JB Academy, Faizabad
Annual Examination 2016-17
Class XI (Economics)

Time : 3 hrs **M.M -90**

General Instructions:

(i) All questions are compulsory.
(ii) Questions 1-2 and 12-13 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence.
(iii) Questions 3-6 and 14-17 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
(iv) Questions 7-8 and 18-19 are short-answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
(v) Questions 9-11 and 20-22 are long-answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
(vi) Questions 23 and 24 are long-answer questions from OTBA carrying 5 marks each. Answers to them should not normally exceed 100 words.
(vii) Word limit does not apply to numerical/ definition based question.

(SECTION-A)

1. When are two variables said to be positively correlated? (1)
2. State any two limitations of statistics. (1)
3. 'The government and policy makers use statistical data to formulate suitable policies of economic development'. Illustrate with two examples. (3)
4. What are the qualities of a good questionnaire? (3)
5. Calculate mean deviation and its coefficient from the following data (use median). (2+1=3)

Marks	10	15	20	25	30
No. of students	4	6	8	10	12

OR

Calculate standard deviation and its coefficient from the following data.(Use direct method).

Marks	2	8	10	12
No. of students	1	1	3	5

6. Write a short note on Cost of living index. (3)
7. Calculate 7^{th} Decile and 85^{th} Percentile from the following data. (2+2=4)

Marks of 8 student's	40	44	50	58	62	72	47	67

8. The following table gives information about wages earned by workers in two firms (X and Y). Draw Lorenz curve from the following data. (4)

Weekly wages	100-200	200-300	300-400	400-500
No. of workers in firm X	20	15	30	35
No. of workers in firm Y	30	40	60	70

OR

Explain scatter diagram method of correlation.

9. Compute index number by (i) Laspeyre's method (ii) Paasche's method (iii) Fisher's method. (2+2+2=6)

Commodities	A	B	C
Price in 1990 (Rs.)	100	150	200
Quantity in 1990 (units)	10	20	10
Price in 2000 (Rs.)	150	200	300
Quantity in 2000 (units)	20	10	20

10. Calculate coefficient of correlation with the help of following data using step deviation method. (6)

Price index	120	150	190	220	230
Money supply (Rs. in crores)	1800	2000	2500	2700	3000

OR

Calculate the rank coefficient of correlation from the following data.

X	90	88	78	78	74	70	65	62
Y	18	25	30	30	30	42	38	47

11. Differentiate between: (2+2+2=6)
    (i) Frequency polygon and Frequency curve.
    (ii) Caption and Stub.
    (iii) Temporal and Spatial classification

(SECTION-B)

12. How many modern industries which were in operation in our country at the time of independence? (1)
13. Who is a casual labourer? (1)
14. How did export surplus during British rule lead to the economic drain of India's wealth? (3)
15. 'Indian education system is considered faulty from the employment angle.' Do you agree give reason? (3)
16. Justify that energy crisis can be overcome with the use of renewable sources of energy. (3)

OR

Low employment among women is a reflection of economic backwardness of a country. Suggest some measures for increased employment opportunities for women.

17. Why was NABARD set up? Give any two functions of NABARD. (3)
18. Explain the categories into which infrastructure is divided. How are both interdependent? (4)
19. State any two causes of the economic crises of 1991. (2+2=4)

OR

Differentiate between Strategic sale and Minority sale.

20. Briefly describe the state of occupational structure at the time of independence. (6)
21. Globalisation is the outcome of liberalization and privatization strategies. Explain. (6)
22. Give any three causes of demand pull inflation OR cost-pull inflation. (6)

(OTBA)

23. What are the important implications of 'one child norm' in china? (5)
24. Elaborate the FDI flow in different sectors of economy in India. (5)

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A government sign in Tangshan Township: "For a prosperous, powerful nation and a happy family, please practice family planning."

