

CHAROTAR ENGLISH MEDIUM SCHOOL,ANAND.

First Terminal Examination (2018)

Subject: Economics

Standard:12th Com

Date: 23/10/2018

Marks: 100

Time: 3 hours

SECTION – A **Multiple Choice Questions** **(10)**

- 1- (b)Discrete
- 2- (b)Developed
- 3- (b)Decrease
- 4- (b)Coins
- 5- (a)Up to 1 year
- 6- (d) 3
- 7- (c)1000
- 8- (b)15.2
- 9- (c)Raj Krishna
- 10-(b)capital intensive

SECTION – B **Answer in one sentence** **(10)**

11-Data CD

Some authorities and agencies like laboratories, research centres, government agencies, etc. involved in collection and publication of information and data pertaining to macroeconomic indicators put huge data content in compact discs and sell those for researchers and educational institutions.

12- High per capita income indicate fast economic development of the country.

13-Economic Growth

"Economic Growth refers to growth rate of national income or rise in total quantum of goods and services."

14-Central bank.

Hence, central bank is the Apex bank of the country whose function is to aid, regulate and promote the entire money market and the banking sector, as well as to maintain monetary/financial stability for overall economic good of the nation.

15-Monetary Policy

● *The policy which entrusts various tools of regulating supply of money in the hands of the apex bank with the purpose of achieving general economic objectives is called monetary policy.*

16-Inflation

According to Dr. A. P. Lerner,

"A situation of excess demand over supply of goods is called inflation."

17-Cost-push inflation

If there is an increase in cost of raw material, machines, electricity, water rates, worker's wages or transportation there is an increase in price of goods or services. The inflation caused due to increase in production cost is called 'Cost-push inflation' or 'Supply shock inflation'.

18-Poverty Line

According to income definition of poverty "A certain normative minimum level of per capita consumption expenditure required to ascertain minimum basic needs and services is called poverty line."

19-Measure Relative Poverty.

To measure relative poverty or income inequality, generally formation of income group, Lorenz curve and Gini co-efficient are useful.

20- Age group between 15 to 64 years is called productive age group.

SECTION – C Answer in short

(28)

21-Difference between diagrams and graphs in economics.

SR.No	GRAPH	DIAGRAM
1	Graph is not drawn for self-explanatory data.	Graph is drawn for self-explanatory data.
2	Lay person cannot understand graph.	Lay person can understand graph.
3	Statistical tools are used to draw graph	Statistical tools are not used to draw graph
4	A graph is drawn for data with continuous frequency distribution	A diagram is drawn for data with discrete frequency distribution

22-Internet Technology

Internet is another facility created by digital technology, which all of us have used from time to time. The use of internet in economics can be summarized in the following chart.

Purpose	Manner in which Internet Helps
(1) Tutorials	Some educational websites put power point presentations and study material along with work sheets on the open access link. We can view such presentations as tutorials.
(2) Active Learning	Some videos of lectures by experts are put on open access sites by some educational institutions; some institutions create live lectures available to students. We can register on these sites and we can listen to a lecture on the net like we do in our class room. e.g. lectures by experts are available in economics and other subjects
(3) Reading Material	Numerous books are available online free of cost for reading. Some good research articles, copies of journals etc. are also available for reading. Some articles, books and journals can be accessed by paying some annual fees on those websites. These materials are called e-books, e-journals, etc.

23-Limitations of economic growth

- (1) Economic growth takes into consideration only the quantitative change.
- (2) In Economic growth, there is a rise in national income and per capita income but institutional and psychological factors remain as before.
- (3) The concept of economic growth is narrow and depicts only the rise in the rate and extent of output.
- (4) The concept of economic growth is not of much use in understanding the welfare of the people.

24-Limitations of National income.

(1) **Difficulty in Calculating the True National Income** : Double counting, products for self consumption, difficulties in calculating depreciation, illegal income, tax avoidance, tax evasion, barter transaction, illiteracy, employment of persons in more than one occupation etc. makes it difficult to estimate the true national income of the country and hence national income cannot be considered as a true measuring rod of the rate of economic development of a country.

