

CBSE 12 Economics (58/1/2) 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): Full employment situation refers to absence of involuntary unemployment.

Reason (R): Under full employment situation, all the willing and able-bodied people get employment at the prevailing wage rate.

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

Solution:

Analyzing the Assertion:

Assertion (A) is true because full employment implies that there is no involuntary unemployment, meaning all individuals willing and able to work at the prevailing wage rate are employed.

Analyzing the Reason:

Reason (R) correctly explains Assertion (A) as it provides the underlying rationale for the absence of involuntary unemployment under full employment.

Conclusion: Since both Assertion (A) and Reason (R) are true, and Reason (R) correctly explains Assertion (A), the answer is (A).

Quick Tip

For assertion-reason questions, carefully evaluate the logical connection between the assertion and the reason to determine if one explains the other.

2. "As per the National Stock Exchange (NSE) data, dated 9th June, 2023, there was a net selling off worth 309 crore by Foreign Institutional Investors (FIIs) over the period of one month i.e., 9th May, 2023 - 9th June, 2023."

The above-mentioned transactions will be recorded on — side of — account of Balance of Payments of India.

- (A) Debit, Current
- (B) Credit, Capital
- (C) Credit, Current
- (D) Debit, Capital

Correct Answer: (D) Debit, Capital

Solution:

Understanding the context:

The sale of financial assets by Foreign Institutional Investors (FIIs) represents a capital outflow from India.

Classification in Balance of Payments:

Such transactions are recorded on the debit side of the Capital Account because they signify a reduction in the country's liabilities to foreign entities.

Conclusion:

The correct classification is Debit, Capital, so the answer is (D).

Quick Tip

For Balance of Payments questions, remember that inflows (credits) and outflows (debits) are categorized under Current or Capital Accounts based on the nature of the transaction.

3. Identify the incorrect feature(s) of money supply (M_1) from the following:

- (i) It is measured at a point of time.
- (ii) It does not include stock of money held by the government.
- (iii) It is always the currency in the hands of the Central Bank of a nation.

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

Correct Answer: (D) (iii) only

Solution:

Analyzing the features.

- (i) M_1 is measured at a specific point in time, which is correct.
- (ii) M_1 excludes money held by the government, which is correct.
- (iii) M_1 is not the currency held by the Central Bank; rather, it includes currency with the public, demand deposits with banks, and other liquid instruments. This statement is incorrect.

Conclusion: The incorrect feature is (iii), so the answer is (D).

Quick Tip

Remember that M_1 represents the most liquid components of money, excluding reserves held by the Central Bank.

4. Total consumption expenditure by households under Keynesian Economics is a combination of — and —.

- (A) Autonomous Consumption, Autonomous Investments
- (B) Autonomous Investments, Induced Consumption
- (C) Induced Investments, Autonomous Investments
- (D) Autonomous Consumption, Induced Consumption

Correct Answer: (D) Autonomous Consumption, Induced Consumption

Solution:

Step 1: Understanding the components.

In Keynesian Economics, total consumption expenditure by households comprises:

1. Autonomous Consumption: Basic consumption irrespective of income levels.
2. Induced Consumption: Consumption dependent on disposable income.

Step 2: Evaluating the options.

- Option (A) combines two unrelated concepts.
- Option (B) is incorrect as Autonomous Investments are not a part of consumption expenditure.
- Option (C) mixes investment terms that are unrelated to consumption.
- Option (D) accurately represents the two components of household consumption.

Step 3: Conclusion.

The correct combination is Autonomous Consumption and Induced Consumption, so the answer is (D).

Quick Tip

In Keynesian Economics, distinguish between autonomous (independent) and induced (dependent) components to better understand expenditure models.

5. Find the missing figures and choose the correct alternative:

Round	Deposits	Loans (80%)	Reserve Ratio (20%)
I	5000	4000	..(i)..
II	4000	..(ii)..	800
...
Total	..(iii)..	..(iv)..	5000

- (A) 1000, 800, 20000, 25000
- (B) 5000, 3200, 25000, 20000
- (C) 1000, 3200, 25000, 20000
- (D) 1000, 800, 20000, 25000

Correct Answer: (C) 1000, 3200, 25000, 20000

Solution:

Step 1: Calculating missing figures.

- The Reserve Ratio is 20% of Deposits.

Thus, $(i) = 20\% \times 5000 = 1000$.

- Loans are 80% of Deposits. For Round II, $(ii) = 80\% \times 4000 = 3200$.

- The total Deposits sum up over all rounds.

Since the loan cycle continues, the total Deposits at equilibrium reach:

$(iii) = 5000 + 4000 + \dots = 25000$.

- The total Loans are also accumulated over all rounds: $(iv) = 4000 + 3200 + \dots = 20000$.

Step 2: Conclusion. The missing values are $(i) = 1000$, $(ii) = 3200$, $(iii) = 25000$, $(iv) = 20000$, which match option (C).

Quick Tip

In monetary expansion calculations, remember that total Deposits grow as the loan process continues. The reserve ratio determines the proportion of Deposits that banks must hold, while Loans are the remaining percentage available for lending.

6. Surplus in Balance of Payments (BOP) refers to the excess of ———. (Choose the correct alternative to fill in the blank)

- (A) Autonomous payments over Autonomous receipts
- (B) Current Account payments over Autonomous receipts
- (C) Capital Account receipts over Capital Account payments
- (D) Autonomous receipts over Autonomous payments

Correct Answer: (D) Autonomous receipts over Autonomous payments

Solution:

Understanding Balance of Payments Surplus: A surplus in the Balance of Payments occurs when a country's Autonomous Receipts (inflows) exceed its Autonomous Payments (outflows).

Evaluating the options:

- (A) Incorrect, as a surplus happens when receipts exceed payments.
- (B) Incorrect, as Current Account payments alone do not determine a surplus.
- (C) Incorrect, as Capital Account transactions do not fully represent BOP surplus.
- (D) Correct, since Autonomous Receipts exceeding Autonomous Payments creates a BOP surplus.

Conclusion: Thus, the correct answer is (D).

Quick Tip

A Balance of Payments surplus means that the country receives more foreign exchange than it spends, indicating a net inflow of money.

