Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/21**

Paper 2 AS Level Data Response and Essays **May/June 2023**

2 hours

6104193953

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **three** questions in total:
  - Section A: answer Question 1.
  - Section B: answer **one** question.
  - Section C: answer **one** question.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.
- You may use a calculator.
- You may answer with reference to any economy you have studied where relevant to the question.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

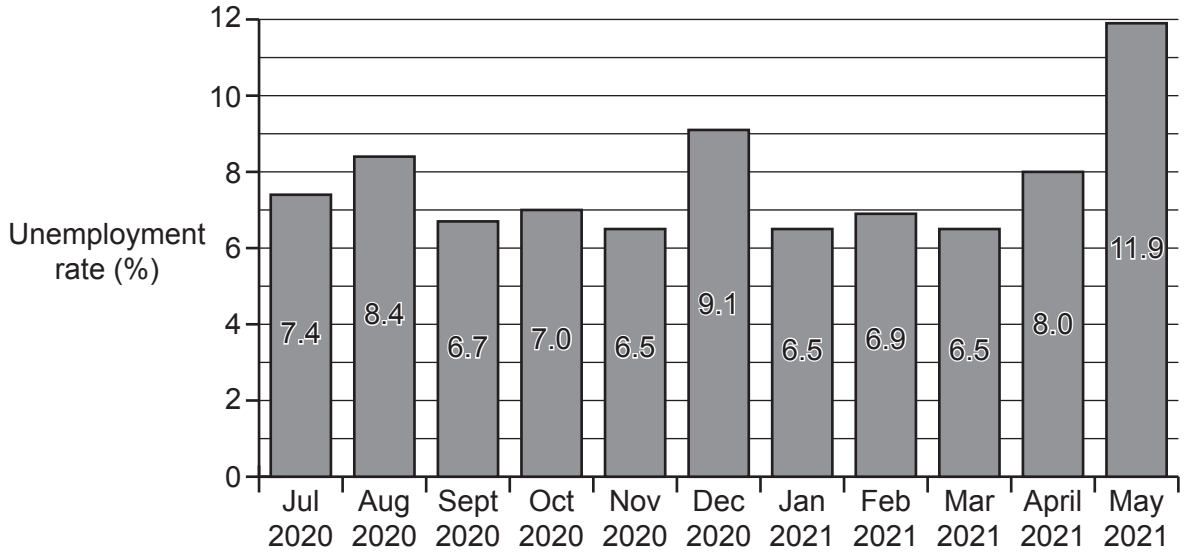
© UCLES 2023

Section A

Answer all parts of Question 1.

1 **Unemployment in India**

Changes in the rate of unemployment in India between July 2020 and May 2021 can be seen in Fig. 1.1.



Source: tradingeconomics.com, July 2021

Fig. 1.1: India's unemployment rate, July 2020 to May 2021

India's unemployment rate rose in December 2020, reaching a six-month high. The fact that the unemployment rate has been rising during this period, despite an economic recovery, has raised concerns among economists at the Centre for Monitoring Indian Economy (CMIE) research institute in Mumbai, although they recognise that there are possible difficulties in the measurement of unemployment.

One of the reasons for the increase in unemployment in December 2020 is an increase in frictional unemployment. According to CMIE, India's labour force increased from 421 million in November 2020 to 427 million in December 2020 and the majority of these new workers were unable to find work immediately. Many of these people are reluctant to relocate to take jobs and others are unaware of job vacancies.

Another reason for this increase in unemployment in India is because of seasonal unemployment. One of the main reasons behind rising unemployment has been the failure of the agricultural sector to absorb the additional labour. One economist at CMIE has stated: 'Farming is the last resort of many who are without work. However, December is not the month in which farming can absorb labour. This is the month when it needs fewer workers. In December 2020, the job losses from agriculture were 9.8 million.

The economists at CMIE stated that the rise in unemployment in certain months was not a good sign for the Indian economy as it could lead to higher income inequality and poverty.

Source: Adapted from India Today, 5 January 2021

© UCLES 2023

(a) Using the data in Fig. 1.1, calculate the change in India's unemployment rate between July 2020 and May 2021. [2]

(b) Using the information provided, explain how agriculture caused seasonal unemployment in India in December 2020. [2]

(c) Consider the extent to which difficulties may arise in the measurement of unemployment in India. [4]

(d) Assess whether seasonal unemployment is likely to be a more serious problem than frictional unemployment for India's economy. [6]

(e) Assess the possible measures that could be taken to increase employment in a country such as India. [6]

Section B

Answer **one** question.

EITHER

2 **(a)** With the help of a diagram, explain the difference between the causes of a movement along, and a shift of, a production possibility curve (PPC) **and** consider which is likely to have the most immediate impact on an economy. [8]

(b) Assess whether education should be classified as a public good rather than classified as a merit good. [12]

OR

3 **(a)** With the help of a formula, explain the meaning of cross elasticity of demand **and** consider which determinants are most important in establishing the size and sign of its coefficient. [8]

(b) With the help of a diagram, assess whether the benefits of a buffer stock scheme for an agricultural product always outweigh its disadvantages. [12]

© UCLES 2023

Section C

Answer **one** question.

EITHER

4 **(a)** With the help of an AD/AS diagram(s), explain cost-push inflation and demand-pull inflation in an economy **and** consider in what circumstances one may be more damaging than the other. [8]

(b) Assess whether monetary policy or supply-side policy is likely to be more successful in reducing the rate of inflation in an economy. [12]

OR

5 **(a)** With the help of a diagram(s), explain the likely causes of a depreciation of a floating exchange rate **and** consider whether such a depreciation is always beneficial to an economy. [8]

(b) Assess whether the arguments for protectionism in the context of international trade are always stronger than the arguments against. [12]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2023