

**Class 12**

**Economics**

**Set 1 with Solutions**

**Time Allowed: 3 Hours**

**Maximum Marks: 80**

General Instructions:

This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

This paper contains 20 Multiple Choice Questions type questions of 1 mark each.

This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 80 words.

This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 100 words.

This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 150 words.

**Section – A (40 Marks)**

**Macro Economics**

Question 1.

Read the following statements carefully: [1]

Statement 1: The consumption curve is an upward sloping straight line curve due to the direct relationship between income and consumption and the assumption of constant Marginal Propensity to Consume.

Statement 2: Aggregate Demand curve and Consumption curve are parallel to each other.

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.

Answer:

- (c) Both statements 1 and 2 are true.

Explanation:

Mostly income-consumption curve slopes upward to the right because demand for normal goods increases as the income of the consumer rises. There is a direct relationship between income of the consumer and consumption of that normal good whereas AD, which includes both investment and consumption, is parallel to and above the consumption curve.

Question 2.

‘Owing to the Russia-Ukraine crisis, the world is experiencing rising crude prices due to supply-side issues.’ [1]

Identify the most likely impact on the Balance of Payment situation of the Indian economy from the following:

- (a) Production of cars in India will rise.
- (b) Production and sale of cycles in India will rise.
- (c) Inflow of US Dollars in India will rise.
- (d) Outflow of US Dollars from India will rise.

Answer:

- (d) Outflow of US Dollars from India will rise.

Explanation:

Rising crude prices due to Russia Ukraine war will raise the outflow of US dollars from India as more currency is now required to purchase crude oil.

Question 3.

..... is an institution that accept deposits for lending purposes. [1]

(Fill up the blank with correct alternative)

- (a) Commercial Banks
- (b) Life Insurance Corporation
- (c) Reserve Bank of India
- (d) Government of India

Answer:

- (a) Commercial Banks

Explanation:

A commercial bank is a profit based, financial institution that grants loans, accepts deposits and offers other financial services such as overdraft facility and electronic transfer of funds.

Question 4.

Read the following statements carefully: [1]

Statement 1: Export of financial services by India will be recorded on credit side of current account.

Statement 2: Foreign Direct Investments in India will be recorded on credit side of capital account. In the light of the given statements, choose the correct alternative:

- (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.

Answer:

- (c) Both statements 1 and 2 are true.

Explanation:

Current account records all those transactions relating to export and import of goods and services and unilateral transfers during a given period of time. Export of financial services by India will be recorded on credit side of current account as it leads to inflow of cash whereas Foreign Direct Investments in India is also recorded on credit side of BOP as it leads to inflow of foreign exchange.

Question 5.

Read the following statements carefully: [1]

Statement 1 : Net investment is a stock concept.

Statement 2: Capital is a flow concept.

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.

OR

Read the following figure carefully and choose the correct pair from the alternatives given below:

- (a) Output, Production
- (b) Value added, Production
- (c) Output, Disposition
- (d) Wealth, Development

Answer:

- (d) Both statements 1 and 2 are false.

Explanation:

Net investment is a flow concept since it is measured over a specified period of time whereas Capital is a stock concept since it is measured over a point of time.

OR

(c) Output, Disposition

Explanation:

Phases of Circular flow of income includes Output/Production phase, Distribution phase and Disposition phase.

Question 6.

If in an economy, the value of investment multiplier is 4 and Autonomous Consumption is f 30 crore, the relevant consumption function would be: [1]

- (a)  $C = 30 + 0.75 Y$
- (b)  $C = (-) 30 + 0.25Y$
- (c)  $C = 30 - 0.75Y$
- (d)  $C=30 - 0.25Y$

OR

If increase in National Income is equal to increase in consumption, identify the value of Marginal Propensity to Save:

- (a) Equal to unity
- (b) Greater than one
- (c) Less than one
- (d) Equal to zero

Answer:

- (a)  $C = 30 + 0.75 Y$

Explanation:

Autonomous consumption = 30 crores

Multiplier =  $\frac{\text{Change in income}}{\text{Change in investment}}$

$$= 1/(1 - MPC)$$

$$4 = 1/(1 - MPC)$$

$$4 - 4 MPC = 1$$

$$4 MPC = 3$$

$$MPC = 3/4 = 0.75$$

So, consumption function is  $C = c + bY$  where  $c$  = autonomous consumption,  $b$  = marginal propensity to consume, and  $Y$  = income.

