CBSE Class XII Economics(58/3/1) Set I Question Paper with Solutions

Time Allowed : 3 Hours	**Maximum Marks :** 80	**Total Questions :** 34

General Instructions

Read the following instructions carefully and follow them:

1. This question paper contains **34** questions. **All** questions are **compulsory**.
2. This question paper contains **two** sections:

   Section A – Macro Economics
   Section B – Indian Economic Development

3. This question paper contains **20** Multiple Choice type questions. Each question carries **1 mark**.
4. This question paper contains **4** Short Answer Type-I questions. Each question carries **3 marks**. Answer these questions in 60 to 80 words.
5. This question paper contains **6** Short Answer Type-II questions. Each question carries **4 marks**. Answer these questions in 80 to 100 words.
6. This question paper contains **4** Long Answer type questions. Each question carries **6 marks**. Answer these questions in 100 to 150 words.
7. Attempt **all** parts of a question together.
8. 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.
9. There is no overall choice in the question paper. However, an internal choice has been provided in a few questions. Only one of the choices in such questions has to be attempted.

SECTION A

Macro Economics

1. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:
Assertion (A): Voluntarily unemployed people are those able-bodied people who are not willing to work at the prevailing wage rate.
Reason (R): There exists zero involuntary unemployment at full employment level of equilibrium.
Options:

(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 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: Assertion (A) correctly states that voluntarily unemployed individuals are those who choose not to work at the prevailing wage rate despite job availability. This is because they may be waiting for better opportunities, higher wages, or other factors influencing their decision to remain unemployed.
Reason (R) also holds true as full employment equilibrium implies that there is no involuntary unemployment—meaning that all those who are willing to work at the given wage rate have jobs. However, it does not directly explain voluntary unemployment. Voluntary unemployment exists due to individual choices rather than market equilibrium conditions. Hence, while both A and R are true, R does not sufficiently explain A.

> Quick Tip
>
> Voluntary unemployment results from personal choices, while full employment equilibrium only ensures that there is no involuntary unemployment.

2. Identify which of the following statements is incorrect with reference to an economy.

(A) Excess of Gross National Product (GNP) over Gross Domestic Product (GDP) is possible.

(B) Excess of Gross Domestic Product (GDP) over Gross National Product (GNP) is possible.

(C) Equality between Gross National Product (GNP) and Gross Domestic Product (GDP) is possible.

(D) Sum of Gross National Product (GNP) and Gross Domestic Product (GDP) is always equal to zero (0).

Correct Answer: (D) Sum of Gross National Product (GNP) and Gross Domestic Product (GDP) is always equal to zero (0).
Solution:

1. The sum of GNP and GDP can never be zero. GNP refers to the total value of goods and services produced by nationals, including abroad, while GDP measures the total value of goods and services within a country's boundaries.

2. The statement in (D) is mathematically and logically incorrect.

> Quick Tip
>
> GNP considers national output, including income from abroad, while GDP focuses on domestic production. Their sum is never zero.

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3. Inflationary gap in an economy may exist when ____ at full employment level. (Choose the correct alternative to fill in the blank):

(A) Actual Aggregate Demand > Potential Aggregate Demand

(B) Actual Aggregate Demand < Potential Aggregate Demand

(C) Actual Aggregate Demand = Potential Aggregate Demand

(D) Actual Aggregate Demand > Potential Aggregate Demand

Correct Answer: (A) Actual Aggregate Demand > Potential Aggregate Demand
Solution:

1. An inflationary gap occurs when actual aggregate demand exceeds the economy's potential output at full employment level, causing upward pressure on prices.
2. This condition is represented by Option (A).

> Quick Tip
>
> Inflationary gap arises when demand surpasses full employment capacity, leading to price increases.

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4. According to the Reserve Bank of India's (RBI's) Statistical Supplement released on 19th May, 2023:
"India's foreign exchange reserves grew for the third straight week and reached near an approximate level of 600 *billion."*
The above situation will ____ the ____ side of Balance of Payments account of India. (Choose the correct alternative to fill in the blanks):

(A) Increase, Credit

(B) Increase, Debit

(C) Decrease, Credit

(D) Decrease, Debit

Correct Answer: (A) Increase, Credit
Solution:

1. An increase in foreign exchange reserves indicates net inflows of foreign currency into the country, such as from exports, foreign investments, or remittances.
2. These inflows are recorded on the credit side of the Balance of Payments (BoP) account, as they represent an increase in the country's foreign assets. Hence, the correct answer is Option (A).

Quick Tip

Foreign exchange reserves increase due to net inflows and are recorded on the credit side of the Balance of Payments.

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5. Read the following statements carefully:
Statement 1: Reserve ratio and Credit creation process are inversely related.
Statement 2: Central Bank of an economy performs the vital function of controlling the credit creation process.
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.

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

1. **Statement 1:** Reserve ratio and credit creation are inversely related because a higher reserve ratio limits the funds available for lending, reducing credit creation.
2. **Statement 2:** The Central Bank controls credit creation through tools like the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), and repo rates.
3. Both statements are correct, making Option (C) the correct answer.

Quick Tip

The Central Bank regulates credit creation through reserve requirements and monetary policy tools.

6. In order to discourage any fall in Aggregate Demand, the Government of India may _____ the _____.
(Choose the correct alternative to fill in the blanks):

(A) decrease, repo rate

(B) increase, reverse repo rate

(C) decrease, government expenditure

(D) decrease, tax rate

Correct Answer: (D) decrease, tax rate
Solution:

1. To discourage a fall in aggregate demand, the government can adopt expansionary fiscal policies, such as reducing taxes to increase disposable income and consumption.
2. Option (D), decrease tax rate, is the correct choice as it boosts aggregate demand by increasing the spending capacity of individuals.

Quick Tip

To combat falling aggregate demand, governments use expansionary policies like tax cuts and increased public spending.

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7. Choose the correct alternative to complete the given schedule:

Round	**Deposits**	**Loans (90%)**	**Reserve Ratio (10%)**
I	2000	1800	200
II	1800	1620	180
...	...	...	...
Total	20000	18000	2000

options:

(A) 2000, 1620, 20000, 18000

(B) 1800, 180, 20000, 18000

(C) 1620, 180, 20000, 18000

(D) 1800, 1620, 20000, 18000

Correct Answer: (D) 1800, 1620, 20000, 18000
Solution:

1. **First Round:** The initial deposit is 2000. From this, 90% (1800) is given as loans, and 10% (200) is kept as reserves.
2. **Second Round:** The 1800 loaned in the first round is re-deposited into the banking system. From this, 90% of 1800 (i.e., 1620) is given as loans, and 10% (180) is kept as reserves.
3. **Subsequent Rounds:** This process continues iteratively, where each subsequent loan amount is re-deposited, and 90% of it is loaned out while 10% is reserved.
4. **Total Deposits:** The total deposits in the system are the sum of all iterations of the credit creation process, amounting to 20000.
5. **Total Loans:** The total loans given out are 90% of the total deposits, amounting to 18000.
6. **Total Reserves:** The total reserves in the system are 10% of the total deposits, amounting to 2000.
7. **Conclusion:** Option (D) correctly represents the values in the schedule: 1800 for the second-round deposits, 1620 for loans, 20000 for total deposits, and 18000 for total loans.

