

11<sup>th</sup>  
STD

**INSTANT SUPPLEMENTARY EXAM - JUNE 2023**  
**PART - III ECONOMICS**

Reg. No.

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TIME ALLOWED : 3.00 Hours]

(with Answers)

[MAX. MARKS : 90

Instructions : (1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.  
(2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams.

**PART - I**

Note : (i) Answer **all** the questions. [20 × 1 = 20]

(ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

- The equilibrium price is the price at which :  
(a) Everything is sold  
(b) Buyers spend their money  
(c) Quantity demanded equals quantity supplied  
(d) Excess demand is zero
- Pick the odd one out :  
(a) Luxuries (b) Comforts  
(c) Necessaries (d) Agricultural goods
- The basic problem studied in Economics is :  
(a) Unlimited wants (b) Unlimited means  
(c) Scarcity  
(d) Strategy to meet all our wants
- The concept of consumer's surplus is associated with :  
(a) Adam Smith (b) Marshall  
(c) Robbins (d) Ricardo
- Which factor is called the changing agent of the society?  
(a) Labourer (b) Land  
(c) Organizer (d) Capital
- Cost functions are also known as \_\_\_\_\_ function.  
(a) production (b) investment  
(c) demand (d) consumption
- The cost incurred by producing one more unit of output is \_\_\_\_\_.  
(a) variable cost (b) fixed cost  
(c) marginal cost (d) total cost
- In monopoly, MR curve lies below \_\_\_\_\_ curve.  
(a) TR (b) MC (c) AR (d) AC
- In Economics, distribution of income is related to \_\_\_\_\_.  
(a) factors of production (b) individual  
(c) firms (d) traders
- Rent is the reward for the use of \_\_\_\_\_.  
(a) capital (b) labour  
(c) land (d) organization
- The main gold mine region in Karnataka is \_\_\_\_\_.  
(a) Kolar (b) Ramagiri  
(c) Anantpur (d) Gulbarga
- Ryotwari System was initially introduced in :  
(a) Kerala (b) Bengal  
(c) Tamil Nadu (d) Maharashtra
- Tenth Five Year Plan period was \_\_\_\_\_.  
(a) 1992 - 1997 (b) 2002 - 2007  
(c) 2007 - 2012 (d) 1997 - 2002

- The important feature of rural economy is :  
(a) dependence on agriculture  
(b) high population density  
(c) low level of population (d) low level of inequality
- The example for rural industry is :  
(a) Sugar factory (b) Mat making industry  
(c) Cement industry (d) Paper industry
- Which of the following is wrongly matched?  
(a) Gateway of Tamil Nadu - Thoothukudi  
(b) Home textile city - Erode  
(c) Steel city - Salem  
(d) Pump city - Coimbatore
- In investment proposals filed by MSMEs, the rank of Tamil Nadu is :  
(a) I (b) II (c) III (d) IV
- Which of the following is not a characteristic of land?  
(a) Its limited supply (b) It is mobile  
(c) Heterogeneous (d) Gift of nature
- Mathematical Economics is the integration of \_\_\_\_\_.  
(a) Mathematics and Economics  
(b) Economics and Statistics  
(c) Economics and Equations  
(d) Graphs and Economics
- The Goods and Services Tax Act came into effect on \_\_\_\_\_.  
(a) 1<sup>st</sup> July 2017 (b) 1<sup>st</sup> July 2016  
(c) 1<sup>st</sup> January 2017 (d) 1<sup>st</sup> January 2016

**PART - II**

Note: Answer **any seven** questions. Q. No. 30 is **Compulsory**.  
7 × 2 = 14

- What are Goods?
- Mention the classifications of wants.
- Define "Revenue".
- State the meaning of liquidity preference.
- Define disinvestment.
- What is Micro finance?
- What are the Major ports in Tamil Nadu?
- Write a short note on natural resources.
- Define Rural Electrification.
- Mention any four food crops which are favourable to Tamil Nadu.

**PART - III**

Note: Answer **any seven** questions. Question No. 40 is **Compulsory**.  
7 × 3 = 21

- What are the different features of services?
- What are the properties of indifference curves?
- Illustrate the concept of Producer's Equilibrium.