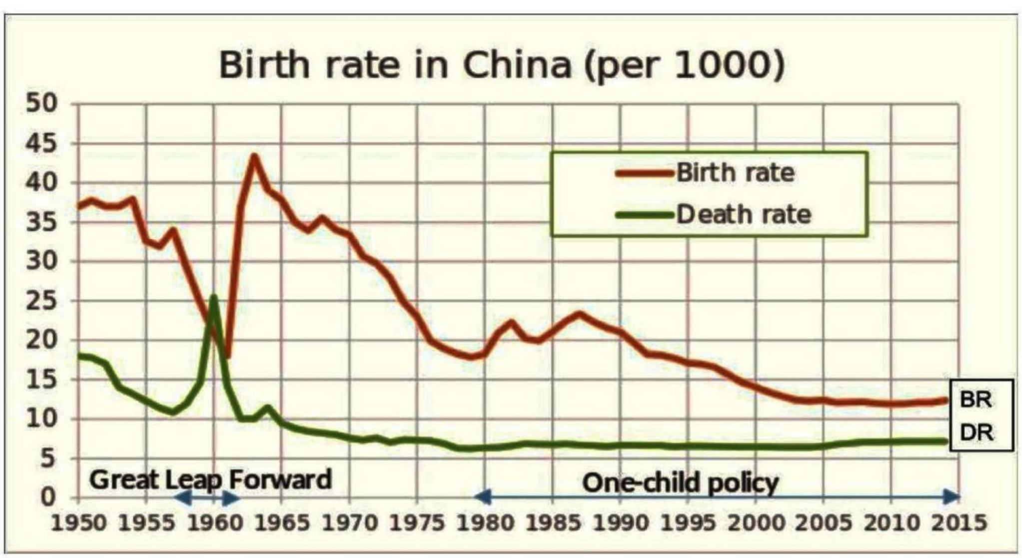
Source: Tangshan Province, Township Authority

The **One Child Policy** was introduced in 1978 (it came into effect in the year 1979, three years after the death of the legendry leader Mao), by Deng Xiaoping, father of Open Door Policy of China, as an endeavour to control the rapidly increasing population. The Chinese Authorities were so much inclined towards the implementation of the policy in the early 1980's that they used variety of methods like incentives, forced abortions, infanticide and strict penalties for those who did not follow it. However, in 1984, some relaxations were announced for rural families on certain grounds/conditions. In the year 2001, Chinese government commanded for greater decentralisation of the policy and allowed some of the local governments to impose fines and penalties for the couples having more than one child in the family.

The year 2006, however saw the **'beginning of the end'** of the One Child Policy when some of the provinces (facing the labour deficit) were allowed by the Chinese Government by easing out restrictions to the couple who were both the 'only children' of their parents. They were allowed to have two children but not beyond that and since then the relaxations have come to the present day, with the pull back of the policy by the government.

Outcomes of the One Child Policy

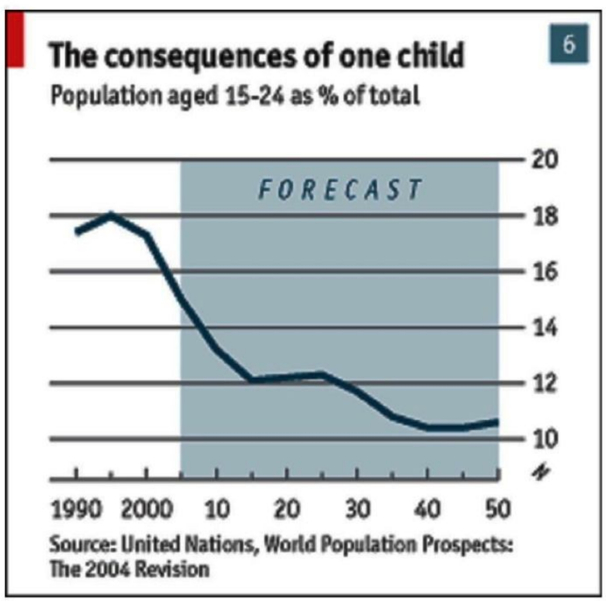
The Chinese authorities had claimed that the One Child Policy has been extremely successful. According to an estimate, in the first half of 1960's, the average Total Fertility Rate (TFR) was 6 children per woman, that had led to a phase of population explosion and by the end of the decade of 1960, the population in China had reached to more than 800 million. Demographers suggest that China has by now experienced two **'baby booms'** (A baby boom is a period marked by a significant increase in the birth rate); one following the Liberation War and the second after the 1960's Great Leap Forward.