7. Suppose for a hypothetical economy:

$C = 100 + 0.75Y$ (where C = Consumption and Y = Income)

$I_0 = 400$ (I_0 = Autonomous Investment)

Value of Investment Multiplier (K) would be ———. (Choose the correct alternative to fill in the blank)

- (A) 5
- (B) 4
- (C) 6
- (D) 3

Correct Answer: (B) 4

Solution:

Step 1: Understanding the Investment Multiplier formula.

$$K = \frac{1}{1 - MPC}$$

Given $MPC = 0.75$, we substitute:

$$K = \frac{1}{1 - 0.75} = \frac{1}{0.25} = 4$$

Step 2: Conclusion. Thus, the correct answer is (B).

Quick Tip

The investment multiplier measures how much total income increases when there is an increase in autonomous investment. It depends on the Marginal Propensity to Consume (MPC).

8. Suppose, the Balance of Trade of an imaginary economy shows a favourable balance of Rs. 500 crore. The values of merchandise exports are Rs. 1200 crore and transfer payments are Rs. 400 crore. The value of merchandise imports would be Rs. ——— crore. (Choose the correct alternative to fill in the blank)

- (A) 1700
- (B) 750
- (C) 700
- (D) 900

Correct Answer: (C) 700

Solution:

Step 1: Understanding the Balance of Trade formula.

$$\text{Balance of Trade} = \text{Exports} - \text{Imports}$$

Given:

$$500 = 1200 - \text{Imports}$$

Step 2: Solving for Imports.

$$\text{Imports} = 1200 - 500 = 700$$

Step 3: Conclusion. Thus, the correct answer is (C).

Quick Tip

A favourable Balance of Trade occurs when the value of exports exceeds the value of imports.

9. Read the following statements carefully:

Statement 1: If in an economy the level of income increases (ΔY), it will always proportionately increase the level of consumption (ΔC).

Statement 2: Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) are always equal to each other.

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 Statements 1 and 2 are true.
- (D) Both Statements 1 and 2 are false.

Correct Answer: (D) Both Statements 1 and 2 are false.

Solution:

Analysis of Statement 1:

Statement 1 suggests that any increase in income (ΔY) will proportionately increase consumption (ΔC). This is incorrect because the increase in consumption depends on the Marginal

Propensity to Consume (MPC), which is typically less than 1. Thus, consumption increases, but not proportionately.

Analysis of Statement 2:

Statement 2 claims that Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) are always equal. This is incorrect because $MPC + MPS = 1$; they are complementary, not equal.

Conclusion:

Both statements are false, so the correct answer is (D).

Quick Tip

When evaluating economic statements, always verify relationships like $MPC + MPS = 1$ and consider realistic economic behavior rather than absolute assumptions.

10. Identify the correct equation from the following:

- (A) $GDP_{MP} = NNP_{FC} + \text{Depreciation}$
- (B) $NDP_{FC} = NNP_{FC} + \text{Net Indirect Taxes}$
- (C) $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$
- (D) $NNP_{FC} = NDP_{MP} + \text{Depreciation}$

Correct Answer: (C) $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$

Solution:

Understanding the options:

- Option (A): Incorrect because GDP_{MP} is derived by adding Net Indirect Taxes and Depreciation to NNP_{FC} .
- Option (B): Incorrect because $NDP_{FC} = GDP_{MP} - \text{Depreciation} - \text{Net Indirect Taxes}$.
- Option (C): Correct because $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$ accurately represents the formula.
- Option (D): Incorrect because $NNP_{FC} = NDP_{FC} + \text{Depreciation}$, not $NDP_{MP} + \text{Depreciation}$.

Conclusion: The correct equation is $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$, so the answer is (C).

Quick Tip

Familiarize yourself with national income accounting identities to quickly identify correct equations in macroeconomics.

11. (a) On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at Factor Cost (NDP_{fc}):

S.No.	Items	Amount (in Rs. crore)
(i)	Gross Domestic Fixed Capital Formation	300
(ii)	Exports	70
(iii)	Government Final Consumption Expenditure	400
(iv)	Consumption of Fixed Capital	50
(v)	Household Final Consumption Expenditure	590
(vi)	Inventory Investment (Net)	(-60)
(vii)	Imports	80
(viii)	Net Indirect Taxes	50
(ix)	Net Factor Income from Abroad	40

Correct Answer: Rs. 1,120 crore

Solution: Net Domestic Product at Factor Cost (NDP_{fc}) is calculated as:

$$\begin{aligned}
 NDP_{fc} &= (v) + (iii) + (i) + (vi) + (ii) - (vii) - (iv) - (viii) \\
 &= 590 + 400 + 300 + (-60) + (70 - 80) - 40 - 50 \\
 &= 1120 \text{ crore}
 \end{aligned}$$

Quick Tip

To calculate NDP_{fc}, always subtract indirect taxes and depreciation from GDP and consider only domestic factors.

(b)(i) Elaborate the concept of Externalities with the help of a suitable example.

Solution:

Understanding Externalities: Externalities refer to benefits or harms that occur when one entity's actions impact another entity without direct compensation or penalty.

Example: For example, a newly developed public park provides a positive externality by improving public health and aesthetics, even though residents do not directly pay for its maintenance.

Quick Tip

Externalities can be positive (e.g., education, public goods) or negative (e.g., pollution, congestion). Understanding them helps in better policy-making.

(ii) Define Operating Surplus.

Solution:

Understanding Operating Surplus: Operating surplus refers to the factor income earned by firms after accounting for wages and intermediate costs.

Definition: It includes earnings from rent, royalties, interest, and profits. These components together form the operating surplus of an economy.

Quick Tip

Operating surplus is a key indicator of profitability and capital returns in national income accounting.

12. Distinguish between Fixed Exchange Rate System and Flexible Exchange Rate System.

Solution:

Fixed Exchange Rate System:

- In this system, the foreign exchange rate is fixed by the government.
- It helps maintain stability in the value of the domestic currency relative to foreign currencies.

Flexible Exchange Rate System:

- In this system, the foreign exchange rate is determined by the market forces of demand and supply.
- The exchange rate fluctuates based on changes in demand and supply in the foreign exchange market.

Quick Tip

A fixed exchange rate system provides stability but requires government intervention, whereas a flexible exchange rate system allows market-driven adjustments but may lead to volatility.

13. Read the following text carefully from ‘The Economic Times’ dated 8th June, 2023:

”The Reserve Bank of India’s (RBI’s) rate-setting panel unanimously decided to keep the benchmark lending rate unchanged at 6.5%. The committee voted to remain focused on the withdrawal of accommodating monetary policy.”

