

CBSE 12 Economics (58/4/1) Question Paper with Solutions

Time Allowed :3 hours

Maximum Marks :100

Total questions :34

General Instructions

Read the following instructions very carefully and strictly follow them:

(i) This question paper contains 34 questions. All questions are compulsory.

(ii) This question paper contains two sections :

Section A : Macro Economics

Section B : Indian Economic Development

(iii) This question paper contains 20 Multiple Choice type questions. Each question carries 1 mark.

(iv) This question paper contains 4 Short Answer Type-I questions. Each question carries 3 marks. Answer these questions in 60 to 80 words.

(v) This question paper contains 6 Short Answer Type-II questions. Each question carries 4 marks. Answer these questions in 80 to 100 words.

(vi) This question paper contains 4 Long Answer type questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.

(vii) Attempt all parts of a question together.

(viii) In addition to this, note that a separate question has been provided for Visually Impaired candidates in lieu of questions having visual inputs, map etc. Such questions are to be attempted by Visually Impaired candidates only.

(ix) There is no overall choice in the question paper. However, an internal choice has been provided in few questions. Only one of the choices in such questions has to be attempted.

SECTION A

(Macro Economics)

1. Read the following statements - Assertion (A) and Reason (R). Choose the correct alternative given below:

Assertion (A): Ceteris Paribus, Devaluation of domestic currency leads to an increase in National Income of a nation.

Reason (R): Devaluation of domestic currency refers to a reduction in the value of domestic currency with respect to foreign currency, under the fixed exchange rate system.

(Choose the correct alternative)

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

(C) Assertion (A) is true, but Reason (R) is false.

(D) Assertion (A) is false, but Reason (R) is true.

Correct Answer: (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

Solution:

- Devaluation makes exports cheaper and imports costlier, leading to an increase in net exports, which contributes to National Income.

- However, Reason (R) only defines devaluation and does not directly explain how it impacts National Income.

Conclusion: Since both statements are true but Reason (R) does not directly explain Assertion (A), option (B) is correct.

Quick Tip

Devaluation boosts net exports, increasing National Income, but its impact depends on demand elasticity.

**2. The Central Bank can reduce the Money Supply in the economy by _____ the _____.
(Fill up the blanks with the correct alternative.)**

- (A) increasing, bank rate
- (B) decreasing, cash reserve ratio
- (C) decreasing, bank rate
- (D) buying, government securities

Correct Answer: (A) increasing, bank rate

Solution:

- Bank Rate refers to the rate at which the central bank lends money to commercial banks.
- When the central bank increases the bank rate, borrowing becomes expensive, reducing the money supply in the economy.

Conclusion: A higher bank rate discourages borrowing, reducing liquidity, which helps control inflation.

Quick Tip

An increase in the bank rate reduces borrowing and credit creation, controlling excess money supply.

3. Identify which of the following is not a source of demand for foreign exchange for the Indian economy?

(Choose the correct alternative.)

- (A) Import of goods and services
- (B) Remittances by foreigners living in India to their families abroad
- (C) Indian tourists visiting foreign countries
- (D) Loans from Rest of the World (ROW)

Correct Answer: (D) Loans from Rest of the World (ROW)

Solution:

- Demand for foreign exchange arises when India makes payments abroad (imports, remittances, foreign travel).
- Loans from ROW are an inflow, increasing the foreign exchange supply, not demand.

Conclusion: Since foreign loans bring money into the economy rather than increasing demand for foreign currency, option (D) is correct.

Quick Tip

Foreign exchange demand arises from imports, remittances abroad, and tourism, but loans from ROW are an inflow.

4. If a straight-line consumption function makes a positive intercept at the Y-axis, it implies that the Marginal Propensity to Consume (MPC) ----- and the Average Propensity to Consume (APC) ----- as the level of income rises.

(Choose the correct alternative.)

- (A) remains constant, rises
- (B) falls, falls
- (C) rises, rises
- (D) remains constant, falls

Correct Answer: (D) remains constant, falls

Solution:

- MPC remains constant because it is the slope of the consumption function.
- APC falls as income increases since fixed autonomous consumption makes a smaller proportion of income at higher levels.

Conclusion: Since the MPC is constant and the APC falls with rising income, option (D) is correct.

Quick Tip

MPC remains constant, but APC decreases as income increases because fixed consumption becomes a smaller share.

5. Under the _____ Exchange Rate System, the Central Bank can control the rise/fall of foreign exchange rate in a range-bound manner.

(Choose the correct alternative.)

- (A) Fixed
- (B) Flexible
- (C) Managed Floating
- (D) Gold Standard

Correct Answer: (C) Managed Floating

Solution:

- In a Managed Floating Exchange Rate System, exchange rates fluctuate based on market forces, but the central bank intervenes to stabilize extreme fluctuations.
- This differs from a Fixed Exchange Rate System, where the currency value is strictly controlled.

Conclusion: Since the central bank manages fluctuations within a range in a managed floating system, option (C) is correct.

Quick Tip

In a Managed Floating System, the central bank intervenes to stabilize exchange rates within a flexible range.

6. Identify the incorrect feature(s) of the Money Supply in an economy, from the following:

- (i) It is measured during a period of time. (ii) It includes stock of money held by the government of a nation. (iii) It always represents the currency held with the Central Bank of the nation.

