CBSE Class XII Economics Set II 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 one of the correct alternatives given below:

Assertion (A): *Ceteris Paribus, Devaluation of domestic currency leads to an increase in National Income of a nation.*

Reason (R): *Devaluation of domestic currency refers to reduction in the value of domestic currency with respect to foreign currency, under the fixed exchange rate system.*

(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.

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

Solution:
Devaluation of the domestic currency makes exports cheaper and imports more expensive, which increases demand for domestically produced goods. This boosts production, employment, and, ultimately, the national income, making Assertion (A) true.
Reason (R) correctly defines devaluation under a fixed exchange rate system, making it true as well. However, Reason (R) merely describes devaluation and does not explicitly explain its impact on national income, making it not the correct explanation for Assertion (A).

Quick Tip
In economics, ensure you understand the causal relationships between policies (like devaluation) and their effects on macroeconomic variables (e.g., national income).

2.
The Central Bank can reduce the Money Supply in the economy by _________ the _________. (Fill up the blanks with the correct alternative.)

(A) increasing, bank rate

(B) decreasing, cash reserve ratio

(C) decreasing, bank rate

(D) buying, government securities

Correct Answer: (A) increasing, bank rate

Solution:

The Central Bank reduces the money supply by increasing the bank rate. A higher bank rate makes borrowing more expensive for commercial banks, leading to reduced credit availability in the economy and contraction in the money supply.

Quick Tip

The bank rate influences lending and borrowing in the economy, making it a key monetary policy tool.

3.
Identify, which of the following is *not* a source of demand for foreign exchange for the Indian economy? (Choose the correct alternative.)
(A) Import of goods and services

(B) Remittances by foreigners living in India to their families abroad

(C) Indian tourists visiting foreign countries

(D) Loans from Rest of the World (ROW)

Correct Answer: (D) Loans from Rest of the World (ROW).

Solution:
Loans from ROW represent inflows of foreign exchange, not a source of demand. The other options involve outflows of foreign exchange, which constitute demand for it.

Quick Tip

Understand the distinction between foreign exchange inflows (supply) and outflows (demand) in the balance of payments.

4.
If a straight-line consumption function makes a positive intercept at the Y-axis, it implies that the Marginal Propensity to Consume _________ and the Average Propensity to Consume _________ as the level of income rises. (Fill up the blanks with the correct alternative.)
(A) remains constant, rises

(B) falls, falls

(C) rises, rises

(D) remains constant, falls

Correct Answer: (D) remains constant, falls.

Solution:
For a straight-line consumption function, the Marginal Propensity to Consume (MPC) remains constant as it is the slope of the line. The Average Propensity to Consume (APC) falls as income increases because fixed consumption forms a smaller fraction of total income.

Quick Tip

MPC refers to the change in consumption with respect to income, while APC is total consumption divided by income.

5.
Under the ______________ Exchange Rate System, the Central Bank can control the rise/fall of foreign exchange rate in a range-bound manner. (Fill up the blank with the correct alternative.)
(A) fixed

(B) flexible

(C) managed floating

(D) gold standard

Correct Answer: (C) managed floating.

Solution:
Under the managed floating exchange rate system, the exchange rate is primarily market-driven, but the Central Bank intervenes to stabilize it within a specified range.

Quick Tip

Managed floating is a hybrid system combining market-driven exchange rates with occasional Central Bank intervention.

6.
Identify the *incorrect* feature(s) of the Money Supply in an economy, from the following:

(i) It is measured during a period of time.
(ii) It includes stock of money held by the government of a nation.

(iii) It always represents the currency held with the Central Bank of the nation.

(A) (i) and (iii)

(B) (ii) and (iii)

(C) (i) and (ii)

(D) (i), (ii), and (iii)

Correct Answer: (D) (i), (ii), and (iii).

Solution:
Money supply is a *stock concept* measured at a specific point in time, not over a period of time, making statement (i) incorrect.
Statement (ii) is incorrect because the government's stock of money is not included in money supply.
Statement (iii) is also incorrect as money supply includes currency held by the public, not with the Central Bank.
Since all three statements are incorrect, the correct answer is **(D) (i), (ii), and (iii)**.

