target group or population that is to be covered by the survey. The identification of the target group is important for framing appropriate questions for questionnaire. *For example*, if we want to develop a project on consumer awareness, then we should specify the group of households whom we want to consider. If the project relates to cars, then the target group will mainly be the middle income and the higher income groups. So, choice of target group is very important while preparing the project report.
- Collection of Data :** The objective of the project will help in determining whether the data collection should be undertaken by using primary method, secondary method or both the methods. Collection of data by using primary method can be done by using a questionnaire or an interview schedule. Secondary data can be collected through published or unpublished sources.
- Organization and Presentation of Data :** The collected data is, thereafter, organized and presented in the form of tables, graphs and diagrams. Appropriate presentation of data gives a bird's eye-view of the whole mass of statistical data and is extremely useful and significant.
- Analysis, Interpretation and Conclusion :** The last and final stage in developing the project is to make analysis and interpretation. To achieve the objective of project, we may be required to calculate measures of central tendency (mean, median and mode,) measures of dispersion (mean deviation, standard deviation) or correlation. The statistical investigation is interpreted, *i.e.*, conclusions are drawn from the data collected. The project should be correctly interpreted so as to achieve the objective of the report. [1½ × 4] [Any four]

25. In middle of 1991, need for major economic reforms was felt in the country. These were urgently needed to bring U turn-in the economy. It was mainly due to following reasons :

- Excessive fiscal deficit :** In our planned economic development, anticipated expenditure was always in excess of anticipated receipts resulting into fiscal deficit. It increased to 8.5% of GDP in 1991 as against 5% in 1981-82. In order to meet with this deficit, government had to make public borrowings involving interest burden of borrowing.

- (ii) **Balance of payment deficit :** Deficit in balance of payment means when foreign payments are in excess of foreign receipts. In India, it mounted from ₹ 2214 crores in 1980-81 to ₹ 17367 crores in 1990-91. To meet this deficit, government had to depend upon the external borrowings. 1
- (iii) **Rise in prices :** After 1960-61, prices of all commodities continued to rise. The situation became serious when the rate of inflation rose from 6.7% to 16.7%. 1
- (iv) **Reduction in foreign exchange reserves :** At one time, during 1990-91, foreign exchange reserves fell to a lower level of ₹ 2400 crores, which was just enough for the payments of three weeks imports. The crisis was so serious that Chander Shekhar government had to mortgage gold reserves with other countries to pay off interest and foreign debts. It forced India to adopt a new set of measures to accumulate foreign exchange reserves. 1
- (v) **Poor performance of public sector :** Government of India expanded public sector in a huge way during 1951-1991, but their return was negligible. So, it was the need of hour to shift the interest on private sector instead of public sector. 1
- (vi) **Gulf Crisis :** Iran-Iraq war in 1990-91, is known as gulf-crisis. It led to a sharp rise in petrol prices in international market. Our exports to gulf countries fell sharply but there was a steep rise in import bills. It made the balance of payment position further grim. It compelled the government to introduce the new economic policy at this juncture. 1
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