So,  $C = 30 + 0.75 Y$  where Autonomous consumption= 30 crores,  $MPC = 0.75$  and Income-  $Y$ .

OR

- (d) Equal to zero

Explanation:

MPS represent the ratio between change in savings and change in income. It value ranges between 0 and 1. If the whole of the income is spend of consumption or change in income is equal to change in consumption, then MPS is zero.

Question 7.

Money supply in India may increase if, ..... (Choose the correct alternative) [1]

1. Reserve Bank of India(RBI) injects more money in circulation
2. the commercial banks expand their credit operation
3. tax rates are reduced by the Central Government
4. Reserve Bank of India increases the Bank Rate

Alternatives:

- (a) 1, 2 and 3 are correct
- (b) 2, 3 and 4 are correct
- (c) 1, 3 and 4 are correct
- (d) 1, 2 and 4 are correct



Answer:

(a) 1, 2 and 3 are correct

Explanation:

Injecting more money in circulation by RBI, expanding credit creation by the commercial banks and reduction in tax rates may increase in money supply in India.

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Question 8.

Suppose, following data is presented, for an imaginary economy: (all figures in ₹'000 Crore) [1]

| Year | Visible Exports | Visible Imports |
|------|-----------------|-----------------|
| 2010 | 280             | 240             |
| 2020 | 580             | 460             |

Identify, which of the statement about the period 2010 to 2020 is correct?

- (a) Improvement in balance of trade .
- (b) Increase in trade deficit
- (c) Improvement in balance in invisibles items
- (d) Deterioration of balance of trade

OR

The following information is given for an imaginary country.

| Current Account              | Amount (in ₹ '000 Crore) |
|------------------------------|--------------------------|
| Visible Exports              | 100                      |
| Visible Imports              | 150                      |
| Invisible Exports            | 70                       |
| Invisible Imports            | 30                       |
| Net current transfer balance | 15                       |

Balance on current account will be ..... of ₹..... thousand Crore.

- (a) deficit, 10
- (b) surplus,5
- (c) deficit, 5
- (d) surplus, 10

Answer:

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

Explanation:

It is clear from the table that the trade surplus we have earned in the year 2010 was Rs. 40 cr in comparison to 2020 where we earned Rs.120 cr. It shows the appreciation or improvement in balance of trade.

OR

(b) Surplus

Explanation:

If Current of BOP account includes – Export and import of visible and invisible + Unilateral transfers. According to question

Visible items = 100 – 150 = -50

Invisible items = 70 – 30 = 40

Transfers = 15

So, -50 + 40 + 15 = 5

Question 9.

Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): Ex-post Investments represent planned Investments; whereas ex-ante Investments represent actual level of investments.

Reason (R): At equilibrium level, Ex-ante Savings and Ex-ante Investments are always equal.

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

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

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

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

Answer:

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

Explanation:

As a result, ex-ante saving and ex-ante investment are not always equal to each other. They are equal only at the equilibrium level.

Question 10.

Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): Saving curve makes a negative intercept on the vertical axis at zero level of income.

Reason (R): Saving function refers to the functional relationship between saving and income

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

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

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

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

Answer:

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

Explanation:

Saving curve (SS) starts from point S on the Y-axis, indicating that there is negative saving (equal to amount of autonomous consumption) when national income is zero. Saving function refers to the functional relationship between saving and national income.

Question 11.

Suppose in a hypothetical economy there are only two Firms A and B, Firm A sold goods for ₹ 2,000 to Firm B and purchased goods for ₹ 1,000. Firm B exported goods for ₹ 2,500 and had domestic sales of ₹ 1,500. Calculate Net Domestic Product at market price, if consumption of fixed capital is ₹ 200. [3]

Answer:

|       | Value of Output (in ₹)                | Intermediate Consumption (in ₹) | Value Addition (in ₹) |
|-------|---------------------------------------|---------------------------------|-----------------------|
| A     | 2,000 (to B)                          | 1,000 (Purchases)               | 1,000                 |
| B     | 2,500 (exports) 1,500(domestic sales) | 2,000                           | 2,000                 |
| Total | 6,000                                 | 3,000                           | 3,000                 |

Net Domestic Product at MP = Gross Domestic Product at Market price – Consumption of Fixed Capital  
= 3,000 – 200 = ₹ 2,800

Question 12.

