

**Class -XII**

**Subject: Economics**

**CASE STUDY 1**

**Read the following hypothetical text and answer the given questions:**

India's Micro, Small and Medium Enterprises (MSME) sector is poised for a mega transformation in 2020, with the launch of an Alibaba-like e- marketplace, trendy yet affordable khadi products to appeal to the masses and digital data-based credit ratings to help entrepreneurs avail loans. However, the MSME sector, often considered the bulwark of the economy as it contributes around 29% to the GDP and 48% to the Indian exports.

There is an urgent need of major reforms and policy interventions towards ensuring timely availability of low cost credit, improving ease of doing business and technological up gradation, to take on the formidable challenge of creating millions of jobs, ensure equitable distribution of national income and achieving large-scale import substitution. The World Bank has recently approved loan worth \$750 million to address the immediate liquidity and credit needs of India's MSME sector that has been severely impacted by the Covid-19 crisis. This will give a push to the Atmanirbhar Bharat vision of the government.

Q-1 Identify which of the following is not an advantage of the MSME sector? (Choose the correct alternative)

- a) It is suited for the utilization of local resources.
- b) It is helpful in creation of employment opportunities
- c) It requires more capital than labour
- d) It ensures equitable distribution of income in the country.

Q-2 MSME sector suffered to a large extent in COVID-19 pandemic situation due \_\_\_\_\_ (fill up the blank with correct answer)

Q-3 Read the following statements - Assertion (A) and Reason ( R)

Assertion (A): Small scale industries ensure a more equitable distribution of national income and wealth.

Reason (R): The ownership of small scale industries is more wide spread than the ownership of large scale industries.

Select the correct alternative from the following:

- a) Both Assertion (A) and Reason ( R) are true.
- b) Both Assertion (A) and Reason (R) are false.

Q.N.-4 State whether the given statement is true or false:

Small Scale Industries are the largest employer of the labour force in India.

## CASE STUDY – 2

**Read the following hypothetical text and answer the given questions:**

The performance of Indian economy during the period of first seven five year plans (1950-1990) was satisfactory if not very impressive. On the eve of independence, India was an industrially backward country, but during this period of first seven plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to protection of the domestic industries against the foreign producers but we failed to promote a strong export surplus. Although public sector expanded to a large extent but it could not bring desired level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernization on the front of the industrial sector.

Many Public Sector Undertakings (PSU's) incurred huge losses due to operational inefficiencies, red-tapism, poor technology and other similar reasons. These PSU's continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources.

On the Agricultural front, due to the measures taken under the Green Revolution, India more or less became self-sufficient in the production of food grains.

So the needs for reform of economic policy was widely felt in the context of changing global economic scenario to achieve desired growth in the country.

Q-1 Which of the following was not a reason for the public sector to play a major role in the initial phase of Indian Economic Planning? (choose the correct alternative)

- a) Private entrepreneurs lacked sufficient capital for investment.
- b) Government aimed at social welfare.
- c) The market was big enough to encourage private industrialists for investment.
- d) The government wanted to protect the indigenous producers from the foreign competition.

Q-2 Inward looking trade strategy aimed at \_\_\_\_\_ (fill up the blank with correct answer)

Q-3 State whether the given statement is true or false:

Mechanization of the Indian agriculture was one of the cause of Green Revolution in India.

Q-4 Read the following statements - Assertion (A) and Reason (R)

Assertion (A): Many public sector undertakings incurred huge losses due to operational inefficiencies.

Reason (R): Red-tapism was one of the reasons for continuation of such enterprises.

Select the correct alternative from the following:

- a) Both Assertion (A) and Reason (R) are true.
- b) Both Assertion (A) and Reason (R) are false.

### CASE STUDY – 3

**Read the following hypothetical text and answer the given questions:**

Sustainable development is the synonymous in the minds of many with the colour green and for good reasons. Twenty years ago, at the First Earth Summit at Rio de Janeiro, in Brazil, world leaders set out what today is conventional wisdom: SOCIAL AND ECONOMIC HUMAN PROGRESS - cannot be divorced from environmental protection unless both are advanced together, both will flounder together.

Sustainable development is as much about health, education and jobs, as it is about the ecosystems. It is about ever widening inclusion and movement away from decisions that erode democratic space and do not address social inequality, intolerance, and violence.

Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated healthy and productive societies. It is about wealth creation that generates equality and opportunity.

Sustainable Development is about consumption and production patterns that respect planetary boundaries; it is also about increasing tolerance and respect for human rights at all levels. Building on human development legacy that oriented with Economists like Amartya Sen and MahbubUIHaq and was captured by the first Human Development Report in 1990.

United Nations Development Programme (UNDP) has long promoted alternative approaches to measure human progress, along with the Human Development Index (HDI). Today, we are building on this legacy by exploring how to adjust the index to reflect environmental sustainability, so that governments and citizens might better track real progress towards truly sustainable development. This must be our collective objective.