Quick Tip

To complete credit schedules, calculate each round by applying the reserve ratio and reinvesting the remaining amount as deposits. Ensure the totals align with iterative sums.

8. Identify the correct pair of statements given in Column I with the related terms in Column II:

Column I	Description	Column II	Related Term
1.	Remittances from abroad to the nation	(i)	Accommodating Transaction
2.	Government's policy of decreasing the value of the nation's currency against foreign currencies	(ii)	Devaluation
3.	Difference between visible exports and visible imports of a nation	(iii)	Balance of Payments
4.	Government as sole authority of determining foreign exchange rates	(iv)	Fixed Exchange Rate System

options:

(A) $1 \rightarrow$ (i)

(B) $2 \rightarrow$ (ii)

(C) $3 \rightarrow$ (iii)

(D) $4 \rightarrow$ (iv)

Correct Answer: (B) $2 \rightarrow$ (ii)
Solution:

1. **Statement 2 $\rightarrow$ (ii):** Devaluation refers to the deliberate reduction in the value of a nation's currency by the government to boost exports and make imports expensive.

2. Option (B) correctly matches the given terms.

Quick Tip

Devaluation lowers currency value to improve export competitiveness and balance trade.

9. Read the following statements carefully:
Statement 1: Constant rate of change of consumption (ΔC) with respect to change in income (ΔY) is the reason for the straight-line consumption curve.
Statement 2: Marginal rate of change between consumption and income is defined as Average Propensity to Consume (APC).
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: (A) Statement 1 is true and Statement 2 is false.
Solution:

1. **Statement 1:** This is true because a constant rate of change of consumption with respect to income ($\Delta C/\Delta Y$) represents the Marginal Propensity to Consume (MPC), which is why the consumption curve is straight.
2. **Statement 2:** This is false because the average rate of change between consumption and income is referred to as the Average Propensity to Consume (APC), not the marginal rate of change. APC is defined as C/Y, where C is consumption and Y is income.
3. Therefore, Option (A) is correct.

Quick Tip

MPC represents the marginal rate of change in consumption with respect to income ($\Delta C/\Delta Y$), while APC is the average rate, defined as C/Y.

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10. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:
Assertion (A): In case of an unfavourable Balance of Trade, the Current Account of the nation may be in surplus.
Reason (R): Net invisible receipts of a nation can exceed the Net visible receipts.
options:

(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.

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

1. **Assertion (A):** This is true because even with an unfavourable Balance of Trade (i.e., imports exceed exports), the Current Account can be in surplus if the invisibles (services, remittances, etc.) are significant.
2. **Reason (R):** This is also true as net invisible receipts (like remittances, IT services, and other incomes) can exceed net visible receipts (goods trade).
3. **Linking A and R:** Reason (R) directly explains Assertion (A) since the high net invisibles can offset the trade deficit, leading to a Current Account surplus.
4. Thus, Option (A) is correct.

Quick Tip

The Current Account balance depends on both visible (trade in goods) and invisible (services, remittances) transactions, where high invisibles can offset trade deficits.

11(a). On the basis of the given data, estimate the value of National Income:

S.No.	Items	Amount (in ₹ crore)
(i)	Government Final Consumption Expenditure	110
(ii)	Private Final Consumption Expenditure	200
(iii)	Gross Domestic Fixed Capital Formation	30
(iv)	Net Exports	(-40)
height(v)	Increase in Stock	20
(vi)	Consumption of Fixed Capital	15
(vii)	Indirect Taxes	60
(viii)	Subsidies	15
(ix)	Net Factor Income from Abroad	(-40)

Solution:

1. National Income (NNP_{FC}) is calculated using the formula:

   $NNP_{FC} = C + G + I + \text{Net Exports} + \text{Net Factor Income from Abroad} - \text{Indirect Taxes} + \text{Subsidies}.$

2. Substituting the given values:
   - $C = 200$ (Private Final Consumption Expenditure),
   - $G = 110$ (Government Final Consumption Expenditure),
   - I = Gross Domestic Fixed Capital Formation + Increase in Stock $= 30 + 20 = 50$,
   - Net Exports = (-40),
   - Net Factor Income from Abroad = (-40),
   - Indirect Taxes = 60,
   - Subsidies = 15.

3. Substituting into the formula:

$$NNP_{FC} = 200 + 110 + 50 - 40 - 40 - 60 + 15.$$

4. Simplifying the equation:

$$NNP_{FC} = 200 + 110 + 50 - 40 - 40 - 60 + 15 = ₹220\,\text{crore}.$$

Quick Tip

Always account for depreciation, indirect taxes, and subsidies while estimating NNP_{FC}, as these adjustments convert GDP to National Income at factor cost.

OR

11(b). State any three precautions to be taken while estimating National Income by Expenditure Method.

Solution:

1. **Avoid Double Counting:** Ensure that intermediate goods or inputs are not counted multiple times to prevent overstating the national income.
2. **Exclude Transfer Payments:** Payments like pensions, scholarships, and unemployment benefits should not be included as they do not correspond to the production of goods and services.
3. **Include Only Final Expenditures:** Intermediate consumption, which is used in the production of other goods, should be excluded to avoid duplication.
4. **Adjust for Indirect Taxes and Subsidies:** Include indirect taxes and subsidies to convert GDP at market price to GDP at factor cost.

> Quick Tip
>
> When estimating National Income, focus on final goods and services, avoid double counting, and adjust for indirect taxes and subsidies to ensure accuracy.

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12. Discuss any two factors which directly affect the demand for foreign exchange of a nation.
Solution:

1. **Imports:** When a nation imports goods and services from other countries, it needs foreign exchange to make payments in the currency of the exporting country. An increase in imports, such as petroleum, machinery, or electronics, directly raises the demand for foreign exchange.
2. **Foreign Travel and Education:** Individuals traveling abroad for tourism, education, or business require foreign exchange to cover expenses like accommodation, tuition fees, or other services. The more citizens traveling abroad or studying overseas, the higher the demand for foreign currency.

> Quick Tip
>
> Factors like increased imports and foreign travel create a direct need for foreign exchange to pay for goods and services purchased or consumed abroad.

