

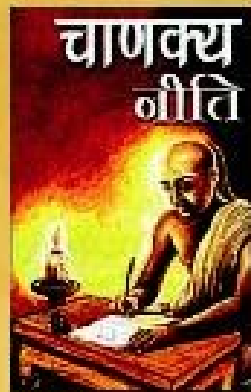
Suggested Question Paper Design
Economics (Code No. 030)
Class XII (2015-16)
March 2016 Examination

Marks: 100

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer 6 Marks	Marks	%
1	Remembering- (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite, information)	2	1	2	2	25	25%
2	Understanding- (Comprehension to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	3	2	1	2	25	25%
3	Application- (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	3	1	2	1	20	20%
4	High Order Thinking Skills- (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)	1	1	1	2	20	20%
5	Evaluation- (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	1	1	-	1	10	10%
Total		10×1=10	6×3=18	6×4=24	8×6=48	100 (30)	100%

Note: There will be **Internal Choice** in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B).



A Solution Does Not Complicate the Work

- Begin a task after proper planning.
- Ensure that the finalized solution is effective, feasible, and is free from unnecessary complexities.





State Council of Educational Research & Training
Varun Marg, Defence Colony, New Delhi-110024

Enrichment Material in Economics

ECONOMICS

Manual For

LECTURERS

IN

YEAR -2015

Project Co-ordinator/Editor
Dr. Seema Srivastava

October, 2015

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Foreword

Economics as a discipline is introduced at the Senior Secondary Stage in the form of an elective subject. At the Secondary stage of school education, the study of Economics, as a component of Social Science, has been dealt with in a general manner avoiding the rigour of economic theory. But at the senior secondary stage, the students are in a position to comprehend and appreciate the basic concepts and theories of economics. *Recently few significant changes in syllabus and pattern of evaluation have been introduced by CBSE which majorly impacts the Classroom teaching and strategy of preparing students.*

Transaction and evaluation techniques are changing fast in Economics. INSET programmes are organized to upgrade and enrich participants' knowledge in the area of Economics. Changes in the curriculum have to be shared with the participants along with common errors committed by students.

Latest approaches introduced in Economics such as Multidisciplinary Approach, Open Text Based assessment are also to be discussed with the participants. Certain important areas such as interpretation of Statistical Values, Use of Mathematical Tools, Budget and National Income Accounting, etc. are also to be discussed.

The course designed thus intends to provide them an opportunity to acquaint and familiarise themselves with the recent developments in the discipline as well as the functioning of various economic, financial and other institutions. The role of an Economics teacher is crucial in transacting the curriculum in the same spirit and prepares their students in understanding the subject better and performs well in Boards. Use of Statistics in Project Work, Changed approach for teaching Dynamics of Indian Economy in class XI, Understanding in the dealing Mechanisms of Mathematical Portion in Class XII Economics, Analysis of Class XII Papers and discussion on improving Students Performance, Gaming in Economics for effective Joyful Learning, Blooms Taxonomy and Question Paper Design, MDQs, Understanding Budget and Government Policies implicating Economy are major areas that will be addressed during 4 Days Orientation Program for Teachers.

The Manual addresses these significant changes in Curriculum, Assessment Practices and the useful reading material will help you in your classroom Teaching – Learning processes. As Teachers play an important role in implementing all new changes taking places in the curriculum and also the new technologies in the field of education. SCERT and DIET's have been providing IN-Service training in orienting the teachers in implementing the same effectively in teaching–learning processes.

NCERT and CBSE have brought in the desirable changes in the textbooks and examination pattern to connect the text with real world of work in true sense. NCF 2005 also strongly emphasizes on the departure from rote learning to child centered-processes which is the core of constructive approach. The support material developed by SCERT is an initiative in this direction for capacity building of teachers.

I appreciate the Co-ordinator, Dr. Seema Srivastava, Sr. Lecturer, DIET, Moti Bagh, and team of Contributors who have brought this Manual in the present shape. We extend our deep sense of reverence and gratitude to all concerned authorities; DOE, NCERT and CBSE for extending all academic support for incorporating required content in the Manual for training of Lecturer in Economics. We look forward for your continued supports and academic associations for quality education and capacity building of teachers.

Your comments and suggestions are welcome on the Manual.

Anita Satia

Director, SCERT

Preface

The Ethics of learning Economics emphasises *Learning to Live Together*. The teaching of Economics makes the rich realise that he is duly bound to support the poor, as poverty anywhere is a threat to prosperity everywhere. The idea of living happily ever after cannot be imagined in the absence of maxim of Living. As "Living to work is more important than working to live" NCERT and CBSE have brought in significant changes in the recent past to make the School Curriculum pragmatic which provides ample scope for a teacher to relate the contents of text with the world of work. The teaching of Economics empowers the students to observe empirically that economic phenomenon of which they may be a part.

SCERT organises Capacity Building/Orientation of teachers on the changes in syllabus, evaluation strategies brought in by NCERT and CBSE from time to time and hard spots identified in the subject every year and provides reading material based on the same.

In the changing scenario teachers have to really plan their methodologies in the light of NCF'2005 which strongly emphasises on construction of knowledge by the child himself/herself and has to think beyond the traditional confines of classroom. The recent CBSE papers have shown a noticeable shift to Application Based Questions which requires a great deal of effort on the part of teachers to prepare them accordingly.

The present Manual has been developed focussing on implementing the significant changes in the Economics Curriculum at Sr. Secondary stage of education and covers the important areas, which the teachers should address for improving the performance of the students. The Manual also provides the teachers to explore, discuss question etc. to makes the teaching-learning process more effective. It includes reading material on Project Work in Economics in class XI, OTBA, MDQs and hard spots etc. in practical and interesting manner. Evaluation and test items used on different domains are also covered. Teachers should feel free to use this Manual as reference material during the classroom teaching-learning processes.

I would like to congratulate the Co-ordinator, Dr. Seema Srivastava, Sr. Lecturer, DIET, Moti Bagh and the team of Contributors for brining this Manual in present form. I hope this Manual will prove helpful to the teachers in planning and transacting the curriculum in the classroom effectively.

Dr. Pratibha Sharma
Joint Director, SCERT

Editorial....

Economics is a subject one can see and relate in every sphere of life. It is a science that analyses the choice making economic behaviour. We have been witnessing the discussions on the declining GDP on various Channels and newspapers in the recent past. As a student of Economics, you have to provide students the rationale behind this to develop a logical understanding to go beyond the Statistical data. Likewise new Budget following debates and discussions on various aspects should form the part of classroom transaction to go beyond the textbooks and also linking the subject with real life situations.

The syllabus is so structured as to help the students to use computers wherever possible i.e. for analysis of data, preparation and presentation of project report. Teachers must encourage, guide and facilitate the use of ICT in the subject to be competitive. They themselves should use newspaper clippings, magazines, and other sources as teaching aids and prepare students to relate the contents of text to the world of work. Economy is constantly changing and responding to changes at domestic and at global level. Teachers have to update themselves continuously for preparing students for globally competitive challenges.

Keeping in view the significant changes in Economics Curriculum at Sr. Secondary level and the change in evaluation strategies, the present Manual contains some reading material on selected topics. Techniques and some tips to prepare recently introduced MDQs along with MCQs and VBA on some topics as exemplar, OTBA, Project Work in Economics etc. The important point here is that as the syllabus is pragmatic and recent inclusions in evaluation requires teachers to prepare their students accordingly, they themselves have to update on these changes for effective classroom implementations.

An attempt has been made to link economic knowledge with real life situations. The aim is to generate and develop scientific thinking towards the subject. For a very long time, Indian social science textbooks discussed the details of affairs outside India only in world history textbooks. ***This is for the first time in an economics textbook, the details of aspects related to economic development of other countries and particularly India's neighbouring countries are discussed***. The Manual discusses as to how this has to be taken up in the class with the help of different data sources. An analysis of the Indian Economy will bring out the process by which development takes place. It also helps the student in understanding how poverty and unemployment can be tackled. ***Role of Economic Planning in a country's rapid development can be appreciated by the student.***

The Manual also contains an orientation as to how Statistics can be used as an

effective tool in Projects for impactful analysis and interpretation. Tips and suggestions will be useful to make it student friendly. The *Glossary* given will also provide an easy understanding of various Terms used in the subject, especially for newly promoted teachers.

The most important aspect is how you, as teacher discuss and debate different questions and situations to make students *think out of box*. We as teachers have to prepare them for the real world of trade and economy. Linking school education with the real world is the need of the hour and also a challenge for Curriculum Planners and Educationists.

The demand of Economics is due to its importance both for career as well as job point of view. Economics is considered as ever green subject due to its high utility and huge demand in the job markets. Job opportunities for economics students have increased manifolds post reforms, and after amalgamation of world economy. *You will find the informative write up on the Career and Opportunities for Students of Economics which will be useful for you to provide necessary guidance at this level when students are opting for this subject.* I owe special thanks to Mr. Mandeep Kumar, PGT, Economics, RPVV, Vasant Kunj for this invaluable addition. I have tried to include FAQs to address the important Issues and concerns.

I take this opportunity to express a deep sense of reverence and gratitude to Ms. Anita Satia, Director, SCERT and Dr. Pratibha Sharma, Joint Director, SCERT for their continuous support and encouragement. I owe special thanks to Dr. Dushyant Kaur, Principal DIET Moti Bagh and all my colleagues; Academic and Administrative Staff for facilitating and extending unconditional support at all stages of completing this assignment. Thanks are extended to Ms. Shivani, Lecturer, Summerfields School, Kailash Colony, for providing invaluable inputs. Special thanks are extended to the team of Contributors, Subject Experts, and their concerned authorities, Faculty of various colleges/Institutes, DDEs and Officials of Directorate, Principals and Teachers of Government Schools, Aided/Public Schools for providing valuable suggestions and support at all stages of development of this Manual. I wish all Stakeholders an insightful reading.

The observations, suggestions and comments related to the Manual are welcome.

Dr. Seema Srivastava

Sr. Lecturer

ECONOMICS (Code No. 030)

(2015-16)

Rationale

Economics is one of the social sciences, which has great influence on every human being. As economic life and the economy go through changes, the need to ground education in children's own experience becomes essential. While doing so, it is imperative to provide them opportunities to acquire analytical skills to observe and understand the economic realities.

At senior secondary stage, the learners are in a position to understand abstract ideas, exercise the power of thinking and to develop their own perception. It is at this stage, the learners are exposed to the rigour of the discipline of economics in a systematic way.

The economics courses are introduced in such a way that in the initial stage, the learners are introduced to the economic realities that the nation is facing today along with some basic statistical tools to understand these broader economic realities. In the later stage, the learners are introduced to economics as a theory of abstraction.

The economics courses also contain many projects and activities. These will provide opportunities for the learners to explore various economic issues both from their day-to-day life and also from issues, which are broader and invisible in nature. The academic skills that they learn in these courses would help to develop the projects and activities. The syllabus is also expected to provide opportunities to use information and communication technologies to facilitate their learning process.

Objectives:

- Understanding of some basic economic concepts and development of economic reasoning which the learners can apply in their day-to-day life as citizens, workers and consumers.
- Realisation of learners' role in nation building and sensitivity to the economic issues that the nation is facing today.
- Equipment with basic tools of economics and statistics to analyse economic issues. This is pertinent for even those who may not pursue this course beyond senior secondary stage.
- Development of understanding that there can be more than one view on any economic issue and necessary skills to argue logically with reasoning.

ECONOMICS

CLASS-XI (2015-16)

Paper 1

3 Hours

90 Marks

Units	Marks	Periods
Part A		
Statistics for Economics		
1. Introduction	13	7
2. Collection, Organisation and Presentation of Data		27
3. Statistical Tools and Interpretation	27	66
	40	100
Part B		
Indian Economic Development		
4. Development Experience (1947-90) and Economic Reforms since 1991	13 12	18 16

	5. Current Challenges facing Indian Economy	15	60
	6. Development Experience of India - A Comparison with Neighbours (OTBA)	10	14
	Theory Paper (40+50 = 90 Marks)	50	108
Part C	Project Work	10	12

Note: The question paper will include a Section on Open Text Based Assessment (OTBA) of 10 marks from unit-6 of Part-B. From this unit, no other questions will be asked in the theory examination. The OTBA will be asked only during the annual examination to be held in the March 2016. The open text material on the identified unit will be supplied to students in advance. The OTBA is designed to test the analytical and higher order thinking skills of students.

Part A: Statistics for Economics

In this course, the learners are expected to acquire skills in collection, organisation and presentation of quantitative and qualitative information pertaining to various simple economic aspects systematically. It also intends to provide some basic statistical tools to analyse, and interpret any economic information and draw appropriate inferences. In this process, the learners are also expected to understand the behaviour of various economic data.

Unit 1: Introduction 07
Periods

What is Economics?

Meaning, scope and importance of statistics in Economics

Unit 2: Collection, Organisation and Presentation of data 27
Periods

Collection of data - sources of data - primary and secondary; how basic data is collected, with concepts of Sampling; methods of collecting data; some important sources of secondary data: Census of India and National Sample Survey Organisation.

Organisation of Data: Meaning and types of variables; Frequency Distribution.

Presentation of Data: Tabular Presentation and Diagrammatic Presentation of Data: (i) Geometric forms (bar diagrams and pie diagrams), (ii) Frequency diagrams (histogram, polygon and ogive) and (iii) Arithmetic line graphs (time series graph).

Unit 3: Statistical Tools and Interpretation 66 Periods

(For all the numerical problems and solutions, the appropriate economic interpretation may be attempted. This means, the students need to solve the problems and provide interpretation for the results derived.)

Measures of Central Tendency- mean (simple and weighted), median and mode

Measures of Dispersion - absolute dispersion (range, quartile deviation, mean deviation and standard deviation); relative dispersion (co-efficient of range, co-efficient of quartile-deviation, co-efficient of mean deviation, co-efficient of variation); Lorenz Curve: Meaning, construction and its application.

Correlation - meaning, scatter diagram; Measures of correlation - Karl Pearson's method (two variables ungrouped data) Spearman's rank correlation.

Introduction to Index Numbers - meaning, types - wholesale price index, consumer price index and index of industrial production, uses of index numbers; Inflation and index numbers.

Part B: Indian Economic Development

Unit 4: Development Experience (1947-90) and Economic Reforms since 1991: 18 Periods

A brief introduction of the state of Indian economy on the eve of independence. Common goals of Five Year Plans.

Main features, problems and policies of agriculture (institutional aspects and new agricultural strategy, etc.), industry (industrial licensing, etc.) and foreign trade.

Economic Reforms since 1991: 16 Periods

Need and main features - liberalisation, globalisation and privatisation;

An appraisal of LPG policies

Unit 5: Current challenges facing Indian Economy 60 Periods

Poverty- absolute and relative; Main programmes for poverty alleviation: A critical assessment;

Rural development: Key issues - credit and marketing - role of cooperatives; agricultural diversification; alternative farming - organic farming

Human Capital Formation: How people become resource; Role of human capital in economic development; Growth of Education Sector in India

Employment: Formal and informal, growth and other issues; Problems and policies.

Inflation: Problems and Policies

Infrastructure: Meaning and Types: Case Studies: Energy and Health: Problems and Policies- A critical assessment;

Sustainable Economic Development: Meaning, Effects of Economic Development on Resources and Environment, including global warming.

Unit 6: Development Experience of India: (OTBA) 14 Periods

A comparison with neighbours

India and Pakistan

India and China

Issues: growth, population, sectoral development and other developmental indicators.

The students may be encouraged to develop projects, as per the suggested project

guidelines. Case studies of a few organisations / outlets may also be encouraged. Under this the students will do only one comprehensive project using concepts from both part A and part B.

Some of the examples of the projects are as follows (they are not mandatory but suggestive):

- (i) A report on demographic structure of your neighborhood.
- (ii) Changing consumer awareness amongst households.
- (iii) Dissemination of price information for growers and its impact on consumers.
- (iv) Study of a cooperative institution: milk cooperatives, marketing cooperatives, etc.
- (v) Case studies on public private partnership, outsourcing and outward Foreign Direct Investment.
- (vi) Global warming.
- (vii) Designing eco-friendly projects applicable in school such as paper and water recycle.

The idea behind introducing this unit is to enable the students to develop the ways and means by which a project can be developed using the skills learned in the course. This includes all the steps involved in designing a project starting from choosing a title, exploring the information relating to the title, collection of primary and secondary data, analysing the data, presentation of the project and using various statistical tools and their interpretation and conclusion.

Suggested Question Paper Design

Economics (Code No. 030)

Class XI (2015-16)

March 2016 Examination

Theory: 90 marks + Project: 10 Marks

Duration: 3 hrs.

S.No	Typology of Questions	Very Short Answer/ MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer 6 Marks	OTBA 5 Marks	Marks	%
1	Remembering- (Knowledge based Simple recall questions, to know meaning of specific facts, terms, concepts, principles, or theories; Identify information)	-	2	1	2	-	22	25%
2	Understanding- (Comprehension to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	1	2	1	2	-	23	25%
3	Application (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	2	2	1	1	-	18	20%
4	High Order Thinking Skills- (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)	2	2	-	1	1	19	21%
5	Evaluation- (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	0	1	-	-	1	8	9%
	Total	5x1 =5	9x3=27	3x4=12	6x6=36	2x5=10	Theory 90+10 project" 100 marks	100

Note: The question paper will include a Section on Open Text Based Assessment (OTBA) of 10 marks from unit-6 of Part-B. From this unit, no other questions will be asked in the theory examination. The OTBA will be asked only during the annual examination to be held in the March 2016. The open text material on the identified unit will be supplied to students in advance. The OTBA is designed to test the analytical and higher order thinking skills of students.

There will be Internal Choice in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B),

ECONOMICS
CLASS -XII (2015-16)

Paper 1

100 Marks

3
Hours

Units	Marks	Periods
Part A Introductory Microeconomics		
Introduction	6	11
Consumer's Equilibrium and Demand	16	34
Producer Behaviour and Supply	16	34
Forms of Market and Price Determination under perfect competition with simple applications	12	31
	50	110
Part B Introductory Macroeconomics		
National Income and Related Aggregates	15	32
Money and Banking	8	18
Determination of Income and Employment	12	27
Government Budget and the Economy	8	17
Balance of Payments	7	16
	50	110

Part A: Introductory Microeconomics

Unit 1: Introduction 11 Periods

Meaning of microeconomics and macroeconomics

What is an economy? Central problems of an economy: what, how and for whom to produce; concepts of production possibility frontier and opportunity cost.

Unit 2: Consumer's Equilibrium and Demand 34 Periods

Consumer's equilibrium - meaning of utility, marginal utility, law of diminishing marginal utility, conditions of consumer's equilibrium using marginal utility analysis.

Indifference curve analysis of consumer's equilibrium-the consumer's budget (budget set and budget line), preferences of the consumer (indifference curve, indifference map) and conditions of consumer's equilibrium.

Demand, market demand, determinants of demand, demand schedule, demand curve and its slope, movement along and shifts in the demand curve; price elasticity of demand - factors affecting price elasticity of demand; measurement of price elasticity of demand - (a) percentage- change method and (b) geometric method (linear demand curve); relationship between price elasticity of demand and total expenditure.

Unit 3: Producer Behaviour and Supply 34 Periods Production function - Short-Run and Long-Run Total Product, Average Product and Marginal

Product.

Returns to a Factor

Cost: Short run costs - total cost, total fixed cost, total variable cost; Average cost; Average fixed cost, average variable cost and marginal cost-meaning and their relationships.

Revenue - total, average and marginal revenue - meaning and their relationships.

Producer's equilibrium-meaning and its conditions in terms of marginal revenue-marginal cost. Supply, market supply, determinants of supply, supply schedule, supply curve and its slope, movements along and shifts in supply curve, price elasticity of supply; measurement of price elasticity of supply - (a) percentage-change method and (b) geometric method.

Unit 4: Forms of Market and Price Determination under Perfect Competition with simple applications.

31 Periods

Perfect competition - Features; Determination of market equilibrium and effects of shifts in demand and supply.

Other Market Forms - monopoly, monopolistic competition, oligopoly - their meaning and features.

Simple Applications of Demand and Supply: Price ceiling, price floor.

Part B: Introductory Macroeconomics

Unit 5: National Income and Related Aggregates 32 Periods

Some basic concepts: consumption goods, capital goods, final goods, intermediate goods; stocks and flows; gross investment and depreciation.

Circular flow of income; Methods of calculating National Income - Value Added or Product method, Expenditure method, Income method.

Aggregates related to National Income: Gross National Product (GNP), Net National Product (NNP), Gross and Net Domestic Product (GDP and NDP) - at market price, at factor cost; National Disposable Income (gross and net), Private Income, Personal Income and Personal Disposable Income; Real and Nominal GDP.

GDP and Welfare

Unit 6: Money and Banking 18 Periods

Money - its meaning and functions.

Supply of money - Currency held by the public and net demand deposits held by commercial banks.

Money creation by the commercial banking system.

Central bank and its functions (example of the Reserve Bank of India): Bank of issue, Govt. Bank, Bankers Bank, Controller of Credit through Bank Rate, CRR, SLR, Repo Rate and Reverse Repo Rate, Open Market Operations, Margin requirement.

Unit 7: Determination of Income and Employment 27 Periods

Aggregate demand and its components.

Propensity to consume and propensity to save (average and marginal).

Short-run equilibrium output; investment multiplier and its mechanism.

Meaning of full employment and involuntary unemployment.

Problems of excess demand and deficient demand; measures to correct them - changes in government spending, taxes and money supply.

Unit 8: Government Budget and the Economy 17 Periods

Government budget - meaning, objectives and components.

Classification of receipts - revenue receipts and capital receipts; classification of expenditure - revenue expenditure and capital expenditure.

Measures of government deficit - revenue deficit, fiscal deficit, primary deficit their meaning.

Unit 9: Balance of Payments 16 Periods

Balance of payments account - meaning and components; balance of payments deficit-meaning. Foreign exchange rate - meaning of fixed and flexible rates and managed floating. Determination of exchange rate in a free market.

Prescribed Books:

1. Statistics for Economics, Class XI, NCERT
2. Indian Economic Development, Class XI, NCERT
3. Introductory Micro Economics, Class XII, NCERT
4. Macro Economics, Class XII, NCERT
5. Supplementary Reading Material in Economics, Class XII, CBSE

Note: The above publications are also available in Hindi Medium.

Suggested Question Paper Design

Economics (Code No. 030)

Class XII (2015-16)

March 2016 Examination

Marks: 100

Duration: 3 hrs.

s. No.	Typology of Questions	Very Short	Short	Short Answer II	Long Answer	Marks	%
		Short	Short	Answer	Answer 1		
		4 Marks	6 Marks				
		MCQ 1 Mark	3 Marks				
1	Remembering- (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite, information)	2	1	2	2	25	25%
2	Understanding- (Comprehension to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	3	2	1	2	25	25%
3	Application- (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	3	1	2	1	20	20%
4	High Order Thinking Skills- (Analysis Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)	1	1	1	2	20	20%
5	Evaluation- (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	1	1	-	1	10	10%
	Total	10x1=10	6x3=18	6x4=24	8x6=48	100(30)	100%

Note: There will be Internal Choice in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B).

Law of Diminishing Marginal Utility : States that as a consumer consumes more and more units of a good, the addition to total utility goes on decreasing.

Law of Diminishing Marginal Returns : States that as more units of the variable factor are applied to the fixed factor, the marginal product of the variable factor goes on decreasing.

Law of Supply : refers to the positive relation between the own price of the good and its supply.

Law of Variable Proportions : It states that as we increase the quantity of only one input, keeping other inputs fixed, the total product increases at an increasing rate initially, then increases at a decreasing rate after a level of output and ultimately falls.

Legal Reserve Ratio : That fraction of demand deposits with a commercial bank, which is legally compulsory for the bank to keep in the form of reserves with itself and with the central bank.

Macroeconomics : The study of the behaviour of the economy as a whole.

Managed Floating Exchange Rate : Floating rate influenced by buying and selling foreign exchange by the central bank in the foreign exchange market.

Margin Requirements : The discount determined by the central bank on the security mortgaged by the borrower to the commercial banks.

Marginal Cost : Additional to total cost on producing one more unit of output.

Marginal Propensity to Consume : The ratio of change in consumption expenditure to the change in total income.

Marginal Propensity to Save : The ration of change in saving to the change in total income.

Marginal Rate of Substitution : The rate at which the consumer is willing to sacrifice one good to obtain one more unit of the other good.

Marginal Rate of Transformation : The ratio of the number of units of a good sacrificed to produce one more unit of the other good, in a two-goods economy. It is also called marginal opportunity cost.

Marginal Revenue : Addition to the total revenue on producing one more unit of output of a good.

Marginal Utility : Addition to total utility on consuming one more unit of a good.

Market : The area in which the buyers and the sellers of the goods are in contact with each other.

Market Demand : The quantity of a good that all the consumers of that good are willing to buy at a given price during a period of time.

Market Economy : An economy in which the central problems of what, how and for whom to produce are solved through the freely operating forces of demand and supply.

Maximum Price Ceiling : Maximum price fixed by government the producers are allowed to

charge for a good or a service.

Microeconomics : A study of the behaviour of the individual economic units, or parts, that make up the economic system.

Minimum Price Ceiling (Price floor) : Minimum price fixed by government below which the producers of a good or service are not allowed to sell.

Monetary Measures : Exercising of powers by the central bank of the country to influence money supply with the purpose of achieving economic objectives.

Money : Anything that is generally accepted as a medium of exchange.

Money Multiplier : The multiple by which banks can create deposits due to an initial deposit.

Money Supply : Total amount of coins and currency outside banks and the total amount in chequable deposits on a specific day.

Monopolistic Competition : A competitive market situation with some elements of monopoly due to differentiation in products produced by different firms.

Monopoly : Only one firm producing a good.

Monotonic Preferences : Preferences with utility an increasing function of consumption.

Moral Suasion : Written or oral advice given by the central bank to the commercial banks to expand or restrict credit.

Net Investment : Net addition to the stock of capital i.e. after deducting depreciation during the year. It is also called net capital formation.

Non-economic Welfare : Welfare, i.e. the sense of well-being, affected by noneconomic factors.

Normal Good : A good whose demand rises with rise in income.

Oligopoly : A market structure characterised by small number of firms, or a small number of large firms, mutually dependent a great deal for taking price and output decisions.

Open Market Operations : Buying and selling of securities (loan instruments) by the central bank in the open market.

Opportunity Cost : Value of the benefit that is forgone by choosing one alternative rather than the other.

Ordinal Utility : Utility expressed in terms of ranking, as first, second, third, etc.

Perfect Competition : A market in which no individual firm can influence the market price on its own.

Perfectly Elastic Demand : When price elasticity of demand is infinity, i.e. even a small change in price causes a drastic change in demand.

Perfectly Inelastic Demand : When price elasticity of demand is zero, i.e. change in price has no influence on demand.

Price : The amount of money that has to be paid to obtain a good or a service.

Price Elasticity of Demand : The degree of response of demand due to change in the own price of the good.

Price Elasticity of Supply : The degree of response of supply to change in own price of the good.

Price Floor : See minimum price ceiling.

Primary Deficit : That part of fiscal deficit which indicated borrowing requirements to make up shortfall in expenditure other than the interest payments.

Primary Sector : Consists of production units producing goods by exploiting natural resources.

Producer's Equilibrium : That combination of price and output which yields the producer maximum profit.

Productive Function : An expression which states the relation between physical inputs and physical outputs.

Production Possibilities Curve : the locus of the various combinations of the two goods in a two-goods economy, that can be produced with fixed resources, assuming full and efficient utilisation of these resources.

Propensity to Consume : Ratio of consumption expenditure to income.

Propensity to Save : Ratio of saving to income.

Rational Consumer : The consumer who aims at maximising satisfaction.

Repo Rate : Interest rate at which the commercial banks can borrow from the central bank to meet their short term needs.

Resident : A person or an institution whose centre of economic interest lies in the economic territory in which he lives or located.

Revenue : Market value of the output produced.

Revenue Deficit : Excess of total revenue expenditure over total revenue receipts.

From the Editor...

It is observed that most (75-85%) of the Economics PGTs presently in Government / DOE set –up Schools have not studied Economics at School level or Graduation level. Orientation Programs / Capacity Building programs and Enrichment Material are essential for their professional growth and enrichment in their subject to understand the *'Tools of Teaching Economics'*

How is Economics different than other Subjects of Social Sciences?

There are numbers of reasons, the significant ones are:-

- Teaching of Economics is not static, its dynamic (Based on Dynamic concepts) and is affected by all external factors be its social, political, economic etc. and it affects every aspect of life of a common man i.e. Budget, Increase in Consumer Goods, Hike in Petroleum / Diesel Prices , Change in Interest Rates, REPO rate, Licensing, Increase in Service Tax etc.
- It requires analytical ability.

- Mathematical and Statistical portions require a special competence of understanding, analysing, and interpreting data.
- The subject requires a teacher to be continuously updated in terms of what is happening in Economic Scenario at Domestic and at Global level to make his subject context based, competitive & close to the world of reality. Newspapers, net-surfing, exploring economic / business information, Government policies etc. are all tools which equip an Economics Teacher to be effective in preparing students for not only Board Exams but in the Job Market /Higher Education which is sufficiently competitive.

*YOU NEED TO BE PASSIONATE ABOUT LEARNING AND UPDATING ON WHAT IS
HAPPENING IN ECONOMY AT DOMESTIC AND GLOBAL LEVEL TO BRING THAT
IN YOUR CLASSROOM TEACHING FOR MAKING THE SUBJECT LIVE, RELEVANT
AND MEANINGFUL.*

HIGHLIGHTS OF CHANGES IN ECONOMICS SYLLABUS YEAR 2015-16

Economics

Economics is a Dynamic and evolutionary subject, It keep improving day by day and spreading its domain to every aspect of life. Economics is related to each and every person irrespective of what he does or what is his status. Rich and poor, producer and consumer, ruler and citizen, buyer and seller everyone needs economics to do better in life and to reach equilibrium. We Economics Teachers, should feel proud that we are associated with the subject which is most sought after course in university and students studying economics gets highest pay packages and maximum recruitment in campus recruitments. Economics has always been considered as Science as well as Arts. Its theories are based on empirically tested data and are applicable irrespective of time and place.

To make it pragmatic and meaningful in changing scenario at domestic and global level, syllabus is reviewed accordingly. There are some changes in the syllabus which is given below in tabular form along with the impact that has to be taken up in the classroom:

Part A: Statistics for Economics

In Year 2014-15 for examination held in March 2015	In Year 2015-16 for examination to be held in March 2016	Net Impact
Unit 2: Collection, Organisation and Presentation of data Collection of data - sources of data - primary and secondary; how basic data is collected; methods of collecting data;	Unit 2: Collection, Organisation and Presentation of data Collection of data - sources of data - primary and secondary; how basic data is collected, with concepts of Sampling; methods of collecting data;	Concept of Sampling has been added this year. Type of samples, Sampling Errors and non sampling errors.
Unit 3: Statistical Tools and Interpretation Relative dispersion (co-efficient of quartile-deviation, co-efficient of mean deviation,	Unit 3: Statistical Tools and Interpretation Relative dispersion (co-efficient of range, co-efficient of quartile-deviation, co-	co-efficient of range has been added this year and question on same can be asked co-ef of range= $\frac{H-L}{H+L}$ H+S

co-efficient of variation)	efficient of mean deviation, co-efficient of variation)	
Lorenz Curve: Meaning and its application	Lorenz Curve: Meaning, construction and its application.	Construction of Lorenz curve has been added and steps for construction of Lorenz curve may be asked

Part B Indian Economic Development

In Year 2014-15 for examination held in March 2015	In Year 2015-16 for examination to be held in March 2016	Net Impact
Class XI Part B Unit 5. Current Challenges facing Indian Economy (OTBA) (Page 234 of Senior school curriculum volume-1 2014-15) (10 Marks)	Class XI Part B Unit 5. Current Challenges facing Indian Economy (Page241 of Year 2015-16 Senior School curriculum volume -1) (15 Marks)	Weightage for the unit has been increased to 15 marks. The final question paper will include questions of 15 marks from unit-5 of Part-B. From this unit, no OTBA questions will be asked in the theory examination.
Unit 6. Development Experience of India - A Comparison with Neighbours (15 Marks) Note: The question paper will include a Section on Open Text Based Assessment (OTBA) of 10 marks from unit-5 of Part-B.	Unit 6. Development Experience of India - A Comparison with Neighbours (OTBA) (10 marks) Note: The question paper will include a Section on Open Text Based Assessment (OTBA) of 10 marks from unit-6 of Part-B.	The question paper will include a Section on Open Text Based Assessment (OTBA) of 10 marks from unit-6 of Part-B. From this unit, no other questions will be asked in the theory examination. The OTBA will be asked only during the annual examination to be held in the March 2016.

Part C: Developing Projects in Economics

In Year 2014-15 for examination held in March 2015	In Year 2015-16 for examination to be held in March 2016	Net Impact
The students may be encouraged to develop	The students may be encouraged to develop	Students have to do only one comprehensive project of 10

projects, as per the suggested project guidelines. Case studies of a few organisations / outlets may also be encouraged. Under this the students will do two (5+5= total 10 marks) comprehensive projects using concepts from both part A and part B.	projects, as per the suggested project guidelines. Case studies of a few organisations / outlets may also be encouraged. Under this the students will do only one (10 marks) comprehensive project using concepts from both part A and part B.	marks using multi disciplinary approach and concepts from both parts.
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Change in blueprint of Question paper

Note: There will be Internal Choice in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B). No of question and marks distribution of questions is same as last year. Total 25 questions will be asked including 2 questions from OTBA (5 marks each).

Suggested Question Paper Design
Economics (Code No. 030)
Class XII (2015-16)
March 2016 Examination

Marks: 100

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer 6 Marks	Marks	%
	Remembering • (Knowledge based)						
1	Single recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite information)	2	1	2	2	25	25%
	Understanding • (Comprehension to be familiar with meaning and to understand conceptually; interpret, compare, contrast, explain, paraphrase, or interpret information)						
2		3	2	1	2	20	25%
	Application • (Use abstract information in concrete situation, to apply knowledge to new situations; Use given context to interpret a situation, provide an example, or solve a problem)						
3		3	1	2	1	20	20%
	High Order Thinking Skills • (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)						
4			1	1	2	20	20%
	Evaluation • (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)						
5			1		1	10	10%
Total		10×1=10	6×3=18	6×4=24	8×6=48	100 (30)	100%

Note: There will be Internal Choice in questions of 3 marks, 4 marks and 6 marks in both sections (A and B).
(Total 3 internal choices in section A and total 3 internal choices in section B).

Changes in Syllabus of class-XII

In Year 2014-15 for examination held in March 2015	In Year 2015-16 for examination to be held in March 2016	Net Impact
Unit 2: Consumer's Equilibrium and Demand Demand, market demand, determinants of demand, demand schedule, demand curve, movement along and shifts in the demand curve;	Unit 2: Consumer's Equilibrium and Demand Demand, market demand, determinants of demand, demand schedule, demand curve and its slope, movement along and shifts in the demand curve;	Explanation of Demand and its slope to be given. Rightward downward sloping. Straight line or rectangular hyperbola.
Unit-3 Producer Behaviour and Supply Production function	Unit-3 Producer Behaviour and Supply Production function – Short-Run and Long-Run	Long Run Explanation is to be given
Cost: Short run costs - total cost, total fixed cost, total variable cost; Average fixed cost, average variable cost and marginal cost-meaning and their relationship.	Cost: Short run costs - total cost, total fixed cost, total variable cost; Average cost; Average fixed cost, average variable cost and marginal cost-meaning and their relationships	Average Cost and its relationship with TC, MC and AVC.
Revenue - total, average and marginal revenue.	Revenue - total, average and marginal revenue - meaning and their relationships.	
supply curve	supply curve and its slope	Slope of Supply curve
Unit 7: Determination of Income and Employment Problems of excess demand and deficient demand; measures to correct them - change in government spending, availability of credit.	Unit 7: Determination of Income and Employment Problems of excess demand and deficient demand; measures to correct them - changes in government spending, taxes and money supply.	Change in taxes and money supply to correct problems of excess demand and deficient demand.

Changes in Question Paper Design

In Year 2014-15 for examination held in March 2015	In Year 2015-16 for examination to be held in March 2016	Net Impact
Application : Very short Answer MCQ (1 Mark) – no question Short Answer (3 Marks) – 2 questions	Application Very short Answer MCQ (1 Mark) – 3 questions Short Answer (3 Marks) – 1 question	
High Order Thinking Skills Very short Answer MCQ (1 Mark) – 2 questions	High Order Thinking Skills Very short Answer MCQ (1 Mark) – 1 question	

Suggested Question Paper Design
Economics (Code No. 030)
Class XII (2015-16)
March 2016 Examination

Marks: 100

Duration: 3 hrs.

S. N	Typology of Questions	VSA MCQ 1 Mark	SA-I 3 Marks	SA-II 4 Marks	LA 6 Marks	Marks	%
1	Remembering- (Knowledge based) Simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite, information)	2	1	2	2	25	25%
2	Understanding- (Comprehension) to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	3	2	1	2	25	25%
3	Application- (Use abstract information) in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	3	1	2	1	20	20%

4	HighOrderThinking Skills- (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)	1	1	1	2	20	20%
5	Evaluation- (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	1	1	-	1	10	10%
Total		10x1 =10	6x3 =18	6x4 =24	8x6 =48	100 (30)	100%

Note: There will be Internal Choice in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B).

RESEARCH PAPER	Education	Volume : 9 Issue : 3 March 2019 ISSN : 2249-302X
	Relevance of Need Assessment: Study on Enhancing Mathematical Skills of Economics Teachers at Higher Secondary Stage	
KEYWORDS	Need assessment, Teacher course Training, Mathematical skills	
Dr. Ashita Raveendran Department of Education in Social Sciences (DSESS), National Council of Educational Research and Training (NCERT), Sri Aurobindo Marg, New Delhi		
ABSTRACT The need assessment study sought to ascertain what teachers at higher secondary stage express as their perceived needs for enhancing mathematical skills among the learners, to what extent participants expect these needs to be met and identifies the barriers to transfer of learning. The present paper reports the background, methodology, and results of a recently concluded 'Need Assessment Study' as part of the proposed programme for Teacher Course on Application of Mathematics in Economics at NCERT, New Delhi. Majority of teachers agreed for the introduction of mathematics in economics (economics) at Higher secondary stage to be desirable. However, notwithstanding the above position, it has also shown that they were facing challenges while transferring the economic theory using mathematical expressions. The findings are discussed with far reaching implications and recommendations on conducting need analysis to improve the training programme.		