> Quick Tip
>
> Money supply includes currency with the public and demand deposits with banks, excluding money held by the government or Central Bank.

7.
Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Real Gross Domestic Product is a better indicator of economic growth of a nation as compared to Nominal Gross Domestic Product.

Reason (R): Real Gross Domestic Product measures the value of goods and services at current year prices.

(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.

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

Solution:
Assertion (A) is correct because Real GDP adjusts for inflation, making it a better measure of economic growth compared to Nominal GDP. However, Reason (R) is incorrect as Real GDP measures the value of goods and services at constant (base year) prices, not current year prices.

> Quick Tip
>
> Real GDP reflects changes in output by holding prices constant, while Nominal GDP accounts for changes in both price and output.

8.
From the given table, identify that level of income, where Average Propensity to Save (APS) becomes Zero. (Choose the correct alternative.)

Income (₹crore)	**Consumption (₹crore)**
0	50
50	75
100	100
200	150
300	200
400	250

(A) 50

(B) 100

(C) 200

(D) 0

Correct Answer: (B) 100.

Solution:
APS becomes zero when savings are zero. Savings are calculated as:

$$\text{Savings} = \text{Income} - \text{Consumption}.$$

From the table:

- At an income of ₹100, consumption is also ₹100, resulting in zero savings.
- Therefore, APS becomes zero at ₹100.

💡 Quick Tip

APS is calculated as APS = $\frac{\text{Savings}}{\text{Income}}$. It is zero when Savings = 0.

9.
Read the following statements carefully:
Statement 1: Consumption and Savings are the components of National output of an economy.

Statement 2: Higher level of Income often leads to lower savings.

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 Statement 1 and 2 are true.

(D) Both Statement 1 and 2 are false.

Correct Answer: (A) Statement 1 is true and Statement 2 is false.

Solution:
Statement 1 is correct as National output is derived from Consumption and Savings. However, Statement 2 is false because higher levels of income generally lead to higher savings due to increased disposable income.

💡 Quick Tip

Savings typically increase with income, but the proportion of income saved depends on the Marginal Propensity to Save (MPS).

10.
Arrange the following in the correct sequential order, if the government of a nation is trying to curtail the situation of inflationary gap:
(i) Decrease in disposable income
(ii) Increase in taxes
(iii) Decrease in Aggregate Demand

(A) (i), (ii), (iii)

(B) (iii), (ii), (i)

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

(D) (ii), (i), (iii)

Correct Answer: (D) (ii), (i), (iii).

Solution:
To curtail the inflationary gap, the government follows these steps:

1. **Increase in taxes:** Raising taxes reduces disposable income for consumers.
2. **Decrease in disposable income:** As households have less money to spend, their consumption declines.
3. **Decrease in Aggregate Demand:** Reduced spending leads to lower aggregate demand, helping to control inflation.

Thus, the correct sequence is (ii) Increase in taxes → (i) Decrease in disposable income → (iii) Decrease in Aggregate Demand.

Quick Tip

Inflationary gap can be controlled by contractionary fiscal policies such as increasing taxes or reducing government expenditure.

11(a).
Estimate the value of Net National Product at Factor Cost (NNP$_{FC}$), using the following information:

S. No.	Items	Amount (in ₹crores)
(i)	Household Consumption Expenditure	1,200
(ii)	Business Fixed Investment Expenditure	800
(iii)	Government Final Consumption Expenditure	500
(iv)	Excess of Imports over Exports	100
(v)	Net Indirect Taxes	150
(vi)	Change in Inventory	(−) 50
(vii)	Consumption of Fixed Capital	200
(viii)	Net Factor Income from Abroad	80
(ix)	Public Fixed Investment	70

Solution:
The formula for Net National Product at Factor Cost (NNP$_{FC}$) is:

$$\text{NNP}_{\text{FC}} = \text{(i)} + \text{(ii)} + \text{(iii)} + \text{(vi)} + \text{(ix)} - \text{(iv)} - \text{(v)} + \text{(viii)} - \text{(vii)}$$

Substituting the given values:

$$\text{NNP}_{\text{FC}} = 1,200 + 800 + 500 - 50 + 70 - 100 - 150 + 80 - 200$$

$$= 2,150 \, \text{crores}.$$

Thus, the estimated value of NNP_{FC} is **₹2,150 crore**.