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13. Elaborate the two components of Aggregate Supply in a two-sector economy.
Solution:

1. **Consumption (C):**
   - This represents the portion of income that households spend on goods and services to satisfy their immediate needs.
   - Examples include spending on food, clothing, education, and healthcare.
   - It plays a crucial role in determining the overall demand in the economy and directly influences production.
2. **Savings (S):**

- This is the portion of income not spent on consumption and is set aside for future use or investment.
- Savings contribute to the capital formation of an economy by providing funds for investment in productive activities.
- It ensures economic growth by enabling businesses to expand their capacity and improve efficiency.

3. In a two-sector economy, Aggregate Supply (AS) is represented as:

$$AS = C + S,$$

where all income is either consumed or saved.

> Quick Tip
>
> Aggregate Supply (AS) in a two-sector economy equals $C+S$, representing income used for immediate consumption and savings for future growth.

14(a). "Open market operations by Reserve Bank of India (RBI) help in regulating money supply in the economy."
Justify the given statement with valid arguments.
Solution:

1. **Regulating Liquidity:**
   - RBI uses open market operations (OMO) to regulate liquidity in the economy by buying or selling government securities.
   - When the RBI sells securities, it absorbs excess liquidity from the economy, reducing the money supply.
   - Conversely, when the RBI buys securities, it injects liquidity, increasing the money supply.
2. **Controlling Inflation:**
   - During periods of high inflation, the RBI sells securities to reduce the availability of money in the market, helping to control price levels.
   - During deflation or economic slowdowns, the RBI buys securities to increase liquidity and boost demand in the economy.
3. **Stabilizing Interest Rates:**
   - Open market operations help stabilize interest rates by managing the supply of money in the banking system.
   - Reduced liquidity through OMO can increase interest rates, discouraging borrowing, while increased liquidity reduces interest rates to encourage borrowing.

> Quick Tip
>
> Open market operations are a key monetary tool of the RBI to manage liquidity, control inflation, and stabilize the economy through buying and selling government securities.

OR

14(b). Elaborate the 'Government's Bank and Advisor' function of the Central Bank of a nation.

Solution:

1. **Government's Bank:**
   - The Central Bank manages the government's accounts, including receipts and payments, and acts as the custodian of public funds.
   - It provides loans to the government to meet short-term and long-term financing needs.
   - The Central Bank facilitates the issuance of government securities to raise funds from the market and manages public debt.
2. **Advisor Role:**
   - The Central Bank advises the government on monetary policies to control inflation, manage liquidity, and promote economic stability.
   - It provides recommendations on public debt management, fiscal policies, and strategies to boost economic growth.
   - The Central Bank plays a critical role in designing measures to tackle economic challenges such as inflation, recession, or foreign exchange crises.

> Quick Tip
>
> The Central Bank acts as both the government's banker and advisor, handling financial accounts, issuing loans, and guiding policies for economic stability.

15(a). For a hypothetical economy, the government incurs an additional investment expenditure of 5,000 crore. Assuming that the Marginal Propensity to Save (MPS) becomes half from its present level of 20%, estimate the change in income due to this fall in Marginal Propensity to Save (MPS).

Correct Answer: 50,000 crore

Solution:

1. Initial MPS = 20% = 0.2. New MPS = 0.1 (half of the initial value).
2. The multiplier is calculated as:
$$\text{Multiplier} = \frac{1}{MPS}.$$
3. For new MPS = 0.1:
$$\text{Multiplier} = \frac{1}{0.1} = 10.$$
4. Change in income:
$$\Delta Y = \text{Multiplier} \times \Delta I = 10 \times 5,000 = 50,000\,\text{crore}.$$

Quick Tip

Income change due to investment depends on the multiplier, calculated as $1/MPS$.

15(b). State the meaning of autonomous investment.
Solution:

1. Autonomous investment refers to the investment made by the government or private sector, independent of income or economic activity levels.
2. It is aimed at creating infrastructure, promoting development, and stimulating economic growth.

Quick Tip

Autonomous investment is independent of income levels and focuses on stimulating economic growth.

16(a)(i). Explain the concept of circular flow of income in a two-sector economy.
Solution:

1. A two-sector economy comprises households and firms.
2. Households provide factors of production (land, labor, capital) to firms, and in return, firms pay factor incomes (rent, wages, interest, profit).
3. Households spend their income on goods and services produced by firms, creating a circular flow of income.
4. This flow ensures continuous exchange of goods, services, and income between the two sectors.

Quick Tip

In a two-sector economy, the circular flow of income connects households (consumers) and firms (producers) through factor payments and expenditures.

16(a)(ii). "Gross Domestic Product (GDP) and sum of Gross Value Added (GVA) in an economy are always equal."
Justify the given statement with valid arguments.
Solution:

1. GDP is the monetary value of all final goods and services produced within a country in a specific period.
2. GVA measures the value of goods and services produced after subtracting intermediate consumption from output.
3. The sum of GVA across all sectors, adjusted for taxes and subsidies, equals GDP:

$$\text{GDP} = \text{GVA} + \text{Taxes on Products} - \text{Subsidies on Products}.$$

4. Hence, the two measures are equivalent when adjustments are appropriately made.

Quick Tip

GDP equals GVA when adjusted for net indirect taxes (taxes minus subsidies) across all sectors.

OR

16(b)(i). "Gross Domestic Product (GDP) Deflator is represented by the ratio of Real GDP and Nominal GDP."

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

Solution:

1. **Definition:** The GDP Deflator is a measure of the price level changes in an economy. It is calculated as:
$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$$

2. **Explanation:**
   - Nominal GDP measures the value of goods and services at current prices.
   - Real GDP measures the value of goods and services at base-year prices, removing the effect of inflation.
   - The GDP Deflator shows how much of the nominal GDP is driven by price changes rather than output changes.

3. **Numerical Example:**

Year	Price (in)	Output (in units)	Real GDP	Nominal GDP	GDP Deflator
2010	10	100	1,000	1,000	$\frac{1{,}000}{1{,}000} \times 100 = 100$
2015	15	100	1,000	1,500	$\frac{1{,}500}{1{,}000} \times 100 = 150$

4. From the above table:
   - In 2010, the GDP Deflator is 100, indicating no inflation (base year).
   - In 2015, the GDP Deflator is 150, indicating a 50% increase in price levels compared to the base year.

Quick Tip

The GDP Deflator is a broad measure of inflation, reflecting changes in price levels for all goods and services produced domestically.

16(b)(ii). State the meaning of 'Income from Property and Entrepreneurship'.

Solution:

1. **Definition:** Income from Property and Entrepreneurship refers to the factor income earned through ownership of assets (property) and entrepreneurial efforts in the production process.