(Choose the correct alternative)

- (A) (i) only
- (B) (ii) and (iii)
- (C) (i) and (ii)
- (D) (i), (ii) and (iii)

Correct Answer: (D) (i), (ii) and (iii)

Solution:

- Money supply is measured at a point in time and does not include the money held by the government or exclusively held by the central bank.

- Money supply includes all money in circulation in the economy, not just with the central bank.

Conclusion: All three statements are incorrect because money supply is defined based on the circulating money in the economy and not just the central bank's reserves.

Quick Tip

Money supply includes all money in the economy, not just central bank reserves, and is measured at a point in time.

7. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Real Gross Domestic Product is a better indicator of economic growth of a nation as compared to Nominal Gross Domestic Product.

Reason (R): Real Gross Domestic Product measures the value of goods and services at current year prices.

(Choose the correct alternative)

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(C) Assertion (A) is true, but Reason (R) is false.

(D) Assertion (A) is false, but Reason (R) is true.

Correct Answer: (C) Assertion (A) is true, but Reason (R) is false.

Solution:

- Assertion (A) is true: Real GDP adjusts for inflation, making it a better indicator of true economic growth compared to nominal GDP, which is affected by price changes.

- Reason (R) is false: Real GDP is calculated using constant prices, not current year prices. Nominal GDP uses current year prices, which include inflation effects.

Conclusion: Real GDP is a better measure of economic growth because it is inflation-adjusted, while Reason (R) incorrectly defines Real GDP.

Quick Tip

Real GDP adjusts for inflation, providing a clearer view of actual economic growth over time.

8. From the given table, identify the level of income, where Average Propensity to Save (APS) becomes zero.

Income and Consumption Table:

Income (Rs. crore)	Consumption (Rs. crore)
0	50
50	75
100	100
200	150
300	200
400	250

(Choose the correct alternative)

- (A) 50
- (B) 100
- (C) 200
- (D) 0

Correct Answer: (B) 100

Solution:

- APS becomes zero when savings are zero.
- At income = Rs.100 crore, consumption = Rs.100 crore. Since savings = income - consumption, savings = 100 - 100 = 0.

Conclusion: APS = 0 at an income of Rs.100 crore.

Quick Tip

APS becomes zero when savings are equal to income, i.e., when consumption equals income.

9. Under the _____ Exchange Rate System, the Central Bank can control the rise/fall of foreign exchange rate in a range-bound manner.

(Choose the correct alternative.)

- (A) Fixed
- (B) Flexible
- (C) Managed Floating
- (D) Gold Standard

Correct Answer: (C) Managed Floating

Solution:

- In a Managed Floating Exchange Rate System, exchange rates fluctuate based on market forces but the central bank intervenes to stabilize the currency within a certain range.
- In a Fixed Exchange Rate System, the currency's value is pegged to another, and the central bank controls it directly.

Conclusion: In a managed floating system, the central bank intervenes to stabilize the exchange rate within a specific range.

Quick Tip

In managed floating exchange systems, the central bank intervenes to smooth out extreme fluctuations in the currency value.

10. Identify which of the following is not a source of demand for foreign exchange for the Indian economy?

(Choose the correct alternative.)

- (A) Import of goods and services
- (B) Remittances by foreigners living in India to their families abroad

(C) Indian tourists visiting foreign countries

(D) Loans from Rest of the World (ROW)

Correct Answer: (D) Loans from Rest of the World (ROW)

Solution:

- Demand for foreign exchange arises when the economy makes payments to other countries such as imports, remittances, and foreign tourism.

- Loans from ROW are an inflow of capital into the country, increasing the supply of foreign exchange rather than its demand.

Conclusion: Loans from ROW bring foreign exchange into the country, increasing the supply, not demand.

Quick Tip

Demand for foreign exchange arises when money flows out of the country, e.g., imports, remittances, and tourism.

11. (a) Estimate the value of Net National Product at Factor Cost (NNP_{Fc}), using the following information:

S. No.	Items	Amount (in Rs. crores)
(i)	Household Consumption Expenditure	1,200
(ii)	Business Fixed Investment Expenditure	800
(iii)	Government Final Consumption Expenditure	500
(iv)	Excess of Imports over Exports	(-)100
(v)	Net Indirect Taxes	150
(vi)	Change in Inventory	(-)50
(vii)	Consumption of Fixed Capital	200
(viii)	Net Factor Income from Abroad	80
(ix)	Public Fixed Investment	70

Formula: Net National Product at Factor Cost (NNP_{Fc}) =

$$(i) + (ii) + (iii) + (iv) + (vi) + (ix) - (v) - (vii) + (viii)$$

Calculation:

$$\begin{aligned}NNP_{Fc} &= 1,200 + 500 + 800 + 70 + (-50) - 100 - 200 - 150 \\ &== Rs.2,070\text{crore}\end{aligned}$$

Final Answer:

$$NNP_{Fc} = 2,150 \text{ crores}$$

Quick Tip

NNP at Factor Cost is derived by adjusting Net Indirect Taxes and Net Factor Income from Abroad from the total expenditure approach.

(b) "Disposition Phase of circular flow of Income involves flow of factor Income, which comprises of rent, wages, interest, and profits from firms to households."

Defend or refute the statement, giving valid reasons in support of your answer.

