

CBSE Class 12 Economics Question Paper 2023

Set 1 (Code 58/3/1) Solutions

SECTION A

Macro Economics

1. Read the following statements carefully :

Statement 1 : Savings function can be derived from Consumption function.

Statement 2 : Consumption curve must always start from the point of origin.

In light of the given statements, choose the correct alternative from the following 1

- (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.

Ans: (a) Statement 1 is true and Statement 2 is false.

2. Keeping other factors constant, if the price of crude oil falls in the international market, it may lead to _____.

(Choose the correct alternative to fill up the blank) 1

- (a) increase in trade deficit
- (b) decrease in trade deficit

- (c) no change in trade deficit
- (d) no change in the foreign exchange reserves

Ans: (b) decrease in trade deficit

3. Identify, which of the following is not a function of the Reserve Bank of India. (Choose the correct alternative) 1

- (a) Controller of money supply
- (b) Credit provider to commercial banks
- (c) Central agency preparing the annual budget of the Government
- (d) Issuer of currency

Ans: (c) Central agency preparing the annual budget of the Government

4. Read the following statements carefully :

Statement 1 : Import of gold from Dubai will be recorded on the debit side of the current account in Balance of Payments of India.

Statement 2 : Outflow of Foreign Institutional Investment (FII) from Indian stock markets will be recorded on the credit side of the capital account.

In light of the given statements, choose the correct alternative from the following : 1

- (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.

Ans: (a) Statement 1 is true and Statement 2 is false.

5. (i) Read the following statements carefully :

Statement 1 : Stock variables are measured at a point of time.

Statement 2 : Flow variables and stock variables are same.

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

1

(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.

Ans: (a) Statement 1 is true and Statement 2 is false.

OR

(ii) Identify, flow variable from the following :

(Choose the correct alternative) 1

(a) Distance between Delhi and Amritsar

(b) Annual expenditure of a school

(c) Bank balance of Mr. Mukesh as on 31st March 2022

(d) Investments of Mr. Mohit as on 31st December 2021

Ans: (b) Annual expenditure of a school

6. (i) If in an economy, the value of Investment Multiplier is 5 and dissavings are (-)100 crore, the relevant savings at income level of ₹ 1,400 crore would be ₹ _____ crore.

(Choose the correct alternative to fill up the blank) 1

- (a) 80 (b) 180
(c) 140 (d) 240

Ans: (d) 240

OR

(ii) The range of value of Investment Multiplier is always between _____ and _____.
(Choose the correct alternative to fill up the blanks) 1

- (a) zero (0), infinity ()
(b) one (+ 1), infinity ()
(c) zero (0), one (+ 1)
(d) minus one (- 1), plus one (+ 1)

Ans: (c) zero (0), one (+ 1)

7. If the central bank wants to reduce money supply in the economy, it may _____ . (Choose the correct alternative to fill up the blank) 1

- (i) increase Bank Rate
- (ii) reduce Cash Reserve Ratio
- (iii) sell securities in the open market
- (iv) buy securities in the open market

Alternatives :

- (a) (i) and (iii)
- (b) (ii), (iii) and (iv)
- (c) (i), (iii) and (iv)
- (d) (i), (ii), (iii) and (iv)

Ans: (a) (i) and (iii)

8. (A) Identify, which of the following is not a source of supply of foreign exchange for India. (Choose the correct alternative) 1

- (a) Exports of goods and services abroad
- (b) Remittances by Indian workers working abroad
- (c) Imports of goods and services from abroad
- (d) Foreign Direct Investment (FDI) by a German automobile manufacturer

Ans: (c) Imports of goods and services from abroad

OR

(B) Read the items given in Columns I and II carefully and choose the correct pair of statements from the given alternatives. 1

	Column I		Column II
i.	Export of software by an Indian company	1.	Demand of foreign currency
ii.	Accommodating nature of transactions	2.	Profit motive
iii.	Autonomous nature of transactions	3.	Non-Profit motive
iv.	Loan forwarded to Sri Lanka during its economic crisis	4.	Supply of foreign exchange

Alternatives :

- (a) i 1 (b) ii 2
(c) iii 3 (d) iv 4

Ans: (a) i 1

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

Assertion (A) : Ex-ante savings and Ex-ante investments are never equal to each other.

Reason (R) : At equilibrium level of income, aggregate demand may not

be equal to the aggregate supply.

