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CHAPTER - 1
Economic Growth and Development

EXERCISE

I. Choose the Correct Answer :
1. The Sabbath (weak end) was introduced by ________.
   (a) Hebrews    (b) Greeks    (c) Romans    (d) Indians
   (Ans: (a) Hebrews)

2. The author of Arthasastra is ________.
   (a) Thiruvalluvar    (b) Kautilya
   (c) Jawaharlal Nehru    (d) Mahatma Gandhi
   (Ans: (b) Kautilya)

3. The Mercantilists gave utmost importance to ________.
   (a) Agriculture    (b) Manufacturing industry
   (c) Trade    (d) Imports
   (Ans: (c) Trade)

4. The physiocrats considered only the following as productive occupation ________.
   (a) Manufacturing industry    (b) Agriculture
   (c) Service sector    (d) Soldiers
   (Ans: (b) Agriculture)

5. The father of New Economics is ________.
   (a) Adam Smith    (b) Marshall    (c) Karl Marx    (d) J.M. Keynes
   (Ans: (d) J.M. Keynes)

II. Fill in the blanks :
6. The economic ideas of Thiruvalluvar are found in the ________ Part of Thirukkural.
   (Ans: porutpal)

7. The Mercantilists believed in maximum ____ and minimum imports.
   (Ans: exports)
8. The physiocrats belonged to ________.
   \(\text{Ans: France}\)

9. The classical economists believed in ________ policy.
   \(\text{Ans: Free trade / Laissez faire policy}\)

10. The author of stages of growth theory is ________.
    \(\text{Ans: W. W. Rostow}\)

III. Match the Following:

11. Historical school - (a) Karl Marx
12. Scientific Socialism - (b) U.S.A
13. Institutional School - (c) Germany
14. Low capital formation - (d) Value Theory
15. Marginal School - (e) Underdeveloped country

   \(\text{Ans: 11. (c); 12. (a); 13. (b); 14. (e); 15. (d)}\)

IV. Answer each one of the questions in a word or two:

16. What is the basis of European culture?
   \(\text{Ans: Greek thought}\)

17. Did mercantilism encourage exports or imports?
   \(\text{Ans: Export}\)

18. Who was the author of Tableau Economique?
   \(\text{Ans: Prof. Quesnay}\)

19. Was Ricardo interested in the problems of production or distribution?
   \(\text{Ans: Distribution}\)

20. What is the annual investment that must be made for an economy to take off?
   \(\text{Ans: 20 - 25\%}\)
Other Important Questions

1. Choose the correct answer:
   1. The period of Hebrew civilizations dates back to _______.
      a) 2500 years  b) 3000 years  c) 4000 years  d) 5000 years
      (Ans : (a) 2500 years)
   2. Hebrews gave importance to _______.
      a) Physiocrats  b) agriculture  
      c) classical school  d) Historical school
      (Ans : (b) agriculture)
   3. Hebrews had many laws against false weights and _______.
      a) mercantilism  b) physiocrats  
      c) ancient India  d) adulteration
      (Ans : (d) adulteration)
   4. The Hebrew thought was against lending money to _______.
      a) farmers  b) industrialists  
      c) fellow Hebrews  d) merchants
      (Ans : (c) fellow Hebrews)
   5. _______ was used during the Hebrew period.
      a) Money  b) Land  
      c) Water  d) Farmers
      (Ans :(a) Money)
   6. _______ thought, Roman law and Christian religion form the basis of European culture.
      a) Mercantilists  b) Greek  
      c) Latin  d) Physiocrats
      (Ans : (b) Greek)
   7. _______ was only economic means for the creation of a strong state.
      a) Capitalism  b) Mercantilism  
      c) Socialism  d) Physiocratism
      (Ans : (b) Mercantilism)
   8. The physiocrals developed a body of economic theory in the 18th century in_______.
      a) Italy  b) German  c) France  d) America
      (Ans : (c) France)
   9. Adam smith was interested in the nature and causes of the _______.
      a) wealth and nations  b) political change  
      c) Agricultural Revolution  d) Industrial Revolution
      (Ans : (a) wealth and nations)
10. “All history is a history of class struggle” is said to be _______.
   a) Adam Smith  b) Karl Marx  c) J.M. Keynes  d) Arthur Lewis
   (Ans: (b) Karl Marx)

11. _______ is an important characteristic of poor countries.
   a) Capital Deficiency  b) Low capital  c) Foreign Trade  d) Economic
   (Ans: (a) Capital Deficiency)

12. ______ tells, agriculture is the most fundamental activity.
   a) Hebrews  b) Thiruvalluvar  c) Physiocrats  d) Kautilya
   (Ans: (b) Thiruvalluvar)

13. According to mercantilists _____ was the most important occupation.
   a) industry  b) trade  c) agricultural  d) economics
   (Ans: (b) trade)

14. ______ said that more money would promote business expansion.
   a) J.M.Keynes  b) Adam Smith  c) Alfred Marshall  d) Karl Marx
   (Ans: (a) J.M.Keynes)

15. ______ developed the concept of natural order.
   a) Mercantilism  b) Capitalism  c) Physiocrats  d) Historical school
   (Ans: (c) Physiocrats)

16. According to physiocrats, _______ was a productive occupation.
   a) industry  b) trade  c) economics  d) agriculture
   (Ans: (d) agriculture)

17. ______ believed in individualism and socialism.
   a) J.S. Mill  b) Alfred Marshall  c) J.M. Keynes  d) David Ricardo
   (Ans: (d) David Ricardo)

18. ______ economists believed that the laws of economics were of universal application.
   a) Classical  b) Neo-classical  c) Modern  d) Foreign
   (Ans: (a) Classical)
19. The founder of scientific socialism was __________.
   a) Adam smith  b) Karl Marx  c) J.S. Mill  d) David Ricardo
   (Ans : (b) Karl Marx)

20. There was economic growth when there was ______ in the U.K.
   a) Industrial Revolution  b) Agricultural Revolution  c) Internal war  d) Political change
   (Ans : (a) Industrial Revolution)

21. In India nearly ________ % of population depends upon agriculture.
   a) 70  b) 45  c) 60  d) 30
   (Ans : (a) 70)

22. Since ________ economic thought has focused on growth and development.
   a) 1991  b) 1965  c) 1950  d) 1986
   (Ans : (c) 1950)

23. According to __________, low capital formation is one of the basic causes of poverty in under developed countries.
   a) J.S. Mill  b) J.A. Schumpeter  c) Ragnar Nurkse  d) Adam smith
   (Ans : (d) Adam smith)

24. According to _______ innovating entrepreneurs play a key role in the process of economic development.
   a) J.A. Schumpeter  b) J.M. Keynes  c) Adam Smith  d) J.B. Clark
   (Ans : (a) J.A Schumpeter)

25. ________ many stages of economic growth were described by W.W.Rostow.
   a) Two  b) Three  c) Five  d) Four
   (Ans : (c) Five)

26. The third sector of our economy is ________.
   (a) Primary sector  (b) Rural sector  (c) Secondary sector  (d) Service sector
   (Ans : (d) Service sector)
27. Father of Economics is ________.  
   (a) Adam Smith   (b) J. M. Keynes  
   (c) Marshall   (d) Robbins (Ans: (a) Adam Smith)

28. Development is basically related to ________.  
   (a) Education   (b) Health care  
   (c) Food and Shelter   (d) Human development  
   (Ans: (d) Human development)

29. Trade was given top priority by ________.  
   (a) Hebrews   (b) Physiocrats  
   (c) Mercantilists   (d) Modern economists  
   (Ans: (c) Mercantilists)

30. The classification of the characteristics of underdevelopment was given by________.  
   (a) Harvey Leibenstein   (b) Cairncross  
   (c) Joan Robinson   (d) Kurihara  
   (Ans: (b) Cairncross)

II. Fill in the blanks:

1. The Hebrews realized the ___________. (Ans: dignity of labour)
2. The Hebrew civilization was a _____ and _______ civilization.  
   (Ans: rural, agrarian)
3. The jubilee year was the ________ year.  
   (Ans: 50th)
4. The _________ system was one of the important institution in ancient India.  
   (Ans: Joint family)
5. _________ was an important occupation in ancient India.  
   (Ans: Agriculture)
6. The term ‘physiocracy’ means ______. (Ans: Rule of Nature)
7. The physiocrats developed the concept of ____. (Ans: Natural order)
8. Ricardo was interested in the problems of ______. (Ans: distribution)
9. ______ was the founder of scientific socialism. (Ans: Karl Marx)
10. ________is considered the Father of New Economics. (Ans: J.M. Keynes)
11. Low percapita incomes are known as _________.  
   (Ans: underdeveloped countries)
12. The UDC’s produce mostly _________ and ________.
   (Ans: raw materials, food stuffs)

13. _________ pressures take many forms.
   (Ans: Population)

14. _________ resources in poor countries are underdeveloped
   (Ans: Natural)

15. Low capital formation leads to low _________.
   (Ans: productivity)

16. India is a _________ economy.
   (Ans: mixed)

17. _________ is a book of ethics.
   (Ans: Thirukkural)

18. Education and health increase productivity of ________.
   (Ans: labour)

19. The classical economists believed in _________ economy based on free trade.
   (Ans: market)

20. _________ refers to an increase in per capital national income.
   (Ans: Economic growth)

21. For under developed countries _______ policy is a luxury.
   (Ans: Laissez faire)

22. Low savings leads to low _____________.
   (Ans: capital formation)

23. In underdeveloped countries, the tax system is marked by inefficiency in collection and there is _________.
   (Ans: tax evasion)

24. In undeveloped countries, population is ruled by _____ and _________.
   (Ans: customs, traditions)

25. Majority of the population in underdeveloped countries will be engaged in _____________.
   (Ans: agriculture)

26. The Industrial Revolution occurred in _________.
   (Ans: U.K)

27. During the _________ and _________ when the capitalist countries were affected by the great depression.
   (Ans: 1920s, 1930s)

28. ____________ is the gift of former soviet Russia to the world based on socialist philosophy.
   (Ans: planning)

29. According to Marshall economic laws are always _________ and _________.
   (Ans: conditional and hypothetical)
30. Hebrew civilization was essentially ________ and ________.
   (Ans : rural and agrarian)

31. The economic policies of mercantilists dates back from ________ to ________.
   (Ans : 15th to 18th century)

32. The term physiocracy means ________.
   (Ans : Rule of Nature)

33. Latest five stages of development are given by ________.
   (Ans : W. W. Rostow)

34. Father of Classical Economics is ________.
   (Ans : Adam Smith)

35. The Jubilee Year was the ________ year.
   (Ans : 50th Year)

36. The word economics is derived from the ________ language.
   (Ans : Greek language)

37. The word ‘OIKONOMIA’ mean ________.
   (Ans : Household management)

38. “All history is a history of class struggle” said by ________.
   (Ans : Karl Marx)

III. Match the following:

(a)
1. Planning - (a) innovating entrepreneurs
2. W.W Rostow - (b) Laissez Faire
3. J.A. Schumpeter - (c) gift of soviet Russia
4. J.M. Keynes - (d) Stages of economic growth
5. Classical economists - (e) father of New Economics
   (Ans : 1 (c), 2 (d), 3 (a), 4 (e), 5 (b))

(b)
1. Marxism - (a) Rule of Nature
2. Mercantilism - (b) Relaxation and good living
3. Physiocrats - (c) Free trade
4. Classical School - (d) Trade
5. Sabbath - (e) Socialist philosophy
   (Ans : 1 (e), 2 (d), 3 (a), 4 (c), 5 (b))
1. Physiocrats - (a) Industry and manufacture
2. Mercantilist - (b) The new deal policy
3. Former Soviet Russia - (c) Agriculture
4. J. M. Keynes - (d) Hebrews economic thought
5. Sabbath - (e) planning

(Ans: 1. (c); 2. (a); 3. (e); 4. (b); 5. (d))

IV. Answer for each of the following questions in a word or two:

1. Who gave top priority for religion and ethics? (Ans: Hebrews)
2. What is the important characteristic of poor countries? (Ans: Capital deficiency)
3. What is formed by Greek thought, Roman law and Christian religion? (Ans: European culture)
4. What was the nature of Hebrew civilisation? (Ans: Rural and agrarian)
5. What was the nature of the society of the middle ages? (Ans: Feudal Society)
7. Write any two infrastructural facilities? (Ans: Transportation, power facilities, water supply etc.)
8. What are the two major causes of population? (Ans: High birth rate and low death rate)
9. Who gave the idea to solve depression in America? (Ans: J.M. Keynes)
10. Who are the leading economists of the classical school? (Ans: Adam Smith, David Ricardo, Malthus and J.S. Mill)
11. Who are the proprietory class according to physiocrats? (Ans: Farmers)
12. Who were influenced on the life and thought of middle ages?

\textit{(Ans: Church, Bible and Aristotle)}

13. “There is no idolatry in them no temples for the goods. The vitality and affirmation of life pervading them are extraordinary” who stated this line?

\textit{(Ans: Pandit Jawaharlal Nehru.)}

14. Is Economics a social science? \textit{(Ans: Yes)}

15. What is the expand form of I.M.F? \textit{(Ans: International Monetary Fund)}


17. Which was essentially a revolt by the French against mercantilism? \textit{(Ans: Physiocracy)}
CHAPTER - 2
Population

**EXERCISE**

I. Choose the Correct Answer :

1. Mention which is not a cause for Population Explosion _______.
   (a) High BR  (b) Social customs
   (c) High DR  (d) Poverty
   (Ans : (c) High DR)

   (a) 1896  (b) 1776 (c) 1857  (d) 1798
   (Ans : (d) 1798)

3. Population increases in a ________ ratio, as explained by Robert Malthus.
   (a) Proportionate  (b) Geometric
   (c) Arithmetic  (d) Progressive
   (Ans : (b) Geometric)

4. According 2001 Census, the population of India was _______.
   (a) 236 million  (b) 890 million  (c) 1000 million  (d) 1027 million
   (Ans : (d) 1027 million)

5. ________ refers to the rate of death occurring per thousand new born babies.
   (a) Natality  (b) Mortality
   (c) infant mortality  (d) death rate
   (Ans : (c) infant mortality)

II. Fill in the blanks :

6. Density of population rose to ________ per sq. km. in 1991. (Ans : 267)

7. When per capita income increases rapidly, it lowers the ______ rate.
   (Ans : Fertility)

8. ________ was the first demographer.  (Ans : T. R. Malthus)
9. The quality of population in a country depends on the ____.
   \[\text{(Ans: Level of literacy)}\]

10. India is said to be in _________ stage of demographic transition.
    \[\text{(Ans: second)}\]

III. Match the Following:

11. First census - (a) No. of deaths per 1000
12. Positive check - (b) 2000
13. Death rate - (c) Limit the size of the family
14. National Population Policy - (d) famine
15. Family Planning - (e) 1871

\[\text{(Ans: 11. (e); 12. (d); 13. (a); 14. (b); 15. (c))}\]

IV. Answer the following in a word or two:

16. Which theory of population is more realistic than the Malthusian Theory of Population?
    \[\text{(Ans: Optimum theory)}\]

17. What are the man-made checks of population growth?
    \[\text{(Ans: Preventive Check)}\]

18. Which is the most well-known theory of population in Economics?
    \[\text{(Ans: Malthusian theory of population)}\]

19. Give examples for preventive checks.
    \[\text{(Ans: Family planning / Late marriage etc.)}\]

20. What is the meaning of population explosion?
    \[\text{(Ans: Rapid rise in population)}\]
Other Important Questions

1. Choose the correct answer:

1. The study of human resources is important from the point of view of _____.
   (a) Economic welfare       (b) money welfare
   (c) Physical welfare       (d) all the above
   (Ans : (a) Economic welfare)

2. ___________ has a positive influence on growth of population.
   (a) Birth rate          (b) Death rate
   (c) Migration           (d) All the above
   (Ans : (a) Birth rate)

3. Population growth results in ______.
   (a) increase in supply of labour
   (b) Increase in demand for product
   (c) both
   (d) none of the above
   (Ans : (c) both)

4. The alarming and rapid rate of increase in population is called ________.
   (a) population divide       (b) Population explosion
   (c) population growth      (d) none
   (Ans : (b) population explosion)

5. In India the birth rate has come down from 45.8 per thousand to 25.8 per thousand between ______.
   (a) 1981-2000             (b) 2000-2005
   (c) 1891-1900 and 2001    (d) 2002-2007
   (Ans : (c) 1891-1900 and 2001)

6. The death rate in India is about ______ per thousand in 2001.
   (a) 4.5          (b) 8.5      (c) 6.2       (d) 10
   (Ans : (b) 8.5)
7. The imbalance in population growth could be corrected by _______.
   (a) preventive checks only
   (b) positive checks only
   (c) Government steps
   (d) both preventive and positive checks
   \[\textit{(Ans: (d) both preventive and positive checks)}\]

8. Capital formation depends on _______.
   (a) Saving   (b) investment
   (c) both   (d) none
   \[\textit{(Ans: (c) both)}\]

9. Census of population in India was taken in India for the first time in the year _______.
   (a) 1872   (b) 1881   (c) 1886   (d) 1890
   \[\textit{(Ans: (a) 1872)}\]

10. Population percentage growth per annum between the census years 1981 and 2001 was _______.
    (a) 1.80   (b) 1.22   (c) 0.19   (d) 2.14
    \[\textit{(Ans: (a) 1.80)}\]

11. The theory of demographic transition points out _______ distinct stages of population growth.
    (a) three   (b) four   (c) five   (d) two
    \[\textit{(Ans: (a) three)}\]

12. Sex ratio in the year 2001 was _______ per thousand males.
    (a) 1027   (b) 531   (c) 495   (d) 933
    \[\textit{(Ans: (d) 933)}\]

13. Literacy rate during the year 2001 was _______.
    (a) 65.38   (b) 531   (c) 267   (d) 324
    \[\textit{(Ans: (a) 65.38)}\]

14. Population percentage growth per annum between the census years 1981 and 2001 was _______.
    (a) 1.22   (b) 0.19   (c) 2.14   (d) 1.80
    \[\textit{(Ans: (d) 1.80)}\]
15. The year of Great Divide in the growth of population was _______.
   (a) 1981    (b) 2001    (c) 1921    (d) 1901
   \(Ans : (c) \text{1921}\)

16. The increase in population has led to uneconomic holding through _______.
   (a) sub division   (b) fragmentation
   (c) both   (d) None of the above
   \(Ans : (c) \text{both}\)

17. ______ means the percentage of couples using birth control or family planning method.
   (a) CPR   (b) IMR   (c) Both   (d) None of these
   \(Ans : (a) \text{CPR}\)

18. ______ theory of population is the most well known theory on population in economics.
   (a) Optimum theory of population
   (b) Malthusian theory of population
   (c) Theory of Demographic transition
   (d) None of the above
   \(Ans : (b) \text{Malthusian theory of population}\)

19. The size of population is determined by the availability of _______ according to Malthus.
   (a) Raw materials   (b) Saving
   (c) investment   (d) food production
   \(Ans : (d) \text{food production}\)

20. _______ theory of population brings out the relationship between changes in population and the consequent changes in per capita income.
   (a) Malthusian   (b) Optimum
   (c) Demographic transition   (d) All the above
   \(Ans : (b) \text{Optimum}\)
21. The theory of optimum population is explained by _______.
(a) classical economists  (b) neo-classical economists
(c) modern economists  (d) none of the above
(Ans : (c) modern economists)

22. _______ refers to the efforts made by the government to control and change the population structure.
(a) Census policy  (b) Government policy
(c) Data policy  (d) Population policy
(Ans : (d) Population policy)

23. The primary sector of our economy is _______.
(a) Agriculture  (b) Industry
(c) Service Sector  (d) None of these
(Ans : (a) Agriculture)

24. Mention the factors determining population growth _______.
(a) Birth Rate  (b) Death Rate
(c) a and b  (d) Social Customs
(Ans : (c) a and b)