Introduction: Training activities are organised by institutions or individuals within an institution, which are directed on the basis of problems or coping in view the identified training needs. These are also a pre-condition for the need analysis assessed through consultation with the teachers and the feedback provided by the supervisors. Need Assessment Studies (NAS) emphasise on development of the training programme/courses. Conducting of a need analysis helps in diagnosing individual needs, provide a solid base of information regarding the current knowledge, strengths and weaknesses of the potential participants. The results of a need assessment will guide subsequent decisions—ranging from design, content selection, and evaluation of subjects and programs that will focus on achieving desired results (Wasson, Was, and Vasek, 2012, p. 18). Though the findings and timing of NAS are prime focus specified in the context of the present programme, after consideration, sharing of insights from such inquiries are equally important as it provides valuable inputs for designing similar success in future (Raveendran, 2018).

In this backdrop, this paper begins with an overview of the training and how the need assessment fits into the process. Followed by an introduction to the results of the need assessment study and its implications. As in most areas of education, there has been a wide debate about the definition, purpose, validity, and methods of need assessment (Raveendran, 2018; McCormick, Brownhoff and Vator, 1986). Organizations that develop and implement training courses without carrying out the need assessment run the risk of increasing training costs, doing too little, nothing or missing the point completely. NAS are generally conducted when the faculty members of a particular discipline in school intend to start an academic programme based on the specialised qualitative analysis in response to a lot of learner involvement rates for commencing with an initiative for the staff (Gill, 2006).

Background and Purpose of the Study: The first of the training technique, introductory Microeconomics and Introductory Macroeconomics, prepared by National Council of Educational Research & Training

(NCERT) on the basis of the curriculum of the National Curriculum Framework (NCF), 2006 has incorporated the recent developments in the theory added by a 'mathematical representation' of the basic theories. Mathematical skills will help one learn to express the economic behaviour in a high degree in clarity and rigour. As it is stated, there is variety of the angles faced by students as well as teachers while using mathematics in the introductory economics. It includes low level of confidence with respect to mathematical ability, limited fluency in algebra, limited understanding of the use of use of mathematical principles, economic argument are difficult to represent the mathematical representation of a problem within economic theory (Raveendran, 2018). The results of the study conducted by the Department of Education in Social Sciences to identify the problems of students and teachers while teaching the present textbooks, suggest a dire need for re-structuring the teachers (Raveendran, 2018). Further (2018) also suggests that NCERT may be needed to enhance the preparedness of teachers in a suitable quantification of mathematical application of mathematics in economics. To this context, to meet the demand for the course, NCERT decides to conduct a teacher course for enhancing the mathematical skills of the teachers and a programme proposal was submitted for conducting Teacher Course on Application of Mathematics in Economics for post graduate teachers/lecturers in economics. The objectives of the course were to:

- 1) equip teachers to deal with the mathematical expressions used in the economics textbooks at higher secondary stage;
- 2) help the teachers (and eventually the learners) to overcome the uncertainties in using mathematical and statistical tools in teaching and learning economics;
- 3) train the teachers about the new developments in quantitative tools and concepts in the teaching and learning of economics, thereby enabling them to judiciously adopt the tools in microeconomics and statistics in teaching economics.

The Academic Committee, NCERT recommended for con-

During NAS to look for the relevance and validity of the course in accordance with the conditional approval by the higher courts, subject to subsequent results from the NAS. Subsequently, a need assessment study was conducted to understand the perceived need for acquiring mathematical skills of teachers at higher secondary stage nationwide as a complement of the Releaser Course in 'Aspiration of Mathematics in Commerce'. The study was conducted for identifying the concerns of teachers, their perceptions regarding the use of mathematical concepts in commerce, assessing the requirement of the proposed releaser course as well as for finding the content area of the course. The need assessment helped to identify barriers to transfer of learning and factors that might prevent the course from being a 'must-have'.

Methodology

The study used a detailed questionnaire which covered teachers' perception of the relevance of the course and their expectations. It was designed to understand the scope for enhancing the relevance of the releaser course in terms of course design, content and mode of delivery. The questionnaire was validated by experts who covered the field for appropriateness and content validity for the purpose of the study. It was sent to school state education departments and organizations with a request for disseminating it among the teachers teaching at higher secondary stage. Some of the state education departments cooperated with this venture by issuing circulars to the schools to get the questionnaire duly filled by the respective teachers and also passed the questionnaire on their websites for wider dissemination. The survey received 163 valid responses through e-mail and post from various parts of the country.

The main findings of the study are presented in the following sections.

Findings of the study

• Relevance of the course/training

Training is often seen as the solution to a capacity problem, even though there are many situations training alone cannot improve (UN Habitat, 2010). In most instances to have any potential participant view on whether commerce or any course/training will enhance their existing knowledge, skills or attitudes.

The results of the needs assessment emphasize the relevance and need of initiating the proposed Releaser course at MCHL. The need analysis also provides information regarding the needs training and some type of training. Even though lack of confidence among teachers in handling mathematical expressions have been identified through the data, self-confidence is a problem hindering the classroom instruction. Lack of basic training necessarily need not be the solution. Teachers can also be assisted through supplementary materials. Therefore the capacities before proceeding have to go on idea regarding the requirement of the teachers. The study results showed that majority of the teachers (73.67 per cent) were in favour of getting them trained through 'case to face' mode in using mathematical expressions to explain economic theories, and can five persons potential participants of the course preferred supplementary training material to enhance their mathematical skills. Several of the respondents pointed out that initiation of such course will be well in accordance with the rules of NCERT and suggested to conduct such courses every year.

• Assessing needs and capacities

Regarding the question on whether the teachers will be in position in attending the releaser course, more than 80 per cent of them had positively responded. Some of them responded that it is not required either as they already know it or because they do not want mathematical expressions to be used to explain economic theories at higher secondary stage. However, it is a matter to consider carefully should be made compulsory as many who were not training may not sign up. It is a duty of the bureau to try find out they really need it or because they don't want to believe that they need it. Those who are already good at the mathematical skills can still benefit from the course, and they can also help to train the others.

• Specifying Training Needs

The respondents indicated to plan the course for updating the subject knowledge, core competency and it is designed specifically for enhancing mathematical skills. Majority of them (82.26 per cent) were of the view that the course will enhance capability to transfer the subject in the lower forms.

• Course objectives, design and content

Needs and objectives are prime factors when determining subject content (Kuspatrick and James, 2009, p.1). Kuspatrick (2009, p.1). The course content is to be prepared to meet the needs and achieve the objectives of the course. The answers of the potential participants help in ascertaining the areas to be covered in details. The responses generally are in line with the interpretation of content areas and the integration design of the course. It was noted that the practical sessions should cover more application based questions.

• Schedule of the course

The bus schedule also three things that consideration the answers, their houses and their home conditions for learning (Kuspatrick et al, 2009, p.11). Recently, NCERT organized a three week long summer course for teachers in the month of November 2012. After the teachers met the initiators were ready to spend the major of time during the discussion. Since the programme proposal approved yet to three weeks duration, it was binding over the coordinator to continue the course with the same duration. The need assessment analysis shows that majority of the teachers have been to attend course for a diploma diploma (about 89 per cent). If the respondents planned two week long course only and none of them prepared a twenty one day course. The respondents preferred the results during the day, which is more or less start of the session followed by vacation. Taking into consideration the needs and preferences of the potential participants as well as in response, calculating a time necessary to enhance teachers' participation in the course.

• Topics to be covered in the future training programs

The overall structure of the releaser course is as follows: the content was mostly found adequate and effective by the respondents. There were also suggestions to give more coverage to areas such as hypothesis, derivatives of trigonometry, probability, vectors, matrices, integration and so on. The content areas were recommended to be supported by situation analysis.

Discussion and implications

The need assessment study is a very positive outcome for concept of the releaser course in 'Aspiration of Mathematics in Commerce'. The information gathered for the

forming either to say it is an appropriate approach also shows a positive response. When online is decided upon as the best way to offering the material as said, the requirement for training needs is essential in identifying the needs of participants, the objective of the training and mode and duration of training. This information helps the trainer to evaluate and structure the course so that it is relevant both to the individual participants and their respective institutions.

The function problems, objectives and mode are decided by the potential participants to help in designing the course and mode of delivery so as to maximise the impact of the course. As the teachers find it difficult to structure the course of longer duration it can be designed in such a way that face to face training, it could be of a shorter period of two weeks followed by online training. Even though the National State Council of Education Research and Training (NCERT), New Delhi, National Skill Development Corporation (NSDC), New Delhi, Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, and other various regulatory bodies cannot do training programmes, most of the potential participants and the students are on the specific area. All training programs/course needs to be communicated to the concerned department/authorities so that the programme could choose the appropriate programs and align with effective curriculum. The course design that included several sessions were accepted as it helps them learn better. They suggested for practical sessions, supported by a written analysis.

The findings of the NAS seem to have reinforced the suitability of the proposed course for the teachers/post graduate teachers at higher secondary stage in dealing with problems and issues concerning their ability to teach *economic theory* using mathematical exercises. NAS was very effective in establishing the relevance and viability of the proposed teacher course, strengthening the course design and content and in soliciting the views of stakeholders with respect to the use of mathematical exercises to explain economic theories at higher secondary stage.

Limitations of the study

The need analysis was based only on questionnaire responses. If a questionnaire makes little provision for free response and allows for only a limited set of choices of problems or possible solutions, the study has helped in determining the commitment of the potential participants of the course towards the desired outcome. It also shows the limitation of the organization of support in this regard was not assessed. Their willingness and commitment to discuss the teachers for the course is very much essential. Support to the teachers by providing materials in implementing what they have learned. Due to the non involvement of the administrators of the respective institutions in the need assessment along their response regarding the condition and feasibility of the course could not be assessed. It would have helped in making them aware of the changes that are necessary and the relevance of the course in continuing to achieving the necessary changes.

Conclusions

The need analysis report has been used by teachers in keeping themselves abreast for the latest advances in the subject area also provide opportunities for them to experience expertise with their peers and to mutually learn from each other. Need analysis being the first step towards the following an integration of mathematics in economic theory needs to be equipped through adequate training. The responses in the need assessment study indicated the relevance of the course and the need to expand the course offerings. The study provided a solid framework for the designers in identifying gaps or shortcomings with respect to the mathematical skills to prepare the course content and content areas to take note of the problems that may not be solved by training. In addition, it needs analysis also serves as basis of consideration for evaluating the effectiveness of the course. Considering the responses involved in expanding training programs, it is a good idea to analyze the needs at the onset so that it can be made in order to design on piece to piece. The documentation and dissemination of findings of need analysis assessment could be having replicable lessons and suitable courses.

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DEMAND CURVE AND SUPPLY CURVE AND THEIR SLOPE

Why Is Demand Curve Downward Sloping?

Introduction

A demand curve is the graphical representation of the demand schedule for a commodity. It is the graphic statement of an individual buyer's reaction on amount demanded at different price in the given point of time. A demand curve has got a negative slope. It slopes downwards from left to right. A demand curve shows the maximum quantities per unit of time that consumers will buy at various prices. In the words of **Richard Lipsey** "The curve which shows the relation between the price of a commodity and the amount of that commodity the consumer wishes to purchase is called Demand Curve. There are following factors responsible for downward sloping of a demand curve:

(1) Law of Diminishing Marginal Utility

Definition: The law of diminishing marginal utility has been given by **Alfred Marshall** as "The additional utility which a person derives from an increase of his stock of a commodity diminishes with every increase in the stock that he or she already has." OR

In other words, "other things remaining same when a person takes successive units of a commodity, the marginal utility diminishes constantly."

In 1854, H. Gossoon explained this law after Alfred Marshall in the following words; "other things remaining same, marginal utility becomes smaller and smaller as the more units of a commodity a person has."

EXPLANATION OF THE LAW:

The law can be explained by the following example;

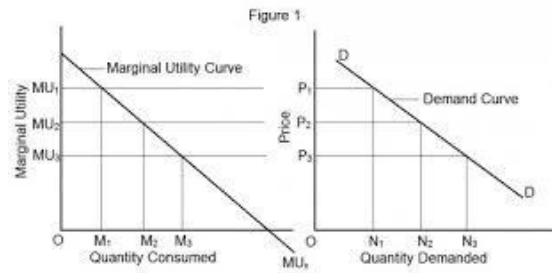
Suppose that, in the month of June when it is very hot. A student comes to home from his/her college and starts drinking water because he/she is very thirsty. First, glass of water gives him lot of satisfaction. In other words, the first glass of water has a great utility for him/her. If he/she drinks the second glass the utility will be less than the first one. If he/she takes the third glass then the utility will be less than the second glass and so on

The law states that a consumer derives less and less satisfaction (utility) from the every additional increase in the consumption of a commodity ,however, a consumer always tries to equate marginal utility with price (consumer's equilibrium).

When price of a commodity falls the consumer's price- marginal utility equilibrium is disturbed i.e. price becomes smaller than marginal utility.

In order to be in equilibrium, the consumer will buy more of it so that the marginal utility falls with the rise in the amount consumed. So long the price of a commodity falls, the consumer will go on buying more of the commodity so as to reduce the marginal utility and make it equal with new price.

Thus the shape and slope of a demand curve is derived from the slope of marginal utility curve.



(2) Income Effect

Another cause behind the operation of law of demand is income effect. As the price of a commodity falls, the consumer can buy the same amount of the commodity at less amount of money. After buying his required quantity he is left with some amount of money.

This constitutes his rise in his real income or purchasing power. This rise in real income is known as income effect. This increase in real income induces the consumer to buy more of that commodity. Thus income effect is one of the reasons why a consumer buys more at falling prices.

(3) Substitution Effect

When the price of a substitute commodity falls, it becomes relatively cheaper than other commodities. The consumer substitutes the commodity whose price has fallen for other commodities which becomes relatively dearer.

For example with the fall in price of tea and coffee price being constant, tea will be substituted for coffee. Therefore, the demand for tea will go up.

(4) Entry of New Consumers

When the price of a commodity falls many other consumers who were deprived of that commodity at the previous price become able to buy it now as the price comes within their reach. For example the demand of colour TV increases with a remarkable fall in price of it. The opposite will happen with a rise in prices.

(5) Multiple use of Commodity

There are some commodities which have multiple uses. Their uses depend upon their respective, prices. When their prices rise they are used only for certain selected purposes. That is why their demand goes down.

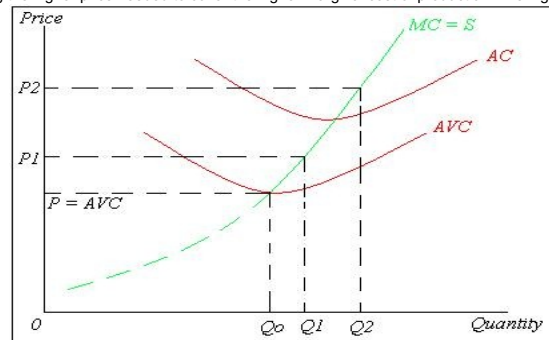
For example electricity can be put to different uses like heating, lighting, cooling, cooking etc. If its price falls people use it for other uses other than that. A rise in price of electricity will force the consumer to minimize its use. Thus with a fall and rise in price of electricity its demand rises and falls accordingly.

Why Supply Curve has a Positive Slope?

The direct relationship between price of a commodity and its quantity supplied can be explained by the following factors:

1. Rising Marginal Cost (MC) of Production

The supply curve slopes upward, reflecting the higher price needed to cover the higher marginal cost of production. The higher marginal cost arises because of diminishing



marginal returns to the variable factor. When the Law of diminishing marginal returns applies, a firm's marginal cost keeps rising. A firm will not find it profitable to increase output if it cannot, at least, cover the additional cost (i.e., MC) that are incurred. As the price of the product rises, the firm can increase its output until the cost of producing an additional unit (MC) rises to the level where it is first covered by the price at which that unit can be sold. In brief, because the cost of rising output increases, as more is being produced already, higher and higher prices are needed to induce firms to make successive increases in output. The result is a positively sloped curve, indicating that higher the price the more will be produced.

2. Higher Prices Mean More Profits

As the price of a commodity goes up, profit margin for the producer increases. Rising profit margins work as an incentive to produce more and offer a larger quantity for sale.

3. Incentives to other Firms

Rising prices work as an incentive not only for the existing firms to expand the level of output, but also induce new firms to enter the industry. With the entry of new firms, commodity will be produced in a larger quantity and hence supply increases.

A Comparative Study of Why Demand Curves are Downward Sloping and Supply Curves are Upward Sloping (with an Example).

To consider why demand curves are downward sloping and why supply curves are upward sloping we might need to be reminded of just who in an economic society is represented by the demand and supply curves themselves. Demand curves are intended to represent the consumption preferences of households and individuals for finished goods. Supply curves are intended to represent the production preferences of firms. We also need to recall why households consume: to receive some level of satisfaction - which economists refer to as utility. And firms produce to receive their unique form of satisfaction: profit - which depends on output prices and input costs.

Demand Curves are Downward Sloping

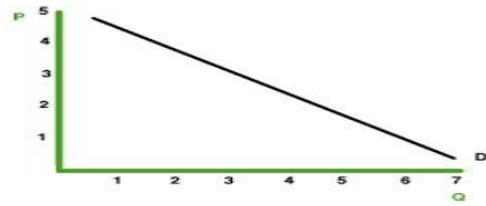
First, what does it mean to us in terms of prices and quantities for a demand curve to have a negative, or downward, slope? It means that as prices rise, quantity demanded falls and as prices fall, quantity demanded rises – the movement of the two variables is negatively correlated. That makes intuitive sense to most of us. We might even think of this in terms of scarcity, if there's just one unit of a good, if it's unique, we're likely willing to pay more for it than if it's ubiquitous, in which case we don't hold it in as high esteem or attribute to it as high a level of value or price.

Beyond this, in order to explain why demand curves are downward sloping we need to think about what drives demand for a product. There are numerous determinants of demand of course, but in short, we demand a good or service because we gain some amount of utility through its consumption and we're typically willing to pay more for something that gives us a high amount of utility and less for something that gives us a lower amount of utility. So think about the amount of utility we gain from consuming one more unit of a good – the marginal utility; is it more or less than the utility we gained from consuming the prior unit. In general, it's less.

Think about buying and eating a sandwich when you're REALLY hungry. You expect to receive a high amount of utility from that sandwich, but the next sandwich you eat, though it may be the exact same type of sandwich, gives less utility; in part because the first sandwich already went a long way towards satisfying your hunger. So if you've just come in from a long day's labor without having eaten, maybe you'd pay Rs.10 for the first sandwich – it's a lot, but without it you're about to starve. You might even be willing to pay a lot for the second sandwich, let's say Rs.8.00, but the third sandwich is likely to be a different story. By now you're largely satisfied and you may only be prepared to pay Rs.6.00 for the third sandwich and even less, maybe Rs.4 for a fourth sandwich, and so on. We can even suppose that at a certain level of consumption, say the sixth sandwich, you wouldn't pay anything. And at the seventh sandwich someone would have to pay you Rs.2 to get you to eat it! It can be explained with this help follow by table I and diagram:

Table - I

QUANTITY of Sandwich	PRICE
1	10
2	8
3	6
4	4
5	2
6	0



O

What we've just described is the law of *Diminishing Marginal Utility*, virtually synonymous with the law of diminishing marginal returns and similar to the law of diminishing marginal productivity. We also just defined a table suggesting what you might pay for various quantities of a Good and that table can be used to form the demand curve for the good.

So, in this formation we see why the demand curve for an income-normal Good, like a sandwich, would be expected to be downward sloping. It's all about diminishing marginal utility and our willingness to pay for that utility. *Obviously,*

we're not offering a rigorous mathematical proof here; we're just discussing this in very simplistic terms.

Why Supply Curves are Upward Sloping?

What does it mean for a curve to be upward sloping or to have a positive slope? It means that as the price rises, the quantity also rises, and vice versa. We might think of this in terms of motivation: if you want someone to put in the extra effort required to produce more goods, you might need to pay them more per unit. That's pretty simplistic and doesn't really get at the underlying issue of the firm seeking greater utility, or profit, but it's not altogether irrelevant. We need to return to the law of diminishing marginal returns or in this particular case, the law of diminishing marginal productivity. This law suggests that as we employ more units of any particular factor (input) of production, the productivity of that factor declines. The example of a very small sandwich shop in which the owner, sandwich maker, order taker, server and cashier – all are one /same /is undertaken. In this set of roles he / she might be able to produce 15 sandwiches an hour. If an employee is added for assistance, and that person only makes sandwiches, then it can be assumed / we can suppose the person's productivity should be greater than the owner – maybe they can make 20 sandwiches per hour – but this presumes that the size of the sandwich shop can accommodate another worker, which is to say, that before adding the worker owner was underutilizing the capital investment represented by the sandwich shop itself.

So, as a business owner, I like the added production. If I pay the worker the same wage I pay myself, say Rs.10 per hour, then the per unit wage cost just went down from Rs.0.66 per sandwich (Rs.10/15 sandwiches) to Rs.57 $[(Rs.10 + Rs.10)/(15 + 20 \text{ sandwiches})]$. If I then add another worker expecting that I'd see a similar increase in productivity (and decrease in per unit cost), I might be surprised. Remember that it was a very small sandwich shop, in fact it's really just big enough to accommodate 2 workers without getting into each other's way, but it was not known before that until I add that additional worker. So I add the 3rd worker and find that this person only contributes another 15 sandwiches per hour, and I add yet another and find that the 4th worker only adds another 10 sandwiches per and the 5th worker actually decreases overall production by 5 sandwiches per hour.

What is projected here is a demand curve is created for labor as an input to production, but that is also shown that as the quantity of output rises, the cost of producing the good also rises; once we're fully utilized our capital as shown in following

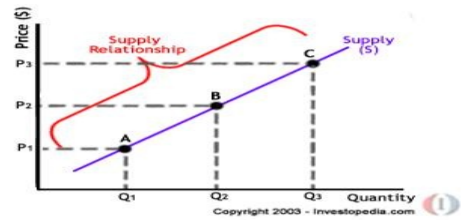
Table - 2.

Table - 2

WAGE	LABOUR	QUANTITY	COST/UNIT
10	1	15	.67
10	2	35	.57
10	3	50	.60
10	4	60	.67
10	5	55	.91

So unless the producer is prepared to accept less profit per unit, which would be the result of increasing input costs with a stable price per unit for the finished good, then price will have to rise. In this case, it is seen that the cost of producing a sandwich begins to increase from Rs.0.57 to Rs.0.91 and we can suppose that the cost of other inputs to production might also rise such that a producer might have to consider the following Table - 3 for prices and quantities of sandwich production:

QUANTITY of Sandwich	PRICE of Sandwich
10	3
20	4
30	5
40	6
50	7
60	8
70	9
80	10



o

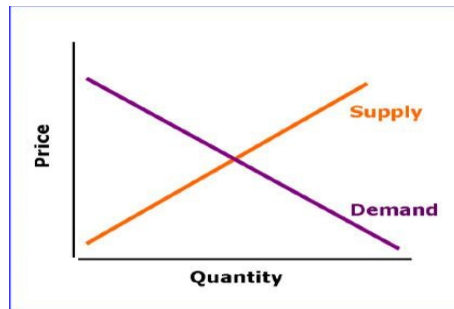
This is why supply curves must be upward sloping.

Supply and Demand together

If we now try to put this market together in one graph so that we can see both supply and demand, we'd first have to aggregate the quantity and price preferences of the lone consumer in the demand discussion, so that it approximately states the demand for an entire market. It can be done by forming a new table showing both Quantity Demanded and Quantity Supplied aside given price levels in following:

Table - 4

PRICE	QUANTITY DEMANDED	QUANTITY SUPPLIED
3	80	10
4	70	20
5	60	30
6	50	40
7	40	50
8	30	60
9	20	70
10	10	80



P

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Q

*Mathematically put:
If demand function is*

$$Q_d = a - bP$$

And supply function is

$$Q_s = c + dP$$

Then, equilibrium is where:

$$Q_d = Q_s$$

$$a - bP = c + dP \quad a - c = P(d + b) \quad P = (a - c) / (b + d)$$

Sample question

Explain the theory of Consumer's Equilibrium with the help of an example other than covered above.

PRODUCTION FUNCTION - LONG RUN

INTRODUCTION

By "Returns to Scale" it is meant that behaviour of production or returns when all productive factors are increased or decreased simultaneously and in the same ratio. When all inputs are changed in the same proportion, we call this as a change in scale of production. The way total output changes due to change in the scale of production is known as Returns to Scale. Thus, whereas in the short-run change in output is associated with the change in *factor proportions*, and change in output in the long-run is associated with change in the *scale of production*. Thus Returns to Scale is the long-run concept.

A layman would perhaps expect that with doubling of all productive factors, the output will also double and with trebling of factors of production, production would also be trebled, and so on. But actually this is not so. In other words, when all inputs are increased in the same proportion, the total product may increase at an increasing rate, constant rate or diminishing rate. *Accordingly the Returns to Scale could be 'increasing', 'constant', or 'decreasing'.*

LAW OF RETURNS TO SCALE

Definition



The law of returns to scale describes the relationship between outputs and the scale of inputs in the long-run when all the inputs are increased in the same proportion. According to the *Roger Miller*, the law of returns to scale refers "to the relationship between the changes in output and proportionate change in all factors of production". The firm increases its scale of production by using more space, more machines and labourers (as a input) in the factory, to meet a long-run change in demand.

Returns to scale explains the behavior of output when all the factor inputs are changed in the same proportion. Alternatively Returns to scale refers to the increase in output when all the factor inputs are increased in the same proportion. In this way the returns to scale may be increasing

1. All factors (inputs) are variable but enterprise is fixed.
2. A worker works with given tools and implements.
3. Technological changes are absent.
4. There is perfect competition.
5. The product is measured in quantities.

Three Different Cases

1. **Increasing Returns to Scale**
2. **Constant Returns to Scale** and
3. **Decreasing Returns to Scale.**

Increasing Returns To Scale:

This situation occurs if a percentage increase in all inputs results in a greater percentage change in output. For e.g. a 10 % increase in all inputs causes a 20% increase in output.

By increasing its scale, the firm may be able to use new production methods that were not feasible at the smaller scale. For instance, the firm may utilize sophisticated, highly efficient, large-scale factories. It also may find it advantageous to exploit specialization of labour at the large scale. This is shown in the following example.

Inputs (Units)	Output (Units)
2 capital + 2 Labour	200
4 Capital + 4 Labour	500

The table shows that the input is increasing by 100%, on the other hand the output is increased by 150%. This shows the increasing returns to scale. As changes in the output is more than the change in input.

Causes of Increasing Returns to Scale

- **Indivisibilities:** According to economist like Kaldor, leamer, knight and Joan Robinson, an important cause of indivisibility. Indivisibility means that certain factors are available only in some minimum sizes. Certain inputs particularly machinery, management etc. are available in large and lumpy units. Such inputs cannot be divided into small sizes to suit the small scale of production. For e.g. there cannot be half a machine, half a computer or half a manager. Such inputs have to be employed even if the scale of production is small. Therefore, as the

scale of production increases, these indivisible factors are utilized better and more efficiently. This leads to increasing returns to scale.

2 Greater Specialization: As the scale of production increases, the efficiency of labour increases due to division of labour and specialization of labour. Similarly, when the scale of production increases, it becomes possible to use specialised machines and the services of specialized and expert management.

This results in productivity of inputs leading to increasing returns to scale. *According to Prof. Chamberlin*, Returns to Scale in the initial stages increases due to the fact that the firm can introduce the specialization of labour and machinery.

Constant Returns to Scale

Constant Returns to Scale: It occurs if a given percentage change in all inputs results in an equal percentage in output. For instance, if all inputs are doubled, output also doubles; a 10% increase in inputs would imply a 10% increase in output; and so on. Under constant returns, the firm's input are equally productive whether smaller or larger levels of output are produced.

A common example of constant returns to scale occurs when a firm can easily replicate its production process.

For, instance a manufacturer of electrical company finds that it can double its output by replicating its current plant and labour force, that is, by building an identical plant beside the old one.

Similarly, chain of drycleaners can increase its volume of service by increasing its number of outlets (with designated number of workers per outlets). So long as all necessary inputs are readily available, the firm can increase in proper proportion to inputs via replication, and constant returns to scale will hold. This can be explained in the following example.

Inputs (Units)	Output (Units)
2 capital + 2 Labour	200
4 Capital + 4 Labour	400

The above example shows that as the inputs (i.e. labour and capital) are increased to 100%, output also increased to 100%.

Causes of Constant Returns to Scale

- **Limits of Economies of scale:** Increasing returns to Scale cannot go on indefinitely. There is a limit to these economies of scale when the economies of scale are exhausted and diseconomies are yet to start, there may be a brief phase of constant returns to scale.
- **Economies of Scale:** It refers to the situation where increases in the scale of production give rise to certain benefits to the producers.
- **Divisibility of Inputs:** Constant returns to scale may occur in certain productive activities where the factors of production are perfectly divisible. For example, we may double the output by setting up two plants (factories) which use the same quantity and the same type of workers, machinery, raw materials and other inputs.

Decreasing Returns to Scale:

It occurs if a given percentage increase in all inputs results in a smaller percentage increase in output. The most common explanation for decreasing Returns involves organization factors in very large firms. As the scale of firms increases, the difficulties in Coordinating and monitoring the many management functions. Coordinating production and distribution of 12 products manufactured in four separate plants typically means incurring additional costs for management and information systems that would be unnecessary in a firm one-quarter size. As a result, proportional increases in output require more than proportional increases in inputs. The following example will explain decreasing returns to scale.

Inputs (Units)	Output (Units)
2 capital + 2 Labour	200
4 capital + 4 Labour	300

The above shows, that inputs are increased to 100% but the increase in output is 50%, which shows that there is decreasing returns to scale.

Causes of Decreasing Returns to Scale

1. Complexity of Management

Increase in the scale of production beyond a point may create the problem of proper management, leading to a decrease in managerial efficiency. Large scale

of production creates the problem of lack of proper, larger bureaucracy, red tapism, lengthy Chain of Communication and command between the top management and men on the production line. As a consequence of all these, the overall efficiency of management decreases.

2. Entrepreneur is a Fixed Factor

According to some economist decreasing returns to scale arise because entrepreneur is a fixed and indivisible factor. An increase in scale may come to a point where the abilities and Skills of the entrepreneur may be fully utilised. An increase in the scale beyond this point may decrease the efficiency of the entrepreneur. This gives rise to diseconomies of scale.

3. Exhaustibility of Natural Resources

Another factor responsible for the diminishing returns in some activities is the limitation of natural sources. For example, if we double the fishing fleet, the number of fish Catch will not double because the availability of fish may decrease when fishing is carried out on an increasing scale.

MULTI DISCIPLINARY QUESTIONS (MDQs)

Abstract

MDQs are newly introduced in CBSE - XII syllabus since 2014-15 session. MDQs are Inter-disciplinary questions and are very important in a subject like Economics - which is actually a study of mankind in the ordinary business of life.

Multidiscipline means Economics is related to other subjects of social science. whereas, Interdisciplinary questions includes questions which can be answered both from Micro concepts and Macro concepts. The current design of question paper for CBSE (2015-16) shows that, 20% questions will be based on HOTS and 25% questions will be based on application. and 10% questions will be based on Evaluation. (i.e. 50% of the questions will be skill based)

For example, a question like:-

"Saving is a boon or bane" - Comment.

- This is a Interdisciplinary question as while answering this question both micro and macro concept will be used.

Multidisciplinary questions deals with comprehension of abstraction information in concrete real life situation and finally interpret the result. The idea behind introducing this unit is to enable students to develop the ways and means by which the current cultural/ economic / geographical problems can be analysed using their concepts on simple economic theories [viz. Investment Multiplier, Law of Demand etc.]

For Example the 2014-15 CBSE question asking the impact of "Jan- Dhan Yojana" as introduced by PM Modi, on the National Income - is a multidisciplinary question.

Introduction of Multi-Disciplinary Questions in Economics at Class XII

Level

We all know that today the subject economics is evolving very fast so the teachers teaching have to keep in pace with the rapid changes. As life-long learners, we have to constantly upgrade and hone our teaching-learning skills so as to keep our best foot forward. CBSE as its latest innovative practice in 2015 has introduced the Multi-Disciplinary Questions in Economics, which call curriculum programme for the teacher.

Keeping abreast with the latest innovative initiatives in the field of examination and evaluation, the strong emphasis on the revised Bloom's Taxonomy while framing questions has to be taken cognizance of weightage on Remembering and understanding questions has been reduced from 30% and 50% to 25% each. Weightage on application based questions remains at 20%. HOTS questions have a

weightage of 20%. Latest addition to the typology of questions are MDQs with a weightage of 10%.

In a nutshell, 50% of the question paper will not be based on challenging questions which would be thought provoking and not based on rote memory. So as effective teachers we have to accept all challenges involved and equip and facilitate our students to think for themselves. Best teachers in fact are those who help the students-

- to better understand,
- to become familiar with words that require HOTS
- to achieve better.

If HOTS questions involve the learning of complex judgmental skills which are logical, reflective and creative, 'Multi-Disciplinary Questions (MDQs) link some aspect of one unit of the syllabus to some aspect of the other unit/units of the syllabus. Such linkages are required to develop wider perspective of Economics.

Thus the students are to be well versed with all the 9 units of the syllabus to understand the linkages. Some are the days of selective study and questions based on rote memory. So arise, awake and crack them!

Start with the following steps-

1. Introduction of MDQs
2. Presentation of MDQs
3. Group work on the construction of MDQs. Each group of 5-6 students will be given a newspaper clipping (Refer the Exemplar Cuttings in the following pages) and asked to frame 3 MDQs on it having
 - 1 Question of 3 marks (SA)
 - 1 Question of 6 marks (LA)

Total weightage of the three questions to be 10 marks.

This exercise will expose them to the framing of MDQs and give them a hands-on experience with the MDQs.

Why MDQs are introduced in the Syllabus?

The objective of introducing MDQs in the current changed syllabus of CBSE - Economics is to enable the students to apply their knowledge in predicting the economic problems.

The Problems faced by the Teacher :

Teachers fail to understand the philosophy behind the introduction of MDQs in the syllabus where there is already almost 45% weightage is given to Application based questions and HOTS question.

So, now the teachers have to be properly trained to handle such MDQs. Orientation of the students are required to enable them to appraise, judge and justify the given abstract (economic/non-economic) situation and provide an economic solution for it.

Sample Clip

‘Neoclassical economics is incomplete humans are not always rational or selfish’

Varun Gauri is senior economist at the World Bank and co-author of 2015's World Development Report (WDR), the World Bank's flagship annual report known for economic policy considerations - but this year, writing psychology, sociology, economics, behavioural science and cognitive science in 'Mind, Society and Behaviour'. Speaking with **Subash Varma**, Gauri discussed the Bank's new approach, why understanding real behaviour is crucial - and how it's time to rework neoclassical economics.

World Development Report 2015?

The key message is that people's thinking and behaviour have to be accommodated in policy making and execution.

Just as those who sell commodities make a big effort to understand consumers, development policies also need to change mental models. Swachh Bharat, for example, is a programme to change prevailing behaviour. A whole new set of tools should be deployed to address the minds of people. This includes

enterprising education, presenting leadership models, simplification of messages, connectors, etc.

In Columbia, a direct cash transfer programme for higher education wasn't taking off. Then the government changed the system by holding back cash and giving it as a lump-sum just before the admissions process began.

This led to immediate success because people needed the money at that time.

■ So, is this just a marketing fix? Is there no change in policies?

No, we're not going to just stamp a happy face

on old policies and push them all over again - policies will be changed according to context.

In the World Bank, we're putting together a Behavioural Insights Team (BIT). Such teams provide inputs about timing of messages, salience, social factors, etc. They provide feedback to tweak policies, so policies themselves undergo changes in the process.

The ultimate goal is to make a policy successful - that can happen only if the policy is right.

■ In WDR 2015, you also discuss how revealing caste identities of students in a mixed group depressed scores of so-called 'lower' caste students - what does this mean?

What this means is that identity is contextual. We have multiple identities that come to the fore depending on social and environmental cues. Because 'lower' caste students have been imbued with the idea that they will not perform as well as 'higher' caste students, they actually start behaving like that.

The implication is that building up self-esteem is necessary to break through barriers - and development policy needs to account for this.

■ Why is the World Bank arguing for a redesign of policy - based on careful consideration of human factors?

Well, years of experience have shown that some assumptions made by economists while designing policies are not aligned to reality.

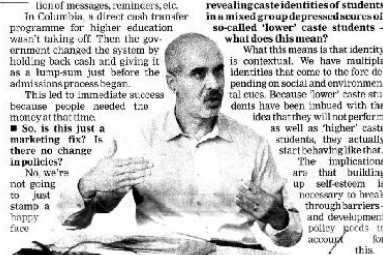
For instance, it was assumed that man is rational and driven by selfish goals - but it's been shown this may not always be the case. Man may act socially, collaboratively and not selfishly in certain contexts. We've found if you factor in the mind and behaviour of humans, you end up saving money.

Neoclassical economics, it seems, was incomplete. Some assumptions made by it need to be changed with changing times.

With greater information available, such changes are necessary.

■ What are key messages of the

Q & A



Read the article in the class and relate it to the different topics in Economics keeping in mind the concept of MDQs. Encourage students to reflect and discuss to arrive at certain conclusions. Teacher has to act as a facilitator.