Q-1	Which of the following is not one of the ways to attain the goal of sustainable development? (choose the correct alternative) a) Use of cleaner fuels b) Use of traditional knowledge and practices c) Spreading awareness d) Sticking to methods to promote inequalities.
Q-2	State whether the given statement is true or false: As per the UNDP Report education and health are the broader issues of human development.
Q-3	Sustainable development and economic growth are _____ (directly/indirectly) related. (choose the correct alternative)
Q-4	Read the following statements - Assertion (A) and Reason ( R) Assertion (A): Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated, healthy and productive societies. Reason (R): Sustainable Development advocates about wealth creation that generates Socio-economic equality and opportunity. Select the correct alternative from the following: a) Both Assertion (A) and Reason (R) are true. b) Both Assertion (A) and Reason (R) are false.

**CASE STUDY – 4**

**Read the following hypothetical text and answer the given questions:**

Infrastructure is often called as the lifeline of the economy of a nation. It comprises of a well established and well knit network of power, telecom, ports, airports, roads, civil aviation, railways and road transport in a country. Countries need adequate infrastructure so that various economic activities in an economy are executed efficiently, smoothly and above all in time. The deficiencies in the of infrastructural needs of a nation cannot be made up through imports rather the best approach is that it must be created within the domestic economy to put it on through the higher growth trajectory.

However,building of infrastructure requires large and lumpy investment and has a relatively long gestation period. Due to this fact, infrastructural facilities are either built or run by the government and public sector enterprises and if private sector is permitted to make investment and run infrastructural projects, they must be regulated in order to ensure quality infrastructure to one and all in the society.

Q-1	Identify the main category of infrastructure mentioned in the above paragraph. (choose the correct alternative) a) Social b) Economic c) Personal d) Financial
Q-2	The demand-supply gap of major infrastructural facility like power, transport can be met through_____ (fill up the blank with correct answer)
Q-3	State whether the given statement is true or false: 'Infrastructure is often called as the lifeline of the economy of a country,as it helps in increasing the productivity ofthe factors of production and enhancing the quality of life'.
Q-4	State any one reason as to why infrastructural facilities are mainly built or run by the government and public sector enterprises?

### CASE STUDY- 5

Read the following hypothetical text and answer the given questions:

	<p>The Budget Estimate of total spending for 2021-22 is ₹34.83 lakh crore. The Revised Estimate (RE) for total central spending in 2020-21 is ₹34.5 lakh crore. The Gross Domestic Product (GDP) deflator — if one takes 14.4% nominal GDP growth projection for 2021-22 given in the budget and 11% real GDP forecast given in the latest Economic Survey — comes to 3.4%. This means that central spending should have increased to at least ₹35.7 lakh crore to keep it unchanged in real terms. The fact that it has not happened implies that the 2021-22 budget entails a negative fiscal stimulus to the economy.</p> <p>To be sure, one could argue that 2020-21 was an abnormal year — and, therefore, the government is justified in rolling back its welfare spending push, as the economy gets unlocked and vaccination gains momentum.</p>
Q-1	With the rise in real national income, the economic welfare of the people _____ (rises/falls). (choose the correct alternative)
Q-2	If GDP Deflator = 125, Nominal GDP= ₹15000crs. then Real GDP is equal to ₹ _____ (fill up the blank with correct answer)
Q-3	<p>Read the following statements - Assertion (A) and Reason ( R)</p> <p>Assertion (A): Real GDP is always equal to Nominal GDP.</p> <p>Reason (R): Real GDP is a better measure to make periodic comparison in the physical output of goods and services over different years.</p> <p>Select the correct alternative from the following:</p> <p>a) Assertion (A) is true and Reason (R) is false.</p> <p>b) Assertion (A) is false and Reason (R) is true.</p>
Q-4	State the significance of GDP Deflator.

**SUGGESTED ANSWERS TO THE CASE STUDIES**

<b>CASE STUDY 1</b>	
Q-1	c) It requires more capital
Q-2	a) Liquidity crunch (or any other valid answer)
Q-3	a) Both Assertion (A) and Reason (R) are true.
Q-4	False
<b>CASE STUDY 2</b>	
Q-1	c) The market was big enough to encourage private industrialists for investment.
Q-2	protecting domestic industries from international competition. (or any other valid answer)
Q-3	True
Q-4	a) Both Assertion (A) and Reason (R) are true.
<b>CASE STUDY 3</b>	
Q-1	d) Sticking to methods to promote inequalities.
Q-2	True
Q-3	Directly
Q-4	a) Both Assertion (A) and Reason (R) are true.
<b>CASE STUDY 4</b>	
Q-1	b) Economic
Q-2	active role of public and private sectors. (or any other valid answer)
Q-3	True
Q-4	Higher investment requirements/longer gestation period of the project. (or any other valid answer)
<b>CASE STUDY 5</b>	
Q-1	Rises
Q-2	₹12,000 crores
Q-3	b) Assertion (A) is false and Reason (R) is true.
Q-4	GDP Deflator is a tool that shows changes in the price level of the economy over a given period of time.