- 34. Describe the development of textile industry in Tamil Nadu.
- 35. Mention the similarities between perfect competition and monopolistic competition.
- 36. List out the different kinds of wages.
- 37. What is PQLI?
- 38. Give a short note on cold storage.
- 39. Illustrate the uses of Mathematical Methods in Economics.
- 40. What are the remedial measures for rural unemployment?

**PART - IV**

Note: Answer all the questions. 7 x 5 = 35

- 41. (a) State the differences between micro economics and macro economics. (OR)
- (b) Explain the importance of mineral resources in India.
- 42. (a) What are the methods of measuring Elasticity of demand? (OR)
- (b) Discuss about the Indian economy during British period.
- 43. (a) Explain the internal and external economies of scale. (OR)
- (b) Describe the salient features of EXIM Policy (2015-2020).
- 44. (a) Explain the short run cost curves with suitable diagram. (OR)
- (b) Analyse the causes for Rural Indebtedness.
- 45. (a) Describe the features of oligopoly. (OR)
- (b) Describe the qualitative aspects of population.
- 46. (a) Illustrate the Ricardian Theory of Rent with example. (OR)
- (b) Dr. B.R. Ambedkar was a versatile personality - Prove.
- 47. (a) Explain the objectives of nationalization of commercial banks. (OR)
- (b) Bring out Jawaharlal Nehru's contribution on the idea of economic development.

**ANSWER**

**PART - I**

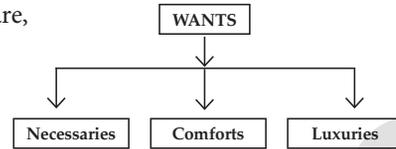
- 1. (c) Quantity demanded equals quantity supplied
- 2. (d) Agricultural goods
- 3. (c) Scarcity
- 4. (b) Marshall
- 5. (c) Organizer
- 6. (a) production
- 7. (c) marginal cost
- 8. (c) AR
- 9. (a) factors of production
- 10. (c) land
- 11. (a) Kolar
- 12. (c) Tamil Nadu
- 13. (b) 2002 - 2007
- 14. (a) dependence on agriculture
- 15. (b) Mat making industry
- 16. (b) Home textile city - Erode
- 17. (a) I
- 18. (b) It is mobile
- 19. (a) Mathematics and Economics
- 20. a) 1st January 2017

**PART - II**

- 21. (i) In Economics, the term 'goods' and 'services' also implies, unless specified otherwise.

- (ii) Goods are also called 'products', 'commodities', 'things' etc.
- (iii) Goods and services satisfies human wants.

22. Goods (or) wants are broadly classified into three categories. They are,



- 23. (i) The amount of money that a producer receives in exchange for the sale of goods is known as revenue. In short, revenue means sales revenue.
- (ii) Revenue concepts are Total Revenue, Average Revenue and Marginal Revenue.
- 24. Liquidity preference means the preference of the people to hold wealth in the form of liquid cash rather than in other non-liquid assets like bonds, securities, bills of exchange, land, building, gold, etc.
- 25. Disinvestment means selling of government securities of Public Sector Undertaking (PSUs) to other PSUs or private sectors (or) banks.
- 26. (i) Micro finance, also known as micro credit.
- (ii) It is a financial service that offers loans, savings and insurance to entrepreneurs and small business owners who don't have access to traditional sources of capital, like banks or investors.
- 27. Tamil Nadu has three major ports at Chennai, Ennore, and Tuticorin as well as one intermediate port in Nagapattinam.
- 28. (i) Tamil Nadu is not endowed with rich natural resources compared to other states.
- (ii) It accounts for 3% of water sources, 4% of land area against 6% of population.
- (iii) North east monsoon is the major source of rainfall followed by south west monsoon.
- (iv) In recent years, failure of monsoons keep the rivers dry.
- (v) Water supply is not adequate for farm operation.
- 29. (i) Rural electrification refers to providing electrical power to rural areas.
- (ii) The main aims of rural electrification are to provide electricity to agricultural operations and to enhance agricultural productivity.
- 30. Tamil Nadu ranks first in maize, kambu, groundnut, oil seeds and cotton.