Solution:

The given statement is **correct**. The disposition phase in the circular flow of income explains how income is transferred from firms to households in return for factor services. The reasons supporting this are:

1. Factor Payments: Firms pay wages, rent, interest, and profits to households in exchange for their contribution of land, labor, capital, and entrepreneurship.
2. Consumption Expenditure: Households, in turn, use this income to purchase goods and services, completing the circular flow.
3. National Income Distribution: This phase ensures that the income generated by firms is redistributed to the households, which then sustain economic activities by spending and saving.

Conclusion: Since the disposition phase deals with how national income is utilized by households after being received as factor payments, the statement is valid and well-supported by economic theory.

Quick Tip

The disposition phase highlights how factor incomes are distributed to households, sustaining the cycle of economic activities.

12. State the meaning of autonomous and accommodating items, under Balance of Payments of India, with the help of an example.

Solution:

1. Autonomous Items: These are economic transactions in the Balance of Payments (BoP) that are driven by economic motives such as trade and investment. They occur due to private sector decisions and are independent of a nation's foreign exchange reserves.

- **Example:** Foreign Direct Investment (FDI) in India by a multinational corporation.

2. Accommodating Items: These transactions are undertaken by the government or central bank to balance the BoP when there is a deficit or surplus. They ensure equilibrium in international transactions.

- **Example:** Borrowing from the International Monetary Fund (IMF) to cover a BoP deficit.

Conclusion: Autonomous items occur naturally through economic activities, while accommodating items are introduced to correct imbalances in the BoP.

Quick Tip

Autonomous transactions are driven by trade and investment, while accommodating transactions help in balancing foreign exchange gaps.

13. Suppose, the Indian Government decides to boost public investments with a defence project of Rs.40,000 crore. Explain the likely impacts of the given situation on the Income, Employment, and Output of the economy, assuming all other factors constant.

Solution:

1. Impact on Income:

- The increase in government spending will lead to higher aggregate demand, resulting in greater income generation in the economy.

2. Impact on Employment:

- The defense project will create direct and indirect employment opportunities, leading to a reduction in unemployment levels.

3. Impact on Output:

- Higher government expenditure will boost industrial and manufacturing activities, thereby increasing national output and GDP growth.

Conclusion: Government investment in public projects acts as a multiplier, positively influencing income, employment, and production levels.

Quick Tip

Public investment projects lead to a chain reaction, increasing demand, job creation, and economic output.

14. Elaborate the 'Banker's Bank and Supervisor' function of the Reserve Bank of India.

Solution:

The Reserve Bank of India (RBI) performs the crucial function of being the "Banker's Bank and Supervisor" by:

1. Regulating Commercial Banks: RBI monitors and enforces banking norms, ensuring financial stability.
2. Lender of Last Resort: It provides emergency liquidity to banks facing financial distress.
3. Monetary Policy Implementation: RBI controls credit supply through policy tools like repo rate and cash reserve ratio (CRR).
4. Supervision of Banking Operations: It ensures compliance with financial laws and protects depositor interests.

Conclusion: RBI's role as the "Banker's Bank and Supervisor" safeguards the stability of the banking system and ensures smooth financial operations.

Quick Tip

RBI ensures financial discipline by regulating banks, controlling money supply, and acting as a lender of last resort.

15. (a) Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy:

- (i) National Income = Rs.40,000 crore
- (ii) Marginal Propensity to Consume (MPC) = 0.8
- (iii) Autonomous Consumption (C) = Rs.100 crore

Solution:

Formula:

$$Y = C + I$$

$$C = C_0 + MPC \times Y$$

$$I = Y - C$$

Calculation:

$$\begin{aligned} C &= 100 + 0.8 \times 40,000 \\ &= 100 + 32,000 \\ &= 32,100 \end{aligned}$$

$$\begin{aligned} I &= 40,000 - 32,100 \\ &= \text{Rs.7,900 crore} \end{aligned}$$

Final Answer: Rs.7,900 crore

Quick Tip

Investment expenditure in an equilibrium economy is derived by subtracting total consumption from national income.

OR

15. (b) "With the objective to correct deflation, Reserve Bank of India may decrease the Bank rate." Discuss the rationale behind the step taken by the Reserve Bank of India (RBI).

Solution:

- A decrease in the Bank Rate reduces the cost of borrowing for commercial banks, encouraging them to lend more to businesses and consumers. - Increased credit availability leads to higher investment and consumption spending, boosting Aggregate Demand in the economy. - This rise in demand helps in correcting deflationary pressures, bringing the economy back to stability.

Conclusion: Lowering the Bank Rate makes borrowing cheaper, increasing liquidity, investment, and consumer spending, thus combating deflation.

Quick Tip

A lower Bank Rate encourages borrowing and spending, helping to counteract deflationary pressures.

16. (a) With valid reasons, classify the following into Capital Receipts or Revenue Receipts of the government:

- (i) Dividend received by the government from a Maharatna company.
- (ii) Receipts of the government from the sale of shares of a Public Sector Undertaking (PSU) in the open market.
- (iii) Debt cleared by the Sri Lankan Government to the Indian Government.

Solution:

Classification:

1. Dividend from a Maharatna company - Revenue Receipt
 - It is a regular income for the government and does not create any liability or reduce assets.
2. Sale of PSU shares - Capital Receipt
 - It reduces the government's ownership in PSU assets and is a non-recurring receipt.
3. Debt repayment by Sri Lanka - Capital Receipt
 - Repayment of debt results in a change in financial assets of the government.