Quick Tip

NNP_{FC} is derived by adjusting GDP for depreciation, net factor income from abroad, and net indirect taxes.

OR

11(b).
"Disposition Phase of circular flow of Income involves flow of factor Income, which comprises of rent, wages, interest, and profits from firms to households." Defend or refute the statement, giving valid reasons in support of your answer.
Solution:
This statement is **correct**. The disposition phase in the circular flow of income represents the distribution of factor incomes:

- Firms pay rent for land, wages for labor, interest for capital, and profits to entrepreneurs.
- Households receive these factor incomes and use them for consumption, savings, or paying taxes.
- This phase completes the cycle of income generation and expenditure, ensuring that income earned in production is re-circulated in the economy.

Hence, the statement accurately describes the flow of factor income in the economy.

Quick Tip

The circular flow of income connects production, income distribution, and expenditure, ensuring a balanced economic system.

12.
State the meaning of autonomous and accommodating items, under Balance of Payments of India, with the help of an example.
Solution:
Autonomous items in the Balance of Payments (BOP) refer to those transactions that are undertaken independently of the BOP position, such as exports, imports, and foreign investments. These are driven by profit motives or international obligations.
Accommodating items are those transactions that are undertaken to balance the BOP, such as borrowing from the IMF or drawing on foreign exchange reserves. These aim to offset deficits or surpluses in the autonomous account.
Example: Export of goods is an autonomous transaction, while using foreign exchange reserves to bridge a deficit is an accommodating transaction.

Quick Tip

Autonomous items are also called ‘above the line’ items, while accommodating items are ‘below the line’ items in BOP accounting.

13.
Suppose, the Indian Government decides to boost public investments with a defence project of ₹$40,000$ crore. Explain the likely impacts of the given situation on the Income, Employment, and Output of the economy, assuming all other factors constant.
Solution:
Boosting public investment will have the following impacts:

- **Income:** Increased investment leads to higher aggregate demand, generating income for contractors, suppliers, and workers involved in the project.
- **Employment:** Public investments create direct and indirect employment opportunities, reducing unemployment.
- **Output:** The multiplier effect ensures that the initial investment leads to multiple rounds of increased production and services in the economy.

Thus, public investments have a positive impact on income, employment, and output, promoting economic growth.

Quick Tip

The multiplier effect in Keynesian economics shows how initial spending leads to a proportionally larger increase in aggregate output.

14.
Elaborate the ‘Banker’s Bank and Supervisor’ function of the Reserve Bank of India.
Solution:
The Reserve Bank of India (RBI) performs the following functions as the ‘Banker’s Bank and Supervisor’:

- **Banker’s Bank:** The RBI acts as a banker to all scheduled commercial banks. It provides short-term funds, acts as a lender of last resort, and facilitates inter-bank clearing.
- **Supervisor:** The RBI supervises and regulates banks to ensure financial stability. It monitors compliance with banking regulations, manages non-performing assets (NPAs), and ensures that banks maintain required reserves.

These functions help in maintaining stability and liquidity in the financial system.

Quick Tip

The RBI ensures liquidity and stability in the banking system by acting as a regulator and supervisor.

15(a).
Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy:

- National Income = ₹40, 000 crore
- Marginal Propensity to Consume (MPC) = 0.8
- Autonomous Consumption (c) = ₹100 crore

Solution:
Equilibrium in the economy is achieved when:

$$Y = C + I$$

where $C = c + \text{MPC} \times Y$. Substituting the given values:

$$C = 100 + 0.8 \times 40,000 = 100 + 32,000 = ₹32,100\,\text{crore}.$$

From the equilibrium condition:

$$I = Y - C = 40,000 - 32,100 = ₹7,900\,\text{crore}.$$

Thus, Investment Expenditure is ₹7, 900 crore.