On the basis of the given text and common understanding, answer the following questions:

- (a) Identify and discuss the economic issue indicated in the above text.**

Solution:

Identifying the Economic Issue:

The economic issue highlighted in the text is monetary policy and interest rate regulation by the Reserve Bank of India (RBI).

Discussion:

- The RBI uses monetary policy to control inflation and stabilize the economy.
- The phrase ”withdrawal of accommodating monetary policy” indicates that the RBI is focusing on tightening liquidity to curb inflationary pressures.
- By keeping the benchmark lending rate unchanged at 6.5 percent, the RBI aims to balance

economic growth and inflation control.

Conclusion:

The decision to maintain the interest rate reflects the central bank's stance on ensuring economic stability while preventing excessive inflation.

Quick Tip

RBI plays a significant role in setting lending rates and keeping the benchmark of the rates.

(b) Discuss the likely consequence on money supply if the rate-setting panel had decreased the said rate.

Solution:

Understanding the Impact of Lowering Interest Rates:

If the RBI had decreased the benchmark lending rate, it would have led to an increase in money supply.

Likely Consequences:

- A lower interest rate would reduce borrowing costs for businesses and consumers, encouraging more loans.
- Increased borrowing would result in higher spending and investment, boosting overall demand in the economy.
- Excess liquidity in the market might also lead to inflationary pressures, as too much money chasing too few goods can drive up prices.
- The expansion in money supply could support economic growth but might also require future monetary tightening to prevent overheating.

Conclusion:

A decrease in interest rates would increase money supply, stimulating economic activity but with a risk of inflation.

Quick Tip

Monetary policy decisions impact money supply, inflation, and economic growth. A lower interest rate boosts liquidity, while a higher rate helps control inflation.

14. (a) Complete the following table. Construct/Express the Consumption function at < 200 crore level of income.

Income (Y) (in Rs. crore)	Savings (in Rs. crore)	(APC)	(MPS)
0	() 30	–	–
100	1
200	0.85
300	0.8

Solution:

Step 1: Understanding the Consumption Function. The consumption function is given by:

$$APC = \frac{C}{Y}$$

$$S = Y - C$$

$$MPS = 1 - MPC$$

Step 2: Filling in the missing values.

- For $Y = 100$, since $APC = 1$, we have $C = 100$ and $S = 100 - 100 = 0$.
- For $Y = 200$, since $APC = 0.85$, we have $C = 0.85 \times 200 = 170$, and $S = 200 - 170 = 30$.
- For $Y = 300$, since $APC = 0.8$, we have $C = 0.8 \times 300 = 240$, and $S = 300 - 240 = 60$.
- MPS is calculated using the formula:

$$MPS = \frac{\Delta S}{\Delta Y}$$

- Between $Y = 100$ and $Y = 200$, $MPS = \frac{30-0}{200-100} = 0.3$.

- Between $Y = 200$ and $Y = 300$, $MPS = \frac{60-30}{300-200} = 0.3$.

Step 3: Completed Table.

Income (Y)	Savings (in Rs. crore)	(APC)	(MPS)
0	(-) 30	-	-
100	0	1	0.3
200	30	0.85	0.3
300	60	0.8	0.3

Step 4: Conclusion. Thus, the completed table correctly expresses the consumption and saving function at income levels below Rs. 200 crore.

Quick Tip

Average Propensity to Consume (APC) shows how much of total income is spent on consumption, while Marginal Propensity to Save (MPS) indicates the proportion of additional income that is saved.

OR

14. (b) “In an economy, ex-ante Aggregate Supply is less than ex-ante Aggregate Demand.” Explain its impact on the level of output, income, and employment.

Solution:

Understanding the Concept: Ex-ante Aggregate Supply (AS) refers to the planned level of output that producers intend to supply at different price levels, while ex-ante Aggregate Demand (AD) refers to the total planned spending on goods and services in an economy.

When ex-ante AS is less than ex-ante AD, it means that the economy’s total planned production is insufficient to meet the total planned demand.

Impact on Output, Income, and Employment:

1. Impact on Output:

- Since demand exceeds supply, firms experience unplanned inventory depletion.
- To meet the excess demand, firms increase their production.
- This leads to an overall increase in output.

2. Impact on Income:

- As firms increase production, they require more factors of production, such as labor and raw materials.
- This leads to higher payments to workers and suppliers, resulting in an increase in national income.

3. Impact on Employment:

- Higher production levels encourage firms to hire more workers.
- This leads to a reduction in unemployment and an increase in overall employment levels.

Conclusion: When ex-ante AS is less than ex-ante AD, the economy experiences an expansionary phase characterized by rising output, increasing income, and higher employment levels. However, if the excess demand persists for too long, it may lead to inflationary pressures.

Quick Tip

In macroeconomics, an excess of Aggregate Demand over Aggregate Supply leads to economic expansion, while an excess of Aggregate Supply over Aggregate Demand may result in economic contraction.

15. Justify the following statements with valid arguments:

(a) Money serves as the ‘medium of exchange’ for transactional purposes in an economy.

Solution:

Understanding the Role of the Central Bank: The Central Bank of a country, such as the Reserve Bank of India (RBI), has the exclusive authority to issue currency notes and be the medium.

Justification:

The medium of exchange function of money is the primary role played by money. It acts as a universally acceptable medium for any transaction. Money serves as a medium for buying/selling goods and services.

It eliminates the limitation of lack of double coincidence of want under the barter system by facilitating exchange in the market.

Conclusion: Thus, the Central Bank being the sole issuer of currency and medium is essential for maintaining financial stability in an economy.

Quick Tip

The Central Bank controls the money supply by issuing currency while money's role in deferred payments helps in credit-based economic activities.

(b) The Central Bank acts as Banker's Bank in an economy.

Solution: Central bank accepts the deposits from commercial banks and also advances loans to them as and when required. It maintains reserves of all commercial banks and utilizes it to settle inter-bank claims. Being the supreme authority of the banking system, it acts as the financier of last recourse to the commercial banks.