**PART - III**

- 31. Four features of services are,
  - (i) **Intangible** : Intangible things are not physical objects but exist in connection to other things. For Example : Brand Image, Goodwill etc.
  - (ii) **Heterogeneous** : A single type services yields multiple experiences. For Example : Music, consulting physicians etc.

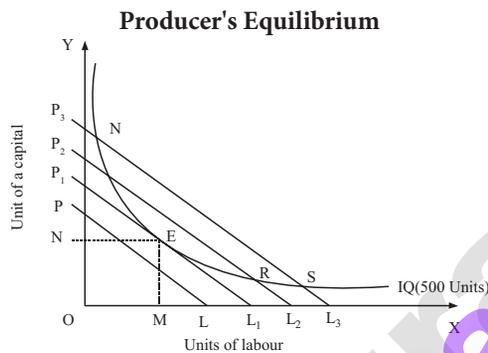
- (iii) **Inseparable from their makers** : Services are inextricably connected to their makers.  
For Example : labour and labourer are inseparable.
- (iv) **Perishable** : Services cannot be stored as inventories like assets.  
For Example : Cricket Match.

**32. Properties of indifference curves :**

- (i) Indifference curve must have negative slope.
- (ii) Indifference curves are convex to the origin.
- (iii) Indifference curve cannot intersect
- (iv) Indifference curve do not touch the horizontal or vertical axis.

**33. Introduction :**

- (i) Producer equilibrium implies the situation where producer maximizes his output.
- (ii) It is also known as optimum combination of the factors of production.
- (iii) Producer's attain equilibrium (or least cost combination of factors is attained by the firm) where the iso-cost line is tangent to an iso product curve.



- (iv) In the above diagram, profit of the firm (or the producer) is maximised at the point of equilibrium E.
- (v) At the point of equilibrium, the slope of the iso cost line is equal to the slope of iso product curve.
- (vi) At point E, the firm employs OM units of labour and ON units of capital.

**34. Development of textile industry in Tamil Nadu :**

- (i) Tamil Nadu is the largest textile hub of India.
- (ii) Tamil Nadu is known as the "Yarn Bowl" of the India.
- (iii) The textile industry plays a significant role in the Indian economy by providing direct employment to an estimated 35 million people.
- (iv) Therefore it contributing 4% of GDP and 35% of gross export earnings.
- (v) The textile sector contributes to 14% of the manufacturing sector.

**35.**

S. No.	Basis of Similarities	Perfect Competition	Monopolistic Competition
1.	Number of Producers / sellers	Innumerable	Large

2.	Entry / Exit	Free	Free
3.	Profit	Abnormal profit / loss in short-run, Normal profit in long-run	Abnormal profit in short-run, Normal profit in long run
4.	Quantity	Very large	Substantial

**36. Kinds of wages :**

Wages are divided into four types. They are,

- (1) **Nominal Wages (or) Money Wages** : Nominal wages are referred to the wages paid in terms of money.
- (2) **Real Wages** :
  - (i) Real wages are the wages paid in terms of goods and services.
  - (ii) Hence real wages are the purchasing power of money wages.
- (3) **Piece Wages** : Wages that are paid on the basis of quantum of work done.
- (4) **Time Wages** : Wages that are paid on the basis of the amount of time that the worker works.

**37. PQLI :**

- (i) Morris D Morris developed the Physical Quality of Life Index (PQLI)
- (ii) PQLI is a measure to calculate the quality of life (well being of people of a country).
- (iii) He included three indicators such as life expectancy, infant mortality rate and literacy rate.
- (iv) A scale of each indicator ranges from the number 1 to 100.
- (v) Number 1 represents the worst performance by any country.
- (vi) 100 is the best performance.

**38. Cold storage :**

- (i) India is the largest producer of fruits and second largest producer of vegetables in the world.
- (ii) Most of the problems relating to the marketing of fruits and vegetables can be traced to their perishability.
- (iii) Perishability is responsible for high marketing costs, market gluts, price fluctuations and other similar problems.
- (iv) In order to overcome this constraint, the Government of India and the Ministry of Agriculture promulgated an order known as "Cold Storage Order, 1964"

**39. Uses of Mathematical Methods in Economics :**

- (i) Mathematical Methods help to present the economic problems in a more precise form.
- (ii) This methods help to explain economic concepts.
- (iii) This methods help to use a large number of variables in economic analysis.
- (iv) To quantify the impact or effect of any economic activity implemented by Government.