(2) Population : By just knowing the national income of a country the rate of economic development cannot be understood. Hence the extent of population should also be known. If the rate of growth of national income is lesser than the rate of growth of population, then development is said to be negative. If the rate of growth of national income is higher than the rate of growth of population, then the rate of economic development is positive.

(3) Different Methods of Calculating National Income : There are different methods used to calculate national income across the world. The most important among them are production, income and expenditure methods. When a country's national income is measured through two different methods, the result instead of remaining the same, differs. As different countries adopt different methods to calculate national income, international comparisons become difficult.

25-“BANK” originated:

In English language, the word bank means 'heap' or 'mass'. In Sanskrit language, the word akin to bank is 'bhandā' which means collection of capital/fund. The word 'bhandod' is derived from 'bhandā'. The English word bank originated from the Italian word 'banca' or from the French word 'banque'. Both these words meant a 'Bench' for money exchange. In olden days, European money lenders or money changers used to display coins of different countries in big heaps on benches or tables for the purpose of lending or exchanging. Thus, they were exchangers of various coins (currencies of various regions). Thus the word 'bank' came into use.

26-Qualitative tools of monetary policy

- (i) Security Requirement
- (ii) Margin Requirement
- (iii) Ceiling on Credit
- (iv) Discriminatory interest rate.

27-Types of Money

Commodity money

Metal money

Plastic money

Animal money

Paper money

Banking money.

28-Causes of inflation.

(A) Increase in demand:

- (i) Increase in supply of money
- (ii) Increase in Public Expenditure
- (iii) Over-population

(B) Increase in Cost of Production

(C) Other reasons:

- (i) Taxation Policy
- (ii) Increase in price of Import
- (iii) Scarcity

29-Function of money as a medium of exchange.

The most important function of money is to act as a medium of exchange and trade. It removes the limitation of the lack of 'double coincidence of wants' and makes exchanges easier. The farmer can get money in exchange of wheat and then from that money he can buy clothes, rice, ghee, etc. An individual can spend money to satisfy his present demands of goods and services, and also save the money for future to satisfy his future needs for goods and services. Basically money is used as a medium to satisfy the needs of an individual by buying goods or services.

30-Drinking water as an indicator of poverty.

Health of population is very much connected to drinking water and facilities of cleanliness. According to the Census Report 2011, in India 63.3 % families get pure drinking water through treated source. 8.67 % families get untreated tap water, 26 % people get water from other sources such as well, handpump, tubewell, spring river, canal, pond. In the absence of pure drinking water, polluted water (contaminated) increases the chances of having water borne diseases and hence make the problem of poverty more severe.

31- Natural causes as a reasons for poverty.

India has been an agricultural country from the beginning and today also a major portion of population lives in villages and is dependent on agriculture. In India, production in agriculture sector is based on natural factors like rain, weather conditions etc. Repeated draught, uncertainty of monsoon and floods results in low production and less and uncertain income of the agriculturist. Hence, poverty is more.

32- Measure of absolute poverty in India

In the 68th round of NSSO (National Sample Survey Organisation) (2011-12) using per joint family expenditure data, Tendulkar committee estimated that in India, in the year 2004-05, the measurement of absolute poverty was 37.2% which reduced to 21.9% in the year 2011-12.

Table 5.1 Measurement of Poverty in India (%)

Poverty	2004-05 (%)	2011-12 (%)
Rural	41.8	25.7
Urban	25.7	13.7
Total	37.2	21.9

Source : Economic Survey, 2015-16

In rural India, the measurement of poverty in the year 2004-05 was 41.8 % which reduced to 25.7 % in the year 2011-12. Whereas in urban area the measurement of poverty was 25.7 % in the year 2004-05 which reduced to 13.7 % in the year 2011-12.

33- Underemployment with example.

Meaning : When labourers cannot utilize their capabilities fully and for certain period accept less capable job is said to be underemployed.