Alternatives :

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.
- (d) Assertion (A) is false, but Reason (R) is true.

Ans: (c) Assertion (A) is true, but Reason (R) is false.

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

Assertion (A) : The value of Average Propensity to Consume (APC) can never be zero or negative.

Reason (R) : Average Propensity to Consume (APC) is independent of the level of income.

Alternatives :

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.

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

Ans: (c) Assertion (A) is true, but Reason (R) is false.

11. (a) Differentiate between 'Value of Output' and 'Value Added' 3

Ans:

Value of Output: This refers to the total market value of goods and services produced by an economic unit, such as a firm or industry, during a given period. It includes the value of all intermediate goods used in production. For example, if a factory produces cars, the value of output includes the total value of all the cars produced.

Value Added: This is the difference between the value of output and the value of intermediate goods used in the production process. It measures the contribution of each stage of production to the final product's value. For instance, if a car manufacturer produces cars with a value of ₹10 million and the cost of intermediate goods (such as tyres and engines) is ₹6 million, the value added by the manufacturer is ₹4 million.

OR

(b) Justify the following statement :

“Depreciation is a fall in the value of an asset due to expected obsolescence.” 3

Ans: Depreciation reflects the reduction in the value of an asset over time due to factors like wear and tear, age, or technological obsolescence. As technology advances, assets may become outdated, making them less valuable or less efficient compared to newer models. This expected decline in value due to such obsolescence is accounted for through depreciation. For example, a computer bought today will have a lower value in a few years due to the rapid advancements in technology, making it less valuable even if it remains physically intact. Depreciation helps in accurately representing an asset's current value and adjusting financial statements to reflect this decline.

12. Discuss briefly the determination of exchange rate under the flexible exchange rate system.

3

Ans: Under a flexible exchange rate system, the value of a currency is determined by the forces of supply and demand in the foreign exchange market. The key points are:

- **Market Forces:** Exchange rates fluctuate based on changes in the demand for and supply of currencies. Factors influencing these include trade balances, capital flows, interest rates, and economic conditions.
- **Demand and Supply:** If demand for a country's exports increases its currency appreciates as foreign buyers need to purchase the currency to pay for goods. Conversely, if a country imports more than it exports, its currency may depreciate due to higher demand for foreign currencies.
- **Capital Flows:** Investments and financial flows can also affect exchange rates. Higher foreign investment in a country can lead to currency appreciation, while capital outflows can lead to depreciation.

13. Suppose the following information is given about a hypothetical economy :

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

$$I_0 = 200 \quad (I_0 = \text{Autonomous Investment})$$

Calculate the following on the basis of the given information :

(a) Equilibrium Level of Income

2

Ans: (a) To calculate the equilibrium level of income in the given hypothetical economy, we can use the formula for the equilibrium in the Keynesian cross model, where aggregate demand (AD) equals aggregate supply (Y).

Given,

Consumption function: $C = 100 + 0.75Y$

Autonomous investment: $I_0 = 200$

The aggregate demand (AD) in this economy is the sum of consumption (C) and investment (I):

$$AD = C + I$$

Substituting the given values, we get:

$$AD = (100 + 0.75Y) + 200$$

$$AD = 100 + 0.75Y + 200$$

$$AD = 300 + 0.75Y$$

In equilibrium, aggregate demand (AD) equals aggregate supply (Y):

$$Y = 300 + 0.75Y$$

To solve for Y, we need to isolate Y on one side of the equation:

$$Y - 0.75Y = 300$$

$$0.25Y = 300$$

$$Y = \frac{300}{0.25}$$

$$y = 1200$$

Therefore, the equilibrium level of income (Y) is ₹1200 crores.

(b) Aggregate Demand at Equilibrium Level of Income

1

Ans:

At $Y = 1200$, $AD = 100 + 0.75(1200) + 200 = 100 + 900 + 200 = 1200$.

(c) **Marginal Propensity to Save** 1

(c) Marginal Propensity to Save (MPS):

MPS = 1 - Marginal Propensity to Consume (MPC).

Given MPC = 0.75, MPS = 1 - 0.75 = 0.25.

14. (a) Read the following information carefully :

“The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%.”