Explain, how exchange rate is determined under a free market exchange rate system. [3]

OR

Distinguish between autonomous and accommodating transactions in Balance of Payments Accounts.

Answer:

Equilibrium rate of exchange is established at a point where the quantity demanded and quantity supplied of foreign exchange are equal. In the foreign exchange market, if disequilibrium occurs, it may lead to a situation of excess demand or excess supply.

The market mechanism will drive the exchange rate back to the equilibrium level. This implies that the free market forces of demand and supply will operate in such a manner that the equilibrium rate of exchange is automatically restored.

OR

Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BOP). These transactions generally take place with 'economic motive'. These transactions are called 'above the line' transactions in the Balance of Payments account. Whereas;

Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments. These transactions are independent of any economic motive and are called 'below the line' transactions in the Balance of Payments account.

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Question 13.

If an economy plans to increase its income by ₹ 2,000 crore and the Marginal Propensity to Consume is 75%. Estimate the increase in investment required to achieve the targeted increase in income. [4]

Answer:

Given, MPC = 0.75, AY = ₹ 2,000 Crore

$$11 - MPC = 11 - 0.75 = 10.25 = 4$$

According to the question:

$$K = \Delta Y \Delta I$$

$$4 = 2000 \Delta I$$

$$\Delta I = 2000 / 4 = ₹ 500 \text{ Crore}$$

Therefore, increase in investment (AI) required = ₹ 500 Crore

Question 14.

As per the following news published in The Economic Times on 26th December, 2021: 'Reserve Bank of India has sold government securities worth ₹ 8,710 crore in the secondary market, over the last four weeks, to drain out excessive liquidity. Identify the likely cause and the consequences behind, this type of action plan of the Reserve Bank. [4]

Answer:

The given instance where, Reserve Bank of India has sold government securities in the secondary market indicates towards inflation as a possible cause behind the action taken by RBI. By setting off the government securities, RBI withdraws money from circulation and thereby reducing the Lending capacity of the commercial banks, in this process, the economy will experience contraction of credit, leading to reduction in consumption and investment demand. Consequently, the inflationary pressure in the economy will get eased out.

Related Theory

When the RBI wants to increase the money supply in the economy, it purchases the government securities from the market.

Question 15.

Read the following text carefully, discuss briefly the relevant function of the Central Bank, indicated : Recently, Reserve Bank of India (RBI) conducted a statutory inspection for supervisory evaluation against a Commercial Bank. The commercial bank was imposed with stringent penalties, owing to deficiencies in regulatory compliances. As per



the Central Bank, the inspection revealed non-compliances vis-a-vis different directions issued by RBI, on the following fronts: [4]

(A) ATM Card frauds

(B) Ensuring integrity and quality of data

(C) Loans to small borrowers

(adapted/moderated -livemint.com)

OR

‘Reserve Ratio and Credit Creation are inversely related.’ Do you agree with the given statement? Justify your answer with a suitable numerical example.

Answer:

The given text indicates the ‘supervisory function’ of the Central Bank, under which the Reserve Bank of India (RBI) regulates and supervises routine functioning of the commercial banks. Under this function, the RBI may exercise periodic inspections/ audits of commercial banks, filing of reports by commercial banks and other statutory compliances. Central bank may take necessary corrective and punitive actions against the banks owing to deficiencies in regulatory compliances.

OR

Yes, there exists an inverse relation between Reserve Ratio and Credit Creation in the economy.

We know that: Money Multiplier =  $1 / \text{Reserve Ratio}$

Credit Creation = Initial Deposits  $\times$  Money Multiplier

Assuming that the value of initial deposits is ₹ 10,000 crore. (All figure in ₹ crore)

| Reserve Ratio | Money Multiplier | Initial Deposits | Credit Creation<br>(Initial Deposits $\times$<br>Money Multiplier) |
|---------------|------------------|------------------|--|
| 10%           | $1/0.1 = 10$     | 10,000           | 1,00,000   |
| 25%           | $1/0.25 = 4$     | 10,000           | 40,000   |

From the above calculation, we can conclude that higher the reserve Ratio, lesser credit will be created by Commercial Banks in the economy.

Question 16.

(A) Define Gross Domestic Product (GDP) deflator and discuss its importance.