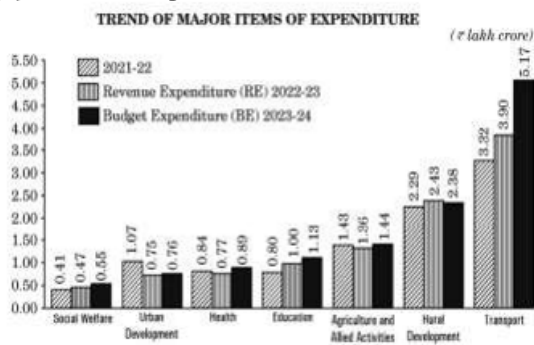
Quick Tip

The banker role of RBI helps in credit-based economic activities.

16. (a) (i) Study the following chart carefully and analyze the changing trends in the government expenditure on:

(i) Transport

(ii) Rural Development



Solution:

(i) Changing Trends in Transport Expenditure: - The chart indicates a consistent rise in government expenditure on transport over the three years:

- 2021-22: Rs.2.38 lakh crore
- 2022-23 (RE): Rs.2.83 lakh crore
- 2023-24 (BE): Rs.3.61 lakh crore
- This significant increase reflects the government’s focus on infrastructure development, modernization of transportation networks, and expansion of roadways, railways, and public transit systems.
- The allocation suggests an emphasis on improving connectivity and supporting economic growth through enhanced transport infrastructure.

(ii) Changing Trends in Rural Development Expenditure: - The expenditure on rural development has also shown a positive trend:

- 2021-22: Rs.1.83 lakh crore
- 2022-23 (RE): Rs.2.06 lakh crore
- 2023-24 (BE): Rs.2.28 lakh crore
- The increase in allocation signifies government efforts toward rural upliftment, employment generation (such as MGNREGA), and enhancement of rural infrastructure.
- This trend aligns with policies aimed at reducing the rural-urban divide and promoting inclusive growth.

Conclusion: Both Transport and Rural Development have received increased budget allocations, highlighting the government’s commitment to infrastructure expansion and rural

empowerment for economic and social progress.

Quick Tip

Analyzing government expenditure trends helps in understanding policy priorities, economic development strategies, and sectoral focus areas over time.

16. (b) (ii) Distinguish between 'Fiscal Deficit' and 'Revenue Deficit'.

Solution:

Fiscal Deficit:

- It is the excess of total government expenditure over total receipts (excluding borrowings).
- $\text{Fiscal Deficit} = \text{Total Expenditure} - \text{Total Receipts (excluding borrowings)}$.
- Indicates the total borrowing requirement of the government.
- A high fiscal deficit can lead to inflationary pressures and increased debt burden.

Revenue Deficit:

- It is the excess of total revenue expenditure over total revenue receipts.
- $\text{Revenue Deficit} = \text{Revenue Expenditure} - \text{Revenue Receipts}$.
- Shows the shortfall in government's revenue needed to cover routine expenses.
- A high revenue deficit suggests unsustainable fiscal management, as borrowings are used for consumption rather than investment.

Conclusion: While both deficits indicate financial imbalances, fiscal deficit affects overall government borrowings, whereas revenue deficit reflects shortfalls in the government's routine income compared to its expenditure.

Quick Tip

A controlled fiscal deficit ensures economic stability, while a high revenue deficit signals inefficiency in revenue generation and excessive expenditure.

OR

16. (b) Classify the following as Revenue receipts or Capital receipts. Give valid arguments in support of your answer:

(i) Interest received on loan.

Solution:

Classification: Interest received on a loan is classified as a **Revenue Receipt**.

Justification:

- Revenue receipts are those that neither create liabilities nor lead to a reduction in assets.
- Interest on loans is a recurring income for the government and does not affect its financial assets or liabilities.

Conclusion: Since interest is a periodic income, it falls under revenue receipts.

(ii) Disinvestment receipts from the sale of a government company.

Solution:

Classification: Disinvestment receipts from the sale of a government company are classified as **Capital Receipts**.

Justification:

- Capital receipts either create liabilities or reduce assets.
- Selling a government company results in a reduction of government-owned assets.
- The government generates funds by reducing its ownership stake, making this a capital transaction.

Conclusion: Since disinvestment reduces the asset base of the government, it falls under capital receipts.

(iii) Financial assistance by the Government of USA for promoting girl education in India.

Solution:

Classification: Financial assistance from a foreign government is classified as a **Revenue Receipt**.

Justification:

- Such assistance does not create liabilities or reduce government assets.
- It is a one-time inflow meant for specific purposes like social development, and it does not

impact the financial position of the country.

Conclusion: Since this assistance is not a loan and does not alter the government's asset base, it qualifies as a revenue receipt.

Quick Tip

Revenue receipts are regular inflows that do not impact assets or liabilities, whereas capital receipts involve transactions that alter the financial structure of the government.

17. (a) Discuss briefly the concept of circular flow of income in a two-sector model.

Solution:

Understanding the Two-Sector Model:

The two-sector model of the circular flow of income includes only two economic agents:

1. Households – who provide factors of production (land, labor, capital, and entrepreneurship) and receive income in return.
2. Firms – who produce goods and services and pay households for factor services.

Circular Flow Explanation:

- Households provide factor services (labor, land, etc.) to firms in exchange for wages, rent, interest, and profits.
- Firms use these factor inputs to produce goods and services, which are then sold to households.
- The income earned by households is spent on consumption, leading to a continuous flow of income and expenditure in the economy.

Conclusion: This model demonstrates how income circulates within an economy, ensuring a balance between production, income, and expenditure.

Quick Tip

The two-sector model assumes no government or foreign sector, making it a simplified representation of real-world economic activities.

(b) “Real Gross Domestic Product (GDP) is a better indicator of economic growth of a nation as compared to the Nominal Gross Domestic Product (GDP).”

Do you agree with the given statement? Justify your answer with a valid hypothetical numerical example.

Solution:

Step 1: Understanding the Difference Between Real and Nominal GDP.

- **Nominal GDP** measures the value of goods and services produced in a country at current prices.
- **Real GDP** adjusts for inflation, measuring economic output at constant prices, making it a better indicator of economic growth.

Step 2: Justification with Numerical Example.

