

OPEN STUDENT FOUNDATION

Chapters : 2

Std-12 Economics

Date : 20/02/24

Day - 2

Section A

- Choose correct answer from the given options. [Each carries 1 Mark] [13]
1. What is the maximum value of the Physical Quality of Life index (PQLI)? (March-2018, July-2019, March-2021)
(A) 1 (B) 10 (C) 25 (D) 100
 2. Write the rank of India as per HDI 2014. (July-2018, Aug-2020)
(A) 130 (B) 128 (C) 129 (D) 127
 3. What is the true measuring rod of economic development? (March-2019)
(A) Increase in National Income (B) Increase in Literacy
(C) Increase in unemployment (D) Increase in per capita income
 4. Write the HDI rank of Norway in 2014. (March-2019)
(A) 0.944 (B) 0.609 (C) 0.984 (D) 0.914
 5. Economic development is of economic growth. (July-2019)
(A) A reason (B) A result (C) An instrument (D) A remediable
 6. According to whom, development is a multidimensional process? (March-2020)
(A) Todaro (B) Burger (C) Marsha (D) Machulup
 7. The question of economic growth is involved with particularly which type of nations? (Aug 2020, May-2021)
(A) Backward (B) Developed (C) Developing (D) Non of these
 8. Share of which sector is decreased in national income due to the economic development of the country? (March-2022)
(A) Farming (B) Industry (C) Service (D) Industry-service
 9. Write the maximum value of HDI. (March-2022)
(A) More than 100 (B) 100 (C) 1 (D) Less than 100
 10. Who has given the following definition 'Economics growth refers to growth rate of national income or rise in total quantum of goods and services ? (March-2023)
(A) Pigoue (B) Hansen (C) Michael Todaro (D) Ms. Ursula Hicks
 11. Mention the average life year of Indian people? (March-2018)
(A) 69 (B) 70 (C) 55 (D) 68
 12. Which concept is qualitative? (July-2018)
(A) National income growth rate (B) Per capital income growth rate
(C) Economic growth (D) Economic Development
 13. What is the maximum value of Physical Quality of Life index (PQLI)? (July-2022)
(A) less then 100 (B) More then 100 (C) 100 (D) Zero

Section B

- Write the answer of any 0 questions from given questions. [Each carries 2 Marks] [0]
14. What is life expectancy at birth? (July-2019, May-2021)
 15. What type of change is the rise in production?

16. Where do the quantitative and qualitative changes occur?
17. State the limitations of National Income as an indicator. (March-2019)
18. Between growth and development, which one is difficult to measure ? Why ?

Section C

- Write the answer of any 2 questions from given questions. [Each carries 3 Marks] [6]
19. Explain the meaning of HDI and its constituents (components). (March-2018)
 20. Explain the limitations of the physical quality of life index. (July-2019)
 21. At present, India is growing or developing or both. Give an answer by stating reasons.



OPEN STUDENT FOUNDATION

Chapters : 2

Std-12 Economics Practice Sheet Day 3

Date : 20/02/24

Section A

● Choose correct answer from the given options. [Each carries 1 Mark] [13]

1. What is the maximum value of the Physical Quality of Life index (PQLI)? (March-2018, July-2019, March-2021)

- (A) 1 (B) 10 (C) 25 (D) 100

⇒ Ans : (D)

2. Write the rank of India as per HDI 2014. (July-2018, Aug-2020)

- (A) 130 (B) 128 (C) 129 (D) 127

⇒ Ans : (A)

3. What is the true measuring rod of economic development? (March-2019)

- (A) Increase in National Income (B) Increase in Literacy
(C) Increase in unemployment (D) Increase in per capita income

⇒ Ans : (D)

4. Write the HDI rank of Norway in 2014. (March-2019)

- (A) 0.944 (B) 0.609 (C) 0.984 (D) 0.914

⇒ Ans : (A)

5. Economic development is of economic growth. (July-2019)

- (A) A reason (B) A result (C) An instrument (D) A remediable

⇒ Ans : (A)

6. According to whom, development is a multidimensional process? (March-2020)

- (A) Todero (B) Burger (C) Marsha (D) Machulup

⇒ Ans : (A)

7. The question of economic growth is involved with particularly which type of nations? (Aug 2020, May-2021)

- (A) Backward (B) Developed (C) Developing (D) Non of these

⇒ Ans : (B)

8. Share of which sector is decreased in national income due to the economic development of the country? (March-2022)

- (A) Farming (B) Industry (C) Service (D) Industry-service

⇒ Ans : (A)

