SAMPLE QUESTION PAPER—B

1. (a) When the rate of resource extraction exceeds that of their regeneration it leads to environmental crisis.

2. (c) The balance of trade was favourable in case of India in the year 1976-77.

3. (b) It is defined as the sum of the values of all observations divided by the number of observations and therefore it is affected the most by extreme values.

4. (d) Median is the most suitable average for qualitative measurement because median divides a series in two equal parts. Thus, representing the average qualitative measure without being affected by extreme values.

5. (d) The three basis of measurement of human development Index are-Longevity, Knowledge or Educational Attainment and income.

6. Value or ideas violated here are — Timely responsiveness, lack of initiative, responsibility, critical thinking and systematic approach. Recent instances of damages to stocks of wheat in the neverhouses and godowns of the Indian government, being maintenance by the Food Corporation of India (FCI), have been the centre of debate of various levels. In a country where 60% of the population is still below poverty line, country's. Balance of Payments never able to achieve balance due to lesser exports. Subsidy bills all listing, cannot afford to show insensitiveness towards handling public foods, resource and money.

7. Values involved here — Balance, Justice, Accountability, Transparency and Skill. Entry of big foreign retail chains under single brand retail and multi-brand retail in India through Foreign Direct Investment (FDI) may or may not be a favourable subject matter. Existing situation of retail chains being operated by reliance ADAG under the brand name of 'Reliance Fresh' and 'MORE' by Aditya Birla Group, have significantly improved the bargaining power of the rural farmers in marketing their products, and have therefore eliminate the blatant exploitations of the middlemen.

The near future of 3-5 years looks positive in outlook but the long term implications are still to be measured.

8. **Meaning of Project Report :** The project report helps in understanding the requirements of an individual body, groups or institutions to plan their activities for further operations. **1**

Advantages of making Project Report :

(i) To provide information about development and growth of an institution.

(ii) To provide information to the consumer about the price of commodities, qualities and uses of a product as per his interest.

(iii) It is helpful in preference of consumers for pertrol car or diesel car etc.

(iv) To help in the policy formulation about economic and social development of any country. **1 + 2**

9. Following are the importance of statistics in Economics :

Importance of statistics in Economics :

Statistics is an indispensable tool for a proper understanding of various economic problems. It also provides important guidelines for the formulation of various economic policies.

Some of the uses of statistics in Economics are as follows :

1. **Formulation of Economic Laws :** The famous 'Law of Demand' and the concept of 'Elasticity of Demand' have been developed by **Inductive Method of Generalisation**, which is also based on statistical principles.
2. **Helps in understanding and solving an economic problem :** Statistical data and statistical methods play a vital role in understanding and solving economic problems such as poverty, unemployment, disparities in the distribution of income
3. **Studies of market structures :** Study of perfect competition, oligopoly, monopoly, etc. requires statistical comparison of market prices, cost and profits of individual firms.
4. **Helps in establishing mathematical relation :** Statistical methods can also be used to estimate mathematical relation between various economic variables. For example, data on prices and corresponding quantities demanded of a commodity, can be used to estimate the mathematical form of the demand relationship between two variables.

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5. **Useful to study behaviour of different economic concepts :** Trend-series analysis is used to study the behaviour of prices, production and consumption of commodities, money in circulation, and bank deposits and clearings. **1 × 3**

10. (i) False, because the sum of deviations of the items from median is minimum but not zero.

(ii) True, because its calculation is not possible if a single value is missing even it cannot be used in case of qualitative phenomenon.

(iii) False, because arithmetic mean takes values of all items in a series and it's a mathematic average while median is a positional value.

(iv) True, because quartile divides the data into four equal parts.

(v) False, because median is affected by values of items but not the size of items. **1 × 3** (any three)

11. The unemployment in India is the real termite of all the problems particularly poverty in India. This is attributed to uncontrolled increase in population and stangnation or low GDP growth in India. **1½**

The growth of business sectors is the force that can absorb the employable workforce in India, if the population increase put in limits. The government is aiming for boosting business and entrepreneurship to curb the menace of unemployment and vicious circle of poverty. **1½**

12. Semi-feudal Economy :

(i) At the time of independence, there were two aspects of the Indian economy. The Britishers introduced a new type of tenure system in India which gave birth to two classes-zamindars or landlords and landless tenants or cultivators. **1**

(ii) The landlords were very cruel to the cultivators. They used to charged very high rate of rent and land revenue. That's why feudal relations (landlord-tenant relations) appeared in this system. **1**