[* Keep discussing such issues and concern in classroom to make the students develop analytical ability which is at the core of this subject]

MULTI – DISCIPLINARY QUESTIONS (MDQ)

1. Which central problem of an economy is directly affected when government through its budget takes steps to reduce inequality in income? Explain
2. Examine the effect of large scale inflow of foreign capital on (i) PPC (ii) GDP
3. Which central problem of an economy is directly affected when government, through its budget, tries to influence allocation of resources?
4. If the budgetary policy of the government shows a big shift from indirect taxation to direct taxation analyse the impact of this government's move upon the central problem of 'For Whom'.
5. If a leading MNC intends huge FDI in the Indian economy. How will this affect (i) the growth of GDP of India (ii) PPC
6. Explain with the help of utility analysis, that a consumer will like to buy more of the good on which government has imposed 'maximum price ceiling'?
- 7(a). Show with the help of utility analysis, that a buyer of a good / service will like to buy less of that good / service on which government has put 'minimum price ceiling'.
- 7(b). Suppose price elasticity of demand varies between zero and infinity, as price changes. In which type of market it is likely to happen. Explain
8. On account of a fall in the price of crude oil in the international market, price of diesel has fallen in the domestic market. What kind of change in terms of the budget line of :- given consumer will take place, who spends his entire income on goods X and Y, of which X is diesel ? Explain.
9. Government of India has opened the domestic auto sector to the foreign investors. Analyse the changes in the market structure in the domestic auto market.
10. If the personal income rises due to the transfers from the government. Does it imply that the Household's should lower the consumption of inferior good?
11. RBI raises SLR. Explain its impact on national income.
12. What will be the impact of a cut in the repo rate from 8% to 7.75% upon the automobile market in India?
13. Prime – Minister's Jan Dhan Yojana has found massive response in India. Analyse its impact on the credit creation capacity of the commercial banks.
14. What is the effect of an improvement in the 'balance of trade' upon GDP? Explain.
15. Explain the impact of devaluation of domestic currency on country's national income.
16. If the cash subsidy on domestic LPG is withdrawn, how it will impact the welfare level of the poor masses?

17. What will be the impact of recently launched 'Clean India Mission' (Swachh Bharat Abhiyan) on the PPC of the economy and Why?
18. Government of India has recently launched 'Jan-Dhan Yojana' aimed at every household in the country to have at least one bank account. Explain how deposits made under the plan are going to affect National Income of the country.
19. What is likely to be the impact of "Make in India appeal to the foreign investors by the Prime Minister of India, on the PPF of India? Explain.
20. Other things remaining the same, when in a country the price of foreign currency rises, National Income is:
 - (a) Likely to rise
 - (b) Likely to fall

- (c) Likely to rise and fall both
- (d) Not affected

Value- Based Questions (VBQ)

- 1 Resources in a country are more efficient in the production of tanks, as compared to wheat. In the situation of natural calamities like floods or famines, what should be produced more?
- 2 An economy is operating on PPC. Is there any method to increase the agricultural production as the land is fully utilized?
- 3 Government of a state intends to start a chemical industry in a rural area. The new factory would run through the wet lands bordering a local river, where a wide range of creatures live. Environmentalists are against the project. What will be the opportunity cost of this project? Which moral value is violated here?
- 4 What awareness should be brought in the society to reduce their demand for petrol and conserve this useful source of energy?
- 5 'A rise in the BPO services in the economy can be a good source of supply of foreign currency'. Justify
6. An individual started his own business and started earning Rs 2 lakh per month. He worked 7 days a week for 12 hours a day. What will be the real cost incurred in the business?
7. What is the moral responsibility of the seller while serving the society?
8. How does price discrimination under monopoly be of any help to the society?

9 By providing services like street lighting, maintenance of law and orderetc., which value is observed in the government's attitude towards the public and why?

10. Explain the contribution of happy families towards GDP, as an indicator of welfare?

11. 'Introduction of ATM outlets has brought about – wasteful expenditure' Justify / Refute.

12. Indian economy is in the grip of rising prices, which in turn is affecting the poor adversely. Suggest two measures to promote social welfare.

13. Due to a consistent rise in the price of essential commodities like onions and potatoes, explain the role of the government in this context to reach the poor?

14. A big rise in the FER adversely affects the imports in the country. How can this rise be managed and by whom in the interest of social welfare?

****For Answer Key See Page No. 182 in APPENDIX***

**USE OF NEWSPAPER /
MAGAZINE CUTTINGS
FOR CLASS ROOM
INTERACTIONS***

***Similar exercise of collecting relevant Resource Material should be taken up by every teacher and be discussed/debated in the classroom to bring the subject closer to the happenings in the Economy at domestic and at global level and provide them a broad horizon.**

Non-tax revenues key to 4.1% fiscal deficit target

BRIDGING THE GAP With tax collection low, govt pinning hopes on PSU stake sales and spectrum auction proceeds

Mahua Venkatesh

mahua.venkatesh@hindustantimes.com

NEW DELHI: Achieving the fiscal deficit target of 4.1% of gross domestic product (GDP) this year depends critically on two non-tax sources — divestment revenues, and earnings from the sale of telecom radio waves.

Sputtering tax collection which has so far fallen short of the targeted 19% growth enclined in the budget has raised concerns among north block policymakers, barely four weeks before finance minister Arun Jaitley presents his first full budget on February 28.

With just two months left for the fiscal year to end, the government is racing against time to meet its ambitious target of collecting ₹43,425 crore by selling stakes in state-owned companies.

While the Cabinet has approved plans to sell 10% stakes in Coal India Ltd, which at current prices is likely to fetch over ₹23,000 crore, the government is battling resistance from powerful labour unions.

Similarly, despite the Cabinet's approval last year to sell 5% shares in ONGC, a definitive subsidy-sharing for-

THE CHALLENGES

■ It is crucial to contain the deficit, especially amid sovereign credit rating agencies' punches about the precarious state of the country's public finances

■ The government struggling to meet its ambitious target of collecting ₹43,425 crore by selling stakes in state-owned companies

■ Though the Cabinet approved selling of 10% stakes in Coal India Ltd, which is likely to fetch over ₹23,000 crore, government faces resistance from powerful labour unions

■ The regime has raised excise duty on petrol and diesel four times since October — a move that will generate about ₹30,000 crore

mula is yet to be finalised.

Meanwhile, the government has raised excise duty on petrol and diesel four times since October — a move that will generate about ₹30,000 crore.

"It is important to convey that the Centre is serious about fiscal discipline, which is crucial for the global investor community," a senior government official said on condition of anonymity.

It is crucial to contain the deficit, especially amid sovereign credit rating agencies' punches about the precarious state of India's public finances.

However, experts opine the government may eventually fail in the attempt, given the current

revenue trends.

"It has been a tough challenge right from the start. The government may have to resort to expenditure cuts which could hurt GDP growth marginally. But, this is a small price to pay, and can be made up in the next fiscal. So, it would be practical to stick to the fiscal deficit target this year," said Rajiv Kumar, senior fellow, Centre for Policy Research.

Crisil's chief economist DK Joshi pointed out that this would be challenging despite falling global crude prices, as revenue from other sources including disinvestments and tax collection have not been buoyant.

Coming up: ₹800-cr incentive package for electric vehicles

Tir Jaipuria

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NEW DELHI: The government is likely to soon come up with an incentive package worth ₹800 crore to encourage demand and supply of electric and hybrid vehicles in the country.

The package, likely to be announced in the upcoming budget, aims to provide relief for technology development and research, create charging infrastructure and directly give a subsidy to the consumer for buying the vehicle, sources said.

"A large part of the incentive will be kept for subsidising the cost of the vehicle for the buyer, while the remaining will be equally shared between companies creating the charging infrastructure and vehicle manufacturers. It will be mandatorily used for the benefit of the



■ Tata group's Nano was India's first electric vehicle

technological development and research," sources added.

Confirming the development to *HT*, a senior official at the department of heavy industries said that such incentive packages are given in various countries, and which have already resulted in better vehicle sales figures.

"The ₹800-crore package will be initially announced for the next two fiscal years and will be extended depending upon the response and need of the

industry and consumers," the official added.

When asked how the government will subsidise the cost of the vehicle for the consumer, the official said: "The subsidy amount will be one third of the gap between a normal petrol car and the electric/hybrid vehicle of the same category. For example, if a petrol car costs ₹3 lakh and the electric/hybrid car costs ₹6 lakh, then the gap between the two is ₹3 lakh and government will subsidise one third of the gap — in this case it is ₹1 lakh. Thus the electric/hybrid car will cost ₹5 lakh to the buyer after discounting the government subsidy."

The package, however, comes with a rider: The government's preference to spend the incentive money will be used first to subsidise public transport vehicles.

Middle class should give up subsidies

green piece



Bharati Chaturvedi

Dharmendra Pradhan has a great point when he says the rich should give up LPG subsidies. Indeed, it is time for the Indian middle class to give up many subsidies, if we want to protect the environment.

But who are the rich and what else should they pay the full cost of?

Nearly 200 million Indians are middle class and they really don't need the kind of subsidies the other abjectly poor 200 million need. LPG is only one example, but an excellent one, because paying the real cost of a gas cylinder is likely to result — even in an affluent home — in improved energy saving behaviour.

Yet, valuing an expensive resource by conserving it is not the only outcome we should think about.

Giving up subsidies should not stop at LPG. Other ministries should look at what other subsidies are being used by the rich, and talk about it in the public

domain.

Given how much electricity most upscale commercial areas consume, why should they not pay the real cost of electricity even water, after a huge amount has been used up?

You may ask, what is the real cost? I would say, we should add an environmental cost to many goods, to take into account (even approximately) environmental protection.

Water, for example, should be costed to include its recycling and return for non-potable uses.

It's time to be brave and talk about the real costs of the resources we use.

Govt draws roadmap for skill development

IN PIPELINE Plan includes launch of PM's fellowship scheme, industry-driven curricula, entrepreneurship lessons in schools

SPECIAL

Shishir Gupta and
Gaurav Choudhury
@bengaluru@timesofindia.com

NEW DELHI: The government has drawn up an ambitious roadmap to enhance skill levels of millions of people who join the queue of job hopefuls every year.

The plan involves integrating skill enhancement and entrepreneurship in the syllabi at the school level, set up 2,500 multi-skilling institutions in the public-private partnership mode, and set up institutes of entrepreneurship development in various centres including upcoming smart cities among others.

The plan also includes setting up skill universities (one for each region including one in north-east) to develop large numbers of qualified instructors, reform and reorient existing industrial training institutes (ITIs) with industry-driven relevant curricula and leverage 25% of corporate social responsibility (CSR) funds and defence offset in skill development projects.

A National policy on skill development and entrepreneurship will be finalised by March 31, 2015, sources told *HT*.

Sources said that the government is likely to launch a Prime Minister's fellowship scheme for skilling and innovation. A sustained national campaign will also be launched to make vocational training aspirational with celebrities as brand ambassadors.

For entrepreneurship, the plan involves integrating entrepreneurship training in schools alongside vocational training



GROOMING THEM YOUNG

The government is planning to introduce skill enhancement courses at the school level

15 mn

No. of people who join the workforce every year

120 mn

Estimated skilled workers required between 2013 and 2022

ON THE CARDS

- Institutes of entrepreneurship development in various centres
- Skill universities (one for each region including one in north-east) to develop qualified instructors
- Leveraging 25% of CSR funds and defence offset in skill development projects

2,500

New multi-skilling institutions planned in public-private partnership

government will likely support setting up incubation and research parks and enable credit linkages through banks.

The government is also drawing up plans to provide marketing support to tech start-ups to create one million "digital entrepreneurs".

According to estimates between 2013 and 2022, India will have to skill 120 million people in non-farm sectors, with the highest requirement skilled labour to come from the construction sector (31 million) followed by retail (17 million) and logistics (12 million).

During 2008-12, India added only 15 million jobs, a quarter of the figure added in the previous

Of India's 1.2-billion population, 50% are of the working age. And of the 15 million individuals who join the queue of job seekers every year, only 3% undergo vocational training.

The scheme for adoption of ITIs through public-private partnership is also likely to be revamped.

In the earlier scheme, launched in 2007, about 1,396 institutes were to be developed by involving the industry, which would adopt them while the government would provide a grant of ₹2.5 crore for each of them. The scheme did not take off as planned because it did not have much involvement of the state bureaucratic structure, which is

At last! EMIs set to fall, 3 months late

POCKET FRIENDLY After Raghuram Rajan rap, banks cut lending rates. But why did it take so long?

By Chiranjeev

NEW DELHI Despite the Reserve Bank of India's (RBI) repeated requests to banks to reduce EMIs, it took three months for the RBI to announce that it had decided to cut the EMIs on 10th July. The RBI's decision to cut the EMIs by 25 basis points (0.25%) is a significant move, as it is the first time in over three years that the RBI has cut the EMIs. The RBI's decision is a response to the RBI's request to banks to cut the EMIs by 25 basis points (0.25%) on 10th July. The RBI's decision is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

RBI'S STATUS QUO

The RBI's decision to cut the EMIs is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

UNCHANGED - FOR NOW

7.50% 4% 21.5%
Repo rate (10th July) 7.50%
Bank rate (10th July) 4%
Cash rate (10th July) 21.5%

WHAT NEXT

The RBI's decision to cut the EMIs is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

GROWTH OUTLOOK

The RBI's decision to cut the EMIs is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

PRICE PROSPECTS

The RBI's decision to cut the EMIs is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

HOME LOAN EMI CALCULATOR

₹50 LAKH
Interest rate 10.15%
Tenure 30 years
EMI ₹28,766

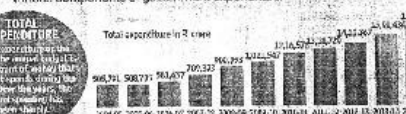
Don't interpret rules to suit your RBI to banks

The RBI's decision to cut the EMIs is a significant move, as it is the first time in over three years that the RBI has cut the EMIs.

Co-op banks can issue credit cards, run ATMs

THE EXPENSE ACCOUNT

TAKING STOCK The government's financial plans, pretty much like household budgets, are primarily about prioritising spending. A look at various components of government expenditure:



INDIA'S TOTAL EXPENDITURE IS DIVIDED INTO TWO BROAD COMPONENTS:
PLAN EXPENDITURE: It is spent on productive and non-productive activities. It includes salaries and wages, interest on loans, and other expenses. It is the largest component of the total expenditure.
NON-PLAN EXPENDITURE: It is spent on non-productive activities. It includes interest on loans, and other expenses. It is the second largest component of the total expenditure.

REVENUE AND CAPITAL EXPENDITURE: It is the largest component of the total expenditure. It includes salaries and wages, interest on loans, and other expenses. It is the largest component of the total expenditure.

LOOKING AHEAD: The government's financial plans, pretty much like household budgets, are primarily about prioritising spending. A look at various components of government expenditure:



Minister of Finance, India

PHOTO: SHANTANU CHAKRABARTY

ONE NATION, ONE TAX, ONE MARKET

After many hiccups, a nationwide goods and services tax (GST) seems to be inching towards becoming a reality

WHAT HAPPENED?
Constitution Amendment Bill to rollout GST tabled in Lok Sabha on Friday

WHAT NEXT?

- Parliament will have to pass it by a two-third majority and at least half of state Assemblies
- It will likely take up the Bill in the Budget session that begins in February

April 1, 2016 Govt plans to rollout GST

WHAT WILL GST DO?

- It will offer a single-shot splurged by subsuming a welter of local levies into one system
- States impose different taxes with varying rates on some products
- For instance, a car's price will vary among states because of different rates of taxes such as VAT, octroi and road tax
- GST will remove all these, virtually making India a single market
- Alcohol and tobacco will remain outside GST
- GST will empower states to collect service taxes
- States and the Centre will collect identical rates of taxes
- If 76% is the GST rate on a good across the country, the states and the Centre will get 36 each called the CGST and SGST rates

TAX RATES

- The GST rates on goods have not been specified in the Bill
- A GST council headed by the union finance minister and represented by state FMs will decide on the rates

WHAT ABOUT ENTRY TAX?

- States will be allowed to collect and inter-state tax, for upto 2 years, an additional tax of 2%

COMPENSATION?

- States feared that GST's implementation will rob them of fis-

cal powers and erode revenues

- The Constitution Amendment Bill offers a compensation package for 5 years
- In the first three years, the Centre will reimburse 100% of the revenue loss, 75% in the 4th year and 50% in the fifth year

PETRO PRODUCTS

- Petro products will be within GST, but "zero-rated" to begin with
- States and the Centre will continue to collect sales tax/VAT as is the case now

PETRO, DIESEL PRICES CUT

Your fuel bills will go down drastically as petrol price has been cut by ₹2.42 a litre and diesel by ₹2.25 a litre on the back of global crude prices slumping to six-year lows. The government, however, raised excise duty by ₹2 a litre on both fuels on Friday

NEW YEAR'S FIRST

This is the first rate reduction of 2015, but the white spirit out in petrol prices since August last year and the fifth for diesel since October

Petrol will cost Rs 58.91 a litre, and has become cheaper by ₹2.42 a litre in Delhi since July 2014

Diesel will cost Rs 48.26 a litre. The prices have come down by ₹2.25 a litre in Delhi since October, when the govt lifted state controls and deregulated diesel prices

GLOBAL FREEFALL

Global price of oil has fallen more than 50% since June 2014, the week since the 2008 financial crisis as supplies swelled

YOUR GAIN MINIMISED

Although you will have to pay less for petrol and diesel, the reduction could have been much higher but for the govt raising excise duty by ₹2 a litre on both fuels

The govt's move to raise excise duty on petrol and diesel is a ploy to raise revenue to offset the loss of revenue from the GST rollout. The govt is also raising the excise duty on diesel to ₹2 a litre on both fuels

TRICKLE DOWN EFFECT

PETROL prices/ltr in Delhi since July 2014

July 1, 2014 ₹78.60

August 1, 2014 ₹72.51

August 31, 2014 ₹70.33

August 31, 2014 ₹68.51

October 1, 2014 ₹67.86

October 1, 2014 ₹66.65

November 1, 2014 ₹64.24

December 1, 2014 ₹63.33

December 1, 2014 ₹61.32

January 17, 2015 ₹58.91

DIESEL prices/ltr in Delhi since October 19 when the fuel was deregulated (or since prices have become market determined)

October 19, 2014 ₹55.60

November 1, 2014 ₹53.35

December 1, 2014 ₹52.51

December 1, 2014 ₹50.51

January 17, 2015 ₹48.26

DELHI

PETROL

₹58.91

DIESEL

₹48.26

GURGAON

PETROL

₹68.20

DIESEL

₹48.51

NOWA

PETROL

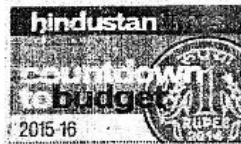
₹63.91

DIESEL

₹48.27

Govt committed to fiscal discipline: FM

BUSINESS HOURS Meets leading economists, who stress on boosting domestic consumption to spur GDP growth



HT Correspondent
@latest@hindustantimes.com

NEW DELHI: Finance minister Arun Jaitley on Tuesday said the government is committed to fiscal discipline, and that the sharp decline in international oil prices and government initiatives would help keep the current account deficit (CAD) at comfortable levels.

Addressing a pre-budget meeting with economists, Jaitley said that while the global economic situation is still facing critical challenges, the NDA government is committed to rebuilding investor confidence, especially for the infrastructure and manufacturing sectors.

He said the government has taken several measures to revive growth adding that with inflation under control, macro-economy stability has improved.



■ Finance minister Arun Jaitley (R) with minister of state for finance Jayant Sinha, ahead of Tuesday's meeting with economists PTI

Economists who attended the meeting included Abhijit Banerjee and Esther Duflo from Massachusetts Institute of Technology, Partha Mukhopadhyay of the Centre for Policy Research, Errol D'Souza from Indian Institute of Management, Ahmedabad, Ajit Ranade of the Aditya Birla Group and Sonal Varma of Nomura.

"We stressed that focus must be given to the domestic market and consumption as the global economy is still to pick up," said one economist who was present

in the meeting. Major suggestions include focus on boosting growth, containing inflation, rationalisation of subsidies, containing fiscal deficit and above all, bringing back the investors' confidence.

It was also suggested that a single-window system be implemented, both at the Centre and state-level, to ease doing business. "The Centre and states must be on the same page," the economist said, adding a mechanism must be put in place to ensure effective implementation of decisions upto grass root level.

Govt targets 100 mn Jan Dhan a/cs, to help LPG subsidy scheme

Mahua Venkatesh and
Anupama Airy
■ letters@hindustantimes.com

NEW DELHI: With the Pradhan Mantri Jan Dhan Yojana (PMJDY) eliciting good response, the government is now looking to open about 100 million new bank accounts by January 26, 2015, compared to the original target of 75 million.

Bank accounts being opened under PMJDY are critical for the success of the direct benefit transfer for LPG (DBTL), which will be rolled out nationwide on January 1, 2015. Under the scheme, the subsidy amount of around ₹400 per LPG cylinder will be transferred directly into beneficiaries' bank accounts.

"We have already achieved the target... Over 7 crore (70 million) zero balance savings accounts have already been opened under the scheme, which would be linked to directing subsidies directly. We are now looking at about 10 crore (100 million) new accounts by January 26," a senior finance ministry official said.

"A meeting would be held this week to take stock. Prime Minister Narendra Modi is keeping a close watch on the progress of the scheme," he added.

The DBTL scheme has already been launched in 54 districts in 11 states. The increased number of bank accounts would boost the efforts to service the 160 million LPG customers in India.

The PMJDY accounts will also facilitate transfer of subsidy to eligible citizens under various other government-run welfare schemes. Subsidy flow into these accounts will boost low-cost deposit for the banks

ON A ROLL

Bank accounts under PMJDY are set to exceed target by Jan 26

75mn No. of accounts the govt targeted under PMJDY by Jan 26; 72 mn have already been opened

100mn New target for No. of accounts

160mn No. of LPG account holders

THE LPG SUBSIDY

- Prime Minister Narendra Modi launched the Jan Dhan Yojana (PMJDY) to boost financial inclusion
- PMJDY will facilitate transferring of subsidies of direct benefit transfer of LPG subsidy (DBTL) and other welfare schemes into beneficiaries' accounts
- DBTL, which will cover 160 mn consumers with LPG connections, will be rolled out nationwide on Jan 1

and provide overdraft and loan facilities to the account holders.

The government is also looking at making subsidised LPG available in smaller cylinders.

"After the country wide roll out of DBTL, consumers will have to pay the ₹810 for a regular 14.2LPG cylinder. Many poor people cannot afford it, and need only 2-3 kg of cooking gas a month. Smaller 5 kg subsidised cylinders will be introduced shortly to make life easier for crores of Indians," oil minister Dharmendra Pradhan had told HT last week.

Jaitley hints at reforms-packed budget for faster GDP growth

FISCAL PATH More spending cuts to rein in fiscal deficit; energy, ports in focus



HT Correspondent
Akhilendra Singh

MUMBAI Finance Minister Arun Jaitley on Friday indicated that the budget could likely contain more reforms aimed at faster economic growth, with a focus on a stable tax regime to address concerns of the Indian industry and foreign investors rattled by previous tax situations.

Jaitley said the Union Budget 2015-16—scheduled on February 28—is likely to contain measures focusing on reforms in power, energy, railways and ports.

He also hinted at more spending cuts to contain fiscal deficit. "We're trying to rationalise expenditure as far as the government is concerned because we do not want to be over-reliant on borrowed money,"

"The concept of spending beyond your means and having the next generation in debt to repay what we are over-spending today, is never a prudent fiscal policy," he added.

WE'RE TRYING TO RATIONALISE EXPENDITURE AS FAR AS THE GOVERNMENT IS CONCERNED BECAUSE WE DO NOT WANT THE GOVERNMENT TO LIVE ON BORROWED MONEY INDEFINITELY

ARUN JAITLEY, Finance Minister



The ultra-spendings would be over and above the 10% that the Government has already sanctioned to meet the fiscal deficit target of 4.1% of GDP which was crossed in November last—four months ahead of time in Jul 2014-15.

Fiscal deficit is the measure of the amount of money the government has to borrow to meet its expenses. Jaitley was speaking at a meeting of industrialists and planners in Mumbai through video-conferencing. The event was attended by Maharashtra chief minister Devendra Fadnis, Union Industries Minister, Piyush Goyal, chairman Anil Ambani and Axis Bank CEO Shishu Sharma among others.

The data on fiscal deficit is vital for the monetary policy as Reserve Bank of India governor Raghuram Rajan recently mentioned it to be one of the critical factors apart from inflation, that the central bank was closely monitoring, which would form the basis of its next monetary policy review scheduled since the budget. RBJet key lending rates unchanged on February 3, despite pointing the industry that was expecting a cut in interest rates. The Finance Minister also assured the industry of a stable tax regime that will not resort to unfair means to raise up revenue. "Our taxation policy was not really incoherently in the last few months, we made an effort to smoothen disputes."

—CONTINUED ON PAGE 17

FM: India committed to fiscal prudence, tracking slush funds

Agencies

© International Business Times

DAVOS: India will not stray from a plan to slash its fiscal deficit to 3% of gross domestic product within two years, finance minister Arun Jaitley said here on Thursday.

Jaitley, who will present his first full-year budget on February 28 for 2015-16, said: "We have a roadmap to bring it down a little below 3% over the next couple of years and then we intend to maintain it."

Jaitley, who met his Swiss counterpart Eveline Widmer-Schlumpf late Wednesday night, said India has gathered independent evidence about its citizens having unaccounted money in Swiss banks, said Switzerland has agreed to act expeditiously on such cases. Govt willing to go for joint session of Parliament to get

JAITLEY @ DAVOS: GOVT TO SOLDIER ON

- India to slash its fiscal deficit to 3% of GDP within 2 years
- Govt to keep up reforms, economy to return to 8-9% growth
- FM says govt wants to reduce subsidies and transfer funds to other sectors
- After petrol, diesel and cooking gas, phasing out kerosene subsidy next on govt radar
- India has gathered independent evidence about its citizens having unaccounted money in Swiss banks
- Switzerland has agreed to act expeditiously on such cases
- Govt willing to go for joint session of Parliament to get



Finance Minister Arun Jaitley at Davos on Thursday

clearance for insurance ordinance if approval delayed beyond 6 months

Domestic investment in India still costly, global participation needed for infra, manufacturing, "Make in India"

GST IN FINAL LEG

The goods and services tax may finally become a reality

STATUS UPDATE

The Cabinet cleared a fresh Constitution Amendment Bill for introducing GST on Wednesday

WHAT GST WILL DO

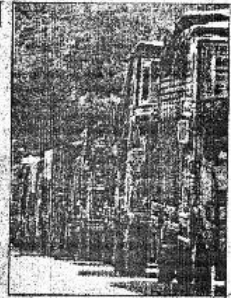
- GST will offer a single-shot solution by subsuming a welter of local levies into one system
- States impose different taxes with varying rates on same products
- For instance, a car's price will vary among states because of different rates of taxes including value added tax, octroi and road tax
- Under GST, all these will be subsumed under a single tax, thereby making India a single market

HOW IT WILL WORK

- Under GST, the states and the Centre will collect identical rates of taxes on goods and services
- For instance, if 16% is the GST rate on a good across the country, the states and the Centre will get 8% each

THE PETRO TANGLE

- States wanted petro products kept out of GST, since taxes on these comprise more than a third of their indirect taxes



Trucks queued up at a state tax checkpoint

A BUMPY RIDE

The Bill has been stuck as states feared that GST's implementation will rob them of fiscal powers and erode revenues

THE SOLUTION

- The Constitution Amendment Bill will offer a compensation package to states for potential revenue losses
- The package will likely come with a sunset clause of five years, during which the Centre will compensate them

WHAT'S DECIDED

- Petro products will be kept outside GST for two years
- States' council will review it after that

GOING TO THE FINALS

- The govt plans to introduce the Constitution Amendment Bill in the current session of Parliament that concludes next week
- Once it is passed, the states' council will review it

DEVELOPMENT EXPERIENCE OF INDIA, CHINA AND PAKISTAN: CONDUCTING OPEN TEXT BOOK ASSESSMENT (OTBA)

Why this chapter?

For a very long time, Indian social science textbooks discussed the details of affairs outside India only in world history textbooks. This is for the first time in an economics textbook, the details of aspects related to economic development of other countries and particularly India's neighbouring countries are discussed. This is because of various reasons. India occupies a special position in the south Asian region, both economically and politically and has a greater scope to foster regional peace and prosperity. Students are expected to understand how other neighbouring countries grow economically. India's long-term prosperity depends to a great degree on a conflict-free neighbourhood. Since India has spatial and geographical advantages in producing certain goods and services and other countries also have similar advantages, we all know from theories of international trade that building trade relations with neighboring nations would also benefit India. We know that many countries forge alliance among themselves to meet trade and other non-trade challenges. Understanding India's neighbors' and forming alliances also would help India to meet global challenges.

What was Presented in the chapter?

Different textbooks provide the details of development experiences in different ways. In the NCERT textbooks for example took up two kinds of data - economic and human development dimensions of three countries – India, China and Pakistan are compared over the last few decades. In this textbook, some of the policy initiatives all the three countries took up such as five-year plans were also discussed. In the end of the chapter, some of the challenges these three countries despite the development initiatives are discussed.

What Were The Sources Used To Compare Three Countries?

This is one of the topics students and teachers may find difficult to collect additional materials or get latest data on Gross Domestic Product and Human Development Indicators. Teachers are required to visit a nearby library and look for the following published documents.

(i) **World Development Report:** This document is published by the World Bank, Washington every year. This report focus on specific theme each year. The Appendix part of the report contains statistics relating to development indicators for each country.

(ii) **Human Development Report:** This report, published every year contains data relating to health, education and income of countries. Even countries are also classified into three – low development, medium development and high development. This is published by United National Development Programme of the United Nations Organisation.

(iii) **World Health Report:** This report is published by World Health Organisation, Geneva. Almost all the statistics relating to health aspects are available in this report.

(iv) **Economic Survey:** The Ministry of Finance of the Government of India publishes this document based on budgetary details. Though most of the statistics is pertaining to India, in some sections, details of other countries are also compared.

One of the best ways to access these reports, if they are not available in the library is the internet. Not also reports are available in PDF format, statistics relating to previous years can also be downloaded from the websites of the publishers of these reports.

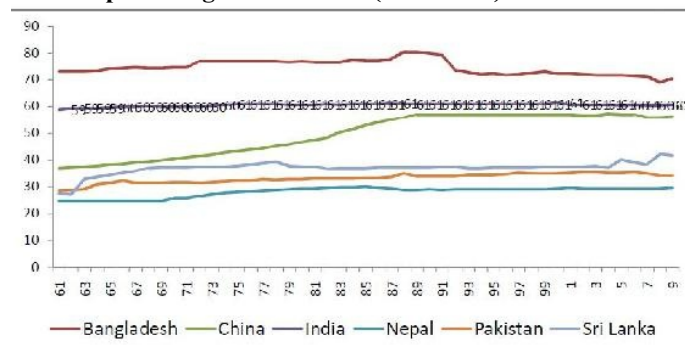
Though the statistics may be available from these reports, the policy initiatives of these countries are the ones difficult to get from Indian libraries. For this, teachers are required to search for books, articles written by scholars and available in the internet. It is also necessary to look the website of the Government of the respective countries. One data mine available in the internet is the world development indicator (WDI) (www.data.worldbank.org). The World Bank has kept the statistics of various countries during the last 30-40 years in one single excel file. If the teacher is able to work with excel software, she would find this databank extremely useful for understanding of how countries' developmental path has changed over the last four decades.

Understanding India's Neighbour Countries' Economies: Going beyond Textbook

In the textbooks, only three set of data sources are provided to understand the comparative developmental trajectory of India, China and Pakistan. They are,

Gross Domestic Product, Employment in three sectors and Human Development Indicators. Teachers can also use other statistics while teaching this chapter and use them for open book examinations. Example of a few other developmental indicators is given below. The data used to develop the line and bar diagrams are available in World Development Indicator (www.data.worldbank.org) and Human Development Reports (www.undp.org). It should be noted that the data for latest years can also accessed from these reports and websites.

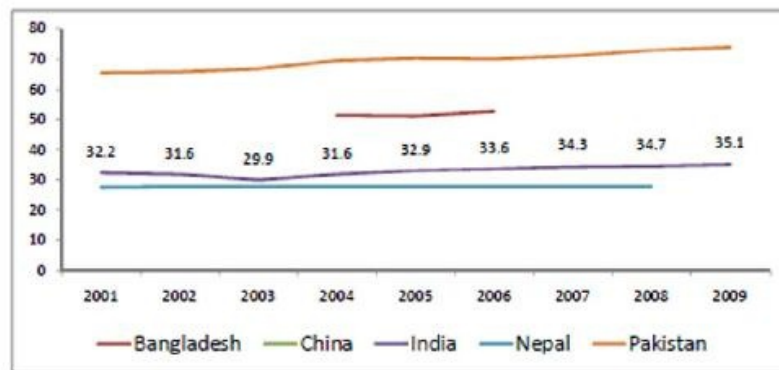
1. Agricultural land as a percentage of land area (1961-2009)



You will notice that India for the last 40 years did not make major improvement in increasing the agricultural land. In contrast, China has increased the agricultural land area from about 35% to 55% during the same period. Sri Lanka besides war-affected nature, has also increased the agricultural area over the years.

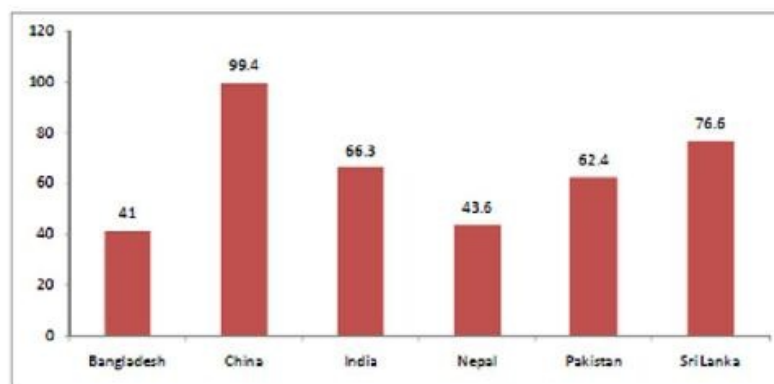
2. Irrigated Land As A Percentage Of Total Agricultural Lands (2001-2009)

Irrigation is an essential component of agricultural prosperity in a country. The following chart shows that Pakistan has the highest level of irrigation as more than two-thirds of its agricultural lands get irrigation facilities. There is a very slow growth during the 10-year period with only about one-third of lands are getting irrigation facilities. This also shows that not all of India's neighbouring countries are backward.



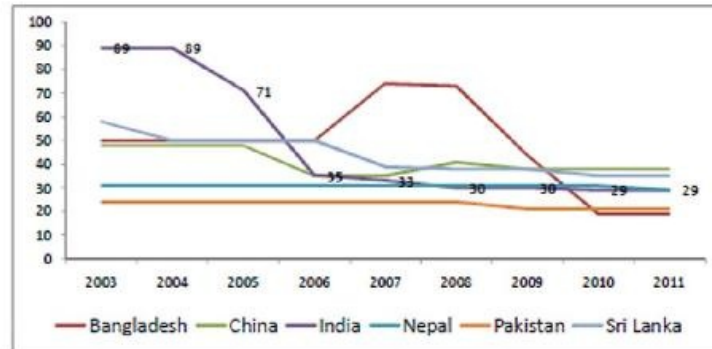
3. Access to electricity (as a % of population - 2009)

Electricity is a basic infrastructure for any country. India is behind Sri Lanka and China in this regard.

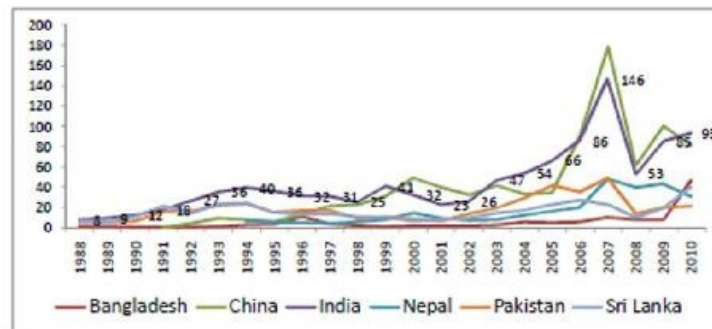


The following are examples a similar line diagrams depicting different statistics. Can you write 5-10 lines for on each one? The lines with data labels are pertaining to India.