When a labourer is willing and ready to work for certain years or days but gets job for less than those hours or days then he is said to be underemployed. For example, a labourer working in industry or agricultural land gets work only for 5 hours instead of 8 hours, then he is said to be underemployed. According to this meaning, in rural India the seasonal unemployment in agricultural sector is a type of underemployment. Because the labourer in agriculture sector gets work only during sowing and harvesting season, is unemployed rest of the time. Indian agriculture is based on monsoon and due to limited irrigational facilities, agricultural sector faces seasonal nature of unemployment.

Similarly many individuals do not get jobs according to their degrees, they accept degraded job that is also called underemployment. e.g. a person with the degree of computer engineer works in a garage.

34-Frictional unemployment

Meaning : When in production process, because of changes in demand or production or due to change in taste and preferences or new technology, new goods enter in the market and unemployment arises, then this unemployment is called frictional unemployment.

SECTION – D Answer in brief

(27)

35-Important aspects to be considered while drawing a bar diagram.

While making diagrams and graphs, the following aspects must be considered as the purpose of drawing pictures is to make an analysis simpler and more effective :

- (1) **Choice of type of Diagram or Graph and their Presentation :** The right type of diagram or graph must be chosen to make a picture more effective. Certain data can be presented in a bar diagram as well as in a pie diagram. The user must make the right choice to make the picture more effective.
- (2) **Clarity:** A picture must look neat and clear. Different colours or shades may be used to denote the various components of a picture.
- (3) **Scales and Measures :** To make a picture look appropriate in size, scales must be taken in accordance with the data.
- (4) **Representation of axes :** Both axes of a diagram or graph must be denoted/represented with appropriate details of what they represent.
- (5) **Data Table and Source of Data :** Diagrams and graphs must be accompanied by the data table from which they are created and by mentioning the source of data, the picture becomes more reliable and authentic.
- (6) **Method of Calculating the Data :** When the picture is not drawn from self explanatory data but is drawn from data simplified with statistical formulae, it is appropriate to state the statistical method briefly.

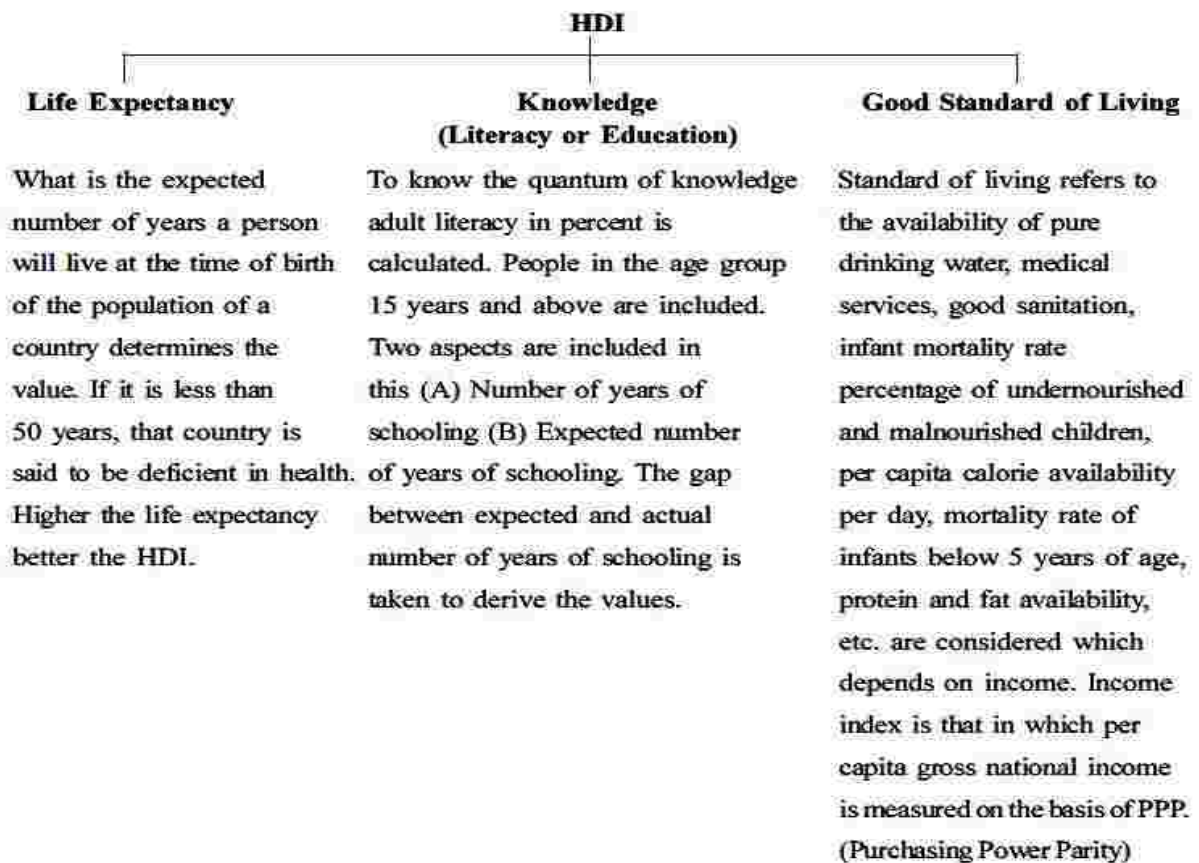
36-Physical Quality of Life and its Limitations of PQLI.

