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ECONOMICS

N-318

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Based on

N.I.O.S. Class – XII
National Institute of Open Schooling

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Based on: NATIONAL INSTITUTE OF OPEN SCHOOLING – XII

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**Sample Preview
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Solved Sample Paper - 1

Based on NIOS (National Institute of Open Schooling)

Economics-XII

N-318

Time : 3 Hours

Maximum Marks : 100

Note : (i) This question paper consists of 50 questions in all. (ii) All questions are compulsory. (iii) Section A consists of: (a) Q.No. 1 to 20 – Multiple Choice Type questions (MCQs) carrying 1 mark each. Select and write the most appropriate option out of the four options given in each of these questions. An internal choice has been provided in some of these questions. You have to attempt only one of the given choices in such questions. (b) Q.No. 21 to 35 – Objective Type Questions carrying 2 marks each (with 2 sub-parts of 1 mark each). Attempt these questions as per the instructions given for each of the questions 21 to 35. (iv) Section B consists of: (a) Q.No. 36 to 42 – Very Short Questions carrying 2 marks each to be answered in the range of 30 to 50 words. (b) Q.No. 43 to 48 – Short Answer Type Questions carrying 4 marks each to be answered in the range of 50 to 80 words. (c) Q.No. 49 to 50 – Long Answer Type Questions carrying 6 marks each to be answered in the range of 80 to 120 words.

SECTION-A

Q. 1. Find out wrong statements regarding central problem on economy:

- (a) Resources are scarce
- (b) Wants are limited
- (c) Alternative uses of resources are possible
- (d) None of these

Ans. (b) Wants are limited.

Q. 2. (i) Which one of the following is true about the concept of demand for a commodity?

- (a) Demand is an effective desire
- (b) Demand for a commodity is always at the price
- (c) Demand is expressed with reference to a particular time period
- (d) All of the above

Ans. (d) All of the above.

or

(ii) Which one of the following is not a determinant of demand?

- (a) Consumers' Expectations
- (b) Climatic Factors
- (c) Input Prices
- (d) Distribution of Income

Ans. (c) Input Prices.

Q. 3. Identify the reason which causes change in the quantity demanded for a product?

- (a) Changing prices of related products
- (b) Decreasing price of product
- (c) Increasing consumer income
- (d) Changing consumer tastes

Ans. (b) Decreasing price of product.

Q. 4. (i) Which of the following is not an exception to the law of demand?

- (a) Griffin goods
- (b) Status symbol goods

- (c) Goods expected to be scarce
- (d) Normal goods

Ans. (d) Normal goods.

or

(ii) As the income of a consumer increases, the demand for goods like jowar/maize will _____

- (a) Increase
- (b) Remain constant
- (c) Decreases
- (d) None of the above

Ans. (c) Decreases.

Q. 5. (i) An increase in the price of good X leads to increases the demand for a good Y. Identify the type of goods.

- (a) X and Y are substitute goods
- (b) X and Y are complementary goods
- (c) X is normal whereas Y is inferior good
- (d) X is inferior where Y is normal good

Ans. (a) X and Y are substitute goods.

or

(ii) Which of the following are reasons for an upward sloping of demand curve?

- (a) Quality-price relationship
- (b) Giffen Goods
- (c) Emergency
- (d) All of these

Ans. (d) All of these.

Q. 6. Identify correct degree of perfectly inelasticity demand:

- (a) $E_d = 0$
- (b) $E_d > 1$
- (c) $E_d < 1$
- (d) $E_d = 1$

Ans. (a) $E_d = 0$.