Source: China Statistical Yearbook 2014, Chapter 2- Population, National Bureau of Statistics (China); stats.gov.cn

The graph above clearly depicts the period when the death rate outplayed the birth rate during the famine years and the subsequent upsurge in the birth rate. It also displays the effect of One Child Policy, during the period 1978-2011. The vertical distance between the Birth Rate and the Death Rate curves represents the Growth Rate of the population which, as the graph represents, is on a persistent and rapid decline over the Post-GLF (Great Leap Forward) period. The authorities in China assert that the policy has prevented around 400 million births from 1979 to2011. However, some demographers argue that such a decline was bound to happen with the rapid rise in urbanization and fast industrialization due to the 'Open Door Policy' enforced by China. The fertility rate dropped to half in less than a decade, population growth was reduced to a handy level. As reported by Aileen Clarke of National Geographic, presently China has its birth rate much below the replacement rate/level of 2.1%. **However, the first and foremost negative result of this policy was the beginning of the process of aging of China's average population structure, which is encountered by some other oriental countries too.**

In a study conducted by the United Nations Department of Economic and Social Affairs (before the announcement of the pull back of the One Child Policy by the Chinese Government), predicted that the number of citizens over the ages of 65 years will soar to 219 million by 2030 and will be approximately 25% of the total Chinese population by the year 2050. This will create a major addition to the ongoing labour force deficit prevailing in the country. Officials in China are hoping that with the relaxation in the population control policy, this prevailing labour deficit may come down to some significant levels.



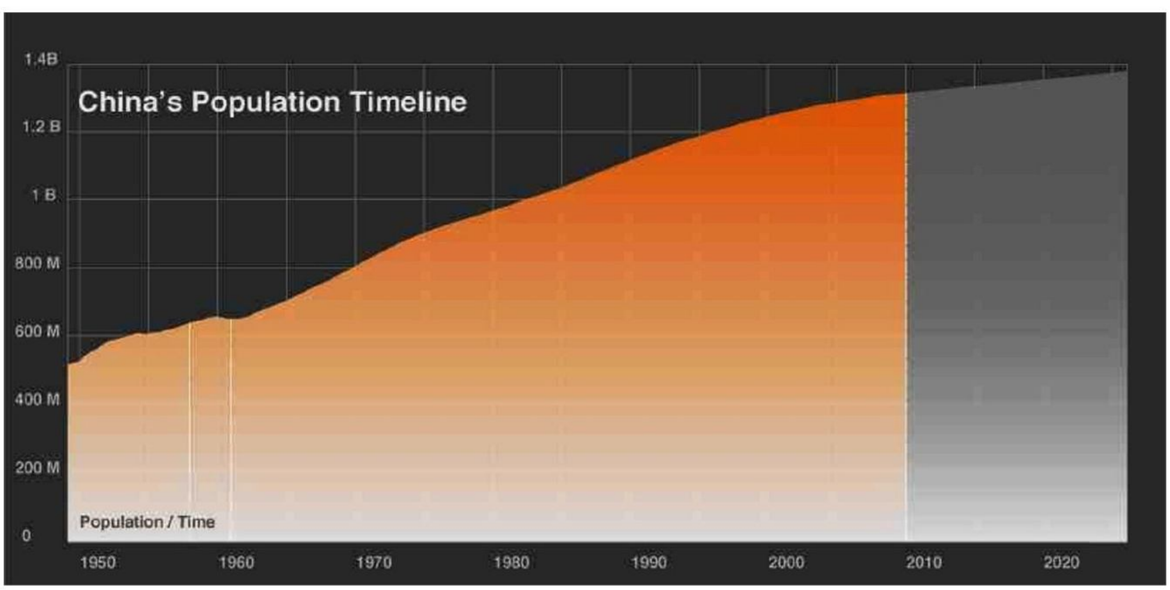
Source: World Population Prospects: The 2004 Revision, United Nations