(iii) In the middle of 19th century capital investment was made in many new sectors like cotton textile, jute sugar, tea, rubber and coffee plantation etc. This created two classes-capitalists and labourers. So, at the time of independence, features of both (feudal and capitalist) appeared in this system. **1**

13. Features of poverty in India are as follows :

(i) Poverty in India in mid 70's was slightly more than 50% which means every second Indian, a poor. **½**

(ii) Poverty in rural areas had always been on higher side than that in urban areas. **½**

(iii) Significant fall in poverty took place in 1977-78 to 1983-84. **½**

(iv) Decline in poverty was spectacular between 1993-94 and 1999-2000. *i.e.,* 10% poverty reduction. **½**

(v) Absolute number of poor people in India remained around 32 crores between 1973-1974 to 1993-94.

(vi) In 1999-2000 absolute number came down to 26·0 crores despite 102·7 crores of population. It reduced to 23 crore in 2004-05. **½**

14.

Items	Price in 1980	Price in 2005
Food	100	200
Clothing	20	25
Fuel & Light	15	20
House Rent	30	40
Miscellaneous	35	65

Item	W	Prices in 1980	Price in 2005	$R = P_1/P_0 \times 100$	WR
Food	75	10	200	200	15,000
Clothing	10	200	25	125	1,250
Fuel & Light	5	15	20	133·33	666·65
House Rent	6	30	40	133·37	800·72
Miscellaneous	4	35	65	185·7	742·84
					18,459·71

$$\text{Cost of Living index} = \frac{\Sigma WR}{\Sigma W} = \frac{18,459{\cdot}71}{100} = 184{\cdot}60 \text{ (Approximately 185)}$$

15. The various measures of central tendency give us only one figure that represents the whole data. But the average alone describes a set of observations fully. There can be a number of series whose average may be the same but differ from each other in their composition. In such cases, it becomes

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necessary to describe the variability or dispersion of the observations. Measures of dispersion help us to study the dispersion of items that is extent to which the items vary from some central value. Thus, dispersion is a measure of the variation of the items.

It is quite clear that averages try to tell only one aspect of a distribution that is, representative size of the values. To understand it better, we need to know the spread of values also, which is possible only through the measures of dispersion. **2 + 2**

16. (i) Human development is a broader term as compared to human capital because human capital is a means to an end whereas human development is an end in itself. Human capital considers education and health as a means to make human being a good productive person. Human capital is a means to an end where means implies skills that are used in the process of production and end denoted the consequent increase in the productivity. The higher level of output can be achieved through extensive application of human capital. **2**

(ii) On the other hand, human development is an end in itself which refers to the holistic development of the individuals. The development can be possible only by acquiring good education and attaining good health. Therefore, education and health are two main features of human development. Human development occurs when majority of the people in the economy are educated and healthy. Thus, the end signigifes the development of an individual via eduaction and health. Therefore, we can conclude that human development is a broader term as compared to human capital. **2**

17. Various crops and production under diversification of agriculture are as follows :

(i) **Food grains :** The production of food grains is increasing in India continuously during the plan period. India has second place in the production of wheat and rice in the world. In 2007-08 the total food grain production in India was 2307 lakh tonnes. There is a need to achieve the target of 3300 lakh tonnes to remove the poverty. **1**

(ii) **Commercial crops :** In India, the production of commercial crops is also rising continuously. India has second place in producing sugarcane and third place in producing cotton in the world.

(iii) **Horticulture :** There is a continuous increase in the production of fruits and vegetables in India. India has first place in vegetables and second place in producing fruits in the world. After the adoption of new economic policy, horticulture production has increased rapidly. **1**

(iv) **Floriculture :** After new economic policy the production of flowers is rising much. The exports of flowers are also increasing. Flowers worth 68 crore dollars have been exported in 2007-08. India can earn one arab dollars from the exports of flowers by 2010. **1**

18. Batsman X

X	$X - \bar{X} = X$ $X - 70$	X^2
25	− 45	2025
85	+ 15	225
40	− 30	900
80	10	100
120	50	2500
$\Sigma X = 350$		$\Sigma X^2 = 5750$

$$\bar{X} = \frac{\Sigma X}{N} = \frac{350}{5} = 70$$

$$\sigma = \sqrt{\frac{\Sigma X^2}{N}} = \sqrt{\frac{5750}{5}} = 33{\cdot}91$$

$$CV = \frac{\sigma}{x} \times 100 = \frac{33{\cdot}91}{70} \times 100 = 48{\cdot}44$$