2. **Components:**
   - **Rent:** Earnings derived from leasing or renting out land, buildings, or other properties.
   - **Royalties:** Income earned from granting permission to use intangible assets, such as patents, copyrights, or trademarks.
   - **Interest:** Earnings received for lending capital or providing loans.
   - **Profits:** The residual income that entrepreneurs earn after deducting all costs and expenses from total revenue.
3. These incomes are part of the factor incomes included in the calculation of National Income.

> Quick Tip
>
> 'Income from Property and Entrepreneurship' includes factor incomes like rent, royalties, interest, and profits, which contribute to the production and ownership of assets.

17(a). On the basis of the given information, calculate the values of the following:
(i) Fiscal Deficit
(ii) Primary Deficit

S.No.	**Items**	**Amount (in crore)**
(i)	Capital Expenditure	30
(ii)	Revenue Receipts	20
(iii)	Revenue Deficit	20
(iv)	Interest Payments	10
(v)	Non-Debt Creating Capital Receipts	50% of Revenue Receipts

Solution:

1. **Non-Debt Creating Capital Receipts:**

$$\text{Non-Debt Creating Capital Receipts} = \frac{50}{100} \times \text{Revenue Receipts} = \frac{50}{100} \times 20 = 10\,\text{crore}.$$

2. **Fiscal Deficit:**

Fiscal Deficit = Revenue Deficit+Capital Expenditure−Non-Debt Creating Capital Receipts.

Substituting the values:

$$\text{Fiscal Deficit} = 20 + 30 - 10 = 40\,\text{crore}.$$

3. **Primary Deficit:**

$$\text{Primary Deficit} = \text{Fiscal Deficit} - \text{Interest Payments}.$$

Substituting the values:

$$\text{Primary Deficit} = 40 - 10 = 30\,\text{crore}.$$

Quick Tip

To calculate the Fiscal Deficit, include revenue and capital expenditures, deduct non-debt receipts, and adjust for interest payments to determine the Primary Deficit.

17(b). State any two examples of private goods.
Solution:

1. Mobile phones.
2. Personal vehicles.

Quick Tip

Private goods are excludable and rivalrous, such as personal vehicles and electronic devices.

17(c). Distinguish between 'Public Provision' and 'Public Production'.
Solution:

Public Provision	**Public Production**
Refers to the supply of goods and services by the government, funded through taxes or other sources.	Refers to the production of goods and services by government-owned entities.
Example: Free education in government schools.	Example: Electricity production by state-owned enterprises.
May involve private sector participation for delivery.	Entirely managed and controlled by the government.

Quick Tip

Public provision focuses on providing services funded by taxes, while public production involves government-controlled production activities.

SECTION B

Indian Economic Development

18. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:
Assertion (A): The agricultural sector under the British rule was primarily the base of the sectoral growth of India.
Reason (R): British rulers wanted to take maximum advantage of the Indian agricultural output, for growth of industries in England.

(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.

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

1. **Assertion (A):** This is true because the agricultural sector was the backbone of India's economy under British rule, providing raw materials for industries.

2. **Reason (R):** This is also true as the British exploited Indian agriculture to fuel their industrial growth in England.

3. However, Reason (R) is not the correct explanation of Assertion (A) because the agricultural sector's role was significant due to its structural composition in the Indian economy, not just because of British exploitation.

4. Therefore, Option (B) is correct.

Quick Tip

India's agricultural sector under British rule served as the economy's base, but its development stagnated due to exploitative policies benefiting British industries.

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19. Identify which of the following options are *not* true with reference to the Chinese economy:

(i) In 1958, communes were established.

(ii) In the foreign sector, Special Economic Zones (SEZ) were set up.

(iii) Better health facilities reduced mortality rate in China.

(A) (i) and (ii)

(B) (ii) and (iii)

(C) (i), (ii), and (iii)

(D) (i) and (iii)

Correct Answer: (A) (i) and (ii)
Solution:

1. **Statement (i):** This is true as communes, or collective farming units, were introduced in 1958 under the Great Leap Forward.

2. **Statement (ii):** This is false because Special Economic Zones (SEZs) were introduced much later, in the 1980s, as part of China's economic reforms.

3. **Statement (iii):** This is true since better health facilities significantly reduced mortality rates in China, contributing to improved life expectancy.
4. Therefore, Statements (i) and (ii) are *not* true together in the given context.

Quick Tip

The Chinese economy underwent significant reforms post-1978, including the introduction of SEZs, but communes were established earlier under the Great Leap Forward.

20. Which of the following is/are *not* an objective of regulated agricultural market?

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

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

(iii) To discourage farmers to improve the quantity and quality of their produce.

(A) (i) and (iii)

(B) (ii) and (iii)

(C) (i) only

(D) (ii) only

Correct Answer: (A) (i) and (iii)
Solution:

1. **Statement (i):** This is *not* an objective because improving marketing infrastructure is essential to support farmers and enhance their income.
2. **Statement (ii):** This is a valid objective, as efficient and effective marketing systems help farmers achieve better pricing.
3. **Statement (iii):** This is *not* an objective because encouraging farmers to improve the quantity and quality of their produce is crucial for overall agricultural growth.
4. Therefore, Statements (i) and (iii) are *not* objectives.

Quick Tip

The main objectives of regulated agricultural markets are to improve marketing infrastructure, make systems efficient, and encourage farmers to produce better quality and quantity.

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21. Read the following statements carefully:
Statement 1: Land ceiling was one of the Government policies to promote equity in the agriculture sector.
Statement 2: Land reforms resulted in abolition of the Zamindari system in the post-independence period.
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.

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

1. **Statement 1:** This is true because land ceiling was implemented to limit land ownership and distribute surplus land to landless farmers, promoting equity in agriculture.
2. **Statement 2:** This is true because land reforms post-independence abolished the exploitative Zamindari system, giving ownership rights to tenants and small farmers.
3. Both statements are correct as they describe key policies aimed at reducing inequality and promoting fairness in the agricultural sector.

> Quick Tip
>
> Land reforms like land ceiling and abolition of the Zamindari system were crucial for promoting equity and improving the socio-economic status of farmers.

22. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below:
Assertion (A): Goods and Services Tax (GST) was implemented by the Government of India on 8^{th} November, 2016.
Reason (R): GST was introduced to implement a unified indirect tax system in India.
options:

(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.

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

1. **Assertion (A):** This is false because GST was implemented on 1^{st} July, 2017, not on 8^{th} November, 2016.
2. **Reason (R):** This is true as GST aimed to unify the indirect tax system in India by replacing multiple indirect taxes with a single tax structure.

> Quick Tip
>
> GST was implemented on 1^{st} July, 2017, to streamline indirect taxation and create a unified tax system across India.