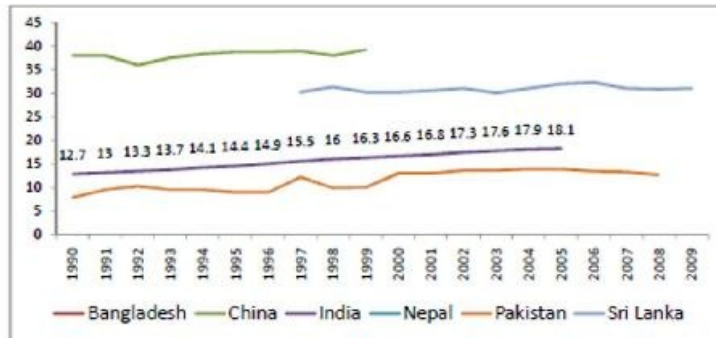
Time Required To Start Business (Days)



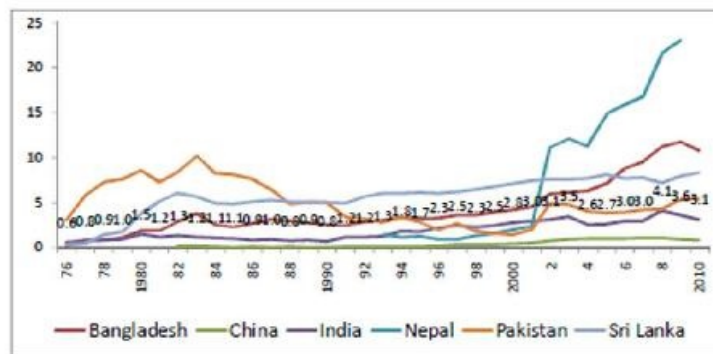
Market Capitalization Of Listed Companies (As A % Of GDP)



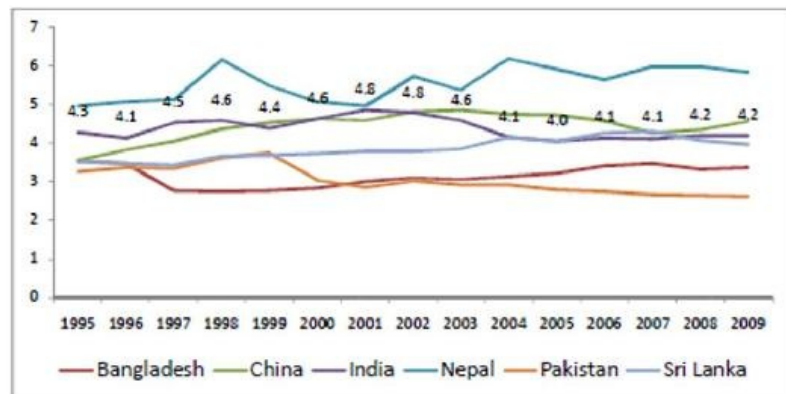
Women Employed In The Non-Agricultural Sector (As A % Of Total Non-Agricultural Employment)



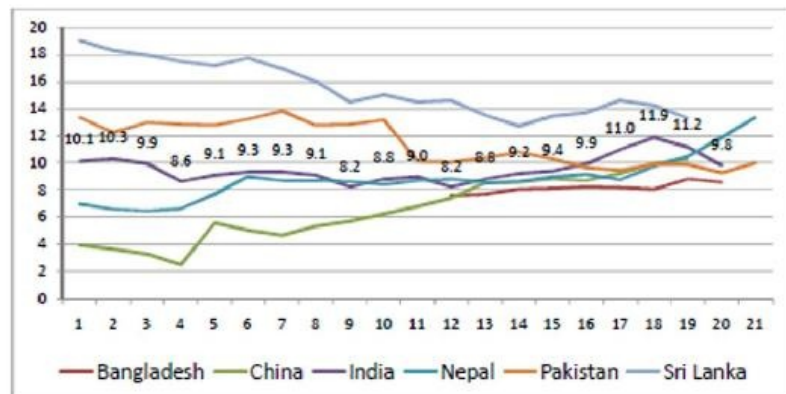
Workers' Remittances As A % Of GDP



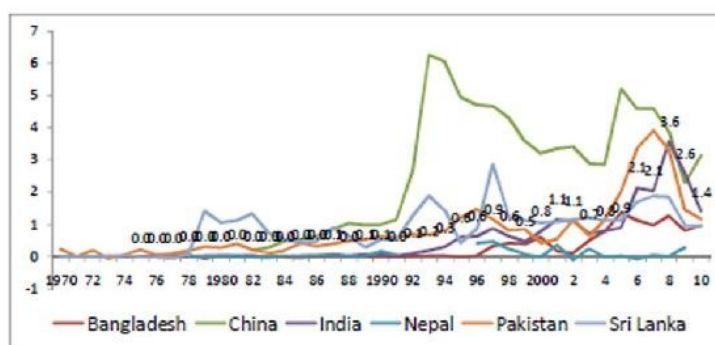
Health Expenditure of Percentage of GDP



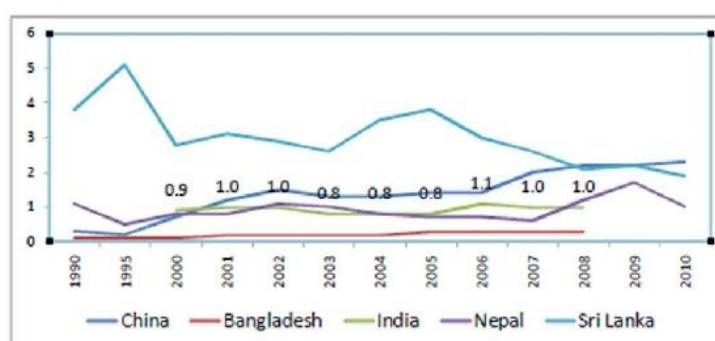
Tax Revenue as a % of GDP



Foreign Direct Investment as a % of GDP



Government expenditure on social security and welfare (as a % of GDP)



China

Bangladesh

India

Nepal

Sri
Lanka

To sum up, while comparing India's neighboring countries, one important point we may notice is that not all the countries are developmentally inferior to India or China. One country may have performed better in one developmental indicator whereas a few others could be developed in other parameters.

Suggestive Assessment Strategies

Students studying this chapter are expected to understand the background of each country, geographical details, level of employment and output, and the state of human development indicators and so on. Students are also expected to understand, how countries make policies with regard to economic aspects. Students may be given opportunities by supplying the details of a few countries and may be encouraged to collect details of other countries. For example, the details of India, China and Pakistan are already available in the textbook. The teacher can collect statistics relating to other neighboring countries – Nepal, Sri Lanka, Afghanistan and Bhutan. If students feel that some other developed countries such as United States of America, United Kingdom, France, Germany, the teacher can collect the data and present in the class. This can motivate students to search the details of other countries given as home work.

In the closed book examinations, no statistics are provided and students are expected to write based on what was available in the textbook. In contrast to this, if there is open book examinations, students may be given a table of statistics relating to a few countries and the students may be asked to analyse and interpret the data.

One example based on the textbook is given below:

Question:

The following data shows the demographic details of India, China and Pakistan. Explain the differences between three countries and what could be reasons for this trend.

Country	Population Density (per square km)	Urbanisation	Population Growth (Annual)	Sex Ratio
India	421	32	1.24	934
Pakistan	236	38	1.65	947
China	145	53	0.43	929

Students answering this question are expected to understand concepts given in the table. They are expected to provide the details of geography, history, and polity behind each data. For example, students can answer for a question of why

China has a higher level of urbanization compared to India and Pakistan. They are also expected to give details of economic policies each government took for reducing population growth. Students can draw bar or line diagrams to interpret the numerical table. They can also compare how far these three countries have performed in the demographic front when compared with other developed countries. Students may be given better grades / marks if they are able to cite the sources along with their responses.

Teachers can also use other statistics for open book examinations. Example of a few other developmental indicators is given below. The data are available in World Development Indicator and Human Development Report:

1. Agricultural land as a percentage of land area
2. Irrigated land as a percentage of total agricultural lands
3. Access to electricity (as a % of population)
4. Time required to start business (days)
5. Market capitalization of listed companies (as a % of GDP)
6. Armed forces personnel (as a % of total labour force)
7. Women employed in the nonagricultural sector (as a % of total non-agricultural employment)
8. Strength of Legal Rights Index (0-weak to 10 – strong)
9. Workers' remittances as a % of GDP Health Expenditure of Percentage of GDP Tax Revenue as a % of GDP
10. Foreign Direct Investment as a % of GDP
11. Subsidies and other transfers (as % of all expenditure)
12. Government expenditure on social security and welfare

GLOBAL ECONOMIC SCENARIO- IMPACT OF GOVERNMENT POLICIES

Abstract

The global economic environment appears poised for a change for the better with the recent sharp fall in the international prices of crude petroleum, which is expected to boost global aggregate demand, and the sharp recovery in the US economy in the face of gradual withdrawal from monetary accommodation. Rapid improvement in technology has been one major factor that has stimulated the globalisation process. For instance, the past fifty years have seen several improvements in transportation technology. Liberalisation of foreign trade and foreign investment policy have resulted in flow of MNCs. MNCs can provide money for additional investments, like buying new machines for faster production. It might bring with them the latest technology for production. MNCs are exerting a strong influence on production at these distant locations. As a result, production in these widely dispersed locations is getting interlinked. Starting around 1991, some far reaching changes in policy were made in India. The government decided that the time had come for Indian producers to compete with producers around the globe. As per the World Trade Organization (WTO), India's share in global exports and imports increased. SEZs are to have world class facilities: electricity, water, roads, and transport, and storage, recreational and educational facilities. Government has also allowed flexibility in the labour laws to attract foreign investment. Indian Government has undertaken a number of reforms and is planning several more. The present write up discusses few. Growth with equity has been the focus of Indian economic policy since the 1960s. By 2020, India is projected to be the youngest nation in the world in terms of size. While this 'youth bulge' provides India great opportunities, it also poses challenges. These young people need to be healthy, suitably educated, and appropriately skilled to contribute optimally to the economy. The main issue to address then is not just providing employment but increasing the employability of the labour force in India. What steps and policies Govt. has taken/planned has been taken up to give an insight as to how Government policies impact a common man besides economy as a whole.

Globalisation is defined as the integration between countries through foreign trade and foreign investments by multinational corporations (MNCs). Integration of production and integration of markets is a key idea behind understanding the process of globalisation and its impact. MNCs have been a major force in the globalisation process connecting distant regions of the world. More and more goods and services, investments and

technology are moving between countries. Tax on imports is an example of trade barrier. It is called a barrier because some restriction has been set up.

Globalisation has been facilitated by several factors. Three of these have been highlighted as under:

1. Rapid improvements in technology,
2. Liberalisation of trade and investment policies and,
3. Pressures from international organisations such as the WTO.

Rapid improvement in technology has been one major factor that has stimulated the globalisation process. For instance, the past fifty years have seen several improvements in transportation technology. Liberalisation of foreign trade and foreign investment policy. Even more remarkable have been the developments in information and communication technology.

World Trade Organisation (WTO) is one such organisation whose aim is to liberalise international trade. Started at the initiative of the developed countries, WTO establishes rules regarding international trade, and sees that these rules are obeyed. These people today, enjoy much higher standards of living than was possible earlier.

Interlinking Production across Countries

MNC is not only selling its finished products globally, but more important, the goods and services are produced globally. MNCs set up production jointly with some of the local companies of these countries. The benefit to the local company of such joint production is two-fold. First, MNCs can provide money for additional investments, like buying new machines for faster production. Second, MNCs might bring with them the latest technology for production. MNCs are exerting a strong influence on production at these distant locations. As a result, production in these widely dispersed locations is getting interlinked.

Indian Scenario

Starting around 1991, some far reaching changes in policy were made in India. The government decided that the time had come for Indian producers to compete with producers around the globe. As per the World Trade Organization (WTO), India's share in global exports and imports increased from 0.8 per cent and 1.0 per cent respectively in 2004 to 1.7 per cent and 2.5 per cent in 2013.

A Free Trade Agreement (FTA) in services and investment was signed with the Association of South East Asian Nations (ASEAN) in September 2014.

Steps to Attract Foreign Investment

In 2014, FDI policy has been further liberalized. FDI up to 49 per cent through the government route has been permitted in the defence industry. Higher FDI has also been

allowed on a case-to-case basis. FDI up to 100 per cent through the automatic route has been permitted in construction, operation, and maintenance of identified railway transport infrastructure. Norms related to minimum land area, capitalization, and repatriation of funds for FDI in construction development projects have been further liberalized.

SEZs are to have world class facilities: electricity, water, roads, and transport, and storage, recreational and educational facilities. Government has also allowed flexibility in the labour laws to attract foreign investment.

Benefits of Globalisation

Instead of hiring workers on a regular basis, companies hire workers 'flexibly' for short periods when there is intense pressure of work number of well-off buyers. In these industries and services, new jobs have been created. Also, local companies supplying raw materials, etc to these industries have prospered.

Foreign trade creates an opportunity for the producers to reach beyond the domestic markets, i.e., markets of their own countries. Similarly, for the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced. Among producers and workers, the impact of globalisation has not been uniform. These products have a large wide-ranging choice of goods in our markets.

This is also true in rural India where economic conditions for farmers and labourers are under stress. The policy issue now is no longer whether but how best to "provide and protect," and technology-based direct benefit transfers will play an important role in this regard.

Competition and Uncertain Employment

Globalisation has also created new opportunities for companies providing services, particularly those involving IT. But several of the units have shut down rendering many workers jobless. The small industries in India employ the largest number of workers (20 million) in the country, next only to agriculture.

Globalisation and the pressure of competition have substantially changed the lives of workers. Where earlier a factory used to employ workers on a permanent basis, now they employ workers only on a temporary basis so that they do not have to pay workers for the whole year. Workers also have to put in very long working hours and work night shifts on a regular basis during the peak season. Wages are low and workers are forced to work overtime to make both ends meet. While this competition among the garment exporters has allowed the MNCs to make large profits, workers are denied their fair share of benefits brought about by globalisation.

Moreover, increasingly conditions of work in the organised sector have come to resemble the unorganised sector like Social security schemes started by the Central Government.

Present Scenario

The global economic environment appears poised for a change for the better with the recent sharp fall in the international prices of crude petroleum, which is expected to boost global aggregate demand, and the sharp recovery in the US economy in the face of gradual withdrawal from monetary accommodation.

A sudden correction in financial markets and downside risks to growth with a possible further slowdown in the euro area along with the likely duration of the oil price supply shock effect, are some of the concerns that linger on. The level of global economic activity has a significant direct bearing on the growth prospects of the emerging economies through trade channels. In 2013-14, POL imports accounted for 36.6 per cent of total imports. Hence, changes in crude oil prices have direct bearing on India's CAD.

The Ninth Ministerial Conference of the WTO took place in Bali during 3-7 December 2013. Amongst these Decisions, two are of particular significance for India, viz. the Ministerial Decision for an Agreement on Trade Facilitation and the Ministerial Decision on Public Stockholding for Food Security Purposes.

The Trade Facilitation Agreement (TFA), which was also endorsed by India at the Ninth Ministerial Conference, is basically aimed at greater transparency and simplification of customs procedures, use of electronic payments and risk management techniques, and faster clearances at ports.

In the first half of 2014-15, India's external-sector position was benign and comfortable. Two important developments were that: (i) lower trade deficit along with moderate growth in invisibles resulted in lower CAD and (ii) there was a surge in capital inflows, enabled by higher portfolio investment, foreign direct investment (FDI), and external commercial borrowings (ECB).

India's key debt indicators compare well with other indebted developing countries. The ratio of India's external debt stock to gross national income at 23.0 per cent was the sixth lowest. In terms of the cover provided by foreign exchange reserves to external debt, India's position was sixth highest at 64.7 per cent

The reality and prospect of high and rising growth, combined with macroeconomic stability, is the promise of India going forward.

A further impetus to growth will be provided by declining oil prices and increasing monetary easing facilitated by ongoing moderation in inflation. Simulating the effects of tax cuts, declining oil prices will add spending power to households, thereby boosting

consumption and growth. Oil is also a significant input in production, and declining prices will shore up profit margins and hence balance sheets of the corporate sector.

Economic Reforms

Indian Government has undertaken a number of reforms and is planning several more

.A single GST rate (across States and products) set at internationally competitive levels with limited exemptions would maximize its pro-growth, pro-compliance, and pro-single market creating potential.

Moderated gold imports will also help sustain a manageable current account deficit. As the terms of trade deteriorate and as rural incomes come under pressure. One response in the short run must be to enhance targeted support for the vulnerable in agriculture, namely the small farmer and agricultural labourer. The MGNREGA program has the virtue of being reasonably well-targeted.

Rationalisation of subsidies and better targeting of beneficiaries through direct transfers would generate part of the resources for the public investment that is essential in research, education, extension, irrigation, water-management, soil testing, warehousing and cold-storage .Price subsidies, no doubt provide help, but only a small fraction of the benefits actually accrue to the poor.

Subsidies are also susceptible to the brutal logic of self-perpetuation. In the case of sugar, to protect sugarcane producers high support prices are awarded; to offset this tax on mill owners, they are supported through subsidized loans and export subsidies; and then they are again taxed by placing restrictions on sales of molasses that are produced as a by-product.

Different subsidies also interact to hurt the poor. The larger share of economic benefits from the price subsidy probably accrues to the fertiliser manufacturer and the richer farmer who accounts for a larger share of fertiliser consumption, not the beneficiary most in need, namely the poor farmer.

India ranks amongst the most attractive investment destinations, well above other countries. The robust external-sector outcome in the current year of moderate trade and current account deficits, abundant financial flows, a build-up of foreign exchange reserves and broadly stable exchange rate movement points to a return to the path of strength and resilience that was in evidence before the global financial crisis of 2008.

The correction in the international prices of crude petroleum in the second half of the current fiscal has helped in the decontrol of diesel prices. The overall trade performance signaled an opportune time for withdrawal of restrictions on gold imports. The resilience also owed in part to the trade diversification process.

India is increasingly integrated with the rest of the world. It is evident that India's rising two-way external-sector transactions have more than doubled as a proportion of GDP

over the last ten years. Trade openness provides opportunities for higher growth through higher exports and makes available better quality products domestically at globally competitive prices. Globalisation has enabled some large Indian companies to emerge as multinationals themselves: Tata Motors (automobiles), Infosys (IT), Ranbaxy (medicines), Asian Paints (paints), Sundaram Fasteners (nuts and bolts) Globalisation is now a reality, the question is how to make globalisation more 'fair'?

People with education, skill and wealth have made the best use of the new opportunities. The government can play a major role in making this possible. Its policies must protect the interests, not only of the rich and the powerful, but all the people in the country. For instance, the government can ensure that labour laws are properly implemented and the workers get their rights. It can support small producers to improve their performance till the time they become strong enough to compete. If necessary, the government can use trade and investment barriers. It can negotiate at the WTO for 'fairer rules' people also can play an important role in the struggle for fair globalisation.

Impact Of Government Policies

Growth with equity has been the focus of Indian economic policy since the 1960s. By 2020, India is projected to be the youngest nation in the world in terms of size. While this 'youth bulge' provides India great opportunities, it also poses challenges. These young people need to be healthy, suitably educated, and appropriately skilled to contribute optimally to the economy.

The main issue to address then is not just providing employment but increasing the employability of the labour force in India. Employability is contingent upon knowledge and skills developed through quality education and training. The Prime Minister's Skill India objective should be accorded high priority along with, and indeed in order to realize, "Make in India", so as to eliminate the current negative protection facing Indian manufacturing. It is aimed at addressing key problems such as ramping up investment, rationalizing subsidies, creating a competitive, predictable, and clean tax policy environment, and accelerating disinvestment.

Sarva Shiksha Abhiyan (SSA) is the designated scheme for implementation of the RTE Act and it includes reimbursement for expenditure incurred for at least 25 per cent admissions of children belonging to disadvantaged and weaker sections in private unaided schools from the academic year 2014-15. *The Padhe Bharat Badhe Bharat*

initiative to create a base for reading, writing, and math fluency is a good step.

A dedicated Department of Skill Development and Entrepreneurship has been created under the Ministry of Skill Development. Entrepreneurship, Youth Affairs and Sports to accord focused attention in this area.

The Deen Daya Upadhyaya Grameen Koushalya Yojana (DDU-GKY) is a placement-linked skill development scheme for poor rural youth. Other new programmes that aim

at bringing minorities into mainstream development include Nai Manzil for education and skill development of dropouts; USTTAD (Upgrading Skills and Training in Traditional Arts/Crafts for Development) to conserve traditional arts/crafts and build capacity of traditional artisans and craftsmen belonging to minority communities; *Nai*

Roshni, a leadership training programme for women; and MANAS for upgrading entrepreneurial skills of minority youths.

A major impediment to the pace of quality employment generation in India is the small share of manufacturing in total employment.

Organized Unorganized Total (In percentages)

Formal	45.4	0.4	8.1
Informal	54.6	99.6	91.9
Total	17.3	82.7	100

The Rashtriya Swasthya Bima Yojana (RSBY) is a scheme under the Unorganized Workers' Social Security Act 2008. It is a smart card-based cashless health insurance scheme, including maternity benefit, which provides a cover of Rs 30,000 per family per annum on a family floater basis to below poverty line (BPL) families in the unorganized sector. As per the National Skill Development (NSDC), for the period between 2013 and 2022 there is an incremental requirement of 120 million skilled persons in the non-farm sector.

The Swachh Bharat Mission (Gramin) launched in October 2014, aims at attaining an Open Defecation Free India by 2 October 2019. Besides, Mission Indradhanush launched in December 2014 will cover all children by 2020 who are either unvaccinated or are partially vaccinated against seven vaccine-preventable diseases.

The 2014 Human Development Report (HDR) presents the Human Development Index (HDI)—values and ranks—for 187 countries. India's HDI value for 2013 is 0.586, ranking it 135 out of 187 countries and territories, the lowest among the BRICS countries. Introduction of the GST is also expected to make Indian products competitive in domestic and international markets. Studies show that this would instantly spur economic growth. It would translate into enhanced economic welfare and higher returns to the factors of production, viz. land, labour, and capital.

In October 2014, the government has made a move towards major pricing reforms in order to rationalize the subsidy structure in the oil and gas sector. The prices of diesel have been deregulated and have become market-determined at retail level and at the refinery gate.

Financial Inclusion

To achieve the objective of financial inclusion by extending financial services to the large hitherto unserved population of the country and to unlock its growth potential, the Pradhan Mantri Jan- Dhan Yojana (PMJDY) was launched on 28 August 2014. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit and insurance. The beneficiaries will receive a Debit Card having inbuilt accident insurance covers of Rs1 lakh. It can boost household consumption and asset ownership and reduce food security problems for the ultra-poor. These two schemes will enable achievement of multiple objectives such as financial inclusion, insurance penetration, and digitalization.

Cash transfers can also augment the effectiveness of existing anti-poverty programs, like the MGNREGA. The National Food Security Mission (NFSM) is being implemented with the new target of additional production of 25 million tons of food grains. The pulses component has been allocated fifty per cent of total funds under the NFSM in order to increase their production.

Make in India

The Make in India programme is aimed to facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure. Information on twenty-five sectors has been provided on a web portal along with details of FDI policy.

Ease of Doing Business

To improve India's low Ease of Doing Business Index ranking, reforms are being undertaken in areas such as starting a business, dealing with construction permits, registration of property, power supply, paying taxes, enforcing contracts, and resolving insolvency.

Skill Development

A new Ministry of Skill Development and Entrepreneurship to promote skill and entrepreneurial activities. The objectives of the Swachh Bharat Mission (SBM) are elimination of open defecation, eradication of manual scavenging, modern and scientific solid waste management, and generating awareness about sanitation and its linkage with public health.

The objective of Heritage City Development and Augmentation Yojana (HRIDAY) is to preserve the character of a heritage city and facilitate inclusive heritage-linked urban development by exploring various avenues including involvement of the private sector. It is proposed to develop 100 smart cities identified on the basis of stipulated criteria

.These cities will have smart (intelligent) physical, social, institutional, and economic infrastructure to improve public services.

In Budget 2014-15 Digital India has been envisioned as an ambitious umbrella programme to prepare India for knowledge-based transformation. This would ensure broadband connectivity at village level, improved access to services through IT-enabled platforms, greater transparency in government processes and increased indigenous production of IT hardware and software.

Beti Bachao Beti Padhao (BBBP) Programme, for promoting survival, protection, and education of the girl child was launched on 22 January 2015 at Panipat, Haryana, a state that is noted for the lowest CSR– 835 (SRS 2013). The overall goal of the BBBP programme is to celebrate the girl child and facilitate her education with the objectives of preventing gender-biased sex-selective elimination, ensuring survival and protection, and education of the girl child.

Good Governance

1. **Need to cut subsidy leakages, not subsidies themselves committed to the process of rationalizing subsidies.**
2. **Direct Transfer of Benefits to be extended further**

MUDRA Bank, with a corpus of ₹ 20,000 crores, and credit guarantee corpus of ₹ 3,000 crores to be created. MUDRA Bank will be responsible for refinancing all Micro-finance Institutions which are in the business of lending to such small entities of business through a Pradhan Mantri Mudra Yojana.

Pradhan Mantri Suraksha BimaYojna to cover accidental death risk of ₹ 2 Lakh for a premium of just ₹ 12 per year.

Atal Pension Yojana to provide a defined pension, depending on the contribution and the period of contribution. Government to contribute 50% of the beneficiaries' premium limited to ₹ 1,000 each year, for five years, in the new accounts opened before 31st December 2015.

Pradhan Mantri Jeevan Jyoti Bima Yojana to cover both natural and accidental death risk of ₹ 2 lakh at premium of ₹ 330 per year for the age group of 18-50.

Unclaimed deposits of about ₹ 3,000 crores in the PPF, and approximately ₹ 6,000 crores in the EPF corpus. The amounts to be appropriated to a corpus, which will be used to subsidize the premiums on these social security schemes through creation of a Senior Citizen Welfare Fund

Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. A sum of ₹ 150 crore will be earmarked.

SETU (Self-Employment and Talent Utilization) to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. ₹ 1000crore to be set aside as initial amount in NITI.

Deen Dayal Upadhyay Gramin Kaushal Yojana to enhance the employability of rural youth.

A *Student Financial Aid Authority* to administer and monitor the front-end all scholarship as well Educational Loan Schemes, through the *Pradhan Mantri Vidya Lakshmi Karyakram Yoga* to be included within the ambit of charitable purpose under Section 2(15) of the Income-tax Act.

Hint for Teachers

As a student of Economics, you must have realised that teaching of economics requires a constant linking of textual knowledge to what is happening in economy. The recent shift in assessment and evaluation strategies also lay focus on application based component more. Mere cramming of content is not sufficient. As teachers encourage and initiate dialogue/debate in classroom on the various related topics in the light of current scenario and policies. It is all the more interesting for a student when he can establish the link between the text and the world of work. Encourage them to read and comprehend the newspaper articles that appear in economy section. May put up a Display Board in classroom and ask students to bring related cuttings and pin on board with date and source and with their names. Take just few minutes to discuss with students. Always plan a class in week to discuss some aspect of text in the light of the policies and the happenings in world of economy. Economics is a dynamic subject. Economics is a subject one can see and relate in every sphere of life. Teach with same zeal and passion.

ANALYSE, INTERPRET AND EVALUATE STATISTICAL INFORMATION

Abstract

Statistics is one of the most important tool in the hands of learners of Economics

When it comes to decision making based on analysis of data and facts. The Project Work in class XI is where teachers can guide and encourage students to apply statistics in arriving at project findings and conclusions as they are taught the basics of Statistics as a subject under Economics in class XI. The following section will be very useful as it elaborates as to how Statistical Information is used in Practice. Read and understand very carefully and then discuss, guide and Interact with students on each and every aspect showing them the way to use this at different stages of Project Work.

1. Analyse, Interpret and Evaluate Statistical Information

Discussion on various statistical tools - Data, Sampling methods, Graphs, Use of measures of central tendency, dispersion & correlation - Analysis & Application.

Index numbers and its application.

Economic interpretation of statistical values derived - its use and limitations.

2. Additional Topics in Micro-Macro economies for 2015-16

(i) Deriving the slope of demand wise & supply curve

- Concept of slope and intercepts
- Deriving slope and intercepts of straight line.
- Deriving slopes on a curve.

(ii) Production Function - Short run and Long run.

- Returns to factor
- Returns to scale.
- Explaining using mathematical tools and graph.

The process of data analysis is the process of turning data into meaningful information. Although there are no hard and fast rules for how to analyse statistical data, ensuring that you have a methodical and systematic approach is vital to ensuring your analysis is accurate. Poor quality analysis can lead you to draw incorrect and inappropriate conclusions.

STEP 1 Identify the issues or questions you require information about, specify objectives, and formulate expectations

To ensure the analysis conducted is appropriate for addressing the underlying objective, it is vital that you understand the issue you are investigating. It is also necessary to understand the interrelationships that exist between relevant social, economic and/ or environmental factors relating to the issue. You can then formulate a set of questions which you're seeking answers and specify your objectives for analysing the data. You may like to consider:

- What is the topic or issue?
- What is the context in which to understand this issue?
- How will the analysis be used? For example:
 - the issue is the increase in students leaving school before completing year 12
 - the context might include, what is the economic, social and demographic characteristics of students who are and aren't leaving school
 - the analysis will throw light on the circumstances between those staying and those leaving school, and help introduce a program aimed at encouraging students to remain in schools until year 12.

It is also a good idea to formulate a set of expectations for what the data might reveal. Developing an understanding of why certain patterns might emerge in the data and what it might mean for your analysis, will help you analyse the data and draw conclusions.

STEP 2 Determine appropriate analytical techniques and undertake data analysis

Determining which analytical techniques are appropriate for investigating the data is necessary before any analysis takes place. The different analytical tools and techniques available range from simple (e.g. measures of spread) to quite complex (e.g. modelling). Keep in mind that some analytical techniques are not always appropriate for all sets of data. It is important to ensure that appropriate techniques are used in order to avoid misinterpretation or misleading results. Most of these statistical measures can be calculated automatically in spreadsheets.

The different analytical techniques can be broadly broken down into summary statistical measures and graphical analysis, however these are often used in combination.

Graphical analysis

Graphical analysis is a useful way to gain an instant picture of the distribution of the data and identifying any relationships in the data that require further investigation. Patterns in data can be more easily discernible when displayed in graphs. A range of graphical techniques can be used to present data in a pictorial format. For example, column graphs, row graphs, dot graphs and line graphs.

One way of summarising data is to produce a frequency distribution table or graph. A frequency table is a grouping of data into categories showing the number of observations in each category. These categories are referred to as classes. Once the class frequencies have been produced, the distribution can be represented graphically by column, row, dot or line graph. It may also be appropriate to plot relative frequencies to show the percentage of the population within each class interval – which enables the different sizes to be directly compared.

Summary statistical measures

Calculating summary statistics will assist you to understand the distribution of the data. These summary measures are useful for comparing information and are more precise than graphical analysis. Summary statistics assist you to develop an understanding of:

- the centre of a set of data. This is important as we often want to know what the central value is for the sample or population. The mean, median and mode are useful measures of central location. However, these measures of location can't tell the whole story about the distribution of the data. It is possible for two data sets to have the same mean but vastly different distributions. Therefore, you should also analyse the amount of variability in the data
- the variability or the spread of the data. The range, inter-quartile range, standard deviation, and variance are useful measures of variability or the spread of the data.

There are also a range of analytical techniques that can enable you to gain a deeper understanding of the data. This can involve analysing the data to determine change over time; comparison between groups; comparing like with like; and relationships between variables. Modelling techniques such as linear regression, logistic regression, and time series analysis are some ways to explore these relationships. Assistance can be sought from experienced analysts when undertaking complex statistical analysis.

STEP 3 Assess the results of analysis against the objectives and expectations

Once you have analysed, and computed some statistics from the data and feel that you have a good grasp for what the data is saying, you can then look at drawing appropriate conclusions about the data. This process can be quite complex depending on the questions you are seeking answers for and in some instances, the answers will not be clear cut. Your analysis may provide you with the basis for describing what happened but there may be many possible reasons for why this has occurred. It is important not to consider the issue in isolation, but to think about the interrelationships between social, economic and environmental factors. You may need to seek clarification through further analysis and research to ensure the conclusions you draw are accurate.

Some things to consider when drawing conclusions may be:

- what are the main results or conclusions that can be drawn?

- what other interpretations could there be?
- can the results or conclusions be supported statistically?
- do the conclusions make sense?
- do the results differ from initial expectations?

STEP 4 Review the objectives, recommence data analysis cycle as appropriate

If there are still questions unanswered, you may need to begin the data analysis cycle again.

If you're interested in learning more about data analysis, the ABS delivers a specialised training course on '*Analysing Survey Data Made Simple*'. The course covers these basic principles for analysing data as well as exploring more complex data analysis techniques.

COMMUNICATE STATISTICAL FINDINGS

Being able to turn data into information or communicate statistical information accurately is vital for effective decision-making. The following section provides an overview of writing statistical commentary and using tables and graphs to communicate statistical findings.

Writing about Data

Writing about statistics provides an opportunity to present your analysis in a way that tells a story about the data. In effect, statistical writing can bring data to life, making it real, relevant and meaningful to the audience. When communicating statistical information it is important to ensure that the information presented is clear, concise and accurate. It is also important to provide contextual information and to draw out the main relationships, causations and trends in the data.

The following provides some useful tips to follow when writing about statistics:

- **describe the context within which the topic sits**
- **present the complete picture to avoid misrepresentation of the data**
- **accurately convey the main findings clearly and concisely**
- **include definitions to support correct interpretations of the data**
- **where necessary include information on how the data was collected, compiled, processed, edited and validated**
- **include information on data quality and data limitations**
- **use plain, simple language and where possible minimise the use of jargon**
- **ensure information and data are accurate**
- **where possible avoid using data that have data quality concerns**
- **use tables and graphs to present and support your written commentary.**

The following tips can help you ensure that statistical information is accurate, and easy to read and understand:

- avoid subjective language or descriptions (e.g. slumped to 45%)
- statements should be backed up by the data (e.g. a greater proportion of 0-14 year olds identified as Indigenous than 15-24 year olds (5.8% compared to 4.1%))
- use proportions to improve flow and ease of comprehension (e.g. nearly three quarters (73%) of females)
- use rates when comparing populations of different sizes (e.g. age specific death rate, crime rates)
- a percentage change (the relative change between two numbers) is different from a percentage point change (the absolute difference between two percentages)
- be careful of percentage change and small numbers (e.g. the region experiences a 100% increase in the number of reported crimes (from two reported incidences in 2002 to four reported incidences in 2003))
- figures should always be written as numbers (e.g. 45% instead of forty-five percent)
- comparison of large numbers can be improved by using a different scale

- rounded figures are used in text and raw data in tables.

Using Tables, Graphs and Maps to Communicate Statistical Findings

Whether writing a report or making a presentation, the story should be told by your evidence. A simple table, graph or map can explain a great deal, and so this type of direct evidence should be used where appropriate. However, if a particular part of your analysis represented by a table, graph or map does not add to or support your argument, it should be left out.

While representing statistical information in tables, graphs or maps can be highly effective, it is important to ensure that the information is not presented in a manner that can mislead the reader. The key to presenting effective tables, graphs or maps is to ensure they are easy to understand and clearly linked to the message. Ensure that all the necessary information required to understand what the data is showing is provided, as the table, graph or map should be able to stand alone.

Tables, graphs and maps should:

- relate directly to the argument
- support statements made in the text
- summarise relevant sections of the data analysis
- be clearly labelled.

Using Tables to Communicate Statistical Findings

An effective table does not simply present data to the audience, it supports and highlights the argument or message being presented in the text, and helps to make the meaning of that message clear, accessible, and memorable for the audience.

The following checklist may be useful when creating tables:

- label each table separately
- use a descriptive title for each table
- label every column
- provide a source if appropriate
- provide footnotes with additional information required for understanding table
- minimise memory load by removing unnecessary data and minimising decimal places
- use clustering and patterns to highlight important relationships
- use white space to effect
- order data meaningfully (e.g. rank highest to lowest)
- use a consistent format for each table.

It is also very important not to present too much data in tables. Large expanses of figures can be daunting for a reader, and can actually obscure your message.

Using Graphs to Communicate Statistical Findings

Graphs are also a useful tool for presenting data. They provide a way to visually represent and summarise complex statistical information. They are especially useful for revealing patterns and relationships that exist in the data and for showing how things may have changed over time. A well placed graph may also be useful in improving readability by breaking up large chunks of text and tables.

There are a range of different graphs used for presenting data, such as bar graphs, line graphs, pie graphs and scatter plots. It is important to use the right type of graph for presenting the information.

Effective graphs are easy to read and clearly present the key messages. Points to consider when using graphs for presentation purposes are as follows.

Title: Use a clear descriptive title to properly introduce the graph and the information it contains.

Type of graph: Choose the appropriate graph for your message, avoid using 3D graphs as they can obscure information.

Axes: Decide which variable goes on which axis, what scale is most appropriate. **Legend:** If there is more than one data series displayed, always include a legend, preferably within the area of the graph, to describe them.

Labels: All relevant labels should be included, including thousands or percentages, and the name of the x-axis if required.

Colour/shading: Colours can help differentiate, however, know what is appropriate for the medium you're using.

Footnotes: These can help communicate anything unusual about the data, such as limitations in the data, or a break in the series.

Data source: Where appropriate, provide the source of data you've used for the graph.

3/4 Rules: For readability, it's generally a good rule of thumb to make the y axis 3/4 the size of the x-axis.

Using Maps to Communicate Statistical Findings

A map can often convey a message more concisely than words. Using maps to present statistical information about a geographic area can provide a quick overview of what a set of data is showing and highlight the patterns and relationships in different regions.

When presenting statistical information in a map format, ensure that you label each map correctly; include a legend; provide a scale; and include all contextual information to assist with understanding the data, and any limitations there may be.

The Fundamental Components that together make Up a Good Map, Include:

- prominent, clear title
- clear, self-explanatory legend

- neat, uncluttered layout
- if a thematic map, unobtrusive but useful topographic detail
- explanation of the detail, accuracy and currency of the data
- easily understood scale bar
- acknowledgement of whom produced the map.

The ABS provides a number of products for thematically mapping census statistics for a chosen location. The maps illustrate the distribution of selected population, ethnicity, education, family, income, labour force, and dwelling characteristics.

Interpreting Statistical Values

Statistics helps in capturing vital information about various aspects of life. We need to teach our students apart from the various statistical methods, its use in various situations, how to interpret and also make inferences. They should also be aware of the limitations of the statistical method and should be capable of using them appropriately in different situations. This develops the critical and analytical thinking skills among the students.

For a deeper understanding of social and economic issues, we need to access the data and information available. Analysing the statistical information is vital for implementation, monitoring and evaluation of policies. After due practice, children are able to learn find out various statistical data. But it is also important for them to decide upon the appropriate method to be used under different conditions. After deciding the statistical method they should be enabled to find out the statistical results. Interpreting the statistical results is the crucial step in the statistical analysis.

Using- Graph- Curvature, Intercepts, Slope and Tangent

Graphs offer a way to visually express key economic ideas. The graph help to simplify economic ideas and make them more concrete that might be less clear if described with tables, equations or words. It reveals the trend of the particular variable and enables comparison. Graphs show relationship between variables, which necessarily need not be two.

Slope and intercepts are used widely used in economics. We need to learn how to determine the slope on a straight line and also on the curves. As CBSE has introduced in the new syllabus, slope of the demand curve and the slope on a supply curve we need to orient the teachers in the newly introduced topics.

CONDUCTING PROJECTS IN ECONOMICS

Abstract

- *Consumer projects are those projects in which learners learn many concepts through watching a documentary, film and listening speech of budget presentations by Hon'ble Finance Minister.*
- *Producer projects are those projects in which learners become able to produce some kind of study materials like preparing a model of ATM, co-operative society, etc. and knowing economic features of any concept on school, etc.*
- *Field projects are those projects in which learners visit a nearby locality for collection of information to complete the project activity.*
- *Library projects are those projects in which learners study the documents available on library on a given topic to complete the project activity like expenditure on education and health under XIth and XIIth Five Year Plan.*
- *Project activity provides an opportunity to learners to explore various economic issues from daily life of people in society. Projects are based on the principle of learning by doing. The learners improve and acquire their skills related to on-going economic activities through projects. The learners get deep insights on a given topic by interacting with people, organizations etc. They learn to design certain tools also for collection of data.*

Objectives

- To acquaint learners from real economic experience in neighbouring locality.
- To acquire competency in collection, organization and presentation of data.
- To enable learners to apply statistical techniques in analysis of data.
- To develop ability in drawing conclusions and presenting reports in class.

Types of Project

- Consumer Projects
- Producer Projects
- Field Projects
- Library Projects

Steps for conducting a Project Activity

- Purposing
- Planning
- Executing
- Judging

Summarization - At this last, the overall impact of project activity is drawn and discussed.

Introduction

Project method is an important method of instruction in Economics as it helps the students in applying their knowledge in real-life. This helps the students in the Application of knowledge for an overall better understanding. The role of the teacher is to help the students in the application of subject knowledge. Below are some examples of Projects that the teachers can help their students to conduct and collect data, organize it, analyze it, interpret it and draw some objective based conclusions.

