FOCUS ACADEMY

Kg to 12

English&Gujarati Medium

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| BRANCH 1- 19-B MUSLIM SOC, B/H FIRDOS MASJID DANILIMDA AHMEDABAD | BRANCH2-OPP MEMON HALL, JUHAPURA AHMEDABAD |

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**CLASS- 12 SUBJECT- Economics**

**Ch 1 : Graphs in economics**

* **MEANING**

**Diagram**: diagram is a representatin of observable data through the way of pictures. It is presented in discrete frequency.

**Graph**: it is also a representation of observable data through the way of pictures. It is represented in continuous frequency distribution.

* **Importance of graphs and diagrams**

1. The study of subject complicated is made easier by diagram and less confusing(clearer) by the way of graphs.
2. Trends of parameter of various years can be observerd easily
3. Changes in various sectors can be easily
4. Comparision can be easily drawn
5. Difficult principles of economics are easily understood

* **Aspects to be considered while drawing a diagram and graph**

1. Choice of type of diagram or graph right choice is to be made according to the data.
2. Clarity: it should be neat and clear. Diffrent colors and shdes must be used
3. Scales and measurement: picture should be in appropriate in size,scales must be according to the data
4. Represantation of data: both axes must be represented
5. Data table and source of data: data table are created by mentioning the source of data, the picture becomes more reliable and authentic.
6. Method of calculating the data: when picture is not self explainatory data it can be simplied with statistical formulae.

* **Types of graphs**

1. Pictogram
2. Scatter diagram
3. Circle diagram
4. Bar diagram (imp)
5. Pie diagram(imp)

* Types of graphs

1. Time series
2. Graphs for continuous frequency distribution
3. Histogram
4. Frquency polygon
5. Frquency curve
6. Cumilative frequency polygon
7. Logarithmic graphs

* **Computer technology**

1. Presentations: complicated economic informations can be made easy by expressing in ppt
2. Excel worksheet:reasearchers sometimes deal with thousands of observations.such data must be entered in excel sheet.
3. Diagrams and graphs: there are several programmes in a computer which help us to draw diagrams and graphs which we frequently use in economics.
4. Storage tools: we use plenty of data in economics and we have fear to loose them thus it helps via using hard disk and pendrive.
5. Other tools: statastical proggrammes like SPSS,SHAZAM,SAS,ETC.are developed to do almost all types data.reaserach institutions buy them at a expensive rate.

* **Internet technology for learning**

1. Tutorials
2. Active learning
3. Reading material
4. Information
5. Miscellaneous
6. Data

* Data CDS:

Some authorities and agencies involved in collection and publication of information & data pertaining to macroeconomics indicators put huge datas in CD.such data CDS are

1. CD of national income accounts of India

**Ch2 Indicators of growth & development**

* **Meaning of Economic growth**

1. Economic growth relates to the long run, increase in the total output of an economic.in this there is continuous incrrease in the national income and the real per capita income.

* **Defination:**

“Economic growth refers to the growth rate of national income or rise in total quantum of goods and services”

* **Limitations of economic growth**

1. It takes into consideration only the quantative change
2. There is rise in national income & per capita income but institutional and psyological factors remains as same
3. The concept of economic growth is narrow
4. It is not of much use as it do not consider human welfare

* **Meaning of economic development**: economic development is a process which is continous ,to achieve economic well being .there is an increase in the real national income and real per capita income but it does not just take qualitative it takes both qualitstive and quantitative changes and it is a multidimensional process.
* **Definition:**

Acc. To **Micheal Todaro** “economic development is a multidimensional process”

* Characteristics of economic development

1. Continuous process :
2. Quantitative and qualitative process
3. Change in demand
4. Labour become more dynamic
5. Increases capital formation
6. Change in technology
7. Self dependence

* Limitations of Economic Development

1. It indicates the progress of nation not of human
2. It is very difficult to measure
3. It is very difficult to derive a measurement for this
4. There is not much development in the standard of living

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| Economic development | Economic growth |
| 1. It is a process 2. It takes both qualitative and quantitative changes 3. It this the question of utilisation of unutilised resources arises 4. It is related to developing countries 5. It is difficult to measure 6. This concept is broad 7. It is related to the distribution along with per capita income 8. It is a slow process 9. It is not possible without economic growth | 1. It is an occurrence 2. It takes only quantitative changes 3. In this there is emphasis on the distribution available resorces 4. It is related to developed countries      1. It is easy to measure 2. This concept is narrow 3. It is only related to increase in per capita income 4. It is a rapid process 5. It is possible without economic development |