Q. 7. An Increase in the demand is shown when _____ from its original position.

Solved Sample Paper - 2

Based on NIOS (National Institute of Open Schooling)

Economics-XII

N-318

Time : 3 Hours

Maximum Marks : 100

Note : (i) This question paper consists of 50 questions in all. (ii) All questions are compulsory. (iii) Section A consists of: (a) Q.No. 1 to 20 – Multiple Choice Type questions (MCQs) carrying 1 mark each. Select and write the most appropriate option out of the four options given in each of these questions. An internal choice has been provided in some of these questions. You have to attempt only one of the given choices in such questions. (b) Q.No. 21 to 35 – Objective Type Questions carrying 2 marks each (with 2 sub-parts of 1 mark each). Attempt these questions as per the instructions given for each of the questions 21 to 35. (iv) Section B consists of: (a) Q.No. 36 to 42 – Very Short Questions carrying 2 marks each to be answered in the range of 30 to 50 words. (b) Q.No. 43 to 48 – Short Answer Type Questions carrying 4 marks each to be answered in the range of 50 to 80 words. (c) Q.No. 49 to 50 – Long Answer Type Questions carrying 6 marks each to be answered in the range of 80 to 120 words.

SECTION-A

Q. 1. The economic policy model adopted by India in 1991 is known as:

- (a) Industrialization
- (b) Capitalization
- (c) Liberalization, Privatization, and Globalization (LPG)
- (d) Nationalization

Ans. (c) Liberalization, Privatization, and Globalization (LPG).

Q. 2. (i) Globalization aims at:

- (a) Imposing tariffs on imported goods
- (b) Allowing free flow of goods and services, labour, and technology
- (c) Increasing government ownership in industries
- (d) Reducing foreign investments

Ans. (b) Allowing free flow of goods and services, labour, and technology.

OR

Q. 3. Underdeveloped countries are characterized by:

- (a) High per capita income.
- (b) Low income inequality.
- (c) Dependence on agriculture.
- (d) High levels of industrialization.

Ans. (c) Dependence on agriculture.

Q. 4. (i) What is the concept of disguised unemployment mainly associated with?

- (a) Urban informal sector workers
- (b) Rural agricultural labourers
- (c) Women workers in the organized sector
- (d) Highly skilled professionals

Ans. (b) Rural agricultural labourers.

OR

(ii) What do statistical data primarily help in forecasting?

- (a) Environmental changes
- (b) Economic trends
- (c) Social media trends
- (d) Technological advancements

Ans. (b) Economic trends.

Q. 5. (i) Which of the following statements about primary data is true?

- (a) It is usually less accurate compared to secondary data
- (b) It is collected for the first time by the investigator
- (c) It is readily available from published sources
- (d) It is always cheaper to collect than secondary data

Ans. (b) It is collected for the first time by the investigator.

OR

(ii) Which type of table aims to analyze a particular aspect or answer a specific question?

- (a) General purpose table
- (b) Text table
- (c) Reference table
- (d) Special purpose table

Ans. (d) Special purpose table.

Q. 6. What is the formula for calculating the weighted arithmetic mean?

- (a) $(\text{Sum } X) / N$
- (b) $(\text{Sum } w^X) / (\text{Sum } w)$
- (c) $(\text{Sum } X^2) / N$
- (d) $(\text{Sum } w) / (\text{Sum } X)$

Ans. (b) $(\text{Sum } w^X) / (\text{Sum } w)$.

Q. 7. Which measure of dispersion is not affected by extreme values in a dataset?

Sample Preview of The Chapter

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ECONOMICS

Indian Economic Development

1

Overview of Indian Economy

INTRODUCTION

Every country is typical with regard to its economy. It has its own features. How can be economy is compared with other countries. Since independence, India has been giving a shape to its economy on the basis of its requirements. In this chapter, we will study about the features of Indian economy as compared to other economies in the world.

CHAPTER AT A GLANCE

Features of Indian Economy

Indian economy is characterised by low per capita income, agrarian, large population pressure, poverty and unequal distribution of income, higher capital formation and planned as per requirements.

India's per capita income – the ratio of national income over population – is very low as compared with developed countries like USA and China. In 2012-13, India's per capita income was Rs. 39,168 or Rs. 3,264 per month.

India is the second most populated country in the world after China. In 2011, its population was more than 121 crores. India saw fast rise in population because of the lower death rate and faster birth rate. Increasing population is a major source of worry for India.