(B) State and discuss any two precautions to be considered while estimating national income by Expenditure Method. [6]

Answer:

(A) GDP Deflator is the ratio of Nominal to Real GDP. It is a tool which is used to eliminate the effect of price fluctuations in the economy and to determine the real change in physical output of current year. GDP deflator helps in comparison of growth rate of the economy. The advantage of using a Gross Domestic Product deflator is one can compare GDP amounts from different time periods using a measurement that makes the prices for the different periods equivalent.

(B)

Expenditure on second hand goods is not to be included in the final consumption expenditure as the production of these goods might not be attributed to the current year.

Expenditure on ‘intermediate goods’ are not to be taken into account, to avoid the problem of double counting of value of goods and services.

Question 17.

(A) Compare the trends depicted in the figures given below: [6]

(B) Elaborate the objective of 'allocation of resources' in the Government budget.

OR

(A) Distinguish between revenue receipts and capital receipts of the government, with suitable examples.

(B) Distinguish between direct and indirect taxes, with suitable examples.

Answer:

(A) Considering the data represented in the given diagram, trend of year-on-year deficit (reporting for April to November) may be stated as follows:

Fiscal Deficit in 2020 increased to 10.8 Lakh crore from 8.1 lakh crore in 2019. In 2021 it has gone down to 7 lakh crore.

Primary Deficit in 2020 increased to 6.9 Lakh crore from 4.7 lakh crore in 2019. In 2021 it has gone down to 2.4 lakh crore.

Fiscal Deficit in 2020 increased to 135.1% of Budget Expenditure from 114.8% in 2019. In year 2021, it is 46.2% of Budget Expenditure.

(B) Government seeks to allocate resources with a view to balance the goals of all sections of the society. Production of goods and services which are injurious to health may be discouraged through taxation policy. Similarly, production of goods of socially beneficial nature may be encouraged through subsidies. If the private sector does not take initiative in certain activities (Public Goods), the government may directly control them like water supply and sanitation etc.

OR

(A) Revenue receipts are those receipts which neither creates any liabilities nor causes any reduction in the assets of the government. For example: taxes, dividends received from public enterprises etc whereas Capital receipts are those receipts which either creates liabilities or causes reduction in the assets of the government.

For example: borrowings, disinvestments etc.

(B) Direct taxes are those taxes whose impact and incidence lies on the same entity. In other words, the liability of paying direct taxes can't be shifted. For example: income tax whereas Indirect taxes are those taxes whose impact and incidence may lie on different entities. In other words, the liability of paying indirect taxes can be shifted.

For example: GST. To allocate resources in line with social and economic objectives, Government provides more resources into socially productive sectors where private sector is not involved. For example, sanitation, water supply, rural development, education, health etc. Moreover, the government allocates more funds for the production of socially useful goods and draws away resources from some other sectors to promote balanced economic growth of different regions. Moreover, the government also undertakes production directly when necessary.

**Section – B (40 Marks)**  
**Indian Economic Development**

Question 18.

Identify, which of the following indicates the adverse impact of British rule in India. [1]

- (a) Introduction of communication networks in India
- (b) Change in composition of India's foreign trade
- (c) Introduction of modern administrative system in India
- (d) Introduction of railways in India

Answer:

(b) Change in composition of India's foreign trade

Explanation:

India's foreign trade was largely determined by the strategic needs of the British colonial powers prior to its independence in 1947. It was only after independence that India's trade patterns began to change in view of its developmental needs.



Question 19.

..... committee was set up for the development and promotion of small scale industries in India. [1]

- (a) Karve
- (b) Tapas Majumdar
- (c) Mahalanobis
- (d) TRYSEM

OR

First Industrial Policy Resolution of Independent India was announced in the year ..... (Fill in the blank with the correct alternative)

- (a) 1947
- (b) 1948
- (c) 1951
- (d) 1956

Answer:

- (a) Karve

Explanation:

The Karve Committee is also known as the village and small scale industries committee setup in 1955 with an objective to find out the potential of utilizing small scale industry for promoting rural development.

OR

- (b) 1948

Explanation:

In 1948, the First 'Industrial Policy Resolution of Independent India' was announced.

Question 20.

..... and ..... are the reasons for the slowdown of the Pakistan economy since independence. [1]

- (I) political instability
- (II) over-dependence on remittances from abroad
- (III) stable performance of agriculture sector
- (IV) growth of service sector

Alternatives:

- (a) I and II
- (b) II and III
- (c) III and IV
- (d) I and IV

OR

'GLF' with respect to the People's Republic of China referred to as ..... (Choose the correct alternative).