Example 1:

Unit III: Current Challenges Facing the Indian Economy

Chapter 4: Poverty

Topic: Income of a Worker Living under Poverty

Rationale: The person I had interviewed was named 'Dilip' who is a 'Rickshaw puller' by job. He belongs to a small district named 'Begusarai' in Bihar. Dilip is the only earning member in his family including his parents, wife and four children. His parents, wife and children are staying in his village. When I enquired about the history of Dilip's life and his work, he humbly answered that basically he started his work as a agricultural labour. He used to cultivate his owners' land in his village during the early days of his life he worked for the cultivation of crops during the sowing and harvesting season of staple crops. When the size of his family increased which led him to think of an alternate job in order to fulfill the needs of his growing family. He found that lot of time goes waste during the off season of farming. He heard from some of his villagers that they go to the cities to earn money during the off season and even he met one of his villager, who told Dilip that he pulls rickshaw in Delhi during the off season and it brings him enough money to meet atleast the basic needs of his family. This motivated Dilip to join his friend in the job of Rickshaw pulling to feed his large family by utilizing the time of off season. Dilip is working as a Rickshaw puller in Kishangarh, New Delhi since seven years and he is able to make money even today with the growing population in the city. I would like to show the data of his earning and saving during the early days of Rickshaw pulling in New Delhi as per information given by him.

Dilip is continuing with the job of Rickshaw pulling even today as he is able to make the required amount of money needed for sustenance of his family. Today, he starts his daily routine at 8 AM in the morning and ends his duty at 8 PM. He is generally pulling his rickshaw on the Baba Laturia main road of Kishangarh village. Now his children have grown up and besides studying in the neighbouring government primary/middle school are looking after the farming activity along with their mother. During the sowing and harvesting season Dilip used to stop Rickshaw pulling and visits his village to help his wife and children in the cultivation of crops. When the farming season gets over, he returns back to Delhi to carry rickshaw pulling. But, he thinks that the job of Rickshaw pulling in Delhi is now a days Rickshaw pulling has become the work of whole year, so he thinks to migrate his family from Bihar to Delhi for caring and education of children. Dilip is a very hardworking person who finds employment throughout the year, pulling rickshaw. The comparative data of his earning and saving is shown under organization and presentation of data. as provided by Dilip during the interview.

(i) Objectives

- To know background of the worker.
- To understand problems that he is facing in his real life.

(ii) Methodology

- **Nature of the project:** Field Survey
- **Time:** Three Days
- **Tool:** Informal Interview

(iii) Implementation of the project

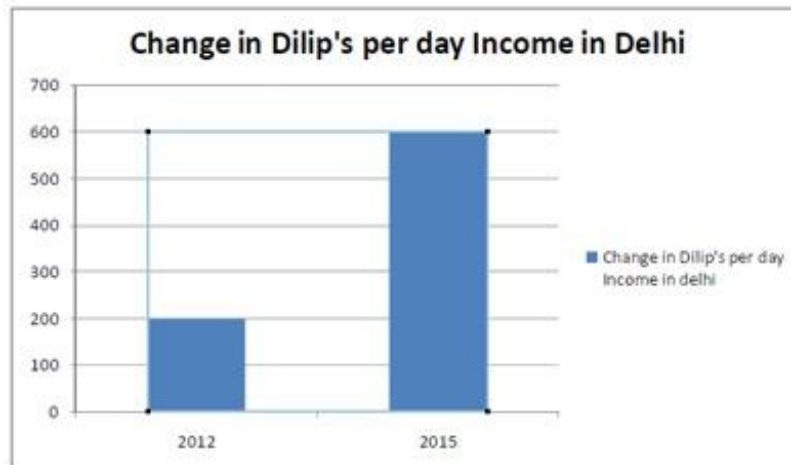
- **Collection of Data.** The data was collected through an informal interview.
- **Organization and Presentation of Data.**

Table 1: Year wise earnings of the worker

Year	Earnings Per Day (Rs.)
2012	200
2015	600

Table 1: showing the increase in his per day income in the years.

• **Analysis of Data.**



2012 2015

• **Interpretation of Data.**

Dilip's income increased from Rs. 200 per day to Rs. 600 per day in a time of 3 years. This shows a 200% increase in his income in 3 years.

(iv) **Results**

- The steady increase in per day income is enough to sustain his large family which includes his parents, wife and four children in village.
- This increase is enough for him to take the decision to call his family to Delhi.

(v) **Assessment (10 Marks)**

What has the learner acquired through this project?

- Preparation of report (2 marks).
- Use of statistics in presentation and analysis of data (2 marks).
- Presentation of report in the class room (2 marks).
- Ability to answer the asked questions in the classroom (2 marks).
- Interest and confidence level of learner towards the subject (2 marks).

Example 2:**Unit III: Current Challenges Facing the Indian Economy****Chapter 6: Rural Development****Topic: Credit and Banking in Rural Area**

Rationale. This project was carried out to understand the credit and banking facilities available in a village Kishangarh of the rural areas. The development of credit and banking facilities is extremely important for the effective functioning of the economy. A questionnaire was administered on 20 households to understand the trends of the usage of banking and credit facility.

(i) Objectives

- ▢ To know sources of credit transaction in a locality.
- ▢ To understand role of people towards sources of credit in a locality.

(ii) Methodology

- **Nature of the project:** Field Survey
- **Time:** Five Days
- **Tool:** Formal Questionnaire (Attached in Appendix 'A')

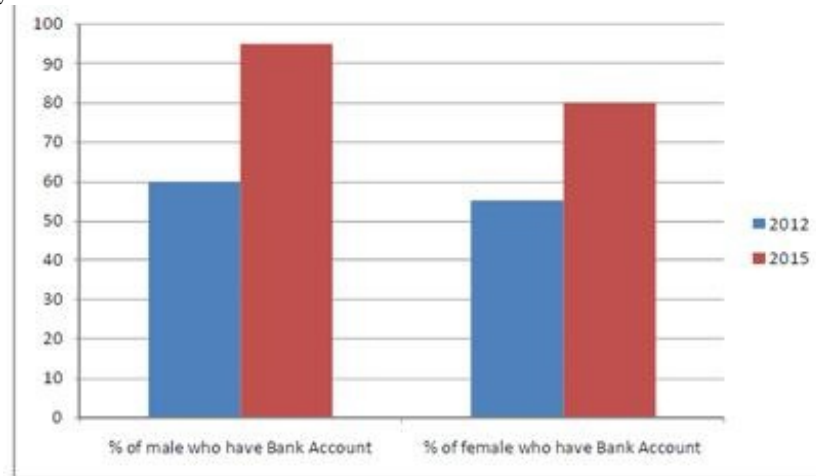
(iii) Implementation of the project

- **Collection of Data.** The data was collected through a questionnaire.
- **Organization and Presentation of Data.**

Table 2: No. of bank account holders in two different years

Year	2012	2015
Percentage of male who have Bank Accounts	60	55
Percentage of female who have Bank Accounts	95	80

• **Analysis of Data.**



• **Interpretation of Data.**

The percentage of males who had bank accounts has increased remarkably in the years. Also, there has been a significant increase in the percentage of females who have bank accounts. This is because of the various schemes run by the government from time to time to persuade people in the rural areas to open bank accounts. Also it was observed that the rural people normally depended on 'Self-Help Groups' for obtaining credit instead of the banks.

Results

- There has been a significant increase in the percentage of people who have bank accounts in the village of rural area, this increase is seen more in male population than female.
- The people in the rural area mostly relied on the unorganized sector for obtaining credit.

(iv) Assessment (10 Marks)

What has the learner acquired through this project?

- Preparation of report (2 marks).
- Use of statistics in presentation and analysis of data (2 marks).
- Presentation of report in the class room (2 marks).
- Ability to answer the asked questions in the classroom (2 marks).

- Interest and confidence level of learner towards the subject (2 marks).

Example 3:**Unit III:** Current Challenges Facing the Indian Economy**Chapter: 7,** Employment: Growth, Information and Other Issues**Topic:** Self-Employed and Hired Workers in a Locality

Rational. This project is undertaken to understand the structure of working people in an area. An informal questionnaire was distributed in a locality to around 20 households chosen randomly in the Kishangarh which is rural area. It is important to understand the employment structure in an area so that different facilities can be provided accordingly to the people.

(i) Objectives

- To know structure of working persons in a locality.
- To understand that which type of employment is prevailing in a locality.

(ii) Methodology

- **Nature of the project:** Field Survey
- **Time:** Days
- **Tool:** Informal Questionnaire (Attached in Appendix 'B')

(iii) Implementation of the project

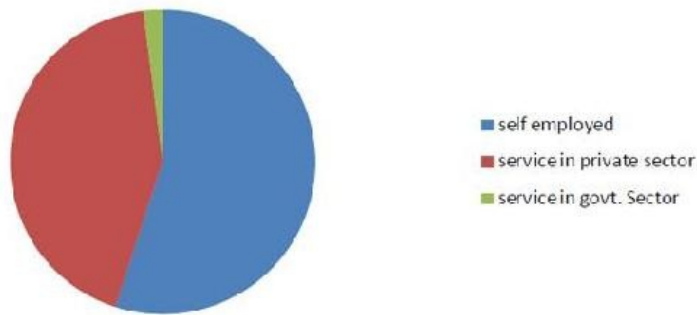
- **Collection of Data.** The data was collected through an informal questionnaire.
- **Organization and Presentation of Data.**

Table 3: % of people engaged in different occupation

Occupation	Percentage of people engaged
Self hired	55
Service in private sector	43
Service in Govt. sector	2
TOTAL	100

Table 3: Occupational Distribution of an area

Occupation Distribution of an area



- **Analysis of Data.**

Around 55% of people in the area were self hired. 43% were employed in small enterprises in the unorganized sector and only 2% had jobs in the Government sector of the economy.

- **Interpretation of Data.**

Majority of people in the area are self-hired. They either had a small shop or did other kind of small businesses. And 43% of people were employed in the private sector and most of them in the unorganized sector. Only a very small proportion had government jobs.

The government should take this in consideration while framing policies for the area. Also they should provide facilities for the smooth functioning and progress of the unorganized sector of the economy.

(iv) **Results**

- A major proportion of people living in a rural area are self employed followed by jobs in private sector.
- There are very less percentage of people employed in the Government sector.

(v) **Assessment (10 Marks)**

What has the learner acquired through this project?

- Preparation of report (2 marks).
- Use of statistics in presentation and analysis of data (2 marks).
- Presentation of report in the class room (2 marks).

- Ability to answer the asked questions in the classroom (2 marks).
- Interest and confidence level of learner towards the subject (2 marks).

Example 4:

Unit III: Current Challenges Facing the Indian Economy

Chapter: 7, Employment: Growth, Information and Other Issues

Topic: Seasonal Self-Employed Person of a Locality.

Rational. The name of the businessman is 'Munna'. He is a resident of Lucknow District in Uttar Pradesh. He has a sugarcane juice shop along the roadside near the Baba Laturia Temple of Kishangarh village New Delhi. He is fulfilling the demand of sugarcane Juice of the area. He has a good sale of juice in summer session however; there are three more shops nearby locality. At times, particularly during the arrival of winter season, he closes sugarcane Juice shop because of low demand. He narrates the story of his business during the initial days, saying that when he started his business in Delhi, it was very successful, used to earn huge profit, but as the days passed on his earning



from the business reduced due to the tough competition from the other persons even in summer session. He will either continue with juice of other fruits in winter or begin other winter seasonal work. At present, his business is on average. He is not able to make that profit which he used to, 04 years back.

(i) Objectives

- To know working status of a seasonal self-employed person.
- To understand challenges that he is facing towards his seasonal work.

(ii) Methodology

- **Nature of the project:** Field Survey
- **Time:** Three Days
- **Tool:** Informal Interview

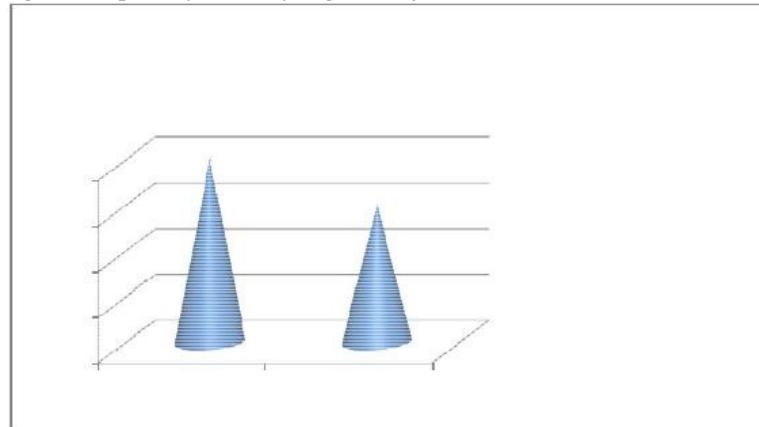
(iii) Implementation of the project

- **Collection of Data.**-Data was collected through an informal interview.
- **Organization and Presentation of Data**

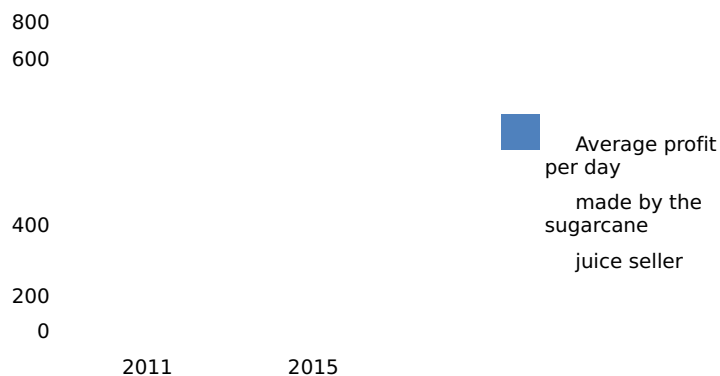
Table 4: Average profit in two different years

Year	Average Profit per day
2011	800
2014	600

Table 4: Average Profit per day made by sugarcane juice seller



Average profit per day made by the sugarcane juice seller



• Analysis of Data

It can be seen from the figure above that the sugarcane juice seller earlier made higher profit than he is able to make now. There has been a 25% decrease in his profit per day in the last 4 years.

• Interpretation of Data

It is evident that there has been a sharp decline in the profit per day of the sugarcane juice seller. If we consider the effect of inflation also then the percentage in the decrease of his profit would be even higher. This seasonal work will become unattractive for him and also for others, if such decrease continues.

(iv) Results

- The decrease in the profit of the business is making it unattractive form of business.
- The people in this business might migrate to their home towns and be there for the whole year and find some other job in the village only in the off season.

(v) Assessment (10 Marks)

What has the learner acquired through this project?

- Preparation of report (2 marks).
- Use of statistics in presentation and analysis of data (2 marks).
- Presentation of report in the class room (2 marks).
- Ability to answer the questions asked in the classroom (2 marks).
- Interest and confidence level of learner towards the subject (2 marks).

Example 5:

Topic: Factors Affecting Consumers' Buying Behaviour

Rational. The buying decision of a buyer is influenced by an economic decision and expectations. He expects best performance, maximum durability and more dependability from a product or service. The decision making is a process whereby a buyer decides to purchase a particular product out of the various available alternatives depending upon his ability to purchase and willingness to purchase. This process of selection and final selection is known as buying decision making.

Consumer is the subject of market and the critical strength of existence and development of enterprise. The consumer demand affects an enterprise's marketing decision fundamentally, which is the basic consideration for an enterprise choosing the marketing strategy and tactics.

(i) Objectives

- To know awareness of consumers in an area for a good.
- To understand problems that the consumers facing towards purchasing a good.

(ii) Methodology

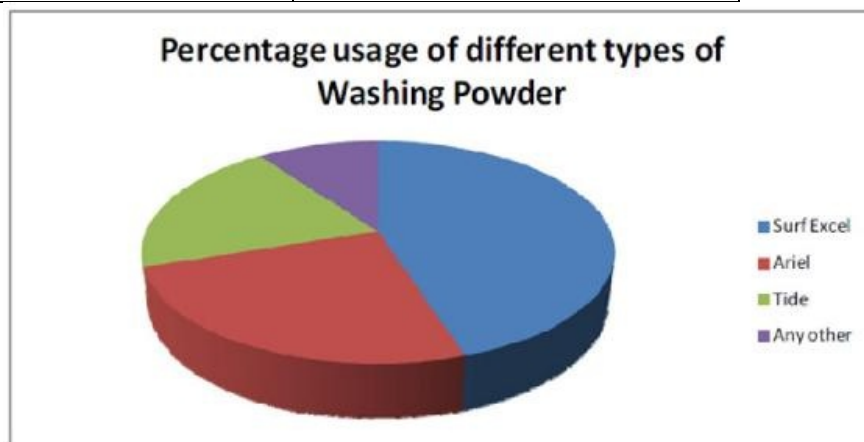
- **Nature of the project:** Household Survey
- **Time:** Three days
- **Tool:** Informal Questionnaire (Attached in Appendix 'C')

(iii) Implementation of the project

- **Collection of Data.** The data was collected through an informal questionnaire.
- **Organization and Presentation of Data.**

Table 5: % of household using different brand

Brand of Washing Powder	% of households using it
Surf Excel	45
Ariel	25
Tide	20
Any Other	10
TOTAL	100



Percentage usage of different types of Washing Powder

• Analysis of Data.

It can be seen from the above pie diagram that maximum households use Surf Excel brand followed by Ariel and Tide. These are branded washing powders that are expensive as compared to others.

• **Interpretation of Data.**After collecting information from 12 consumers belonging to the middle class section of the society, the factors that came out which influence their purchase decisions are as follows:

1. Advertisements
2. Price of the Product

3. Quality of the Product
4. Product Availability in the Market
5. Company Brand Name
6. Previous Experiences of the Consumers with the Product
7. Sales Promotional Activities

8. Recommendations by the Family or Friends.

- There could be many more factors that influence the decisions of the consumers while making their purchases. The above stated factors are the factors that frequently affect the purchase decisions of the consumers and are the result of the study undertaken.

(iv) **Results**

- There are a myriad of factors that influence the buying behavior of the consumers.
- The manufacturers should keep all the factors in mind while marketing their products in order to be successful.

(v) **Assessment (10 Marks)**

What has the learner acquired through this project?

- Preparation of report (2 marks).

- Use of statistics in presentation and analysis of data (2 marks).
- Presentation of report in the class room (2 marks).
- Ability to answer the asked questions in the classroom (2 marks).
- Interest and confidence level of learner towards the subject (2 marks).

References

- Indian Economic Development, New Delhi: NCERT.
- Introduction to Statistics, New Delhi: NCERT.

Appendix 'A'

Questionnaire for Persons' towards Credit and Banking in a Locality

1. Name:
2. Gender:
 - a) Male
 - b) Female
3. Occupation
 - a) Service
 - b) Business
 - c) Worker
 - d) Student

4. Do you and your family members who are above 14 years have a bank account?
 - a) Yes
 - b) Almost
 - c) No
5. When mostly members opened bank account?
 - a) Before 2012
 - b) Between 2012 to 2014
 - c) After 2014
6. Do you transact through bank?
 - a) For deposit purposes
 - b) For loan purposes
7. Do you have any other credit source in your locality?
 - a) Yes, Please specify:
 - b) No
8. Do you use your other credit source?
 - a) For deposit purposes
 - b) For loan purposes
9. Does the bank fulfil your immediate needs?
 - a) Yes
 - b) No
10. Does your other credit source fulfil your immediate needs?
 - a) Yes
 - b) No
11. Do you recognize importance of bank in your life?
 - a) Yes
 - b) No

Appendix 'B'

Questionnaire for Structure of Employees in a Locality

1. Name
2. Occupation
 - A) Service (Hired Workers) B) Self-employed
 - C) Worker (Casual Workers)
3. If you are a service person, please tick your nature of organization.
 - a) Government
 - b) Private
4. If you are a self-employed person, please tick your nature of business.
 - a) General Store
 - b) Electronics
 - c) Any other
5. If you are a worker, please tick your nature of work.
 - a) Labour
 - b) Servant
 - c) Any other, Please specify:
6. Do you satisfy with your work?
 - a) Service (Hired Workers): Yes/No
 - b) Self-employed: Yes/No
 - c) Worker (Casual Workers): Yes/No

Appendix 'C'

Questionnaire for Consumers' Awareness towards a Good

1. Name:
2. Occupation :
 - a) Service
 - b) Business
- 3) Households' income per month :
 - Less than Rs. 20,000/-
 - Between Rs. 20,000/- to 30,000/-
 - Between Rs. 30,000/- to 40,000/-
 - More than Rs. 50,000/-
- 4) How much do you buy washing powder per month?
 - a) 1 K.G.
 - b) 2 K.G.
 - c) 3 K. G.
 - d) 4 K.G.
- 5) Which brands of washing powder do you buy?
 - a) Surf Excel
 - b) Ariel
 - c) Tide
 - d) Any Other, Please specify:
- 6) Do you buy this brand of washing powder?
 - a) Always
 - b) Sometimes
 - c) Once in a while
 - d) Never
- 7) How important are brand names important to you?
 - a) Very Important
 - b) Important
 - c) Somewhat Important
 - d) Not Important

8) Do you always buy branded products?

a) Yes

b) No

9) Who has the most affected source of information for buying this brand to you?

c) Friends

d) Advertisement

e) Offer on the Product like "Buy one get one free", "Buy one and get 50% off on the buy of second item", etc.?

f) Any Others, Please Specify:

10) How often do you give preference to the offers given by the companies like "Buy one get one free", "Buy one and get 50% off on the purchase of second item", etc.?

g) Always

h) Most of the time

i) Once in a while

j) Never

11) On what basis do you buy this brand of good?

a) Prefer a particular brand of a product

b) Easily available product in the market

c) Quality of the good

d) Price of the good

11) Would you buy this brand of good in future also?

a) Yes

b) No

RELATIONSHIP BETWEEN AGGREGATES OF NATIONAL INCOME

ABSTRACT

Computation of National Income is one of the most important topics in class XII Economics Syllabus. Students have fair idea of the meaning of National Income that it is the final value of goods and services produced over a period of time and the net factor payments earned from abroad. They also have an understanding that it serves as an important indicator of growth of any nation. While teaching the Measurement of National incomes the students have to be given a thorough meaning and understanding of its various components. The present section contains some of the major items whether included or excluded in national income which you can discuss in classroom which will enable students to comprehend the NIA better with reason.

National Income is the most important measure of economic activity. A steadily growing the GNP is taken as a sign of healthy economy and a decline/drop in the GNP means a recession..Computing National Income by different methods yield same results. How these differ and what is its relevance should be explained to students before introducing them with the arithmetical calculation of the same.

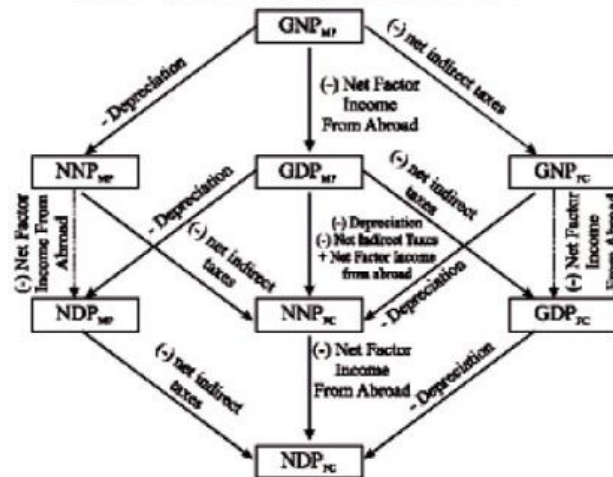
The three Methods of Measurement of National Income namely:

1. Value Added
2. Income Method
3. Expenditure Method

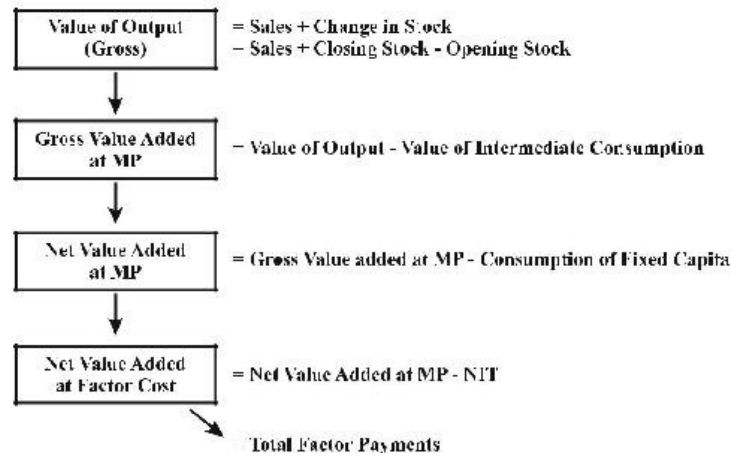
The comprehension of each item under the methods has to be first taken up by the teacher in the class instead of taking the direct formula approach. For example the concepts like Final Goods, Intermediate Goods, and Depreciation, Concept of Double Counting, Transfer Payments, Personal income, Personal Disposable Income Subsidy, and Indirect Taxes etc. have to be understood to avoid mere cramming of formulae.

You will find in the present section Diagrammatic presentation of computing National Income under each Method. After explaining all terms/components take up this presentation.

Relationship between Aggregates of National Income



Value Added and its Related Measures



Reconciling the Time Methods of Measuring GDP

Production Method		Income Method		Expenditure Method
Gross Value Added in the Primary Sector at Market Price (Sales - Change in Stock - I.C)		Net Indirect Taxes		Private Final Consumption Expenditure
Value Added in the Secondary Sector at Factor Cost (Sales + Stock - I.C)	=	Consumption of Fixed Capital		Govt. Final Consumption Expenditure
Net Value Added in the Services Sector at Factor Cost (Sales - Change in Stock - I.C)		Compensation of Employees	=	Gross Capital Formation
		Operating Surplus (R-I+P)		Net Export of Goods & Services
		Mixed Income of the Self Employeds		
GDP at Market Price		GDP at Market Price		GDP at Market Price

Disposable Income Aggregate

NDPFC

Less : Income from property and entrepreneurship accruing to the Govt. administration departments

Less : Saving of non-departmental enterprises

= NDPFC accruing to the Private Sector

Add : Net Factor Income from Abroad

Add : National Debt Interest

Add : Current transfers from the Govt. Administration Deptt.

Add : Net current transfers from the rest of the World

= Private Income

Less : Saving of the Private Corporate Sector (Net of retained earning of the

foreign companies)

Less : Corporate Tax

=

Personal Income

Less : Direct Taxes paid by households

Less : Miscellaneous receipts of Govt. Administration Departments

=

Personal Disposable Income

Items to be Included or Excluded in National Income with Reasons

Some of the major items whether included or excluded in national income are as follows:

1. Construction of a new house.

Yes, it will be included in the national income as it is a part of capital formation and leads to production of goods and services in the economy.

2. Winning of a lottery prize.

No, it will not be included in the national income as it does not add to the flow of goods and services in the economy.

3. Increase in the prices of stocks lying with a trader.

No, it will not be included in the national income as it does not amount to any flow of goods.

4. National debt interest.

OR

Interest on public debt.

No, it is not included in the national income as it is the interest paid on loans taken by government to meet its consumption purposes.

5. Rent-free house given to an employee by an employer.

Yes, it is included in the national income by Income Method since it is a part of 'wages in kind' paid to employees.

6. Profit earned by foreign banks in India.

No, it is not included in the national income as it is a part of the factor income paid abroad. It is subtracted from domestic income to get national income.

7. Purchases by foreign tourists.

OR

Food purchased by a foreign tourist at a hotel in New Delhi.

Yes, purchases by foreign tourists are 'exports' and, therefore, they are included in the national income through the Expenditure Method.

8. Rent received by Indian residents on their buildings rented out to foreigners in India.

Yes, it will be included in the national income as it is a part of the factor income from abroad.

9. Payment of fees to a lawyer engaged by a firm.

It is an intermediate expenditure for the firm because it involves purchase of services by one production unit (firm) from another production unit (lawyer). So, it

is deducted from the value of output of the firm to arrive at the value added. So, it is not included in national income.

10. Free medical facilities by the employer.

OR

Free boarding and lodging provided to a domestic servant.

Yes. It will be included in national income as these free services are part of compensation to employees.

11. Gifts received from abroad.

OR

Gift received from employer.

National income as gifts received are transfer incomes.

12. Profits of Reliance Industries from its chemicals business in Australia.

Yes, it will be included in the national income as it is a part of the factor income from abroad.

13. Salaries received by Indian residents working in Russian Embassy in India.

Yes, it will be included in the national income as it is a part of factor income from abroad.

14. Subsidized lunch served to workers in a factory.

OR

Firm incurred expenditure on medical treatment of employee's family.

Yes, it is a part of the compensation of employees and, therefore, it will be included in the national income.

15. Old age pension

No, it will not be included in the national income as it is a transfer payment made by the government and a transfer income for the receiver.

Old age pension must not be confused with retirement pension. Old age pension is not included in national income as it is a transfer payment. On the other hand, retirement pension is included in national income as it is a part of COE.

16. Durable goods purchased by a household.

OR

Purchase of car by a household.

Yes, it will be included in the national income as it is a part of the private final consumption expenditure.

17. Profits earned by an Indian bank from its branches abroad.

Yes, they will be included in the national income as they are a part of the factor income from abroad.

18. Earnings of shareholders from the sale of shares.

No, it will not be included in the national income as it is a financial claim and does not contribute to any productive activity.

19. Expenditure on advertisement by a firm.

OR Commodities used in scientific research.

No, it will not be included in the national income as it is a part of intermediate consumption expenditure.

20. Financial help received by flood victims.

No, it will not be included in the national income as it is a transfer income.

21. Purchase of a machine by a factory. {CBSE, All India Comptt. 2006}

OR Purchase of a new taxi by a taxi-driver.

Yes, it will be included in the national income as it is a part of the gross domestic capital formation.

22. Royalty

Yes, it will be included in the national income as royalty is a productive income.

23. Commission on sale of second-hand goods.

OR

Brokerage payment on sale of shares.

Yes, it will be included in the national income as it is the income of a middleman for his productive services to various parties.

24. Dividend received by an Indian from his investment in shares of a foreign company.

{CBSE, Delhi 2010} Yes, it will be included in the national income as it is factor income from abroad.

25. Purchase of raw materials by a production unit.

OR

Milk purchased by a Sweet shop to make milk-cake.

No, it will not be included in the national income as it is a part of the intermediate consumption expenditure.

26. Earnings of a self-employed doctor having a clinic at his own residence. Yes, it will be included in the national income as it is a mixed income.

27. Money received from sale of second-hand goods.

OR

Money received by government from sale of a public sector firm to a private owner.

No, it will not be included in the national income because receipts from the sale of second-hand goods are by virtue of transfer of an already existing object.

28. Imputed rent of self occupied houses.

Yes, it will be included in the national income as people living in such houses enjoy housing services similar to those in rented houses.

29. Contribution to provident fund by employer.

OR

Value of interest foregone on loans provided by employer to employee.

Yes, it will be included in the national income as it is a part of the compensation to employees.

30. Wheat grown by a farmer but used entirely for family's consumption.

Yes, it is included in the national income because it adds to the current flow of goods and services. Therefore, its imputed value should be included.

31. Expenditure on the construction of a flyover by the government.

Yes, it will be included in the national income as it is a part of gross domestic capital formation.

32. Growing vegetables in a kitchen garden of the house.

No, it will not be included in the national income as it is difficult to estimate the value of production (It is a non-market transaction).

33. Services rendered by family members to each other

No, it will not be included in the national income as it is difficult to determine the value of services provided by family members to each other.

34. Expenditure by government in providing free education.

OR

Expenditure on free services provided by government.

Yes, it will be included in the national income as it is a part of the government final consumption expenditure.

35. Insurance premium paid by employees.

OR

Fees received from student.

Yes, it is included in the national income as it is a part of the private final consumption expenditure.

36. Mineral wealth of a nation.

It is a part of National wealth and is not included in national income. However, that part of mineral wealth which has been extracted during the current year will be included in national income under the product method.

37. Value of wood purchased for manufacturing a table.

OR

Expenditures on the purchase of cold drinks by a school canteen from the manufacturer.

OR

Transport expenses by a firm.

No, it will not be included in the national income as it is a part of intermediate consumption expenditure.

38. Purchase of equipment's for installation in a factory.

Yes, it will be included in the national income as it is a part of capital formation.

39. Payment of wealth tax.

OR

Payment of Death duty.

No, it will not be included in the national income as it is a compulsory transfer payment to the government.

40. Entertainment tax received by the government.

No, it will not be included in the national income as it is an indirect tax and a compulsory transfer payment received by the government.

41. Salaries paid to Russians working in Indian Embassy in Russia.

No, it is not included in the national income as it is a part of the factor income paid abroad. It is subtracted from domestic income to get national income.

42. Capital gains to Indian residents from sale of shares of a foreign company.

No, capital gains will not be included in the national income as they do not add to the current flow of goods and services in the economy.

43. Destruction of building due to an earthquake.

No, it will not be included in the national income as it will not affect national product directly.

44. HP uses its own new Laptops in its office for self-consumption.

Yes, it is included in the national income as it adds to current flow of goods and services. Therefore, imputed value of laptops should be included.

45. Purchase of a truck to carry goods by a production unit.

Yes, it will be included in the national income as it is a part of the gross domestic capital formation.

46. Earning from a part time job in McDonalds by a student.

Yes, it is included in the national income as it is an income received for productive services.

47. Receipt from sale of property, inherited from a relative.

No, it will not be included in the national income as receipt from sale of such property is by virtue of transfer of an already existing object.

48. Entertainment allowance to an employee for entertaining business guests.

No, it will not be included in the national income as it is intermediate consumption expenditure of the business.

49. Expenditure on the purchase of shares of a new company.

OR

Sale of bonds by a company.

No, it will not be included in the national income as it is a financial claim and does not contribute to any productive activity.

50. Goods lying within the production boundary.

No, such goods will not be including ' in national income as goods lying within the production boundary are intermediate goods.

51. Money received by a family in India from relatives working abroad.

No, it will not be included in the national income as it is a transfer receipt.

52. Dividend received by a foreigner from investment in shares of an Indian company.

No, it is not included in the national income as it is a part of factor income paid abroad. It is subtracted from domestic income to get national income.

53. Expenditure by father on marriage of his daughter.

No, it will not be included in the national income as it does not add to current flow of goods and services.

54. Expenditure on the purchase of an old house.

OR

Purchase of house by the tenant.

OR

Purchase of rented factory building by the factory owner.

No, it will not be included in the national income because payment for purchase of second-hand goods is due to transfer of an already existing object.

55. Insurance money received from Oriental Insurance due to destruction of factory due to fire.

No, it is not included in the national income because it is a transfer receipt. 56. Interest paid by banks on deposits by individuals.

OR Payment of interest by a government firm.

OR

Payment of interest by a firm

Yes, it will be included in the national income as such interest is paid on loan taken for productive purpose. It is a factor payment by a producer.

57. Interest received on loans given to a friend for purchasing a car.

OR

Interest payment on loan taken by an individual to buy a motor cycle.

OR

Payment of interest on a loan taken by an employee from the employer.

No, it will not be included in the national income because it is a non-factor receipt as the loan is not used for production but for consumption.

58. Interest received on loan given to a foreign company in India.

Yes, it will be included in national income as it is a part of factor income from abroad.

59. Interest received on debentures.

Yes, it will be included in the national income as such interest received is a factor income because debenture is a sort of loan taken by a production unit.

60. Expenditure on improvement of fixed capital asset.

OR Expenditure on construction of a house.

OR Expenditures on adding a floor to the building.

Yes, it will be included in the national income as it is a part of capital formation.

It must be noted that any expenditure on repairs of fixed assets will not be included in national income.

61. Scholarship given to Indian students studying in India by a foreign company.

OR

Expenditure by the Government on scholarships to students.

No, it will not be included in the national income as it is a transfer payment.

62. Value of bonus shares received by shareholders of a company.

No, it will not be included in the national income as such bonus shares are mere paper claims and do not contribute to the production of goods and services.

63. Pension paid after retirement.

Yes, it is a part of the compensation of employees and, therefore, it will be included in the national income.

64. Expenditure on maintenance of building.

OR Expenditure on maintenance by a firm.

No, it will not be included in the national income as it is a part of intermediate consumption expenditure.

65. Family members working free on farm owned by family.

Yes, Imputed salaries of these members will be included in national income.

66. Payment of bonus by a firm.

Yes, it will be included in the national income as it is a part of the compensation to employees.

67. Purchase of tractor by a farmer.

Yes, it will be included in the national income as it is a part of the capital formation or investment by the farmer.

68. Expenditure on fertilizers by a farmer.

No, it will not be included in the national income as it is intermediate cost for the farmer and deducted from value of output while arriving at national income.

69. Purchase of furniture by a firm.

Yes, it will be included in the national income as it is a part of the capital formation or investment by the firm.

70. Expenditure on education of children by a family.

Yes, it is included in the national income as it is a part of the private final consumption expenditure.

71. Payment of electricity bill by a school.

No, it will not be included in the national income as it is intermediate cost for the school and deducted from value of output while arriving at national income.

72. Payment of excise duty by a firm.

No, it will not be included in the national income as it is an indirect tax paid by the firm.

73. Festival gift from an employer.

No, it will not be included in the national income as it is merely a transfer payment.

74. Contribution to provident fund by employees.

No, it is not included in the national income because such contribution is made by the employees from compensation of employees only. So, it is not separately included in the estimation of national income.

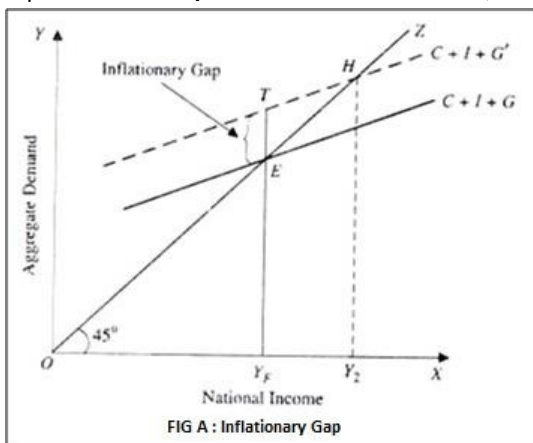
THE CONCEPT OF INFLATIONARY AND DEFLATIONARY GAPS

Inflationary Gap

It is useful and important to understand the concept of inflationary gap because with it we are able to know the main cause of the rise in general level of prices. The equilibrium of an economy is established at the level of full-employment when aggregate demand or total expenditure is equal to the level of income corresponding to full-employment. This happens when the amount of investment is equal to the saving gap corresponding to full-employment level of income.