Agriculture is the main source of livelihood for the country. About 58 per cent of the population in 2011 was involved in this sector. However, it contributes to 17 per cent of the country's gross domestic product. The lower productivity is because of heavy population pressure on land, very low per capita availability of land, lack of better technology and people engaged in agriculture lack in education and training.

Poverty and inequality is another disheartening feature. In 2011-12, about 269.3 million people were poor. A person is considered as poor, if he is not able to consume minimum 2400 calories in rural areas and 2100 in urban areas. The government has also estimated that a person should have minimum Rs. 816 in rural areas and Rs. 1000 in urban areas per head per month. This is also called poverty line.

The country also has the problem of inequality of income and unequal distribution of wealth. About 5 per cent of households control about 38 per cent of total wealth in India. India also has the problem of unemployment. It is increasing every year with the increasing population and lack of job opportunities.

Indian economy also has some positive features like high rate of capital formation and planned economy.

In 2011, the saving rate was 31.7 per cent of GDP. The ratio of gross capital formation was 36.6 per cent. This has been possible because people are now saving in banks and other financial instruments like bonds and mutual funds.

The country has systematic plans for economic development. The process of development has been continuing through five-year plans. The per capita income is growing at a higher rate than before and the country has been the centre of manufacturing in all types of products. All these have been possible because of the planning.

Role of Agriculture in India

India today ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP in 2013, about 50% of the total workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic

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sector and plays a significant role in the overall socio-economic fabric of India. India exported \$39 billion worth of agricultural products in 2013, making it the seventh largest agricultural exporter worldwide, and the sixth largest net exporter. Most of its agriculture exports serve the developing and least developed nations of the world. India has been one of the world's largest suppliers of rice, cotton, sugar and wheat. India exported around 2 million metric tonnes of wheat and 2.1 million metric tonnes of rice in 2011 to Africa, Nepal, Bangladesh and other regions around the world.

Growth of Industry in India

Industry accounts for 26% of GDP and employs 22% of the total workforce. India's industrial manufacturing GDP output in 2015 was 6th largest in the world or \$559 billion. The Indian industrial sector underwent significant changes as a result of the economic liberalisation in India economic reforms of 1991, which removed import restrictions, brought in foreign competition, led to the privatisation of certain government owned public sector industries, liberalised the FDI regime, improved infrastructure and led to an expansion in the production of fast moving consumer goods. Post-liberalisation, the Indian private sector was faced with increasing domestic as well as foreign competition, including the threat of cheaper Chinese imports.

INTEXT QUESTIONS 1.1

Q. 1. India's per capital income is of that of China?

- (a) twice (b) one third
- (c) twice (d) one third

Ans. (b) One third.

Q. 2. USA's per capita income is of that of India?

- (a) 15 times (b) 10 times
- (c) less than (d) none of these

Ans. (a) 15 times.

Q. 3. As per 2011 census, India's population stands at:

- (a) more than 100 crore
- (b) less than 200 crores
- (c) more than 121 crores
- (d) none of the above

Ans. (c) More than 121 crores.

Q. 4. India's birth rate in 2010 was:

- (a) 20.2 (b) 21.2
- (c) 22.1 (d) 23.2

Ans. (c) 22.1.

Q. 5. India's death rate in 2010 was:

- (a) 7.2 (b) 7.4
- (c) 7.8 (d) 7.9

Ans. (a) 7.2.

Q. 6. India's population growth was rapid because:

- (a) death rate is more than birth rate
- (b) birth rate is more than death rate
- (c) birth rate is same as death rate
- (d) none of the above

Ans. (b) birth rate is more than death rate.

Q. 7. In 2011, per cent of India's working population was engaged in agriculture?

- (a) 70 (b) 80
- (c) 68 (d) 58

Ans. (d) 58.

Q. 8. Contribution of agriculture to India's national income in 2011 was around

- (a) 10 per cent (b) 20 per cent
- (c) 17 per cent (d) 25 per cent

Ans. (c) 17 per cent.