- (a) Giant Leap Forward
- (b) Great Lead Forum
- (c) Great Leap Forward
- (d) Giant Lead Forum

Answer:

- (a) I and II

Explanation:

Lack of Political Stability and Increasing Dependence on Foreign Loans were the main reasons for the slowdown of the Pakistan economy since independence.

OR

- (c) Great leap forward

Explanation:

The Great Leap Forward (GLF) campaign initiated in 1958 aimed at industrialising the country on a massive scale. People were encouraged to set up industries in their backyards.

Question 21.

Identify which of the following is a source of non-institutional credit in the rural areas of India. [1]

- (a) NABARD
- (b) Regional Rural Banks
- (c) Money Lenders
- (d) Commercial Banks

Answer:

- (c) Money Lenders

Explanation:

Landlords, village traders, and moneylenders are the three important sources of non-institutional rural credit in India.

Question 22.

From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statement: [1]

|       | COLUMN 1                                      |   | COLUMN II                                  |
|-------|---|---|--|
| (I)   | Dual Pricing                                  | A | Economic Reforms of 1991                   |
| (II)  | Setting up of Special Economic Zones in China | B | To attract foreign Direct Investment       |
| (III) | Commune System                                | C | Backyard based Industrial production units |
| (IV)  | Great Proletarian Cultural Revolution         | D | Collective Farming                         |

Alternatives:

- (a) I – A
- (b) II – B
- (c) III – C
- (d) IV – D

Answer:

- (b) ii – B

Explanation: Special economic zones (SEZs) are typically created in order to facilitate rapid economic growth by leveraging tax incentives to attract foreign investment and spark technological advancement.

Question 23.

Read the following statements carefully. [1]

Statement 1: On-the-job trainings help to bridge a gap between theoretical concepts and practical experiences.

Statement 2: On-the-job trainings update the employees, with the Latest changes in their work field.

In the light of the given statements, choose the correct alternative.

- (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.

Answer:

- (c) Both statements 1 and 2 are true

Explanation:

On the job trainings enhance the skills of the employees and also helps to bridge a gap between theoretical and practical experiences.

Question 24.

Read the following statements carefully. [1]

Statement 1: Both India and Pakistan initiated their economic reforms without any external pressures.

Statement 2: Pakistan has successfully implemented the SEZ policy and reaped its benefits using the Export Promotion policy.

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

(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.

Answer:

(d) Both statements 1 and 2 are false

Explanation:

India and Pakistan introduced economic reforms under the pressure of the World Bank and IMF whereas Pakistan began setting up Industrial Estates (IEs) in the 19.60s, and Export Processing Zones (EPZ) since the 1980s. However, these instruments of investment policy were unable to meet their desired goals amid deterioration of key indicators of investment over the years.

Question 25.

..... is not a cause for environmental degradation. [1]

(a) Waste management

(b) Deforestation

(c) Global warming

(d) Guarding green cover

OR

..... is not the strategy for Sustainable Development. (Choose the correct alternative)

(a) Use of bio-gas

(b) Use of solar power

(c) Use of thermal power

(d) Use of hydel power

Answer:

(d) Guarding green cover

Explanation:

Deforestation, Global warming, Waste management, pollution, Overpopulation are some of the causes of environmental degradation.

OR

(c) Use of thermal power

Explanation:

Thermal power plants emit large quantities of carbon dioxide which may cause land and water pollution. Hence it is not a strategy for sustainable development.

Question 26.

Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): Unemployment and poverty are inseparable twins.

Reason (R): Unemployment is the root cause of all socio-economic evils.

Alternatives:



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

Answer:

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

Explanation:

Poverty and unemployment are inseparable twins because unemployment leads to lack of a regular income, which in turn leads to the inability for a person to be able to maintain the basic needs, such as eating healthy foods, buying into health care and providing adequate shelter and lack of education whereas poverty is the root cause of all socio-economic evils.

Question 27.

Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): In the late 1970s, China's population growth rate had sharply declined.

Reason(R) : China has witnessed an increase in the proportion of elderly people owing to stringent family planning programmes.