Physical Quality of Life Index : Consumption standards and standard of living is known as Physical Quality of life Index.

2.4.3.9 Limitations :

- (1) Only 3 aspects are included and on their basis it cannot be categorically stated, whether a country has actually developed or not. To get a correct picture we need to include other factors also to the existing ones.
- (2) Only averages are depicted - The values obtained from three indicators are divided by 3 to obtain PQLI which is in the form of average. Average of three aspects of a country does not show the prominence or backwardness of each indicator. Decisions cannot be made on the basis of averages.
- (3) If a country's present PQLI is high, it cannot be generalized that the economic development is high as against other countries.
- (4) It is not right to give equal weightage (100) to all indicators. All three aspects do not have same importance in human life.
- (5) Growth of income has high importance in physical quality of life index and ignoring that is not possible.
- (6) The PQLI of rich countries rise at a slower rate because average life cannot increase beyond a particular limit.

37-Factors included in the Human Development Index



38-Difference between a commercial bank and central bank.

SR.No	COMMERCIAL BANK	CENTRAL BANK
1	It deals with general public	It doesn't deals with general public
2	Accepts deposits from the public	Doesn't accepts deposits from the public
3	Do not have right to issue currency	Have right to issue currency
4	Country has large number of commercial bank	Country have only one central bank.
5	It follows the guidelines made by central bank	It regulates the entire banking sysem
6	E.g:SBI, ICICI, HDFC	E.g: Reserve Bank of India

39-Primary and Secondary functions of commercial banks :

PRIMARY FUNCTIONS:

- 1) Accepting Deposits
- 2) Providing Credit facilities
- 3) Payment and withdrawal facilities
- 4) Credit Creation.
- 5) Inter-Banking Transactions

SECONDARY FUNCTIONS:

- 1) Agency and Utility Services
- 2) Provides various Facilities with Changing Times

40-Barter system and its limitations.

Barter system is a system of exchange where goods and services are directly exchanged for other goods and service.

Issue of Mutual Adjustment of Wants : With socio-economic development, the needs of human beings increased and so the economic structure which was simpler in earlier times

became more complicated. Now those who had rice to exchange for wheat did not need wheat but clothes under barter. While on the other hand one who had clothes did not want rice but wanted ghee in exchange for their clothes. Thus, there was a difficulty in establishing a need for each other's goods or services to make the barter possible, making it a challenge to establish a barter between indivisible and divisible goods.

3.1.1.2 Difficulty in Storing Value : There was an increasing problem in storing value. Here value means exchange value.

A farmer may exchange wheat for pair of shoes or cloth, but when productivity rises and she/he produces more wheat there arises a problem of strong surplus wheat. If wheat can be stored for a long period then at a future date such stock of wheat can be exchanged for new pair of shoes or cloths or rice. But the question arises, how to store wheat ?