Quick Tip

Use the equilibrium condition $Y = C + I$ to calculate investment expenditure when income and consumption are given.

OR

15(b).
"With the objective to correct deflation, the Reserve Bank of India may decrease the Bank Rate." Discuss the rationale behind the step taken by the Reserve Bank of India (RBI).
Solution:
Decreasing the Bank Rate encourages commercial banks to borrow more from the RBI. This leads to:

- Increased liquidity in the banking system.
- Lower lending rates for consumers and businesses, boosting borrowing and spending.

- Higher aggregate demand, which helps in correcting deflationary pressures.

Thus, reducing the Bank Rate is an effective monetary policy tool to combat deflation.

> Quick Tip
>
> A lower Bank Rate reduces the cost of borrowing, stimulating demand in the economy.

16(a).
With valid reasons, classify the following into Capital Receipts or Revenue Receipts of the government:

- **Dividend received** by the government from a Maharatna company.
- **Receipts** of the government from the sale of shares of a Public Sector Undertaking (PSU) in the open market.
- **Debt cleared** by the Sri Lanka Government to the Indian Government.

Solution:

- **Dividend:** This is a Revenue Receipt as it is a regular income for the government from its investments.
- **Sale of Shares:** This is a Capital Receipt as it involves the sale of government assets.
- **Debt Repayment:** This is a Capital Receipt as it reduces the liabilities of the government.

> Quick Tip
>
> Revenue receipts are recurring incomes, while Capital receipts involve non-recurring changes in assets or liabilities.

OR

16(b)(i).
"Government Budget can be a useful instrument in reducing inequalities in the distribution of income and wealth in an economy."
Do you agree with the given statement? Present valid arguments in favour of your answer.
Solution:
Yes, the government budget can reduce income inequalities by:

- **Progressive Taxation:** Imposing higher taxes on the rich to reduce their disposable income.
- **Welfare Expenditure:** Allocating funds for subsidies, healthcare, education, and employment programs aimed at benefiting the economically weaker sections.

- **Social Security:** Providing direct financial support to low-income groups to ensure a more equitable distribution of wealth.

The government budget, through fiscal policies, can thus be an effective tool to minimize disparities in income and wealth.

> Quick Tip
>
> Government budgets combine taxation and expenditure policies to achieve social welfare and economic equity.

16(b)(ii).
State the meaning and formula of Fiscal Deficit.
Solution:
Meaning: Fiscal Deficit represents the total borrowing requirements of the government. It reflects the shortfall when the government's total expenditure exceeds its total revenue (excluding borrowings).
Formula:

$$\text{Fiscal Deficit} = \text{Total Expenditure} - (\text{Revenue Receipts} + \text{Capital Receipts Excluding Borrowings})$$

Fiscal deficit indicates the reliance of the government on borrowings to finance its expenditure.

> Quick Tip
>
> A moderate fiscal deficit can stimulate growth, but persistent high deficits may lead to increased public debt.

17(a).
"In the past few decades, the Indian economy has been fairly benefitted by positive externalities created by the rapid rise in infrastructure."
Justify the given statement with valid arguments.
Solution:
The rapid development of infrastructure in India has contributed significantly to economic growth by:

- **Connectivity:** Improved road, rail, and air connectivity has reduced transportation costs and increased accessibility for goods and services.
- **Employment:** Infrastructure projects create direct and indirect employment opportunities.
- **Industrial Growth:** Better infrastructure facilitates the setup of industries in remote areas, promoting balanced regional development.
- **Foreign Investments:** Modern infrastructure attracts foreign direct investments (FDI) by providing a conducive business environment.

These positive externalities have enhanced productivity, boosted trade, and improved the quality of life for citizens.