INTEXT QUESTIONS 1.2

Q. 1. What was share of agriculture in India's national income in 1950-51?

Ans. 56.5 per cent.

Q. 2. With economic development, labour force tend to shift for industry to agriculture.

(True or False)

Ans. False.

Q. 3. What was the share of agriculture in India's export in 2011-12?

Ans. 12.3 per cent.

Q. 4. Give the full form of LPG?

Ans. Liberalisation, Privatisation and Globalisation

Q. 5. The industrial policy of 1956 emphasized on the strategy of:

- (a) Light industries
- (b) Small and medium industries
- (c) Heavy industries
- (d) none of the above

Ans. (c) Heavy industries.

TERMINAL EXERCISE

Q. 1. Give one positive and two negative features of Indian economy.

Ans. India has a planned economy. The allocation of resources is determined by a comprehensive plan of production which specifies output requirements. There are five-year plans and the government prepares budgets for the country on the basis of which the expenses are made and the investments can be made.

The second positive feature is that India has been getting much investment. The saving rate was 31.7 per cent of GDP in 2011. The ratio of gross capital formation was 36.6 per cent. People are now saving in banks and other financial instruments like bonds and mutual funds.

The negative feature of Indian economy is that it is characterised by low per capita income. India's per capita income – the ratio of national income over population – is very low as compared with developed countries like USA and China. In 2012-13, India's per capita income was Rs. 39,168 or Rs. 3,264 per month.

Q. 2. Give two reasons for low productivity in agriculture in India.

Ans. Low productivity in agriculture in India is because of:

(i) Traditional Methods of Cultivation: Traditional methods of cultivation like manual ploughing, two crop pattern and old system of irrigation are mainly responsible for low productivity of agriculture.

(ii) Insufficient Irrigation Facilities: Indian agriculture is mainly dependent on rain. Even after 60 years of independence only 40% of the agricultural land has permanent irrigation facility. Due to improper irrigation facility, farmer can produce one crop only in a year.

Q. 3. What is main cause of increase in population in India?

Ans. The main cause of increase in population in India is decline in the death rate and rise in birth rate. The fall in death rates that is decline in mortality rate is one fundamental causes of overpopulation. Owing to the advancements in medicine, man has found cures to the previously fatal diseases. The new inventions in medicine have brought in treatments for most of the dreadful diseases. This has resulted in an increase in the life expectancy of individuals. Mortality rate has declined leading to an increase in population.

The birth rate also has increased. Thanks to the new discoveries in nutritional science, we have been able to bring in increase in the fertility rates of human beings. Medicines of today can boost the reproductive rate in human beings. There are medicines and treatments, which can help in conception. Thus, science has led to

an increase in birth rate. This is certainly a reason to be proud and happy but advances in medicine have also become a cause of overpopulation.

Q. 4. Why is India called planned economy?

Ans. India is called planned economy because the country has systematic plans for economic development. The government regulates the factors of production (land, labour, capital, entrepreneurship) through:

- (a) Price determination and/or
- (b) Resource distribution and/or
- (c) Income distribution

India also has five-year plans for economic development.

Q. 5. Define poverty line in rural area.

Ans. Poverty line is an economic benchmark and poverty threshold used by the government of India to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid. It is determined using various parameters which vary from state to state and within states. According to 2011-12 estimates, about 269.3 million people were poor. A person is considered as poor, if he is not able to consume minimum 2400 calories in rural areas. The government has also estimated that a person should have minimum Rs. 816 in rural areas.

Q. 6. "India suffers from heavy population pressure." Explain.

Ans. The rapid population growth in India has been a problem for the country. This is so because the majority of the population is illiterate. The burden of school age population has already shown signs of becoming unbearable. The proportion of children in schools is increasing fast and, vast numbers are still not covered. The absolute number of illiterate persons increases every year. This is only an indication of the wastage of human resources for want of appropriate development opportunities.