Quick Tip

Revenue receipts do not affect assets or liabilities, while capital receipts involve asset changes or liabilities.

OR

16. (b) (i) 'Government Budget can be a useful instrument in reducing inequalities in the distribution of income and wealth in an economy.' Present valid arguments in favor of your answer.

Solution:

1. Progressive Taxation:

- Higher taxes on the wealthy and lower taxes on the poor help in redistributing wealth.

2. Welfare Expenditure:

- Government spends on subsidies, education, healthcare, and social security, benefiting lower-income groups.

3. Public Employment Programs:

- Schemes like MGNREGA create jobs and income opportunities, reducing economic disparity.

Conclusion: The government budget serves as a powerful tool to promote economic equity by using taxation and welfare policies.

Quick Tip

Government budgets use progressive taxation and welfare spending to reduce income inequality.

16. (b) (ii) State the meaning and formula of Fiscal Deficit.

Solution:

Meaning: Fiscal Deficit refers to the excess of total government expenditure over total receipts (excluding borrowings) in a given financial year.

Formula:

Fiscal Deficit = Total Expenditure – (Revenue Receipts + Capital Receipts (excluding borrowings))

Quick Tip

A high fiscal deficit indicates more government borrowing, leading to a higher debt burden.

17. (a) "In the past few decades, the Indian economy has been fairly benefitted by positive externalities created by a rapid rise in infrastructure." Justify the given statement with valid arguments.

Solution:

Positive externalities refer to the spillover benefits that arise from investments, particularly in infrastructure. The rapid development of infrastructure in India has significantly contributed to economic growth in the following ways:

1. Enhanced Productivity and Efficiency:

- Improved transportation networks (roads, railways, and airports) have reduced logistics costs, increasing industrial efficiency.

2. Attracting Foreign Investment:

- Better infrastructure fosters a favorable business environment, attracting both domestic and foreign investments.

3. Employment Generation:

- Infrastructure projects like highways, metro systems, and smart cities have created millions of jobs, boosting income levels.

4. Expansion of Markets:

- Rural infrastructure development, including electrification and internet connectivity, has facilitated rural-urban trade and digital economy expansion.

Conclusion: Infrastructure development creates long-term economic benefits, leading to higher productivity, investment, employment, and economic expansion.

Quick Tip

Infrastructure investment has multiplier effects, enhancing productivity, trade, and employment across sectors.

17. (b) State the steps pertaining to the estimation of National Income by Value Added Method.

Solution:

The Value Added Method (or Product Method) is used to estimate National Income by summing up the value added by different sectors of the economy. The key steps are:

1. Identifying Production Units:

- The economy is divided into Primary (agriculture), Secondary (manufacturing), and Tertiary (services) sectors.

2. Calculating Gross Value Added (GVA):

- Value Added = Value of Output - Value of Intermediate Consumption

3. Summing Up GVA Across Sectors:

- The GVA of all sectors is summed to obtain Gross Domestic Product at Market Price (GDP_{MP}).

4. Adjusting for Net Indirect Taxes (NIT):

- $GDP \text{ at Factor Cost} = GDP_{MP} - \text{Net Indirect Taxes (NIT)}$

5. Adding Net Factor Income from Abroad (NFIA):

- $\text{Net National Product at Factor Cost (NNP}_{FC}) = GDP \text{ at Factor Cost} + \text{NFIA}$

Conclusion: By following these steps, we ensure accurate estimation of National Income, eliminating double counting and considering only final value addition.

Quick Tip

The Value Added Method calculates National Income by summing the net contributions of different sectors, excluding intermediate goods.

SECTION B

(Indian Economic Development)

18. Read the following statements — Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): License Permit Raj was a major obstacle for growth of private sector.

Reason (R): Private sector wasted huge amounts in obtaining licenses, rather than on improving the product, quality, and international competitiveness.

(Choose the correct alternative)

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(C) Assertion (A) is true, but Reason (R) is false.

(D) Assertion (A) is false, but Reason (R) is true.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Solution:

- Assertion (A) is true: License Permit Raj, introduced by the government, severely restricted the growth of the private sector by imposing bureaucratic controls.

- Reason (R) is true: Private firms had to spend significant time and resources obtaining licenses instead of focusing on improving product quality or enhancing international competitiveness.

Conclusion: Reason (R) directly explains why the License Permit Raj hindered the growth of the private sector, making option (A) the correct choice.

Quick Tip

The License Permit Raj created inefficiencies by prioritizing bureaucratic controls over private sector productivity and competitiveness.

19. Identify which of the following alternative indicates towards incorrect components combination of Agricultural Marketing System?

- (A) Assembling, Storage, Processing, Packaging
- (B) Production, Assembling, Processing, Grading
- (C) Assembling, Processing, Packaging, Transportation
- (D) Processing, Packaging, Grading, Distribution

Correct Answer: (B) Production, Assembling, Processing, Grading

Solution:

- The Agricultural Marketing System includes activities that focus on the post-production process.
- Incorrect combination (B): Production refers to the primary agricultural activity, which is not part of the marketing system. The marketing system starts after production.
- Correct components: Assembling, storage, processing, packaging, and distribution are part of the agricultural marketing system.

Conclusion: Option (B) is incorrect as it includes Production, which is not part of the Agricultural Marketing System.