Consider the following data for an economy:

- Year 1: GDP at current prices = Rs.500 crore, Price Index = 100
- Year 2: GDP at current prices = Rs.600 crore, Price Index = 120

Calculating Real GDP:

$$\text{Real GDP} = \frac{\text{Nominal GDP}}{\text{Price Index}} \times 100$$

$$\text{Real GDP (Year 1)} = \frac{500}{100} \times 100 = 500$$

$$\text{Real GDP (Year 2)} = \frac{600}{120} \times 100 = 500$$

Step 3: Conclusion- Despite an increase in nominal GDP, real GDP remains constant, indicating no actual economic growth. Hence, real GDP is a better measure of economic growth as it accounts for price level changes.

Quick Tip

Nominal GDP can be misleading in times of inflation. Always refer to Real GDP for an accurate measure of economic growth.

SECTION B

(Indian Economic Development)

18. Read the following statements carefully:

Statement 1: Under the colonial rule, basic infrastructure (like railways, post and telegraph, etc.) was developed.

Statement 2: The real motive behind the infrastructural development in India was to strengthen the British interests.

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 Statements 1 and 2 are true.
- (D) Both Statements 1 and 2 are false.

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

Solution:

Evaluating Statement 1:

- The British did develop infrastructure such as railways, telegraphs, and ports in India.

Evaluating Statement 2:

- However, the real motive behind these developments was to facilitate British economic and administrative control, rather than benefiting India's development.

Conclusion: Both statements are correct, making (C) the right answer.

Quick Tip

Colonial infrastructure in India was primarily built to serve British economic interests, not for domestic development.

19. Identify which of the following alternatives indicate the incorrect components combination of the Agriculture 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:

Understanding Agricultural Marketing System:

- The correct components of an agricultural marketing system typically include assembling, storage, processing, grading, packaging, transportation, and distribution.

Evaluating the Options:

- (A), (C), and (D) correctly represent key functions of agricultural marketing.
- (B) is incorrect because "Production" is not a component of the marketing system; it belongs to the production process.

Conclusion: Since production is not a part of agricultural marketing, the incorrect combination is (B).

Quick Tip

Agricultural marketing focuses on post-production processes such as distribution, processing, and storage, rather than production itself.

20. Read the following statements - Assertion (A) and Reason (R). Choose the correct

alternative given below:

Assertion (A): World Trade Organization (WTO) is expected to establish the rule-based trading regime, to avoid unilaterally placed arbitrary restrictions by member nations.

Reason (R): It is imperative to enlarge world production and ensure optimum utilization of world resources along with environmental protection.

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

Solution:

Evaluating the Assertion:

- The WTO aims to create a fair and transparent global trading system, preventing arbitrary trade restrictions imposed by member nations.

Evaluating the Reason:

- The objective of WTO aligns with global economic expansion and sustainable resource utilization, ensuring fair trade while maintaining environmental sustainability.

Conclusion: Since the reason correctly explains the assertion, the correct answer is (A).

Quick Tip

The WTO fosters international trade by ensuring rules-based, non-discriminatory, and transparent policies among member nations.

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

Assertion (A): China has used the market mechanism to create additional social and economic opportunities for its citizens.

Reason (R): Social infrastructure creation by the government has brought positive results in human development indicators in China.

(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:

Evaluating the Assertion:

- China adopted market reforms to boost economic growth and enhance opportunities in trade, investment, and industrial sectors.

Evaluating the Reason:

- While social infrastructure improvements contributed to better human development indicators, this is a separate aspect of policy-making and does not directly explain market-driven economic reforms.

Conclusion: Both statements are true but are not directly related in a cause-effect manner. Hence, the correct answer is (B).

Quick Tip

China's economic transformation combined market reforms with strong government intervention in social infrastructure development.

22. Identify from the following alternatives the incorrect objectives of regulated agriculture market:

(i) To make the marketing system efficient and effective for farmers to get the best price for their products.

(ii) To discourage improvement of marketing infrastructure for farmers.

(iii) To prevent exploitation of farmers.

(iv) To discourage farmers from improving quality and quantity of their produce.

(A) (i) and (ii)

(B) (i) and (iii)

(C) (iii) and (iv)

(D) (ii) and (iv)

Correct Answer: (D) (ii) and (iv)

Solution:

Evaluating the Options:

- Statements (ii) and (iv) are incorrect because regulated agricultural markets aim to improve infrastructure and encourage better-quality production.

- The correct objectives include ensuring efficiency, reducing exploitation, and supporting farmers' economic welfare.

Conclusion: Since statements (ii) and (iv) contradict the goals of agricultural market regulation, the correct answer is (D).

Quick Tip

Regulated agricultural markets enhance farmers' access to fair pricing, quality grading, and modernized infrastructure.

23. Economic reforms were introduced in India and Pakistan in the years — and —, respectively. (Choose the correct alternative to fill in the blanks)

(A) 1988, 1978

(B) 1991, 1978

(C) 1991, 1988

(D) 1981, 1991

Correct Answer: (C) 1991, 1988

Solution:

Identifying Economic Reform Years:

- India introduced economic reforms in 1991, focusing on liberalization, privatization, and globalization (LPG reforms).
- Pakistan initiated economic reforms in 1988 under structural adjustment programs led by the International Monetary Fund (IMF).

Conclusion: Thus, the correct answer is (C).

Quick Tip

Economic reforms in India (1991) and Pakistan (1988) aimed to enhance economic growth through structural adjustments and policy changes.

24. Read the following statements carefully:

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

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

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 Statements 1 and 2 are true.
- (D) Both Statements 1 and 2 are false.

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

Solution:

Evaluating Statement 1:

- The NSSO defines unemployment based on the willingness and availability of individuals to work but their inability to find employment.
- This definition is widely accepted in economic surveys and labor studies.

Evaluating Statement 2:

- Disguised unemployment, where more people are engaged in work than required, is a major issue in densely populated countries like India, particularly in the agricultural sector.

Conclusion: Both statements are factually correct, making (C) the correct answer.

Quick Tip

Unemployment in India includes both open unemployment and disguised unemployment, with the latter being prevalent in rural areas.

25. Identify which of the following is not a member nation of G20:

- (A) Brazil
- (B) Australia
- (C) Bangladesh
- (D) Argentina

Correct Answer: (C) Bangladesh

Solution:

Understanding the G20 Membership:

- The G20 (Group of 20) includes major economies such as Brazil, Australia, and Argentina, but not Bangladesh.

Conclusion: Since Bangladesh is not part of the G20, the correct answer is (C).

Quick Tip

The G20 is an international forum for economic cooperation, including the world's largest economies, while Bangladesh is not a member.