23. Identify which of the following is *not* a member nation of G20.
options:

(A) Argentina

(B) Australia

(C) Brazil

(D) Bangladesh

Correct Answer: (D) Bangladesh
Solution:

1. The G20 (Group of Twenty) is an international forum of major economies, including 19 countries and the European Union, formed to address global economic issues, including financial stability, climate change, and sustainable development.

2. Members include nations like Argentina, Australia, and Brazil, which represent a significant share of the world's GDP and population.

3. Bangladesh, despite being a rapidly growing economy, is not a member of the G20. It is, however, an observer in some global forums and a member of other groups like SAARC and BIMSTEC.

4. The G20 includes nations from different continents, ensuring a global representation of developed and developing economies. Non-members like Bangladesh may participate in discussions on an invitation basis but do not hold permanent membership.

Quick Tip

The G20 is a key forum for global economic governance, comprising 19 member countries and the European Union. Non-members like Bangladesh can participate only as invitees.

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24. Production of varied forms of crops against one specialized crop is called diversification of ______.
(Choose the correct alternative to fill in the blank):
options:

(A) sectoral occupation

(B) employment structure

(C) crops

(D) industrial production

Correct Answer: (C) crops
Solution:

1. **Definition:** Crop diversification refers to the practice of cultivating multiple crops in a given area instead of depending on a single crop.

2. **Advantages:** It helps farmers reduce risk, stabilize income, and improve soil fertility by maintaining nutrient balance.
3. **Economic Importance:** This strategy ensures food security and protects farmers from losses due to crop failure, climate changes, and market price fluctuations.
4. **Example:** Instead of growing only wheat, a farmer may cultivate wheat, pulses, and oilseeds to maximize returns.

> Quick Tip
>
> Crop diversification improves farm sustainability, reduces risk, and enhances food security by distributing reliance across multiple crops.

---

25. Identify which of the following is *not* a Human Development Indicator (HDI). options:

(A) Life Expectancy at Birth

(B) Adult Literacy Rate

(C) Maternal Mortality Rate

(D) Unemployment

Correct Answer: (D) Unemployment
Solution:

1. **Definition of HDI:** The Human Development Index (HDI) is a composite measure used by the United Nations Development Programme (UNDP) to assess the social and economic development of nations.
2. **Three Main Components of HDI:**
    - **Life Expectancy at Birth:** Measures the overall health and longevity of the population.
    - **Education Index:** Includes Adult Literacy Rate and Mean Years of Schooling.
    - **Gross National Income (GNI) per capita:** Reflects the economic standard of living.
3. **Why Unemployment is Not an HDI Indicator?**
    - Unemployment is an economic indicator that measures labor market efficiency.
    - It reflects the economic conditions of a country but is not directly included in HDI calculations.
4. **Other Non-HDI Indicators:** Inflation rate, poverty rate, and income inequality are also important socio-economic measures but are not part of the HDI framework.

> Quick Tip
>
> HDI measures human development through health, education, and income levels. Economic indicators like unemployment, poverty, and inflation are not part of HDI.

26. Read the following statements carefully:
Statement 1: Human development is based on the idea that education and health are integral to human well-being.
Statement 2: Human capital treats humans as a means to an end.
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.

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

1. **Statement 1:** This is true because human development emphasizes that education and health are essential components of improving human well-being and enabling individuals to lead meaningful lives.

2. **Statement 2:** This is also true because human capital considers education and health as tools for increasing productivity, treating individuals as contributors to economic growth.

3. While both approaches emphasize the importance of education and health, the perspectives differ: human development values them as ends in themselves, while human capital views them as means to achieve economic outcomes.

Quick Tip

Human development prioritizes well-being and capabilities, while human capital focuses on enhancing productivity through education and health investments.

27. On the basis of the data given below, identify the *incorrect* statement with reference to annual growth of GDP (%):

Country	**1980 – 1990**	**2015 – 2017**
India	5.7	7.3
China	10.3	6.8
Pakistan	6.3	5.3

(A) Pakistan and China experienced a fall in growth rate during 2015 – 2017.

(B) China achieved double-digit growth rate in 1980 – 1990.

(C) GDP of India accelerated moderately in 2015 – 2017 period.

(D) Pakistan was ahead of India during 1980 – 2017 in terms of GDP.

Correct Answer: (D) Pakistan was ahead of India during 1980 – 2017 in terms of GDP.
Solution:

1. **Option (A):** True. Both Pakistan and China experienced a decline in GDP growth rates during the period 2015 – 2017 compared to their growth rates in 1980 – 1990.
2. **Option (B):** True. China achieved a high double-digit growth rate of 10.3% during the 1980 – 1990 period, reflecting its rapid economic development.
3. **Option (C):** True. India's GDP growth rate increased from 5.7% during 1980 – 1990 to 7.3% during 2015 – 2017, indicating moderate economic acceleration.
4. **Option (D):** False. The data clearly shows that India outperformed Pakistan in GDP growth rates during both time periods. India's growth rates were 5.7% and 7.3%, whereas Pakistan's were 6.3% and 5.3%.

> Quick Tip
>
> India's economic growth accelerated post-1991 reforms, consistently surpassing Pakistan's GDP growth rate across decades, while China maintained the highest growth rates overall.

28(a). "Trade and Investment Policy of India had undergone comprehensive changes in the post-reform period of 1991."
Do you agree with the given statement? Justify your answer with any two valid arguments.
Solution:

1. **Liberalization of Trade Policies:**
   - Post-1991, India adopted liberalization by removing trade barriers, reducing import tariffs, and dismantling the license-permit regime.
   - These changes promoted free trade, allowing Indian industries to compete in global markets and encouraging the import of advanced technologies and essential goods.
2. **Promotion of Foreign Direct Investment (FDI):**
   - The government opened multiple sectors for FDI, including manufacturing, IT, telecommunications, and infrastructure.
   - This led to significant technological advancements, improved productivity, and increased employment opportunities in the economy.
3. **Global Competitiveness:**
   - The reforms aligned India with the principles of globalization, privatization, and liberalization, making the economy more competitive on a global scale.
   - Export-led growth was encouraged, and India saw a surge in foreign exchange reserves due to an increase in exports and foreign investments.
4. **Impact of Policy Changes:**
   - These reforms helped India transition from a closed and centrally planned economy to a market-oriented one.

- The economy witnessed higher GDP growth rates, increased industrial output, and greater integration into the global economic framework.

> Quick Tip
>
> The 1991 reforms marked a paradigm shift in India's economic policies, fostering globalization, promoting foreign investments, and boosting trade competitiveness.

OR

28(b). Discuss any two salient features of Indian industrial sector during the period of 1950 – 1990.