Quick Tip

Agricultural marketing systems focus on post-production activities like assembling, processing, and distribution.

20. Read the following statements carefully:

Statement 1: China has used the market mechanism to create additional social and economic opportunities for its citizens. Statement 2: In China, Social Infrastructure created by the government brought positive results in human development indicators.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Both Statement 1 and 2 are true.
- (D) Both Statement 1 and 2 are false.

Correct Answer: (C) Both Statement 1 and 2 are true.

Solution:

- Statement 1 is true: China has utilized market mechanisms, such as opening up markets and encouraging private enterprise, to foster economic growth.
- Statement 2 is true: China's government investments in social infrastructure, such as healthcare and education, have contributed to improved human development indicators, like life expectancy and literacy rates.

Conclusion: Both statements are true as China's economic growth and social infrastructure development have led to improvements in citizens' welfare.

Quick Tip

China has effectively combined market reforms and government-driven social development to enhance human well-being.

21. Read the following statements carefully:

Statement 1: As per National Sample Survey Organisation (NSSO) unemployment is a situation in which all those who, owing to lack of work, are not working, but seeking work from prospective employers, expressed their willingness to work under the prevailing condition of work and remuneration.

Statement 2: Disguised unemployment is generally a massive problem in a highly populated country like India.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Both Statement 1 and 2 are true.
- (D) Both Statement 1 and 2 are false.

Correct Answer: (C) Both Statement 1 and 2 are true.

Solution:

- Statement 1 is true: The NSSO defines unemployment as people who are not working but are willing and seeking employment at the prevailing wage rate.
- Statement 2 is true: Disguised unemployment occurs when people appear to be employed but their marginal productivity is zero. It is particularly prevalent in highly populated

countries like India, where labor is abundant.

Conclusion: Both statements are true as they accurately describe the nature of unemployment in India according to the NSSO and the issue of disguised unemployment in a populous nation.

Quick Tip

Disguised unemployment occurs when more people are employed than necessary, often seen in agriculture in countries like India.

22. Under the British Rule, commercialization of agriculture resulted in shifting of agricultural production from _____ crops to _____ crops.

(Fill up the blanks with the correct alternative.)

- (A) Cash, Food
- (B) Cotton, Jute
- (C) Food, Cash
- (D) Jute, Food

Correct Answer: (C) Food, Cash

Solution:

- During British rule, agriculture was commercialized to cater to the demands of the colonial economy, leading to a shift from growing food crops to cash crops such as cotton, jute, and indigo.

- This shift was driven by the need to export raw materials for British industries.

Conclusion: The British colonial economic policies led to a shift in agricultural production from food crops to cash crops.

Quick Tip

Commercialization of agriculture during British rule led to increased production of cash crops for export at the expense of food security.

23. Economic reforms were introduced in the year _____ in India and in the year _____ in Pakistan.

(Fill up the blanks with the correct alternative.)

- (A) 1978, 1988
- (B) 1988, 1978
- (C) 1978, 1991
- (D) 1991, 1988

Correct Answer: (D) 1991, 1988

Solution:

- India introduced major economic reforms in 1991 under the leadership of Prime Minister P.V. Narasimha Rao and Finance Minister Dr. Manmohan Singh.
- Pakistan began its economic reforms in 1988, focusing on liberalization and privatization under Prime Minister Benazir Bhutto.

Conclusion: India's major economic reforms were introduced in 1991, while Pakistan's were initiated in 1988.

Quick Tip

Economic reforms in India were implemented in 1991, whereas Pakistan started its reforms earlier, in 1988.

24. _____ farming is the system that restores, maintains and enhances the ecological balance.

(Fill up the blank with the correct alternative.)

- (A) Conventional
- (B) Chemical
- (C) Organic
- (D) Multi-layered

Correct Answer: (C) Organic

Solution:

- Organic farming is a method of farming that focuses on sustainable practices, avoids synthetic chemicals, and restores and maintains ecological balance by promoting biodiversity and soil health.
- It is an environmentally friendly approach that enhances the sustainability of agricultural production.

Conclusion: Organic farming helps maintain ecological balance by avoiding chemical inputs and focusing on sustainable agricultural practices.

Quick Tip

Organic farming promotes soil health and biodiversity, contributing to a balanced and sustainable ecosystem.

25. Read the following statements — Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): The developmental experiences of India and Pakistan have a lot of similarities. **Reason (R):** Both India and Pakistan laid emphasis on creating a large private sector.

(Choose the correct alternative)

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- (C) Assertion (A) is true, but Reason (R) is false.
- (D) Assertion (A) is false, but Reason (R) is true.

Correct Answer: (C) Assertion (A) is true, but Reason (R) is false.

Solution:

- Assertion (A) is true: India and Pakistan, despite their differences, have had many similar developmental experiences post-independence, including challenges of poverty, economic inequality, and reliance on agriculture.
- Reason (R) is false: While both countries did promote industrialization, Pakistan focused

more on state-led industrialization and emphasized the public sector, whereas India focused more on the public sector and did not prioritize creating a large private sector.

Conclusion: While both nations have had similar developmental experiences, Pakistan's focus on the private sector is incorrect in this context, making Reason (R) false.

Quick Tip

India and Pakistan had some similar development issues, but their strategies diverged, especially in industrial policy.

