

CBSE 12 Economics (58/1/3) 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. 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.

2. 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.

3. 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.

4. 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.

5. Suppose for a hypothetical economy:

$$C = 100 + 0.75Y \text{ (where } C = \text{Consumption and } Y = \text{Income)}$$

$$I_0 = 400 \text{ (} I_0 = \text{Autonomous Investment)}$$

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).

6. 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.

7. 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.

8. 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.

9. 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.

10. "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.

11. 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.

12. (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) 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.

13. (a) “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.

OR

13. (b) 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.

14. 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.

15. (a) Justify the following statements with valid arguments:

Money serves as a ‘store of value’ in an economy.

Solution:

Understanding Money as a Store of Value:

- Money allows individuals to store their wealth and use it in the future without losing value.

Justification:

1. Transfer of Purchasing Power:

- Money enables individuals to save and use their wealth for future consumption or investment.

2. Durability and Convenience:

- Unlike perishable goods, money does not deteriorate over time, making it an effective means of storing value.

3. Liquidity and Easy Accessibility:

- Money can be easily converted into goods, services, or investments when needed.

Conclusion: Money acts as a reliable store of value, allowing individuals to maintain their purchasing power over time.

Quick Tip

Money's durability, liquidity, and ability to store purchasing power make it an essential tool for economic stability.

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

Solution:

Role of the Central Bank as the Government's Bank:

- The Central Bank functions as the banker, debt manager, and financial advisor to the government.

Justification:

1. Maintains Government Accounts:

- The Central Bank handles government receipts, payments, and financial transactions.

2. Manages Public Debt and Borrowing:

- It facilitates government borrowing through the issuance of bonds and treasury bills.

3. Lender of Last Resort:

- In times of financial crises, the Central Bank provides emergency funds to the government.

Conclusion: The Central Bank ensures smooth financial operations for the government, playing a crucial role in economic stability.

Quick Tip

The Central Bank manages government accounts, controls public debt, and provides financial stability during crises.

16. (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.

17. (a) Classify the following as Revenue Receipts or Capital Receipts. Give valid arguments in support of your answer:

- (i) **Interest received on loan.**
- (ii) **Disinvestment receipts from the sale of a government company.**
- (iii) **Financial assistance by the Government of USA for promoting girl education in India.**

Solution:

Understanding Revenue and Capital Receipts:

- Revenue Receipts: Regular income for the government that does not create liabilities or reduce assets.
- Capital Receipts: One-time income that either increases liabilities or reduces assets.

Classification and Justification:

1. Interest Received on Loan – Revenue Receipt

- Interest earned by the government on loans given does not reduce its assets or create liabilities.
- It is a recurring source of income for the government.

2. Disinvestment Receipts from the Sale of a Government Company – Capital Receipt

- Disinvestment involves selling government-owned assets, reducing public ownership.
- This is a non-recurring income that decreases government assets.

3. Financial Assistance by the Government of USA for Promoting Girl Education – Revenue Receipt

- Grants or foreign aid received for development programs do not create liabilities.
- It is a one-time inflow used for education and welfare purposes.

Conclusion: - Interest on loans and foreign aid are revenue receipts, whereas disinvestment receipts are capital receipts.

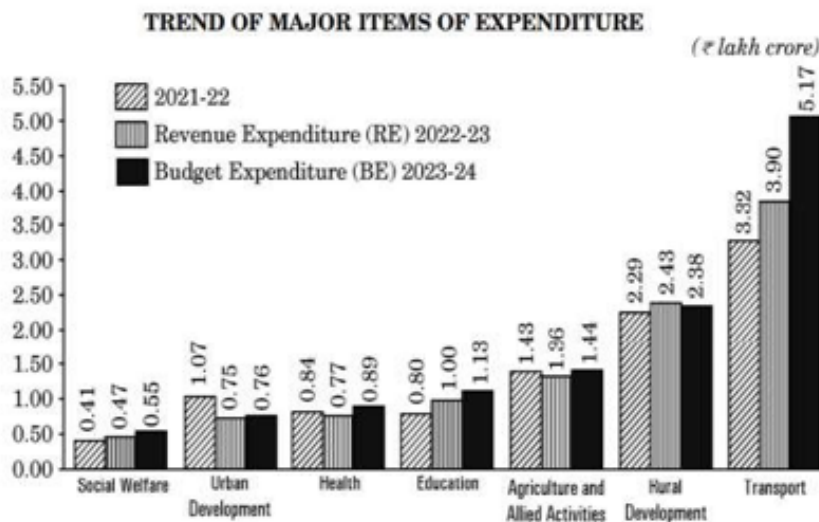
Quick Tip

Revenue receipts are regular government earnings without reducing assets, while capital receipts involve liabilities or asset reduction.