Consider **Fig. A** where OY_F is national income corresponding to the level of full-employment. Equilibrium at national income OY_F would be established only when aggregate demand or total expenditure ($C + I + G$) is equal to $Y_F E$ ($Y_F E$ is equal to OY_F).

Real national income cannot increase beyond OY_F because when all means of production including labour are fully employed, there is no possibility of further rise in production or real national income. Thus when aggregate demand is greater than the aggregate demand $Y_F E$ which is required to establish the equilibrium at OY_F level of national income, the equilibrium would not be established at OY_F .



It would be seen from **Fig. A** that aggregate demand $Y_F T$ is greater than aggregate demand $Y_F E$ which is required to maintain the equilibrium at OY_F . Thus with the level of aggregate demand ($C + I + G'$), which is obtained by adding expenditure ET to the aggregate demand curve $C + I + G$, equilibrium would not be established at OY_F which

corresponds to full-employment level of income. The actual aggregate demand being greater than Y_F by the amount ET the level of national income would be greater than OY_F .

Since OY_F is full-employment level of national income, actual production cannot increase beyond that but there would be rise in prices which would raise the money value of OY_F production. The amount by which the actual aggregate demand exceeds the level of national income corresponding to full employment is known as inflationary gap because this excess of aggregate demand causes inflation or rise in prices in the country.

In **Fig. A** this excess of aggregate demand or inflationary gap is equal to ET . It would be seen from **Fig. A** that the aggregate demand curve $C + I + G'$ intersects 45° line (OZ line) at H so that equilibrium level of national income would be OY_2 .

It should be carefully understood that there is no difference between OY_F and OY_2 in terms of real income or actual production; only as a result of rise in price level, national income has increased from OY_F to OY_2 in money terms. Inflationary gap represents excess demand in relation to aggregate production or supply of output which brings about demand-pull inflation.

J. M. Keynes in his revolutionary book "General Theory of Employment, Interest and Money" did not discuss the concept of inflationary gap because he was then preoccupied with the analysis of the state of depression and deflation. During the Second World War when the problem of inflation cropped up, then Keynes applied his macroeconomic analysis to explain inflation as well and in this connection he put forward the concept of inflationary gap.

Deflationary Gap

In the theory of income and employment, the concept of deflationary gap occupies an important place, since in a capitalist economy unemployment and depression occur due to this gap. According to Keynesian theory of income and employment, equilibrium at the level of full-employment is established when aggregate demand consisting of consumption demand plus investment demand plus government demand ($C + I + G$) is equal to the national income at the level of full-employment.

This happens when investment and government demand is equal to the saving gap at full-employment level of national income. If aggregate demand is less than the full-employment level of national income, i.e., when investment and government demand is less than the saving gap at full-employment level of income, the deficiency of aggregate demand occurs due to which national income and employment will fall below the full-employment level causing unemployment and depression in the economy.

The concept of deflationary gap is illustrated in **Fig. B** in which along the X-axis national income is measured and along the K-axis level of aggregate demand is measured. Suppose national income at the level of full-employment is equal to OY_F .

Now the equilibrium level of income and employment would be established at OY_F when aggregate demand (consumption demand plus investment demand) is equal to $Y_F E$ (which is equal to national income OY_F). But in the real world if aggregate demand is less than the full-employment level of income OY_F or it is less than $Y_F E$, then the problem of deficiency of aggregate demand will arise.

Therefore, EK in **Fig. B** represents deflationary gap. Hence, deflationary gap represents the difference between the actual aggregated demand and the aggregate demand which is required to establish the equilibrium at full-employment level of income.

It should be carefully understood that due to the deflationary gap EK , the level of national income and employment will decline. The decline in national income and employment will not only be equal to the deflationary gap EK but it will be much greater than this. The decline in national income is determined by the value of the multiplier.

In **Fig. B** when aggregate demand curve is $C + I + G'$ deflationary gap is equal to EK . The aggregate demand curve $C + I + G'$ (dotted) which cuts the 45° line at point Q as a result of which equilibrium is established at OY_F level of national income. It will be seen from **Fig. B** that OY_1 , is less than full-employment level of income OY_F . Deflationary gap represents the situation of deficient demand in the economy.

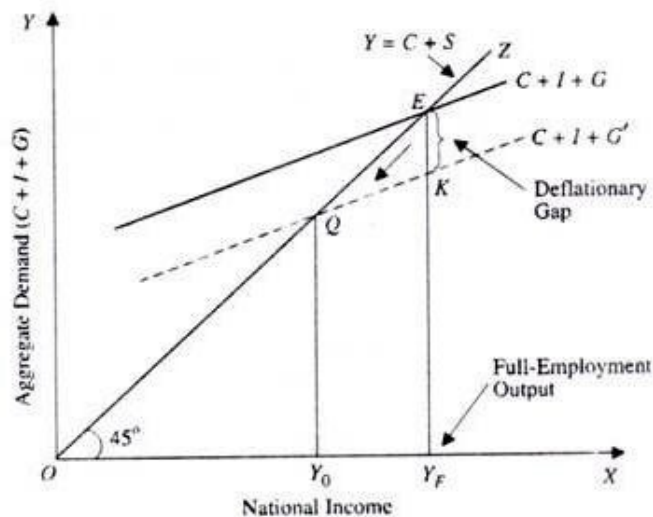


FIG B : Deflationary Gap

This deficiency in aggregate demand causes fall in national output and level of employment. As a result, involuntary unemployment in the economy emerges. The depression of 1929-33 in capitalist countries was caused by the emergence of deflationary gap or by demand deficiency in these economies.

FOOD FOR THOUGHT

- Q1. When $AD > AS$, what can you say about the economy? How does self correction take place?**
- Q2. “If $AD = AS$, then the economy is at full employment” do you agree? Why or why not?**
- Q3. Even though there is massive unemployment in India, it is still dealing with the problem of inflation. Site possible reasons for the above.**
- Q4. What will be impact of increased savings on the equilibrium of the economy like India?**
- Q5. What according to you is the idea behind launching of the insurance schemes for all by the government? How will it affect the aggregate demand – aggregate supply situation of our economy?**
- Q6. Explain the effect of imposition of a lump sum tax on the equilibrium in case of inflationary gap.**
- Q7. Explain the role of government spending for correcting the situation of disequilibrium.**
- Q8. Explain the economic and welfare motive of the Government of the increased taxation on tobacco products.**
- Q9. What is the difference between market demand and aggregate demand?**
 - Q10. Evaluate the impact of the “Make in India” campaign launched by the government of the Indian economy.**

BUDGET

Introduction

In modern world every economy tries to follow the concept of welfare state, It promotes huge requirement to develop infrastructure, economic and welfare activities. All these activities require heavy expenditure to be incurred. An appropriate planning and resource management can be helpful to attain the goal of welfare state. *This financial*

resource management by the government is known as budget.

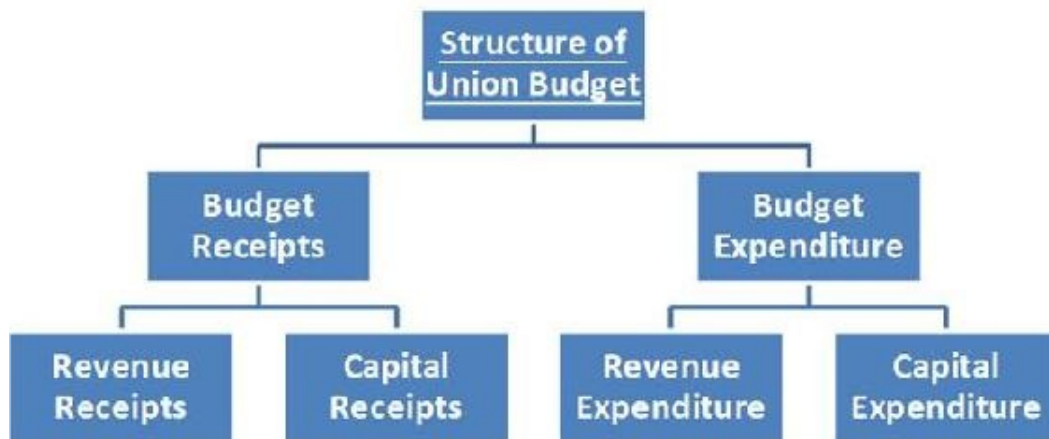
Government budget is a statement of the estimates of the Government Receipts and Government Expenditure during the period of the financial year.

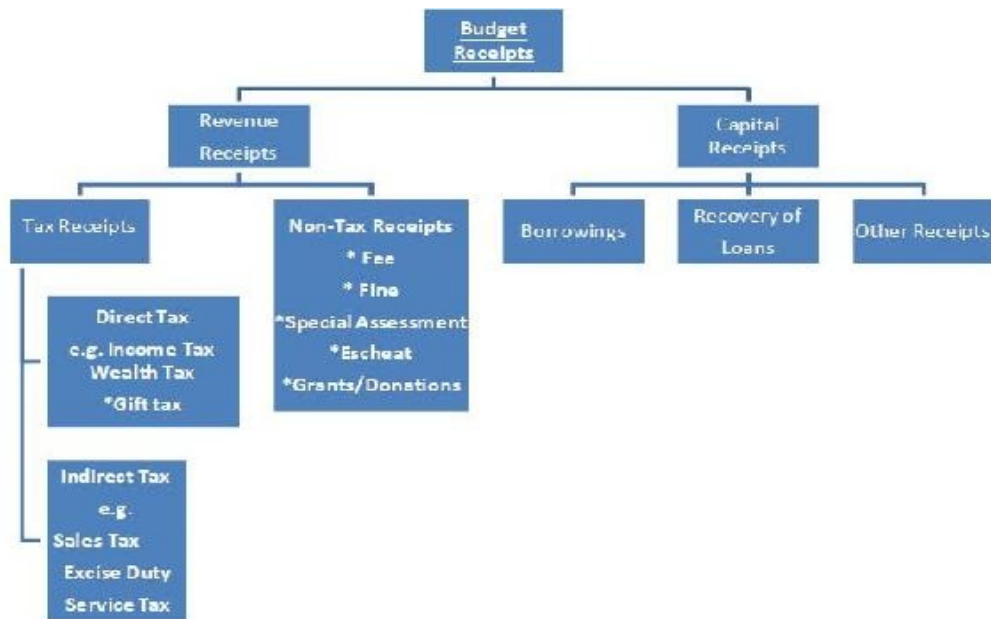
Objective of teaching Budget

1. To develop the understanding how does Government arrange the resources for the welfare of the economy?
2. Through budget how does government solve the current challenges like poverty, inequality of income, unemployment, inflationary, deflationary situation etc.
3. To understand the justification of imposing tax by the Government and the role of Government spending for the development of economy and smooth running of welfare policies.
4. Knowledge about budget deficit and it's implications on the economy.

Meaning of Government Budget

A Government budget is an annual financial statement showing item wise estimates of expected revenue and anticipated expenditure during a fiscal year. The budget is the most important informative document of the government because Government implements its plans and programmes through the budget.





Budget Deficit

It refers to a situation when estimated budget expenditure of the Government is greater than the estimated budget receipts.

Types of Budget Deficit

1 **Revenue Deficit** :- It refers the situation when revenue expenditure of the Government is greater than the revenue receipts.

2 **Fiscal Deficit** :- It is estimated as the excess of government expenditure over government receipts (other than borrowings) during a financial year. It is equal to the borrowings of the government.

$$FD = BE (RE + CE) > BR (RR + CR \text{ other than borrowings})$$

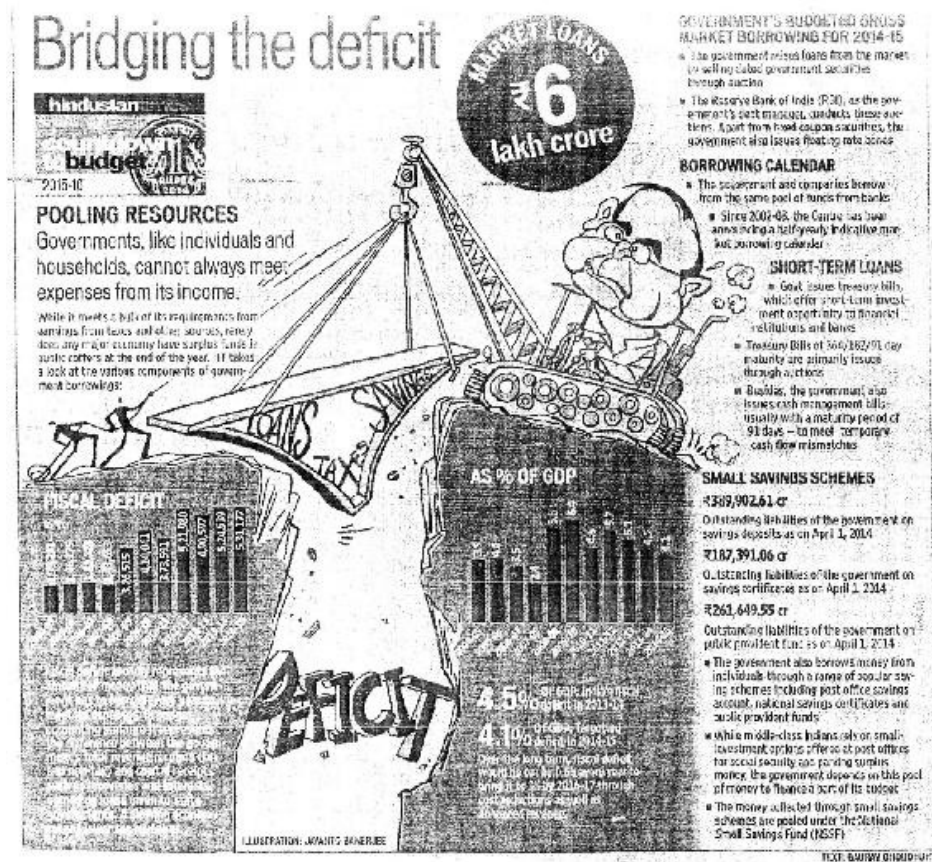
3 **Primary Deficit** :- It refers the net difference between fiscal deficit (borrowings) and interest payment.

Implications of Budget Deficit/Fiscal deficit

- 1 It creates debt trap in economy.
- 2 It increases money supply and inflationary gap.
- 3 It increases foreign dependence of the economy.

4 It creates mounting debts for future generations.

Suggested Activity



**Taking help of Newspaper cuttings Govt. policies regarding budget and its related concepts can be discussed in the classroom.*

Questions for discussion in Classroom

Que 1 Supply of food grain(Rice & Wheat)at cheap rice to the people below poverty line, under Government initiated programme" Antyodaya Yojna". This programme has increased the fiscal deficit. How can you justify this contradiction?

Ans: To fulfill the objective of equality of income and concept of welfare state.

Que 2:- Government creating an awareness against the use of Drugs like Liquor, Tobacco, Cigarette through campaign. But why Government do not ban the production of these Social harmful goods ?

Ans. Government received a huge revenue receipts through indirect taxes on the production and sale of these goods.

Que 3:-Expenditure on defense is a revenue expenditure it increase fiscal deficit of an economy. Despite of it Indian Government has incurred heavy expenditure on defense transactions.

Explain the contradiction.

Ans:- (1) Defense expenditure is very essential to maintain peaceful environment and external and internal security.

(2) Safe and secure environment promote production and industrial activities.

(3) Safe environment attract foreign investment.

Que 4 - Budget deficit creates disequilibrium in each economy but in developing countries. Why does government depend on it?

Ans: Tax receipt of the Government in under developing countries are not sufficient due to low per capita income and poverty but on the other hand government has to incur heavy public expenditure for the development of economy.

Que 5:- "Budget can be use by the government as a powerful weapon against inflationary gap/ Excess demand". Give your argument in favour of this statement.

Ans:-Excess money supply emerges inflationary gap in economy government can impose heavy tax to reduce purchasing capacity of public and cut down the public expenditure to control money supply.

Que 6:- Also discuss following concepts with students because these concepts increase Revenue Expenditure and fiscal deficit.

A. Subsidy on necessary good like LPG, Fertilizers, Medicine, Petrol.

B. Concept of welfare state.

C. Welfare Scheme like old age pension scholarship.

D. Compensation to Natural Calamities victims

Ans:-All are necessary to fulfill the objective of social welfare and equality of income.

BUDGET AT A GLANCE 2015-2016

२ **राजस्व घाटे** में राजस्व प्रविष्टि को तुलन में राजस्व व्यय की अधिकता को संकेतक दिया जाता है। **प्राग्गी राजस्व घाटा** राजस्व घाटे तथा पूर्णतः आन्वितों के समूह के लिए अग्रदूत के बीच का अन्तर है। **राजकीय राजस्व घाटा** राजस्व प्रविष्टि और ऋण-निर्वाण प्रविष्टि तथा तुलन व्यय, जिसमें से अग्रदूतों को अग्रदूत ऋणों को शामिल किया गया है, के बीच का अन्तर है। यह संस्करण के तनी धीरे से कुल अग्रदूत संबंधी घाटा-अग्रदूतों को दर्शाता है। **प्राथमिक घाटे** को एक अग्रदूत निर्वाण घाटा राजकीय घाटे द्वारा कम जाता है।

१. वर्ष 2015-16 के लिए कुल आवेदन पत्रिका 185277 बरकरार रखी है। राज्य अंतरा के संयुक्त आवेदन पत्रिका संशोधित अनुमान 2014-15 के स्तर के स्तर पर रखा गया है।

5. विभज्य राशि ने राश्यों को अधिक राशि भवति करने का साधन यह है कि जहाँ अनुपात में फेड़ की राशियों की स्थिति संतुलित होगी इन वक्रों के बावजूद कृषि, मत्स्य विज्ञान, पशुपालन, क्षेत्रीय उद्योग और नाविकों, अंतरासंज्यक मामलों, नदियों एवं बाल विज्ञान, आर्वाइड, रोग मिट्टी डोर

2. **Revenue deficit** refers to the excess of revenue expenditure over revenue receipts. **Effective revenue deficit** is the difference between revenue deficit and grants for creation of capital assets. **Fiscal deficit** is the difference between the revenue receipts plus non-debt capital receipts and the total expenditure including loans, net of repayments. This indicates the total borrowing requirements of Government from all sources. **Primary deficit** is measured by fiscal deficit less interest payments.

4. The total Plan Outlay for 2015-16 is ₹/65277 crore. Despite a higher devolution, the Plan Outlay has been kept nearly at the level of ₹/2014-15.

5. Higher devolution to States of the divisible pool implies that the fiscal space for the Centre shrinks in the same proportion. Despite these constraints, the current Central Plan outlay for Agriculture, Rural Development, Animal Husbandry, Dairying and Fisheries, Minority Affairs, Women and Child

Development, Development of Ayurveda, Yoga, Siroha and Homoeopathy, Export Promotion, Industrial Corridor Development, Development of North East, Drinking Water and Sanitation, Health and Family Welfare, Health Research, AIDS Control, School Education, Higher Education, Renewable Energy, Science and Technology, Bio-technology, Shipping, Social Justice and Empowerment, Disability Affairs, Tribal Affairs and Urban Development, have either been retained or increased.

6. To give a major boost to infrastructure development, allocation for Roads and Railways sector have been significantly enhanced. Similarly, allocation for Delhi-Mumbai Industrial Corridor (DMIC) has been almost doubled. Resources have been targetted towards Pradhan Mantri Krishi Sirota Yojana Rural Electrification and Saqar Ma Project.

7. The enhanced financial empowerment on account of higher devolution also entails greater responsibility to States in using these resources for Socio-economic development. States will have greater flexibility in designing and running Programmes and Schemes as per local requirements and conditions. Government has decided that it will continue to support State Plans of national priorities especially those which are targeted towards Poverty Alleviation and upliftment of socially disadvantaged groups. Centre will play a catalytic role in Socio-economic development by contributing resources to these Programmes.

9. Central Government will continue certain programmes unaltered as they are either legal/constitutional obligations, or are privileges available to the elected representatives for welfare of their constituents. Further, and more importantly it is proposed that the Union Government may continue to support certain programmes which are for the benefit of socially disadvantaged in an unaltered manner from its own resources. The index, value list of such programmes is at Annexure 'C'.

3 In respect of some Centrally sponsored schemes, the sharing pattern will have to undergo a change with States sharing a higher fiscal responsibility in terms of scheme implementation and financing. Details of changes in sharing pattern will have to be worked out by the administrative Ministry/Department on the basis of available resources from Union finances. Indicative list of schemes, in which sharing pattern will undergo a change is at *Annexure - II*.

10. It is proposed that only 8 Centrally Sponsored Schemes be delinked from support from the Centre. The list of such schemes is given in *Annexure - III*.

11. Actual for 2013-14 are provisional

बजट का सार *Budget at a Glance*

(रुपये में) (In crore of Rupees)

2013-2014	2014-2015	2014-2015	2015-2016
वास्तविक	अनुमान	संशोधित	अनुमान
Actuals	Budget Estimates	Revised Estimates	Budget Estimates
1. राजस्व प्राप्तियाँ	1. Revenue Receipts	1014724	1189753
2. कर राजस्व (नेट सेन्ट्रल)	2. Tax Revenue (net to centre)	815854	977258
3. गैर-कर राजस्व	3. Non Tax Revenue	198879	212505
4. पूँजी प्राप्ति (5+6+7) ³	4. Capital Receipts (5+6+7) ³	544723	605129
5. ऋणों की प्राप्ति	5. Recoveries of Loans	12497	10527
6. अन्य प्राप्ति	6. Other Receipts	29368	63425
7. उधार और अन्य देयताएँ*	7. Borrowings and other liabilities*	502858	531177
8. कुल प्राप्ति (1+4) ⁵	8. Total Receipts (1+4) ⁵	1559447	1794892
9. आयोजना-विन्यय	9. Non-Plan Expenditure	1106120	1219892
10. राजस्व खाते पर व्यय	10. On Revenue Account	1019049	1114609
11. बचत भुगतान	11. Interest Payments	374254	427911
12. पूँजी खाते पर व्यय	12. On Capital Account	87089	106283
13. आयोजना व्यय	13. Plan Expenditure	453327	575000
14. राजस्व खाते पर व्यय	14. On Revenue Account	352732	453503
15. पूँजी खाते पर व्यय	15. On Capital Account	100595	121497
16. कुल व्यय (9+13)	16. Total Expenditure (9+13)	1559447	1794892
17. राजस्व खाते पर व्यय (10+14)	17. Revenue Expenditure (10+14)	1371772	1568111
18. जिसमें पूँजी परिसंपत्तियों के सृजन के अंतर्गत	18. Of Which, Create's for creation of Capital Assets	129418	168104
19. पूँजी व्यय (12+15)	19. Capital Expenditure (12+15)	187675	226781
20. राजस्व घाटा (17-1)	20. Revenue Deficit (17-1)	357048	378348
21. प्रभावी राजस्व घाटा (20-18)	21. Effective Revenue Deficit (20-18)	(3.1)	(2.9)
22. राजकोषीय घाटा {16-(1+5+8)}	22. Fiscal Deficit {16-(1+5+8)}	(4.4)	(4.1)
23. प्राथमिक घाटा (22-11)	23. Primary Deficit (22-11)	128604	104155
		(1.1)	(0.8)

इस दस्तावेज में वर्ष 2013-14 के वास्तविक आंकड़े अनुमान हैं। Actuals for 2013-14 in this document are provisional.

3. बाजार स्थिरीकरण योजना के अंतर्गत प्राप्ति को छोड़कर। Excluding receipts under Market Stabilisation Scheme.

* इसमें पैसे की रकम में आंतरिक ऋण शामिल है। Includes draw-down of Cash Balance.

टिप्पणियाँ: 1. संशोधित प्रारंभिक 2014-2015 के अंतिम अनुमानों (₹ 12853762 करोड़) की तुलना में 11.15% की वृद्धि गवर्नर द्वारा 2015-2016 के बजट अनुमान में सबसे अधिक ₹ 14106815 करोड़ होने का अनुमान है।

2. इस दस्तावेज में प्रकाशित सभी पूर्वांश के कारण राशियाँ जोड़ने पर मेल नहीं खाएंगी।

Notes: 1. GDP for BE 2015-2016 has been projected at ₹ 14106815 crore assuming 11.5% growth over the Advance Estimates of 2014-2015 (₹ 12653762 crore) released by CSO.

2. Individual items in this document may not sum up to the totals due to rounding off.

Frequently Asked Questions

(FAQs)

**The section deals with select Questions based on Text for discussion in classroom.*

Class XI

CHAPTER-1 : INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

Very short answer Questions :

Q1. State the growth of aggregate real output and per capita output during the 1st half of the 20th Century.

Ans. Growth of aggregate real output was less than 2% per annum and per capita output was around .5% per annum.

2. What percentage of people were living in villages and deriving their livelihood from Agriculture during British period?
3. When was the Tata Iron and Steel Company incorporated in India and where?
4. Which is the year of Great Divide in India's population history?
5. What was the Mortality Rate of India during British rule?
6. When was India's 1st official census operation undertaken?

Short answer questions :

Q1. State the two fold motive behind the de-industrialisation by the Colonial Govt. in India.

Ans. Britishers systematically destroyed Indian handicrafts industries and no modern industrial base was allowed to come up. The primary motive of the Colonial Govt. was two fold.

1. To get raw materials from India at cheap rates and reduce India to only being an exporter of raw materials to British industries.
2. To sell British manufactured goods in India at a higher price.

In this way they exploited India through two way exploitation.

Q2. Why was agricultural productivity low during British rule?

Q3. How was the Land Tenure System an important cause of agricultural stagnation during British period?

Q4. What were the two main drawbacks of industrial sector during colonial rule?

Q5. How did British rule's policy adversely affect the foreign trade of India?

Q6. How did the export surplus prove to be a drain on economic resources during British rule?

Q7. Mention the important features of India's occupational structure during British period?

Q8. Briefly mention the effects of the development of railways on Indian Economy.

Q9. Why could Indian shipping companies not succeed during British period?

Long answer questions:

Q1. What were the main causes of India's agricultural stagnation during the Colonial period?

Ans. The Indian economy during the British rule was primarily an agricultural economy. Almost 85% of the country's population lived in villages during that time and derived its livelihood directly and indirectly from Agriculture. During the British period agriculture sector continued to experience stagnation and deterioration. The main cause of stagnation of the agricultural sector was as follows:

The land tenure system introduced by the British rule in India and Zamindari was the main system of economy. The Revenue settlement was responsible for adopting harsh measures by Zamindars. Britishers used to fix the date for depositing specified sums of revenue, failing which the Zamindars were to lose their ownership right.

In the Zamindari system, the profit accruing out of the agricultural sector went to Zamindars instead of the cultivator. The main interest of Zamindars was only to collect rent, regardless of the economic conditions of the cultivators. This caused immense misery and social tension among the cultivators. On one hand Zamindars and colonial govt. did nothing to improve the condition of Agriculture and on the other hand the cultivators did not have the will and capacity to invest in agriculture.

Besides this, low level of technology, lack of irrigation facilities and negligible use of fertilizers contributed to the low productivity in Agriculture.

Q2. State the level of income and economic development in India during British rule.

Q3. What were the motives behind the systematic de-industrialization by the British rulers in India? Describe briefly?

Q4. What was the state of development of industries in the colonial period?

Q5. What is meant by export surplus? How did export surplus during British rule lead to economic drain of Indian wealth?

Q6. Give a brief Quantitative and Qualitative demographic profile of India during the British period.

Q7. Briefly describe the state of infrastructural facilities during the British period.

CHAPTER-1 AND 2 : INTRODUCTION AND COLLECTION OF DATA

Very Short Answer (1 Mark)

1. Define Statistics in the singular sense.

Ans. It is the collection, organization, presentation, analysis and interpretation of numerical data.

2. Define statistics in the plural sense.

3. Give two examples of qualitative data.

Long answers (6 Marks)

Q1. Explain Importance of statistics in economics.

Ans. It helps in solving the Central economic problem of what, how and for whom to produce.

a) What to produce ? Based on the statistical information, related to prices of goods, the producers decide what goods to produce.

b) How to produce ? - This is the problem of choice of techniques. The decision is based on the cost differences between alternative techniques of production.

c) For whom to produce ? It is a problem of distribution analysing the data on the prices of factors of production we come to know how the income is distributed . There are 4 components of an individual's income viz. Land-rent, capital-interest, labour-wages and enterprise-profits. Income determines each individuals factor's share in the natural income.

CHAPTER-2 : INDIAN ECONOMY 1950-90

Very Short Answer Questions (1 Mark each)

- Q1. When was the Planning Commission set up?
- Q2. What are land reforms?
- Q3. Define a small scale industry.
- Q4. What are the common goals of our five year plans?
- Q5. Define GDP?
- Q6. What is a subsidy?
- Q7. Who is the Chairman of the Planning Commission?

Short Answer Questions (3/4 Marks)

- Q1. Why did India opt for planning?
- Q2. Explain the land reforms introduced by the Govt. after independence.
- Q3. Explain 'growth with equity' as a planning objective.
- Q4. Why was it necessary for a developing country like India to follow Self-Reliance as a planning objective?
- Q5. Explain how import substitution can protect domestic industry. Was it the right strategy to follow in the long run?

Long Answer Questions (6marks)

- Q1. Explain the major policy initiatives of the Govt. in the agricultural sector.
- Q2. While subsidies encourage farmers to use new technology, they are a huge burden on the Govt. Do you agree? Discuss.
- Q3. Why was the Public sector given an important role to play in our economy after 1950. Evaluate the policy.
- Q4. Explain the need and type of land reforms implemented in the agricultural sector of India.
- Q5. Why is the small sector required in the Indian Economy? How is reservation for small scale sector essential for its growth?
- Q6. What is the import substitution policy? Why was it adopted in the initial period of development in India? Discuss.

Answers

Very Short Answers

1. Planning Commission was set up in 1950.

Short Answers

A1. After independence, the planners adopted an economic system which was based on a socialistic pattern but without its drawbacks, in which private sector would be allowed to exist. In this economy the Govt. was required to plan to achieve certain set goals and targets and the private sector was also encouraged to be a part of this effort. Private sector was supposed to operate within the parameters of a socialist economy.

Long Answers

A1. The Govt. introduced

1. **The Land Reform** - which were the changes in the land tenure system viz
 - a) Land Ceiling Measures
 - b) Abolition of Zamindari System
 - c) Tenancy reform
 - d) Consolidation of land holdings.

However these reforms faced many hurdles eg :-

- a) Big landlords challenged the legislation
- b) This led to delays, during which they found numerous loopholes.

2. **The Green Revolution**

The New Technology in the form of 'The package approach' led to an increase in the production of primarily rice and wheat crops.

It also led to marketed surplus of the farmers and also allowed Govt. to maintain buffer stocks.

3. Subsidies were introduced by the Govt. especially to help the poor farmers to adopt the new technology.

CHAPTER-3 : LPG : AN APPRAISAL

Very Short Answer Questions (1 Mark each)

- Q1. When was the New Economic Policy announced?
- Q2. Mention 2 reasons which lead to the formulation of the N.E.P.?
- Q3. What is Liberalisation?
- Q4. What are the 2 variants of Liberalisation?
- Q5. What is meant by Privatization?

Short Answer Questions (3/4 Marks)

- Q1. Describe in brief the pre-reform scenario in India?
- Q2. What is meant by the New Economic Policy? What were its main objectives?
- Q3. Briefly describe the main Industrial reforms.
- Q4. Briefly discuss the rationale behind Privatization.
- Q5. What is meant by globalization? What are its main components?

Long Answer Questions (6marks)

- Q1. What were the basic causes of the 1990-91 crisis in India?
- Q2. Briefly discuss the LPG policy.
- Q3. What is Outsourcing? How is it affecting the Indian economy?
What is W.T.O.? How is the working of W.T.O. adversely affecting the
- Q4. interests of
developing countries?
What were the main changes introduced for the Industrial sector under the
- Q5. New
Economic Policy?
- Q6. Evaluate the LPG policy.
What were the major drawbacks of the NEP? Which sector suffered the most
- Q7. and
why?

Answers

Short Answers

- 1. In the pre-reforms period India was facing several problems.
 - a) Govt. expenditure was more than its revenue which had to be financed from borrowings.
 - b) Prices of essential goods rose sharply.
 - c) Imports grew at a very high rate compared to our exports.
 - d) Foreign exchange reserves fell to a very low level.

Long Answers

1. a) Inward looking policy of protection to industries through licensing and import tariffs discouraged competition and efficiency in the economy
- b) Burden of foreign debts.
- c) Financial excesses in the form of defence expenditure, subsidies etc.
- d) Controls and Subsidies - controls on production, licensing restrictions did not

foster growth in the industrial sector. Subsidies and concession had also increased costs and burden on the fiscal front of the economy.

Very Short Answers

1. The New Economic Policy was announced in the year 1991.

CHAPTER-4 : PRESENTATION OF DATA**Very short answers (1 Marks)**

Define a) Ogives

Ans. Ogives are cumulative frequency curves which are of 2 types

- 1) Less than type
- 2) More than type
- (b) Histogram
- (c) Frequency polygons
- (d) Name the different types of bar diagrams
- (e) What are the three forms of presentation of data?

Short answers (3/4 Marks)

Q1) What is a false base line? Why is it used?

Ans. Sometimes the data which is given is such that it begins far away from zero, that is, the minimum value is very high and variation present between subsequent values is small. In such a case, if we have to start from the origin and we take a scale on y-axis which suits the data, then there is hardly any difference between different points. If we are interested in magnifying this variation and saving on space, we use a false base line.

Q2) Diagrams and graphs help in analysis of data - Discuss.

Q3) How is a histogram different from a frequency polygon? Illustrate diagrammatically.

Q4) Briefly explain the various types of bar diagrams, with the help of suitable diagrams.

5) What is a time series graph?

CHAPTER-4 : POVERTY

Very Short Answer Questions

(1 mark)

Q1. Define Poverty.

Ans. Poverty is a situation in which a person is unable to even his secure basic requirements.

These requirements include food, clothing, shelter, education and health.

Q2. What is the term used for the number of poor people below the poverty line?

Q3. What is meant by "food for work" programme?

Is it correct to say that poverty has shifted from Rural to Urban India? Justify

Q4. your

answer.

Short Answer Questions (3-4 Marks)

Q5. What are the common features prevalent among the urban and rural poor?

Ans. The poor can be categorised in two groups - one living in **Urban** and the other in

Rural areas

- Push cart, vendors, Street cobblers, women who string flowers, rag pickers, vendors and beggars etc. live in **Urban areas**.
- They possess few assets and reside in 'Kutcha' hutments.
- The poorest of them do not have even dwellings.
- In the rural areas, many of them are landless. The little land possessed is dry and waste land.
- Starvation and hunger are the key features of their lives.
- They lack basic literacy and skills, hence have limited economic opportunities.

• They also face unstable employment and have no regular, steady income. Q6. What are the different categories of Poverty? Illustrate with a diagram.

Q7. Write a short note on MNREGA.

Long Answer Questions (6 Marks)

Q8. Were the poverty alleviation programmes successful? Give reasons for your answer.

Ans. Poverty alleviation programmes were not successful? due to the following reasons:

1. Due to unequal distribution of land and other assets the benefits from direct poverty alleviation programmes have been appropriated by the non-poor.
2. Compared to the magnitude of poverty, the amount of resources allocated is not sufficient.
3. The poverty alleviation programmes mainly depends on the Government. The officials are ill-motivated, inadequately trained and corrupt. So, they do not enforce these programs properly.
4. There is no participation by local level institutions e.g. Panchayati Raj, in the implementation of such programmes.
5. Government policies should address the vast majority of vulnerable people and the poor should participate in its implementation.
6. Moreover steps like mobilisation and encouragement of poor people will help them get empowered. This would increase their levels of income, skill development and health facilities etc.

The provision of infrastructure such as schools, roads, power, telecom, IT etc. and identification of poverty stricken areas will definitely help to alleviate poverty.

Q9. What should be done in your view to alleviate poverty in India?

Q10. Explain the three - dimensional approach to eradicate poverty in India. Q11. What are the basic causes of Rural and Urban poverty? Explain.

24. What objectives did the British intend to achieve through their policy of infrastructure development in India? (3)

A. Under the British the state of infrastructure did improved, however the real motive behind this was to serve their own interest, without providing any basic facilities to the people.

(i) The condition of roads was far from satisfactory as the main aim behind this construction was to mobilize the army and to transport raw materials from the country side to the nearest port on railway stations for further being sent to England.

(ii) The railways were introduced in 1850, in order to achieve commercialisation of agriculture which adversely affected the self sufficiency of village economy in India.

(iii) The introduction of post and telegraph was to maintain order and control in the country.

OR

"The British made no positive contribution at all to India's development," Do you agree with this statement? Why/Why not? (3)

OR

A. No we don't agree with the statement that "The British made no positive contribution at all to India's development".

Introduction of railways

The British introduced the railways in 1850 and it is considered as one of their most important contributions.

It provided a cheap and rapid transport system.

It broke geographical & cultural barriers and thus promoted national unity.

The British government also took measures for developing the inland trade and sea lanes.

The introduction of the expensive system of electric telegraph in India, served the purpose of maintaining law and order.

25. Distinguish between stabilisation and structural reforms. (3)

Ans. Stabilisation Structural Reforms

(i) There were short term measure to be achieved in a small period.

(ii) They were short term measures intended to correct the adverse BOP and control the inflation.

(i) They were long term measures to achieved a long duration of time.

(ii) They were intended to improve the efficiency of the Indian economy and increase its international competitiveness.

(iii) They were meant to bring immediate stabilisation to the economy

(iii) They were meant to improve the overall structure of the Indian economy.

Q25. Monthly wages received by 50 labourers are given below. Taking a class interval

of 5
construct a frequency distribution : (3)

61,	63,	48,	51,	50,	50,	49,	50,	69,	54,	68,
51,	61,	50,	42,	49,	53,	52,	40,	62,	55,	53,
41,	59,	54,	68,	60,	61,	56,	62,	52,	63,	56,
53,	48,	44,	48,	54,	66,	69,	62,	46,	64,	51,
47,	66,	69,	46,	54,	51					

Q27. Explain with 2 merits each : (4)

(i) Direct Personal interview

(ii) Mailed Questionnaire method

OR

(i) Census Method

(ii) Sampling Method

EMPLOYMENT - GROWTH, INFORMALISATION AND OTHER ISSUES

I Very Short answer questions (1 mark)

Q1. Define working population ratio.