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

Assertion (A): The excessive regulation of permit license raj prevented certain private firms from becoming fairly competitive.

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

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

Solution:

Understanding the Assertion and Reason:

- The permit-license raj imposed excessive regulations on private firms, reducing their competitiveness.
- Due to bureaucratic delays and red tape, businesses focused more on securing permits rather than improving efficiency and innovation.

Evaluating the Explanation:

- The reason correctly explains why private firms could not compete effectively—excessive government control led to resource misallocation.

Conclusion: Since both the assertion and reason are true, and the reason explains the assertion correctly, the correct answer is (A).

Quick Tip

The permit-license raj hindered economic growth in India by restricting competition and discouraging innovation in private enterprises.

27. In the decade of the 1970s, Pakistan nationalized its — industries. (Choose the correct alternative to fill in the blank)

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

Correct Answer: (C) Capital goods

Solution:

- During the 1970s, Pakistan's government undertook large-scale nationalization, primarily targeting capital goods industries such as steel, cement, and banking.
- This move aimed to establish government control over key industries to reduce economic disparity but resulted in inefficiencies and sluggish economic growth.

Quick Tip

Nationalization shifts industries from private to government ownership, often for economic or political reasons.

28. India, National Education Policy 2020 has stressed a lot on in-service training of the teachers.

(i) Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement.

Solution:

Identifying the Source of Human Capital Formation (HCF):

- The source of Human Capital Formation indicated in the statement is **Education and Skill Development**.

- In-service training improves the efficiency and competency of teachers, directly contributing to human capital formation.

(ii) Elaborate the likely impacts of this source on the economic development of India.

Solution:

Understanding the Role of Education and Training in Economic Development:

- Education and skill development enhance productivity, innovation, and the overall quality of the workforce.

Impacts:

1. Improved Quality of Education: - Better-trained teachers lead to improved student learning outcomes, fostering a more skilled workforce.
2. Higher Economic Productivity: - A well-trained workforce contributes to increased efficiency and innovation in various sectors.
3. Boost to Employment Opportunities: - Skilled individuals have greater access to high-paying jobs, reducing unemployment rates.
4. Long-Term Economic Growth: - Investment in human capital leads to sustained economic development through knowledge-based industries.

Conclusion: In-service teacher training strengthens human capital, ultimately accelerating India's economic development.

Quick Tip

Education and skill development are crucial for improving labor productivity, innovation, and long-term economic growth.

29. (a) Elaborate the reasons owing to which the private sector was regulated under the Industrial Policy Resolution, 1956.

Solution:

Understanding the Industrial Policy Resolution, 1956:

- The Industrial Policy Resolution, 1956, aimed at achieving economic growth with a

socialist framework, emphasizing state control over key industries while regulating the private sector.

Reasons for Regulating the Private Sector:

1. Preventing Monopoly and Wealth Concentration: - The government sought to prevent large industrial houses from dominating the economy and creating wealth disparities.
2. Encouraging Public Sector Growth: - Strategic industries such as defense, heavy machinery, and infrastructure were reserved for state control to ensure national security and planned development.
3. Ensuring Balanced Regional Development: - The policy aimed to reduce regional disparities by guiding industrial investments into backward and rural areas.
4. Protecting Labor and Consumer Interests: - Regulations ensured fair wages, labor rights, and consumer protection against exploitative practices.
5. Aligning Industrial Growth with National Planning: - Government intervention helped align industrial expansion with Five-Year Plans for systematic economic progress.

Conclusion: The Industrial Policy Resolution, 1956, played a crucial role in shaping India's economic landscape by balancing public sector dominance with controlled private sector participation.

Quick Tip

Government regulation of the private sector was aimed at reducing inequality, promoting planned development, and ensuring balanced economic growth.

OR

(b) “During the colonial period, the agricultural sector showed massive stagnation.”

Do you agree with the given statement? Justify your answer with valid arguments.

Solution:

Understanding Agricultural Stagnation During Colonial Rule:

- The British colonial policies had a detrimental effect on Indian agriculture, leading to stagnation and decline in productivity.

Justification for Agricultural Stagnation: 1. Exploitative Land Revenue Systems: -

Systems like the Zamindari system forced peasants to pay high taxes, leaving little incentive for agricultural improvements.

2. Lack of Technological Advancements: - The colonial administration focused on revenue extraction rather than modernizing agricultural practices.

3. Commercialization of Agriculture: - Farmers were forced to grow cash crops (indigo, cotton) for British industries instead of food crops, leading to frequent famines.

4. Neglect of Irrigation and Infrastructure: - Minimal government investment in irrigation, storage, and rural infrastructure exacerbated agricultural distress.

5. Frequent Famines and Food Insecurity: - Due to neglect and exploitative policies, India suffered repeated famines, such as the Bengal Famine of 1943.

Conclusion: The given statement is **true**, as colonial policies led to massive stagnation in agriculture, severely impacting food security and rural livelihoods.

Quick Tip

Colonial agricultural policies prioritized British economic interests over India's rural development, causing long-term stagnation.

30. (a) "United Nations Department of Economic and Social Affairs declared India has overtaken China as the world's most populous country in the month of April 2023."

Explain the consequences of the one-child policy adopted by China in the 1970s.

Solution:

Understanding China's One-Child Policy:

- China implemented the one-child policy in 1979 to control population growth.

Consequences of the One-Child Policy:

1. Aging Population: - The policy led to a declining birth rate, increasing the proportion of elderly people, creating a demographic imbalance.

2. Labor Shortages: - With fewer young workers entering the workforce, economic productivity faced long-term challenges.

3. Gender Imbalance: - Cultural preference for male children led to gender-selective practices, resulting in a skewed sex ratio.

4. Policy Reversals: - Recognizing these consequences, China later relaxed the policy, allowing two children (2015) and three children (2021).

Conclusion: While the one-child policy helped in short-term population control, its long-term demographic and economic consequences prompted policy reforms.

Quick Tip

Strict population policies can have unintended consequences, including labor shortages and aging demographics.

(b) Discuss the impacts of Special Economic Zones (SEZs) on the economic growth of China.

Solution:

Understanding SEZs in China:

- Special Economic Zones (SEZs) were established to attract foreign investment, boost exports, and promote industrialization.