Bastman Y

Y	$Y - \bar{Y} = y$	y^2
50	− 12	144
70	8	64
65	3	9
45	− 17	289
80	18	324
$\Sigma Y = 310$		$\Sigma y^2 = 830$

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$$\bar{Y} = \frac{\Sigma Y}{N} = \frac{310}{5} = 62$$

$$\sigma = \sqrt{\frac{\Sigma y^2}{N}} = \sqrt{\frac{830}{5}} = 12{\cdot}88$$

$$CV = \frac{\sigma}{\bar{Y}} \times 100 = \frac{12{\cdot}88}{62} \times 100 = 20{\cdot}78$$

(i) Average of Batsman X is higher than that of bastman Y, so he should be selected if we want a high scorer.

(ii) The Batsman Y is more reliable than batsman X. This is because the coefficient of variation of Batsman X is higher than of Batsman Y.

19. In order or alleviate poverty, government has adopted the following three dimensional approaches :

(i) **Trickle down approach :** This approach is based on the expectation that the positive effects of economic growth will be trickled down or benefit all sections of the society and also the poor people. **1**

(ii) **Poverty alleviation approach :** This approach aimed at the creation of income-earning assets and employment generation opportunities. **1**

(iii) **Providing basic amenities :** This approach aimed at providing the basic amenities like proper medical and health care facilities, better education, proper sanitation etc. to the poor people. The basic amenities positively affect health, productivity, income earning opportunities and, there by, alleviate poverty. **1**

A thorough analysis of the three dimensional approach yields the following conclusions :

(i) Although there has been a reduction in the percentage of absolute poor in some of the states but still the poor people lack basic amenities, literacy and nourishment. Secondly, there has not been significant change in the ownership of income-earning assets and productive resources. **1**

(ii) Land reforms do not have high successful records that further added to the inequality of income from land. **1**

(iii) Inproper implementation of poverty alleviation programmes by ill–motivated and inadequately trained bureaucrats further worsened the situation. Corruption along with the inclination towards interest of elites led to an inefficient and misallocation of scarce resources.

20. The following points describe the path of developmental initiatives taken by Pakistan for its economic development :

(i) Green revolution led to a rise in the production of foodgrains as a result of mechanisation and increase in public investment infrastructure.

(ii) Pakistan follows the mixed economy model with co-existence of public and private sectors.

(iii) In the late 1950s and 1960s, Pakistan introduced a variety of regulated policy framework (for import substitution industrialisation).

(iv) Nationalisation of capital goods industries took place in the 1970s.

(v) In 1988, reforms were initiated in the country.

(vi) In the late 1970s and 1980s, Pakistan shifted its policy orientation towards denationalisation and encouragement to private sector.

(vii) During 1980s, Pakistan also received financial support from Western nation and remittances from continuously increasing outflow of emigrants to the Middle-East which helped the country in stimulating economic growth.

(viii) Then, government offered incentives to the private sector for providing a conducive climate for new investments. **1 × 6** (Any six)

21. Values involved here are — Integration, Synergetic efficiency, Foresighedness and trade safety.

In the content of Indian economy, it is very much required to be a number of WTO (World Trade Organisation) after the introduction of economic policies of liberalization, privatization and globalisation.

The following points justify the notion :

(1) WTO helps integration of the international states with equal opportunities to trade in the international market. Therefore, developed country like India, does get a chance to stand up against the developed economies of the world.

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(2) Benefits of synergy can accrue to India with sharing of resources with the international partner to the surging needs of the people across nation.

(3) Growth of fair, transparent and healthy competition takes place due to removal of tariff and non-tariff barriers. **2 + 2 + 2**

22. (i) Calculation of Range and its Coefficient :

$$\text{Range} = L - S$$

$$L = 30, S = 0$$

$$R = 30 - 0 = 30$$

$$\text{Coefficient of Range} = \frac{L - S}{L + S} = \frac{30 - 0}{30 + 0} = \frac{30}{30} = 1$$

(ii) Calculation of Quartile deviation and its coefficient :