25. Density of population is the least in which of the following states.
(a) Rajasthan  (b) Himachal  (c) Andhra Pradesh  (d) Gujarat
(Ans : (b) Himachal)

26. _______ is a causes for population explosion.
(a) Early Marriage  (b) Late Marriage
(c) both a and b  (d) None of these
(Ans : (a) Early Marriage)

27. ‘Essay on the principles of population’ was given by _______.
(a) Adam Smith  (b) Alfred Marshall
(c) J. M. Keynes  (d) T. R. Malthus
(Ans : (d) T. R. Malthus)
II. Fill in the blanks:

1. A study of population is necessary as it is an important determinant of ________.  
   \[(Ans: \text{economic development})\]

2. Birth rate has a positive influence on growth of _________.  
   \[(Ans: \text{population})\]

3. _________ is not an important factor contributing to the population.  
   \[(Ans: \text{Migration})\]

4. _______ will induce technological improvements.  \[(Ans: \text{Specialisation})\]

5. _______ rate is a major cause responsible for the rapid growth of population.  
   \[(Ans: \text{High birth})\]

6. _______ are source for income of the family.  \[(Ans: \text{Children})\]

7. Unemployment and underemployment further lead to _________.  
   \[(Ans: \text{poverty})\]

8. India is facing the situation of _________.  \[(Ans: \text{population explosion})\]

9. In the first stage of demographic transition both the birth rate and death rate will be _________.  
   \[(Ans: \text{high})\]

10. Malthus recommended to use the ________ checks to avoid misery.  
    \[(Ans: \text{preventive})\]

11. In a backward economy _______ results in increase in supply of labour.  
    \[(Ans: \text{population growth})\]

12. Out - migration will _______ population growth.  \[(Ans: \text{reduce})\]

13. The death in India has ________ in recent years.  \[(Ans: \text{fallen})\]

14. people must be made aware of different methods of ________ control.  
    \[(Ans: \text{birth})\]

15. Family planning must be made a ________ movement.  \[(Ans: \text{national})\]

16. _______ means limiting the size of the family.  
    \[(Ans: \text{family planning})\]

17. Rapid increase in population is a ________ strain to the government.  
    \[(Ans: \text{financial})\]
18. Provision of pre-natal and post-natal care has reduced ________ mortality rate.  
   \( \text{Ans : infant} \)

19. ________ is a compulsory institution as per social norms.  
   \( \text{Ans : Marriage} \)

20. ________ is very essential for the economic development for the country.  
   \( \text{Ans : Capital formation} \)

21. Fast growing ________ affects the capital formation in the country adversely.  
   \( \text{Ans : population} \)

22. Rising population aggravates the problem of ________ .  
   \( \text{Ans : unemployment} \)

23. Both big and small industries require adequate ______. \( \text{Ans : capital} \)

24. The imbalance between population growth and food supply is corrected through ________ and ________ checks.  
   \( \text{Ans : positive and preventive checks} \)

25. The theory of demographic transition brings out the relationship between ________ and ________ .  
   \( \text{Ans : Birth Rate and Death Rate} \)

26. Census report is submitted once in ________ years. \( \text{Ans : 10 years} \)

27. ________ means migration of people from agriculture to non-agricultural occupation. \( \text{Ans : Urbanisation} \)

28. The theory of optimum population brings out the relationship between ________ and ________ . \( \text{Ans : Population and Per capita Income} \)

III. Match the following:

(a)

1. Birth rate - (a) Emigration, immigration
2. Population growth - (b) Rapid increase in population
3. Population explosion - (c) unemployment and underemployment
4. Migration - (d) Number of birth per 1000
5. Poverty - (e) Increase in supply of labour

\( \text{Ans : 1 (d), 2 (e), 3 (b), 4 (a), 5 (c)} \)
(b)

1. Family planning - (a) Polygamy
2. Optimum population - (b) Subdivision and fragmentation
3. Legal steps - (c) Saving and investment
4. Agricultural backwardness - (d) Check rapid growth of population
5. Capital formation - (e) Highest per capita income

*Ans:* 1 (d), 2 (e), 3 (a), 4 (b), 5 (c)

(c)

1. Birth Rate - (a) T. R. Malthus
2. Preventive check - (b) Population education campaigns
3. First Demographer - (c) Illiteracy
4. Population explosion - (d) 1027 million
5. 2001 census - (e) Family Planning

*Ans:* 1 (b); 2 (e); 3 (a); 4 (c); 5 (d)

IV. **Answer for each of the following questions in a word or two:**

1. Write any two factors that depends on birth rate.

   *(Ans: Early marriage and higher child birth)*

2. Write any two examples for increasing death rate.

   *(Ans: Hunger and starvation)*

3. What are the two major causes for population?

   *(Ans: Birth rate and death rate)*

4. Write any two causes for fall in death rate?

   *(Ans: Advancement in medical science and better facilities for sanitation)*

5. Who are the unproductive consumers?

   *(Ans: Children and old persons)*

6. How many percentage of total world land area does India occupies?

   *(Ans: 2.4%)*

7. When, India adopted the family planning programme?

   *(Ans: 1952)*
8. What is the optimum population?  
(Ans: Ideal population)

9. What is the main age of marriage for girls in India?  
(Ans: 18 years)

10. What is the suggested minimum age of marriage for boys?  
(Ans: 21 years)

11. What is the consequence of low purchasing power?  
(Ans: Low effective demand)

12. Who gave the well-known theory on population in economists?  
(Ans: T.R. Malthus)

13. Give examples for positive checks.  
(Ans: Misery, disease, earthquakes and flood etc.)

(Ans: 1798)

15. What is Mortility?  
(Ans: Mortility means death rate)

16. What do you mean by population?  
(Ans: Population refers to the whole number of people or inhabitants in a country)

17. What is Emigration?  
(Ans: Outward-migration is known as Emigration)

18. Name the cause of Population Explosion?  
(Ans: High Death Rate)

19. Give the formula to measure optimum population.  
(Ans: \( M = \frac{A - O}{O} \))

20. Name the economists who propagated The Theory of Optimum Population?  
(Ans: Sidgwick, Cannon, Dalton and Robbins)

21. Which is the first developing country who adopt a population policy?  
(Ans: India)

22. What is MMR?  
(Ans: Maternal Mortality Rate)
CHAPTER - 3
Poverty and Unemployment

EXERCISE

I. Choose the Correct Answer:

1. Basic needs like food, clothing and shelter are ______ needs.
   (a) Physical (b) Social (c) Psychological (d) Cultural
   (Ans: (a) Physical)

2. When a person lives below the minimum subsistence level, he is said to live in poverty ______.
   (a) Absolute (b) Relative (c) Abstract (d) None
   (Ans: (a) Absolute)

3. All poverty alleviation programmes implemented so far have less or no effect due to ______.
   (a) Unemployment (b) Joint family system (c) inequality (d) corruption
   (Ans: (d) corruption)

4. The Planning Commission of India defined poverty on the basis of ______.
   (a) Income (b) Consumption (c) Calorie intake of food (d) Employment
   (Ans: (c) Calorie intake of food)

5. Agriculture gives rise to ______ unemployment.
   (a) cyclical (b) structural (c) seasonal (d) professional
   (Ans: (c) seasonal)

II. Fill in the blanks:

6. Poverty is of ______ types.  
   (Ans: 2 types)

7. India presently suffers from ______ unemployment which exists in open and disguised forms.  
   (Ans: structural)

8. Our planning was not at all ______.  
   (Ans: employment oriented)
9. Many workers in urban areas suffered from ________.
   
   (Ans: sub-employment)

10. Existence of joint family system in India promotes ____.
    
    (Ans: disguised unemployment)

III. Match the Following:

11. Employment assurance scheme - (a) April 1999
12. Disguised unemployment - (b) Engineering
13. Jawahar gram samridhi yojana - (c) Rural works programme
14. Indian Educational System - (d) low productivity employment
15. Underemployment - (e) 1993

(Ans: 11. (e); 12. (d); 13. (a); 14. (b); 15. (c))

IV. Answer the following in a word or two:

16. What is the major goal of planning in India? (Ans: Reducing Poverty)
17. What was the basis on which Planning Commission defined poverty line in rural areas? (Ans: Rs. 49.1% per capita)
18. What is the main reason for poverty in India? (Ans: Population Pressure)
19. What is the prerequisite for the development of a nation? (Ans: Quality Education)
20. How many underemployed persons are there in India? (Ans: More than 2 crores)
Other Important Questions

1. Choose the correct answer:
   1. Reducing poverty is one of the major goals of planning in ______.
      (a) India  (b) Japan  (c) England  (d) Italy  
      (Ans: (a) India)

   2. ______ has been defined as, “the inability to attain a minimum standard of living”.
      (a) Unemployment  (b) Poverty  (c) Both  (d) None of the above 
      (Ans: (b) Poverty)

   3. In the words of ______ “want of adequate income, howsoever defined is poverty…”
      (a) Baldwin  (b) Rowntree  (c) Dandekar  (d) Alfred Marshall 
      (Ans: (c) Dandekar)

   4. ______ poverty refers to difference in income among different classes of people.
      (a) Relative  (b) Absolute  (c) Both  (d) None of the above 
      (Ans: (a) Relative)

   5. ______ made a distinction between primary poverty and secondary poverb.
      (a) Baldwin  (b) Rowntree  (c) David Ricardo  (d) Alfred Marshall 
      (Ans: (b) Rowntree)

   6. ______ said that secondary poverty prevented many more people from meeting what he called ‘human needs standard’ than did primary poverty.
      (a) Baldwin  (b) Rowntree  (c) David Ricardo  (d) Marshall  
      (Ans: (b) Rowntree)
7. _______ poverty means people work for few months and get low wages.
   (a) Urban  (b) Primary  
   (c) Rural  (d) None of the above  
   (Ans : (c) Rural)

8. If people do not have adequate food, clothing and shelter, than they are said to be in _______.
   (a) absolute poverty  (b) relative poverty  
   (c) secondary poverty  (d) urban poverty  
   (Ans : (a) absolute poverty)

9. Poor households generally invest in education for _______.
   (a) girls only  (b) boys only  
   (c) boys and girls  (d) none of the above  
   (Ans : (b) boys only)

10. _______ is the expenditure level at which a minimum calorie intake and indispensable non-food purchased are assured.
    (a) poverty line  (b) poverty  
    (c) unemployment  (d) population  
    (Ans : (a) poverty line)

11. _______ percentage of rural population is living below poverty line.
    (a) 20  (b) 40  (c) 30  (d) 50  
    (Ans : (b) 40)

12. B.S Minhas by taking per capita annual consumption expenditure of _____ as the barest minimum.
    (a) Rs. 360  (b) Rs. 210  (c) Rs. 240  (d) Rs.120  
    (Ans : (c) Rs.240)

13. The Integrated Rural Development programme was first proposed in the central budget in the year _______.
    (a) 2000-01  (b) 1986-87  
    (c) 1976-77  (d) 1950-51  
    (Ans : (c) 1976-77)

14. Existence of joint family system in India promotes _______.
    (a) disguised unemployment  (b) full employment  
    (c) seasonal unemployment  (d) Voluntary unemployment  
    (Ans : (a) disguised unemployment)
15. The situation where the educated and skilled persons do not accept casual work is known as _______.
   (a) disguised unemployment  (b) under employment
   (c) open unemployment     (d) involuntary unemployment
   (Ans : (c) open unemployment)

16. __________ to the number of persons who did not find even an hour of work during the survey week.
   (a) Daily status unemployment  (b) Weekly status unemployment
   (c) Open unemployment         (d) All the above
   (Ans : (b) Weekly status unemployment)

17. _______ legislation has been passed by the state governments, which aim at improving the economic conditions of agricultural landless labourers.
   (a) Zamindari system    (b) Green revolution
   (c) Land reforms       (d) Ceiling of land holding
   (Ans : (c) Land reforms)

18. At present as per Government of India, poverty line for the rural areas is Rs. _______ per month.
   (a) Rs.240    (b) Rs.276    (c) Rs.340    (d) Rs.380
   (Ans : (b) Rs.276)

19. The _______ Finance Commission used a concept called ‘the augmented poverty line’.
   (a) First    (b) Second    (c) Sixth    (d) Seventh
   (Ans : (d) Seventh)

20. The planning commission estimated the poverty line by taking Rs.______as per capita expenditure in rural areas.
   (a) 55.6    (b) 49.1    (c) 16.5    (d) 20
   (Ans : (b) 49.1)

21. A person consuming less than _____ calories per day in rural area is under poverty line.
   (a) 2400    (b) 2100    (c) 2500    (d) 2200
   (Ans : (a) 2400)
22. All ________ programmes implemented so far have less or no effect due to corruption.
   (a) Family planning   (b) Poverty Alleviation
   (c) Agricultural      (d) None
   (Ans : (b) Poverty Alleviation)

23. The number of unemployed persons from 1995 to 2000 was ________.
   (a) 14 million   (b) 41 million   (c) 37 million   (d) 28 million
   (Ans : (b) 41 million)

24. Disguised unemployment is mostly found in ________.
   (a) Agriculture   (b) Sericulture
   (c) Industry      (d) Architecture
   (Ans : (a) Agriculture)

25. The main reason for massive unemployment is poor ________.
   (a) Economic Planning   (b) Manpower Planning
   (c) Educational Planning (d) Military Planning
   (Ans : (b) Manpower Planning)

II. Fill in the blanks:

1. Pradhan Mantri Gramodaya yojana was introduced in the budget for 2000-2001 with an allocation of ________ crore.  (Ans : ₹ 5000)

2. Integrated Rural Development programme was first proposed in the central budget for _____.  (Ans : 1976-77)

3. Reducing poverty is one of the major goals of _____ in India.  (Ans : planning)

4. The farmers are poor for long then well call it _____ poverty.  (Ans : chronic or structural)

5. ______ means people work for long hours but they get low incomes.  (Ans : Urban poverty)

6. Dandekar and Rath estimated the value of the diet with ________ calories as the desired minimum level of consumption.  (Ans : 2,250)
7. The planning commission accepted Rs.________ per capita per month as the minimum desirable income.  
   *(Ans : 20)*

8. According to P.D.Ojha _____ percentage of people are living below poverty line in rural sector in 1967-68.  
   *(Ans : 70)*

9. People who earn less than Rs. ______ per day is considered to be below poverty line.  
   *(Ans : 10)*

10. Indian agriculture is marked by low ______. *(Ans : productivity)*

11. Urban self - employment and urban ______ employment are two special schemes under Swarna Jayanthi Shahari Rozgar Yojano. *(Ans : wage)*

12. Land is overcrowded and a large part of a work force is unemployed and suffer from _______ unemployment. *(Ans : disguised)*

13. _______ system should be more diversified. *(Ans : Education)*

14. Intermediate technology would be more suited to ______ conditions. *(Ans : Indian)*

15. The agricultural surplus labour force is not absorbed by the_______. *(Ans : industrial sector)*

16. A person working _______ hours a day. *(Ans : 8)*

17. The _______ lands acquired were distributed to the landless labourers. *(Ans : surplus)*

18. In many countries poverty is correlated with _____ and ___. *(Ans : caste and race)*

19. The establishment of small industrial complexes can increase ____ opportunities. *(Ans : employment)*

20. _______ technologies would be more suited to Indian conditions. *(Ans : Intermediate)*

21. There is unemployment among _______ graduates also. *(Ans : technical)*

22. Seasonal employment is offered by _______ in India. *(Ans : agriculture)*

23. One of the causes of urban poverty is the _______ of people from rural to urban areas. *(Ans : migration)*
24. Jawahar Gram Samridhi Yojana was introduced in ______ year.  
   \textit{(Ans : April 1999)}

25. Privatisation of common property resources _______ the sufferings of poor.  
   \textit{(Ans : increase)}

26. The Employment Assurance Scheme was launched in the year _______.  
   \textit{(Ans : 2\textsuperscript{nd} October 1993)}

27. Cyclical Unemployment is caused by ______ cycles.  
   \textit{(Ans : Trade)}

28. The problem of rural unemployment can be solved only by ______ agriculture.  
   \textit{(Ans : Modernising)}

29. The types of poverty is ______ and ______.  
   \textit{(Ans : Absolute and Relative)}

30. National Social Assistance Programme (NSAP) was launched on ______ year.  
   \textit{(Ans : August 15, 1995)}

31. Pradhan Mantri Gramodaya Yojana (PMGY) focus on ______ and ______.  
   \textit{(Ans : Health, Primary Education)}

32. ______ refers to a situation in which the workers who are capable of working and willing to work do not get employment.  
   \textit{(Ans : Unemployment)}

33. Existence of joint family system in India promotes ______ unemployment.  
   \textit{(Ans : Disguised)}

34. Two major problems that the developing countries of the world face are ______ and ______.  \textit{(Ans : Mars Poverty and Mass Unemployment)}

\textbf{III. Match the following:}

(a)

1. Low agricultural productivity - (a) Employment Assurance scheme
2. Augmented poverty line - (b) Decline in rural poverty
3. October 2, 1993 - (c) Seventh Finance Commission
4. Good agricultural performance - (d) Montek Singh Ahluwalia
5. Study of rural poverty - (e) Chronic poverty

\textit{(Ans :1 (e), 2 (c), 3 (a), 4 (b), 5 (d))}
(b)
1. Land reforms - (a) 75:25
2. JGSY - (b) Drought prone, desert, tribal and hill areas
3. NSAP - (c) Health, primary education
4. EAS - (d) Landless agricultural labourers
5. PMGY - (e) Benefits to poor households affected by old age.
   