Alternatives:

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

Answer:

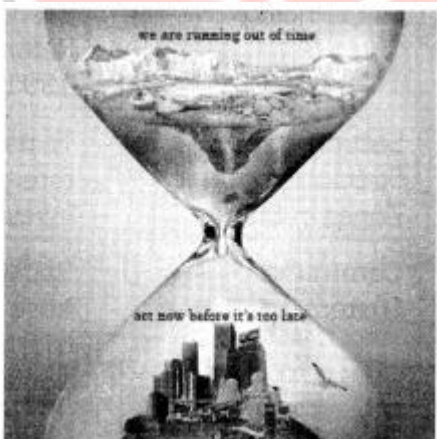
- (d) Assertion (A) is false but Reason (R) is true.

Explanation:

Due to stringent family planning programmes, China has witnessed an. increase in the proportion of elderly people.

Question 28.

Interpret the given picture on account of current environmental challenges. [3]



Answer:

The given image indicates towards the environmental challenge of 'global warming'. Global warming is a gradual increase in the average temperature of the earth's lower atmosphere as a result in the increase in greenhouse gases.

The statement given, 'we are running out of time, act now before it's too late' represents the urgency of actions to be taken to control the situation. Various studies have shown that global warming is causing rise in sea level, Loss of coastal land, increase risks of floods etc.

Question 29.

Defend or refute the following statement with valid explanation:

'Disguised unemployment is a common form of unemployment in rural India'

OR

Critically evaluate the role of rural banking system in the process of rural development in India. [3]

Answer:

The given statement is true. Disguised unemployment is a situation where the marginal productivity of labour is zero. In India, this situation is often witnessed, as farming is more of a family affair in rural areas and most of the members are generally engaged on the farms without any direct contribution to the production process. This problem persists in rural India due to lesser availability of jobs.

OR

Rapid expansion of the banking system had positive effect on rural farm and non-farm output, income and employment. In spite of it, following problems have been faced in the rural banking such as

The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the entire rural farmers of the country.

Less attention has been given on the credit requirements of needy (small and marginal farmers) and the problem of overdue in agricultural credit continues.

OR

In India, the rural banking system has 'come up with, a lot of support for the farmers and has led to rural development, directly or indirectly.

Farmers have begun to avail adequate credit at cheaper rates from the formal credit sources for their production needs.

It has helped to increase the rural farm and non-farm output, income and employment in rural areas.

Question 30.

Compare and analyse the following information related to Imports and Exports of the three neighbouring nations. [4]

tableee

Answer:

The above table shows that during the given periods the Exports from India to Pakistan have increased at an annualized rate of 3.7% while the same with China shows 2.6% of growth. On the other hand, India's import from China accounted for a massive 10.3 %. The corresponding figure with Pakistan witnessed an average of 5.1% respectively.

The situation indicates that Indian imports from China are too high in comparison to the exports to China. This shows that Indian economy was over-dependent on Chinese economy for goods and services, over the given period of time. Whereas, in case of Pakistan gap is quite narrow, which may be due to various reasons.

Question 31.

(A) Name any one Maharatana company.

(B) 'Land ceiling promotes equity.' Support the given statement with valid explanation.

OR

Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture. [4]

Answer:

(A) Indian Oil Corporation Limited.

(B) Land ceiling means fixing the maximum size of land which could be owned by an individual, beyond which it would be taken over by the government and would be allotted to landless and small farmers. The purpose of land ceiling was to reduce the concentration of land ownership in few hands and promote equity.



OR

After independence the government of India took several institutional/land reforms to ensure transformation of Indian agriculture, such as:

Land ceiling – It ensured reduction of concentration of land ownership. in few hands.

Abolition of Zamindari system – It focused on elimination of farmers' exploitation and promotion of agricultural growth.

These reforms have Led to stability of farming as an occupation and promoted equity.

OR

Land reforms were introduced to remove the inequalities and injustice of the land tenure systems practiced during the British rule. These reforms also aimed at increasing agricultural production, assure equality of status and opportunity to all sections of rural population. The reasons for these reforms were:

- (a) Farmers worked on farms to keep up to the quota allotted by the British for the landlord during the British rule.
- (b) They focused on growing crops that didn't allow farming for daily sustenance.

Accordingly, the following strategies were considered under land reforms :

- (a) Abolition of intermediaries: The old tenure system (zamindari, etc) were abolished and the ownership rights were given to the actual farmer of the land.
- (b) Land ceiling: The maximum landholding size was fixed and anything above this size was redistributed among small farmers and labourers.
- (c) Consolidation of landholding: To increase productivity, farmers were given a large piece of land in place of small and fragmented fields.

Question 32.