Impacts of SEZs on Economic Growth:

1. Increase in Foreign Direct Investment (FDI): - SEZs provided tax incentives, relaxed regulations, and infrastructure support, attracting multinational companies.
2. Export Growth: - SEZs contributed significantly to China's manufacturing-led export boom.
3. Technological Advancements: - Interaction with foreign firms helped transfer knowledge and technology, enhancing industrial efficiency.
4. Employment Generation: - SEZs created millions of jobs, reducing poverty and improving living standards.
5. Urbanization and Infrastructure Development: - Cities like Shenzhen transformed from fishing villages into global economic hubs.

Conclusion: China's SEZs played a crucial role in its rapid industrialization, export-led growth, and global economic dominance.

Quick Tip

Special Economic Zones (SEZs) boost investment, trade, and employment, making them a key driver of economic growth.

31. (a) State and elaborate whether the following statements are true or false, with valid arguments:

(i) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources.

Solution:

Understanding Jan-Dhan Yojana and Financial Resource Allocation:

- The Pradhan Mantri Jan-Dhan Yojana (PMJDY) was launched to provide financial inclusion by ensuring access to banking services for all.

Evaluation: 1. True Statement: - The initiative aims to channel financial resources effectively by bringing the unbanked population into the formal banking sector.

2. Improved Financial Inclusion: - By providing zero-balance accounts, insurance, and overdraft facilities, it ensures better resource mobilization and utilization.

3. Boost to Economic Growth: - Increased banking penetration improves savings, investment, and credit accessibility, leading to overall economic development.

Conclusion: The statement is **true**, as government initiatives like Jan-Dhan Yojana have played a crucial role in improving financial resource allocation in India.

Quick Tip

Financial inclusion policies help bridge economic disparities by ensuring access to banking services for all.

(ii) Worker Population Ratio is an indicator used for analyzing the employment situation in a nation.

Solution:

Understanding Worker Population Ratio:

- Worker Population Ratio (WPR) is calculated as the percentage of employed persons in the total population.

Evaluation: 1. True Statement: - WPR provides insights into labor force participation and employment trends.

2. Indicator of Employment Situation: - A high WPR suggests a greater proportion of employed individuals, whereas a low WPR may indicate unemployment or underemployment.

3. Helps in Policy Formulation: - Governments use WPR data to design labor market policies and employment generation programs.

Conclusion: The statement is **true**, as WPR is a widely used metric for assessing employment conditions in an economy.

Quick Tip

Worker Population Ratio helps policymakers understand labor market trends and formulate effective employment policies.

(b)

(i) Elaborate the need to promote women's education in India.

Solution:

Understanding Women Education in India :

1. Promoting women's education in India is imperative for societal progress and gender equality. Educated women contribute to economic growth by entering the workforce and making informed decisions about their lives.

2. Moreover, educating women makes a favourable impact on the fertility rate and health care of women and children.

3. Hence, investing in women's education uplifts communities and drives sustainable development across India.

Conclusion: Women education plays a crucial role in ensuring sustainable growth and economic stability.

Quick Tip

Women education helps economies become more resilient by reducing dependency on a single sector.

(ii) Mention any two examples of diversification activities in the non-agro processing industries.

Solution:

Examples of Diversification in Non-Agro Processing Industries:

1. Textile Industry Expansion into Fashion Retail:

- Textile manufacturers diversify by launching their own clothing brands and retail chains.

2. Automobile Industry Expansion into Electric Vehicles (EVs):

- Traditional automobile manufacturers invest in EV production to adapt to changing consumer demands and environmental policies.

Conclusion: These examples highlight how industries diversify to remain competitive and adapt to evolving market trends.

Quick Tip

Non-agro industries diversify by entering new markets, adopting new technologies, and expanding product lines.

32. (a) State any two advantages of the micro-credit system of financing in rural areas of India.

Solution:

Understanding the Micro-Credit System:

- Micro-credit refers to the provision of small loans to low-income individuals or groups, particularly in rural areas, to support income-generating activities.

Advantages of Micro-Credit in Rural Areas:

1. Financial Inclusion for Marginalized Groups:

- Micro-credit enables access to credit for small farmers, artisans, and women entrepreneurs

who lack collateral for traditional bank loans.

2. Encourages Self-Employment and Poverty Reduction:

- By financing small businesses and farming activities, micro-credit empowers rural populations to generate income and improve their living standards.

Conclusion: The micro-credit system plays a crucial role in rural development by promoting self-sufficiency and financial empowerment.

Quick Tip

Micro-credit enhances rural financial inclusion by providing small loans without requiring collateral.

(b) “In the current situation, Information Technology plays a vital role in achieving food security in a nation like India.” Justify the given statement.

Solution:

Understanding the Context of the Statement:

- The statement refers to a specific economic or social policy requiring food security.

Providing Justification:

1. In India, Information Technology (IT) plays a crucial role as government can predict areas of food insecurity and vulnerability using appropriate information and software tools.
2. It helps in disseminating information regarding emerging technologies and their applications, prices, weather and soil conditions for growing different crops etc.
3. Hence, IT plays a vital role in achieving sustainable development and food security in a nation like India.

Conclusion: The given statement is justified based on empirical evidence and logical reasoning. The exact justification depends on the specific statement being addressed.

Quick Tip

Always support economic and social justifications with relevant policies, programs, or historical data.

33. (a)

(i) “Under the liberalisation measures taken by the Government of India, financial sector reforms were extremely crucial.” Reject or support the given statement with valid arguments.

Solution:

Evaluating the Statement:

- The statement can either be rejected or supported based on economic principles and policy outcomes.

Supporting the Statement: 1. Positive Impact of Economic Reforms:

- Liberalization, privatization, and globalization (LPG) reforms accelerated industrial growth and foreign investment.

2. Improvement in Employment and Infrastructure:

- Government policies facilitated job creation and better infrastructure, boosting economic efficiency.

Rejecting the Statement: 1. Challenges in Income Equality:

- Economic growth has not benefited all sections equally, widening the rich-poor divide.

2. Environmental and Social Concerns:

- Industrial expansion has led to ecological degradation and social disruptions in some regions.

Conclusion: The stance depends on evaluating both positive and negative outcomes of economic policies, emphasizing a balanced perspective.

Quick Tip

When evaluating economic policies, consider both their advantages and their unintended consequences.