   (Ans: 1 (d), 2 (a), 3 (e), 4 (b) 5 (c))

(c)
1. 2 Types - (a) 58% of the poor people live
2. Uttar Pradesh - (b) Seasonal Employment
3. IRDP - (c) Unemployment Estimates
4. Agriculture - (d) Integrated Rural Development Programme
5. Daily Status Unemployment - (e) Poverty

   (Ans: 1. (e); 2. (a); 3. (d); 4. (b); 5. (c))

IV. Answer for each of the following questions in a word or two:
1. What do many workers in urban areas suffered? (Ans: sub-employment)
2. What are the two major problems faced by all developing countries? (Ans: poverty and unemployment)
3. What is the other name of chronic poverty? (Ans: structural poverty)
4. Give two examples for stable food? (Ans: Food grains and vegetables)
5. How much percentage of people is living below poverty line in rural area according to Seventh Finance Commission? (Ans: 52)
6. Which is the great defect of our educational system? 
   (Ans: One to take up the professional degree only)
7. Who suggested the wage-goods model of development? (Ans: Vakil and Brahmanand)
8. Write any two causes for unemployment?
   (Ans: High population growth and Joint family system)

9. What do many workers in urban areas suffer from? (Ans: Sub-employment)

10. What is the pre-requisite for the development of a nation?
    (Ans: Quality education)

11. What fact has been revealed by the N.S.S data?
    (Ans: Underemployment in India)

12. Is sugar industry a seasonal industry. (Ans: Yes)

13. Which are the states have highest per capita income?
    (Ans: Punjab and Haryana)

14. In which year the rural Landless Employment Guarantee Programme was set up? (Ans: 1983)

15. What is the percentage of labour force engaged in agriculture?
    (Ans: 2/3 labour force)

16. What is the prerequisite for the development of a nation?
    (Ans: Diversified)
CHAPTER - 4

National Income

**Exercise**

I. Choose the Correct Answer:

1. The growth of an economy is indicated by an ________.
   (a) Increase in general prices  (b) Increase in national income
   (c) Increase in savings  (d) Increase in investment
   
   *(Ans : (b) Increase in national income)*

2. The per capita income of an economy can be calculated by ________.
   (a) Dividing GDP by population
   (b) Dividing GNP by population
   (c) Multiplying GNP by population
   (d) Dividing GNP by number of people employed
   
   *(Ans : (b) Dividing GNP by population)*

3. The total money value of final goods and services produced in the country excluding depreciation is called ________.
   (a) NDP  (b) GDP  (c) NNP  (d) GNP
   
   *(Ans : (a) NDP)*

4. The difference between NNP and NDP is ________.
   (a) Depreciation  (b) Current transfers from rest of the world
   (c) Indirect tax  (d) Net factor income from abroad
   
   *(Ans : (d) Net factor income from abroad)*

5. National income as commonly understood by every one refers to ________.
   (a) GNP  (b) NNP  (c) GDP  (d) NDP
   
   *(Ans : (b) NNP)*
II. Fill in the blanks:

6. Net value added method of calculating National Income is also known as _______ method. 
   \( \text{Ans: product method} \)

7. Consumption of fixed capital should be _______ the GNP to arrive at the NNP. 
   \( \text{Ans: deducted from} \)

8. In estimating the national income at constant prices latest base year used in India is _______. 
   \( \text{Ans: 1993-94} \)

9. In India _______ specification is still incomplete. \( \text{Ans: occupational} \)

10. _______ will give an exaggerated figure of National income. 
    \( \text{Ans: Double Counting} \)

III. Match the Following:

11. GDP - (a) 1993-1994

12. Net Income from abroad - (b) X-M

13. GNP –Depreciation - (c) Personal income-personal taxes

14. CSO ‘s latest series - (d) NNP

15. PDI - (e) Foreign trade excluded

   \( \text{Ans: 11. (e); 12. (b); 13. (d); 14. (a); 15. (c)} \)

IV. Answer the following in a word or two:

16. What is obtained by dividing the National income by total population? 
   \( \text{Ans: Per Capita Income} \)

17. What is the method of estimate of national income from the distribution side is called? 
   \( \text{Ans: Income Method} \)

18. How many methods are there to compute national income? \( \text{Ans: Three} \)

19. What should be added to the three sector economy to make it to form four sector economy? 
   \( \text{Ans: Foreign Trade} \)

20. Give formula for per capita income. 
   \( \text{Ans: } GDP / \text{Total Population (or)} \quad PC = \frac{\text{National Income}}{\text{Total Population}} \)
I. Choose the correct answer:

1. National income per person is used as an indicator of _______.
   (a) standard of living of people  (b) poverty of the people
   (c) the richness of people  (d) growth of industrialisation
   \[(Ans : (a) Standard of living of people)\]

2. ________ is the measure of welfare.
   (a) Human development index  (b) Price index
   (c) Employment  (d) Population
   \[(Ans : (a) Human development index)\]

3. National income was called ‘national dividend’ by _______.
   (a) Irving Fisher  (b) Alfred Marshall
   (c) Samuelson  (d) J.M. Keynes
   \[(Ans : (b) Alfred Marshall)\]

4. _______ is a measure of the total value of the goods and services produced in an economy for a year.
   (a) GNP  (b) GDP
   (c) National income  (d) Per capita income
   \[(Ans : (c) National income)\]

5. GDP = _______.
   (a) GNP + Depreciation
   (b) GNP – Net income earned from abroad
   (c) GNP – Depreciation  (d) NNP – Depreciation
   \[(Ans : (b) GNP – Net income earned from abroad)\]

6. _______is the total value of output produced and income received in a year by domestic residence of a country.
   (a) GDP  (b) NNP  (c) NDP  (d) GNP
   \[(Ans : (d) GNP)\]
7. The income method of calculating national income includes the income of the ___________.
   (a) farmers only           (b) businessmen only
   (c) service sector only    (d) factors of production
   \(\text{Ans : (d) factors of production}\)

8. The non-resident Indian income will be added to GDP to arrive at our ___________.
   (a) PCI                (b) GDP          (c) GNP       (d) NNP
   \(\text{Ans : (c) GNP}\)

9. Growth of GDP per capita between 1980-2005 was ______.
   (a) 3.6%             (b) 5.8%         (c) 1.5%      (d) 3.2%
   \(\text{Ans : (a) 3.6%}\)

10. ________ employ factors of production to produce the goods and services.
    (a) Consumer           (b) Business sectors
    (c) House holds        (d) Farmers
    \(\text{Ans : (b) Business sectors}\)

11. Name the national income series in India 1980-81 ________.
    (a) New series         (b) Conventional series
    (c) Revised series     (d) Latest series
    \(\text{Ans : (c) Revised series}\)

12. ________ is not the correct indicator for the living standards of the people.
    (a) Per capita income   (b) National income
    (c) Both                (d) None of the above
    \(\text{Ans : (c) Both}\)

13. The share of primary sector declined from 59% to ________ %.
    (a) 50               (b) 25            (c) 24         (d) 26
    \(\text{Ans : (c) 24}\)

    (a) 520              (b) 460           (c) 240         (d) 900
    \(\text{Ans : (b) 460}\)
15. In _______ method, the measures of GDP are calculated for adding total value of output produced by all activities during a year.
   (a) Expenditure   (b) Income
   (c) Product   (d) All the above
   (Ans : (c) Product)

16. In __________ method, the measures of GDP are calculated by adding all the expenditures made in the economy.
   (a) Income   (b) Expenditure
   (c) Product   (d) All the above
   (Ans : (b) Expenditure)

17. __________ means unreported economy which is equivalent to the size of officially estimated size of the economy.
   (a) Developed economy   (b) Under developed economy
   (c) Developing economy   (d) Parallel economy
   (Ans : (d) Parallel economy)

18. “National income estimate measures the volume of commodities and services turned out during a given period counted without duplication” is said that _______.
   (a) Alfred Marshall
   (b) Irving Fisher
   (c) National Income Committee of India
   (d) Samuelson
   (Ans : (c) National Income Committee of India)

19. GDP indicates productive capacity for an _______.
   (a) economy   (b) employment
   (c) income   (d) population  (Ans : (a) economy)

20. The black economy as percentage of GDP is estimated to have grown from __________ percentage.
   (a) 2%   (b) 3%   (c) 5%   (d) 7%
   (Ans : (b) 3%)
21. The Indian High Commission in London is a part of the domestic territory of ________.
   (a) England   (b) United Nations
   (c) Common Wealth   (d) India   (Ans: (a) England)

22. Transfer earnings is referred to ________.
   (a) Pension payments to retired persons
   (b) Income paid as rent to landlord
   (c) An interest payments to a capitalist
   (d) Medical payments made to an employee of a company
   (Ans: (a) Pension payments to retired persons)

23. One of the following is not a stock variable.
   (a) income during a year of a company
   (b) capital stock of the economy
   (c) value of goods available in a general store
   (d) amount of money in circulation
   (Ans: (d) amount of money in circulation)

24. The value of net national product will be more than the value of net domestic product, if ________.
   (a) imports exceed exports
   (b) exports exceed imports
   (c) exports equal imports
   (d) none of the above
   (Ans: (b) exports exceed imports)

25. The base year 1993-94 is used in the ________.
   (a) New series
   (b) Conventional series
   (c) C.S.O’s latest series
   (d) revised series
   (Ans: (c) C.S.O’s latest series)

26. Parallel economy refers to ________.
   (a) agricultural economy
   (b) industries
   (c) banking activities
   (d) black money in circulation
   (Ans: (d) black money in circulation)
II. Fill in the blanks:

1. The measure of national income and _________ are used in economics to estimate the total value of production in an economy.  \(\text{Ans: output}\)

2. The country’s economic performance has been measured by indicators of ___________.  \(\text{Ans: national income}\)

3. NNP = GNP — _______________.  \(\text{Ans: Depreciation}\)

4. GNP — Foreign trade = _____________.  \(\text{Ans: GDP}\)

5. GNP is a crude indicator of ____________.  \(\text{Ans: living standard}\)

6. ______ is a measure of income flow from production and or the sum total of all the spending involved for the production of output.  \(\text{Ans: National income}\)

7. ___________ is the total value of output produced by the factors of production located within the country’s boundary in a year.  \(\text{Ans: GDP}\)

8. National Income at current price measures the national income after making necessary adjustments to eliminate the effect of ___________.  \(\text{Ans: Inflation}\)

9. ______is the common feature in almost all the economies.  \(\text{Ans: Inflation}\)

10. Output = Income = _____________.  \(\text{Ans: Expenditure}\)

11. GDP is the measure of an economy’s total ___________.  \(\text{Ans: Output}\)

12. Income method of national income is the ___________ side of our national income.  \(\text{Ans: distribution}\)

13. The output of many business is the __________ of some other business.  \(\text{Ans: input}\)

14. In recent years, the service sector is growing faster than that of the _________ and _________ sector.  \(\text{Ans: agricultural, industrial}\)

15. The growth of national income has increased from 3.5% in 1950-80 to ___________ % during 1980 - 2005.  \(\text{Ans: 5.6}\)

16. The national income analysis ignores domestic work, house keeping and ___________.  \(\text{Ans: Social service}\)
17. Rural economy is called ________ economy.  
   *(Ans: non-monetized)*

18. In India, ________ money is all-pervasive, affecting not only the economy but also the society at large.  
   *(Ans: black)*

19. The problem of double counting can be avoided by including only the value added in the final value of ________ produced.  
   *(Ans: output)*

20. The share of primary sector has declined from ______ percent to ______ percent.  
   *(Ans: 59 to 24)*

21. In estimating national income, Net value added method is also known as ________.  
   *(Ans: output or product method)*

22. Pension is ________ of a wage income.  
   *(Ans: injection)*

23. Consumption of fixed capital should be ________ the gross national product to arrive at the net national product.  
   *(Ans: deducted from)*

24. Net factor income from abroad is ________ in the domestic factor income to national income.  
   *(Ans: added)*

25. ________ is included in the primary sector.  
   *(Ans: Fishing)*

26. Income method estimates national income from the ________ side.  
   *(Ans: production side)*

27. ________ is a major source of income to modern government.  
   *(Ans: Tax)*

28. PI - Personal taxes is = ________. *(Ans: PDI - Personal Disposable Income)*


30. ________ income refers to the average annual income of the people of a country.  
   *(Ans: per capita income)*

31. ________ is defined as the total value of goods and services produced in a country during a year.  
   *(Ans: National Income)*

32. The flow chart consist of two segments ________ and ________.  
   *(Ans: real flow and money flow)*
III. Match the following:

(a)
1. Income method - (a) Non - monetized
2. Expenditure method - (b) Parallel economy
3. Rural economy - (c) Almost reached half of our national income
4. Black money - (d) C+I+G+(X—M)
5. Service sector - (e) Rent, wages, interest, profits

(Ans :1 (e), 2 (d), 3 (a), 4 (b), 5 (c))

(b)
1. National dividend - (a) Net income from abroad
2. (X—M) - (b) Total value of output
3. Taxes and import payment - (c) depreciation
4. Decline in capital assets - (d) Leakages
5. Output method - (e) National income

(Ans :1 (e), 2 (a), 3 (d), 4 (c) 5 (b))

(c)
1. Four sector economy - (a) Primary Sector
2. Y = C + I - (b) NNI
3. Forestry - (c) GNP - Depreciation
4. NNP - indirect taxes - (d) Product Method
5. NNP - (e) BPO
6. Output Method - (f) Y = C + I + G + (X - M)
7. Business Process Outsourcing - (g) Two sector economy

(Ans: 1. (f); 2. (g); 3. (a); 4. (b); 5. (c); 6. (d); 7. (e))

IV. Answer for each of the following questions in a word or two:

1. Which includes profits earned from capital invested abroad?
   (Ans :GNP)

2. What is the other name of per capita income?
   (Ans :Output per person)
3. What income is included in the National income calculation?
   \(\text{(Ans: Income of factors of production)}\)

4. Give the formula to calculate per capita income.
   \(\text{(Ans: } PCI = \frac{\text{GNP}}{\text{Total population}}\text{)}\)

5. How many segments are there in the flow chart of income?
   \(\text{(Ans: Two)}\)

6. Write any two components of national income.
   \(\text{(Ans: Consumers and producers)}\)

7. Name the supply of factors of production.
   \(\text{(Ans: Land, Labour, Capital and Organisation)}\)

8. What is the reward for capital?
   \(\text{(Ans: Interest)}\)

9. What are the two units of two sector economy model?
   \(\text{(Ans: House holds, firms)}\)

10. What are the three major sectors of our economy?
    \(\text{(Ans: Primary, Secondary and Tertiary)}\)

11. What is ‘real flow’?
    \(\text{(Ans: Goods flow from firms to households is known as real flow)}\)

12. What are the two markets integrated through economic activities?
    \(\text{(Ans: Factor market and goods market)}\)

13. What is leakages?
    \(\text{(Ans: Withdrawing some amount from the households and the firms for the payment of taxes is called leakages)}\)

14. Give the expand form of C.S.O.
    \(\text{(Ans: Central Statistical Organisation (C.S.O))}\)

15. What are the three methods of calculating national income?
    \(\text{(Ans: (i) Product Method; (ii) Income Method; (iii) Expenditure Method)}\)
CHAPTER - 5
Economic planning

EXERCISE

I. Choose the Correct Answer:

1. The first country to introduce Five Year Plan was ________.
   (a) U.K.  (b) U.S.A.
   (c) Former Soviet Russia  (d) France
   (Ans: (c) Former Soviet Russia)

2. Planning in India is ________.
   (a) Centralized planning  (b) Democratic planning
   (c) Partial Planning  (d) Indicative planning
   (Ans: (b) Democratic planning)

3. Perspective Plan covers a period of ________.
   (a) 5 years  (b) 10 years  (c) 20 to 25 years  (d) 15 years
   (Ans: (c) 20 to 25 years)

4. The first Five Year Plan of India was launched in ________.
   (a) 1947  (b) 1951  (c) 1956  (d) 1961
   (Ans: (b) 1951)

5. There was plan holiday in India from ________.
   (a) 1966 – 69  (b) 1961 – 63  (c) 1980 – 84  (d) 2002 – 2004
   (Ans: (a) 1966 – 69)

II. Fill in the blanks:

6. In Soviet Russia they had ________ planning.  (Ans: central)

7. Market Economy is a victim of ________ cycles.  (Ans: Trade or Business)

8. The planning strategy in India has been described as ________ strategy.  (Ans: Mahalanobis)
9. Former Soviet Russia launched its First Five Year Plan in _______.  
   (Ans: 1928)

10. During the Second Plan period, India adopted democratic _______.  
    (Ans: socialism)

### III. Match the Following:

11. Industrial development in U.K. - (a) Indian Five Year Plans
12. Increasing standard of living - (b) Laissez Faire Policy
13. Second Five Year Plan - (c) Garibi Hatao (Removal of poverty)
14. Fifth Five Year Plan - (d) Equity and Social Justice
15. Tenth Five Year Plan - (e) Rapid industrialization

   (Ans: 11. (b); 12. (a); 13. (c); 14. (d); 15. (d))

### IV. Answer the following in a word or two:

16. Who was the Prime Minister of India when the First Five Year Plan was launched?  
   (Ans: Jawaharlal Nehru)

17. What was the policy followed during the 19th century?  
   (Ans: Laissez Faire Policy)

18. What is the body that draws Five Year plans in India?  
   (Ans: The Planning Commission)

19. What is the period of the Tenth Five Year Plan?  
   (Ans: 2002-2007)

20. Who gave the name “Hindu rate of growth”?  
   (Ans: Rajkrishna)
I. Choose the correct answer:

1. Planning is a gift of ______ to the world.
   (a) America   (b) Japan
   (c) Former Soviet Russia (d) Germany
   \[Ans : (c) Former Soviet Russia\]

2. “Strictly speaking, all economic life involves planning” is said to be ______.
   (a) Alfred Marshall (b) Lionel Robbins
   (c) J.M. Keynes   (d) Schumpeter
   \[Ans : (b) Lionel Robbins\]

3. In ______ countries, planning is almost a religion.
   (a) Socialist   (b) Capitalist
   (c) Mixed economic (d) Traditional economic
   \[Ans : (a) Socialist\]

4. In a socialist state most of the means of production are owned by the ______.
   (a) Private individuals (b) state
   (c) Planning authority   (d) none of the above
   \[Ans : (b) state\]

5. In a democracy planning is done by ______.
   (a) inducement   (b) index
   (c) discussion   (d) choice
   \[Ans : (a) inducement\]

6. The Great Depression occurred in ______.
   (a) 1930   (b) 1950   (c) 1980   (d) 2000
   \[Ans : (a) 1930\]

7. The underdeveloped nations, plan for economic ______.
   (a) stability   (b) equality
   (c) growth and development   (d) progress
   \[Ans : (c) growth and development\]

8. Capitalist economy is basically a ________ economy.
   (a) traditional   (b) market
   (c) mixed   (d) socialist
   \[Ans : (b) market\]
9. In capitalism, the allocation of resources and distribution of rewards are done through the ________ system.
   (a) supply       (b) demand       (c) price       (d) curve
   *(Ans: (c) price)*

10. There will be ________ planning in a capitalist economy.
    (a) rural       (b) urban       (c) total       (d) partial
    *(Ans: (d) partial)*

11. The period of eight plan was ____________.
    (a) 1978-83       (b) 1985-90
    (c) 1992-97       (d) 1990-95
    *(Ans: (c) 1992-97)*

12. The term modernisation means ____________.
    (a) industrialisation  (b) electrification
    (c) structural changes  (d) urbanisation
    *(Ans: (c) structural changes)*

13. During depression, there will be falling prices and mass__________.
    (a) full employment  (b) unemployment
    (c) production       (d) recession
    *(Ans: (b) unemployment)*

14. In Soviet Russia, the New Economic policy was from 1921 to ____.
    (a) 1924       (b) 1926       (c) 1928       (d) 1932
    *(Ans: (a) 1924)*

15. Socialist economy gives more importance to ________ sector.
    (a) agriculture  (b) industry
    (c) service       (d) goods
    *(Ans: (b) industry)*

16. The National Planning Commission was set up in India in ________.
    (a) 1947       (b) 1950       (c) 1956       (d) 1952
    *(Ans: (b) 1950)*

17. The objectives of five year plan in India is to ____________.
    (a) raise the standard of living  (b) increase output
    (c) reduce inequalities       (d) all the above
    *(Ans: (d) all the above)*
18. Indian plans have looked at employment as an integral part of the problem of the removal of __________.
   (a) Poverty   (b) unemployment
   (c) Both   (d) None
   *(Ans: (c) Both)*

19. The basic causes of poverty is __________.
   (a) rapid growth of population   (b) low agricultural productivity
   (c) low savings and disguised unemployment
   (d) all the above
   *(Ans: (d) all the above)*

20. Garibi Hatao is the slogan during the __________ Five Year Plan.
   (a) Second   (b) Third
   (c) Fourth   (d) Fifth
   *(Ans: (d) Fifth)*

21. __________ is the period of sixth five year plan during Janata party in centre.
   (a) 1975-80   (b) 1980-85
   (c) 1985-90   (d) 1978-83
   *(Ans: (d) 1978-83)*

22. The aim of seventh five year plan_______.
   (a) agricultural growth in food grains production
   (b) increasing employment opportunities
   (c) raising productivity in all sectors
   (d) all the above
   *(Ans: (d) all the above)*

23. The new reforms policy was introduced in ____________.
   (a) 1950   (b) 1971   (c) 1986   (d) 1991
   *(Ans: (d) 1991)*

24. Poverty alleviation programmes started by the government from __________ Five Year Plan.
   (a) Fourth   (b) Fifth   (c) Sixth   (d) Seventh
   *(Ans: (b) Fifth)*
25. The Ninth Plan _______ on the external trade front.
   (a) succeeded  (b) failed
   (c) succeeded more than target  (d) aim and target are equal
   (Ans : (b) failed)

26. The process of decision making about alternative ways of using available scarce resources is ________.
   (a) consumption  (b) saving
   (c) expenditure  (d) economic planning
   (Ans : (d) economic planning)

27. All means of production are owned by the state under ________.
   (a) mixed economy  (b) socialism (c) capitalism  (d) feudalism
   (Ans : (b) socialism)