X	*f*	*c.f.*
0 – 5	4	4
5 – 10	7	11
10 – 15	8	19
15 – 20	2	21
20 – 25	6	27
25 – 30	3	30
	$\Sigma f = 30$	

$$Q_1 = \frac{N}{4} = \frac{30}{4} = 7{\cdot}5^{th}$$

$7{\cdot}5^{th}$ items lies in the group 5 – 10

$$l = 5, c.f.. = 4, f = 7, i = 5$$

$$Q_1 = l \frac{\frac{N}{4} - c.f}{f} \times i$$

$$= 5 + \frac{7{\cdot}5 - 4}{7} \times 5$$

$$= 5 + \frac{3{\cdot}5}{7} \times 5$$

$$= 5 + 2{\cdot}5$$

$$Q_1 = 7{\cdot}5$$

$$Q_3 = \frac{3N}{4} = \frac{3 \times 30}{4} = 22{\cdot}5^{th}$$

$22{\cdot}5^{th}$ item lies in the group 20 – 25

$$l = 20\ c.f = 21, f = 6, i = 5$$

$$Q_3 = l + \frac{\frac{3N}{4} - c.f}{f} \times i$$

$$= 20 + \frac{22{\cdot}5 - 21}{6} \times 5$$

$$= 20 + \frac{1{\cdot}5}{6} \times 5$$

$$= 20 + \frac{7{\cdot}5}{6}$$

$$= 20 + 1{\cdot}25$$

$$Q_3 = 21{\cdot}25$$

$$\text{Quartile deviation} = \frac{Q_3 - Q_1}{2}$$

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$$= \frac{21{\cdot}25 - 7{\cdot}5}{2} = 6{\cdot}875$$

$$\text{Coefficient Quartile deviation} = \frac{Q_3 - Q_1}{Q_3 + Q_1} = \frac{21{\cdot}25 - 7{\cdot}5}{21{\cdot}25 + 7{\cdot}5}$$

$$= \frac{13{\cdot}75}{28{\cdot}75} = 0{\cdot}478$$

(ii) Mean deviation from median :

X	f	$c.f$	Mid-Point m	$\lvert D \rvert = \lvert m - A \rvert$	$f \lvert D \rvert$
0 – 5	4	4	2·5	10	40
5 – 10	7	11	7·5	5	35
10 – 15	8	19	11·5	0	0
15 – 20	2	21	17·5	5	10
20 – 25	6	27	22·5	10	60
25 – 30	3	30	27·5	15	45
	$\Sigma f = 30$				$\Sigma f \lvert D \rvert = 190$

$$\text{Median} = \text{Size of } \frac{N^{th}}{2} \text{ item}$$

$$= \frac{30^{th}}{2} \text{ item}$$

$$= 15^{th}$$

15^{th} item lies in the group of 10 – 15

$$\text{Median} = l + \frac{\frac{N}{2} - c.f}{f} \times i$$

$$= 10 + \frac{15 - 11}{8} \times 5$$

$$= 10 + \frac{4}{8} \times 5 = 10 + 2{\cdot}5$$

$$\text{Median} = 12{\cdot}5$$

$$\text{Mean deviation from Median} = \frac{\Sigma f \lvert D \rvert}{N} = \frac{190}{30} = 6{\cdot}33$$

$$\text{Coefficient of Mean deviation} = \frac{MD}{\text{Median}} = \frac{6{\cdot}33}{12{\cdot}5} = 0{\cdot}506$$

23. The main focus of the economic policies pursued by the colonial government was to make India a mere supplier of Britain's own flourishing industrial base. The policies were concerned mainly with the fortification and advancement for their home-country. The interests of the Indian economy were completely ignored. Such policies brought structural changes in the Indian economy by transforming it to a supplier of raw materials and consumer of finished products from Birtain. **1**

The impact of these policies are as follows :

(i) **Low economic development :** Indian economy experienced very low level of economic development. The reason for such a low level of development was that the British government was more concerned with the promotion of economic interests of their home-country. Consquently, the colonial rule transformed India's agriculture sector into a mere supplier of raw materials for the British Industries. This not only affected the production of the agricultural sector but also ruined the small manufacturing units like handicrafts and cotton industries. **1¼**

(ii) **Backwardness of Indian agriculture :** Under the colonial rule, India was basically an agrarian economy employing nearly 85% of its population. The growth of the agriculture sector was meager. This was due to the prevalence of various systems of land settlement, particularly zamindari system. As a result of zamindari system, burden of high revenues on the poor peasants took place which led India to face shortage of food grains. Therefore, Indian agriculture remained backward and primitive. **1¼**