When an individual produced on a large scale through one's own efforts, she/he had to exchange this produce instantaneously for other goods and services. It was otherwise difficult to store the surplus goods or store the exchange value of these goods.

3.1.1.3 Problem of Measurement of Value : With the introduction of division of labour and specialization in an industry driven economy, the issue of measuring the value of goods and services emerged. Exchanging wheat for rice was simpler but now large number of goods became available for exchange against wheat and hence it became difficult to determine and maintain the exchange value of wheat. If 20 kg. of wheat is equal to 40 kg. of rice, 10 meters of textile and 1 kg. ghee; in a modern structure the questions of measurement arise as, how much of textile can exchange for 1 kg. ghee? Or how much of rice can exchange for 1 kg. ghee? It became difficult to determine such measures and hence arose a need for a universally acceptable measuring rod.

41- Social causes of poverty

5.4.4.1 Low level of Education : One of the major reasons of poverty in India is scarcity of education, training and skills. Low level of education, specially in rural areas, prevents them from gaining from the use of new technologies in agriculture, new agriculture system, research and benefit of market for sale of the product. As a result, both per hectare productivity and per labour productivity in agriculture remains low. This is the reason of low income of farmers. Apart from this, because of low level of education, they get less opportunities in alternative employment. Wage level remains low and poverty increases.

5.4.4.2 Gender Inequality : India has gender inequality from the beginning. Society cares less about health of females. As a result, women face higher level of malnourishment, low weight and weakness. This causes high maternal mortality during childbirth and health problems among new born children. Work allocation is such that it is believed as compulsory for women to work at home, resulting in low level of education and less economic opportunities to work. Apart from this, at workplace, females are paid less than males. Out of the total population, less than half are women. Amongst them, low health level and less opportunities to work in economic field keeps family income low and this increases the level of poverty.

42-Measures given by Raj Krishna of unemployment.

(1) **Time :** If any person has willingness and capacity to work but does not get work for more than 28 hours a week, he is said to be intensively unemployed. But those who are employed for more than 28 hours and less than 42 hours in a week then they are considered as less intense unemployed.

(2) **Income :** When a person gets very less income which cannot solve the problem of his poverty then from income point of view, he is poor. In rural India, specially this type of poverty is seen.

For example a person required ₹ 30,000/- per month for satisfying the needs of his family, but earning only ₹ 15,000/- or less than that, from his present job.

(3) **Willingness :** When a person is eligible of getting good job but she/he does not get job

as per her/his eligibility, and accepts lower cader job, and gets very less income from this job then he is underemployed. e.g., if C.A. has to work as clerk.

(4) Productivity : When a labourer is working with less than his actual productivity then production is less than his productive capacity.

e.g., a person can make 20 meter clothes in a day but gets a job where he can make only 10 m clothes.

43-“Negligence towards agriculture has increased the problem of unemployment”

India is an agricultural country and most of its population resides in villages. This population is dependent on agriculture for employment. So, agriculture planning should be such that could generate more employment, but in India's economic development policy, more emphasis is given to other sector than agriculture. As agriculture was given less importance, it could not develop effectively and the planning related to agriculture sector failed to generate more employment. Advantage of Green Revolution is enjoyed by few states like Punjab, Haryana. So, overall employment could not be created in agriculture sector. Burden of population, lack of irrigation facilities, lack of agricultural finance, uncertainty of monsoon and few other uncertainties are responsible for poor development of agriculture.

In rural area, non-agricultural sectors are not developed properly. That is why rural labourers who are dependent on agriculture, face high rate of seasonal and disguised unemployment.

SECTION – E Answer in detail

(25)

44-Difference between economic growth and economic development .