28. Normally, India was been adopting ________.
   (a) annual plans  (b) rolling plans
   (c) mid-term plans  (d) perspective plans
   (Ans : (c) mid-term plans)

29. In ________ planning the period extends over 3 to 5 year upto 7 to 10 years.
   (a) over all  (b) rolling  (c) indicative  (d) mid-term
   (Ans : (d) mid-term)

30. The people’s plan was prepared by ________.
   (a) Sriman Narayan  (b) Sir M. Viswesvaraya
   (c) M. N. Roy  (d) N. S. C. Bose
   (Ans : (c) M. N. Roy)

II. Fill in the blanks:

1. In countries like U.S.A and U.K with a capitalistic system, they have __________ planning.  (Ans : partial)

2. The modern state is a _____ state.  (Ans : welfare)

3. planning involves the economizing of __________ resources.  (Ans : scarce)
4. _______ policy is a luxury for modern governments.  
   \(\text{Ans: Laissez faire}\)

5. For giving basic necessities, first of all, the governments had to increase their _______.  
   \(\text{Ans: national income}\)

6. Reduction of poverty by ________% by 2007 is the important aim of tenth five year plan.  
   \(\text{Ans: 5}\)

7. The 20\textsuperscript{th} century was an era of ___________.  
   \(\text{Ans: planning}\)

8. The 19\textsuperscript{th} country state was a ___________ state.  
   \(\text{Ans: Laissez faire}\)

9. Second five year plan aimed at rapid _______________.  
   \(\text{Ans: industrialisation}\)

10. Increase in literacy to ________% by 2007 is the important target of 10\textsuperscript{th} plan.  
    \(\text{Ans: 75}\)

11. The Ninth five year plan aimed at achievement of an average growth rate of ________% of GDP.  
    \(\text{Ans: 6.5}\)

12. Market economy is a victim of __________.  
    \(\text{Ans: trade cycles}\)

13. A socialist economy is a totally planned ___________.  
    \(\text{Ans: economy}\)

14. In democracy planning is done by ___________.  
    \(\text{Ans: inducement}\)

15. The developed nations of the world, plan for economic ___________.  
    \(\text{Ans: stability}\)

16. Planning in under developed countries is the failure of _______.  
    \(\text{Ans: market mechanism}\)

17. ___________ economy means both public sector and private sector play important roles in economic planning.  
    \(\text{Ans: Mixed}\)

18. ___________ plan was formulated keeping in mind the quality of the life of poor people.  
    \(\text{Ans: Ninth}\)

19. ___________ mean equal opportunities for all and reduction in equalities in income and wealth.  
    \(\text{Ans: Social Justice}\)

20. The term ___________ refers to a number of structural changes in the economy.  
    \(\text{Ans: modernization}\)
21. The ________ was the first nation in the world to introduce Economic Planning.  
   (Ans: Soviet Union)

22. Overall Planning is also known as ________.  
   (Ans: Functional)

23. First five year plan was an ________ oriented plan.  
   (Ans: Agriculture)

24. Second five year plan was an ________ oriented plan.  
   (Ans: Industrial)

25. Planning is imperative and totalitarian a ________ economy.  
   (Ans: Socialist)

26. ________ plan is a short term plan.  
   (Ans: Annual Plan)

27. The plan prepared by eight leading businessmen is called.  
   (Ans: Bombay Plan)

28. India is a ________ economy.  
   (Ans: Mixed)

29. ________ plan is a long term plan.  
   (Ans: Perspective Plan)

30. Planning in France is a good example of ________ planning.  
   (Ans: indicative)

31. ________ is a victim of trade cycles.  
   (Ans: Market Economy)

32. Laissez Faire Policy is a ________ for modern governments.  
   (Ans: Luxury)

III. Match the following:

(a)

1. Laissez Faire - (a) market system
2. Great depression - (b) equal opportunities for all
3. Price mechanism - (c) 1930
4. Centralised planning - (d) non-intervention
5. Social Justice - (e) Socialist economy

(Ans: 1 (d), 2 (c), 3 (a), 4 (e), 5 (b))
### (b)

1. Rolling plan - (a) Mahalanobis strategy
2. Indian planning - (b) Low productivity
3. Planning commission - (c) Without fixed target
4. Poverty - (d) 1950
5. Plan Holiday - (e) 1966-69

**Ans:** 1 (c), 2 (a), 3 (e), 4 (b) 5 (d)

### (c)

1. War communism - (a) Standard of Living of the people
2. Liberalization and privatization policies - (b) Heavy industry
3. Depression - (c) 1918-21
4. Second plan - (d) 1991
5. Planning in India - (e) Trade cycle

**Ans:** 1 (c), 2 (d), 3 (e), 4 (b) 5 (a)

### (d)

1. 2002 - 2007 - (a) 1985 - 1990
2. Seventh five year plan - (b) Central plan
3. Former Soviet Russia - (c) 1966 - 69
4. Fourth plan - (d) France
5. Indicative planning - (e) Mixed Economy
6. India - (f) Tenth five year plan

**Ans:** 1. (f); 2. (a); 3. (b); 4. (c); 5. (d); 6. (e)

### IV. Answer for each of the following questions in a word or two:

1. Which country introduced planning in the world first?
   
   *(Ans: Soviet Russia)*

2. What is the main business of the Governments of the newly emergent nations?
   
   *(Ans: provide food, clothing and shelter)*

3. What was the nature of the 25th century state?

   *(Ans: Laissez Faire States)*

4. What for the developed nation of the world plan?

   *(Ans: Economic stability)*
5. What was the period of the Seventh plan?  
   \textit{(Ans : 1985-90)}

6. What was the rate of growth in the first 30 years of planning?  
   \textit{(Ans : 3.5\%)}

7. Which economic system will reduce the inequalities of income and wealth?  
   \textit{(Ans : Socialistic country)}

8. Give an example for capital intensive.  
   \textit{(Ans : Iron and steel industry)}

9. What is the period of Eight plan?  
   \textit{(Ans : 1992-97)}

10. What are the changes in our economic policy marked in the Eighth plan?  
    \textit{(Ans : Liberalization, privatization and Globalization)}

11. What are the four main objectives that are grouped by planning commission in India?  
    \textit{(Ans : Growth, Modernization, self reliance and social justice)}

12. What are the problems of planning in underdeveloped nations?  
    \textit{(Ans : Over population and Low capital formation)}

13. What type of objectives are taken in the Five Year Plans?  
    \textit{(Ans : Long term objectives)}

14. Which party in centre in the period of Sixth Five Year Plans?  
    \textit{(Ans : Janata party)}

15. What are the types of economic system?  
    \textit{(Ans : Capitalism, socialism, and mixed economy)}

16. Give example for long term plan.  
    \textit{(Ans : Population)}

17. Name the two types of planning.  
    \textit{(Ans : Centralized and rolling plan)}

18. When did the Soviet Russia implemented its First five year plan?  
    \textit{(Ans : 1928)}

19. Mention any one of the main objective of Tenth five year plan.  
    \textit{(Ans : Equity and Social justice)}

20. What is the period of the Third five year plan?  
    \textit{(Ans : 1961 - 66)}

21. What is the period of the Fifth five year plan?  
    \textit{(Ans : 1974 - 79)}

22. What is the period of Second five year plan?  
    \textit{(Ans : 1956 - 61)}
CHAPTER - 6
Agriculture

EXERCISE

I. Choose the Correct Answer:

1. Nearly 64% of labour force in India is engaged in
   (a) Agriculture (b) Industry
   (c) Service sector (d) Foreign trade
   (Ans: (a) Agriculture)

2. Agricultural productivity can be measured in terms of
   (a) consumption of fertilizer (b) Irrigational facilities
   (c) Land and labour productivity (d) Mechanization
   (Ans: (c) Land and labour productivity)

3. Nearly 20% of the cultivated area is irrigated by
   (a) Tube wells (b) Storage canals
   (c) Perennial canals (d) Tanks
   (Ans: (d) Tanks)

4. The contribution of agricultural sector to the GDP has declined to
   (a) 29.7% (b) 56.1% (c) 27.9% (d) 26%
   (Ans: (a) 29.7%)

5. Green revolution increased the foodgrains production especially in
   (a) Rice and sugarcane (b) Rice and wheat
   (c) Wheat and sugarcane (d) Ragi and rice
   (Ans: (b) Rice and wheat)

II. Fill in the blanks:

6. ________ has been the major source of livelihood in the Indian Economy.
   (Ans: Agriculture)

7. Agriculture provides ________ to the Industries. (Ans: Raw Materials)

8. ________ means the proportion of area under different crops at a point of time.
   (Ans: Cropping pattern)
9. ________ means the size of land owned and cultivated by a farmer at a particular time.  
   \(\text{(Ans : Agricultural holding)}\)

10. ________ means the economic process under which agricultural goods are exchanged.  
   \(\text{(Ans : Agricultural Marketing)}\)

### III. Match the Following:

11. Sub-division and fragmentation - (a) New Agricultural price policy

12. Sudden increase in production per acre of land - (b) Decline of joint family system

13. Zamindari system - (c) Green revolution

14. Disguised unemployment - (d) British period

15. 1986 - (e) Agriculture

\(\text{(Ans : 11. (b); 12. (c); 13. (d); 14. (e); 15. (a))}\)

### IV. Answer each one of the questions in a word or two:

16. What is the yield per hectare called? \(\text{(Ans : Land productivity)}\)

17. What are the ways in which agricultural productivity can be measured? \(\text{(Ans : Labour productivity)}\)

18. Is capital-output-ratio small in agriculture? \(\text{(Ans : Yes)}\)

19. Give example for natural factors affecting cropping pattern. \(\text{(Ans : Climate)}\)

20. Is crop insurance scheme essential for the farmers? \(\text{(Ans : Yes)}\)
I. Choose the correct answer:

1. _______ occupies a very important place in the economic life of our country.
   (a) Agriculture   (b) Industry
   (c) Service       (d) Banking
   (Ans : (a) Agriculture)

2. _______ is the backbone of our economic system.
   (a) Industry   (b) Agriculture
   (c) Service   (d) Banking
   (Ans : (b) Agriculture)

3. Contribution of national income during 2002-03, declined about _______ percent.
   (a) 26     (b) 20     (c) 25     (d) 30
   (Ans : (c) 25)

4. Six out of every ten persons in India depend on _______.
   (a) service sector   (b) industries
   (c) foreign trade   (d) agriculture
   (Ans : (d) agriculture)

5. The share of various agricultural commodities, animal husbandry and ancillary activities have been more than _______ percent between the years 1950-51 and 1979-80.
   (a) 50     (b) 60     (c) 40     (d) 30
   (Ans : (c) 40 )

6. Disguised unemployment is related with _______ sector.
   (a) service   (b) agriculture
   (c) insurance   (d) economy
   (Ans : (b) agriculture)

7. India exports like ________
   (a) tea, oil cakes, fruits etc   (b) capital goods
   (c) investment goods   (d) plant, machinery, equipments
   (Ans : (a) tea, oil cakes, fruits etc)
8. According to the year 1995, the number of people working on land increased to ________ million.
   (a) 235      (b) 250      (c) 225      (d) 210
   (Ans : (a) 235)

9. Government adopted __________ to ensure fair distribution of food grains at controlled prices.
   (a) barter system   (b) money system
   (c) exchange system   (d) public distribution system
   (Ans : (d) public distribution system)

10. __________ are a long term guarantee to farmers that the prices of products will not be allowed to fall below a certain level.
    (a) Issue Price   (b) Minimum Support Price
    (c) Retail Price   (d) Procurement Price
    (Ans : (b) Minimum Support Price)

11. In Indian villages the percentage of people who earn their livelihood from cultivation and allied agro - industries is __________.
    (a) 80      (b) 70      (c) 60      (d) 50
    (Ans : (b) 70)

12. Qualitative aspects of food problem is related to ________ in food.
    (a) demand aspects   (b) nutritive elements
    (c) supply aspects   (d) cost aspect
    (Ans : (b) nutritive elements)

13. Super bazaars are working in almost all the major ______ of India.
    (a) villages   (b) rural areas
    (c) cities   (d) particular places
    (Ans : (c) cities)

14. ________ aspects of food problem are related to the demand and supply of food grains.
    (a) Qualitative   (b) Quantitative
    (c) Economic   (d) Demand
    (Ans : (b) Quantitative)
15. ________ is the main causes of low agricultural productivity.
   (a) Over crowding in agriculture   (b) Sub-division and fragmentation
   (c) Size of holding                (d) All the above
   (Ans : (b) Sub-division and fragmentation)

16. There are strong demand linkages between the ______ sectors.
   (a) two   (b) three   (c) four   (d) five
   (Ans : (a) two)

17. Indebtedness of the farmers are the ______ factors of low agricultural productivity.
   (a) general   (b) institutional
   (c) demographic   (d) technological
   (Ans : (d) technological)

18. India’s major ______ crops are sugarcane, jute, cotton, tea, coffee etc.
   (a) cash   (b) food
   (c) marketing   (d) commercial
   (Ans : (a) cash)

19. ______ refer to all kinds of policy-induced changes relating to the ownership, tenancy and management of land.
   (a) Land holding   (b) Land reforms
   (c) Labour reforms   (d) Individual holding
   (Ans : (b) Land reforms)

20. 48 lakh tonnes of food grains were imported in ________.
    (a) 2001   (b) 1951   (c) 1985   (d) 1990
    (Ans : (b) 1951)

21. Per hectare productivity of wheat increased from 663kg in 1950-51 to ________ kg in 2003-04.
    (a) 1068   (b) 2710   (c) 2077   (d) 2713
    (Ans : (d) 2713)

22. ________ = Total production / Area of land.
    (a) Productivity of land   (b) Productivity of labour
    (c) Agricultural productivity   (d) Productivity of capital
    (Ans : (a) Productivity of land)
23. ______ are normally less than market prices and higher procurement prices.
   (a) Land  (b) Agricultural  (c) Labour  (d) Capital  \((\text{Ans : (b) Agricultural})\)

24. If a country has to import food grains it will create problems of ____.
   (a) famine  (b) poverty  (c) adverse balance of payments  (d) deaths of starvation
   \((\text{Ans : (c) adverse balance of payments})\)

25. In the post - green revolution period the annual rate of growth of food grains production was __________.
   (a) 5.8%  (b) 2.2%  (c) 3.2%  (d) 10%
   \((\text{Ans : (c) 3.2%})\)

26. The Agricultural prices commission was renamed as Agricultural costs and prices commission in the year ________.
   (a) 1985  (b) 1986  (c) 1987  (d) 1965
   \((\text{Ans : (d) 1965})\)

27. The price at which government is willing to purchase agricultural goods when they are in excess supply is called ________.
   (a) Fair price  (b) Support price  (c) Subsidy  (d) Procurement price  \((\text{Ans : (b) Support price})\)

28. Law of inheritance is one of the causes of ________.
   (a) Rise of Zamindari system  (b) Sub-division and fragmentation of lands  (c) unequal distribution of land  (d) Poverty  \((\text{Ans : (b) Sub-division and fragmentation of lands})\)

29. The production of food grains during the year 2000 - 01 was ________ million tonnes.
   (a) 55  (b) 196  (c) 169  (d) 691
   \((\text{Ans : (b) 196})\)
30. 64 percent of labour force is engaged in ________.
   (a) agriculture    (b) industry    (c) service sector    (d) foreign trade
   (Ans: (a) agriculture)

II. Fill in the blanks:

1. Agriculture contributes even now a major share of ________ in India.
   (Ans: National income)

2. Agricultural provides raw materials to ________.  (Ans: industries)

3. Agricultural sector is a net earner of ________.  (Ans: foreign exchange)

4. India is primarily an ________ country.  (Ans: agricultural)

5. ________ growth has direct impact on poverty by eradication.  
   (Ans: Agricultural)

6. The ______ system in India has been depressing an distinctive ridden.  
   (Ans: land tenure)

7. Industrial development of our country depend upon ________only.  
   (Ans: agriculture)

8. The Green Revolution was introduced in the year____.  (Ans: 1965)

9. ________ trade is mostly in agricultural products.  (Ans: Internal)

10. The rapid rate of population growth affects the ______ of the country adversely.  
    (Ans: economic progress)

11. Modern warehousing is __________.  (Ans: inadequate)

12. The ratio of different crops cultivated at a particular time is called ________.
    (Ans: cropping pattern)

13. Agricultural marketing is related to ____________products only.  
    (Ans: agricultural)

14. Higher level of ____________ leads to greater economic development.  
    (Ans: marketable surplus)

15. India is the second ____________ country in the world.  
    (Ans: population)

16. Government adopted the system of procurement of _________.  
    (Ans: food grains)
17. Each fair price shop is envisaged to serve a population of about ________.
   \(\text{Ans : 2000}\)

18. In India, food problem is a ________ problem. \(\text{Ans : chronic}\)

19. The pre-green revolution period is ________.
   \(\text{Ans : 1949-65}\)

20. Co-operatives are of ________ tier structure.
    \(\text{Ans : three}\)

21. ________ is the ratio of agricultural inputs and output.
    \(\text{Ans : Agricultural productivity}\)

22. ________ refers to buying and selling of food stocks by government.
    \(\text{Ans : Buffer stock operations}\)

23. ________ prices are higher than issue prices.
    \(\text{Ans : Retail}\)

24. National income and per capita income of India are ________.
    \(\text{Ans : very low}\)

25. The Agricultural price policy Revolution of 1993 emphasised the government to take a positive stand on ________ subsidy. \(\text{Ans : Farm}\)

26. The food corporation of India was started in the year ________.
    \(\text{Ans : 1965}\)

27. Recent estimates show that nearly 40,000 tonnes of rice are being destroyed every year by ________.
    \(\text{Ans : rats}\)

28. ________ banks provide long term credit to farmers against mortgage of land.
    \(\text{Ans : Land development}\)

29. The Zamindari system of land tenure was introduced during the ________ rule.
    \(\text{Ans : British}\)

30. Irrigation process is divided into ________ types.
    \(\text{Ans : 3-types}\)

31. The rural people even now use ________ as a natural manure and fuel.
    \(\text{Ans : Cow dung}\)

32. The ________ ratio in agriculture is small.
    \(\text{Ans : Capital - Out put}\)

33. If the price of ________ is increased that world lead to poor agricultural production.
    \(\text{Ans : Fertilizers}\)

34. The ________ and ________ land holdings are often un economic.
    \(\text{Ans : sub-divided and fragmented}\)
35. Crops are generally classified into food crops and ________ crops.
   (Ans: cash crops)

36. The ________ price is also known as supply price.  
   (Ans: Fair)

37. Agriculture is the main source of ________ in India.
   (Ans: livelihood)

38. ________ scheme is essential for farmers.  
   (Ans: Crop insurance)

39. Internal trade is mostly in ________ Products.  
   (Ans: Agricultural)

III. Match the following:

(a)
1. Simon kuznets  - (a) Food policy of government of India
2. Agricultural inputs  - (b) Inadequate irrigation facilities
3. Buffer stock scheme  - (c) Showing season
4. Minimum support prices  - (d) Fertilizers, high yielding seeds and irrigation
5. Technological factors  - (e) Four types of contribution of agriculture

   (Ans :1 (e), 2 (d), 3 (a), 4 (c), 5 (b))

(b)
1. Shortage of food grains  - (a) Poverty
2. Artificial shortage  - (b) Chronic problem
3. Inadequate calories  - (c) Greater economic development
4. Food shortage  - (d) anti-social elements
5. Higher marketable surplus - (e) Import of food grains

   (Ans :1 (e), 2 (d), 3 (a), 4 (b) 5 (c))
IV. Answer for each of the following questions in a word or two:

1. What is the main source of livelihood in India?  
   (Ans: Agriculture)

2. How many persons were provided with employment by agriculture in 1995?  
   (Ans: 97 million)

3. Which is the main cause for the low agricultural productivity?  
   (Ans: Overcrowding in agriculture)

4. Write any two causes of food problem in India?  
   (Ans: Rapid growth of population and low agricultural productivity)

5. Write two institution to promote agriculture production and productivity of food grains?  
   (Ans: National seeds corporation and food corporation of India)

6. What are the six key essential commodities?  
   (Ans: Wheat, rice, sugar, edible oil, kerosene and soft coke)

7. What we call, dividing total production by number of workers employed?  
   (Ans: Productivity of labour)

8. Which country is producing highest rice in Kg per hectare?  (Ans: Egypt)

9. What does rural bazaar out buy?  
   (Ans: Urban market)

10. Is marketing system defective in India?  
    (Ans: Yes)
11. What does the proportion of area under different crops at a point of time mean?
   (Ans: Cropping pattern)

12. What scheme helps in diversifying cropping pattern of a country?
   (Ans: Crop Insurance)

13. What is the size of land owned and cultivated by a farmer mean?
   (Ans: Agricultural holding)

14. What is the base of most of the economic activities of a country?
   (Ans: Agricultural marketing)

15. Which is the second most populated country in the world?
   (Ans: India)

16. What is land productivity?
   (Ans: Land productivity refers to the yield per hectare of land)

17. What are the two methods of measuring agricultural productivity?
   (Ans: Land and Labour productivity)

18. What do you mean by HYV?
   (Ans: High Yielding Varieties of Seeds)

19. What are the three types of irrigation in India?
   (Ans: Well, Tank and Canal irrigation)

20. When did the Agricultural price polling Resolution announced?
   (Ans: May-1993)
CHAPTER - 7
Industrial sector

EXERCISE

I. Choose the Correct Answer :

1. The productive capacity of a nation is represented by the progress of ________.
   (a) agriculture   (b) Infrastructure   (c) Export   (d) Industries
   *(Ans : (d) Industries)*

2. A nation’s real strength is reflected in its ________.
   (a) agriculture   (b) Export
   (c) Import   (d) Industrial development
   *(Ans : (d) Industrial development)*

3. The process of industrialization is the essential pre-requisite for ________.
   (a) Generating employment   (b) Inducing investment
   (c) Achieving economic development   (d) Increasing per capita income
   *(Ans : (c) Achieving economic development)*

4. The new industrial policy was announced in ________.
   (a) 1980   (b) 1984   (c) 1991   (d) 2001
   *(Ans : (c) 1991)*

5. Which of the following is called as an important agro-based industry ________.
   (a) Steel   (b) Cement   (c) Sugar   (d) Jute
   *(Ans : (c) Sugar)*

II. Fill in the blanks :

6. ________ is one of the oldest as well as the largest industries in India.
   *(Ans : Textile Industry)*

7. The main aim of the ________ was to accelerate the growth of the economy through rapid industrialization.
   *(Ans : II Plan)*

8. ________ means the order of the market or capitalist economy relying predominantly on competition and private sector.
   *(Ans : Liberalism)*
9. _______ is defined as transfer of ownership from public to private sector.
   