Answer the following questions :

(i) Identify the nature of the two monetary policy measures mentioned in the above text. 1

Ans: (i) Identify the nature of the two monetary policy measures mentioned in the text:

- **Repo Rate Increase:** Contractionary monetary policy.
- **Reverse Repo Rate Unchanged:** Neutral.

(ii) Elaborate the likely economic rationale behind the increase in Repo Rate by the Monetary Policy Committee. 3

Ans: Increasing the Repo Rate aims to control inflation by making borrowing more expensive and saving more attractive, thereby reducing spending and money supply in the economy. It helps in curbing inflationary pressures and stabilising the economy.

OR

(b) Suppose an imaginary economy is facing a situation of deficient demand in the short run time period.

Discuss briefly, the probable impacts of the same on the economy. 4

Ans: Deficient demand can lead to lower production and income levels, increased unemployment, and reduced business investment. It can also result in lower consumer spending and reduced economic growth. Government intervention through fiscal or monetary policies may be required to stimulate demand and restore economic balance.

15. Using a suitable numerical example, explain the credit creation process of the banking system, in a hypothetical economy. 4

Ans: When a bank receives a deposit, it keeps a fraction as reserves and loans out the rest. For example, if the reserve ratio is 20% and a bank receives a deposit of ₹1000, it keeps ₹200 (20% of ₹1000) as reserves and loans out ₹800. The ₹800 loaned out is deposited into another bank, which will again keep 20% (₹160) as reserves and loan out ₹640. This process continues, creating total credit in the economy.

16. (a) (i) Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free.

Identify and explain the objective of the Government budget Krish is suggesting. 4

Ans: Krish is suggesting a "Progressive Taxation" objective, where luxury items are taxed higher to generate revenue from the wealthy, while essential items for the poor and middle class are kept tax-free to ensure they are affordable.

(ii) State any two examples of non-tax receipts of the Government. 2

Ans: Examples of non-tax receipts of the Government:

- Interest income from loans
- Dividends from government-owned enterprises

OR

(b) (i) “In the recent times, the Government of India has incurred a lot of expenditure on acquisition of indigenous defence items under ‘Make in India’ program.

Identify and discuss the two types of budget expenditures which may be undertaken by the Government as suggested in the above statement. 4

Ans: (i) Identify and discuss the two types of budget expenditures undertaken by the Government:

- **Capital Expenditure:** Includes spending on acquisition of long-term assets such as defence items, infrastructure projects, etc.
- **Revenue Expenditure:** Covers spending on day-to-day operations and maintenance, such as salaries and subsidies.

(ii) State the meaning of ‘fiscal deficit’ under the Government Budget. 2

Ans: Fiscal deficit is the difference between the government's total expenditure and its total revenue (excluding borrowings). It indicates the amount of borrowing required to meet the expenditure.

17. Read the following text carefully :

In India, after Covid-19 period, household and private sector consumption, as measured by Private Final Consumption Expenditure (PFCE), was ₹39.7 trillion in nominal terms in Q1 FY23, compared with ₹28.4 trillion for the same period last year, and ₹39.2 trillion in the fourth quarter (Q4) of 2021 - 22 (FY22).

As a percentage of Nominal GDP, PFCE was 61.1 per cent, compared with 55.5 per cent in Q1 FY22. However, in real terms at constant prices, PFCE grew just 9.88 per cent, compared with Q1 of 2019 - 20 the year before the Covid-19 pandemic.

"Recovery in domestic demand is reflected in the growth rates of PFCE and Gross Fixed Capital Formation (GFCF) over the corresponding quarter of the previous year," said D.K. Srivastava. GFCF came in at 19 trillion in Q1 FY23, compared with 14.4 trillion in Q1 FY22. However, it was slightly lower than 20.2 trillion in Q4 FY22.

In the media briefing after the GDP numbers, Finance Secretary T.V. Somanathan said this trend was expected as GFCF in present Q1 was usually lower than the previous year's Q4.

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

(a) Compare and analyse the trends of change in PFCE as a percentage of GDP, both in real and nominal terms. 4

Ans: In the first quarter of FY23, Private Final Consumption Expenditure (PFCE) in nominal terms was ₹39.7 trillion, compared to ₹28.4 trillion in Q1 FY22 and ₹39.2 trillion in Q4 FY22. As a percentage of Nominal GDP, PFCE increased from 55.5% in Q1 FY22 to 61.1% in Q1 FY23. This indicates a significant rise in PFCE relative to the overall GDP, suggesting a stronger consumer spending pattern.