* **Indicators of development**

1. Growth rate of national income
2. Rate of growth of per capita income
3. Physical quality of life(PQLI)
4. Human development index(HDI)

* **Growth rate of national income:** According to this indicator a country is said to have attained economic development if there is a continuous increase in the real national of the national income of the country for a long period of time.
* Limitation:

1. Difficulty in calculating the true national income
2. Population
3. Different methods of calculating national income

* Growth of per capita income: per capita income of a country is a average income pr head. Per capita income is the gross national income of a country divided by the population of that country. The experts of UNO (united nations organisations) have recommended per capita income as an indicator of economic development.
* limitation

1. only estimates
2. difficulty in calculation of national income and per capita income
3. per capita income shows only avg.
4. Difficulty in comparision
5. Deceptive indicator

* Physical quality of life(PQLI): the objective of economic development is to improve the standard of living of the people.MORRIS DAVIS MORRIS presented PQLI.
* **Aspects included in PQLI:**

1. Food
2. Health and medical services
3. Housing and clothing
4. Education and entertainment
5. Transport, communication
6. Energy
7. Pure drinking water
8. Avg life expectancy
9. Infant mortality rate
10. Drainage facility

* 3 determinants of physical quality of life:

Literacy : the percentage of population educated out of the population determines the extent of education.

Life expectancy : no. Of years child is going to live at the time of birthis known as life expectancy at birth.

Infant mortality rate: during a year no. Of infants who die before completing 1 yr out of 1000 births is known as infant mortality rate.

* PQLI = Literacy level+life expectancy+Infant mortality rate
* Reasons for only 3 determinants

1. All factors can be acquired for all countries
2. All these factors depicts result not efforts
3. All these 3 factors are product based

* Formulation of physical quality of life:

1. Every indicator is given 100 weightage
2. A total of grades of 3 factors is summed up
3. This total is devided by 3 to derive an avg

* Important aspects

1. Closer of 100 better is the performance
2. Closer to 0 bad is the performance
3. It is always b/w 0 to 100
4. It is used to compare two states within the country
5. Higher the PQLI more is the economic development
6. Lower the PQLI lesser is the economic development

* Limitations

1. Other factors should be included in this
2. Only avg are depicted
3. If PQLI is high it cannot generalize that that economic development is high as other countries have
4. It is not right to give equal weightage to all indicators

* Human development index(HDI) : UNDP (united nation development programme)
* Determinants of HDI :
* **Important aspects :**

1. Maximum value is 1
2. Value ranges from 0 to 1
3. Closer to 1 is considered as more developed
4. Farther to 1 is considered as less developed
5. In 2014 NORWAY is ranked 1st with 0.944 HDI while INDIA with HDI of 0.609 ranked 130th out of 188

* **Importance of HDI**

1. It is complete as it takes economic factors.
2. True progress=economic progress + social progress
3. HDI is functional.

* Limitations

1. Only three factors is there
2. All three indicators given equal weightage.

**Ch3 Money and inflation**

* **Meaning of barter system:** Barter system is a system of exchange where goods and service are directly exchanged for other goods or services without using a medium of exchange.
* **Limitation of barter system :**

1. Problem of mutual adjustment of wants
2. Difficulty in storing value
3. Problem of measurement of value

* **Meaning of money**: acc to marshall “money is that medium which is used as means of exchange without any doubt or investigation regardless of time or place”.
* **Functions of money :**

1. Money is a medium of exchange
2. Money as a store value
3. Money as a measure value

* **Types of money :**

1. Commodity money
2. Animals money
3. Metal money
4. Paper money
5. Plastic money
6. Banking money

* **Meaning of inflation:** inflation means a rise in general price level.
* **Definition of inflation :** acc to A.P LERNER “a situation of excess demand over supply of goods is called inflation”.
* **Characteristics of inflation :**

1. Rise in price level
2. Price rise in all sectors of economy
3. Purchasing power decreases
4. Rise in price after full employment is inflation

**SUBPRESSED INFLATION :** when govt has kept control over & suppresses increases in price level via rules and regulations and subsidies it is considered as inflation even if there is no price rise it is called as subpressed inflation.