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(iii) **Deindustrialisation of Indian economy :** India failed to develop a sound and strong industrial base during the colonial rule. The cause of deindustrialisation can be attributed to the downfall of India's handicraft industry and the cause of bleak growth of modern industry was the lack of investment. On one hand, the British government imposed heavy tariffs on the export of Indian handicraft products and on the other hand, allowed free exports of Indian raw materials to Britain and free import of British products to India. As a result of heavy tariffs, the Indian exports became costlier and its demand in the International market fell drastically that led to the collapse of Indian handicraft industries. Simultaneously, the demand for the handicrafts products also fell in the domestic markets due to stiff competition. As a result, the domestic industries lacked investment and growth initiatives. **1¼**

(iv) **Regression in foreign trade :** During the colonial rule, the British government owned the monopoly power over India's foreign trade. The British government used the trade policy according to the interests of their home-country. The exports from India provided the cheap raw materials to the British industries and on the other hand, India's imports from Britain provided a virgin market for Britain's products. Moreover, the surplus generated from foreign trade was not invested in the Indian economy, instead it was used in administrative and war purpose by Britain to spread their colonial power. **1¼**

24. Subsidy means availing some important inputs to farmers at a concessional rate that is much lower than its market rate. During 1960's, in order to adopt new technology HYV seeds and use of modern fertilizers and insecticides, farmers were provided inputs at a subsidised rate. Thus, the public sector role was needed to invest heavily, so as to raise the income of people that will in turn raise the demand and so on. **1**

The following arguments are given in favour of subsidy :

(i) Subsidy is very important for marginal land holders and poor farmers who cannot avail the essential farm inputs at the ongoing market rate. **½**

(ii) Subsidy in 1960's was basically an incentive for the farmers to adopt modern techniques and vital inputs like fertilizers, HYV seeds, etc. The subsidy was mainly of convincing and lucrative nature so that the farmers do not hesitate to use these modern techniques. **½**

(iii) Subsidy is generally provided to the poor farmers with the motive of reducing inequality of income between poor and rich farmers and to promote an egalitarian distribution of income.

(iv) It is agrued that the adoption of new technology and techniques are not risk free and only daring farmers are only willing to adopt them. **½**

The following arguments are given against subsidy :

(i) It is generally argued that subsidy favours and benefits fertilizer industries rather than the farmers. Subsidies provide a protective shield against the market conditions and consequently, these industries need not to bother about their market share and competition. **½**

(ii) Subsidies are also enjoyed by the potential farmers who do not need them. This often leads to the misallocation and wastage of the scarce resource.

(iii) Subsidies, if provided at a much lower rate than the market rate may lead to the wastage of resources. For example, subsidised electricity leads to the wastage of energy. **½**

(iv) There is a general consensus that in order to assess the benefit and feasibility of a particular technique, subsidy should be provided but once the performance has been judged, subsidies should be stopped.

Conclusion : Based on the above pros and cons, we can conclude that although subsidies are very useful and necessary for poor farmers and to overcome uncertainties associated with farming, it puts an excessive burden on the scarce government finances. Thus, a proper planning, suitable reforms and allocation of subsidies only to the needy farmers are required.

25. The non-form areas of employment are essential with a view to raise income and exploring alternative avenues of sustainable livelihood besides agriculture. The following are the importance of non-farm employment opportunities in promoting rural diversification :

(i) A substantial portion of Indian farming is dependent on the vagaries of monsoon, making it a risky affair to rely upon solely. Hence, non-farm employment opportunities are to be explored to enable the farmers to earn from alternative non-farm occupations. This will lessen the excess burden on agriculture by reducing disguised unemployment. **1**

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(ii) The Kharif season opens up ample opportunities for agricultural employment. However, due to lack of irrigation facilities, the farmers fail to get gainful employment opportunities during the Rabi season. Therefore, absence of opportunities in agricultural sector should be compensated in non-form sectors. **1**

(iii) Agriculture being overcrowded cannot further generate employment opportunities to the farmers. Therefore, the prospects of the non-farm sectors should be opened up in the rural areas to provide job opportunities, thereby, diverting workforce from the already crowded agricultural sector. **1**

(iv) The non-farming sector has several segments that have dynamic linkage. Such linkages enhance the healthy growth of the rural areas. **1**

(v) The non-farm sector provides employment opportunities for the whole year as compared to the farming occupation. So, it helps to eradicate poverty from the rural areas. **1**

(vi) Most of the output of non-farm sectors acts as input for the large scale industries. For example, agro processing industries, food processing industries, leather industry, tourism, etc. This has two-fold benefits. First, the large scale industries can specialize in their final output by relying on the processed inputs from the non-farm sectors. Secondly, such dependence of the large scale industries provides impetus to the non-farm sectors reducing the urban-rural regional disparities. **1**

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