A1. Working population ratio is an indicator for analysing employment situation in India. This ratio is an indication of the proportion of population contributing to the production of goods.

Q2. What do you understand by the term 'disguised unemployment'?

Q3. In which sector are the newly emerging jobs found?

Q4. Define seasonal unemployment.

Q5. What percentage of the Indian population constitutes the workforce?

II Short answer Questions (3-4 marks)

Q6. What do you understand by jobless growth?

A6. During the period 1960-2000, a wide gap between growths of GDP and employment was seen. This meant that the Indian economy was able to produce goods and services without generating employment. This phenomenon is called

jobless growth.

Q7. Compared to urban women, more rural women are found working. Why?

Q8. Why are regular salaried employees more in urban areas than in rural areas?

Q9. Analyze the recent trends in sectoral distribution in workforce in India.

Q10. Do you think that in the last 50 years, employment generated in the country is commensurate with the GDP growth in India? Why / Why not?

III Long answer questions (6 marks)

Q11. Comment on the Govt.'s role in employment generation.

A11. Recently, the govt. passed an act in Parliament known as the 'National Rural Employment Guarantee Act - 2005'. It promises 100 days of guaranteed wage employment to all adult members of rural household, who volunteer to do unskilled manual work. People living below poverty line are targeted under this programme.

The efforts of the govt. to generate employment can be classified as *direct* and *indirect*. Direct measures refer to direct production activity taken up by the govt. to generate employment. For e.g. setting up of a steel plant.

Indirect measures refer to incidental benefits which arise from these direct measures. For e.g. simultaneous development of private companies to supply inputs to the steel industry.

Besides this, the govt. has started many programmes for poverty alleviation through employment generation. At the same time, rural infrastructure also gets built which leads to all round development of rural areas.

Q12. Discuss the various types of unemployment found in rural and urban areas.

Q13. Do you think Rural and Urban unemployment arise from the same factors? What steps should be taken (other than NREGA) to generate employment for the entire year?

(HOTS compliant)

State true or false giving reasons.

1. More working population is found in urban areas than in rural areas.
2. Self employed and casual wage labourers are found more in rural areas than in urban areas.
3. Growth in GDP without generation of employment opportunities is casualisation of country.
4. Unorganised sector includes all private sector enterprises which employ less than 10 workers.
5. The NREGA 2005 promises 365 days of guaranteed wage employment to poor people.

CHAPTER 8 - INFRASTRUCTURE

Very Short Answer Questions

1. **Explain the Term 'Infrastructure'**

Ans. Infrastructure refers to such core elements of economic and social change which serve as a support system to production activity in the economy.

2. What are the two categories of infrastructure.
3. What encompasses Health Infrastructure?
4. What is GBD?

Ans. Global Burden of Disease is an indicator used by experts to gauge the no. of people dying prematurely due to a particular disease as well as the no. of years spent by them in a state of disability owing to the disease.

5. What is morbidity?

Ans. It is the proneness to fall ill.

6. Which states lag behind in health care facilities?

Ans. Bihar, MP, Rajasthan, UP.

Short Answer Questions

1. What is the importance of infrastructure?
2. What are the main drawbacks of our health care system?
3. What is the role of private health infrastructure in India? Is it sufficient?
4. List the six systems of Indian Medicine

AYUSH

Ans. 1. Ayurveda

2. Yoga
3. Unani
4. Siddha
5. Naturopathy
6. Homeopathy

Long Answer Questions

1. Explain. how we can increase the effectiveness of health care programmes?
2. What should be done to enhance the health infrastructure in India? Answer with reference to the role of the public and private sector participation.
3. "A country which does not improve the healthcare facilities for women cannot develop fully." Comment.
4. Critically evaluate health infrastructure in India.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT**1 Mark Questions.**

1. What is environment?
2. What are the two major environmental issues facing the world today?
3. Give two instances of misuse of environmental resources.
4. What is the major cause of air-pollution?
5. What is sustainable development as per UNCED?

3-4 Marks Questions.

6. Explain the functions of environment?
7. "The threat to India's environment poses a dichotomy." Explain

8. According to Herman Daly, what are the steps required to achieve sustainable development?

9. Mention some factors responsible for land degradation.

10. What are the issues concerning India's environment today?

11. Classify the following into renewable and non-renewable resources :

- | | | |
|----------------|------------|--------------|
| • Trees | • Fish | • Petroleum. |
| • Coal | • Iron-ore | • Water |
| • Sunlight | • Rocks | • Forests |
| • Fossil Fuel. | | |

6 Marks Questions

12. Briefly explain the concept of sustainable development. Justify the need to study sustainable development.

13. What are the strategies devised to achieve sustainable development in India?

14. Mention in brief, the present state of India's environment. Also mention some of the recent trends in the state of the environment.

15. Explain the four factors under which the environment is not able to perform its functions?

Sample Answers.

1 Mark.

Ans1. Environment is defined as the total planetary inheritance and the totality of all resources taking into account the various biotic and abiotic factors. e.g: birds, fish, forest, sunlight etc.

3-4 Mark.

Ans. 6. The basic functions of the environment are :

(i) **Supply of resources :**

- Renewable resources which can be used without the possibility of exhaustion of depletion. e.g: trees, Fishes etc.
- Non Renewable resources which get exhausted with extraction. e.g: Fossil Tuel etc.

(ii) **Assimilation of Waste :** Capacity to absorb degradation.

(iii) **Sustainment of life -** By providing genetic and bio diversity like plants, animals, birds, fish etc.

(iv) **Provision of aesthetic Services :** eg: Scenery, rocks, mountains, landscapes etc.

6 marks

A12. Environment and economy are interdependent and need each other. Hence sustainable development is necessary.

According to UNCED : Sustainable development is defined as :

"Development that meets the need of the **present generation without compromising** the ability of the **future generation** to meet their own needs."

It is also related to the material standard of living of the poor i.e.-increase in income, real income, literacy rate, health care, etc.

Thus the recent years have witnessed a need for sustainable development where it is a **moral obligation** of today's people to hand over the planet earth to future generation in a **good form and** in the same "**quality of life**" they acquired.

A13. The **various strategies** designed and developed to promote sustainable development are :

(i) Use of non-conventional source of energy like wind and solar.

(ii) Use of LPG, Gobar gas in the rural areas in place of wood etc.

(iii) Use of CNG in urban area's vehicles.

(iv) Wind power

(v) Mini Hydel Plants

(vi) Going back to traditional knowledge and practices.

(vii) Biopest control.

INFLATION (NOTES)

Inflation refers to a situation of increase in the general price level over a period of time. A chief measure of inflation is the inflation rate, the annualized percentage change in a general price index over time.

TYPES OF INFLATION

1. **DEMAND PULL INFLATION :** Demand pull inflation arises when there is an excess of demand for goods and services over their supply. Its causes are :

(a) **Government** as a welfare state spends on health, education, construction of dams etc. and when this expenditure exceeds the anticipated amount in the economy, this would result in price rise.

(b) In India, **deficit financing** refers to the process of printing new currency by the RBI for funding deficit in the government budget. Reliance on deficit

financing has caused a substantial rise in government expenditure without a corresponding rise in the flow of goods and services which has lead to a rise in price.

(c) **Increase in money supply** has caused increase in purchasing power of the consumers. This would further lead to increase in demand of goods and services. If the available supply of goods and services is less than its demand, price rise is obvious.

(d) Huge stock of **black money**, when spent lavishly, raises the level of demand and hence price rise.

(e) The country has experienced **population explosion** since 1951. As a result, demand for primary goods has shown a steep rise while their output has not risen proportionally. This fuels the price spiral.

2. **COST-PUSH INFLATION** : It occurs when rise in price is due to the rise in the cost of production. Its causes are :

(a) **Wage-price spiral** : Strong trade unions are able to raise wages of the employees when there is inflation. This in turn raises the cost of production which causes a rise in price. Thus, it is a situation of rise in price due to rise in wages and rise in wages is due to rise in prices. This situation is known as wage-price spiral.

(b) Inflation **across the borders** has impacted price level in the domestic economy. When the price of imported raw materials goes up, domestic cost of production rises which leads to an increase in prices of the goods produced in the economy.

(c) Prices in India have tended to rise on account of a frequent hike in **indirect taxes** like sales tax, excise duty, customs duty etc.

(d) Sometimes price rises because of sudden and unexpected fall in the supply of some **basic inputs** for that commodity. For e.g. : Industrial Production has declined due to shortage of raw materials, transport bottlenecks, strikes and lockouts etc.

(e) Price rises on account of the frequent hike in **the administered prices** i.e. increase in railway freight, postal charges, price of petroleum products etc.

EFFECT OF INFLATION (OR PROBLEMS RELATED TO INFLATION)

1. Inflation causes **inequality in the distribution of income and wealth**. During inflation, capitalists accumulate wealth, the wage earners suffer a cut in their capacity to buy goods and services. This erodes their capacity to save and economic divide tends to expand.

2. Owing to inflation, **exports become expensive** in relation to imports. As a result, domestic goods lose their competitiveness in the international market. Thus, exports tend to fall while imports trend up. Hence, BOT becomes unfavourable.
3. **Effect on economic growth**
 - Increase in price level leads to a fall in the purchasing power of money.
 - More money is required to buy goods and services which reduces savings.
 - Low savings and high rate of interest leads to a fall in the inducement to invest.
 - This leads to low capital formation in the economy which hampers the growth of the economy.
4. **Fixed income groups** suffer the most because they live on past savings, pensions, interest etc. which do not rise as much as the price level. Thus, they buy lesser amount of goods and services than before and their quality of life suffers.
5. **Speculation and hoarding** are the dangerous consequences of inflation. Traders make speculative investment on inventory stocks. Accordingly, current supplies are reduced. Scarcity is compounded and a state of social unrest is created in the economy.
6. Inflation threatens the flow of **Foreign Direct Investment (FDI)** because of 2 reasons :
 - Firstly, because of price rise, cost of production goes up which discourages the foreign countries to buy goods from the domestic country.
 - Secondly, it implies a fall in purchasing power of foreign currency in the Indian Markets.

GOVT. POLICIES TO CHECK INFLATION

1. **Fiscal Policy Measures** : It includes the revenue and expenditure policy of the government.
The measures are :
 - (a) Taxes are increased so that the purchasing power of the people is reduced.
 - (b) The government should reduce its expenditure on non-developmental and unproductive work.
2. **Monetary Measures** : It refers to the policy of the Central Bank of the country to control money supply. It includes :
 - (a) The central Bank of the country puts a check on the money supply. Lesser is the supply of the money in the market, lower is the purchasing power of the people and hence lower the demand for goods and services.

(b) Increase in the Bank Rate : Bank rate is the rate of interest charged by the Central Bank from the commercial Banks for the loans. Increase in the bank rate causes an increase in the market rate of interest which is charged by the commercial Banks from the general public for the loans. Hence, demand for loans is reduced and inflation is corrected.

(c) Decrease in the supply of credit includes :

- Increase in Cash Reserve Ratio (CRR) which compels the commercial Banks to keep more cash reserves with the RBI. Those reduce the money supply in the economy and the purchasing power and demand too reduces.
- Increase in Statutory Liquidity Ratio (SLR) which compels the commercial Banks to keep more reserves as cash with themselves.
- Sale of government securities like NSC certificates which would reduce cash balance of the people.
- SLR and sale of govt. securities have the same impact as CRR.

3. Other Measures :

(a) Fixation of maximum price that a producer can charge for the essential products, called ceiling price. It is done to protect the interest of consumers.

(b) Rationing is adopted to ensure a fair distribution of essential commodities among the poor at a price fixed by the government.

(c) Strict measures should be taken by the government to prevent hoarding of essential goods, since hoarding leads to a creation of artificial excess demand and prices rise.

(d) Government may try to achieve stability in price by increasing agricultural output.

(e) Measures to check the population growth should be undertaken. Long term but very important measure.

One Markers

Q1. Define deflation.

Ans. It is a situation where prices are falling and value of money is rising. Q2. Define stagflation.

Ans. It is a situation where stagnation co-exists with inflation in an economy. Q3. Who controls and monitors monetary policies in India?

Ans. The Reserve Bank of India.

State True or False giving reasons.

1. Inflation refers to increase in the general price level.

Ans. False. Inflation refers to increase in the general price level over a period of time.

2. Inflation leads to equal distribution of income.

Ans. False. It causes inequality in the distribution of income & wealth. The gap between the rich and the poor widens.

3. Deficit financing refers to the process of borrowing from abroad.

4. Inflation has a favourable impact on BOT.

5. Rich people suffer the most during inflation.

3-4 Marks Questions

1. Explain demand pull inflation.

2. Explain monetary measures to control inflation.

3. List 2 fiscal measures to control inflation.

4. What are the major effects of inflation on the economy?

6 Marks Questions

1. Explain the causes of demand pull inflation.

2. Explain the causes of cost-push inflation.

3. What are the measures taken by the government to tackle inflation.

4. How does reducing CRR and SLR help in control of inflation?

COMPARATIVE DEVELOPMENT EXPERIENCES OF INDIA AND ITS NEIGHBOURS - SIMILARITIES IN THE DEVELOPMENT STRATEGIES OF INDIA, CHINA AND PAKISTAN

1. All three nations started towards their development paths at the same time. India and Pakistan in 1947 and People's Republic of China in 1949.
2. All three nations started Planning their development strategies in similar ways. India announced its first five year plan in 1951, Pakistan's first five year plan called the Medium Term Plan was announced in 1956 and that of China in 1953. While India and China have ten five year plans, Pakistan has had eight five year plans.
3. India and Pakistan laid emphasis on a predominant role to be played by the Public sector.
4. All three nations had similar growth rates and per capita incomes till 1980's.

Sectoral distribution of GDP and Sectoral share of employment

1. **Agriculture** : It provides employment to nearly half the population in all three nations, but, its contribution to GDP is not that great. This means that the government has not been able to provide alternative employment opportunities to the people and at the same time agriculture is still not developed enough to make a big contribution to GDP.
2. **Industry** : This sector engages a small proportion of the population, its contribution to GDP is greater than agriculture. This contribution is highest in case of China which is evident from the Competitive edge that cheap Chinese manufactured goods are flooding Indian markets.
3. **Service Sector** : Even this sector employs a small proportion of the population, but, its contribution to GDP is high.

HUMAN DEVELOPMENT INDICATORS

The higher HDI value of China puts it at a lower rank, followed by India and Pakistan.

Income indicators : These include GDP per capita and proportion of population below poverty line. The proportion of poor going by the international poverty line (\$ 1 per day) is the highest in India.

Health Indicators : These include mortality rates, access to sanitation and safe drinking water, literacy, life expectancy or malnourishment.

Liberty Indicators : These include :

- Extent of democratic participation in social and political decision making
- Extent of constitutional protection given to rights of citizens
- Extent of constitutional protection of the Independence of the Judiciary and the Rule of Law

Very Short Answer Type Questions (1 mark each)

1. When were reforms introduced in all the three economies?
2. Between India and China, which country has higher value of Human Development Index?
3. Mention the major reason for the low population growth in China.
4. Name the programme started in China with the aim of industrialisation?
5. Name two income indicators.

Short Answer Type Questions (3/4 marks each)

1. What are the similarities in the developmental strategies of India, China and Pakistan?
2. Explain the Great Leap Forward campaign of China.
3. Mention the various indicators.
4. Human development.
Give reasons for the slow growth and re-emergence of poverty in Pakistan.
5. Why was the reform process introduced in China.
6. 'Reforms worsened the economic growth in Pakistan'. Elucidate.

Long Answer Type Questions (6 marks each)

1. Trace the historical path of developmental policies in China.
2. Explain the various factors that led to the rapid growth in Pakistan.
3. Critically evaluate the role of reforms in China.
4. Compare and contrast the scenario of Pakistan during pre-reform and post-reform period.

Correct the following statements giving reasons

1. India, Pakistan and China started planning in different manner.
2. The Commune system was started by Mao in China.
3. The contribution of agriculture to GDP is greater than industry in all 3 countries.
4. Pakistan introduced the reforms in 1988 following the success story of China.
5. The higher HDI value indicates a higher rank.

Answers of one mark Questions

1. Reforms in China were introduced in 1978, in Pakistan in 1988, in India in 1991.
2. China.
3. Introduction of 'One Child Policy'.
4. Great Leap Forward (GLF) Programme.
5. GDP per capita and proportion of population below poverty line.

Activity

1. Obtain the latest HDI ranks of India, China and Pakistan.
2. Collect the statistics of trade relations of India with China and Pakistan.

EDITORS CHOICE....

1. Are we moving towards the Great Depression of 1930's?

Understanding the 'Great Depression' in Economics

The Great Depression started in the United States after the stock market crashed in October 1929 and then gradually spread in the other parts of the world. This led to a contraction of economic growth and huge unemployment. Countries tried to solve this problem by devaluing currencies against other currencies in order to increase the international competitiveness. As Christian Saint- Etienne writes in the 'The Great Depression, 1929- 1938: lessons for the 1980's'. *"It bears emphasising that attempts by several major countries, starting with Great Britain, to solve their problems nationally by competitive devaluation only led to a deepening of the depression in all countries."*

What is Devaluing of Currency?

The idea behind devaluing a currency was to make exports competitive. At the same time imports become expensive. This also ensures that the citizen buy goods that is produced within the country rather than what is produced outside. When currency is devalued, exports become competitive and are likely to go up and imports are likely to come down. This helps businesses within a country and hence, creates 'Economic Growth'.

If one country devalues its currency, the other countries follow the same. This race to devalue currency is referred to as competitive devaluation, which is what happened in the aftermath of the Great Depression. In the 1930s, one country after another pushed down its exchange rate in a desperate effort to export its way out of depression. But each country's depression only aggravated the problem. Eventually even countries that valued currency stability were forced to respond in kind".

Nevertheless, what it also means is that the exports of another country (or countries) become uncompetitive. This leads to Economic Problems in these countries, forcing them to devalue their currencies as well in a bid to shore up their exports. *And*

eventually it becomes a race to the bottom unleashing a currency war.

And it is this "Currency War" that Mr. Raghuram Rajan, the Governor of the Reserve Bank of India was talking about in his latest speech. In the aftermath of the financial crisis which started in September, 2008, countries has printed money in an effort to revive economic growth.

The idea of this money printing was to achieve some inflation and lower interest rates. At lower interest rates, people are likely to borrow and spend more money, and in the process help local businesses and economic growth. Another phenomenon, when

prices are flat, or are falling, or are expected to fall, consumers generally tend to postpone consumption (i.e. buying goods and services) in the hope that they will get a better deal in future. This impacts businesses, as their earnings either remain flat or fall. This slows down economic growth, on the other hand, if people see prices going up, or expects prices to go up, they generally tend to start purchasing things.

Take recent example of Japan - one dollar was worth 76 yen at the beginning of 2012. It is now worth 123 yen. In fact, this dramatic collapse in the value of the yen (It is at a 30 year low against the dollar) has made things difficult for other export oriented economies like China and South Korea.

This has been very well explained that the question is, 'are we moving in to the territory in trying to produce growth out of nowhere', we are in fact shifting growth from each other, rather than creating growth.

The "*Growth out of nowhere*" phrase was in response to the money printing that has been carried out by the developed economies. And the impact of that has been a currency war where, "*we are in fact shifting growth rather than creating growth*".

Discuss the issue/articles in the classroom to provide an understanding the concepts & phenomenon with examples.

2. Is Decline In GDP from a Double Digit To Single Digit A Major Concern?

Recently there was a large debate / discussion over the decline in GDP from i.e. 11% to 5-6% which led to reactions from common people and everyone wanted to know its reasons and impact. As an Economics teacher, you should discuss in class explaining students that till 1980s when USA (developed nation) was having a growth rate of 5%, ours was 3-4% which made easier to draw a comparison that the rate of growth was comparatively lower than developed countries. After 1990s the growth rate of India increased up to 11% till recent past i.e. 11%. But again it has declined to a single digit i.e. 5-6% so it has to be emphasised here that GDP growth rate increased mainly due to LPG (Liberalisation, *Privatisation and Globalisation*) and Economic Reforms and there was an overall increase of Growth Rate World over.

After Recession/ Meltdown, when the Economies picked up, presently all nations of the world are having the growth rate of 5-6%. Hence it is not a matter of grave concern why India and developing nations' growth rate has declined from double digit to single digit.

ENRICH YOURSELF ON CORE SKILLS

Value-laden Education has always proved effective in bringing Quality in Education. Unrest, violence, malpractices have become threatening evils in today's society when young educated youth is struggling for survival in this competitive Global scenario. As teachers we all are aware of the initiative of CBSE in including the Value Bases Assessment (VBA) in different subjects at school level. The present section will also expose you to the CORE SKILLS which will enable you to provide an insight as to how objectively we can integrate these in our Teaching – Learning Processes and Assessment to bring consciousness about these key issues among students.

To help young people become globally aware and globally competitive in the 21st century school leaders and policy makers worldwide to support teachers in integrating a range of core skills into the curriculum, including:-

- Critical Thinking and Problem Solving
- Creativity and Imagination
- Digital Literacy
- Citizenship
- Student Leadership and Personal Development
- Collaboration and Communication

What are core skills?

WAYS OF WORKING

Communication and Collaboration

WAYS OF THINKING

Critical Thinking and Problem Solving

Creativity and Imagination

WAYS OF LIVING

Student Leadership and Personal Development

Citizenship

TOOLS NEEDED

Digital Literacy

These skills as listed above have often also been referred to as Life Skills, 21st

Century Skills etc. depending upon country and context. British Council believes Core Skills have to be strongly embedded local cultural context and curriculum along with literacy and numeracy skills.

DIGITAL LITERACY

STUDENT LEADERSHIP AND PERSONAL DEVELOPMENT

CITIZENSHIP

CREATIVITY AND IMAGINATION

CRITICAL THINKING AND PROBLEM SOLVING

Interactive pedagogy plays an important role in the teaching of core skills and a number of the most effective approaches will be modeled in the Introduction to Core Skills workshop session.

QUALITY LEARNING

'Learning' can be defined as the process by which people acquire knowledge, skills and attitudes.

'Quality learning' encompasses processes through which people acquire the breadth and depth of knowledge, skills and attitudes necessary to fully engage in their communities, express their ideas and talents and contribute positively to their societies.

Good quality learning in schools is essential for reaching global goals for peace and prosperity. There is a clear association between provision for quality learning and a nation's democratic stability; between learning and an individual's orientation towards legal behaviour and good citizenship; and between a good classroom climate and civic behaviour. There is also a clear link between good quality learning in schools and levels of employment, as inadequate learning leaves young people unprepared for the world of work.

To achieve improved learning and teaching in all learning environments, we need to:

1. Transform classrooms and diversify learning sites: invest in changing stagnant environments where students receive information passively into active environments where students direct their own learning in collaboration with teachers, peers, the curriculum, learning resources and the local community.
2. Improve teachers' working conditions and provide them with ongoing support and training both locally and centrally, so that they can effectively lead student-centred learning. A systematic programme of school-based professional support and development must be implemented comprehensively
3. Revise school curricula to reflect the skills, knowledge, attitudes, and values, relevant for the well-being and valuable employment of all groups in the 21st century.
4. Provide engaging learning materials in the classroom that reflect relevant skills, knowledge, attitudes, and values and that facilitate students' self-directed, active learning. Technological resources need to be encouraged to keep pace with their increasing use in other areas of life.

5. Expand learning outcomes to include competencies and skills that go beyond basic reading and reflect local values, needs and expectations for education.

6. Increase global investment in education by governments, aid donors and private corporations.

Teaching approaches will include-

Questioning and Dialogue:

- Language Interventions
- Interactive Questioning Style
- Dialogue
- Thinking Together
- Use Of Local Languages and / or Code Switching

Group work

Collaborative Learning

Peer-Support

Peer Tutoring

Pair Work

Mastery Learning

Assessment for learning:

Recognizing students' backgrounds and experiences in teaching with a positive attitude towards students Increasing meta-cognition, self-regulation, self-directed learning.

Responsive feedback to students including teacher feedback which is sustained and inclusive.

Use of learning materials

- Digital And Non-Digital
- Local Resources

Lesson planning that incorporates variety:

Drawing on a range of teaching approaches

PREPARATORY ACTIVITY

Think about one element of your practice—*Questioning*.

In thinking about your questioning practice you should complete the following checklist and bring it with you to the Introduction to Core Skills workshop where you will explore it further. You may add any other skills that you use to the end of the list. Think about the questioning culture in your school. Who asks questions to whom?

Make a note of some of the questions that have been asked by your students this week or at another time:

Oer.educ.cam.ac.uk, (2015). OER4Schools/Questioning checklist - OER in Education. (online) Available at:
http://oer.educ.cam.ac.uk/wiki/OER4Schools/Questioning_checklist. (Accessed 10 Jun. 2015).

Questioning Skills Checklist Yes/ No

1. I prepare questions as part of my lesson preparation.
2. I make sure I use a variety of questions.
3. I always pause for a few seconds after posing a question to give students time to think.
4. I make sure all students get an opportunity to answer a question.
5. I actively engage all students in thinking.
6. I use a variety of prompts to encourage further reasoning and answers.
7. I use students' answers as a start for further, probing questioning.
8. I try to follow the line of thought of a student who gave a wrong answer.
9. I involve other students in the discussion after one student has given an answer.

Closed versus Open questions:

Closed questions are factual and focus on a correct response. *Some examples are: Name the different parts of a plant? What are the five nutrients that must be present in a balanced diet?*

How many sides does a triangle have? What is the formula for calculating the perimeter of a square? How many planets are there in the solar system? Name two sources of renewable energy.

Open questions have many answers. *Some examples are:*

What could be the consequences of water contamination? How does a balanced diet help us? How could we use flowers of plants?

Suggest ways to prevent the spread of malaria in your community?

Surface versus Deep Questions:

Surface questions elicit one idea or some ideas. *For example, What is the difference between organic and inorganic fertilizers? What is the use of carbohydrates in a balanced diet?*

Which part of the sugar cane plant is used for eating? Which features of a cactus plant are useful for its survival in desert regions?

Deep questions elicit relations between ideas and extended ideas. *For example, What would happen if only inorganic fertilizers are used for growing plants? What connections do you see between the climate of a region and its vegetation? Why is the water in the nearby pond not safe for drinking?*

'What if' and 'Why'... questions can help you delve deeper into pupils' thinking.

Questions you can ask in the Classroom

Can you guess what will happen?

Can you give me an example? Can you find an (another) example? How does (cause) relate to (event)? or How does this explain ...? Is this the same as ...? Is this different from ...?

Tell me something that is true about ...

What connections can you see between ...? What always seems to happen?

What other ways are there to ...? What do you think is happening? What would happen if ...?

What could be changed if we want...? What would you change so that ...? What is wrong with ...?

What happens when ...? What did you observe? What do you think about ...?

What do you think about what X said? Why? Why do you think that ...?

Can you explain that to your partner? Can you group these?

Here are some questions classified using Bloom's taxonomy, in order of increasing demand:

Remembering

What do you remember about ...?

How would you define ...?

How would you recognise ...?

What would you choose ...?

Describe what happens when ...?

How is ...?

Which one ...?

Why did ...?

Understanding

How would you clarify the meaning ...? How would you differentiate between ...? What did you observe ...?

How would you identify ...? What would happen if ...?

Can you give an example of ...?

Applying

How would you develop... to present ...? What would be the result if ...?

How would you present ...? How would you change ...? Why does ... work?

Can you develop a set of instructions about ...? What factors would you change if ...?

Analysing

How can you classify ... according to ...? How can you compare the different parts ...? What explanation do you have for ...? Discuss the pros and cons of ...?

What is the analysis of ...? How is ... similar to ...?

Evaluating

What criteria could you use to assess ...? What data was used to evaluate ...? What choice would you have made ...? What is the most important...?

How could you verify ...?

Is there a better solution to ...?

What do you think about ...?

Do you think this is a bad or a good thing?

Creating

What alternative would you suggest for ...?

What changes would you make to revise ...?

Predict the outcome if ...?

What could you invent ...?

How would you compile the facts for ...?

If you had access to all resources how would you deal with ...?

Compose a song about ...

Design a ... to ...

Reflective 1 Questions-

For each reflection, first note down the day of the week and the date today, so that you can keep track of your reflections and how your teaching practice evolves over time. Questions to help you:

1. What subject was the lesson (e.g. maths / science / other) and what was the lesson about (i.e. the topic, e.g. long division)?
2. What interactive technique did you choose to use (ICT-based or not ICT-based)?
3. What resources were used (both ICT and non-ICT)?
4. What did you expect to achieve with the strategy adopted?
5. What were the outcomes? (e.g. What do you think pupils learned about the topic? How can you tell? Any unexpected occurrences?)
6. If ICT was used, do you think the use of ICT in this particular lesson contributed to pupil understanding of subject concepts? How?
7. What difficulties did you encounter?
8. What were the positive aspects of this experience?
9. What did the children get out of the activity? How can you tell?
10. How did you (as the teacher) find out what the children learnt / thought about the activities / got out of them?
11. What did you (as the teacher) get out of it?
12. Did you find it difficult?
13. Did the activity allow students to meet the learning objective that it was designed to address?

14. What would you do differently next time? Space for your own questions:

1. _____
2. _____

CRITICAL THINKING AND PROBLEM SOLVING

Even in a world where most children are still learning basic skills, critical thinking and problem solving can and should be taught.

Thinking Critically to Design and Manage Projects.

CREATIVITY AND IMAGINATION

Creativity and imagination are essential human capacities. They enable us to express thoughts feelings and aspirations, and help us to fashion our ever changing culture.

STUDENT LEADERSHIP AND PERSONAL DEVELOPMENT

The future of a global society is dependent on those that lead it. It sounds dramatic, but the students of today are the leaders of an unknown future.

CITIZENSHIP

Education must fully assume its central role in helping people to forge more just, peaceful tolerant and inclusive societies. It must give people the understanding, skills and values they need to co-operate in resolving the interconnected challenges of the 21st century.

DIGITAL LITERACY

Digital technologies are rapidly becoming embedded in more and more aspects of our daily lives. Our personal and social lives are increasingly influenced by them, and our culture is constantly being shaped by new developments. 'One size fits all' approaches would not be appropriate, given the wide variations in technology, knowledge and approaches between schools and across different national and local contexts..

COMMUNICATION AND COLLABORATION

All humans communicate. All humans collaborate. Communication and collaboration are basic human survival skills.

UNESCO, 2013

GLOBAL LEARNING CRISIS

Global learning crisis not only refers to the fact that many children are still out of school, but also to the fact that many children who are in school, are not learning the basics.

What situations can you think of where you perhaps thought that your class had learned something, but you later discovered that they had not? Or perhaps those individual students had not quite learned what you thought they had?

In cases like this, are you able to re-visit certain topics, or support individual students? How?

Outcomes

Teachers will be able to create great learning experiences that support the *Development of Core Skills* as well as academic curriculum content. Teachers will be able to draw upon a wider range of resources to nurture core skills in their learners. Teachers will be able to network with and find peer support from like-minded innovative colleagues locally and globally. *Heads of schools* will be able to *foster innovation and use of a range of teaching strategies in their schools, thus enhancing the quality of teaching and learning*. Heads of schools will be able to improve their own *Instructional Leadership* through mentoring their own staff and wider teaching community.

Reference:

WHAT ARE CORE SKILLS?

2 Fullan, M and Langworthy, M (2013) *Towards a new end: New Pedagogies for Deep Learning*. Seattle:

Collaborative Impact

3 UNESCO, (2013) *Integrating Transversal Competencies in Education Policy and Practice*.

GAMES IN ECONOMIC- TO MAKE TEACHING – LEARNING ECONOMICS EASY & INTERESTING -

A Report by Dr. D. N. Tiwari, Sr. PGT (Economics) Jawahar Navodaya School- Resource Faculty

Introduction

The word games attracts the learners, motivates them to play & learn without any burden as it is *actually the sense of burden which burdens a person and not the*

work which slows down teaching learning process. During my long tenure of teaching economics in different parts of the country to different types of learning groups, I tried many activities & games to make my classes actually fruitful & to ensure the contribution of the learners without putting any extra burden on them.

When I was invited by Dr. Seema Srivastava to share my experiences with PGT (Economics) of Govt. Schools of Delhi during their scheduled Training Programmes, I decided to take up this opportunity and prepared many Power point presentations on some of the activities which I had already shared with NCERT in different Programmes..

Hence I decided to make different slides on Auctioning out, Mini Seminar, Quizzes and Role Play.

To begin with I introduced some of the important Games viz. "Auctioning out the Questions & Mini seminar", Quiz competition and Role play method of teaching..These games are very useful & can be used to transact the content in a very easy and interesting manner. I have already implemented them in almost each and every chapter of all the classes. *During my session all the teachers / learners were keenly*

interested in knowing all the games .

Here it is to be fruitful to mention that Economics has to be made easy to make it more practical at the same time its soul (*Mathematical Diagrammatical Approach*) cannot be allowed to remain isolated. Therefore my humble request from the teaching community is that they must develop such joyful and participatory methods to inject life in their teaching- learning process.



1. Auctioning out the Questions

Introduction

This is simply an auction which will motivate the students to learn as much as possible.

Description

1. The entire class is divided in to two groups viz. group A & group B

Division of Class in to two groups

2. If there are 30 students in the class then make 30 slips containing names of all the students divided in to two group's .Keep these slips group wise in to two separate small boxes.



Three different coloured boxes

3. Take a paper containing 50 questions covering the entire topic given in random order.

Question bank in the hands of the teacher

4. Ask the group captains to come up and toss a coin.
5. Ask the winner to pick up a slip from the box of the toss winning group.
6. Now call the name of the student in the slip.
7. Ask this student to choose any question number without showing the question number picking up a slip from the third box containing question number slips.

Selected student is picking out the question number from the box

8. Now start the auction how much points they (each group) offer to show that he/she can answer the unknown question.

Teacher is motivating the learners to go for the Highest Bid

9. After taking the highest bid ask the question from the standing students.
10. If he/she answers correctly then the highest bidding team will be awarded the full point.

(Note: - Highest bidding team may be any group regardless the group of answering student as the highest bidder is ready to take the risk on the team member of the other group if he/she does so.)

11. However if answer is wrong then negative point equivalent to the bidding amount will be entered in marks of highest bidder group.

Provision of Bonus Marks: - 1.If the student being auctioned out is unable to give correct answer then the same question may be thrown out in the open house subject to the acceptability of the highest bidding points .First chance for correct answer be given to the opposite team so as to involve the degree of risk.

2. On getting the correct answer the marks will be credited to the answering team. However no negative marks will be given for a wrong answer to such questions made available on bonus.

12. Now call the other captain to come in front and pickup a name slip from his/her groups box 12. In this way the game will go on till the bell goes on.

Recording of the Marks:- It should be done by the teacher to avoid any dispute to maintain the degree of interest.

Prize to Motivate the Learners-

Invite your seniors/principal/ officers to remain present during the period . Ask them to spread their blessing for 1 or 2 minutes.

Use this method on every Saturday if possible for a new topic/sub topic

Things to remember:-

1. Bidding may be done by any one of the member regardless of the group of the student. Only highest bidder has to be accepted.
2. Marks will be credited or debited from the group of the highest bidder regardless of the student answering the question. This will increase the degree of risk and enhance their involvement in the group activity.
3. Question number may be changed only once prior to disclosure of the question to the students for this another slip has to be taken out from the question box.

2. Organization of Mini Seminars

After completion of a chapter this type of **Mini Seminars** may be organized on regular basis. It will increase the knowledge, application, presentation, analysis & overall personality of each and every participant.

Full description**In the beginning of the session**

1. The entire class of 40 students is divided in to 8 groups consisting of 5 members with 2 boys + 2 girls & one leader in each group.
2. They will be allocated the chapters, day & date of presentation in the class by the teachers in advance.
3. Since date, group & topics are already given .Each group will take more interest in teaching learning process.
4. Now the teacher will teach the topic as per the norms on regular basis throughout the week.
5. Day of presentation may be every Monday.

Working on Symposium

1. The already taught topic will be sub divided in to four parts distributed among the four students of the group of the day.

Group of Four members along with their leaders

2. Group leader will start with the introduction giving brief details about the name & sub topics allotted to the four participants.

Group leader introducing her members & their topics

3. Leader will invite the first member to deliver a lecture before the class on the sub topic given to him/her in 5 minutes.
4. The first member will do the same & invite the second member to continue with the sub topic given to him/her
5. In this way all the four members of the group will give their presentation by using appropriate teaching aid
6. After completion of the lecture by the fourth participant all the five members will come and stand in front of the class.

Question- Answer Session

7. Leader of the group will invite the class to ask their doubts.
8. The concerned member will try to clear the doubts raised by the students.
9. Students are expected to ask difficult questions to tease their counterpart and to show their importance in the class. Hence team member will have to prepare the topic intensively to face them.
10. Group leader will also help his/her members to clear their doubts.

Subject Teacher's Role

11. At last he/she will invite the teacher to conclude the symposium
12. Teacher will conclude the entire work and will also clear the doubts still remained (if any)

Time Management

Time taken by:-

Team leader 2 min.

Four participants 5x4=20 min

Question answers session 1x10=10 min. Subject teacher 8 min

Total time taken 2+20+10+8=40 min

Give away Prize to Motivate

Invite your seniors / principal/ officers to remain present during the period

Ask them to spread their blessing for 1 or 2 minutes.

Give them toffees, chocolates, pens pencils or any small thing which are easily available and affordable.

Participant (II) Delivering His Lecture

Participant (III) delivering his Lecture

Teacher clears the doubt if not satisfied by the participant's response.

3. Measurement Chart

Measurement Chart has been developed to calculate the values belonging to national income aggregates without learning any formula. This chart can be used to **define, derive or compare** the values related with gross or net, market price or factor cost & national income or domestic product without looking into the complicated methods of learning or retaining them in memories.

Actually all the concepts related with national income aggregates are equipped with four letters e.g.

Gross National Product (Market Price)= GNP MP, Net Domestic Product Factor

Cost=NDP FC

On the basis of these four letters we can establish a particular relationship and accordingly measurement chart can be developed to derive any concept from any other given concept of national income aggregates.