9. Write the maximum value of HDI. (March-2022)

- (A) More than 100 (B) 100 (C) 1 (D) Less than 100

⇒ Ans : (C)

10. Who has given the following definition 'Economics growth refers to growth rate of national income or rise in total quantum of goods and services ? (March-2023)

- (A) Pigoue (B) Hansen (C) Michael Todaro (D) Ms. Ursula Hicks

➡ Ans : (B)

11. Mention the average life year of Indian people? (March-2018)

- (A) 69 (B) 70 (C) 55 (D) 68

➡ Ans : (D)

12. Which concept is qualitative? (July-2018)

- (A) National income growth rate (B) Per capital income growth rate
(C) Economic growth (D) Economic Development

➡ Ans : (D)

13. What is the maximum value of Physical Quality of Life index (PQLI)? (July-2022)

- (A) less than 100 (B) More than 100 (C) 100 (D) Zero

➡ Ans : (C)

Section B

● Write the answer of any 0 questions from given questions. [Each carries 2 Marks]

[0]

14. What is life expectancy at birth? (July-2019, May-2021)

➡ Expectation of the number of years a person will live on an average at the time of his birth is known as life expectancy at birth.

➡ If life expectancy increases it represents good health facilities. Life expectancy is important factor for Physical Quality of life Index. This life expectancy indicates the average life of the population.

15. What type of change is the rise in production?

➡ The rise in production is quantitative change. It resulted in the improvement of true national income and true per capita income which interns into quantitative growth and due to quantitative change can be seen in economic growth and due to quantitative change, changes can be seen in economic growth.

16. Where do the quantitative and qualitative changes occur?

➡ In Economic Development, the increase in output is quantitative while the improvement of product quality is qualitative which depends on research.

➡ The quantitative and qualitative changes are described below when economic growth and economic development occur.

(1) Quantitative changes :

⇒ The increment in trained manpower results in an increment of economy and labour. So the true income increases as the production growth increases as time passes. These types of changes are known as quantitative changes/transformations.

(2) Qualitative changes :

⇒ As per the development of digital technology, seeds are modified for better production in the economy. New farming methods are developed and utilised which resulted in better production with quality improvement. These types of changes are known as qualitative changes/transformations.

17. State the limitations of National Income as an indicator. (March-2019)

➡ The limitations of National Income as an indicator are as follows :

(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

⇒ If the extent of population is considered with the national income of a country, the per capita income can be considered as the true measuring rod of the economic development of a country. 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 instead of a common method, the result differs. As different countries adopt different methods to calculate national income, international comparisons become difficult.

18. Between growth and development, which one is difficult to measure ? Why ?

- ⇒ Economic development cannot be measured as economic growth. It is very difficult to measure economic development. Economic development includes those changes that have happened in society. It is very difficult to derive a measurement for this.
- ⇒ When economic development takes place, the standard of living of people improves. In India, there is not much improvement in the standard of living of the people and therefore we cannot say that economic development means improvement in standard of living.
- ⇒ I.e. It is difficult to measure when and how much public thinking changes.
- ⇒ Thus, it is difficult to measure development while comparing it with growth.
- ⇒ The quantitative and qualitative changes take place in economic development.

Section C

● Write the answer of any 2 questions from given questions. [Each carries 3 Marks] [6]

19. Explain the meaning of HDI and its constituents (components). (March-2018)

- ⇒ Meaning of HDI :
- ⇒ Human Development Index (HDI) (Mar-2018)
- ⇒ The United Nations Development Programme (UNDP) has introduced the Human Development Index (HDI) and presented the Human Development Report (HDR) in 1990.
- ⇒ HDI is involved with economic and social matters with a purpose to remove all limitations of national income, per capita income and PQLI.
- ⇒ Mehboob UI Haq and Dr. Amartya Sen are the Indian economists who prepared HDI. HDI is a more reliable indicator than other indicators.
- ⇒ HDI constituents (components) :
- ⇒ The United Nations Development Programme (UNDP) introduced the human development index (HDI) in the Human Development Report (HDR) in 1990. Economic and non economic aspects are involved in the measurement of HDI.
- ⇒ Three factors alone are considered while preparing HDI to make it simple and easy. Instead of absolute values, the average of all the three values are prepared
 - (1) Life expectancy.
 - (2) Educational achievements (knowledge) data depicts social achievements.
 - (3) Income data depicts the standard of living which in tum shows the economic achievements.
- ⇒ Determinants of Human Development Index (Mar-2018, Aug – 2020, March-2023)
 - (1) Life expectancy :

⇒ It is directly related to health. The life expectancy is calculated at the time of child birth to measure the health. If the life expectancy is less than 50, the country is not healthy and vice versa. i.e. the life expectancy of India is 68 which implies good social conditions.