* **Causes of inflation**

1. Increase in demand
2. Increase in supply of money
3. Increase in public expenditure
4. Over population
5. Increase in cost of production
6. Other reasons
7. Taxation policy
8. Increase in price of import
9. Scarcity

**Ch4 Banking and monetary policy**

* **Evolution of bank** : the bank of Barcelona set up in spain in 1401 is known to be first real bank
* **Meaning of bank:** a bank is an institutions authorised to collect peoples savings/deposits with the purpose of lending those; under the condition of returning the same when the depositer demands.
* **Classification of banks :**
* **Commercial bank :**

1. **Primary functions**
2. Accepting deposits :
3. Providing credit facialities :
4. Payment and withdrawal facialities:
5. Credit creation:
6. Inter-banking transaction.
7. **Secondary/other functions of bank:**
8. Agency and utility services
9. Provide various facialities with changing times: like RTGS(real time gross settelment),NEFT(national electronic fund transfer), CORE(centralized online real time exchange).

* **Types of commercial banks : there are 4 types of commercial banks**

1. Public sector comm. Banks
2. Private sector comm. Banks
3. Foreign (multinational)banks in India
4. Regional rural banks

* **Central bank :** According to R.P.Kent defines a central bank “the institutions charged with the responsibility of managing the expansion & contraction of the volume of money in the intrest of the general public welfare”.
* **RESERVE BANK OF INDIA (RBI)**

Under the RBI act of 1934, the RBI was established on “APRIL 1 1935” with a private paid up capital of “5 CRORES”. RBI was nationalised on “JANUARY 1 1949”.

* Monetary functions of RBI

1. Currency issue
2. Banker to the govt.
3. Bankers bank and lender of last resort:
4. Credit control
5. Custodian of foreign exchange reserve

* Non- monetary functions of RBI

1. Regulatory and supervisory function:
2. Promotional functions
3. Financial inclusion and development
4. Awareness regarding banking
5. Jan Dhan Yojna
6. Consumer rights
7. Banking related information

* **Monetary policy**

1. quantitative changes:

**Bank rate :** the rate at which RBI lends to the commercial banks for long term is called as bank rate . in this there is less creation of money,low demand for goods and lower circulation of money in the economy.when the economy is under the grip of inflation , bank rate is increased to control inflation. The policy of keeping the bank rate very low is called cheap money policy.

**Repo rate and reverse repo rate** : when the commercial banks need money for a short period(like 1day,7 days , 15 days) they sell some securities which are held by them to RBI with a repurchase agreement at a particular rate, this rate is called as REPO RATE.

REVERSE REPO RATE means the agreed upon rate at which RBI repurchases its securities fron the commercial bank in the event when the RBI has to borrow short term funds from the commercial banks.

**Cash reserve ratio(CRR):** under the RBI act 1934, all commercial banks have to keep certain minimum CR with the RBI.CRR fulfills the need of a comfortable amt of cash reserves with the banking system, in case many customers start withdrawing their deposits and banks have to provide cash against their deposits.

**Qualitative measure:**

1. Security requirement
2. Margin requirement 3)ceiling credit 4)discriminatory interest rate

**Ch5 Poverty**

* **Meaning of poverty** : A situation where a major portion of population cannot even satisfy their minimum requirement are said to be poor. If a larger population is living below the minimum rquired standard of living there exists wide spread poverty.
* **Nature of poverty**

1. Absolute poverty : the minimum expenditure or income required to satidfy the minimum requirements is known as absolutely poor. It is also known as complete poverty.

* **State wise poverty in India**

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| % of population below poverty line | States |
| Below 10% | Goa, Kerala, Himachal pradesh, Sikkim, Punjab, Andhra pradesh |
| 10 to 20% | J&K,Haryana, Tamil Nadu, Gujarat, Rajasthan, Maharastra, Tripura, Nagaland, Meghalaya |
| 20 to 30% | West Bengal, Mizoram, Karnatak, UP |
| 30 to 40% | MP,Assam, Odisha, Bihar, Aruranchal pradesh, Manipur, Jharkhand, Chattisgarh |

* **Indicators of poverty**

1. Per capita household consumption expenditure
2. Level of malnutrition
3. Life expectancy & infant mortality rate
4. Medical facilities
5. Drinking water.
6. Provision of toilets: acc to report of 2011

|  |  |  |
| --- | --- | --- |
| Total families | Toilets within house | House without toilet facialities |
| 100% | 66% | 34% |
|  |  |  |