Quick Tip

Infrastructure development has a multiplier effect on the economy, leading to long-term growth.

17(b).

State the steps pertaining to the estimation of National Income by the Value Added Method.

Solution:

The steps involved in estimating National Income using the Value Added Method are:

- **Identify Producing Units:** Classify all producing units into primary, secondary, and tertiary sectors.
- **Calculate Gross Value of Output:** Add the value of all goods and services produced in each sector.
- **Subtract Intermediate Consumption:** Deduct the value of inputs used in production to get the gross value added.
- **Adjust for Depreciation:** Subtract depreciation from the gross value to get the net value added.
- **Include Net Factor Income from Abroad (NFIA):** Add NFIA to obtain the final National Income.

Quick Tip

The Value Added Method avoids double counting by focusing only on the additional value created at each production stage.

SECTION – B
(Indian Economic Development)

18.

Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): License Permit Raj was a major obstacle for growth of private sector.

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

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

(B) Both Assertion (A) and Reason (R) are true 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.

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

Solution:
The License Permit Raj created significant barriers for the private sector by:

- Increasing bureaucratic hurdles, leading to delays in project approvals.
- Diverting resources toward compliance and lobbying for licenses instead of investing in innovation and quality improvement.
- Limiting international competitiveness due to inefficiencies and lack of technological advancement.

Hence, both the assertion and the reason are true, and the reason correctly explains the assertion.

Quick Tip

Reforms like liberalization in 1991 aimed to dismantle the License Raj and promote private sector growth.

19.
Identify, which of the following alternative indicates towards incorrect components combination of Agricultural Marketing System?

(A) Assembling, Storage, Processing, Packaging

(B) Production, Assembling, Processing, Grading

(C) Assembling, Processing, Packaging, Transportation

(D) Processing, Packaging, Grading, Distribution

Correct Answer: (B) Production, Assembling, Processing, Grading.

Solution:
Option (B) is incorrect because the agricultural marketing system primarily includes:

- **Assembling:** Collection of produce from farms.
- **Storage and Transportation:** Safeguarding and moving produce to markets.
- **Processing:** Converting raw produce into finished goods.
- **Grading and Packaging:** Preparing produce for sale.
- **Distribution:** Delivering goods to consumers or retailers.

Option (B) incorrectly includes Production, which is a part of the agricultural sector but not of the marketing system. Marketing begins only after production is completed.

> Quick Tip
>
> Agricultural marketing begins after production and involves assembling, storage, transportation, processing, packaging, and distribution.

20.
Read the following statements carefully:
Statement 1: China has used the market mechanism to create additional social and economic opportunities for its citizens.

Statement 2: In China, Social Infrastructure created by the government brought positive results in human development indicators.

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 Statement 1 and 2 are true.

(D) Both Statement 1 and 2 are false.

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

Solution:
Both statements are true:

- **Statement 1:** China has effectively used market mechanisms alongside state policies to promote social and economic development.
- **Statement 2:** Government initiatives in building social infrastructure like health and education have positively impacted human development indicators such as life expectancy, literacy rates, and overall quality of life.

Quick Tip

A balanced mix of market reforms and state-led social infrastructure development contributes significantly to economic progress.

21.
Read the following statements carefully:
Statement 1: As per National Sample Survey Organisation (NSSO), unemployment is a situation in which all those who, owing to lack of work, are not working, but seeking work from prospective employers, expressed their willingness to work under the prevailing condition of work and remuneration.

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

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 Statement 1 and 2 are true.

(D) Both Statement 1 and 2 are false.

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

Solution:
Both statements are true:

- **Statement 1:** NSSO defines unemployment as the condition of individuals actively seeking work but unable to find it under prevailing conditions.
- **Statement 2:** Disguised unemployment, where more people are employed than necessary, is a significant issue in India, especially in the agricultural sector.

Quick Tip

Disguised unemployment reduces productivity and highlights inefficiencies in resource allocation, particularly in developing economies.