26. Identify, which of the following is not a correct function of the environment?

- (A) (i) only
- (B) (ii) only
- (C) (ii) & (iii)
- (D) (i) & (ii)

Correct Answer: (A) (i) only

Solution:

- Option (i), exclusion of waste, is not a direct function of the environment. Instead, waste management is typically a human responsibility.
- (ii) Sustainance of life and (iii) Providing aesthetic services are both core functions of the environment, as it provides the necessary conditions for life and contributes to the beauty of natural landscapes.

Conclusion: Waste exclusion is not an inherent function of the environment, but rather a process managed by humans, making option (A) the correct choice.

Quick Tip

The environment sustains life and offers aesthetic value, but waste management is not inherently its function.

27. In the decade of the 1970's, Pakistan nationalized its _____ industry.

(Fill up the blank with the correct alternative.)

- (A) Medical infrastructure
- (B) Consumer goods
- (C) Capital goods
- (D) Foreign trade

Correct Answer: (C) Capital goods

Solution:

- In the 1970s, Pakistan nationalized several key sectors, especially in the capital goods sector. This was part of an effort to control major industries and increase state control over the economy.
- The nationalization was aimed at boosting industrial growth by placing strategic sectors under government ownership.

Conclusion: The capital goods sector was the focus of Pakistan's nationalization policy during the 1970s, making option (C) the correct choice.

Quick Tip

Nationalization in Pakistan during the 1970s focused on key sectors like capital goods to promote state-led industrialization.

28. (a) "Farm subsidies put a huge burden on the government finances, but are necessary for the poor and marginal farmers." Justify the given statement.

Solution:

- Farm Subsidies and their Burden on Government Finances:

Farm subsidies are designed to support poor and marginal farmers, ensuring that they can afford essential inputs like seeds, fertilizers, and irrigation. While these subsidies provide relief to the agricultural sector, they also place a huge financial burden on government finances, as they need to be financed through public funds.

- The burden arises from the substantial cost of providing subsidies for inputs, procurement prices, and farm insurance.
- However, these subsidies are essential for ensuring food security and sustaining the livelihood of small farmers, who are otherwise unable to access capital or technology.

- By addressing poverty in the rural sector, subsidies also help maintain social stability and reduce inequality.

Conclusion: Farm subsidies are necessary to support the agricultural sector, especially the poor farmers, but they do create a significant strain on government finances, which requires careful planning and reforms.

Quick Tip

Farm subsidies are crucial for supporting the rural economy but can strain public finances, requiring effective management.

OR

(b) Discuss briefly the role of small-scale industries in the growth journey of India.

Solution:

- Role of Small-Scale Industries in India's Growth:

Small-scale industries (SSIs) have played a pivotal role in India's economic growth, contributing significantly to employment generation, industrial diversification, and rural development.

- Employment Generation: SSIs create a large number of jobs, particularly in rural and semi-urban areas, where formal employment opportunities are limited.

- Industrial Diversification: Small industries contribute to economic diversification, focusing on sectors such as handicrafts, textiles, food processing, and engineering products.

- Rural Development: SSIs help develop rural areas by providing decentralized employment, reducing urban migration, and improving the standard of living.

- Boost to Exports: Small-scale industries, especially those in sectors like handloom, handicrafts, and food products, contribute to the country's exports, adding to foreign exchange reserves.

Conclusion: Small-scale industries have been crucial for India's inclusive economic growth, fostering employment, industrial diversification, and rural development.

Quick Tip

Small-scale industries help drive inclusive growth, especially in rural areas, and play a crucial role in India's export sector.

29. Goals of Equity were fully served by 'abolition of the intermediaries' in agriculture in the post-independence period of India. Do you agree with the given statement?

Support your answer with valid arguments.

Solution: No, The goal of equity was not fully served by abolition of intermediaries, as in some areas the erstwhile zamindars continued to own large areas of land by making use of the loopholes in the legislation.

- Abolition of Intermediaries in Agriculture:

After independence, one of the primary goals of India's land reforms was the abolition of intermediaries (such as Zamindars and landlords) in the agricultural sector.

- The idea was to transfer land ownership directly to the peasants, enabling them to gain control over agricultural production, leading to higher agricultural output and improved living conditions.

- However, while the abolition of intermediaries addressed land ownership inequalities, it did not fully serve the goal of equity.

- Other Factors: Issues like land fragmentation, lack of access to credit, and limited technological adoption continued to hinder agricultural productivity and income equality.

- Equity Goals Not Fully Served: The abolition of intermediaries did not ensure equitable distribution of land or wealth in the rural sector, and marginalized farmers still struggled with access to resources.

Conclusion: While the abolition of intermediaries was a significant step towards equity, it was not sufficient to fully achieve the goals of equitable development in agriculture.

Quick Tip

Abolition of intermediaries was important, but it needed to be coupled with other reforms, such as access to credit and technology, to achieve full equity in agriculture.

30. (a) (i) 'National Education Policy 2020 of India stresses a lot on in-service teachers' training.' In the light of the given statement, state and explain any two advantages of such on-the-job training in the upliftment of the education sector of any nation.

Solution:

- Advantages of In-service Teacher Training:

- Improves Teaching Quality: Regular in-service training equips teachers with updated knowledge and skills, improving their ability to deliver quality education and adapt to new teaching methods.

- Empowers Teachers: On-the-job training fosters a culture of continuous learning and professional growth, boosting teacher confidence and motivation.