1. Housing :
2. Electricity consumption
3. Education:
4. Unequal distribution of income and property.
5. High rate of unemployment:

* Causes of poverty

1. Historical reason’s:

* Causes of rural poverty :

1. Natural causes :
2. Demographic factors:

**Economic factors:**

1. Low agriculture productivity per labour :
2. Unequal distribution of land and property
3. Minimal development of small and cottage industry:
4. Rapid increase in prices :
5. High rate of unemployment:

* Social reasons:

1. low level of education
2. Gender inequalities

* Other reasons:

1. War
2. Increase in defense expenditure
3. Defective policies :

* Measures to reduce poverty:

1. To increase agricultural productivity
2. Development of small scall industies
3. Dveloppment of unorganised sector :
4. Use of appropriate tax policy.
5. Rise of human capital investment
6. Goods and services at reasonable rates.

* Emploement Programmes:

1. Self employent programme
2. Wage employement scheme
3. Prime Minister Rojgar yojana (PMRY)
4. National Rural Employement Gurantee Act,2005(NREGA) : its main objective is of creating assets through public construction activities and to provide employement to one person per family of minimum 100 days to rural and urban poor as well. In 2009, NREGA was reformed as ‘Mahatma Gandhi National Rural Employement Gurantee Act (MGNREGA).

* Housing schemes:
* Social security schemes
* Jandhan yojna

**Ch6 Unemployment**

* **Meaning of unemployment** : Unemployment is a situation were a situation were a person is willing to work but doesnt get work.

**According to prof. Pigou,** “A person is said to be unemployed only when he is willing to work but it is not able to find work”.

* **Nature of unemployment** : it is given by Shri raj committe report in 2011-12

1. Time :
2. Income
3. Willingness
4. Productivity

* Types of Unemployment

1. **Open unemployment:** those individual who are ready to work at current wage rate and posses qualifications too , but do not get any job are said to be fully unemployed or openly unemployed. Open unemployment can be seen more among the age group of 15 to 25 years.
2. **Under-employment**: when labours cannot utilize their capabilities fully and for certain period accept less capable job is said to be unemployed. Ex. A labour working in industry gets work only for 5hours instead of 8 years.
3. **Disguised unemployment:** it also means ‘HIDDEN UNEMPLOYMENT’. In any activity if too many persons are employed at the given level of technology, and when few persons are removed from the work , the total production does not change, then there exist disguised unemployment.
4. **Cyclical unemployment** : when an cycle is followed in the economy then there exist cyclical unemployment. Ex. Boom, depression in the economy.
5. **Frictional unemployment:** when in production process, because of changes in demand or production or new technology,new goods enter in the the market and unemployment arises, then this unemployment is frictional unemployment.

* **Causes of unemployment:**

1. High rate of population growth
2. Slow rise in employment opportunities
3. Low Rate Of Savings & Investment
4. Capital intensive production technique:
5. Lack of vocational education
6. Lack of manpower planning
7. Inefficiency of public sector
8. Negligence towards agriculture sector
9. Low mobility of workers
10. Lack of infrastructural facilities

* **Measures to reduce unemployment:**

1. Population control
2. Increase in the rate economic development
3. Employment oriented planning
4. Employment oriented education
5. Development of small and cottage industries
6. Extension of infrastructural activities

* **State programme to solve unemployment:**

1. **MGNREGA** (Mahatma Gandhi national rural employment guarantee act) : on February 2006, MGNREGA was started with the objective of providing employment to rural people residing in backward areas of country. Thus govt declared 2nd feb as “employment day” in this programme at least one person form the family will get employment for 100 days in a year. Whereas, 1/3 employment is reserved for women. Labour should given employment within 5KM from their residence. If it is more than that KM then govt should provide 10% of extra wage to the workers.
2. **Pandit deendayal upadhyay shramatev jayate yojna** : it is started on 16th October, 2014 with the objective to provide good health and medical services along with good management, skill development welfare to the labourers of unorganised sector.
3. **Deendayal Upadhyay gramjyoti Yojna :** it is started with an objective of providing 24x7 electricity services in rural areas.
4. **Deendayal upadhayay gramin kaushal yojna :** it is started on 25th September, 2014 with an objective of providing employement to youth b/w age 18 to 35.
5. **Prime minister agricultural irrigation programme:** it is started on 1st july, 2015 with an objective of “water to every field” to increase the productivity, optimum use of available resource.

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