   (Ans: Privatization)

10. _______ plays an important role in the economic development.

   (Ans: Industrialization)

III. Match the Following:

11. Disinvestment process - (a) Traditional industries
12. Cottage industries - (b) Privatization
13. Delicensing - (c) Labour intensive
14. Small scale units - (d) Intermediate good
15. Cement - (e) Industrial policy of 1991

   (Ans: 11. (b); 12. (a); 13. (e); 14. (c); 15. (d))

IV. Answer the following in a word or two:

16. Give an example of a country that follows mixed economic system.

   (Ans: India)

17. Give an example for large scale industry.

   (Ans: Steel Industry)

18. Is sugar industry an agro-based industry?

   (Ans: Yes)

19. Expand LPG.

   (Ans: Liberalization, Privatization, Globalization)

20. What was the main aim of Second Five Year Plan?

   (Ans: Industrialization)

Other Important Questions

1. Choose the correct answer:

   1. One of the main reasons for the backwardness of many poor centuries is ________.

      (a) absence of industrialisation  (b) absence of capital
      (c) lack of savings  (d) lack of technology

      (Ans: (a) absence of industrialisation)

2. A larger share of national income of advanced countries come from ________.

      (a) trade sector  (b) industrial sector
      (c) agricultural sector  (d) foreign trade

      (Ans: (b) industrial sector)
3. Most modern and rich countries have well developed through their early __________ revolution.
   (a) Green    (b) Red    (c) French    (d) Industrial
   (Ans : (d) Industrial)

4. Higher standard of living increases _________________.
   (a) national income    (b) per capita income
   (c) investment        (d) all the above
   (Ans : (d) all the above)

5. The modern development strategies attach more emphasis to rapid ___________ to achieve faster growth and progress.
   (a) agriculture    (b) service
   (c) industrialization    (d) infrastructural
   (Ans : (c) industrialization)

6. Major challenges of development strategy are _____.
   (a) surplus production
   (b) deficient production
   (c) Surplus labour and unemployment
   (d) poor harvest
   (Ans : (c) surplus labour and unemployment)

7. Industrially advanced countries are able to _______.
   (a) import more    (b) export more
   (c) plan more        (d) borrow more
   (Ans : (b) export more)

8. ‘Growth with social justice’ has been the main objective of planning since.
   (a) 1991    (b) 1981    (c) 1961    (d) 1951
   (Ans : (d) 1951)

9. ___________ sector will play a major role in building the industrial base of the economy.
   (a) Private    (b) Public
   (c) Service    (d) Agriculture
   (Ans : (b) Public)
10. The pattern on industrial growth depends on the relative roles of
________.
(a) public\hspace{1cm}(b) private\hspace{1cm}(c) public and private\hspace{1cm}(d) industry

\textit{(Ans: (c) public and private)}

11. The growth of capital goods industries decreased from 9.4% in 1980s
to _________ during 1990s.
(a) 5.4% \hspace{1cm} (b) 4.4% \hspace{1cm} (c) 3.4% \hspace{1cm} (d) 1.5%

\textit{(Ans: (a) 5.4%)}

12. The main objective of planning since 1951 has been achieving______.
(a) economic equality \hspace{1cm} (b) high technology\hspace{1cm}(c) highest foreign trade\hspace{1cm}(d) growth with justice

\textit{(Ans: (d) growth with justice)}

13. Public sector restructuring refers mainly to _________.
(a) reinvestment \hspace{1cm} (b) disinvestment\hspace{1cm}(c) buying of shares\hspace{1cm}(d) sale of shares

\textit{(Ans: (b) disinvestment)}

14. Deforestation and aquaculture have also caused severe damages to
___________.
(a) climate \hspace{1cm} (b) cultivation\hspace{1cm}(c) environment\hspace{1cm}(d) agriculture

\textit{(Ans: (c) environment)}

15. The Textile industry accounts for ______% of the total industrial
output.
(a) 10 \hspace{1cm} (b) 20 \hspace{1cm} (c) 30 \hspace{1cm} (d) 25

\textit{(Ans: (b) 20)}

16. India produces only _____ % of the world cement production.
(a) 5 \hspace{1cm} (b) 8 \hspace{1cm} (c) 4 \hspace{1cm} (d) 6 \textit{(Ans: (d) 6)}

17. _____________ is defined as transfer of ownership from public sector
to private sector.
(a) Liberalization \hspace{1cm} (b) Globalization\hspace{1cm}(c) Privatization\hspace{1cm}(d) Industrialization

\textit{(Ans: (c) Privatization)}
18. ___________ financial requirements can be met from internal sources like public deposits, share capital and commercial bank loans.
(a) Short term (b) Long term
(c) Medium term (d) Very long term

(Ans : (b) Long term)

19. IFCI is functioning at ___________ level.
(a) National (b) International
(c) State (d) Local

(Ans : (a) National)

20. TIIC is functioning at ___________ level.
(a) National (b) International
(c) State (d) Local

(Ans : (c) State)

21. SSI can be classified into ___________.
(a) two (b) three (c) four (d) five

(Ans : (a) two)

22. ___________ industries normally do not use power.
(a) Small scale (b) Large scale
(c) Cottage (d) Crop

(Ans : (c) Cottage)

23. The more formal definition of SSI having fixed assets less than ______ lakh in 1991.
(a) 50 (b) 75 (c) 100 (d) 150

(Ans : (b) 75)

24. The ceiling of SSI under tenth plan is Rs ___________ crores.
(a) 30 (b) 25 (c) 15 (d) 50

(Ans : (d) 50)

25. There are _______ million small scale industrial units in India.
(a) 2.6 (b) 3.2 (c) 3.4 (d) 5.4

(Ans : (c) 3.4)
26. The Steel Authority of India was set up to ________.
   (a) eliminate the licensing system
   (b) introduce the rationing of distribution of iron ore
   (c) reduce the cost of production
   (d) maximise the utilisation of installed capacity
   \(\text{Ans: (d) maximise the utilisation of installed capacity}\)

27. 75% of the jute cultivable areas were partitioned to ________.
   (a) Burma  (b) Nepal
   (c) China   (d) Bangladesh
   \(\text{Ans: (d) Bangladesh}\)

28. Private initiated industrialisation took place in ________.
   (a) England, USA and France  (b) India, Japan and Germany
   (c) Russia and China          (d) Australia and Italy
   \(\text{Ans: (a) England, USA and France}\)

29. The Eighth Five Year Plan was introduced in ________.
   (a) 1985-90  (b) 1992-97  (c) 1990-95  (d) 1997-2002
   \(\text{Ans: (b) 1992-97}\)

30. The demand for primary goods such as tea, coffee etc. will be ________.
    (a) elastic     (b) perfectly elastic
    (c) inelastic   (d) perfectly inelastic
    \(\text{Ans: (c) inelastic}\)

II. Fill in the blanks:
1. Industrialization increases the ________ of the people.
   \(\text{Ans: Per capita income}\)

2. The ________ made a small beginning in the industrial development.
   \(\text{Ans: Second world war}\)

3. Industrial sector will also promote ________.
   \(\text{Ans: technological progress}\)
4. __________ sector play very important role in rapid growth and development.  
   (Ans : Industrial)

5. Surplus labour and ________ are the major challenges of development strategy.  
   (Ans : unemployment)

6. Steel industry is called the ________ industry.  
   (Ans : Mother)

7. India produced 6% of world __________ production.  
   (Ans : Cement)

8. Cement industry has an installed capacity of ________ million metric tons.  
   (Ans : 140.53)

9. Sugar industry is an important __________ industry.  
   (Ans : agro based)

10. ________ is the main objective of planning.  
    (Ans : Growth with social Justice)

11. __________ has emerged as the largest sugar producing country in the world.  
    (Ans : India)

12. The tenth five year plan announced a policy package on the basis of ________ group.  
    (Ans : S.P. Gupta’s)

13. The macro economic policy reforms were launched in ____.  
    (Ans : 1991)

14. The SAIL was established during the __________.  
    (Ans : mid - seventies)

15. Rapid development with in a limited span of time is possible through the development of __________ industries.  
    (Ans : capital goods)

16. The new industrial policy was introduced in __________.  
    (Ans : July 1991)

17. __________ hazards have been a matter of very serious concern of humanity.  
    (Ans : Environmental)

18. ________ boards have been setup at different levels of government to address the environmental issues.  
    (Ans : Pollution control)

19. Financial institutions is developing countries are also referred to as ________ banks.  
    (Ans : development)

20. Liberalism means order of _____________.  
    (Ans : market)

21. The first industrial policy of the government of India was announced in __________.  
    (Ans : 1948)
22. Excise Duty for all jute products has been _______ from the financial year 1997 - 98.  
   (Ans: Exempted)

23. The sugar development fund was set up in the year _______.  
   (Ans: 1982)

24. Cement is an ________ commodity.  
   (Ans: Intermediate)

25. Most of the developing countries are ________ abundant.  
   (Ans: labour)

26. The Small Scale Units are mostly ________ intensive.  
   (Ans: labour)

27. ________ is a process through which privatisation could take place.  
   (Ans: Disinvestment)

28. The ________ was declared in the year 1948.  
   (Ans: First Industrial Policy)

29. Steel Industry is the ________ industry.  
   (Ans: key)

III. Match the following:

(a)  
1. Public sector - (a) Textile industry  
2. Consumer goods - (b) Agro based industry  
3. Key industry - (c) Cycle, television, cars etc  
4. Sugar industry - (d) Heavy and strategic industries  
5. Oldest industry - (e) Steel industry  
   
   (Ans: 1 (d), 2 (c), 3 (e), 4 (b), 5 (a))

(b)  
1. First Industrial Policy - (a) 1949  
2. Industries Act - (b) 1956  
3. New Industrial policy - (c) 1951  
4. End of first five year plan - (d) 1991  
5. Tamilnadu Industrial Investment corporation - (e) 1948  
   
   (Ans: 1 (e), 2 (c), 3 (d), 4 (b), 5 (a))
(c)  
1. LPG - (a) Life Insurance Corporation of India  
2. Steel Authority of India - (b) UTI  
3. Small Scale Industry - (c) SSI  
4. LIC - (d) Liberalisation, Privatisation and Globalisation  
5. Unit Trust of India - (e) SAIL  

(Ans: 1. (d); 2. (e); 3. (c); 4. (a); 5. (b))  

IV. Answer for each of the following questions in a word or two:  

1. What is the reason for the backwardness of many poor countries?  
   (Ans: Lack of industrialization)  
2. Which five year plan declared long term objectives?  
   (Ans: First five year plan)  
3. Write two facilities that are needed for the overall development of the country and people.  
   (Ans: Primary education, public health)  
4. What is emphasized by the modern development strategies?  
   (Ans: Rapid industrialisation)  
5. Which resolution urged the adoption of socialistic pattern of society?  
   (Ans: Industrial policy resolution of 1956)  
6. What is meant by co-existence of public and private sector?  
   (Ans: Mixed economy)  
7. What is the objectives of industrialization?  
   (Ans: Self reliance)  
8. Give two examples for capital goods? (Ans: Machineries, machine tools)  
9. Give two examples for consumer goods? (Ans: Food articles, soft drinks)  
10. Expand SAIL.  
    (Ans: The Steel Authority of India Limited)  
11. How money times production of textiles increased since independence?  
    (Ans: 10 times)
12. Expand TUFS.  
   \textit{(Ans: Technology upgradation Fund Scheme)}

13. Which capital meet long term requirement?  
   \textit{(Ans: Fixed capital)}

14. Which capital meet short term requirement?  
   \textit{(Ans: Working capital)}

15. When was the karve committee appointed by the planning commission?  
   \textit{(Ans: 1955)}

16. Expand IIBI.  
   \textit{(Ans: Industrial Investment Bank of India)}

17. When was the New Industrial Policy declared?  
   \textit{(Ans: July 1991)}

18. Expand form of NSIC.  
   \textit{(Ans: National Small Industries Corporation)}

19. Give example for basic goods.  
   \textit{(Ans: Cement, Chemical, Fertilizers)}

20. Give 3 examples for consumer goods.  
   \textit{(Ans: cycle, television and refrigerator)}
CHAPTER - 8
Banking

I. Choose the Correct Answer:

1. The first bank in India was established in ________.
   (a) 1770  (b) 1806  (c) 1801  (d) 1782
   (Ans: (a) 1770)

2. Minimum reserve system relates ________.
   (a) Method of note issue
   (b) Commercial banks keep certain portion of their deposits with the RBI.
   (c) Commercial banks should keep certain portions of their deposits in cash
   (d) Customers are compelled to keep certain minimum balance with their deposits
   (Ans: (a) Method of note issue)

3. Separate the bank whose motive is not profit-making ________.
   (a) Andhra bank (b) Canara bank  (c) IOB  (d) RBI
   (Ans: (d) RBI)

4. The 14 commercial banks were nationalized in the year ________.
   (a) 1969  (b) 1951  (c) 1949  (d) 1980
   (Ans: (a) 1969)

5. The primary functions of the commercial bank is ________.
   (a) making loans and advances  (b) discounting bills of exchange
   (c) accepting deposits
   (d) participating in the inter-bank borrowing (Ans: (c) accepting deposits)

II. Fill in the blanks:

6. EXIM Bank provides credit for ________ trade. (Ans: Export and Import)

7. RBI controls credit supply by changing bank rate or ________.
   (Ans: CRR)
8. **NABARD** provides ______ finance to medium and long term basis.  
   *(Ans: Agriculture)*

9. The RBI was set up in April _______.  
   *(Ans: 1935)*

10. The amount of cash kept by commercial banks to meet the day to day transaction is known as _______.  
    *(Ans: Liquid Cash)*

III. **Match the Following:**

11. Monopoly of note issue - (a) Commercial banks
12. C R R - (b) Official minimum rate
13. Bank rate - (c) Facility offered to businessmen
14. Overdraft - (d) 3-15 percent of total deposits
15. Nationalisation - (e) Reserve bank of India

   *(Ans: 11. (e); 12. (d); 13. (b); 14. (c); 15. (a))*

IV. **Answer the following in a word or two:**

16. Name the first bank that was nationalized in India.  
   *(Ans: Imperial Bank)*

17. Who operates the current account deposits? *(Ans: Business Community)*

18. Which organization established EXIM bank? *(Ans: RBI)*

19. Which organization is called the lender of the last resort? *(Ans: RBI)*

20. Can the commercial bank print and circulate currency notes? *(Ans: No)*
I. Choose the correct answer:

1. The word ‘bank’ seems to have originated from the ________ word ‘banck’.
   (a) Germanic  (b) Latin  (c) French  (d) Greek
   \[(Ans : (a) Germanic)\]

2. The bankers of Lombardy developed the money lending business in ________.
   (a) France  (b) England  (c) America  (d) Italy
   \[(Ans : (b) England)\]

3. The modern banking system actually developed only in the ______ century.
   (a) 16\(^{th}\)  (b) 17\(^{th}\)  (c) 18\(^{th}\)  (d) 19\(^{th}\)
   \[(Ans : (d) 19\(^{th}\))\]

4. The first public banking institution was ________.
   (a) Bank of Geneva  (b) Bank of Amsterdam  (c) Bank of venice  (d) The Bank of Barcelona
   \[(Ans : (c) Bank of venice)\]

5. The Bank of Barcelona was established in ________.
   (a) 1405  (b) 1406  (c) 1401  (d) 1469
   \[(Ans : (c) 1401)\]

6. The first modern bank in India was established in ________.
   (a) 1609  (b) 1806  (c) 1766  (d) 1990
   \[(Ans : (b) 1806)\]

7. The development of Joint stock commercial banking started functioning in ________.
   (a) 1833  (b) 1933  (c) 1886  (d) 1893
   \[(Ans : (a) 1833)\]

8. Before Industrial Revolution, the size of the business units was_____.
   (a) very big  (b) very small  (c) large  (d) medium
   \[(Ans : (b) very small)\]
9. Who lend his surplus money to the needy persons on deriving some interest payment?
   (a) Brokers  (b) commission agents  
   (c) money lender  (d) Merchant  
   (Ans: (c) money lender)

10. A sound __________ system mobilizes small savings of the community and makes them available for investment in productive enterprises.
    (a) banking  (b) educational  
    (c) corporate  (d) monetary  
    (Ans: (a) banking)

11. __________ are very important sources of finance and credit for industry and trade.
    (a) Brokers  (b) Banks  
    (c) commission agents  (d) Merchant  (Ans: (b) Banks)

12. ________ help in proper allocation of funds among different regions of the economy.
    (a) Central Banks  (b) Commercial Banks  
    (c) Reserve Bank  (d) Co-operative Banks  
    (Ans: (b) Commercial Banks)

13. Issuing a letter of credit to customer is __________.
    (a) an agency function  (b) general utility service  
    (c) specific function  (d) customise function  
    (Ans: (b) general utility service)

    (a) 16  (b) 15  (c) 14  (d) 10  
    (Ans: (c) 14)

15. The central bank regulates the __________.
    (a) credit and currency  (b) inflation  
    (c) deflation  (d) demand  
    (Ans: (a) credit and currency)
16. The rate of interest of every bank is known as___________.
   (a) commission  (b) rebate  
   (c) bank rate  (d) charge  \(\text{(Ans: (c) bank rate)}\)

17. With draw money more than deposit is called ________.
   (a) cash credit  (b) overdraft  
   (c) discounting bill  (d) all the above  \(\text{(Ans: (b) overdraft)}\)

18. __________ is increasingly acting as financial agent for its clients.
   (a) Central bank  (b) Commercial bank  
   (c) Co-operative bank  (d) Foreign bank  \(\text{(Ans: (b) Commercial bank)}\)

19. The Reserve Bank of India was set up in ____________.
   (a) 1935  (b) 1949  (c) 1969  (d) 1964  \(\text{(Ans: (a) 1935)}\)

20. Bank of England was established in ____________.
   (a) 1954  (b) 1964  (c) 1985  (d) 1990  \(\text{(Ans: (b) 1964)}\)

21. The issue of paper money is the most important function of a _____.
   (a) Commercial Bank  (b) Central Bank  
   (c) ICICI Bank  (d) State Bank  \(\text{(Ans: (b) Central Bank)}\)

22. ____________ is the financial and monetary guardian of the nation.
   (a) State Bank  (b) Central Bank  
   (c) Indian Bank  (d) Foreign Bank  \(\text{(Ans: (b) Central Bank)}\)

23. Direct buying and selling of securities bills, bonds of government is called___________.
   (a) Open market operations  (b) Bank rate  
   (c) Cash reserve rate  (d) Moral suasion  \(\text{(Ans: (a) Open market operations)}\)
24. _______ refers to ‘directives’ of the central bank to enforce the commercial banks to follow a particular policy.