However, in real terms (adjusted for inflation), PFCE grew by only 9.88% compared to Q1 FY20 (pre-Covid). This growth rate is relatively modest compared to the nominal increase. The slower real growth rate implies that while nominal expenditure has risen sharply, the real purchasing power and consumption have not expanded as rapidly, reflecting possible inflationary pressures or changes in consumption patterns.

(b) "Private Final Consumption Expenditure is an important factor determining Gross Domestic Product at Market Price." Justify the given statement. 2

Ans: Private Final Consumption Expenditure (PFCE) is a critical component of Gross Domestic Product (GDP) at Market Price because it represents the total spending by households and private entities on goods and services. It reflects the demand side of the economy, and changes in PFCE directly affect the overall GDP. Higher PFCE indicates increased consumer spending, which drives economic growth and increases GDP. Therefore, PFCE is essential for determining the economic activity level and assessing economic health.

SECTION B

Indian Economic Development

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

Assertion (A): Post independence, public sector was given a prominent role, due to requirement of huge investments in the secondary sector.

Reason (R): Industrial sector is the backbone of any economy. Alternatives:

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

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

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

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

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

19. (A) From the following alternatives, identify the correct full form of 'NITI' in NITI Aayog: **1**

- (a) National Institution for Tribal India**
- (b) National Institution for Technical India**
- (c) National Institution for Transforming India**
- (d) National Institution for Training India**

Ans: (c) National Institution for Transforming India

(B) In a _____ economy, resources are owned and operated by both public and private sectors.

(Choose the correct alternative to fill up the blank) 1

- (a) Socialist**
- (b) Capitalist**
- (c) Democratic**
- (d) Mixed**

Ans: (d) Mixed

20. (A) Identify the correct alternative with reference to the following statement:

"Between 1966 - 76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China." **1**

- (a) Commune System**

(b) Great Leap Forward

(c) Open Door Policy

(d) Great Proletarian Cultural Revolution

Ans: (d) Great Proletarian Cultural Revolution

OR

(B) Read the following statements carefully:

Statement 1: In the agricultural sector, communes were established, where land holdings were allocated to individual households for ownership.

Statement 2: Special Economic Zones (SEZ) were established to attract foreign investments and technology.

In light of the given statements, choose the correct alternative from the following: 1

(a) Statement 1 is true, and Statement 2 is false.

(b) Statement 1 is false, and Statement 2 is true.

(c) Statements 1 and 2 are true.

(d) Statements 1 and 2 are false.

Ans: (b) Statement 1 is false, and Statement 2 is true.

21. (A) Micro credit programmes play a vital role in ensuring an overall development of the rural economy as they _____. 1

(Choose the correct alternative to fill up the blank)

- (i) provide financial support**
- (ii) lead to women empowerment**
- (iii) enhance the reach of formal credit system**

Alternatives:

- (a) Only (i) and (ii)**
- (b) Only (ii) and (iii)**
- (c) Only (i) and (iii)**
- (d) (i), (ii) and (iii)**

Ans: (d) (i), (ii) and (iii)

OR

(B) _____ revolution was the harbinger of major changes in the credit system as it led to diversification of the portfolio of rural credit towards production-oriented lending. (Choose the correct alternative to fill up the blank) 1

- (a) White**
- (b) Silver**
- (c) Blue**
- (d) Green**

Ans: (d) Green

22. "Multiple reasons for economic slowdown and re-emergence of poverty in Pakistan may be enumerated."

Identify which of the following might not be one of them.

1

(i) Rising dependence on foreign loans

(ii) Stable macroeconomic indicators

(iii) Unstable agricultural growth

Alternatives:

(a) (i), (ii) and (iii)

(b) (ii) and (iii)

(c) (i) and (iii)

(d) Only (ii)

Ans: (d) Only (ii)

23. Identify which of the following does not reflect a direct relationship between human capital formation and economic growth.

1

(a) Employability of an educated person is higher than that of an uneducated person.

(b) On-the-job training will reduce the skills of labour.

(c) Healthy workforce is a boon to the economy.

(d) Digital information helps in taking real time decisions.

Ans: (b) On-the-job training will reduce the skills of labour.

24. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. **1**

Assertion (A): Lower child mortality rate is a better indicator of gender equality.