However, a few demographers and economists are of the view that the One Child Policy has worked far too well in case of China and the pull back of the policy has come way too late. Even if the Birth Rate jumps to 2 kids per woman (possibility of which seems to be too bleak) it will be well by the mid 2030's or even 2040's that there may be some upsurge in the China's labour force. As per the reported estimates, by that time other emerging economies, particularly India will move way ahead of China. Some of the economists have already started to predict India as the **'next engine of growth of the world'**.

Today, children constitute a much smaller share of Chinese population and the older age people group is on the rise. China has transformed from the phase of high fertility, high mortality and low natural growth to a phase of low fertility and lower population growth. In fact, it has entered into **'post transition society'** where life expectancy has reached new heights, fertility has declined to low level and a rapid aging population is on the horizon.

Source: China's One-Child Policy and Pension Issues, Luijie, China Daily

Apart from the problem of labour shortage, China is facing a unique and peculiar problem viz. the problem of 4-2-1. This problem refers to a situation where the 'only child' in the family has to bear the responsibility of the 'family' which may extend to both the parents and all the four grandparents in the absence of any 'sibling' as a 'helping hand' to care for the aging family. One can clearly understand this problem of 4-2-1 with the help of the cartoon. In 2015, the approximate size of the Chinese nationals over and above the age of 60 years was above 200 million and this increase in the number of elderly people will lead to augmented expenditure on the demand for health-care of six elderly people in addition to the requirements of his own family needs; the financial implications of which can be too demanding.



Source: A Guide to China's One Child Policy, Brendon

Removal of the One Child Policy – Reasons and Likely Impact

Suddenly, the thought cycle of Win-li is broken and he reads the next paragraph of the news article which said:

"A communiqué from the Communist Party's Central Committee carried on China's official Xinhua News Agency said that the decision to allow all couples to have two children was "to improve the balanced development of population" – an apparent reference to the country's female-to-male sex ratio – and to deal with an aging population". He recalled the predictions made by the United Nations, based on its citizens living longer and having fewer children, that China will lose 67 million working-age people by 2030 and simultaneously doubling the present number of elderly people in the country. That surely will put immense pressure on the individual, society, economy and governments' resources.

Scholars argue that revoking the one-child policy may not provoke any huge baby boom, as the fertility rates in China are believed to be declining in recent past even without the policy's enforcement. Previous moderations of the One Child Policy have motivated fewer births than expected, and many people among China's younger generations see smaller family sizes as ideal, may be due to the conditionings of the generations for the one child in the family.

A recently released report, by Credit Suisse, on the likely impacts of the removal of the One Child Policy propounds that removing the policy would introduce 3 to 6 million more new-born babies each year in China, starting from 2017. The report adds that the One Child Policy damaged the country demographically, but faster population growth brought on by the end of the policy is a business opportunity worth trillions of dollars over time. It is but natural that all these 'prospective people' will be needed to be fed, clothed, housed, healed, powered, transported and networked. In long run, the biggest impact of lifting One Child Policy will be felt in the services, travel and technology industries.

The top 10 countries FDI Inflow to India between April 2000 to July 2014 shows Mauritius, Singapore, UK, Japan, Netherlands, USA, Cyprus, Germany followed by France and Switzerland.

FDI Inflows: Sector-Wise Analysis

Telecommunication Sector in India is growing at an astonishing pace. India has more than 125 million telephone networks, which is one of the largest communication networks around the globe. Telecom industry which comprises of telecommunication, cellular mobiles and basic telephone services has ranked among the top ten sectors in attracting FDI since 1991. The main cause of huge FDI inflow in the telecom sector is the growing demand in India and the private sector participation.