(2) Knowledge :

⇒ The education of people can be calculated by calculating the education of adults. For this, literacy level of the people having age of 15 or more than 15 is considered. This involves the average and expected years of schooling. If the education level is high, the social status is high.

(3) Standard of living :

⇒ To measure the standard of living, per capita national income is considered. Per capita income is calculated on the basis of Purchasing Power Parity (PPP) principle which is calculated in dollars for every country.

⇒ Higher per capita income indicates a higher standard of living. The standard of living involves pure drinking water, medical services, good sanitation, infant mortality rate with below 5 years of age, percentage of un-nourished and malnourished children, per capita calorie available per day, protein and fat availability, are considered based on income.

⇒ **HDI Important Aspects :**

⇒ The value of HDI ranges from 0 to 1.

⇒ That country whose HDI is closer to 1 is considered more developed. It gets a higher ranking in HDI.

⇒ That country whose HDI is farther from 1 is considered less developed. It gets a lower ranking in HDI.

⇒ In 2014, Norway ranked number 1 with 0.944 HDI while India with HDI of 0.609 ranked 130th out of 188 countries.

⇒ 51.6% of people are living in medium developed countries. India falls in this list.

⇒ **Importance of Human Development Index : (March-2023)**

⇒ HDI is complete as it not only takes Economic factors but also includes social welfare by giving importance to education and health.

⇒ HDI indicates to the policy makers that Economic development is only a tool but the ultimate objective is only human welfare.

⇒ True progress = Economic progress + Social progress

⇒ HDI is functional. A rise in the HDI ranking indicates that health and education have improved in the country.

⇒ Developing countries get an idea as to where there is scope for development and in which direction the government should work by looking into the HDI.

⇒ HDI is progressive in its approach.

⇒ **HDI Limitations : (March-2023)**

⇒ Only three social indicators are included in HDI which is less. Other social indicators should have been included.

⇒ All three indicators are given equal weightage. But in reality, in different situations, different indicators become important.

⇒ Human Development index is not an absolute expression. It only shows the relative progress, as it compares one country with the other.

20. Explain the limitations of the physical quality of life index. (July-2019)

⇒ National income is an important indicator of economic development. According to this indicator, a country is said to have attained economic development if there is a continuous increase in the real national income of the country for a long period of time. According to this indicator real income and not money income is taken into consideration and hence national income is calculated not at current prices but at constant

prices.

- ➡ If the rate of rise in national income is high the development rate is said to be high and if national income increases at a lower rate, the rate of development is low.
- ➡ If the national income does not rise it depicts the state of stagnancy and if national income decreases, there is underdevelopment or negative development.
- ➡ Some countries have a faster rate of growth of national income when compared to the rate of growth of national income and hence, such countries are said to have a higher rate of economic development. It can be seen in table.

Country	Country Annual Growth of National Income in Percent (2014)
Norway	2.2
America	2.4
Sri Lanka	4.5
China	7.3
India	7.3
Pakistan	4.7

- ➡ It can be seen in the table that countries like Norway (2.2%), America (2.4%), Sri Lanka(4.5%) and Pakistan (4.7%) have a slower annual growth rate of national income compared to India.
- ➡ But it should be remembered that countries like Norway and America had already achieved this before , so now they are growing at a rate of 2 to 3 % per annum in the present.
- ➡ Thus, there are different calculation methods to calculate national income and deciding the road of development which is not really acceptable.

21. At present, India is growing or developing or both. Give an answer by stating reasons.

- ➡ As per the world bank report, India's national income is eight times more than Pakistan. India's economic growth is highest in present days as the annual growth of national income of India is about 7.3% which is more than other countries. Due to the economic growth, new technologies have been established. The farming is increasing because of improved seeds and so farmers become more rich. This resulted in the decrease in inflation and inequality. This is an example of the economic development of the country.
- ➡ In 2014, the per capita income was \$5497 which is not as high as other countries. But the growth rate of per capita income is 6%. Thus, we can say that the economic growth and economic development are both rapidly increasing.
- ➡ As the per capita income increases, people can be satisfied with their fundamental requirements and so their standard of living increases and also they have improvement in their societal status which is also the replica of economic development with economic growth.
- ➡ It is not fair to see economic development in terms of income only because the human development index is also necessary to consider. In 2014, India was at 130th out of 188 countries of the world. Thus, we can say that India is performing well with economic growth and economic development.