Reason (R): Preference for a male child exists in India, Pakistan and China.

Alternatives:

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

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

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

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

Ans: (d) Assertion (A) is false, but Reason (R) is true.

25. (A) _____ adopted the resolution to ban the use of Chlorofluorocarbon (CFC) compounds along with other ozone depleting chemicals. **1**

(Choose the correct alternative to fill up the blank)

(a) Kyoto Protocol

(b) Paris Protocol

(c) Montreal Protocol

(d) Brundtland Commission Report

Ans: (c) Montreal Protocol

OR

(B) According to Herman Daly (an environmental economist), which of the following is not an essential step towards achieving sustainable development? 1

- (a) Limiting human population to carrying capacity of the environment**
- (b) Input inefficient technological progress**
- (c) Rate of extraction of renewable resources should not exceed rate of regeneration**
- (d) Correction of inefficiencies arising from pollution**

Ans: (c) Montreal Protocol

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

Assertion (A): Government can try to reduce unemployment through special poverty removal programmes.

Reason (R): Such poverty removal programmes directly or indirectly lead to employment generation.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).**
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).**
- (c) Assertion (A) is true, but Reason (R) is false.**
- (d) Assertion (A) is false, but Reason (R) is true.**

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

27. Read the following statements carefully:

Statement 1: 'One-child policy' was very effectively used in controlling the population by the Chinese authorities.

Statement 2: One-child policy, according to scholars, led to a decline in gender ratio (the proportion of females per 1000 males).

In 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.**

Ans: (c) Both Statements 1 and 2 are true.

28. (a) Define worker-population ratio and give its significance.

3

Ans: The worker-population ratio is a measure of the proportion of the working-age population (usually aged 15-64) that is engaged in work. It is calculated by dividing the number of workers by the total working-age population and multiplying by 100 to get a percentage. This ratio helps assess the level of employment in an economy and indicates how effectively the working-age population is utilised. A higher ratio suggests better employment opportunities and economic productivity, while a lower ratio may signal issues such as high unemployment or underutilisation of the workforce.

OR

(b) Distinguish between 'Human Capital' and 'Human Development'. 3

Ans:

Human Capital: Refers to the skills, knowledge, and experience possessed by individuals that can be used to improve productivity and economic performance. It focuses on the investment in education and training to enhance workers' capabilities and efficiency.

Human Development: Encompasses broader aspects of improving the quality of life and overall well-being of individuals. It includes not only education and skills but also health, income, and living standards. Human development aims at providing opportunities and enhancing the potential of people to lead fulfilling lives.

29. Elaborate how a well-structured 'Agricultural Marketing System' helps the farmers to increase their income. 3

Ans:

A well-structured agricultural marketing system helps farmers increase their income in several ways:

- **Price Discovery:** Efficient marketing systems enable accurate price discovery through transparent and competitive markets, helping farmers get fair prices for their produce.
- **Reduced Intermediaries:** By streamlining the supply chain and reducing the number of intermediaries, farmers can retain a larger share of the final sale price.
- **Improved Storage and Transportation:** Better infrastructure for storage and transportation helps in reducing post-harvest losses and ensures that produce reaches the market in good condition.
- **Access to Markets:** A well-structured system provides farmers with better access to various markets, including domestic and international ones, enhancing their market reach and opportunities.

- **Information Dissemination:** It offers farmers timely information about market trends, demand, and prices, enabling them to make informed decisions about production and sales.

30. Read the following schedule carefully:

Trends in Output Growth in Different Sectors, 1980-2015

Country	1980 - 90			2011 - 2015		
	Agriculture	Industry	Service	Agriculture	Industry	Service
India	3-1	7-4	6-9	2-3	5	8-4
China	5-9	10-8	13-5	4-1	8-1	8-4
Pakistan	4	7-7	6-8	2-7	3-4	4-4

Analyse the output growth trend in the three sectors over the given years between India and China. 4

Ans: To analyse the output growth trend in the agriculture, industry, and service sectors between India and China over the given years (1980-90 and 2011-15), let's examine the data provided:

Agriculture

- 1980-90:
 - India: 3-1
 - China: 5-9
- 2011-15:
 - India: 2-3
 - China: 4-1

Analysis:

- During 1980-90, China's agriculture sector showed a higher growth rate (5-9) compared to India (3-1).
- In 2011-15, both countries experienced a decline in growth rates for agriculture, but China's rate (4-1) remained higher than India's (2-3).