Better educated manpower aspires for occupations of greater prestige, which are opened up by the new development efforts. Because of its capital intensive nature, the ability, of the new economy for employment generation becomes restricted. Simultaneously, it renders many of the old occupations out of day and redundant. As a result, under-employment and unemployment, including unemployment of educated persons, increases. There is thus wastage of even developed human capital.

Facilities such as housing, transportation, health care and education are getting inadequate. The worst symptoms of congestion in every aspect of living

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conditions are manifested in the urban areas. A situation of “over urbanisation” is putting unbearable strain on urban amenities. Overcrowded houses, slums and unsanitary localities, traffic congestion and crowded hospitals have become common features in the developing countries.

There is pressure on land and other renewable natural resources. Common properties such as forest and water are over-exploited. This results in deforestation and desertification with permanent damage to the renewable resources.

There is also inequitable distribution of income. The increase in Gross National Product (GNP) is greatly reduced in per capita terms on account of the rapidly growing population. In the face of a rapidly growing population, the major concern is focused more on economic growth. Considerations of unequal distribution of income have been pushed to background and inequalities within the country is widening further.

Q. 7. Explain two positive features of Indian economy.

Ans. Positive features of Indian economy are high rate of capital formation and planned economy. India currently is among the high-saving economies of the world. However, India's saving rate is still far lower compared with China's, which is around 50% of GDP.

Contribution To Gross Capital Formation: Currently, private sector leads in investments in the economy at 37% of total investments. The saving rate was 31.7 per cent of GDP in 2011. The ratio of gross capital formation was 36.6 per cent. This has been possible because people are now saving in banks and other financial instruments like bonds and mutual funds.

The country has systematic plans for economic development: The process of development has been continuing through five-year plans. The per capita income is growing at a higher rate than before and the country has been the centre of manufacturing all types of products. All these have been possible because of the planning.

Q. 8. India's per capita income is low? Do you agree? Give reasons.

Ans. India's per capita income is very low as compared with developed countries like USA and China. In 2012-13, India's per capita income was mere Rs. 39,168 or Rs. 3,264 per month. India was ranked at 120th out of 164 countries by the World Bank. India had a total of 247 million households in 2011, with an average of about 4.9 people per household. Estimates

for average household income and the size of India's middle income households vary by source.

Compared to other countries, income inequality in India is relatively small as measured by Gini coefficient. India had a Gini coefficient of 32.5 in year 1999- 2000; India's nominal Gini index rose to 36.8 in 2005, while real Gini after tax remained nearly flat at 32.6. Indian states have significant disparities in their average income. Bihar was by far the poorest in India and per capita income was low in its neighbouring states, along with Jammu and Kashmir, Assam, Manipur and Nagaland. The higher income states include Goa, Delhi, Haryana, Punjab, Maharashtra, Tamil Nadu, Gujarat and Kerala.

Q. 9. Describe India as agricultural country.

Ans. India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the Gross Domestic Product in 2013, about 50% of the total workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India. India exported \$39 billion worth of agricultural products in 2013, making it the seventh largest agricultural exporter worldwide, and the sixth largest net exporter. Most of its agriculture exports serve the developing and least developed nations of the world.

As per the 2010 FAO world agriculture statistics, India is the world's largest producer of many fresh fruits and vegetables, milk, major spices, select fibrous crops such as jute, several staples such as millets and castor oil seed. India is the second largest producer of wheat and rice, the world's major food staples. India is also the world's second or third largest producer of several dry fruits, agriculture-based textile raw materials, roots and tuber crops, pulses, farmed fish, eggs, coconut, sugarcane and numerous vegetables. India ranked within the world's five largest producers of over 80% of agricultural produce items, including many cash crops such as coffee and cotton, in 2010. India is also one of the world's five largest producers of livestock and poultry meat, with one of the fastest growth rates, as of 2011.

One report from 2008 claimed India's population is growing faster than its ability to produce rice and wheat. Other recent studies claim India can easily feed its growing population, plus produce wheat and rice for