(a) Margin requirements  
(b) Moral suasion  
(c) Direct action  
(d) Rationing of credit  

(Ans : (c) Direct action)

25. ___________ banks were nationalized in April 1980.

(a) 10  
(b) 8  
(c) 6  
(d) 4  

(Ans : (c) 6)

26. The State Bank was nationalized in ________.

(a) 1955  
(b) 1935  
(c) 1969  
(d) 1959  

(Ans : (a) 1955)

27. Separate the bank whose motive is not profit making ________.

(a) Andhra Bank  
(b) Canara Bank  
(c) Indian Overseas Bank  
(d) Central Bank  

(Ans : (d) Central Bank)

28. Minimum Reserve System relates________.

(a) Method of note issue  
(b) Commercial banks certain portion of their deposits at RBI  
(c) Commercial banks certain portion of their deposits in cash  
(d) Customers are computed to keep certain minimum balance with their deposits  

(Ans : (a) Method of note issue)

29. Reserve Bank of India was nationalized in ________.

(a) 1939  
(b) 1949  
(c) 1959  
(d) 1969  

(Ans : (b) 1949)

30. Separate the bank whose motive is profit making ________.

(a) Reserve Bank of India  
(b) LIC  
(c) Commercial Bank  
(d) None of these  

(Ans : (c) Commercial Bank)
II. Fill in the blanks:

1. The name ‘bank’ is usually used in the sense of ___________ bank.
   
   (Ans : commercial)

2. ___________ banker, who was primarily a trader accepted customer’s money and kept it under safe custody.
   
   (Ans : Merchant)

3. The modern banks have now become the _______ of our commercial and industrial activities.
   
   (Ans : life blood)

4. Deficiency of capital formation is the result of ____________.
   
   (Ans : low savings)

5. Bank stimulate __________ and __________.
   
   (Ans : savings, investment)

6. ______ facilities the optimum utilization of the financial resources of the community.
   
   (Ans : Sound Banking)

7. Banks help create _______ essential for economic development.
   
   (Ans : infrastructure)

8. In the earlier days commercial banks were organised as joint stock company to earn__________.
   
   (Ans : profit)

9. Deposits in the_______ account earn interest at nominal rates.
   
   (Ans : savings)

10. Fixed deposits cannot be withdrawn before__________.
    
    (Ans : maturity)

11. Respectable and reliable customers enjoy facilities of ________.
    
    (Ans : over draft)

12. A central bank is a bank of __________.
    
    (Ans : bankers)

13. Central bank is not a __________ making institution.
    
    (Ans : profit)

14. It is easier for the central bank to act as a __________.
    
    (Ans : clearing house)

15. The quantitative credit control methods are also called ____________.
    
    (Ans : general credit control methods)

16. The qualitative credit control methods are also called ____________.
    
    (Ans : selective credit control)
17. All the commercial banks are required to keep a certain percentage of ________ with the central bank.  
   (Ans: cash reserve)

18. The currency issue department of the central bank has the responsibility to issue notes and coins to the ________ banks.  
   (Ans: commercial)

19. The central is the authority to issue currency for circulation, which is a ________ money.  
   (Ans: legal tender)

20. ________ bank is a subordinate to the central bank.  
   (Ans: Commercial bank)

21. ______ is the financial advisor to the government.  
   (Ans: Central bank)

22. Fixed deposits are otherwise known as _________.  
   (Ans: time deposits)

23. ________ provides the fundamental of the art of central banking.  
   (Ans: Bank of England)

24. The Bank of France was founded in _____________.  
   (Ans: 1800)

25. Central Bank of U.S.A is called_______.  
   (Ans: Federal Reserve Bank)

26. The 'Bank of Venice' in Italy was established in ________ to finance the monarch in his wars.  
   (Ans: 1157)

27. Reserve Bank of India should keep Rs. ___ worth of gold and ____ worth of foreign exchange as a banking reserve for printing currencies.  
   (Ans: Rs. 115 + Rs. 85 crores)

28. Reserve Bank of India controls credit supply by changing bank rate or ________.  
   (Ans: Cash Reserve Ratio)

29. ____ provides agricultural finance on medium and long term basis.  
   (Ans: NABARD)

30. The ________ was set up in April 1935.  
   (Ans: RBI)

31. Fixed deposits ranges from ________ months to ________ years or even more.  
   (Ans: 6 month and 10 years)

32. In India Central Bank is known as _________.  
   (Ans: Reserve Bank of India)

33. The ________ are issued by Ministry of Finance.  
   (Ans: coins)

34. Demand deposits are kept under ________ accounts.  
   (Ans: current accounts)
35. The main function of a RBI are ________ for all over the world.  
   *(Ans: common)*

36. The USA established a central banking system in the form of ________ in 1914.  
   *(Ans: Federal Reserve Bank)*

37. Bank rate otherwise known as________ rate.  
   *(Ans: Discount Rate)*

38. The ________ commercial banks were nationalized in the year 1969.  
   *(Ans: 14)*

39. ________ is the primary functions of commercial bank.  
   *(Ans: Accepting deposits)*

III. Match the following:

(a)
1. Cash credit - (a) Clearing
2. Transfer of funds - (b) Profit making aim
3. Commercial Bank - (c) Central Bank
4. Financial advisor of government - (d) Qualitative credit control methods
5. Moral suasion - (e) Collateral security
   *(Ans: 1 (e), 2 (a), 3 (b), 4 (c), 5 (d))*

(b)
1. Mother of central Banks - (a) International monetary conference
2. Brussels - (b) Open market operation
3. Clearing house - (c) Moral suasion
4. Buying and selling of securities - (d) Bank of England
5. Request by central Bank - (e) Central Bank
   *(Ans: 1 (d), 2 (a), 3 (e), 4 (b), 5 (c))*

(c)
1. Nationalized 6 more banks - (a) Direct Action
2. Directions - (b) Time Deposits
3. Lender of the last resort - (c) 1980
4. Fixed Deposits - (d) Long term funds
5. Commercial Bank - (e) 1806
6. Bank of Bengal - (f) RBI

(Ans: 1. (c); 2. (a); 3. (f); 4. (b); 5. (d); 6. (e))

IV. Answer for each of the following questions in a word or two:

1. On what guarantee are goods supplied by traders?
   (Ans: Bank guarantee)

2. What for a commercial bank is operating?
   (Ans: Profit)

3. What is the meaning of ‘banck’?
   (Ans: Joint stock fund or heap)

4. When the bank of Genoa was established?
   (Ans: 1407)

5. What are the early stages of banks?
   (Ans: Merchant banker, money lender and gold smith)

6. Who accepted the valuables like gold and diamond of the customers and kept it under his safe custody?
   (Ans: Gold smith)

7. Which banks act between buyers and the sellers?
   (Ans: Commercial banks)

8. What are the types of deposits accepted by commercial banks?
   (Ans: Saving, Demand, Fixed deposits)

9. Which is the apex institution in the monetary system?
   (Ans: Central Bank or RBI)

10. Which is known as mother of central banks?
    (Ans: Bank of England)

11. How does commercial banks accept deposit of the people?
    (Ans: Mobilising the savings)

12. Who publishes statistical data relating to money supply, price etc?
    (Ans: Central Bank)

13. What are the two methods of regulation of consumer credit?
    (Ans: Minimum down payment and maximum period of repayment.)

14. Who is the monetary and financial guardian of the nation?
    (Ans: Central Bank)

15. Who defined central bank as a bank which controls credit?
    (Ans: H.A. shaw)
16. Which bank maintains the foreign exchange reserves of the country?
   (Ans: Central Bank)

17. Who is the financial advisor of the government?
   (Ans: Central Bank)

18. Who is the financial advisor of the general public?
   (Ans: Commercial Bank)

19. Which is the first public banking institution?
   (Ans: The Bank of Venice)

20. Which is the first modern bank established in India?
    (Ans: Bank of Bengal)

21. When was the ‘Bank of Bengal’ established?
    (Ans: 1806)

22. Which deposits are kept under current accounts? (Ans: Demand Deposits)

23. When was the ‘Bank of France’ established?
    (Ans: 1800)

24. How many commercial banks were nationalized in the year 1969?
    (Ans: 14 Banks)
CHAPTER - 9
Foreign Trade

Exercise

I. Choose the Correct Answer:

1. Globalization means ________.
   (a) Integration of the economy with world economy.
   (b) Increasing degree of openness in respect of international trade.
   (c) Process of transformation of the world into a single economic unit.
   (d) All the above
   (Ans: (d) All the above)

2. Technology transfer has been taking place on a large scale through ________.
   (a) licensing agreements and joint ventures
   (b) choice of ownership structure
   (c) simplification of procedures
   (d) none
   (Ans: (a) licensing agreements and joint ventures)

3. The main inconvenience of barter system was ________.
   (a) transactions were many and complex
   (b) lack of double coincidence of wants
   (c) The intermediate commodity need not be familiar
   (d) prevalence of domestic system
   (Ans: (b) lack of double coincidence of want)

4. The decision to start IMF was taken at ________.
   (a) Round-table conference
   (b) Geneva conference
   (c) Bretton woods conference
   (d) none
   (Ans: (c) Bretton woods conference)

5. IBRD was set up in ________.
   (a) 1983
   (b) 1844
   (c) 1948
   (d) 1944
   (Ans: (d) 1944)
II. Fill in the blanks:

6. The goal of global economy is _______.  
   (Ans: Market Maximization)

7. The SAPs find their origin in the growth of _______.  
   (Ans: neo-liberalism)

8. _______ is one of the most fundamental inventions of man.  
   (Ans: Money)

9. _______ has worked as an “engine of growth” in the past.  
   (Ans: Foreign Trade)

10. The highest authority of the IMF is the _______.  
    (Ans: Board of Governors)

III. Match the Following:

11. OPEC Countries - (a) Washington

12. IMF - (b) Iran, Iraq, Kuwait

13. Uruguay Round - (c) Geneva

14. 182 members of IBRD - (d) 1993

15. GATT - (e) Year 2000

   (Ans: 11. (b); 12. (a); 13. (d); 14. (e); 15. (c))

IV. Answer the following in a word or two:

16. Name four exports of India.  
    (Ans: Coffee, Tea, Jute, Iron, Ore, Spices, Cotton, Fish etc.)

17. Name the record of a country’s monetary transactions.  
    (Ans: Balance of payment)

18. When was SAP started?  
    (Ans: 1983)

19. Which is the catalyst for multinational investment?  
    (Ans: MIGA)

20. What is SAF?  
    (Ans: Structural Adjustment Facility)
Other Important Questions

1. Choose the correct answer:
   1. Liberalisation means ______________.
      (a) continental trade
      (b) integration of each economy with world economy
      (c) receiving foreign aid
      d) relaxing the restrictions on domestic and foreign trade  
      \[(Ans : (d) relaxing the restrictions on domestic an foreign trade)\]

2. The main objective of the new economic policy was to achieve____.
   (a) higher level of economic growth
   (b) higher capital - output ratio
   (c) higher productivity in agriculture
   (d) more foreign relations
   \[(Ans : (a) higher level of economic growth)\]

3. The Foreign Investment policy has been classified into ________ categories.
   (a) two  (b) three  (c) five  (d) four
   \[(Ans : (d) four)\]

4. Paper money was introduced as a substitute for __________.
   (a) metallic money  (b) barter system
   (c) commodity money  (d) fiscal money
   \[(Ans : (a) metallic money)\]

5. The type of trade with which most people are familiar are called ___.
   (a) national trade  (b) foreign trade
   (c) internal trade  (d) regional trade
   \[(Ans : (c) internal trade)\]

6. The exchange of goods between different regions in a country is referred to as ____________.
   (a) foreign trade  (b) internal trade
   (c) national trade  (d) regional trade
   \[(Ans : (b) internal trade)\]
7. The new export and import policy was announced in the year______.
   (a) 1980    (b) 1990    (c) 1991    (d) 1986
   (Ans : (c) 1991)

8. The Monopolies and the Restrictive Trade practices Act was passed in__________.
   (a) 1969    (b) 1979    (c) 1989    (d) 1999
   (Ans : (a) 1969)

9. ______ play a very important role in the new economic policy.
   (a) Liberalisation    (b) Privatisation
   (c) Foreign investment    (d) Globalisation
   (Ans : (c) Foreign investment)

10. __________ is one of the key determinant of economic development.
    (a) Trade    (b) Bank
    (c) Investment    (d) Savings
    (Ans : (a) Trade)

11. The paper money was introduced as a substitute for ______ money.
    (a) metallic    (b) Sea shells
    (c) gold    (d) all the above
    (Ans : (d) all the above)

12. __________ trade refers to the trade or exchange of goods and services between two or more countries.
    (a) Internal    (b) International
    (c) Domestic    (d) None
    (Ans : (b) International)

13. ______ is intertwined with another element of globalization.
    (a) Trade    (b) Foreign capital
    (c) Investment    (d) Savings
    (Ans : (a) Trade)
14. IMF grants loans for financing __________ transaction only.
   (a) capital   (b) asset
   (c) current   (d) liabilities
   (Ans : (c) current)

15. The decision to start IMF was taken at __________.
   (a) Guinea conference   (b) Bretton woods conference
   (c) Uruguay conference   (d) New York Summit
   (Ans : (b) Bretton woods conference)

16. There are _______ member countries in WTO.
   (a) 150   (b) 125   (c) 300   (d) 500
   (Ans : (a) 150)

17. The International Development Association was setup as______.
   (a) an affiliate by the world bank
   (b) a subsidiary of the world bank
   (c) agency of the world bank
   (d) the apex body of the world bank
   (Ans : (b) a subsidiary of the world bank)

18. The fifth ministerial conference of WTO was held at______.
   (a) Doha   (b) Hongkong
   (c) India   (d) Mexico
   (Ans : (a) Doha)

19. _______ items means the imports and exports of services and other foreign transfer transactions.
   (a) Imports   (b) Exports   (c) Visible   (d) Invisible
   (Ans : (d) Invisible)

20. __________ records all the visible and invisible items.
   (a) Imports   (b) Exports
   (c) Balance of payments   (d) Trade
   (Ans : (c) Balance of payments)
21. _______ includes export of sugar, engineering goods, chemicals, iron and steel, leather products, gems and jewellery etc.
   (a) Traditional items  (b) Non-traditional items
   (c) Consumer goods    (d) Perishable goods
   *(Ans : (b) Non-traditional items)*

22. _______ includes the import of food grains, electrical goods, medicines, paper etc.
   (a) capital goods    (b) consumer goods
   (c) Perishable goods (d) imperishable goods
   *(Ans : (b) consumer goods)*

23. At the time of formation of the fund each member has to pay _______ of its quota in gold.
   (a) 5%    (b) 10%    (c) 25%    (d) 50%
   *(Ans : (c) 25%)*

24. _______ includes metals machines and equipments etc.
   (a) Capital goods (b) Consumer goods
   (c) Perishable goods (d) Investment goods
   *(Ans : (a) Capital goods)*

25. _______ refers to size of international transactions.
   (a) Volume of trade (b) Direction of trade
   (c) Composition of trade (d) Internal trade
   *(Ans : (a) Volume of trade)*

26. Foreign trade means _______.
   (a) Trade among different states
   (b) Trade among two states
   (c) Trade between nations of the world
   (d) Trade with one nation
   *(Ans : (c) Trade between nations of the world)*
27. Barter system means ________.
   (a) Exchange of goods for goods  (b) Exchange of money for money
   (c) Exchange of goods for money  (d) Exchange of money for goods
   (Ans: (a) Exchange of goods for goods)

28. Law of comparative cost advantage has been formulated by ________.
   (a) David Ricardo  (b) Haberler  (c) Adam Smith  (d) J.S. Mill
   (Ans: (a) David Ricardo)

29. Balance of trade means ________.
   (a) Import and export of visible item only
   (b) Import and export of invisible item only
   (c) Import and export of both visible and invisible item
   (d) Import of visible items only
   (Ans: (a) David Ricardo)

30. International trade is regulated at present by ________.
   (a) GATT  (b) IMF  (c) WTO  (d) IBRD
   (Ans: (c) WTO)

31. “Money is what money does” this definition of money was given by ________.
   (a) Haberler  (b) Crowther  (c) Walker  (d) David Ricardo
   (Ans: (b) Crowther)

II. Fill in the blanks:
1. The new trade policy was introduced in the year ____.
   (Ans: 1991)
2. The main objective of NEP has been to achieve a higher level of ________.
   (Ans: economic growth)
3. ________ plays a most vital role in the NEP.
   (Ans: Foreign investment)
4. ________ is an important ingredient of the development mix.
   (Ans: Technology)
5. The IFC is affiliated to world bank as a separate ________.
   (Ans: legal entity)
6. The Special Action Programme was started in the year __________.
   *(Ans : 1983)*

7. The principles and agreements of ______ were adopted for the WTO.
   *(Ans : GATT)*

8. The New Economic policy can be regarded as a minor__________.
   *(Ans : revolution)*

9. Major policy measures have been launched as a part of the ________ programmes.
   *(Ans : LPG)*

10. ___________means one type of goods exchange for another good.
    *(Ans : Barter)*

11. The voting power of each Governor is related to the financial contribution of its__________.
    *(Ans : Government)*

12. The medium of exchange was known as __________. *(Ans : money)*

13. It trade is done on large scale it is called ________.
    *(Ans : wholesale trade)*

14. The theory of comparative advantages is explained by ________.
    *(Ans : David Ricardo)*

15. The world Bank was set up in ________.
    *(Ans : 1944)*

16. GATT was established in ________.
    *(Ans : 1948)*

17. The number of members in IMF at present ________.
    *(Ans : 182)*

18. MIGA means __________.
    *(Ans : Multinational Investment Guarantee Agency)*

19. Trends in foreign trade can be studied by referring to ________.
    *(Ans : Volume, components and direction of trade)*

20. Liberalisation in industrial policy is witnessed in India from ________.
    *(Ans : 1980s)*

21. All members of IMF are members of ________.
    *(Ans : IBRD)*

    *(Ans : IMF)*

23. The ‘flag follows trade’ was the fear about ________ trade among nations.
    *(Ans : Foreign trade)*
24. Major exports of India were ________ based. \( \text{Ans: Agriculture} \)

25. ________ is different from balance of payment. \( \text{Ans: Balance of trade} \)

26. The ________ policy was implemented in 1992 - 97. \( \text{Ans: New Export Import} \)

27. The WTO is different from ________. \( \text{Ans: GATT} \)

28. The theory of comparative advantages just explains such advantages of ________. \( \text{Ans: Free Trade} \)

29. ________ has worked as an 'engine of growth' in the past. \( \text{Ans: Foreign Trade} \)

30. The supply of food grains and petroleum products, we depend on ________ countries. \( \text{Ans: OPEC (Oil Producing and Exporting Countries)} \)

III. Match the following:

(a)

1. GATT - (a) 1956
2. WTO - (b) World bank
3. ICF - (c) 1960
4. IBRD - (d) Multilateral trade
5. IDA - (e) 1995

\( \text{Ans : 1 (d), 2 (e), 3 (a), 4 (b), 5 (c)} \)

(b)

1. Long term investment loans - (a) Food production
2. International Finance corp - (b) 1993
3. Self reliance - (c) Foreign trade
4. Uruguay round - (d) IBR
5. Engine of growth - (e) 1983

\( \text{Ans : 1 (d), 2 (e), 3 (a), 4 (b), 5 (c)} \)
(c)

1. SAP - (a) SAF
2. Structural Adjustment Facility - (b) IDA
3. 1960 - (c) 1983
4. World Trade Organisation - (d) 117 member nations
5. IMF - (e) WTO
6. GATT - (f) A medium of exchange, a measure of value
7. Functions of money - (g) Head quarters in Washington, U.S.A.