Industry

- 1980-90:
 - India: 7-4
 - China: 10-8
- 2011-15:
 - India: 5
 - China: 8-1

Analysis:

- Between 1980-90, China had a significantly higher industry growth rate (10-8) compared to India (7-4).
- In 2011-15, China's industry growth (8-1) remained robust, whereas India's growth rate was lower at 5.

Service

- 1980-90:
 - India: 6-9
 - China: 13-5
- 2011-15:

- India: 8-4
- China: 8-4

Analysis:

- From 1980-90, China had a much higher service sector growth rate (13-5) than India (6-9).
- In 2011-15, both countries had equal growth rates in the service sector (8-4).

Summary

- **Agriculture:** China's growth rate was consistently higher than India's, though both countries saw a decline over the years.
- **Industry:** China outpaced India in both periods, showing strong industrial growth.
- **Service:** While China had a significant lead in the earlier period, by 2011-15, both countries had equal growth rates in the service sector.

This analysis reveals that China has generally experienced higher growth rates than India in agriculture, industry, and service sectors, although India's service sector growth caught up to China's in the later period.

31. (a) "Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector." Do you agree with the given statement? Quote valid arguments in favour of your answer. 4

Ans: The economic reforms of 1991, which focused on liberalisation, privatisation, and globalisation, did have some adverse effects on the agricultural sector:

- **Neglect of Agriculture:** The reforms primarily targeted industrial and service sectors, leading to reduced focus on agriculture. This neglect resulted in underinvestment in agricultural infrastructure and support systems.

- **Increased Competition:** The opening up of markets exposed Indian farmers to international competition without adequate support, leading to challenges in maintaining profitability and market share.
- **Lack of Support for Small Farmers:** Economic reforms led to the reduction of subsidies and support prices, which negatively impacted small and marginal farmers who struggled with high input costs and low returns.
- **Unequal Benefits:** The benefits of reforms were unevenly distributed, with urban and industrial sectors reaping more advantages compared to the rural and agricultural sectors.

OR

(b) (i) Explain any two shortfalls of the industrial policy under the British rule. 2

Ans:

- **Limited Development of Industries:** The British industrial policy focused on exploiting India's raw materials for British industries rather than developing Indian industries. This resulted in the stagnation of industrial growth in India and the dominance of British firms.
- **Neglect of Heavy Industries:** The policy largely ignored the development of heavy industries and infrastructure necessary for industrial growth. Instead, it concentrated on promoting light industries that served British interests, leaving India underdeveloped in crucial sectors.

(ii) Quote the four goals of the five-year plans process of India. 2

Ans:

Economic Growth: Achieving higher rates of economic growth to improve the overall wealth and standard of living in the country.

Employment Generation: Creating job opportunities to reduce unemployment and enhance income levels.

Reduction of Poverty: Implementing strategies to alleviate poverty and improve the quality of life for the underprivileged.

Balanced Regional Development: Ensuring equitable development across different regions to reduce regional disparities.

32. State whether the following statements are true/false, with valid arguments:

(a) Economic participation of women as homemakers is not accounted for in the Gross Domestic Product. 2

Ans: True. The economic activities of homemakers, such as cooking, cleaning, and childcare, are not included in the Gross Domestic Product (GDP) as they are not considered market transactions. GDP only measures economic activities involving market transactions, so the unpaid work performed by homemakers is not reflected in GDP figures.

(b) Indian economy has shown excellent shift from informal sector to formal sector in the recent past. 2

Ans: False. While there have been efforts to formalise the Indian economy, such as through initiatives like the Goods and Services Tax (GST) and digital payments, the shift from the informal sector to the formal sector has not been as substantial as desired. A significant portion of the workforce and businesses still operate in the informal sector, facing challenges such as regulatory compliance and formalisation barriers.

33. (a) (i) Explain the role of education in the economic development of the nation. 4

Ans: Education plays a crucial role in the economic development of a nation through several key avenues:

- **Skill Development:** Education equips individuals with skills and knowledge necessary for various professions, increasing workforce productivity and innovation.
- **Economic Growth:** An educated workforce contributes to higher economic growth by improving efficiency, fostering technological advancement, and enhancing overall productivity.
- **Income Generation:** Education enhances earning potential by providing individuals with qualifications that lead to better job opportunities and higher wages.
- **Social Benefits:** Education promotes better health, reduces poverty, and encourages civic participation, which collectively supports economic stability and growth.