Economic Development	Economic Growth
(1) Economic Development is a process.	(1) Economic growth is an occurrence.
(2) In Economic development quantitative and qualitative changes take place.	(2) In Economic growth quantitative change occur.
(3) In Economic development the question of utilisation of unutilised resources arises.	(3) In Economic growth, emphasis is on the distribution of available resources.
(4) The concept of Economic development is related to developing countries.	(4) Economic growth is related to developed countries.
(5) Economic development is difficult to measure.	(5) It is easy to measure economic growth.
(6) The concept of development is broad.	(6) The concept of growth is narrow.
(7) Economic development is related to distribution along with per capita income.	(7) Economic growth is only related to increase in per capita income.
(8) Economic development is a slow process.	(8) Economic growth is a rapid process.
(9) Economic development is not possible without economic growth.	(9) Economic growth is possible without economic development.

45- Functions of RBI.

As the Apex bank of India, the RBI performs functions as,

(A) Monetary Functions (Monetary Responsibilities) :

(1) **Currency Issue** : Reserve Bank of India has the sole right to issue notes of denominations starting from ₹ 2 and above. Currency note of ₹ 1 and all currency coins are issued by the finance ministry of Government of India but the distribution of one rupee notes and currency coins is done by the RBI as an agent of the Government of India.

(2) **Banker to the Government** : The RBI is a banker, advisor and agent of the central government and of all state governments. It manages government bonds, government accounts, currency coins and notes of ₹ 1, and also provides loans to the government.

(3) **Bankers' Bank and Lender of Last Resort** : The RBI is a banker and regulator of all the scheduled banks in the country. It manages the Cash Reserves of banks, determines the direction of credit as well as directs the credit policy and rate of interest for all banks. It is also the lender of last resort for the scheduled banks in case of emergency.

(4) **Credit Control** : The RBI controls the process of credit creation and money supply in the economy with the help of various tools of monetary policy.

(5) **Custodian of Foreign Exchange Reserves** : The RBI has the responsibility of maintaining the value of rupee vis-a-vis other currencies under the fixed exchange rate regime. Under free exchange rate system where exchange rate is determined by the market, RBI maintains the value of Indian currency by buying and selling foreign exchange in the open market as and when required.

The RBI is also the custodian of India's reserves of foreign currencies. It also administers foreign exchange reserves by checking the inflow or outflow of foreign exchange.

(B) Non-Monetary Functions of Reserve Bank of India :

(1) **Regulatory and Supervisory Functions** : RBI supervises the functioning of the entire financial and money markets which include branch expansion and methods of working of scheduled banks, working of non banking finance companies and of co-operative banks.

(2) **Promotional Functions** : Even today, there are many people in India who do not hold a bank account. They depend on unorganized money market for their credit needs, make business related payments in cash rather than by cheques owing to which it is difficult to know the exact value of transactions taking place in the country and it becomes difficult to ascertain the exact value of money or arrive at the actual figure of national income. Hence RBI tries to create banking awareness among people, encourages branch expansion in rural areas and promotes setting up of co-operative banks in the interest of the people. It makes efforts to get more and more people under the organized money market.

(3) **Financial Inclusion and Development** : India is a country with huge degree of economic diversity and rural-urban divide and hence whenever major economic reforms and changes come about it is necessary that people and economic units of all segments receive benefits of such changes. For such inclusion, RBI continuously makes efforts in the banking sphere. It provides special credit facilities to priority sectors like agriculture, small scale industries, self employed people, traditional and cottage industries etc.

It also makes efforts to increase information flow and enhance awareness regarding banking among the masses.

In the present times, RBI manages the Prime Minister's 'Jan Dhan Yojna'.

RBI also works towards protecting the interests and rights of customers.

It publishes all types of banking related information and statistics as well as experts' articles in order to promote research related to banking and monetary improvement in the country. On the RBI website people can get free access to such information.

46-Measures to reduce poverty in India.

India has taken the following steps to reduce poverty during planning period.

5.5.1 To Increase Agricultural Productivity

In India, one of the basic reasons of poverty is low productivity in agriculture. With increase in agricultural productivity and income of agriculture labourer, poverty can be reduced. Regarding this, through public programmes, farmer are informed about upgraded technology, available resources at reasonable rates, improved infrastructural facilities, maximum price and regulated market for their produce. Development of agriculture will increase productivity per labour. Also employment opportunities and prices of foodgrains will decrease. This will be more advantageous to the poor and poverty can be reduced.