Construction Sector is among the top 5 sectors in attracting FDI. This includes housing, commercial premises, hotels, resorts, hospitals, educational institutions and infrastructure. FDI to this sector is permissible under automatic route. The amount of inflow to construction activities during 2000 to 2014 has witnessed magnanimous growth. The construction activities sector shows a steep raise in FDI inflows from 2005 onwards.

Automobile Industry: FDI inflows to automobile industry in India have been increasing at a fast pace. 100 percent FDI is allowed in this sector and India is becoming a prime destination for many international players in the automobile industry who wish to set up their base in Asia. The basic advantages that India can provide are advanced technology, cost effectiveness, efficient manpower and most important growing demand.

Power Sector: The power sector has attracted considerable FDI during the period 1991-99. The huge size of the market in this sector and high returns on investment are two important factors in boosting FDI inflows to power sector. 100 percent FDI is allowed under automatic route in almost all kinds of power generation except atomic energy.

Metallurgical Industry: FDI inflows to the metallurgical industries have remained less noticeable after 1991. FDI in this sector can help to bring the latest technology but this sector could not get much FDI due to the dominance of public sector. India ranks among the top ten suppliers of aluminium and steel across the globe. India is the biggest manufacturer of sponge iron across the world.

Source: Ministry of Finance (Govt. of India)

Petroleum and Natural Gas: FDI inflows to this sector have started pouring since the year 2004. Since then the inflows in this sector have picked up in absolute sense and it has just managed to rank itself among the toppers although important initiatives have been taken by the Indian government to drive FDI inflows. Hundred percent FDI is now permitted under the automatic route and the growing demand for Petroleum and Natural Gas necessitates augmented investment in this sector.

Chemicals other than fertilizers have attracted a significant portion of FDI during 1980s and 1990s. During the period 1991 FDI inflows to this industry has greatly increased over the last few years due to the several incentives provided by the government of India. 100 percent FDI is allowed in chemicals under the automatic route in India. International companies having operations in chemical industry are Dow Chemicals, BASF, Du Pont and Bayer.

Trading sector showed a trailing investment pattern up to 2005 but there is an exponential rise in inflows from 2006 onwards. The top five Indian companies which received FDI inflows are: Multi Commodity Exchanges of India Ltd, Anchor Electricals, Metro cash and Carry Pvt. Ltd and Essilor India Pvt. Ltd.

HOTEL and TOURISM industry is growing faster for the past few years, bringing in large revenues through foreign as well as domestic tourists in various parts of the country.100 percent FDI is permitted in Hotels and Tourism under the automatic route. FDI inflows to this country have increased from US $91.13 million during 1991-99 to US $7607.01 million during 2000-14. Outbound tourists from India have also increased in recent years, with more Indians undertaking foreign trips. Many international tour operators have started operations from India to tap the growing market of foreign tours from India. This has also led to increased Foreign Direct Investments in the hotel and tourism industry in India.

According to UNCTAD's Global Investment Trends Monitor (2011), improved macroeconomic conditions, particularly in the emerging economies, which boosted corporate profits coupled with better stock market valuations and rising business confidence augured well for global FDI prospects. According to UNCTAD, these favourable developments have increased the share of developing countries over 50 per cent in total FDI inflows, and this may increase further due to strong growth prospects. India also received large FDI inflows due to domestic economic performance. The attractiveness of India as a preferred investment destination has increased over the last two decades. The significant increase in FDI inflows to India reflected the impact of liberalization. FDI was gradually allowed in almost all sectors, except a few on grounds of strategic importance, subject to compliance of sector specific rules and regulations.

China permits 100 per cent FDI in agriculture while this is completely prohibits FDI in media. In India, on the other hand, foreign ownership is allowed up to 100 per cent in sectors like 'mining, oil and gas', electricity and 'healthcare and waste management'.

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