(ii) Clarify how the Green Revolution enabled the government to procure sufficient food grains to build stocks to be used during times of food shortages.

Solution:

Understanding the Green Revolution:

- The Green Revolution introduced high-yielding varieties (HYV) of seeds, chemical fertilizers, and irrigation techniques to boost agricultural productivity.

Impact on Government Food Procurement:

1. Increased Agricultural Productivity:

- Higher crop yields allowed the government to procure surplus grains under the Public Distribution System (PDS).

2. Formation of Buffer Stocks:

- Surplus food grain production enabled the government to establish buffer stocks to stabilize food prices and manage shortages.

3. Reduced Dependence on Imports:

- India became self-sufficient in food grains, reducing reliance on foreign imports during crises.

Conclusion: The Green Revolution played a pivotal role in ensuring food security by increasing grain availability and allowing strategic reserves for future needs.

Quick Tip

The Green Revolution transformed India's food security, making it self-reliant and reducing the risk of famines.

OR

(b)

(i) "Every coin has two sides – debate over farm subsidies is one such classic example."

Justify the given statement with two arguments each in favour of and against the continuation of farm subsidies.

Solution:

Understanding the Debate on Farm Subsidies:

- Farm subsidies are financial aids provided to farmers to support agricultural production, but they have both advantages and disadvantages.

Arguments in Favour of Farm Subsidies:

1. Support for Small and Marginal Farmers:

- Many farmers rely on subsidies to afford essential inputs like seeds, fertilizers, and irrigation.

2. Food Security and Price Stability:

- Subsidies help stabilize food prices and ensure consistent agricultural production, reducing the risk of shortages.

Arguments Against Farm Subsidies:

1. Fiscal Burden on Government:

- Large-scale subsidies put significant pressure on government finances, diverting funds from other development programs.

2. Misallocation of Resources:

- Often, subsidies benefit input suppliers more than farmers and encourage inefficient farming practices.

Conclusion: A balanced approach is needed to ensure that farm subsidies benefit genuine farmers while maintaining economic sustainability.

Quick Tip

Effective farm subsidies should target small farmers while avoiding excessive financial strain on government resources.

(ii) State the importance of "Growth with Equity" in Indian economic planning.

Solution:

Understanding Growth with Equity:

- Economic growth must be inclusive, ensuring fair distribution of wealth and opportunities.

Importance of Growth with Equity:

1. Balanced Economic Development:

- Ensures that economic progress benefits all sections of society, reducing regional disparities.

2. Reduction in Income Inequality:

- Policies focused on equitable wealth distribution help bridge the gap between the rich and the poor.

3. Sustainable Development:

- Prioritizing inclusive growth prevents socio-economic instability and ensures long-term prosperity.

Conclusion: Indian economic planning focuses on "growth with equity" to create a fair and just society, ensuring inclusive development for all citizens.

Quick Tip

Economic planning should aim for both rapid growth and fair income distribution to ensure long-term sustainability.

34. Read the following text carefully :

In order to address two major environmental concerns in India, viz. water and air pollution, the government set up the Central Pollution Control Board (CPCB) in 1974. This was followed by states establishing their own state level boards to address all the environmental concerns. They investigate, collect and disseminate information relating to water, air and land pollution, lay down standards for sewage/trade effluent and emissions. These boards provide technical assistance to governments in promoting cleanliness of streams and wells by prevention, control and abatement of water pollution, and improve the quality of air and to prevent, control or abate air pollution in the country. These boards also carry out and sponsor investigation and research relating to problems of water and air pollution and for their prevention, control or abatement. They organize, through mass media, a comprehensive mass awareness programme for the same. The PCBs prepare manuals, codes and guidelines relating to treatment and disposal of sewage and trade effluents.

They assess the air quality through regulation of industries. In fact, state boards, through their district level officials, periodically inspect every industry under their jurisdiction to assess the adequacy of treatment measures provided to treat the effluent and gaseous emissions. It also provides background air quality data needed for industrial siting and town planning.

The pollution control boards collect, collate and disseminate technical and statistical

data relating to water pollution. They monitor the quality of water in 125 rivers (including the tributaries), wells, lakes, creeks, ponds, tanks, drains and canals.

On the basis of the given text and common understanding, answer the following questions:

(a) State any two concerns owing to which the Central Pollution Control Board (CPCB) was established.

Solution:

Understanding the Role of CPCB:

- The Central Pollution Control Board (CPCB) was established in 1974 under the Water (Prevention and Control of Pollution) Act to address environmental pollution.

Concerns Leading to CPCB Establishment:

1. **Rising Industrial and Water Pollution:** - Increasing pollution levels in rivers and water bodies due to industrial waste prompted the need for a regulatory body.
2. **Air Quality Deterioration:** - Urbanization and industrial emissions led to severe air pollution, necessitating national-level pollution control measures.

Conclusion: CPCB was established to monitor and control environmental pollution, ensuring sustainable resource management.

Quick Tip

CPCB plays a key role in monitoring pollution levels and enforcing environmental protection laws in India.

(b) Explain any two functions performed by the Central Pollution Control Board (CPCB).

Solution:

Understanding CPCB's Responsibilities:

- CPCB is responsible for monitoring and regulating pollution levels across the country.

Key Functions of CPCB:

1. **Setting Environmental Standards:** - CPCB lays down standards for water and air quality to ensure pollution control and sustainable development.
2. **Monitoring and Enforcement:** - Regular surveillance and action against industries violating

pollution norms help in environmental conservation.

Conclusion: CPCB plays a crucial role in pollution control by enforcing regulations and promoting sustainable industrial practices.

Quick Tip

CPCB ensures compliance with pollution control laws to maintain environmental quality and public health.

(c) Elaborate any two strategies to ensure sustainable development as adopted by India.

Solution:

Understanding Sustainable Development Strategies:

- Sustainable development aims to balance economic growth with environmental protection.

Strategies Adopted by India:

1. Promotion of Renewable Energy: - India has invested in solar, wind, and hydroelectric power to reduce dependence on fossil fuels and lower carbon emissions.
2. Afforestation and Reforestation Programs: - Initiatives like the Green India Mission focus on increasing forest cover and improving biodiversity.

Conclusion: By adopting renewable energy and afforestation programs, India ensures long-term environmental sustainability and economic growth.

Quick Tip

Sustainable development policies focus on reducing environmental damage while fostering economic progress.