(ii) State the importance of rural banking in an economy like India.

2

Ans: Rural banking is crucial for an economy like India because:

- **Financial Inclusion:** It provides access to financial services for the rural population, including savings, credit, and insurance, helping them manage financial risks and plan for the future.
- **Agricultural Credit:** Rural banks offer loans to farmers for agricultural inputs, improving productivity and supporting the agricultural sector.
- **Economic Development:** By financing rural enterprises and infrastructure projects, rural banking promotes local economic development and job creation.
- **Poverty Reduction:** Access to banking services helps in reducing poverty by enabling rural residents to invest in education, health, and business opportunities.

OR

(b) (i) Who is a casual wage labourer?

1

Ans: A casual wage labourer is an individual who is employed on a temporary or irregular basis, usually without a long-term contract or job security. They perform manual or unskilled work and are paid daily or per task, often in sectors like agriculture, construction, or domestic services.

(ii) State and discuss any one recommendation of the Education Commission (1964-66).

2

Ans: One recommendation of the Education Commission (1964-66) was the "Universalisation of Primary Education". This recommendation aimed to provide free and compulsory primary education to all children up to the age of 14. The objective was to ensure that every child, regardless of their socio-economic background, had access to basic education, thereby improving literacy rates and laying the foundation for further educational and economic development.

(iii) In the light of the given image, identify and explain any one strategy to ensure sustainable development.

3

Ans: Without the specific image, a common strategy for ensuring sustainable development is "Promoting Renewable Energy". This strategy involves increasing the use of renewable energy sources such as solar, wind, and hydro power. By reducing reliance on fossil fuels, which are finite and contribute to environmental degradation, renewable energy helps in reducing greenhouse gas emissions, conserving natural resources, and promoting long-term environmental sustainability. This approach supports sustainable development by balancing economic growth with ecological preservation.

Note: The following question is for the Visually Impaired

Candidates only in lieu of Q. No. 33 (b) (iii):

Explain any one function of the environment.

3



Ans:

One important function of the environment is to provide essential resources for life. These resources include air, water, food, and shelter, which are necessary for the survival of all living organisms. The environment supports life by maintaining a balance of natural elements and processes, such as the water cycle, nutrient cycles, and energy flow. By supplying these vital resources, the environment ensures the sustenance and well-being of both plants and animals, contributing to the overall health of the ecosystem.

34. Read the following text carefully:

With independence, India chose the closed economy model in pursuit of its objective of industrial self-sufficiency. As a result, industrial structure has become considerably important. In the post-independence era, industrial growth was rapid during the first two decades, especially during the Second and Third Plan period. The Second Plan introduced the 'Industrial Revolution' in the country. The main reasons for high rates of industrial growth witnessed during this period were due to:

- (i) Emphasis on industrialisation in economic policies.**
- (ii) Making industrial growth the main objective in industrial policy and planning.**
- (iii) Huge investments being made to support capacity creation in the industrial sector.**
- (iv) Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of society.**
- (v) Pace of economic expansion supported by domestic savings and inflow of resources from abroad.**

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

- (a) State the time period of the Second Five Year Plan of India. 1**

Ans: The Second Five Year Plan of India covered the period from 1956 to 1961.

- (b) Who is considered as the Father of the Second Five Year Plan of India? 1**

Ans: P.C. Mahalanobis is considered the Father of the Second Five Year Plan of India. His contributions significantly shaped the plan's focus on industrialisation and economic development.

(c) Discuss briefly any two reasons behind the industrial growth during the Second and Third Five Year Plans of India.

4

Ans: Emphasis on Industrialisation: The Second and Third Five Year Plans placed a strong emphasis on industrialisation as a central goal. This focus led to significant investments in the industrial sector, fostering the development of various industries and infrastructure. The strategic push towards industrialisation helped in creating a robust industrial base, contributing to rapid industrial growth during these periods.

Huge Investments in Capacity Creation: Substantial investments were made to support capacity creation in the industrial sector. These investments included the establishment of new industries, expansion of existing ones, and development of industrial infrastructure such as roads, power plants, and facilities. The large-scale investments were crucial in enhancing the industrial capabilities and meeting the growing demands of the economy.