State whether the following statements are true/false, with valid arguments: [4]

- (A) Human Capital and Human Development are one and the same thing
- (B) India has a poor stock of technical manpower.

Answer:

(A) The given statement is not true to perfection. These two may sound similar but are not exactly same. Whereas, human capital considers education and health as a means to increase labour productivity, human development is based on the idea that education and health are integral to human wellbeing.

Related Theory

Human development is a broader term as compared to human capital because human capital is a means to an end whereas human development is an end in itself .

(B) The given statement is not true. India has a rich stock of scientific and technical manpower in the world. Also, India has taken a number of steps to improve it. qualitatively and ensure that they are optimally utilized.

Question 33.

- (A) Define agricultural marketing. [6]
- (B) Discuss briefly the importance of micro credit programmes in rural development.
- (C) Enlist any two problems faced by farmers in the initial years of organic farming.

OR

(A) "India has failed to implement the recommendations of Education Commission of 1964 -66." Give valid arguments in support of the given statement.

(B) 'Casual wage work is the major source of employment in rural India '. Defend or refute the given statement with valid reason.

Answer:

(A) Agriculture marketing is a process that involves the assembling, storage, processing, transportation, packaging grading and distribution of different agricultural commodities across the country.

(B) Self-help groups (SHG's) have emerged to fill the gap in the formal credit system in India as its delivery



mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development.

It came up as the micro finance program Focus of SHGs is on those rural people, small and marginal farmers, agricultural and non- agricultural laborers who do not have sustainable access to formal banking system.

(C)

Inadequate infrastructure and marketing

Compared to conventional farm products, organic products have more shorter shelf life span

OR

(A) The given statement is appropriate. Over the years India has not been able to raise the educational standards to the desired level. Education Commission of 1964 had recommended that at least 6 % of GDP should be spent on education so as to make a noticeable rate of growth in educational achievements. However, the current expenditure level has been quite inadequate. Thus, necessary steps must be taken by the government in this direction.

(B) The given statement is refuted. In rural areas, non-farm job opportunities are limited. People generally do not show preference to acquire skill and training for non-farm occupation. They prefer to stay on family farms and fields as self-employed.

Question 34.

Read the following text carefully and answer the given questions on the basis of the same and common understanding: [6]

The Green Revolution in India began in the mid- 1960s marking a transition from traditional agriculture in India to high-yielding varieties of seeds and the associated modern agricultural techniques. The need for introduction of Green Revolution in India arose due to a shortage of food-grains in the post-independent period. The government in the post-independent India wanted to ensure self-dependence in terms of food-grain production.

Such efforts coincided with the development of high-yielding varieties of seeds of wheat developed by Dr. Norman Borleng and his associates in Mexico. These seeds also necessitated changes in farming techniques such as the addition of fertilizers, pesticides and better irrigation facilities. High yielding varieties of seeds were first introduced in India in the states of Punjab, Haryana and parts of western Uttar Pradesh.

In the early period of the green revolution in India, the focus was to acclimatise the new system with the more resource-intensive agricultural methods. The argument for introducing the new crop varieties was to increase agricultural production in terms of higher crop yields. The seeds introduced during the early period of the green revolution in Punjab were not high-yielding by themselves.

These high yields were possible due to the seeds being highly responsive to certain inputs such as irrigation water and fertilizers. The green revolution in India, thus, necessitated a resource-intensive process whereby, those who could make significant capital investments could benefit, whereas, those others became more marginalized in regions affected by practices of the green revolution in India.

On one hand, the results derived from the green revolution helped farmers to increase their yield and income and on the other hand, it helped the government to procure and preserve more food grains through agencies like Food Corporation of India. These food grain reserves were helpful in creation of buffer stocks in India, which helped in the situations of adversities.

(A) Why was Green revolution implemented and how did it benefit the farmers?

(B) Justify the following statement with valid explanation: 'Green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during time of shortage.'

Answer:

(A) Green revolution was implemented in India to overcome the shortage of food-grain availability in the post independence period. Green revolution has increased the production and productivity in the agriculture sector

which was otherwise very low. It helped in improving the income of the farmers by creating marketable surplus, increased employment and output.

(B) The given statement is appropriate as the Green Revolution helped government to procure and preserve more food grains through agencies like Food Corporation of India. Increase in food grain production has been so substantial that India not only started maintaining buffer stocks of food grains but also became a dominant player in food grain exports market.