40. A few remedial measures are listed below :
- Irrigation Facilities :** The increased cropping intensity creates additional demand for labour.
- Subsidiary Occupation :** To reduce the seasonal unemployment rural people should be encouraged to adopt subsidiary occupations.
- Technical Education :** Employment oriented courses should be introduced in schools and colleges.
- Rural Industrialisation :**
- Irrigation facilities should be expanded to enable the farmers to adopt multiple cropping.
  - To provide employment new industries should be set up in rural areas.

**PART - IV**

41. (a)

No.	Micro Economics	Macro Economics
1.	It is that branch of economics which deals with the economic decision making of individual economic agents such as the producer, the consumer etc.	It is that branch of economics which deals with aggregates and averages of the entire economy. E.g., aggregate output, national income, aggregate savings and investments, etc.
2.	It takes into account small components of the whole economy.	It takes into consideration the economy of the country as a whole.
3.	It deals with the process of price determination in case of individual products and factors of production.	It deals with general price-level in any economy.
4.	It is known as price theory.	It is also known as the income theory.
5.	It is concerned with the optimization goals of individual consumers and producers.	It is concerned with the optimization of the growth process of the entire economy.

(OR)

- (b) **Iron -ore :**
- India possesses high quality iron-ore in abundance.
  - The major deposit of magnetite iron is available at western coast of Karnataka. Some deposits of iron ore are also found in Kerala, Tamil Nadu and Andhra Pradesh.
- Coal and Lignite :**
- Coal is the largest available mineral resource.
  - The main centres of coal in India are West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.
  - Bulk of the coal production comes from Bengal Jharkhand coalfields.

- Bauxite :**
- Bauxite is a main source of metal like aluminium.
  - Major reserves are concentrated in the East coast.
  - Bauxite deposits of Odisha and Andhra Pradesh
- Mica :** India stands first in sheet mica production and contributes 60% of mica trade in the world.
- Crude Oil :** Oil is being explored in India at many places of Assam and Gujarat.
- Gold :**
- India possesses only a limited gold reserve.
  - There are only three main gold mine regions - Kolar Goldfield, Kolar district and Hutti Goldfield in Raichur district.

**Diamond :** As per UNECE the total reserves of diamond is estimated at round 4582, thousand carats which are mostly available in Panna (Madhya Pradesh), Rammallakota of Kurnur District of Andhra Pradesh and also in the Basin of Krishna River.

42. (a) There are three methods of measuring price elasticity of demand.

(i) **The Percentage Method :-**

$$(1) e_p = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q}$$

(2) It is also known as ratio method.

$$(3) e_p = \frac{\% \Delta Q}{\% \Delta P} \text{ where}$$

%ΔQ = percentage change in demand

%ΔP = percentage change in price

(ii) **Total Outlay Method :-**

- Marshall suggested that the simplest way to decide whether demand is elastic or inelastic is to examine the change in total outlay of the consumer or total revenue of the firm.
- Total Revenue = Price × Quantity
- TR = P × Q

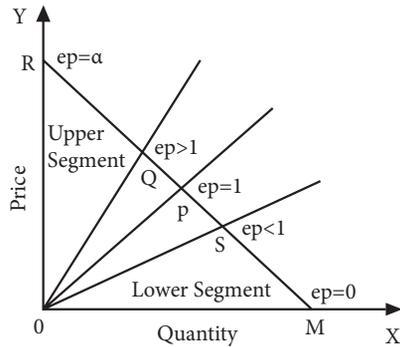
Price	Quantity Demanded	Total outlay	Elasticity
150	3	450	} e > 1
125	4	500	
100	5	500	} e = 1
75	6	450	

(iii) **Point (or) Geometrical Elasticity :-**

- The point elasticity of linear demand curve is shown by the ratio of the segments of the line to the right and left of the particular point.
- The demand curve is a straight line, it is said to be linear.