OR

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

(I) Urban Development (II) Rural Development



Solution:

Observing Trends in Government Expenditure:

- The given chart represents government expenditure in different sectors over three years: 2021-22, Revenue Expenditure (RE) 2022-23, and Budget Expenditure (BE) 2023-24.

Analysis of Urban Development Expenditure:

1. Urban Development Spending Trend:

- In 2021-22, the government allocated Rs.1.07 lakh crore.
- It increased slightly to Rs.0.76 lakh crore in 2022-23.
- The allocation further increased to Rs.0.89 lakh crore in 2023-24.

2. Interpretation: - Although there was a decline in 2022-23, the budgeted expenditure for 2023-24 indicates a rising trend in urban development spending.

Analysis of Rural Development Expenditure:

1. Rural Development Spending Trend: - In 2021-22, the allocation was Rs.2.29 lakh crore.
 - It increased to Rs.2.38 lakh crore in 2022-23.
 - The budget allocation for 2023-24 further increased to Rs.3.32 lakh crore.
 2. Interpretation: - The government has consistently increased funding for rural development, indicating a focus on infrastructure, employment generation, and rural welfare schemes.
- Conclusion:** - Government expenditure on both urban and rural development has shown an increasing trend. - The rise in rural development spending suggests greater emphasis on rural infrastructure and welfare programs.

Quick Tip

Analyzing government expenditure trends helps in understanding policy priorities and economic development focus.

(b) (ii) Distinguish between 'Fiscal Deficit' and 'Primary Deficit'.

Solution:

Understanding Fiscal and Primary Deficits:

- Fiscal Deficit: The difference between total government expenditure and total revenue (excluding borrowings).
- Primary Deficit: Fiscal deficit minus interest payments on past borrowings.

Key Differences are shown as follows:

Basis	Fiscal Deficit	Primary Deficit
Definition	Excess of total expenditure over total revenue (excluding borrowings).	Fiscal deficit minus interest payments.
Formula	Total Expenditure - Total Revenue (excluding borrowings).	Fiscal Deficit - Interest Payments.
Significance	Indicates the total borrowing requirement of the government.	Shows the extent of fiscal deficit after excluding interest payments.
Implication	High fiscal deficit suggests increased government borrowing needs.	A high primary deficit indicates the government is overspending beyond its revenue generation capacity.

Conclusion:

- Fiscal deficit measures the total shortfall in government finances.
- Primary deficit helps in assessing how much of the borrowing is due to current policy decisions rather than past liabilities.

Quick Tip

Fiscal deficit includes both current and past liabilities, while primary deficit focuses on present fiscal imbalances.

SECTION B

(Indian Economic Development)

18. 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:

Understanding Pakistan's Nationalization Policy:

- In the 1970s, Pakistan's government implemented a nationalization policy under Prime Minister Zulfikar Ali Bhutto.

Impact on Industries:

- The nationalization drive primarily targeted capital goods industries, including steel, cement, and banking.
- These industries were considered essential for state control and economic planning.

Conclusion: The correct answer is Capital goods, as the nationalization policy focused on state control over heavy industries.

Quick Tip

Nationalization of capital goods industries in Pakistan aimed at economic self-reliance but also led to inefficiencies in the long run.

19. Read the following statements carefully:

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

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

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 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 like railways, post, and telegraph in India.
- These developments facilitated transportation, communication, and administrative efficiency.

Evaluating Statement 2:

- The primary goal of infrastructure development was not India's economic growth but to serve British colonial interests.
- Railways helped in transporting raw materials to ports for export and in maintaining colonial control.

Conclusion: Both statements are true because infrastructure was developed, but the primary motive was to benefit British trade and administration rather than India's development.

Quick Tip

Infrastructure development under colonial rule had economic benefits but primarily served British commercial and administrative needs.

20. 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:

- Agricultural marketing involves activities from farm production to reaching consumers efficiently.

Identifying the Incorrect Combination:

- Agricultural marketing does not include "Production" since marketing begins after production.

- Correct components include assembling, processing, storage, packaging, grading, and transportation.

Conclusion: The incorrect combination is (B) Production, Assembling, Processing, Grading as production is not a marketing function.

Quick Tip

Agricultural marketing involves post-production processes like storage, transportation, processing, and distribution.

21. 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.

22. 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.

23. 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.

Alternatives:

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

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

Solution:

Understanding the Objectives of Regulated Agricultural Markets:

- Regulated agricultural markets aim to enhance the efficiency and transparency of the agri-

cultural marketing system.

Identifying Incorrect Objectives:

- Objective (ii): "To discourage improvement of marketing infrastructure for farmers" is incorrect since regulated markets aim to enhance infrastructure.
- Objective (iv): "To discourage farmers from improving quality and quantity of their produce" is incorrect as the system encourages better production practices.

Conclusion: The incorrect objectives are (ii) and (iv) since regulated agricultural markets focus on improving farmer welfare and market efficiency.