(Ans: 1. (c); 2. (a); 3. (b); 4. (e); 5. (g); 6. (d); 7. (f))

IV. Answer for each of the following questions in a word or two:

1. What is the first route through which foreign direct investment flows in India?
   (Ans: Reserve Bank of India)

2. What is the important ingredient of the development mix?
   (Ans: Technology)

3. What does volume of trade refer to?
   (Ans: International transactions)

4. Why did a welcome trend appear in the exports during 1986-87?
   (Ans: Liberal import policy)

5. What are the two parts of exports of India?
   (Ans: Traditional items and non-traditional items)

6. Where was the GATT setup in 1948?
   (Ans: Geneva)

7. Expand BSFF.
   (Ans: Buffer stock Financing Facility)

8. Expand IBRD.
   (Ans: International Bank for Reconstruction and Development)
9. What is the other name of IBRD?

   (Ans: World Bank)

10. Who is eligible for membership in IBRD?

    (Ans: Members of IMF)

11. Give an expand form of IBRD.

    (Ans: The International Bank for Reconstruction and Development (IBRD))

12. When was the ‘New Export Import Policy’ established?

    (Ans: In the year 1992-97)

13. Who is the highest authority of IMF?

    (Ans: The Board of Governors)

14. When did IFC was setup?

    (Ans: 1956)

15. Give an expand form of IFC.

    (Ans: International Finance Corporation)
CHAPTER - 10
Human Resource Development

EXERCISE

I. Choose the Correct Answer :

1. Human capital can be increased by investing in ________.
   (a) education   (b) health   (c) migration   (d) all
   (Ans : (d) all)

2. The birth of economics of education was announced by ________.
   (a) Marshall   (b) Karl Marx   (c) Schultz   (d) Keynes
   (Ans : (c) Schultz)

3. Education is ________.
   (a) consumption good   (b) investment good
   (c) none   (d) both
   (Ans : (d) both)

4. The number of pupils in India outnumber the total population of ________.
   (a) England   (b) France
   (c) Canada and Norway   (d) All the countries put together
   (Ans : (d) All the countries put together)

5. A large percentage of persons who enjoy higher education belong to the ________.
   (a) higher income groups   (b) middle income groups
   (c) lower income groups   (d) all groups
   (Ans : (a) higher income groups)

II. Fill in the blanks :

6. The stock of human capital indicates the ________ of HRD in a country.
   (Ans : Level)

7. Of all the factors that increase human capital, ________ is considered very important.
   (Ans : Education)
8. There is close relationship between HRD and _____ development.  
   *(Ans: Economic)*

9. The greatest failure of the Indian education system relates to the goal of universalisation of _______ education.  
   *(Ans: Primary)*

10. _______ labour is one of the important reasons for not achieving the goal of universalisation of primary education.  
   *(Ans: Child)*

III. Match the Following:

11. Kerala - (a) reducing gender disparities
12. Tamil Nadu - (b) domination in technical education
13. DPEP - (c) Special school health programme
14. Self-financing colleges - (d) Educationally most progressive state
15. Vazhvoli Thittam - (e) Access to schools
   *(Ans: 11. (d); 12. (e); 13. (a); 14. (b); 15. (c))*

**Other Important Questions**

I. Choose the correct answer:

1. Since 1960s economists realised that investment in _______ is an important investment in physical capital.
   (a) human capital  (b) shares and securities  
   (c) savings  (d) business  
   *(Ans: (a) human capital)*

2. The branch of knowledge that is called economics of education was announced by _______.
   (a) Alfred Marshall  (b) Schultz  
   (c) Adam Smith  (d) F.H. Harbison  
   *(Ans: (b) Schultz)*
3. Harbison and Myers constructed the __________.
   (a) poverty index
   (b) man power approach
   (c) simple composite index of HRD
   (d) Shares and securities
   
   *(Ans : (c) Simple composite index of HRD)*

4. The rate of ______ formation indicates its rate of improvement.
   (a) money capital   (b) physical capital
   (c) monetary capital   (d) human capital
   
   *(Ans : (d) human capital)*

5. Now-a-days investment in ___________ capital is very important.
   (a) money   (b) physical
   (c) monetary   (d) human
   
   *(Ans : (d) human capital)*

6. Now-a-days, economists treat human resources mostly as __________.
   (a) savings   (b) investment
   (c) consumption   (d) distribution
   
   *(Ans : (b) investment)*

7. Based on composite index of HRD, countries are classified into______.
   (a) two   (b) three
   (c) four   (d) five
   
   *(Ans : (c) four)*

8. Theories of human resource development refers to __________ planning.
   (a) educational   (b) financial
   (c) material   (d) natural resource
   
   *(Ans : (a) educational)*

9. The benefits of education system reach only the__________.
   (a) upper class   (b) lower class
   (c) middle class   (d) upper and middle class
   
   *(Ans : (d) upper and middle class)*
10. One of the basic problems of educational sector is __________.
   (a) under-investment    (b) over investment
   (c) under savings       (d) over savings
   (Ans : (a) under-investment)

11. In recent years the drop out rate has ____________.
   (a) increased            (b) declined
   (c) moderate             (d) decreased   (Ans : (b) declined)

12. The number of arts and science colleges in Tamil Nadu during 2004-05.
   (a) 125  (b) 225  (c) 600  (d) 444  (Ans : (d) 444)

13. Human Development Index is a wholistic measure of ________.
    (a) skills           (b) employment
    (c) living           (d) training  (Ans : (c) living)

14. Human poverty Index was introduced by HDI in the year__________.
    (a) 1995  (b) 1986  (c) 2001  (d) 1997  (Ans : (d) 1997)

15. ___________ approach to educational planning does not say anything about the method of financing education.
    (a) Human resource  (b) Man power
    (c) Education       (d) life skills  (Ans : (b) Man power)

16. According to 2001 census, the overall literacy rate for Tamil Nadu was __________%.
    (a) 73.47  (b) 62.50  (c) 95  (d) 100  (Ans : (a) 73.47)

17. The national policy on education ___________ of the government of India gave first priority to universal primary education.
    (a) 1885  (b) 1986  (c) 2001  (d) 1992  (Ans : (b) 1986)
18. More than __________% of the students study in self financing colleges.
   (a) 60   (b) 67   (c) 87   (d) 90
   (Ans : (c) 87)

19. __________ expenditures contribute to economic growth by reducing mortality and morbidity.
   (a) Educational  (b) Wealth
   (c) Health    (d) Quality
   (Ans : (c) Health)

20. HDI is only a means and __________ development is the end.
   (a) human    (b) educational
   (c) social   (d) economic
   (Ans : (a) human)

21. Human Resource Development is defined as ________.
   (a) Energies, skills and talents of people
   (b) Process of developing the competencies in people.
   (c) Investment in human beings
   (d) Useful abilities of human beings
   (Ans : (a) Energies, skills and talents of people)

22. Human Resources can be developed only by________.
   (a) Formal education
   (b) Both formal and non-formal education
   (c) Non formal education
   (d) Higher education
   (Ans : (b) Both formal and non-formal education)

23. Early childhood education refers to the preparation of students in ________.
   (a) age group 0-14 years for primary education
   (b) age group 0-6 years for primary education
   (c) age group 0-5 years for primary education
   (d) age group 0-1 years for primary education
   (Ans : (a) age group 0-14 years for primary education)
24. ‘Operation Black Board’ is included in ________.
   (a) National Policy on Education (1956)
   (b) National Policy on Education (1968)
   (c) National Policy on Education (1992)
   (d) National Literacy Mission
   (Ans: (c) National Policy on Education (1992))

25. Formation of Eco - Clubs in schools are the outcome of ________.
   (a) Earth summit held in Rio in 1992
   (b) National Policy on education in 1986
   (c) Environment awareness of the people
   (d) National Environment awareness campaign launched in 1986
   (Ans: (d) National Environment awareness campaign launched in 1986)

26. Higher education consists of ________.
   (a) Professional education consisting of engineering and medical education only.
   (b) Both general professional education
   (c) General education only
   (d) Vocationalisation of secondary education
   (Ans: (b) Both general professional education)

27. National Literacy Mission (NLM) has been introduced to achieve ________.
   (a) total literacy in age group 15 by 2005
   (b) threshold literacy rate of 75 percent by 2005
   (c) total literacy in the country
   (d) eradication of female illiteracy
   (Ans: (b) threshold literacy rate of 75 percent by 2005)
II. Fill in the blanks:

1. The planning commission of India brought out the _______ Report in 2001. 
   (Ans : National Human Development)

2. The first Human Development Report was published in _______.
   (Ans : 1990)

3. _______ improves the quality and quantity of labour. (Ans : Health)

4. _______ college do not promote the goal of equal opportunities for all.
   (Ans : self-financed)

5. The universal primary Education goal aimed at achievement of _______
   covering only classes I and V. (Ans : education for all)

6. _______ includes the area of training and development, career
   development and organisation development. (Ans : HRD)

7. _______ approach for education can be studied by making use of the
   social rate of return analysis. (Ans : Social demand)

8. Now _______ % of GNP is invested in education. (Ans : 3.5%)

9. The Indian education system is marked by_________. (Ans : inequalities)

10. One of the basic problem of educational sector is under _______.
    (Ans : investment)

11. _______ is an educationally progressive state in India.
    (Ans : Tamil Nadu)

12. One of the important reasons for not achieving the goal of universalisation
    of primary education was _______. (Ans : child labour)

13. Today education and health are largely in the _______.
    (Ans : Public sector)

14. Arivoli Iyakkam covers the age group of _______. (Ans : 15-35)

15. _______ is a leading state in the implementation of vocational
    courses. (Ans : Tamil Nadu)

16. The services rendered through child welfare centres are known as _____.
    (Ans : anganwadis)
17. The Government proposed to implement special school health programme is called ___________.  
\( \text{(Ans: vazhvoli thittam)} \)

18. ____________ development index is a holistic measure of living levels.  
\( \text{(Ans: Human)} \)

19. Human development indices for all the countries were published by UNDP in ________.  
\( \text{(Ans: 1990)} \)

20. National literacy mission is introduced to link a total literacy campaign and ________.  
\( \text{(Ans: Post literacy programme)} \)

21. The University Education Commission (1948-49) was headed by ________.  
\( \text{(Ans: Dr. S. Radhakirshnan)} \)

22. The development means ________ of implicitly potentialities present in human beings.  
\( \text{(Ans: Actualisation)} \)

23. Higher education can be divided into and professional education ________.  
\( \text{(Ans: General)} \)

24. Compulsory Primary Education covers ________ age group of children.  
\( \text{(Ans: 6-14)} \)

25. Education and ________ promotes human resource development in a country.  
\( \text{(Ans: Training)} \)

26. The educational policy of 1986 gave more emphasis on ________.  
\( \text{(Ans: Human development)} \)

27. ________ promotes the level of literacy in a country.  
\( \text{(Ans: Education)} \)

28. ________ education is mainly related to adult education.  
\( \text{(Ans: Non-formal)} \)

29. Health people are ________ of a country.  
\( \text{(Ans: Asset)} \)
30. Vocationalisation of secondary education means to introduce ________ courses at the higher secondary level.  
(Ans: vocational)

31. _____ education prepares the children for formal education.  
(Ans: Early Childhood)

32. ________ and ________ are investment in human beings to produce human capital.  
(Ans: Education, Training)

III. Match the following:

(a)
1. Human resource management - (a) Human capital theory  
2. Harbison and Myers - (b) Improving the job  
3. Schultz - (c) Educational planning  
4. Social demand approach - (d) Human resource indicators  
5. Man power approach - (e) Rate of return analysis

(Ans: 1 (b), 2 (d), 3 (a), 4 (e), 5 (c))

(b)
1. Stock of human capital - (a) 1999  
2. Survey of Human Capital Theory - (b) 1997  
3. Introduction of HPI - (c) Indicator of HRD  
4. TLC - (d) Schultz  
5. Special Health Programme - (e) Total literacy campaign

(Ans: 1 (c), 2 (d), 3 (b), 4 (e), 5 (a))

(c)
1. Human Poverty Index - (a) Anganwadis  
2. Vozhvoli Thittom - (b) Goal of Universal Primary Education  
3. Child Welfare Centre - (c) HPI  
4. DPED - (d) Special Health Programme  
5. 1990 - (e) Human Development Report

(Ans: 1. (c); 2. (d); 3. (a); 4. (b); 5. (e))
IV. Answer for each of the following questions in a word or two:

1. Who gave the Human Resource indicators?  
   (Ans : Harbison and Myers)

2. What is marked by the Indian Education System? 
   (Ans : Inequalities)

3. Who is a wholistic measure of living levels? 
   (Ans : Human Development India)

4. What is meant by development? 
   (Ans : Broad human development)

5. What will contribute to poverty reduction? 
   (Ans : Economic growth)

6. Which is considered as the very important human capital? 
   (Ans : Education)

7. What are the categories of educational planning? 
   (Ans : Man power, Social demand and Rate of return approach.)

8. What have become an elusive triangle of Indian education system? 
   (Ans : Quantity, Quality and Equity)

9. What are the top three states in literacy? 
   (Ans : Kerala, Maharashtra, and Tamil Nadu)

10. What is the aim of district primary education? 
    (Ans : Achieving the goal of universal primary education)

11. Write any two anganwadis programme. 
    (Ans : Supplementary nutrition, non formal pre school education.)

12. Expand PPP. 
    (Ans : Purchasing power parity)

13. Who announced the birth of Human Capital Theory? 
    (Ans : Schultz)

14. Who expressed opinions on the value of education? 
    (Ans : Adam smith and Marshall)

15. Who constructed a simple composite index of HRD? 
    (Ans : Harbison and Myers)

16. Which is the close indicator of HRD? 
    (Ans : Indicator of Economic Development)

CHAPTER - 11
Statistical Analysis and Measures of Central Tendency

EXERCISE

I. Choose the Correct Answer :

1. Statistics is a branch of ________.
   (a) Commerce  (b) Economics  (c) Mathematics  (d) Accountancy
   (Ans : (c) Mathematics)

2. The Latin word status represents ________.
   (a) Logic  (b) Science  (c) Economics  (d) Statistics
   (Ans : (d) Statistics)

3. The data obtained from published or unpublished by some agency are called ________.
   (a) Primary data  (b) Secondary data
   (c) Statistics  (d) Information
   (Ans : (b) Secondary data)

4. The process of arranging the data into classes and subclasses according to the common characteristics ________.
   (a) Tabulation  (b) Classification
   (c) Distribution  (d) Arrangement
   (Ans : (b) Classification)

5. The most preferred diagram to represent the components of a variable ________.
   (a) Line diagram  (b) Bar diagram
   (c) Pie diagram  (d) Pictogram
   (Ans : (c) Pie diagram)

II. Fill in the blanks :

6. The data collected for the first time is called ________.
   (Ans : primary data)

7. ________ refers to the number of times each variable gets repeated.
   (Ans : Frequency)
8. The difference between the upper and lower limit of a class is known as _______.  
   (Ans : class interval)

9. _______ is a systematic arrangement of statistical data in columns and rows.  
   (Ans : Table)

10. _______ is the common item of a series.  
    (Ans : Mode)

III. Match the Following :

11. Median - (a) \( \frac{\sum WX}{\sum Ws} \)

12. Mode - (b) Central Value

13. Primary - (c) 3 Median - 2 Mean

14. Average - (d) Observation

15. Weighted Arithmetic Mean - (e) size of \( \frac{(N+1)^{th}}{2} \)-item

   (Ans : 11. (a); 12. (b); 13. (c); 14. (d); 15. (e))

**Other Important Questions**

I. Choose the correct answer:

1. Quantitative data deal with_______.
   (a) historical data  (b) numerical values  
   (c) non-numerical values  (d) raw data

   (Ans : (c) non-numerical values)

2. “Statistics may be defined as a science of collection, presentation, analysis and interpretation of numerical data” is said to be_______.
   (a) Croxton and Cowden  (b) Marshall  
   (c) J.M. Keynes  (d) Schumpeter

   (Ans : (a) Croxton and Cowden)

3. The numbers and facts in the original format in which data have been collected are called___________.
   (a) qualitative data  (b) quantitative data  
   (c) raw data  (d) discrete data

   (Ans : (c) raw data)
4. The latin word status means __________.
   (a) political state   (b) political economy
   (c) political science   (d) political statistics
   (Ans : (a) political state)

5. __________ data cannot be measured.
   (a) Qualitative   (b) Quantitative
   (c) Raw   (d) Discrete
   (Ans : (a) Qualitative)

6. Grouped data can be classified into __________.
   (a) four   (b) three
   (c) two   (d) five
   (Ans : (c) two)

7. Number of students in a class are examples of __________.
   (a) Raw data   (b) Continuous data
   (c) Discrete data   (d) Primary data
   (Ans : (c) Discrete data)

8. Height in centimetres, weight in kilograms, income in rupees are the example for ______ data.
   (a) quantitative   (b) qualitative
   (c) discrete   (d) continuous
   (Ans : (d) continuous)

9. The data collected from the secondary sources are called the ______ data.
   (a) primary   (b) secondary
   (c) continuous   (d) Raw
   (Ans : (b) secondary)

10. Data collected for the first time for a specific purpose is called __________ data.
    (a) primary   (b) secondary
    (c) Raw   (d) discreate
    (Ans : (a) primary)

11. __________ data are original in character.
    (a) Primary   (b) Discrete
    (c) Raw   (d) Continuous
    (Ans : (a) Primary)
12. Sorting of letters in the post office is a good example for ________.  
   (a) quantitative data  (b) qualitative data  
   (c) classification of data  (d) tabulation of data  
   *(Ans : (c) classification of data)*

13. The lowest and highest values that can be included in a class is known as __________.  
   (a) class limit  (b) class interval  
   (c) class frequency  (d) class  
   *(Ans : (a) class limit)*

14. Pie diagram is used to represent the __________.  
   (a) arithmetic mean  (b) continuous variable  
   (c) components of a variable  (d) class frequency  
   *(Ans : (c) components of a variable)*

15. The difference between the largest and the smallest value is known as __________.  
   (a) mean  (b) median  
   (c) mode  (d) range  
   *(Ans : (d) range)*

16. For a distribution, arithmetic mean is 180 and median is 170 the mode is __________.  
   (a) 250  (b) 175  (c) 150  (d) 125  
   *(Ans : (c) 150)*

17. __________ modal means, the distribution has two modes.  
   (a) Bimodal  (b) Multi modal  
   (c) Trimodal  (d) Unimodal  
   *(Ans : (a) Bimodal)*