(3) Point elasticity =  $\frac{\text{Lower segment of the demand curve below the given point}}{\text{Upper segment of the demand curve above the given point}}$

$ep = \frac{L}{U}$  ; L = Lower Segment; U = Upper Segment



(OR)

(b) (1) **Introduction :**

- (i) Britain had exploited India over a period of two centuries of its colonial rule.
- (ii) The Indian, economic historians have divided the whole period into three phases.
- (iii) Namely the period of merchant capital, the period of industrial capital, the period of finance capital.

(2) **Period of Merchant Capital :**

- (i) The period of merchant capital was from 1757 to 1813.
- (ii) The only aim of the English East India Company was to earn profit.
- (iii) The best hunting ground for capital by the East India company.
- (iv) The Indian leaders linked this problem of land revenue with that of the drain.
- (v) The officers of the company were unscrupulous and corrupt.

(3) **Period of Industrial Capital :**

- (i) The period of Industrial capital was from 1813 to 1858.
- (ii) During this period, India had become a market for British textiles.
- (iii) Indians were exploited.
- (iv) India's traditional handicrafts were neglected.

(4) **Period of Finance Capital :**

- (i) The third phase was the period of finance capital starting from the closing years of the 19<sup>th</sup> century and continuing till independence.
- (ii) During this period, finance imperialism began to entrench itself through the managing agency firms, export – import firms, exchange banks and some export of capital.
- (iii) Railway construction policy of the British was compelled to poor Indian's tax payers to finance the construction of railways.

(5) **Decline of Indian Handicrafts :**

- (i) Through discriminatory tariff policy, the British Government purposefully destroyed the handicrafts.
- (ii) The introduction of railways in India increased the domestic market for the British goods.
- (iii) Indian handicrafts could not compete with machine-made products.

43. (a)

**I. Internal Economies of scale :**

- (i) Internal economies of scale refers to the advantages enjoyed by a single production unit or firm.
- (ii) For example a firm enjoying the advantage of an application of most modern machinery. Internal economies are of various types.

(a) **Technical Economies :** When the size of the firm is large, large amount of capital can be used.

(b) **Financial Economies :** Big firms can float shares in the market for capital expansion, while small firms cannot easily float shares in the market.

(c) **Labour Economies :**

- (i) Large scale production implies greater and minute division of labour.
- (ii) This leads to specialisation which enhances the quality.

(d) **Managerial Economies :** Large scale production facilitates specialisation and delegation.

(e) **Marketing Economies :** In the context of large scale production, the producers can both buy raw - materials in bulk at cheaper cost.

(f) **Economies of survival :**

- (i) Product diversification is possible when there is large scale production.
- (ii) This reduces the risk in production.

**II. External Economies of scale:**

(i) External economies of scale refer to changes, in any factor outside the firm causing an improvement in the production process.

(ii) These are the advantages enjoyed by all the firms in the industry due to the structural growth.

(iii) Important external economies of scale are listed below.

- (1) Increased transport facilities.
- (2) Banking facilities.
- (3) Development of townships.
- (4) Development of information and communication.

(OR)

(b) The new EXIM policy has been formulated focusing on increasing in exports scenario, boosting production and supporting the concepts like Make in India and Digital India.

**Salient Features:**

- (i) Reduce export obligations by 25% and give boost to domestic manufacturing supporting the "Make in India" concept.

- (ii) As a step to Digital India concept, online procedure to upload digitally signed document by CA/CS/ Cost Accountant are developed and further mobile app for filing tax, stamp duty has been developed.
- (iii) Repeated submission of physical copies of documents available on Exporter Importer Profile is not required.
- (iv) Export obligation period for export items related to defence, military store, aerospace and nuclear energy to be 24 months.
- (v) EXIM Policy 2015-2020 is expected to double the share of India in World Trade from present level of 3% by the year 2020. This appears to be too ambitious.