5.5.2 Development of Small Scale Industries

In India, small and cottage industries have made immense contribution in the Gross National Income and employment. So, if small and cottage industries can be developed and encouraged, then poverty can be reduced on a larger scale.

5.5.3 Development of Unorganised Sector

Unorganised sector includes vegetable vendors, masons in construction sector, agricultural labourers, vendors etc. To improve the conditions of these workers. National Commission has recommended to decide the working conditions, Life Insurance, health, old age pension and other social security measures. Moreover, for small and marginal farmers, it is recommended to provide them with irrigation facilities and loan facility.

5.5.4 Use of Appropriate Tax Policy

Government uses tax policy to reduce inequality of income and poverty by redistributing income. To fulfill this objective, the government makes such a policy wherein more tax is imposed on rich class which can afford that tax and less tax is imposed on poor class and given tax concession. This way the government collects a fund by imposing taxes on rich people and makes expenses on welfare oriented programmes for the poor people. As a result, socio-economic conditions of the poor improve and reduction in income inequality and poverty is seen.

5.5.5 Rise in Human Capital Investment

Developed nations, where large scale investment is made on education, skill development have very low level of unemployment. As a result, poverty is less. High level of education satisfies the requirement of various employment opportunities and choices among workers. Skill development increases the productivity of workers and that reflects in high wages. For that, at workplace, continuous investment is required for training and research.

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5.5.6 Goods and Services at Reasonable Rates

To provide nutritive food and food security to poor people it should be made available at reasonable rates which will also directly reduce poverty. Under public distribution system in India, we have ration shops where rural and urban poor are given basic utility goods at reasonable prices. During draught and scarcity, the responsibility of public distribution system is more to satisfy the basic needs of the poor.

5.5.7 Employment Programmes

Employment generation and poverty eradication are inter-related. Some important employment programmes for poverty eradication are as under :

5.5.7.1 IRDP / SGSY : Integrated Rural Development Programme / Suvarna Jayanti Gram Swarojgar Yojana

During the 6th five year plan, various agencies started different programmes for rural poor. All these programmes were merged in IRDP on 2nd October, 1980. The main objective of IRDP is to encourage poor families for self employment so that they can get more income to rise above the poverty line.

This programme focused on few special groups which includes small and marginal farmers, agricultural labourers and rural artisans.

This way IRDP programme is known as anti-poverty programme.

Following programmes were included in self employment programme :

- (1) IRDP (Integrated Rural Development Programme)
- (2) TRYSEM (Training of Rural Youth and for Self employment)
- (3) DWCRA (Development of Women and Child in Rural Areas)
- (4) MWS (Million Wells Scheme)
- (5) SITRA (Supplying Improved Tool Kit to Rural Artisans)
- (6) Ganga Welfare Scheme

On 1st April, 1999 IRDP and other programmes integrated with it were merged and named as Suvarna Jayanti Gram Swarojgar Yojana. Under this scheme, in rural areas, apart from development of small trade, self help groups were also provided infrastructural facilities, technology, loan, facility, market for final goods to rural poors.

5.5.8 Housing Schemes : In India, still a majority of poor people dwell in semi-stable or temporary houses. With an objective to provide proper dwelling to poor in the year 1985-86, Indira Awas Yojana (IAY) was started for families below poverty line and schedule caste, schedule tribes. Moreover, in 2013-14, Rajiv Gandhi Yojana was implemented to improve the housing of those who reside in huts. In urban areas also, poor people reside in slums where they are deprived of basic facilities of drinking water, toilets and electricity. Due to fast increasing problem of dwelling in urban areas, from 25 June, 2015 for urban poor, Prime Minister Awas Yojana (PMAY) was started. Housing schemes are important for dwelling purpose but simultaneously they also create employment.