Following concepts can be explained by using the Measurement Chart

S.No	Concept	Abbreviations
1	Gross National Product (Market Price)	GNP MP
2	Gross National Product (Factor Cost)	GNP FC
3	Net National Product (Market Price)	NNP MP
4	Net National Product (Factor Cost)	NNP FC
5	Gross Domestic Product (Market Price)	GDP MP
6	Gross Domestic Product Factor Cost	GDP FC
7	Net Domestic Product Market Price	NDPMP
8	Net Domestic Product Factor Cost	NDP FC

MEASUREMENT CHART

FIRST LETTER			SECOND LETTER			Third Letter	FOURTH LETTER		
Given	Required	Operation	Given	Required	Operation	P=Y=A=E	Given	Required	Operation
G	N	-DEP.	N	D	-NFYA	No Change	MP	FC	-NIT
N	G	+ DEP.	D	N	+NFYA	P→Production Y→Income	FC	MP	+NIT
→ G Gross, Dep→Depreciation			→ N Net, G Gross NFYA → Net factor income from abroad			A→Added E→Expenditure	→ Price, MP Market FC→Factor cost, NIT → Net indirect tax→		

Working of Measurement Chart

If Gross National Product at Factor cost is given and we have to find out Net Domestic Product At Market Price then we have to use the measurement chart in the following way:-

Now given information is GNPFC & Required information is NDPMP Step I First Letter G is given & N is required therefore we have to do - Dep

Step II Compare the second letter here N is given & D is required therefore we have to
- NFYA.

Step III On comparing the third letters we find that both are P therefore no change is required

Step IV When we compare the fourth letters we find that FC is given & we have to find out MP therefore we have to + NIT

Now the Equation would be like this

$$\text{NDPMP} = \text{GNPFC} - \text{Dep} - \text{NFYA} + \text{NIT}$$

A) Numerical Example

Calculate

- a) Gross National Product (Market Price)
- b) Gross National Product (Factor Cost)
- c) Net National Product (Market Price)
- d) Net National Product (Factor Cost)
- e) Gross Domestic Product (Market Price)
- f) Gross Domestic Product Factor Cost
- g) Net Domestic Product Market Price

When the following informations are given:-

S.no.	Items	Rs.(Crores)
a)	Net Domestic Product Factor Cost	1500
b)	Net Factor Income From abroad	50
c)	Depreciation	20
d)	Net exports	10
e)	Net indirect taxes	75

$$\text{a) GNP MP} = \text{NDPFC} + \text{Dep} + \text{NFYA} + \text{NIT} = 1500 + 20 + 50 + 75$$

Rs.1645 Cr.

$$\text{b) GNP FC} = \text{NDPFC} + \text{Dep} + \text{NFYA}$$

$$= 1500 + 20 + 50 \text{ Rs.1570 Cr.}$$

$$\text{c) NNPMP} = \text{NDPFC} + \text{NFYA} + \text{NIT}$$

$$= 1500 + 50 + 75 = \text{Rs. 1625Cr}$$

$$d) \text{NNPFC} = \text{NDPFC} + \text{NFYA}$$

$$= 1500 + 50$$

Rs. 1550Cr.

Note :- Remaining part of this questions may be solved by the students

B) Use Of Measurement Chart To Make A Comparison Between Two Concepts Of National Income Aggregates:-

Differentiate between GNPMP & NDPFC :- For this we have to compare the concepts using measurement charts letter wise formula is to be obtained at first the it can easily be converted in to statements.

In this case on comparing GNPMP & NDPFC we find that

$$\text{GNPMP} = \text{NDPFC} + \text{Dep} + \text{NFYA} + \text{NIT}$$

Now we can convert the above formula in to point of differences:-

Sl.No.	GNPMP	NDPFC
1	Depreciation is the part of GNP at market price	It is not included in NDP at factor cost
2	Net factor income from abroad is to be included	NFYA is excluded to obtain this value
3	Net indirect taxes are an integral part of GNP at market price	It is not to be included
4	It is a wider concept	It is a narrow concept as it is the part of GNP at market price

4. Role Play Model on “Sustainable Economic Development”

Role Play encourages students to learn about the topics related with *Sustainable*

Economic Development. The present Role Play is focused around a class room activity with the students of class XI/XII; however, the general principle cans be used widely. Apart from raising awareness of sustainable development it encourages critical thinking, evaluation and promotes good professional practice.

Through conducting the study students will improve their research, group working and presentation skills.

According to the 1987 World Commission of Environment and Development ('Our common future: from one earth to one world'),

Sustainable Development is 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'

Working of Role Play Method:-

a) Selection Of Individual Participants:-We have to select five students each one will be given an individual character viz.

Characters:-1. Ancestors 2. Present 3. Future 4. Industries in the past Industries 5. Industries in the present 6. Industries in the future. 7. Five students sitting with rest of the class to suggest some remedies.

b) All the students will be fully equipped with the subject matter related with their area viz a viz.

Ancestor will be having industries related with initial stage of industrialization. Paper cuttings, notes & any other related materials basically showing inventions & innovations at that time.

Present will have the charts, pictures notes showing excessive use of resources

Future will try to possess the materials presenting about the consequences of

1. Excessive & uninterrupted use of resources.
2. Rational use, development of manmade resources & implementation of the concept of sustainable economic development

Industries in the past will try to play an act showing the functioning of traditional industries with more manual power & less emission of pollutants

Industries in the Present will show the excessive use of available scarce resources with less productivity and more harmful for the existence of the mankind

Industries in the Future will act according to the presentation of the future in two parts one when the resources are used excessively & uninterruptedly.

Secondly when **Rational** use, development of manmade resources are given due importance by the mankind.

c) Beginning of the Play:-

In the beginning **Ancestor** will come along with **Industries in the past**

Ancestor "Hello every one how are you as you can see I am your ancestor with limited knowledge and skill I used coal & petroleum product excessively to increase the production I had no other option but use more and more use of so called traditional energy."

Industries in the past:- "Result as you can see was low productivity, mass unemployment during great depression period & less availability of these resources and a big fear of pollution for the present generations"

Entry of the **PRESENT** “ don't worry my dear friend you did whatever you could with limited knowledge and initial stage of inventions and innovations now I am wise enough to decide my future as I know that I have to ask my self at first whether I am safe”

“Still I can see that this present era is mostly dependant on the traditional & non renewable resources. Its result can easily be observed in this present world”

World wide drought like situation use of mask for breathing Scarcity of drinking water Depletion of ozone layer “Now any one of you please tell me how can I maintain the balance between present and future. I want to gift a new world Student will suggest some of the Gift that can be given by Present for making this world an ideal place to live long and happy life for the mankind

Student 1. Why don't you use green energy instead of conventional & non renewable?

Present “What's that?”

Student 1. “Use of solar, tidal energy”

Student 2. “We can use our organic fertilizer such as cow dung ,tree leaves sheep/Goat gathering .” I am sure it will create employment opportunities as well as improve the productivity of the soil too”

Students 3. “We must say no to plastic as it has become one of the biggest pollutants” at the same time we must use environment friendly products only

Students 4. “we can promote the usage of recycled products”

Use of recycled products House made by recycled products

Student 5. “Plantation of more and more tree by every one should be made mandatory by law.”

Industries in the Future “My dear Present Past has gone but you are still here and if you follow the desire of the present citizens of your era I am sure the same happiness will continue even in my time”

Present :- Comes forward and ask everyone to stand up and takes an oath followed by the entire class “we the present citizen of this earth solemnly take an oath that

1. We shall use recycled product.
2. We shall plant at least one tree in look the after very well.
3. We shall never use plastic bags.
4. We shall use the renewable energy as far as possible.
5. We shall never throw garbage's in rivers & ponds.

**Courtesy to www.google.co.in for images*

**The Session was well received by Teachers and they found it easy to implement in the Classroom.*

STUDYING ECONOMICS OVER THE YEAR - SOME IMPORTANT TIPS

Abstract

Teaching of Economics is interesting and meaningful when it is taught in the classroom relating it to day to day examples and engage children constructively to explore, discuss and raise queries. It is a dynamic subject which constantly responds to various changes at domestic and global scenario. How rupee volatility affects your budget, why falling rupee is good for investors, how The value of a country's currency is linked with its economic conditions and policies, how are prices of goods and commodities determined, etc are certain questions that are of interest to a common man. In the present section you will find out how this subject should be dealt with along with some tips to score better at the time of examination. These are not exhaustive. You may build up an understanding as to how this subject requires a teacher should be creative, innovative and at the same time he/she has to keep himself or herself updated. In recent times when there is knowledge explosion you have guide children as to how to access information of relevance and put to use.

TIPS FOR STUDENTS OF ECONOMICS

1. **Positive attitude towards Economics.** A positive attitude while studying Economics will make you start liking the subject that you were really not fond of before. You will understand the concepts easily and get good marks, when you are not afraid of it.
2. **Attend your classes regularly.** Attend classes regularly instead of skipping them, you won't miss important topics. Be an active learner and participate whenever possible. You will remember or learn more if you are in class when the teacher is teaching than if you skipped class and then take notes later on.
3. **Set goals for yourself.** Set goals for yourself and then try your hardest to achieve those goals. Start with small goals like will do five numerical on Elasticity of Demand correctly. If you fail once, don't give up, keep trying. Achieving the small goals will make boost your confidence and make your habit of achieving the goals you set.
4. **Do your homework daily.** Do your homework on the same day, don't leave it for next day. Homework is important because it gives you practice on the subject that

you are learning, identify the topic you are not clear and provide a precise learning material for revision.

5. **Ask for help when you need it.** Ask a question whenever you have doubts on any topic, don't just leave it behind. That's what teachers are there for after all. As soon as you spot something that confuses you, even if you're just a little unclear, go and ask the teacher to help you. Every teacher always appreciates the interactive student. It will most definitely help you in tests and scoring marks.
6. **Time Management.** Good time management will help you in reducing anxiety and increase your focus on studying. Never make it practice to study at the last minute and cram the night before. Study 1 or 2 hours daily and leave a half hour for homework. Study before you do homework, it will help you do your homework faster and help you understand the subject better.
7. **Do revision regularly.** Revise what you have learned on same day. Do not leave the revision for examination days. Revise the complete unit when done in the class, it will help you in correlating the concepts. Its proven now, if you revise within 36 hours than you can retain it more for longer period.
8. **Develop examination skills.** This will increase your confidence when taking exams. Awareness about typical exam format, common errors to avoid, and the concepts in a subject area usually tested will help you score more. Do remember the value points, technical terms and keywords that required in the answers.
9. **Make notes.** Always make notes of important concepts, formulas and diagrams in economics; It will help you in revision and save your time.
10. **Understand more.** Always understand the topic, don't just remember it. Curiosity is the best teacher! Make your own style of understanding things, making best use of day to day scenarios. After finishing a chapter, you can explain the same to your friends. It's a nice way of learning things, and it's quite more interesting. Get involved in group discussions about the chapter you are confused about.

Before and during Exams

1. **Good Time Table.** Before starting with the revision studies, students should design their own time-table keeping in mind the material to be covered and how much is needed to be studied each day. A schedule of every subject should be made with different priorities. Tough subjects should be given more hours, and easier ones should be given less hours with sufficient intervals between each subject. The timetable should very importantly have breaks in between for relaxing and entertainment. Do not leave any subject for more than 2-3 days. Every subject should be taken up for study at least in every alternate day.

2. **Loose that Fear.** Fear and stress are the major factors which tend to become an obstacle in getting high percentage. One should loose all the fear and free his mind. Approximating a certain score to achieve is beyond our control. This fact also needs to be understood by parents, who should not pressurize their children but rather boost up their confidence.
3. **Don't Cram, Make Notes** Students should not use the cramming as it is not a good method of studying. Instead of this, they should make short notes while studying. Cramming everything can result in forgetting everything and making brief notes can help in remembering all points while revising the subject.
4. **Place to Study.** I agree that students of govt schools does not have separate place to study but you can find a place where you feel comfortable, relaxed and where you can concentrate properly. If you can, study at a place where you find a quiet ambience.
5. **Trust God and Yourself.** Students should meditate or pray well before the exam as it helps in relaxing their mind and also provides immense energy and peace to the mind. And it is much important that you are confident about yourself of producing splendid result.
6. **Sleep and Eat Well.** The biggest mistake students commit during exam time is that they don't sleep and eat well. They think sleeping is a waste of time. They should believe in the fact that they need to sleep between 6-8 hours a day. They also need to take care of their diet. They should try and avoid eat junk food, eat at regular intervals and include food which supplies continuous energy to their brain for a longer period of time.
7. **Time to Study.** Time is possibly the most important factor. According to a research conducted, human brain is in its most active state between 5 am to 8 am in the morning and in the evening between 7 pm to 11 pm. Therefore, students who study during these timings have the maximum retention power in comparison with others. Don't study after 11pm as it will exhaust you more and will affect your study next day.
8. **Examination practice.** Be in touch with latest syllabus, CBSE previous years

papers, sample papers etc. Keep on looking what has been the pattern of CBSE and what type of questions are generally asked. Also refer to their model answers. Whenever you give a test in school and obtain marks, just go through your answer sheet seriously and see where marks have been deducted and how can the errors be avoided next time. Be in contact with your teachers and ask them to evaluate yourself even during the gap between board exams. Do at least 8-10 model test papers of economics. This will help a lot.

Important tips for Attempting the Economics Paper

1. **Plan and prioritise your answers.** Read the question paper carefully and thoroughly. Utilise the 15-minute reading time properly. Students should give attention to question words i.e. What. How and why so that they can organise their thoughts and manage their time well through the exam. Tick mark the questions and answer those questions first which you can answer efficiently. It puts a good impression on the examiner. Keep your answers tidy and well formatted. Beware of common terms used in Micro and Macro Economics you may mix-up the answer.
2. **Time management** is very important to score good marks in the board exam. Otherwise, you will find yourself struggling to complete the paper that might create anxiety and panic towards the last few minutes of the exam. While writing the paper, students should stick to the word limit and time limit they allocate for attempting questions of different weightage. Plan in advance how much time you will dedicate to each question and category and stick to it. If you realise are struggle for too long, move on to the next question, and return to answer if you have the time. You will get 1.5 minutes to attempt one mark.
3. **The content of the answer** should be relevant to the questions and depending upon word limit, must follow a hierarchy of relevance, from the most important to the least. Often long, essay type questions are answered without properly planning the order in which various points are to be covered. Do remember the suggestions given by your teachers during internal examinations about the marking scheme for checking and analysing their answer sheet. If the students regularly analyse the content of their answers by keeping in mind the value points given in the marking scheme as well as compare their answers with model answers, during the internal assessments, they will be able to develop the skill of determining the hierarchy of relevance of content and will able to score better marks in the Boards.
4. **In numerical questions** we find that students copy the data incorrectly from the question paper, or from one step of the problem to the next. Also often they do not convert the data into appropriate units. It results in loosing marks even when they know the subject. Formula carries the marks so write it in starting of answer. Show your calculation as direct answer never get the marks.
5. **Diagrammatic Representation.** Make diagrams when asked in question paper. You will not get any marks for diagram when not asked and will waste your time during exam. It should be neat and labeled. Diagrams are one of the good ways to fetch more marks. Where possible, try to explain the answer by diagrams, tables, flow charts etc. Also, try to explain your answers by giving suitable examples. It makes the examiner feel that the student has good knowledge of the concepts

6. **Write Neat and Present Well** When students write neatly and present their answer sheet in a proper way, they have more chances of securing high marks. Many times the teacher is not able to read all the answers but if she gets impressed by the way it has been presented then it would definitely lead to less deduction of marks.
7. **Highlighting.** Sequencing and highlighting of the question and answer number is very important. You have to keep in mind the examiner's perspective. Try to provide as much ease as you can, to the examiner going through your paper. It will please him. It would do well for a student to present an examiner-friendly answer script with legible and neat handwriting, sequential presentation of answers and their sub-parts, underlining/ highlighting keywords and technical terms. Finally, re-checking the answer scripts before submitting the same to the examiner.
8. **Never Cheat in Exam Hall.** Students should always be advised by their parents as well their teachers as to not use any kind of malpractice in exam hall as it may prove to be harmful for them and their future. If an answer is not known by them, they shouldn't attempt it as they have to prove no one but themselves.

CAREER AND OPPORTUNITIES FOR THE STUDENTS OF ECONOMICS

There was a time when studying Science was the craze in students and their parents, then come the time everyone after the Commerce. So what's the most sought after and demanding subject among students today? Yes, Economics clearly is the flavour of the admission season at Senior Secondary School level and at major universities like Delhi University. Economics is the only subject which blends with all streams and have maximum number of students after English. Economics attracts the brightest and the best is obvious from the incredibly high cut-offs. The demand of Economics is due to its importance both for career as well as job point of view. Economics is considered as ever green subject due to its high utility and huge demand in the job markets. Job opportunities for economics students have increased manifold post reforms, and after amalgamation of world economy. Well trained Economists are in huge demand across industries, not only in India but also at International Level. The progress of a nation stands on the pillar of economics and it plays a crucial role in different aspects of life of people including economical, political and social aspects as well.

Economic Courses and Eligibility

Although some basic concepts of Economics are included in Social Science at secondary curriculum but Economics can be taken up as a subject at the 10+2 level. In Delhi all School offer Economics as a subject across the streams. Minimum score of 6 CGPA in class X is necessary to study Economics. Student having numerical/ mathematical aptitude follow the concepts easily and do better in economics as Economics has become increasingly mathematical. All areas of economics require statistics and data analysis techniques. To get admission in a good college, one has to secure good marks in economics at class XII exams. Those taking up this subject should therefore make sure they have basic mathematical skills and numerical aptitude. Most of the top colleges require maths as a subject in class XII to get admission in B.A.

(H) in Economics. Economics may be studied as a subject at the undergraduate level in various courses such as BA/ Eco B Com, BBE (Bachelor of Business Economics), BBA/ BBS and the Bachelor of Financial and Investment Analysis (BFIA). Students from the Arts, Commerce or Science stream are all eligible for admission in Bachelor's courses. All these courses are of three years' duration.

Students who have completed their three-year degree course in economics with good marks can seek admission to two-year MA/ M.Sc. programme in economics.

The postgraduate courses offer specialisation in development economics, world economics, financial economics, agricultural economics, health economics, business economics, labour economics, rural economics, industrial economics, international economics and the economics of human resource development. Econometrics is another subdivision.

Universities and Colleges Offering Economics

There are many institutes, colleges and universities who have economics in its BA, MA and Ph.D. level courses. Here are the lists of institutions who are offering economics. You can easily see other information related with the respective universities/colleges/ institutes with their given website.

1. Delhi School of Economics-www.econdse.org
2. Jawaharlal Nehru University-www.jnu.ac.in
3. Presidency College Kolkata-www.presiuniv.ac.in
4. University of Delhi, South Campus-www.south.du.ac.in
5. St. Stephen College, Delhi University-www.ststephens.edu
6. University of Bombay-www.mu.ac.in
7. Indian Statistical Institute Kolkata-www.isical.ac.in
8. Sri Ram College of Commerce-www.srcc.edu
9. Ravenshaw University, Cuttack-www.ravenshawuniversity.ac.in
10. Gokhale Institute of Economics & Politic-www.gipe.ac.in
11. Symbiosis School of Economics-www.sse.ac.in
12. Madras School of Economics-www.mse.ac.in
13. IIT kanpur-www.iitk.ac.in
14. Banaras Hindu University-www.bhu.ac.in

The Delhi School of Economics under the University of Delhi is prominent institution in Economics. Its students get campus recruitment and are in huge demand in corporate sector.

Jawaharlal Nehru University, New Delhi is another good option for students in Delhi to pursue M.A. economics.

The IGIDR, Mumbai, offers M.Sc. degree course in economics. The entry qualification is BA/ B.Sc. degree in economics or B.Com. / B.Stat. / B.Sc. physics or mathematics or

BE/ B.Tech. with at least second class in economics and first class in other disciplines. Web site: www.igidr.ac.in.

The Madras School of Economics also offers M.Sc. degree course in economics and financial economics. Web site: www.mse.ac.in.

The list is only indicative. More information can be collected from the university handbook published by the Association of Indian Universities, New Delhi. For world recognised institution in the field of economics, everybody wish to join London School of Economics

Economics course syllabus includes the papers like mathematical economics, statistical economics, monetary economics, international economics, developmental economics, econometrics, public finance, and economic policy making. The specialisation in the field of economics increases its importance. The specialised areas are finance, agriculture, econometrics, rural development, health, business development, international economics, industrial law and human resource.

Career Opportunities in Economics

An array of employment opportunities is available in economics field. Meritorious candidates can get excellent job opportunities after successfully completing their BA or MA in economics. Nowadays, the scope of job opportunities for economists has expanded in different sectors like education, business, NGOs and government organizations due to economic liberalization and globalization. Organizations dealing with data collection and interpretations, management consultancy firms and planning commissions recruit economists at lucrative pay scales. They are employed in different positions like:

- Economists
- Economic Advisor
- Econometrician
- Finance Economist
- Economic Analysts

Government Jobs for Economics Graduates

Government jobs are always secured as compared to private jobs and when it comes to government jobs for economists, Economics graduates can get prestigious jobs in the government sectors like Indian Economic Services, Indian Civil Services, Reserve Bank of India, National Sample Survey, Ministry of Economic Affairs, Planning Board, Planning Commission, National Council for Applied Economic Research and National Institute of Public Finance and Policy. Taking up Indian Economic Service Examination conducted by the Union Public Service Commission can act as the gateway for a

challenging career in government sector for economists. To apply for the Indian Economic Service Examination, candidates should have done their PG Degree in economics/applied economics/econometrics and they must be in the age group of 21 and 30. Some of the government organizations offering placement to opportunities for Economists are:

- Reserve Bank of India
- National Sample Survey
- Ministry of Economic Affairs
- Planning Board
- Planning Commission

When it comes to RBI recruitment, candidates with PG Degree in Econometrics/applied economics/economics and candidates with PG degree in commerce with economics/ applied economics as a subject are appointed for the position of Research Officers in Grade B to work for the Department of Economic Analysis and Policy (DEAP).

Private Jobs for Economics Graduates

Economics graduates can enjoy lucrative job prospects in the private sector as well since many private firms recruit candidates for Economic Consulting positions. Job opportunities are waiting in the private sectors, NGOs and International Aid Agencies. The firms like World Bank, Asian Development Bank, IMF, and other Development Banks, Aid agencies, financial consultancy firms are hiring the economic graduates for its various positions. Private organization engaged in consultancy and scientific research offer ample job opportunities for economists. Economic Analysts are required in larger number in the growing service industry of mutual funds and stock markets or share broking for making effective investment decision making and therefore candidates with UG/PG degree in economics can find job placements in this field as well. business journals, newspapers and television news channels are also among the prospective employers As far as salary is concerned, lots of candidates are hired through campus placement. The average salary is Rs 4 to 8 lakh per annum. But for the deserving candidates, the field open plethora of options and remuneration is also beyond expectation. The field like accountancy, actuarial, banking; insurance are also open many jobs opportunities.

Thus, a graduation in the field of economics and further higher studies can enable the candidates to enjoy a wide range of career options.

Career opportunities in research are also available. Those who qualify in UGC-NET and pursue a Ph.D.(doctorate degree) can reach higher positions in the research and development field and they can enter into the field of teaching in colleges and universities.

Other Options

Since economics is a significant component in business administration and management courses, meritorious graduates in economics can go for two-year fulltime Master of Business Administration (MBA) programmes especially in specialised areas of stock-broking, finance, banking and so on in leading business schools.

The Master of Finance and Control (MFC) programme is another suitable option. If interested, law or journalism can be an option for higher study.

Conclusion

Economics is the most insisted subject among the students because of its demand and importance in career and Jobs. All most every organisation need an economist whether Govt or private. This command of Economics has created a scenario where everyone wants to study economics even if they don't have that quantitative aptitude. It has increased the responsibility of Economics teacher to act as guide and counsellor for the students of economics and their parents. B.A.(H) Economics is most sought after course in Delhi University but it doesn't mean that demand of other courses have been decreased. There are ample job opportunities in other courses also. Student should follow their choices as per their interest not as per the world view.

GLOSSARY

Accommodating Transactions: Transactions undertaken to cover deficit or surplus in the autonomous transactions in the balance of payments.

Administered Prices: The prices of goods and services fixed by government.

Aggregate Demand: Value of final goods and services that all sectors of the economy plan to buy at a given level of income during a period of time.

Aggregate Supply: Value of final goods and services planned to be produced in the economy.

Autonomous Transactions: Transactions independent of all other BOP transactions.

Average Propensity to Consume: The ration of total consumption expenditure to total income.

Average Propensity to Save: The ratio of total saving to total income.

Balance of Payments: A record of sources and uses of foreign exchange, the credit side recording inflows and the debit side recording outflows of foreign exchange.

Balance of Payments Deficit: Autonomous inflows of foreign exchange failing short of autonomous outflows.

Balance of Trade: The value of exports of goods less the value of imports of goods.

Balance on Current Account: The sum of receipts of foreign exchange less the sum of payments of foreign exchange on account of transactions in merchandise, services, incomes and transfers in the balance of payment account.

Balance on Capital Account: The sum of credits less the sum of debits in the capital account of balance of payments.

Bank: A financial institution whose deposits are widely accepted as money for making payments and which has the power to create money.

Bank Rate: The rate of interest at which the central bank of a country lends money to the commercial banks of that country for their long term needs.

Barter: Exchange of a good or service for another good or service.

Budget Constraint: Refers to the amount of money spent on the only two goods the consumer consumes, which must be no more than the income of the consumer. If the two goods are X and Y, the constraint is expressed as $P_x \cdot X + P_y \cdot Y \leq m$ where P is price and m is income.

Budget Line: The graphical presentation of the whole collection of the bundles of the two goods a consumer can afford from his given income and given prices.

Budget Set: The set of possible combinations of the two goods the consumer consumes which he can afford from his income and given prices.

Capital Expenditure: The expenditure which either creates assets or reduces liabilities.

Capital Formation: Additional made to the stock of capital during a period. It is also called investment.

Capital Goods: Goods capable of producing other goods.

Capital Receipts: The receipts which either reduce assets or create liabilities.

Capital Transfer: A payment, without any good or service provided in return, made out of wealth or capital of the payers and added to wealth or capital of the recipients.

Cardinal Utility: Utility expressed in exact units.

Cash Reserve Ratio: The minimum percentage of deposits legally compulsory for the commercial banks to keep as reserves with the central bank.

Central Bank: A bank specially created by government to serve as an apex bank to carry out monetary policy of the country in public interest through the various functions assigned to it.

Change in Demand: Change in demand of a good due to change in a factor other than the own price of the good.

Change in Quantity Demanded: Change in demand of a good due to change in only the own price of the good.

Change in Quantity Supplied: Change in supply of a good due to change in only own price of the good.

Change in Supply: Change in supply of a good due to change in a factor other than the own price of the good.

Commercial Banks: The financial institutions who accept demand deposits from general public, transfer funds from one bank to another and create money.

Consumer: The one who takes decisions about what to buy for satisfactions of wants, both as an individual and as a member of household.

Consumer's Equilibrium: Given prices, the allocation of income by a consumer on goods and services he buys which gives him maximum satisfaction.

Consumption : Obtaining goods and services for satisfying wants.

Consumption Goods : Goods purchased or self-produced for satisfaction of wants.

Consumption Function : The relation between income and consumption expenditure.

Consumption of Fixed Capital : Fall in the value of fixed capital goods due to normal wear and tear and foreseen obsolescence. It is also called depreciation.

Cost : The sum of actual money expenditure on inputs (explicit cost) and the imputed market value of the inputs supplied by the owners themselves including normal profit (implicit cost).

Current Transfer : Any payment, without any good or service provided in return, made out of the current income of the payer and is added to the current income of the recipient.

Decrease in Demand : Fall in demand of a good due to change in a factor other than the own price of the good.

Decrease in Supply : Fall in supply of a good due to a factor other than the own price of the good.

Deficient Demand : Aggregate demand falling short of aggregate supply at the full employment level of income. It is also called deflationary gap.

Deflationary Gap : The amount by which the aggregate demand falls short of aggregate supply at the full employment level of income of a country. It is also called deficient demand.

Demand : Quantity of a good consumers are willing to buy at a price during a period of time.

Demand Curve : Locus of different price-quantity combinations relating to a consumer/s during a period of time. Each combination represents the price and the quantity the consumers are willing to buy at that price.

Demand Deposits : Bank deposits from which payment can be made by writing cheque.

Demand Schedule : A table showing the prices and the quantity the consumer(s) is/are willing to buy at each price during a period of time.

Depreciation : Fall in the value of fixed capital goods due to normal wear and tear and foreseen obsolescence. It is also called consumption of fixed capital.

Depreciation of Domestic Currency : Rise in the market price of foreign currency in terms of domestic currency.

Devaluation of Domestic Currency : Raising of the price of foreign currency in terms of domestic currency.

Economic Territory : Geographical territory administered by a government within which persons, goods and capital circulate freely. Earlier it used to be called domestic territory.

Economic Welfare : Welfare, i.e. the sense of well-being, affected by economic factors.

Economy : The whole collection of production units operating in a defined area or region by which people of that area get their living.

Elastic Demand : Price elasticity of demand greater than one. OR, percentage change in demand is greater than percentage change in price.

Equilibrium : A state of balance due to equal action of opposite forces, e.g. forces of demand and supply. Also defined as a state of rest or a situation which has no tendency to change.

Equilibrium Price : The price at which market demand for a good equals its market supply.

Ex-ante : Intended or planned.

Excess Demand : Aggregate demand being greater than the aggregate supply at the full employment level of income. It is also called inflationary gap.

Exchange : The system of selling goods for money and then using money to buy other goods.

Exchange Rate : The rate at which one currency is converted into another currency.

Ex-post : Realised or actual.

Externalities : Activities resulting in benefits or harms to others with no payment received for the benefit and no payment made for the harm done.

Final Goods : Goods, including services, used for final consumption and investment.

Fiscal Deficit : Total expenditure in a government budget exceeding the sum of revenue receipts and non-debt capital receipts.

Fiscal Measures : Using of government powers to tax and spend to achieve economic objectives.

Fixed Cost : The cost which does not change with change in output.

Fixed Exchange Rate : The foreign exchange rate decided by the government (and not by the market forces).

Flow Variables : Variable whose magnitude is expressed over a period of time.

Floating Exchange Rate : Exchange rate determined by the demand and supply of a given currency in the foreign exchange market.

Foreign Exchange : Currencies of foreign countries.

Foreign Exchange Rate : The rate at which one currency can be converted into another currency.

Full Employment : Efficient utilisation of the economy's resources. In practice, the scope is limited to human resources.

Giffen Good : A good for the given consumer whose demand falls with a fall in price of the good.

Good : Any physical object, natural or man-made, or service rendered, that could command a price in the market.

Government Budget : A statement showing itemwise estimated receipts and expenditures of government under various heads.

Gross Investment : Addition made to the stock of capital without making any adjustment for depreciation.

Household : Consists of all the people who live under one roof and who take joint decisions as to what to buy for satisfaction of wants.

Increase in Demand : Rise in demand of a good due to a factor other than the own price of the good.

Indifference Curve : Locus of different combinations of the two goods the consumer consumes with each of the combination having the same utility.

Indifference Map : The set of all possible indifference curves.

Indifference Schedule : A table showing different combinations of the two goods the consumer consumes with each of the combination having the same utility.

Indirect Tax : A tax whose incidence can be shifted.

Inelastic Demand : Price elasticity of demand less than one OR percentage change in demand is less than percentage change in price.

Inferior Good : That good for the given consumer whose demand falls with rise in income.

Inflationary Gap : The amount by which aggregate demand exceeds aggregate supply at the full employment level of income. It is also called excess demand.

Intermediate Goods : Those goods, including services, which are purchased during the year by one production unit from other production units and completely used up or resold, during the same year.

Investment : Addition made to the stock of capital during the year. It is also called capital formation.

Investment Multiplier : Increase in national income as a multiple of given increase in investment.

Invisibles : The items services, transfers and income in the current account of the balance of payments.

Involuntary Unemployment : That part of the labour force of the country, which is able to work and prefers to work, but is out of work though no fault or wish of its own.

Law of Demand : Refers to the inverse relation between the own price of the good and its demand.

Law of Diminishing Marginal Utility : States that as a consumer consumes more and more units of a good, the addition to total utility goes on decreasing.

Law of Diminishing Marginal Returns : States that as more units of the variable factor are applied to the fixed factor, the marginal product of the variable factor goes on decreasing.

Law of Supply : refers to the positive relation between the own price of the good and its supply.

Law of Variable Proportions : It states that as we increase the quantity of only one input, keeping other inputs fixed, the total product increases at an increasing rate initially, then increases at a decreasing rate after a level of output and ultimately falls.

Legal Reserve Ratio : That fraction of demand deposits with a commercial bank, which is legally compulsory for the bank to keep in the form of reserves with itself and with the central bank.

Macroeconomics : The study of the behaviour of the economy as a whole.

Managed Floating Exchange Rate : Floating rate influenced by buying and selling foreign exchange by the central bank in the foreign exchange market.

Margin Requirements : The discount determined by the central bank on the security mortgaged by the borrower to the commercial banks.

Marginal Cost : Additional to total cost on producing one more unit of output.

Marginal Propensity to Consume : The ratio of change in consumption expenditure to the change in total income.

Marginal Propensity to Save : The ration of change in saving to the change in total income.

Marginal Rate of Substitution : The rate at which the consumer is willing to sacrifice one good to obtain one more unit of the other good.

Marginal Rate of Transformation : The ratio of the number of units of a good sacrificed to produce one more unit of the other good, in a two-goods economy. It is also called marginal opportunity cost.

Marginal Revenue : Addition to the total revenue on producing one more unit of output of a good.

Marginal Utility : Addition to total utility on consuming one more unit of a good.

Market : The area in which the buyers and the sellers of the goods are in contact with each other.

Market Demand : The quantity of a good that all the consumers of that good are willing to buy at a given price during a period of time.

Market Economy : An economy in which the central problems of what, how and for whom to produce are solved through the freely operating forces of demand and supply.

Maximum Price Ceiling : Maximum price fixed by government the producers are allowed to charge for a good or a service.

Microeconomics : A study of the behaviour of the individual economic units, or parts, that make up the economic system.

Minimum Price Ceiling (Price floor) : Minimum price fixed by government below which the producers of a good or service are not allowed to sell.

Monetary Measures : Exercising of powers by the central bank of the country to influence money supply with the purpose of achieving economic objectives.

Money : Anything that is generally accepted as a medium of exchange.

Money Multiplier : The multiple by which banks can create deposits due to an initial deposit.

Money Supply : Total amount of coins and currency outside banks and the total amount in chequable deposits on a specific day.

Monopolistic Competition : A competitive market situation with some elements of monopoly due to differentiation in products produced by different firms.

Monopoly : Only one firm producing a good.

Monotonic Preferences : Preferences with utility an increasing function of consumption.

Moral Suasion : Written or oral advice given by the central bank to the commercial banks to expand or restrict credit.

Net Investment : Net addition to the stock of capital i.e. after deducting depreciation during the year. It is also called net capital formation.

Non-economic Welfare : Welfare, i.e. the sense of well-being, affected by non-economic factors.

Normal Good : A good whose demand rises with rise in income.

Oligopoly : A market structure characterised by small number of firms, or a small number of large firms, mutually dependent a great deal for taking price and output decisions.

Open Market Operations : Buying and selling of securities (loan instruments) by the central bank in the open market.

Opportunity Cost : Value of the benefit that is forgone by choosing one alternative rather than the other.

Ordinal Utility : Utility expressed in terms of ranking, as first, second, third, etc.

Perfect Competition : A market in which no individual firm can influence the market price on its own.

Perfectly Elastic Demand : When price elasticity of demand is infinity, i.e. even a small change in price causes a drastic change in demand.

Perfectly Inelastic Demand : When price elasticity of demand is zero, i.e. change in price has no influence on demand.

Price : The amount of money that has to be paid to obtain a good or a service.

Price Elasticity of Demand : The degree of response of demand due to change in the own price of the good.

Price Elasticity of Supply : The degree of response of supply to change in own price of the good.

Price Floor : See minimum price ceiling.

Primary Deficit : That part of fiscal deficit which indicated borrowing requirements to make up shortfall in expenditure other than the interest payments.

Primary Sector : Consists of production units producing goods by exploiting natural resources.

Producer's Equilibrium : That combination of price and output which yield the producer maximum profit.

Productive Function : An expression which states the relation between physical inputs and physical outputs.

Production Possibilities Curve : the locus of the various combinations of the two goods in a two-goods economy, that can be produced with fixed resources, assuming full and efficient utilisation of these resources.

Propensity to Consume : Ratio of consumption expenditure to income.

Propensity to Save : Ratio of saving to income.

Rational Consumer : The consumer who aims at maximising satisfaction.

Repo Rate : Interest rate at which the commercial banks can borrow from the central bank to meet their short term needs.

Resident : A person or an institution whose centre of economic interest lies in the economic territory in which he lives or located.

Revenue : Market value of the output produced.

Revenue Deficit : Excess of total revenue expenditure over total revenue receipts.

Revenue Expenditure : The expenditure which does not lead to creation of assets or reduction in liabilities.

Revenue Receipts : The receipts which neither create any liability nor lead to any reduction in assets.

Reverse Repo Rate : The interest rate at which the commercial banks can deposit their funds with the central bank.

Saving Function : The relation between saving and income.

Secondary Sector : Consists of production units engaged in transforming one good into another.

Shift in Demand : Change in demand of a good due to a factor other than the own price of the good.

Shift in Supply : Change in supply of a good due to a factor other than the own price of the good.

Statutory Liquidity Ratio (SLR) : The minimum percentage of deposits determined by the central bank, to be kept the commercial bank as reserves with itself.

Stock Variables : Variables whose magnitude is measured at a particular point of time.

Supply : the quantity of a good which the producer/s is/are willing to produce at a price during a period of time.

Supply Curve : Locus of different price-quantity combinations relating to producer(s) during a period of time.

Supply Schedule : A table showing prices and the quantity the producers are willing to supply at each price during a period of time.

Tertiary Sector : Consists of all production units engaged in producing services.

Transfer Payment : A payment without any good or service provided in return for the payment.

Utility : Actual or expected satisfaction derived from the consumption of a good.

Variable Cost : Cost which changes with change in output.

Visibles : Refers to exports and imports of goods in the balance of payments.

Voluntary Unemployment: That part of population which prefers not to work even though suitable work is available for them.