**44. (a) Short run cost curves :**

**Total fixed cost (TFC) :** All payments for the fixed factors of production are known as Total Fixed Cost.

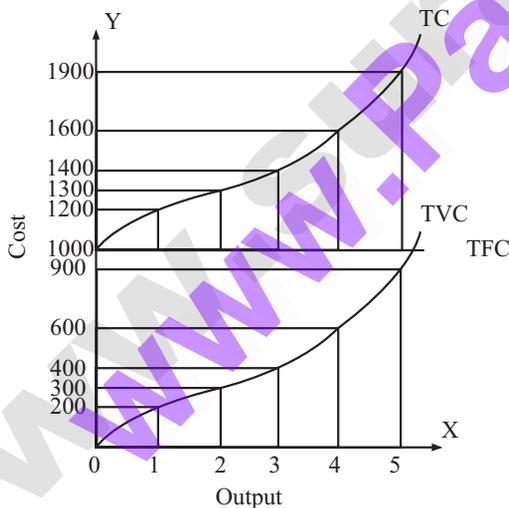
**Total variable cost :**

- (i) All payments to the variable factors of production are called total variable cost.
- (ii) As output increases TVC also increases.

**Total cost curve :**

- (i) Total cost means the sum Total of All Payments made in the production.
- (ii) Total cost is the summation of Total Fixed Cost (TFC) and Total Variable Cost (TVC).
- (iii) It is written as  $TC = TFC + TVC$

**Total Cost Curves**



**Average fixed cost :**

- (i) It refers to the fixed cost per unit of output.
- (ii) It is obtained by dividing the total fixed cost by the quantity of output.

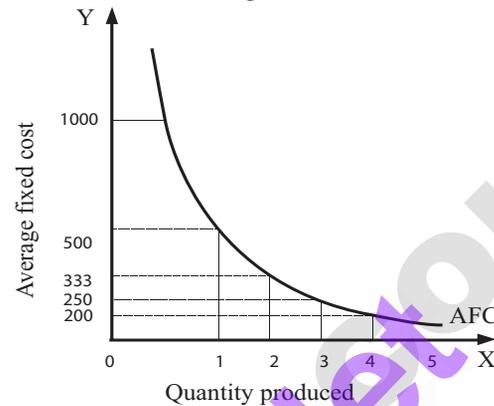
$$AFC = TFC / Q$$

AFC = Average Fixed Cost

TFC = Total Fixed Cost

Q = Output

**Average Fixed Cost**



**Average variable cost : (AVC)**

- (i) It refers to the total variable cost per unit of output.
- (ii) It is obtained by dividing total variable cost (TVC) by the quantity of output (Q)

$$AVC = TVC / Q$$

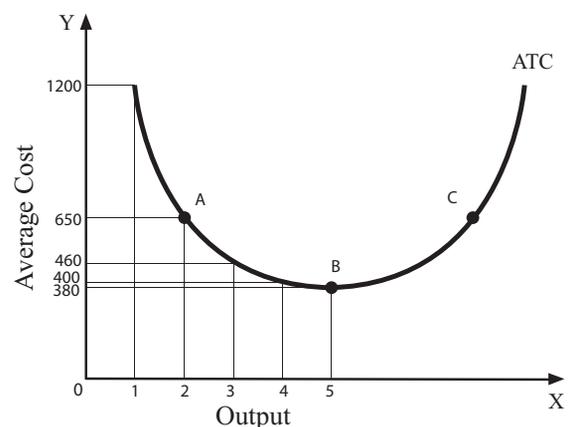
**Average total cost (ATC) or Average cost (AC) :**

- (i) It refers to the total cost per unit of output.
- (ii) It can be obtained in two ways.
- (iii) By dividing the firm's total cost (TC) by the quantity of output (Q).

$$ATC = TC / Q$$

Q in unit	TFC in (₹)	TVC in (₹)	TC in (₹)	ATC TC/Q (in ₹)	AFC in (₹)	AVC in (₹)	ATC (AFC+ AVC) (in ₹)
0	1000	0	1000	$1000 / 0 = 0$	0	0	$0 + 0 = 0$
1	1000	200	1200	$1200 / 1 = 1200$	1000	200	$1000 + 200 = 1200$
2	1000	300	1300	$1300 / 2 = 650$	500	150	$500 + 150 = 650$
3	1000	400	1400	$1400 / 3 = 466$	333	133	$333 + 133 = 466$
4	1000	600	1600	$1600 / 4 = 400$	250	150	$250 + 150 = 400$
5	1000	900	1900	$1900 / 5 = 380$	200	180	$200 + 180 = 380$

**Average Cost**



**Marginal Cost : (MC)**

- (i) It is the cost of the last single unit produced.
- (ii) The change in total costs resulting from producing one extra unit of output.
- (iii) Marginal cost is 'U' shaped curve.