5.5.9 Social Security Schemes : As a strategy to reduce poverty in India, various social security schemes were started. For workers of unorganised sector, from 9th May, 2015, Atal Pension Scheme was started in which monthly pension is paid to people above 60 years. Under the Prime Minister Security Scheme, for people in the age of 18 to 70 years, accident insurance of ₹ 2 lac was opened with minimum premium of ₹ 12 and Jivan Jyoti scheme was started with ₹ 2 lakhs life insurance policy at ₹ 330 yearly premium. To safeguard farmers from crop failure, Prime Minister Fasal Bima Yojana was started (PMFBY).

5.5.10 Jan Dhan Yojana : Through financial inclusion, to hit the root of poverty, an ambitious scheme Pradhanmantri Jan Dhan Yojana was introduced. This scheme began on 28th August, 2014 and on the very first day of this scheme, 1.5 crore accounts were opened. Till 8th January, the number increased to 12.58 crores where investment of ₹ 10,590 crore was generated.

47- Reasons of unemployment? Explain any five in detail.

6.3.1 High Rate of Population Growth

In India, size of population and high rate of population growth is noticed.

Because of high growth rate of population, there is a tremendous increase in the size of population. With this, labour supply also increases rapidly and there is a continuous increase in new labourers, in search of employment in labour market. But simultaneously, there is a slow rise in employment opportunities which increases the problem of unemployment and underemployment.

According to one estimate, in India each year there is an increase in population by 1.70 crores which is more than total population of Australia. So, with this much increase in population and lack of employment opportunities, its obvious that unemployment will rise. The rate of growth of employment is much lesser than the population growth rate in India, which gives rise to the problem of unemployment and it keeps on increasing.

6.3.2 Slow Rise in Employment Opportunities

Increase in employment and economic growth rate has strong relationship. But during planning periods, there was continuous increase in economic growth but we failed in creating employment opportunities which shows that "Economic growth has remained jobless growth."

In first three decades of planning, India attained 3.5 percent of economic growth. This growth rate increased to 7.6 % in 10th five year plan and 7.8 % in 11th five year plan but still number of unemployed kept increasing. Even after planned economic growth, opportunities cannot be created for old and new entrants. Green revolution in agriculture sector remained limited to certain areas and sector other than agriculture observed slow growth. Employment cannot be created as per labour supply, which increased unemployment.

6.3.3 Low rate of Savings and Investments

Indian planning has increased national income but simultaneously population growth rate also increased. As a result, per capita income increased at a lower rate than national income. Due to low per capita income and expenses in satisfying basic needs of burdensome population kept saving and investments at a lower rate. Because of low rate of investment in industry, agriculture or other sector, they could not create much employment opportunities which increased the problem of unemployment.

6.3.4 Capital Intensive Production Technique

There is a scarcity of capital and abundance of labour in India. In these circumstances, to solve the problem of unemployment, labour intensive techniques of production should have been adopted but from the second five year plan, India has adopted development of heavy and basic industries. In planning schemes also in place of capital intensive technique, labour intensive technique was given less importance. In agriculture and industries, mechanisation was adopted which increased employment at slow rate. In industrial sector also to increase productivity and to get security against organised labour unions, such a policy is adopted which saves labour. Other than that railway, irrigation, roads, construction and public sector of state also uses capital intensive technique. As a result, unemployment problem has become acute. That is why Bhagwati Committee and Venkatraman Committee which was formed to study unemployment also recommended to use less of mechanisation.

6.3.5 Lack of Vocational Education

In India, one reason for a high educational unemployment is ineffective educational system. Those who can work according to the changing working atmosphere in every sector, such type of workers are not created. With the objective of increasing economic growth rate, technology and mechanisation has been adopted by industries and agriculture. So such labourers are required who have knowledge of these techniques, but the present education system is opposite to that. Hence, skilled labourers are few because of lack of vocational education. Present education failed in mental and physical formation of human being even after acquiring education, a person is incapable of self employment and suffers from problem of unemployment.

48-Draw and analyze the graph for information given as below:

Graph is to be drawn and explain by own. And interpretation is also to be done.

BEST OF LUCK