Solution:

1. **Dominance of Public Sector:**
   - The Industrial Policy Resolution of 1956 laid the foundation for public sector dominance, categorizing industries into three groups: exclusively public, mixed, and private sectors.
   - Key industries like steel, mining, heavy engineering, and defense production were reserved for the public sector to achieve socio-economic objectives such as reducing income inequalities and ensuring regional balance.
   - The public sector was seen as an engine of growth, providing infrastructure and basic goods while addressing market failures.
2. **License Raj:**
   - The industrial licensing system, introduced through the Industries (Development and Regulation) Act, 1951, required businesses to obtain licenses for starting, expanding, or diversifying their activities.
   - This system aimed to prevent monopolies, control overproduction, and ensure equitable distribution of resources. However, it stifled competition and led to inefficiencies, bureaucratic delays, and corruption.
   - Private sector participation was heavily regulated, limiting innovation and technological progress in industries.
3. **Small-Scale Industries (SSIs):**
   - The government encouraged the growth of SSIs by providing financial assistance, tax benefits, and reserved production of certain goods to promote employment and equitable income distribution.
   - SSIs were considered a tool for rural industrialization and a means to reduce the dependency on agriculture.
4. **Import Substitution Policy:**
   - India adopted a strategy of import substitution to promote self-reliance by restricting imports of manufactured goods and encouraging domestic production.
   - High tariffs and import quotas were imposed to protect domestic industries from foreign competition, resulting in a closed economy.

- While this policy helped establish a diversified industrial base, it also led to inefficiencies and poor quality of goods due to the lack of competition.

Quick Tip

The industrial policies between 1950 and 1990 emphasized public sector dominance, regulated private enterprises through licenses, and promoted self-reliance via import substitution, but these measures also hindered competition and efficiency.

29. "In 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:

- The source of Human Capital Formation (HCF) mentioned in the statement is **Expenditure on Education**.
- Expenditure on education includes teacher training programs, skill development initiatives, and capacity building to enhance the quality of human resources.
- Training for teachers improves their teaching methods, leading to better knowledge dissemination and higher student outcomes, which ultimately contributes to human capital formation.

Quick Tip

Expenditure on education, particularly teacher training, is a key source of human capital formation, enhancing the quality and productivity of the workforce.

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

Solution:

(a) **Enhanced Workforce Productivity:**

- Better-trained teachers impart high-quality education, resulting in a more skilled and knowledgeable workforce.
- A skilled workforce contributes to increased labor productivity and innovation in various sectors.

(b) **Accelerated Economic Growth:**

- A skilled workforce attracts investment, fosters entrepreneurship, and drives technological advancements.
- Higher productivity and efficiency contribute to increased GDP and per capita income, accelerating economic growth.

(c) **Reduction in Social Inequalities:**

- Improved education and skill development opportunities help bridge the gap between different socio-economic groups.

- A well-educated population leads to better employment prospects and poverty reduction.

(d) **Improved Social Outcomes:**

- Education enhances awareness about health, sanitation, and social values, leading to improved quality of life.
- Higher literacy rates and better education also foster democratic participation and social cohesion.

> Quick Tip
>
> Investment in education and teacher training leads to higher productivity, economic growth, social equity, and improved quality of life.

---

30. From the given data, compare and analyze India and China's sectoral contribution towards Gross Value Added (GVA).

Sector	**Contribution to GVA (%)**			**Distribution of Workforce (%)**		
	India	**China**	**Pakistan**	**India**	**China**	**Pakistan**
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	**100**	**100**	**100**	**100**	**100**	**100**

Solution:

1. **Sectoral Contribution and Workforce Distribution in India:**
   - The agriculture sector employs **43%** of the workforce but contributes only **16%** to GVA. This indicates **low productivity and disguised unemployment**.
   - The industry sector contributes **30%** to GVA while employing **25%** of the workforce, showing **a growing but underdeveloped industrial base**.
   - The services sector dominates GVA, contributing **54%**, yet it employs only **32%** of the workforce, reflecting **a structural shift towards services**.
2. **Sectoral Contribution and Workforce Distribution in China:**
   - Agriculture employs only **26%** of the workforce, contributing a low **7%** to GVA. This suggests **a modern and efficient agricultural sector**.
   - Industry plays a **major role**, contributing **41%** to GVA and employing **28%** of the workforce, highlighting **China's strong manufacturing base**.
   - The services sector contributes **52%** to GVA while employing **46%** of the workforce, showing **a balanced transition towards a service-driven economy**.
3. **Comparison Between India and China:**
   - India has a significantly higher percentage of its workforce engaged in agriculture (43%) than China (26%), but agriculture contributes much less to GVA in both countries.

- China has transitioned towards a strong industrial base, with industry contributing **41%** to GVA, compared to **30%** in India.
- China's workforce is better distributed between sectors, whereas India still faces **an overdependence on agriculture**, requiring **a structural shift towards industry and services**.

> Quick Tip
>
> India needs to shift its workforce from agriculture to industry and services to improve productivity and economic growth, as seen in China's sectoral transition.

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

1. **Organic Farming has essentially become the need of the hour.**

   Solution: Organic farming has become an essential practice due to its numerous environmental, health, and economic benefits. It reduces dependence on chemical fertilizers and pesticides, ensuring long-term soil fertility and promoting biodiversity. Furthermore, organic produce is free from synthetic chemicals, making it healthier for consumers. Governments across the world, including India, are actively promoting organic farming through subsidies and financial incentives. The growing global demand for organic food also provides financial benefits to farmers by enabling them to earn premium prices. Additionally, organic practices help in mitigating climate change by improving soil carbon sequestration.

   - **Environmental Sustainability:** Organic farming maintains soil health and prevents water contamination by avoiding harmful pesticides and synthetic fertilizers.
   - **Health Benefits:** Since organic crops are grown without harmful chemicals, they are safer for consumption, reducing health risks associated with pesticide exposure.
   - **Market Demand:** The increasing consumer preference for organic food allows farmers to receive higher profits and access international markets.
   - **Government Support:** Various policies, such as Paramparagat Krishi Vikas Yojana (PKVY), promote organic farming by providing financial assistance and training programs.
   - **Climate Change Mitigation:** Organic practices enhance soil's carbon storage capacity, reducing greenhouse gas emissions and combating climate change.

   > Quick Tip
   >
   > Organic farming ensures environmental protection, health benefits, and financial gains for farmers, making it a sustainable agricultural practice.

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

   Solution: The Government of India has introduced schemes like **Pradhan Mantri Jan-Dhan Yojana (PMJDY)** to promote financial inclusion and ensure efficient allocation of financial resources. This scheme aims to provide banking access to every household, ensuring that even the underprivileged population has access to financial services. It has also facilitated direct benefit transfers (DBT), reducing corruption and ensuring welfare payments reach beneficiaries without intermediaries. Additionally, it encourages savings, promotes digital transactions, and provides insurance and credit facilities to financially weaker sections, contributing to overall economic development.