(OR)

**(b) Meaning of Rural Indebtedness:**

Rural indebtedness refers to the situation of the rural people unable to repay the loan accumulated over a period.

1. **Poverty of Farmers :** The vicious circle of poverty forces the farmers to borrow for consumption, cultivation and celebrations. Thus, poverty, debt and high rates of interest hold the farmer in the grip of money lenders.
2. **Failure of Monsoon :** Frequent failure of monsoon is a curse to the farmers and they have to suffer due to the failure of nature. Therefore, farmers find it difficult to identify good years to repay their debts.
3. **Litigation :** Due to land disputes litigation in the court compels them to borrow heavily. Being uneducated and ignorant they are caught in the litigation process and dry away their savings and resources.
4. **Money Lenders and High Rate of Interest :** The rate of interest charged by the local money lenders is very high and the compounding of interest leads to perpetuate indebtedness of the farmer.

45. (a) Oligopoly is a market situation in which there are a few firms selling homogeneous or differentiated products.

**Features of Oligopoly :**

- (i) **Few large firms :** Very few big firms own the major control of the whole market by producing major portion of the market demand.
- (ii) **Interdependence among firms :** The price and quality decisions of a particular firm are dependent on the price and quality decisions of the rival firms.
- (iii) **Group behaviour :** The firms under oligopoly realise the importance of mutual co-operation.
- (iv) **Advertisement Cost :** The oligopolist could raise sales either by advertising or improving the quality of the product.
- (v) **Nature of product :** Perfect oligopoly means homogeneous products and imperfect oligopoly deals with heterogeneous products.
- (vi) **Price rigidity :** It implies that prices are difficult to be changed. The oligopolistic firms do not change their prices due to the fear of rivals' reaction.

(OR)

**(b) (a) Sex Ratio (No. of Females per 1000 males)**

- (i) Balanced sex ratio implies improvement in quality of life of female population.
- (ii) The sex ratio in Tamil Nadu is nearing balance with 995 which is far better compared to most of the States and all India level.
- (iii) Tamil Nadu stands third next to Kerala state and Puduchery Union Territory in sex ratio.

**(b) Infant Mortality Rate (Mortality before completing 1 year)**

- (i) Tamil Nadu is well ahead of national average and other states in IMR.
- (ii) According To NITI AAYOG, the IMR is 17 (per 1000) for Tamil Nadu is just half of national average of 34 in 2016.

**(c) Maternal Mortality Rate (MMR) (Mother's death at the time of delivery per 1 lakh)**

- (i) Tamil Nadu has a good record of controlling MMR ranking third with 79 (Kerala - 61, Maharashtra - 67).
- (ii) It is against national average of 159 half of the national average.

**(d) Life expectancy at birth :**

- (i) The average period that a person may expect to live is called life expectancy.
- (ii) Life expectancy in India still falls short of most developed and developing nations.

**(e) Literacy :** The literacy rate in Tamil Nadu is higher than in many states.

46. (a) The Classical Theory of Rent is called "Ricardian Theory of Rent".

**Definition :** "Rent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible power of the soil."

**Assumption :**

- (i) Land differs in fertility.
- (ii) The law of diminishing returns operates in agriculture.
- (iii) Theory assumes perfect competition.
- (iv) It is based on long period.
- (v) Land is used for cultivation only.
- (vi) Most fertile lands are cultivated first.

**Statement of the theory with illustration :**

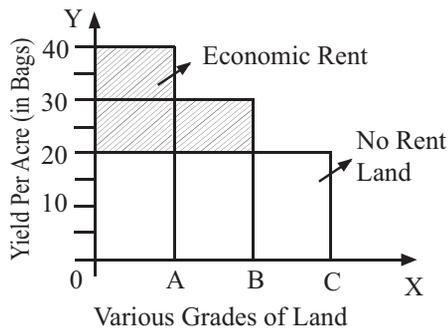
- (i) There are three grades of land namely A, B and C.
- (ii) 'A' being most fertile, 'B' less fertile and 'C' the least fertile land.
- (iii) They will first cultivate all the most fertile land.
- (iv) Given a certain amount of labour and capital 'A' grade land produce 40, B - 30 and C - 20 bags of paddy.
- (v) Suppose another group of people goes and settles down in the same island after some time 'B' grade brought under cultivation.
- (vi) 'A' grade land yield 40 bags of paddy and 'B' grade land yield 30 bags of paddy. The surplus of 10 bags per acre appear on 'A' grade land.