18. __________ is defined as the value of the variable, which occurs most frequently in a distribution.  
   (a) Mean  (b) Median  
   (c) Mode  (d) Arithmetic progression  
   *(Ans : (c) Mode)*
19. __________ of a series is equal to the total value of the various items in a series divided by the number of items.
   (a) Mean  (b) Median  
   (c) Mode  (d) Arithmetic mean 
   (Ans : (d) Arithmetic mean)

20. The __________ diagram is used to represent only one variable.
   (a) Bar  (b) Pie  
   (c) Circular  (d) Pictogram 
   (Ans : (a) Bar)

21. The measures Mean, Median and Mode ________.
   (a) Tend towards the highest scores
   (b) Tend towards the centre or middle
   (c) Tend towards the lowest scores
   (d) Move towards the extreme scores
   (Ans : (b) Tend towards the centre or middle)

22. The mean score of 5 boys in a class is equal to 40. A boy who has scored 60 marks is included in this group. Now the new mean would be ________.
   (a) 50  (b) 20  (c) 43.33  (d) 40 
   (Ans : (c) 43.33)

23. Median is ________.
   (a) The most frequently repeated item / score in the series
   (b) The middle most item / score in the series of data
   (c) The middle most item / score in the series of ordered data
   (d) The difference between highest and lowest score
   (Ans : (c) The middle most item / score in the series of ordered data)
24. If the mean score of a class is greater than its median score, then it means ________.
   (a) The poor scorers are more in the class
   (b) The performance of the students in neither high nor low
   (c) The performance of the students is rather low
   (d) The high scorers are more in the class

   (Ans: (a) The poor scorers are more in the class)

25. The minimum and maximum scores of a series of data are 12 and 52. The median is found to 24. If a score of 35 is included, the new median would be ________.
   (a) the same  (b) greater than 24
   (c) less than 24  (d) 35

   (Ans: (b) greater than 24)

26. The age of a person is a ________.
   (a) continuous variable  (b) discrete variable
   (c) quantitative variable  (d) personal variable

   (Ans: (a) continuous variable)

II. Fill in the blanks:

1. Quantitative data are __________ in nature.  
   (Ans: numerical)

2. Statistics refers to numerical description of the __________ aspects of a phenomenon.  
   (Ans: quantitative)

3. Frequency distribution is called ________ data.  
   (Ans: grouped)

4. The data classified on the basis of location or areas is called __________ classification of data.  
   (Ans: geographical)

5. The data classified on the basis of some attributes such as sex, colour of hair is called__________ classification of data.  
   (Ans: qualitative)
6. Primary data are _________ in character.  
(Ans: original)

7. Classification of data on the basis of time is known as _________ classification.  
(Ans: chronological)

8. The systematic arrangement of statistical data in column and row is called _______.  
(Ans: table)

9. A table must have a _________ .  
(Ans: title)

10. _________ refers to the number of times each variable gets repeated.  
(Ans: Frequency)

11. Two or more interrelated data are represented in a _________ diagram.  
(Ans: multiple bar)

12. _________ is a common item of a series.  
(Ans: Mode)

13. _________ is the value of the middle item.  
(Ans: Median)

14. In _______ diagram percentages are converted into corresponding degree on the circle.  
(Ans: pie)

15. Head note is a brief explanation of the information given in the ______.  
(Ans: table)

16. The Number of observations corresponding to a particular class is known as the _________.  
(Ans: frequency)

17. _________ refers to the characteristics that varies in magnitude or quantity.  
(Ans: Variable)

18. _________ refers to the number of times each variable gets repeated.  
(Ans: Frequently)

19. Primary data are collected through / from _________.  
(Ans: tools and techniques)

20. Appropriate class interval for a data set which has 98 as the maximum score and 8 as the minimum score would be _________.  
(Ans: ten)

21. Histogram represents _________.  
(Ans: total value of series)
22. \( P_{25} \) is otherwise called ________.
   \((\text{Ans: } \text{Q})\)

23. If two numbers occur equally frequently in a distribution, that
distribution is called ________ model distribution. \((\text{Ans: } \text{bimodal})\)

24. Time series graph is also called the ________ graph. \((\text{Ans: } \text{profile})\)

25. An ________ is based on all items. \((\text{Ans: } \text{Average})\)

26. ________ is the very frequently repeated item in the series. \((\text{Ans: } \text{Mode})\)

27. ________ are the values of the variable which divides the total frequencies
into 10 equal parts. \((\text{Ans: } \text{Deciles})\)

28. Arithmetic Mean is generally called ________.
   \((\text{Ans: } \text{Mean})\)

29. ________ is nothing but bar diagrams drawn side by side.
   \((\text{Ans: } \text{Histogram})\)

III. Match the following:

(a)
1. Income - (a) Qualitative classification
2. Time - (b) Class interval
3. Sex - (c) Chronological classification
4. Location or areas - (d) Quantitative classification
5. Upper and Lower limit - (e) Geographical classification
\((\text{Ans: } 1 \text{ (d)}, 2 \text{ (c)}, 3 \text{ (a)}, 4 \text{ (e)}, 5 \text{ (b)})\)

(b)
1. Median - (a) Circle
2. Mode - (b) More than two modals
3. Pie diagram - (c) Most repeated item
4. Bimodal - (d) Middle item
5. Multimodal - (e) Two modals
\((\text{Ans: } 1 \text{ (d)}, 2 \text{ (c)}, 3 \text{ (a)}, 4 \text{ (e)}, 5 \text{ (b)})\)
(c)

1. Status - (a) Published or Unpublished sources
2. Secondary Data - (b) Source
3. Range - (c) Simple bar diagram
4. Tabulation - (d) Diagrams
5. Only one variable - (e) Pie chart
6. Different components of
   the variable - (f) Political State
7. More attractive to the eye - (g) L-S

(Ans: 1. (f); 2. (a); 3. (g); 4. (b); 5. (c); 6. (e); 7. (d))

IV. Answer for each of the following questions in a word or two:

1. What are the two types of quantitative classification of data?  
   (Ans: Discrete and continuous frequency distribution)
2. Which is the most important part of table?  
   (Ans: Body of table)
3. Name the diagram used to represent only one variable.  
   (Ans: Simple bar diagram)
4. Give the formula for weighted arithmetic mean.  
   (Ans: \( \bar{X}_w = \frac{\sum wx}{\sum w} \))
5. Calculate the mode for a grouped data.  
   (Ans: Mode = 3 Median–2 Mean)
6. What is the other name of central value?  
   (Ans: An average)
7. What is the formula of simple arithmetic mean?  
   (Ans: \( \bar{X} = \frac{\sum x}{N} \))
8. Which is median in the following series? 3,5,7,10,12,13,15  
   (Ans: Median=10)
9. Defined mode?  
   (Ans: Mode is the common item of series)
10. What is variable?  
    (Ans: Variable refers to the characteristic that varies in magnitude or quantity)
11. What is the formula for mode?  
   (Ans: Mode (Z) = 3 (Median) - 2 (X))

12. Which is the diagram that describes components of a variable?  
   (Ans: Pie Diagram)

13. What is the first step in calculating median?  
   (Ans: Arrange the data in ascending or descending order)

14. What is Primary Data?  
   (Ans: The data collected for the first time is called primary data)
CHAPTER - 12
Measures of Variability

I. Choose the Correct Answer :

1. The average is reliable only when the set of data is ________.
   (a) Discrete data    (b) homogeneous
   (c) heterogeneous    (d) raw data
   *(Ans: (b) homogeneous)*

2. Range is the numerical difference between the ________.
   (a) First and the Last value  (b) Medium value
   (c) Largest and the Smallest value  (d) Small value
   *(Ans: (c) Largest and the Smallest value)*

3. The most stable measure of variability is ________.
   (a) Variance  (b) Mean  (c) Median  (d) Mode
   *(Ans: (a) Variance)*

4. The most commonly used measure of position is ________.
   (a) Percentiles  (b) Deciles
   (c) Standard deviation  (d) Quartile deviation
   *(Ans: (d) Quartile deviation)*

5. The statistical tool to measure changes over time is ________.
   (a) Averages  (b) Index number  (c) Deviation  (d) Variance
   *(Ans: (b) Index number)*

II. Fill in the blanks :

6. ________ means the tendency of the data values to deviate from the mean values.
   *(Ans: Dispersion)*

7. The simplest measure of variability is the ________ of the data.
   *(Ans: Range)*

8. Formula for Mean Deviation ________.
   *(Ans: $\frac{\sum |X - \bar{X}|}{N}$)*
9. Standard Deviation can be derived from _______.  (Ans: Variance)

10. Quartile deviation is also known as _______.  
    (Ans: Semi-inter quartile range)

III. Match the Following:

11. Variance - (a) Standard Deviation

12. \[ \frac{\Sigma (X - \bar{X})^2}{n} \] - (b) \[ P_p = \frac{\Sigma p_1 + q_1}{\Sigma p_0 + q_0} \]

13. Quartile Deviation - (c) \[ P_F = \sqrt{P_p P_L} \]

14. Fisher's Index - (d) \[ \frac{Q_3 - Q_1}{2} \]

15. Paasche Index - (e) \[ \frac{\Sigma (X - \bar{X})^2}{n} \]

(Ans: 11. (e); 12. (a); 13. (d); 14. (c); 15. (b))

IV. Answer the following in a word or two:

16. What is the difference between Large and Small Value?  (Ans: Range)

17. What can be derived from variance?  (Ans: Standard Deviation)

18. Name the Popular Index.  
    [Ans: Cost of Living Index / Consumer Price Index]

19. Which is the Specialized Indicator?  (Ans: Index Number)

20. Give the equation that interrelates the three types of Index Numbers.  
    (Ans: Price \times Quantity = Value)
Other Important Questions

I. Choose the correct answer:

1. Dispersion reflects the _________.
   (a) the central tendency  (b) reliability of the average
   (c) the mode  (d) distribution
   (Ans: (b) reliability of the average)

2. ________ is useful to contain the dispersion and to improve the data values in the future.
   (a) Knowledge of dispersion  (b) Central tendency
   (c) Reliability of the average  (d) Tendency of data
   (Ans: (a) Knowledge of dispersion)

3. The numerical difference between the largest and the smallest value is known as ____________.
   (a) mean  (b) median
   (c) range  (d) mode
   (Ans: (c) range)

4. The average distance between the mean and each point in the distribution is know as ____________.
   (a) mode  (b) range
   (c) mean deviation  (d) geometric mean
   (Ans: (c) mean deviation)

5. The percentage of marks scored by surya is 100 and 30 the range is _____.
   (a) 70  (b) 65
   (c) 100  (d) 125
   (Ans: (a) 70)

6. Time series patterns can be described in terms of _______ basic component.
   (a) two  (b) three
   (c) four  (d) five
   (Ans: (c) four)
7. Index numbers are classified into ______ major types.
   (a) two  (b) three  (c) four  (d) five  (Ans : (b) three)

8. Q₂ is otherwise known as __________.
   (a) mean  (b) median  (c) mode  (d) deviation
   (Ans : (b) median)

9. Variance is the most stable measure of variability and its derivative is ________.
   (a) mean deviation  (b) quartile deviation  (c) standard deviation  (d) range
   (Ans : (c) Standard deviation)

10. The points larger than the mean will have _____ sign.
    (a) positive  (b) negative  (c) zero  (d) none
    (Ans : (a) positive)

11. _______ component may also have similar nature but it repeats itself in systematic intervals over time.
    (a) Seasonal component  (b) Cyclical component  (c) Trend component  (d) Regular component
    (Ans : (b) Cyclical component)

12. _______ numbers are useful to study the trend of business and economic variable.
    (a) Mean  (b) Median  (c) Index  (d) Range
    (Ans : (c) Index)

13. Standard deviation can be derived from variance simply by taking its______.
    (a) square root  (b) quotient  (c) cubic root  (d) summation
    (Ans : (a) square root)
14. ___________ calculated the geometric mean of \( P_p \) and \( P_c \) using the average of both the current and base year as weight.

(a) Laspeyre  
(b) Fisher  
(c) Paasche  
(d) Paasche and Laspeyre  

(Ans : (b) Fisher)

15. ___________ formulas used to calculate paasche index number.

(a) \( P_L = \frac{\Sigma p_1 q_0}{\Sigma p_0 q_0} \)  
(b) \( P_F = \sqrt{P_p P_L} \)  
(c) \( P_{ol} = \frac{\Sigma p_1}{\Sigma p_0} \times 100 \)  
(d) \( P_p = \frac{\Sigma p_1 q_1}{\Sigma p_0 q_1} \)

(Ans : (d) \( P_p = \frac{\Sigma p_1 q_1}{\Sigma p_0 q_1} \))

16. An index number is a ___________ used to measure changes overtime and to interpret economic figures.

(a) scientific tool  
(b) economic tool  
(c) Mathematical tool  
(d) statistical tool  

(Ans : (d) statistical tool)

17. The measure Range, takes into account ________.

(a) the lower quartile and upper account  
(b) the extreme scores  
(c) each and every score in the series  
(d) only the low scorers  

(Ans : (b) the extreme scores)

18. Q. D. is given by ________.

(a) \( Q_3 - Q_1 \)  
(b) Highest Score − Lowest Score  
(c) Median  
(d) \( \frac{Q_3 - Q_1}{2} \)

(Ans : (d) \( \frac{Q_3 - Q_1}{2} \))
19. Mean Deviation is given by ________.  
   (a) \( \sum (X - M) \)  (b) \( \sum |X - M| \)  (c) \( \frac{\sum (X - M)}{N} \)  (d) \( \frac{\sum |X - M|}{N} \)  
   (Ans : (d) \( \frac{\sum |X - M|}{N} \))

20. The Standard Deviation of the wage of 60 workers is calculated to be 12. If 10 rupees is deducted from the wage of each worker, then the standard deviation will_______.  
   (a) not be affected  (b) reduce  (c) increase  (d) be unsteady  
   (Ans : (a) not be affected)

21. Higher Standard Deviation indicates, that ________.  
   (a) the scores are more consistent  (b) the scores are scattered more  
   (c) the scores are scattered less  (d) the scores are homogeneous  
   (Ans : (b) the scores are scattered more)

22. \( Q_3 - Q_1 \) _________.  
   (a) Range  (b) Inter Quartile Range  
   (c) Quartile Deviation  (d) Mean Deviation  
   (Ans : (b) Inter Quartile Range)

II. Fill in the blanks:

1. _________ is the widely used measure that locates relative positions.  
   (Ans : Percentile)

2. _________ is the most commonly used measure of position.  
   (Ans : Quartile deviation)

3. Quartile deviation is also known as _________.  
   (Ans : semi-inter quartile range)

4. _________ are values expressed as a percentage of single base figures.  
   (Ans : Index numbers)

5. The consumer price Index is one of the _________ indexes.  
   (Ans : Popular)

6. _________ for long have constructed price and quantity index numbers.  
   (Ans : Economists)

7. Index numbers have no _________ units.  
   (Ans : distracting)
8. __________ means the tendency of data values to deviate from the mean values. 
   (Ans : Dispersion)
9. __________ reflects the reliability of the average.  
   (Ans : Dispersion)
10. Range = __________. 
    (Ans : L-S)
11. The simplest measure of variability is the range of the __________. 
    (Ans : data)
12. A time series is a sequence of __________ points at successive time. 
    (Ans : numerical data)
13. Value = __________. 
    (Ans : Price x Quantity)
14. Average is reliable only when the set of data is __________. 
    (Ans : homogenous)
15. __________ can be measured by different methods. 
    (Ans : Variability)
16. Median is the _______ that divides the distribution into two equal halves. 
    (Ans : second quartile)
17. In the paasche index, the current year quantities are used as _______. 
    (Ans : weights)
18. ________ summarises changes in a group of related variables. 
    (Ans : Index number)
19. ________ is the arithmetic mean of the deviations of each point to the mean. 
    (Ans : Mean deviation)
20. Quartile deviation =______. 
    (Ans : \( \frac{Q_3 - Q_1}{2} \))
21. Q_1 is otherwise known as __________. 
    (Ans : (P_{25})) 
22. Inter Quartile Range is ________. 
    (Ans : \( Q_3 - Q_1 \)) 
23. Standard Deviation is given by the formula ________. 
    (Ans : Root Mean Square Deviation)
24. Coefficients of Variation is given by the formula ________. 
    (Ans : \( \frac{100\sigma}{M} \))
25. Index numbers are the ________ of Economic activity. 
    (Ans : Barometer)
26. Simple aggregative method is one of the method used in ________ index numbers. 
    (Ans : unweighted)
27. ________ is an absolute measure. 
    (Ans : Average Deviation)
28. ________ are used to forecast the future trend in economic phenomena.
   (Ans: Index Numbers)

29. ________ are known as the ‘Barometer of Economic Activity’.
   (Ans: Index Numbers)

30. There are four well-defined period in ________ cycle. (Ans: Business)

31. The method of least squares requires regorous ________ procedures.
   (Ans: Mathematical)

32. ________ is a simple measure of dispersion. (Ans: range)

III. Match the following:
(a)
1. First year - (a) L – S
2. Deviation from mean values - (b) Variance
3. Range - (c) Quartile
4. From quarters - (d) Base year
5. Derivative of Standard deviation - (e) Dispersion
   (Ans: 1 (d), 2 (e), 3 (a), 4 (c), 5 (b))

(b)
1. Unweighted Index Numbers - (a) Similar nature
2. Weighted Index Numbers - (b) Sequence of numerical data
3. Time series - (c) Variation cannot be predicated
4. Cyclical component - (d) \( P_{o1} = \frac{\sum p_{1}}{\sum p_{0}} \times 100 \)
5. Irregular component - (e) Paasche, Laspeyres, Fisher's
   (Ans: 1 (d), 2 (e), 3 (b), 4 (a), 5 (c))
1. Quartile Deviation - (a) Laspeyre’s Index
2. Mean Deviation - (b) Standard Deviation
3. σ - (c) \( \frac{\sum |X - \bar{X}|}{n} \)
4. Time Series - (d) Q. D.
5. Index Number - (e) Trend Component

(Ans: 1. (d); 2. (c); 3. (b); 4. (e); 5. (a))

IV. Answer for each of the following questions in a word or two:

1. What is called the arithmetic mean of the deviations of each point to the mean? (Ans: Mean deviation)
2. What is the formula to calculate quartile deviation? (Ans: \( \frac{Q_3 - Q_1}{2} \))
3. Mention the name of one of the popular indexes. (Ans: consumer price index)
4. What is the simplest method of constructing index numbers. (Ans: Unweighted Index Number)
5. Give passche’s Index formula. (Ans: \( P_p = \frac{\Sigma p_i q_i}{\Sigma p_o q_i} \))
6. What is the other name of third quartile? (Ans: \( P_{25} \))
7. What is the other name of the consumer price index? (Ans: cost of living index)
8. Which formula is used to determine the position of the tenth percentile? (Ans: \( n x = \frac{P}{100} \))
9. What are the terms used to measure index number? (Ans: Price, Quantity and Value)
10. Which time series is an erratic fluctuation in a given variable?
   (Ans: Irregular component)

11. What are the two variables in time series?
   (Ans: Economic Variables and forecasting variables.)

12. What is the formula used to calculate Unweighted Index Numbers?
   \[ P_{o1} = \frac{\sum P_1}{\sum P_o} \times 100 \]

13. Give the formula for Range.
   (Ans: Range = L − S)

14. How many main methods are there to calculate weighted index number?
   (Ans: There are 3 main methods to calculate weighted index number)

15. Give the formula for Fisher’s Index Number.
   \[ P_i = \sqrt{P_f P_L} \]

16. What do you meant by time series?
   (Ans: Time series is simply a sequence of numbers collected at regular intervals over a period)

17. What is the another name of Quartile Deviation?
   (Ans: Semi-Inter Quartile Range)

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Notes