- **Financial Inclusion:** PMJDY provides basic banking services to unbanked individuals, integrating them into the formal financial system.
- **Direct Benefit Transfers (DBT):** Government subsidies and welfare payments are directly credited to beneficiaries' accounts, eliminating leakages and corruption.
- **Encouraging Savings and Digital Transactions:** Jan-Dhan accounts enable millions to save money securely and promote the use of digital financial services.
- **Access to Credit and Insurance:** The scheme offers overdraft facilities, accident insurance, and pension benefits, enhancing financial security for lower-income groups.
- **Economic Growth and Transparency:** By ensuring direct fund transfers and promoting entrepreneurship, the scheme reduces income disparities and boosts economic growth.

Quick Tip

PMJDY plays a vital role in financial inclusion by promoting savings, digital transactions, and social security, leading to inclusive economic growth.

OR

31(b) i. Define worker-population ratio and describe its usefulness.

Solution:

1. **Definition:**

   The **worker-population ratio** is the proportion of the working population (employed individuals) to the total population of a country. It is a crucial indicator that reflects the employment level and labor force utilization in an economy. It is expressed as:

$$\text{Worker-Population Ratio} = \frac{\text{Total Workers}}{\text{Total Population}} \times 100$$

2. **Usefulness:**

   - **Measures Labor Force Utilization:** Indicates how effectively a country is utilizing its human resources in productive activities.
   - **Highlights Employment Trends:** Helps policymakers analyze employment trends across different sectors, age groups, and genders.
   - **Assesses Economic Development:** A higher ratio suggests higher employment and better income levels, while a low ratio may indicate underemployment or economic distress.
   - **Regional and Sectoral Analysis:** Allows comparison of employment levels between urban and rural areas and across different industrial sectors.

> 💡 Quick Tip
>
> **A higher worker-population ratio suggests better employment opportunities, while a lower ratio indicates underutilization of the labor force, requiring policy interventions.**

31(b) ii. State the meaning of 'Disguised Unemployment'.
Solution:

- **Meaning:**
  Disguised unemployment occurs when more workers are engaged in a task than necessary, leading to no additional contribution to productivity. It is commonly observed in the agricultural sector, where family members work on a farm even though fewer workers could achieve the same level of output.

- **Example:**
  Suppose a small farm requires only **three laborers** to produce a given output, but **five laborers** are working on it. The extra two laborers are not adding to productivity, meaning their employment is categorized as **"disguised unemployment."**

- **Implications:**
  - **Economic Inefficiency:** Resources are not fully utilized, leading to lower overall productivity.
  - **Prevalence in Rural Areas:** Disguised unemployment is widespread in agriculture due to the absence of alternative employment opportunities.
  - **Need for Sectoral Shift:** Addressing disguised unemployment requires shifting excess labor to **industry or services** through skill development and job creation.

> 💡 Quick Tip
>
> Disguised unemployment is common in agriculture, where excess labor does not contribute to productivity. Economic growth requires shifting such labor to more productive sectors.

---

32. Study the given image carefully:

Figure 1: Situation depicting unemployment in the informal sector in India.

Identify the situation depicted in the image and suggest the impact of the indicated situation in the Indian economy.
Solution:

1. **Situation Depicted:**
   The image highlights the prevalence of **unemployment and underemployment** in the informal sector of the Indian economy. A large segment of India's workforce is engaged in low-paying, insecure jobs with minimal benefits, which limits overall economic growth.

2. **Impact on the Indian Economy:**
   - **Low Productivity:** Informal sector workers often lack access to skill development, advanced technology, and modern infrastructure, leading to **low productivity** and **slow economic progress**.
   - **Absence of Social Security:** Since informal workers do not receive benefits like pensions, health insurance, or provident funds, they remain **economically vulnerable**, increasing financial insecurity in the economy.
   - **Income Disparities and Poverty:** The lack of fixed wages and unstable employment contributes to **income inequality**, preventing equitable distribution of wealth and increasing social divisions.
   - **Tax Revenue Loss:** The informal sector largely operates outside regulatory frameworks, leading to **low tax compliance** and **reduced government revenue**, affecting public expenditure on welfare schemes.
   - **Barrier to Economic Growth:** Since informal workers often remain trapped in low-income jobs, they lack upward mobility, which restricts **long-term human capital development** and **reduces innovation and investment**.

> Quick Tip
>
> The informal sector, despite providing employment, leads to economic instability. Strengthening formal employment opportunities can enhance productivity, social security, and overall economic growth.

Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 32.
It is necessary to generate employment in the formal sector rather than in the informal sector. Justify the given statement.
Solution:

1. **Importance of Formal Sector Employment:**
   - **Job Stability and Benefits:** The formal sector ensures stable income, paid leave, and **long-term employment security**, improving workers' financial conditions.
   - **Social Security and Welfare:** Workers in the formal sector benefit from **healthcare, provident funds, pension schemes, and insurance**, ensuring economic stability.
   - **Higher Productivity and Innovation:** Formal employment fosters **skill development, training, and access to advanced technology**, improving workforce efficiency.
   - **Contribution to Economic Growth:** Formal sector workers contribute to national growth by **increasing tax revenue, boosting consumption, and enhancing global competitiveness**.
2. **Challenges of the Informal Sector:**
   - **Lack of Legal Protection:** Informal sector workers face **exploitation, job instability, and wage insecurity**, leading to higher poverty levels.
   - **Limited Access to Credit and Resources:** Informal businesses lack financial support, restricting expansion, investment, and overall economic contribution.
   - **Higher Economic Inequality:** Since informal workers often earn low wages with no growth prospects, **income disparity** widens, affecting national economic balance.

> Quick Tip
>
> Strengthening the formal sector is essential for sustained economic development, job security, social welfare, and increased tax revenues.

---

33. Answer the following questions:
(a) Answer the following:

i. The real motive behind infrastructural development in India was to strengthen British interests.
Do you agree with the given statement? Justify your answer with valid arguments.

Solution:
Agree: The British introduced infrastructure developments primarily to serve their economic and administrative needs rather than benefiting India's long-term economic progress.

Justification:
Facilitated British Trade: Infrastructure, such as railways, roads, and ports, was developed mainly to facilitate **raw material transportation** from Indian villages to ports for export to Britain.

Exploitive Economic Policies: The network of railways and roads allowed British industries to **import finished goods into Indian markets**, suppressing local handicrafts and industries.

Administrative and Military Control: Infrastructure improved the **mobility of British troops** and enhanced administrative efficiency to control Indian territories.

Lack of Development for Indian Interests: Investments in infrastructure were limited to regions **strategically important to British trade**, ignoring agricultural and industrial growth needed for India's development.

> Quick Tip
>
> The British infrastructure policy in India prioritized resource extraction and colonial control rather than fostering industrial or agricultural development.