- (vii) This is "Economic Rent"
- (viii) Suppose yet another group of people goes and settles down in the same island after some time 'C' brought under cultivation.
- (ix) 'C' grade land, cost of production is just equal to the price of its production (20- 20)
- (x) Hence 'C' grade land is called "no rent land or marginal land.

**Grades of lands and their Productions**

Grades of Lands	Production (in bags)	Surplus (i.e., Rent in bags)
A	40	40 – 20 = 20
B	30	30 – 20 = 10
C	20	20 – 20 = 0

**Ricardian Theory of Rent**



- (xi) 'A' and 'B' grade lands are "intra marginal lands".
- (xii) The economic rent yielded by 'A' and 'B' grade lands.
- (xiii) This grade land is "No rent land".

**Criticism :**

- (i) The order of cultivation from most fertile to least fertile lands is historically wrong.
- (ii) This theory assumes that rent does not enter into price. But in reality, rent enters into price.

(OR)

- (b) B. R. Ambedkar (1891-1956) was a versatile personality. He was the architect of the Indian Constitution, a custodian of social justice and a champion of socialism and state planning. Ambedkar's writings included "Ancient Indian Commerce" 'National Dividend of India: A Historical and Analytical Study (a thesis for which he was awarded Ph.D). His thesis was published as 'The Evolution of Provincial Finance in British India: A Study of the Provincial Decentralization of Imperial Finance". Ambedkar's thesis on "Provincial Decentralization of Imperial Finance in British India" was accepted for the M.Sc degree in 1921. And his thesis " The Problem of the Rupee" was accepted for the award of the D.Sc degree by the London School of Economics in 1923. It is a miracle that RBI was conceptualized as per the guidelines presented by Ambedkar

in his book, "The Problem of the Rupee;Its origin and its solution". The main economic ideas of Ambedkar may be studied under four broad headings:

- (i) Financial Economics (ii) Agricultural Economics
- (iii) Economics of Caste (iv) Economics of socialism :

**47. (a) Objectives of nationalization of commercial banks:**

- (i) The main objective of nationalisation was to attain social welfare. Sectors such as agriculture, small and village industries were in need of funds for their expansion and further economic development.
- (ii) It helps to curb private monopolies in order to ensure a smooth supply of credit.
- (iii) It is needed to encourage the banking habit among the rural population because 70% of the people lived in rural areas.
- (iv) Nationalization banks were required to reduce the regional imbalances.
- (v) Banks created credit facilities mainly to the agriculture sector and its allied activities after nationalization.
- (vi) Before Independence, the numbers of banks were certainly inadequate.

(OR)

- (b) Jawaharlal Nehru, one of the chief builders of Modern India, was the first Prime Minister of Independent India and he was there in that post till his death in 1964. He was a great patriot, thinker and statesman.

**Democracy and secularism :**

- (i) Jawaharlal Nehru was a firm believer in democracy. He believed in free speech civil liberty, adult franchise and the Rule of Law and Parliamentary democracy. Secularism, is another signal contribution of Nehru to India.
- (ii) Secularism means equal respect for all religions.

**Planning :**

- (i) Jawaharlal Nehru was responsible for the introduction of planning in our country. To Jawaharlal Nehru, the Plan was essentially an integrated approach for development.
- (ii) Initiating the debate on the Second Plan in the Lok Sabha in May 1956, Nehru spoke on the theme of planning.
- (iii) He said, "the essence of planning is to find the best way to utilize all resources of manpower, of money and so on." Planning for Nehru was essentially linked up with industrialization and eventual self-reliance for the country's economic growth on a self- accelerating growth.
- (iv) Nehru's contribution to the advancement of science, research, technology and industrial development cannot be forgotten. He always insisted on "scientific temper".

**Democratic Socialism :**

- (i) Socialism is another contribution of Nehru to India.
- (ii) He put the country on the road towards a socialistic pattern of society. But Nehru's socialism is democratic socialism.