Quick Tip

Regulated agricultural markets are designed to ensure fair pricing, prevent exploitation, and improve market infrastructure.

24. 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:

Understanding Economic Reforms in India and Pakistan:

- India introduced economic liberalization in 1991 under Prime Minister P.V. Narasimha Rao to overcome the balance of payments crisis.
- Pakistan introduced economic reforms in 1988 under structural adjustment programs initiated by the International Monetary Fund (IMF).

Conclusion: The correct answer is 1991 for India and 1988 for Pakistan, marking the beginning of their respective economic reform phases.

Quick Tip

Economic reforms in India (1991) and Pakistan (1988) aimed at liberalizing their economies, reducing state control, and attracting foreign investments.

25. 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.

26. 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.

27. 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.

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

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

Solution:

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.

OR

(b) 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 policy aimed at achieving economic growth within a socialist framework by prioritizing state control.

Reasons for Regulating the Private Sector:

1. Preventing Monopolies and Wealth Concentration:

- Avoiding the dominance of large industrial houses to ensure equitable economic development.

2. Encouraging Public Sector Growth:

- State-controlled industries in key sectors like defense and heavy industries ensured national security and planned development.

3. Ensuring Regional Development:

- Directing industrial investments to backward areas to reduce regional disparities.

Conclusion: The Industrial Policy Resolution of 1956 played a critical role in shaping India's economic structure by emphasizing planned development with controlled private sector involvement.

Quick Tip

Regulation of the private sector aimed to promote balanced industrial growth and prevent economic disparities.

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

Solution:

Understanding Micro-Credit in Rural India:

- Micro-credit provides small loans to individuals, especially in rural areas, without requiring collateral.

Advantages of Micro-Credit:

1. Financial Inclusion for the Poor:

- Enables access to credit for rural entrepreneurs, women, and small-scale farmers.

2. Encourages Self-Employment:

- Supports rural individuals in starting small businesses, reducing dependence on informal money lenders.

Conclusion: Micro-credit is a crucial tool for rural financial empowerment, promoting economic stability and self-sufficiency.

Quick Tip

Micro-credit promotes financial independence and entrepreneurship in rural communities.

(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.

31. (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.

32. (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.

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 validity of the statement depends on its context and supporting economic arguments.

Supporting the Statement:

1. Positive Impact of Economic Reforms:

- Economic liberalization has led to industrial growth, foreign investment, and employment generation.

2. Improvement in Infrastructure and Trade:

- Policies have enabled better market efficiency and increased exports.

Rejecting the Statement:

1. Income Inequality and Social Disparities:

- Economic policies may benefit some sections more than others, leading to inequality.

2. Environmental and Economic Concerns:

- Rapid industrialization can cause environmental damage and disrupt traditional livelihoods.

Conclusion: Depending on economic reasoning, one can either support or reject the statement based on its impact on development and social welfare.

Quick Tip

A well-balanced argument considers both positive and negative aspects of an economic policy.

(ii) “Despite the implementation of Green Revolution, 65 per cent of India’s population continued to be engaged in the agriculture sector till the 1990s.” Justify the given statement with a valid explanation.

Solution:

Understanding the Context:

- Green Revolution depends on the economic, social, and policy-based implications of the statement.

Providing Justification:

Some economists argue that Green Revolution did not make much impact on the occupational structure of the country, as 65 percent of India’s population continued to find its livelihood in agriculture.

A major reason for this fairly large proportion of population in agricultural sector as the industrial and service sector were not able to absorb the people working in the agricultural sector.

Quick Tip

Green revolution supported by relevant economic data and policies played a crucial role.

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 aid provided to farmers, with both advantages and disadvantages.

Arguments in Favour of Farm Subsidies:

1. Support for Small and Marginal Farmers:

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

2. Ensuring Food Security and Price Stability:

- Government subsidies help maintain stable food prices and sufficient agricultural production.

Arguments Against Farm Subsidies:

1. Fiscal Burden on Government:

- Large subsidies place significant strain on government finances, reducing funds for other developmental projects.

2. Misallocation of Resources:

- Often, subsidies benefit agribusinesses more than small farmers, leading to inefficiencies.

Conclusion: A balanced approach is needed to ensure subsidies support farmers while

maintaining fiscal sustainability.

Quick Tip

Farm subsidies should be targeted effectively to support farmers without imposing a heavy financial burden on the government.

(ii) State the importance of "Growth with Equity" as the objective of 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 focusing on equitable wealth distribution help bridge the gap between the rich and the poor.

3. Sustainable and Inclusive Development:

- Prioritizing social welfare and human capital development prevents socio-economic instability.

Conclusion: Indian economic planning emphasizes growth with equity to create a fair and just society, ensuring inclusive progress.

Quick Tip

Sustainable economic growth must ensure fair income distribution and equal opportunities for all.

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.