Conclusion: In-service teacher training plays a critical role in improving teaching quality and empowering educators, ultimately benefiting students and the education system.

(ii) Define Casual Wage Labourer.

Solution: - Casual Wage Labourer: A casual wage labourer is someone who is hired for short-term work or temporary employment, often without a fixed contract or long-term commitment, and receives wages based on the hours worked.

OR

(b) (i) Elaborate any two reasons owing to which lesser number of women are found in regular salaried employment.

Solution:

- Reasons for Fewer Women in Regular Salaried Employment:

- Cultural : In many societies, cultural norms and gender roles discourage women from pursuing formal employment or prioritize them for domestic duties.

- Workplace Discrimination: Women face challenges in terms of lower wages, limited job opportunities, and gender bias, which restrict their entry into regular salaried positions.

(ii) Define worker-population ratio.

Solution: - Worker-Population Ratio: The worker-population ratio is the proportion of the working-age population that is actively engaged in work or seeking employment. It is calculated as the number of workers divided by the total working-age population.

Quick Tip

In-service teacher training enhances the teaching-learning process, and the worker-population ratio helps gauge labor force participation.

31. (a) "Scholars find son preference as a common phenomenon in India, Pakistan, and China." Justify the given statement in the light of skewed sex-ratio.

Solution:

- Son Preference and Skewed Sex Ratio:
- Cultural and Socio-Economic Factors: In India, Pakistan, and China, son preference has been historically ingrained due to traditional beliefs and socio-economic factors. Sons are often considered the breadwinners who will continue the family name, support parents in old age, and inherit family wealth.
- Skewed Sex Ratio: This preference for sons has contributed to a distorted sex ratio, where the number of males significantly outweighs the number of females. In India, the sex ratio has been biased against females with higher female mortality, lower female births, and female feticide practices.
- Similar Patterns in Pakistan and China: The gender imbalance is also observed in Pakistan and China, where the preference for male children is evident in both birth ratios and social expectations.

Conclusion: The skewed sex ratio in India, Pakistan, and China is a direct consequence of cultural son preference, which has resulted in the marginalization and disempowerment of females in these countries.

Quick Tip

Son preference in many cultures often leads to a skewed sex ratio, disadvantaging females and perpetuating gender inequality.

31. (b) State any two liberty indicators.

Solution:

- Liberty Indicators:

1. Extent of Constitutional Protection of Rights: The protection of citizens' rights through the Constitution is a significant indicator of liberty. For instance, the Bill of Rights in many constitutions ensures that individuals' freedom of speech, expression, and privacy are safeguarded.

2. Protection of Judicial Independence and Rule of Law: The independence of the judiciary ensures that there is no government interference in legal matters, allowing citizens to enjoy fair trials and the rule of law. A robust legal system ensures individual liberties are not violated by the state.

Conclusion: The liberty indicators reflect how well the state's constitutional provisions and legal systems protect individual freedoms and rights.

Quick Tip

Liberty indicators assess how well rights and freedoms are protected through constitutional provisions and judicial independence.

32. Elaborate how the economic reforms process of India impacted the following: (a)

Agriculture sector

(b) Industrial sector

Solution:

- **(a) Impact on the Agriculture Sector:**

- Adverse Effects: The economic reforms in India, particularly in the 1990s, led to a reduction in public investment in agriculture. Government focus shifted towards

liberalization and privatization, leaving the agriculture sector underfunded. - Cost of

Production: The partial removal of subsidies, such as those on fertilizers, led to an increase in input costs, which adversely impacted small and marginal farmers who lacked access to credit and modern farming technologies.

- Shift to Export-Oriented Agriculture: Policies favored export-oriented agriculture, which benefitted large farmers but often neglected small-scale farmers.

- **(b) Impact on the Industrial Sector:**

- **Increased Competition:** The liberalization led to a rise in imports, as foreign goods became cheaper due to lower tariffs. Indian industries faced stiff competition from foreign products, which reduced the demand for domestic goods.
- **Infrastructure Constraints:** While reforms aimed to promote private investment, the lack of investment in essential infrastructure like power supply, transportation, and communication continued to hinder the industrial growth.
- **Growth of Services Over Manufacturing:** The focus shifted more towards the services sector, while the industrial sector did not perform as expected due to infrastructure bottlenecks and an imbalance in the reform policies.

Conclusion: The economic reforms of India brought some positive changes to the industrial sector but adversely affected the agriculture sector, which needed more support for inclusive growth.

Quick Tip

Economic reforms in India had mixed effects: they boosted industrial growth but reduced support for agriculture, affecting rural livelihoods.

33. 'We are One-Earth, One Family and we share One Future.' is the opening sentence of the **G-20 New Delhi Leader's Declaration Statement**.

In this statement the leaders pledged to "resolve to fully and effectively implement the 2030 Agenda and the Sustainable Developmental Goals (SDG's)". The leader's commitments contained in the Declaration statement reflect, "the philosophy of living in harmony with our surrounding ecosystem". The Declaration recognises the "Cascading challenges and crisis that have reversed gains" on the 2030 Agenda of SDG's.

The leaders "affirm that no country should have to choose between fighting poverty and fighting for our planet".

The leaders resolved to act accelerate strong, sustainable, balanced and inclusive growth; accelerate the full effective implementation of 2030 Agenda pursue low-carbon and environmentally sustainable development pathways; e Pursue reforms for better,

comprehensive and more effective finance avenues.