---

ii. Navratna policy has facilitated the maintenance, promotion, and disinvestment of Public Sector Undertakings (PSUs).

Justify the given statement with a valid explanation.

Navratna Policy: Introduced to **grant financial and operational autonomy** to well-performing PSUs, enabling them to compete globally and improve efficiency.

Justification:

Enhanced Operational Independence: Selected PSUs were allowed to make **independent investment decisions**, including global acquisitions and joint ventures.

Improved Financial Performance: Autonomy helped these enterprises **increase efficiency, productivity, and profitability**, making them globally competitive.

Selective Disinvestment Strategy: The policy enabled partial **disinvestment**, allowing private sector investment while maintaining government control.

Promotion of Economic Development: By strengthening India's industrial sector, **Navratna PSUs contributed significantly to employment and national GDP growth**.

> Quick Tip
>
> The Navratna policy empowers PSUs with autonomy, making them competitive while maintaining strategic government control.

OR

(b) i. Every coin has two sides — debate over farm subsidies is one such classic example of the same.

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

Arguments in Favor of Farm Subsidies:

Support for Marginal Farmers: Subsidies help **small and marginal farmers sustain their agricultural activities**, ensuring food security.

Price Stabilization and Risk Reduction: Government subsidies act as **buffers against price volatility**, protecting farmers from financial uncertainty.

Arguments Against Farm Subsidies:

Financial Burden on Government: Excessive subsidies lead to **fiscal deficits**, reducing funds available for other developmental programs.

Market Distortion and Inefficiency: Long-term dependency on subsidies **discourages innovation and efficient resource allocation**, making agriculture less competitive.

Quick Tip

Farm subsidies ensure food security but must be balanced to avoid fiscal strain and inefficiency in agriculture.

---

ii. State the importance of "Growth with Equity" as an objective of Indian economic planning.

- **Inclusive Economic Growth:** Ensures that economic benefits **reach all sections of society**, reducing wealth and income disparities.
- **Poverty Alleviation:** Provides opportunities for **marginalized and underprivileged populations**, contributing to overall poverty reduction.
- **Balanced Regional Development:** Prevents concentration of economic activities in a few states, ensuring **equal distribution of resources**.
- **Social and Political Stability:** Reduces economic inequalities, ensuring a more **harmonious and stable socio-political environment**.
- **Sustainable Development:** Encourages long-term, **environmentally and economically sustainable growth**.

Quick Tip

Growth with equity promotes economic stability by ensuring fair distribution of wealth and opportunities across society.

---

34. Read the following text carefully:
In the contemporary world with a lot of sustainable development concerns, green growth and net zero emissions are two important concepts which are generally discussed together. These two concepts are essential for the future of the Earth, as by working together on them we can create a more sustainable future for ourselves and for the generations to come.
Green growth refers to, "the economic growth that is achieved in a way that minimizes environmental impact," whereas, "net zero emission is the state of achieving balance between anthropogenic emission of greenhouse gases and removal of such emissions from the atmosphere."
There exists a robust connection between the two concepts:

1. Green growth can help to reduce greenhouse gas emissions, which is essential for achieving net zero emissions.
2. Green growth can help to create jobs and boost economic growth, which can help to make it more affordable for countries to invest in net zero emissions technology.

A nation can do a lot to promote these two factors together, like:

- Investing in renewable energy sources which do not produce greenhouse gases.
- Adopting energy-efficient measures, such as insulation and other such appliances which can help to reduce energy consumption.
- Altering transportation habits, like adopting walking, biking and using public transportation as they are lower-carbon ways to travel.

(i) State the meaning of green growth and net zero emissions.
Solution:

- **Green Growth:**
  - Green growth refers to economic progress that occurs while ensuring minimal harm to the environment.
  - It focuses on sustainable development, where industries and economies reduce their ecological footprint.
  - This is achieved through **energy efficiency, cleaner production methods, and the promotion of renewable energy sources**.
  - The aim is to **decouple economic growth from environmental degradation** while improving living standards.
- **Net Zero Emissions:**

- Net zero emissions refer to a state where **the amount of greenhouse gases released into the atmosphere equals the amount removed**.
- It does not mean eliminating all emissions but balancing them through **carbon capture technologies, afforestation, and transitioning to low-carbon energy sources**.
- Achieving net zero is crucial in combating climate change and meeting international climate commitments such as the **Paris Agreement**.

> Quick Tip
>
> **Green growth promotes sustainable economic progress, while net zero emissions focus on balancing greenhouse gas levels in the atmosphere to combat climate change.**

(ii) Discuss briefly the interconnection between green growth and net zero emissions.
Solution:

- Green growth and net zero emissions are deeply interconnected as both aim to mitigate environmental impact while sustaining economic development.
- **Reduction of Greenhouse Gas Emissions:**
  - Green growth strategies promote **clean energy solutions** like wind and solar, reducing carbon emissions.
  - Lower emissions contribute directly to the goal of **net zero emissions**, as countries transition away from fossil fuels.
- **Economic Growth and Sustainable Investment:**
  - Green growth stimulates new markets in **renewable energy, electric mobility, and energy-efficient technologies**.
  - These industries create **jobs and economic opportunities**, allowing countries to finance technologies that remove carbon from the atmosphere.
- **Long-term Environmental Benefits:**
  - Green policies encourage reforestation, conservation, and **carbon sequestration** techniques, further supporting net zero goals.
  - Countries investing in **sustainable agriculture, water conservation, and biodiversity protection** achieve both economic and environmental stability.

> Quick Tip
>
> **Green growth fosters clean energy and sustainable industries, directly contributing to net zero emission goals by reducing carbon footprints and promoting climate-friendly investments.**

(iii) Illustrate any one factor to promote net zero emission.
Solution:

- **Example: Investing in Renewable Energy Sources.**
  - Renewable energy sources such as **solar, wind, hydro, and geothermal power** do not emit greenhouse gases.
  - By replacing fossil fuels, renewables play a crucial role in reducing overall emissions.
  - Many countries have adopted **solar and wind farms**, leading to lower energy costs and **decreasing reliance on coal and oil**.
  - Government policies such as **subsidies for renewable energy projects, carbon pricing, and stricter emission regulations** encourage investment in clean energy.
- **Other Measures for Net Zero Emission:**
  - **Enhancing Energy Efficiency:** Improving insulation, adopting LED lighting, and promoting energy-saving appliances.
  - **Sustainable Transportation:** Expanding public transport, encouraging electric vehicles (EVs), and building cycling infrastructure.
  - **Carbon Sequestration:** Large-scale afforestation, reforestation, and investing in carbon capture storage (CCS) technology.

Quick Tip

Investing in renewable energy significantly reduces carbon emissions, making it one of the most effective strategies for achieving net zero emissions.