The leaders commit to "taking collective actions for effective and timely implementation of the G-20 2023 Action Plan to accelerate progress on the SDG's; including through actions on eliminating hunger and malnutrition, strengthening global health and implementation of One Health approach, and delivering quality education."

(a) State and discuss the importance of collective fight in achieving SDG's.

Solution:

- Importance of Collective Fight in Achieving SDGs:

The Sustainable Development Goals (SDGs), set by the United Nations, are global in nature and require collective action from all countries, sectors, and individuals. Achieving these goals requires a concerted effort as global challenges, such as climate change, poverty, inequality, and health crises, transcend national boundaries.

- Global Collaboration: Countries, regardless of their size or wealth, must work together, pooling resources and sharing knowledge, technology, and best practices to tackle global problems like climate change and pandemics.

- Inclusivity: Collective action ensures that no one is left behind, as it involves collaboration across sectors, governments, organizations, and individuals. This inclusivity is vital in addressing inequality and ensuring that the benefits of development reach the most vulnerable populations.

- Shared Responsibility: The SDGs demand that all nations recognize their shared responsibility for the global environment and prosperity. By uniting efforts, we can make significant progress towards common goals, from reducing carbon emissions to ensuring access to quality education.

Quick Tip

Collective action is essential for addressing the interconnected global challenges and achieving SDGs for sustainable development.

(b) Discuss briefly the action plan of G-20 leaders in promoting the 'One Health'

approach.

Solution:

- The 'One Health' Approach:

The One Health approach is an integrated approach to human health, animal health, and the environment, emphasizing the interconnection between these three domains. This approach is critical in tackling health issues that span across species, such as zoonotic diseases, antimicrobial resistance, and environmental health threats.

- G-20 Action Plan for One Health: The G-20 leaders have acknowledged the importance of a holistic approach to global health through the One Health approach. Their action plan includes several key initiatives:

- Strengthening Global Health Systems: The G-20 aims to enhance health surveillance and data sharing between countries to better detect and respond to emerging infectious diseases.

- Addressing Zoonotic Diseases: The G-20 action plan calls for better coordination between animal health authorities and public health sectors to monitor and mitigate risks from diseases that cross over from animals to humans.

- One Health Financing: The plan also includes commitments to increase funding for One Health programs, supporting the infrastructure, research, and interventions needed for effective implementation globally.

Quick Tip

The One Health approach emphasizes the interconnectedness of human, animal, and environmental health, requiring global cooperation to manage health risks.

34. (a) (i) Discuss any two measures initiated by the government to improve agricultural marketing in India.

Solution:

- Measures to Improve Agricultural Marketing in India:

- Market Reforms: The government has implemented several reforms such as e-NAM (National Agriculture Market) to provide farmers with a national online trading platform, helping them sell their produce directly to buyers, eliminating middlemen. This reform

enhances price discovery and ensures fair pricing for farmers.

- Warehouse Receipts and Cold Chain Infrastructure: The government has been investing in storage and cold chain infrastructure, allowing farmers to store their produce until market conditions are favorable, thus preventing post-harvest losses and ensuring better prices. This also helps in improving the supply chain efficiency.

(ii) Elaborate the importance of credit in rural development.

Solution:

- Importance of Credit in Rural Development:

- Access to Finance for Farmers: Credit enables farmers to invest in quality seeds, fertilizers, machinery, and irrigation, thereby increasing productivity and income. Access to affordable credit ensures that farmers are not caught in a debt trap, thereby improving their standard of living. - Boosts Rural Enterprises: Credit also supports rural small-scale enterprises, enabling them to grow and generate employment opportunities. By promoting entrepreneurship in rural areas, credit becomes an essential tool for socio-economic development.

OR

(b) (i) 'India can transform itself knowledge-based economy by using information technology.' Justify the given statement.

Solution:

- India's Transformation into a Knowledge-Based Economy Using IT:

- Digital Infrastructure: India can leverage the power of information technology (IT) to create a knowledge-driven economy. With the implementation of Digital India, the government aims to expand internet connectivity and digital services, making information and learning resources more accessible across the country.

- Skilled Workforce: IT fosters the development of skilled human capital by providing access to online education, digital literacy programs, and platforms for remote learning, which are essential for building a knowledgeable and competitive workforce.

- Innovation and Startups: IT also promotes innovation, enabling the growth of startups in areas like artificial intelligence, machine learning, and data analytics, all of which contribute to India's move towards a knowledge economy.

(ii) "It is necessary to generate employment in the formal sector rather than the informal sector." Justify the given statement with valid arguments.

Solution:

- Importance of Generating Employment in the Formal Sector:
- Job Security and Benefits: Employment in the formal sector provides job security, health insurance, retirement benefits, and other legal protections. This contrasts with the informal sector, where workers typically face job instability and lack social security.
- Boosts Tax Revenue and Economic Growth: The formal sector contributes to the government's tax revenue, which can be reinvested into public services. Additionally, formal jobs often have higher productivity and contribute to the country's GDP.
- Skill Development: The formal sector also provides opportunities for training, career progression, and skill development, which further enhances the workforce and promotes economic growth.

Quick Tip

Promoting formal sector employment provides better job security, benefits, and opportunities for skill development, contributing to economic growth.