22.
Under the British Rule, commercialization of agriculture resulted in shifting of agricultural production from _________ crops to _________ crops. (Fill up the blanks

with the correct alternative.)

(A) Cash, Food

(B) Cotton, Jute

(C) Food, Cash

(D) Jute, Food

Correct Answer: (C) Food, Cash.

Solution:
During British Rule, agriculture shifted focus from **food crops to cash crops** like **indigo, cotton, and jute**. This shift was driven by the colonial demand for raw materials for British industries, leaving less emphasis on food production, which often led to famines.

> Quick Tip
>
> Commercialization of agriculture prioritized cash crops over food crops, impacting food security in colonial India.

23.
Economic reforms were introduced in the year _________ in India and in the year _________ in Pakistan. (Fill up the blanks with the correct alternative.)

(A) 1978, 1991

(B) 1988, 1978

(C) 1978, 1991

(D) 1991, 1988

Correct Answer: (D) 1991, 1988.

Solution:
Economic reforms in India were introduced in **1991** under the **New Economic Policy**, focusing on **liberalization, privatization, and globalization**. In **Pakistan**, similar reforms began in **1988** to address economic challenges and promote structural adjustments.

> Quick Tip
>
> Economic reforms aim to restructure an economy for higher efficiency, productivity, and competitiveness.

24.
_________ farming is the system that restores, maintains, and enhances the ecological balance. (Fill up the blank with the correct alternative.)

(A) Conventional

(B) Chemical

(C) Organic

(D) Multi-layered

Correct Answer: (C) Organic.

Solution:
Organic farming emphasizes **sustainable practices**, avoiding synthetic chemicals, and using **natural fertilizers** like compost. It aims to enhance soil fertility and restore ecological balance.

> Quick Tip
>
> Organic farming reduces environmental harm and promotes biodiversity while ensuring healthy food production.

25.
Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): The developmental experiences of India and Pakistan have a lot of similarities.

Reason (R): Both India and Pakistan laid emphasis on creating a large private sector.

(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.

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

Solution:

The developmental experiences of **India and Pakistan** share **similarities** such as reliance on agriculture, focus on industrialization, and challenges in reducing poverty. However, the emphasis on creating a large private sector is **not true** for both countries, as **Pakistan relied more on state-led development policies** during the early years.

> Quick Tip
>
> Comparative analysis of development experiences highlights differences in policy priorities and outcomes between nations.

26.

Identify, which of the following is *not* a correct function of environment?

(i) Exclusion of waste
(ii) Sustenance of life
(iii) Provide aesthetic services

(A) (i) only

(B) (ii) only

(C) (i) & (iii)

(D) (i) & (ii)

Correct Answer: (A) (i) only.

Solution:

The environment **sustains life**, provides **aesthetic services**, and absorbs waste, but it does not **exclude** waste. Instead, it **processes and assimilates waste** to maintain ecological balance.

> Quick Tip
>
> The environment's key functions include sustaining life, recycling waste, and providing resources and services to all living beings.

27.

In the decade of 1970s, Pakistan nationalized its _________ industry. (Fill up the blank with the correct alternative.)

(A) Medical infrastructure

(B) Consumer goods

(C) Capital goods

(D) Foreign trade

Correct Answer: (C) Capital goods.

Solution:
During the **1970s**, Pakistan **nationalized its capital goods industry** to establish **state control** over major industrial sectors. This was aimed at reducing **economic inequalities** and enhancing **government revenues**, but it often resulted in **inefficiencies** and reduced **private sector participation**.

> Quick Tip
>
> Nationalization refers to transferring private sector enterprises to public ownership, often used for economic restructuring.

28(a).
"Farm subsidies put a huge burden on the government finances, but are necessary for the poor and marginal farmers."
Justify the given statement.
Solution:
Farm subsidies are essential despite their financial burden for the following reasons:

- **Support for Marginal Farmers:** Subsidies provide financial aid to small and marginal farmers, enabling them to access fertilizers, seeds, and irrigation facilities.
- **Stabilizing Food Supply:** They help ensure consistent agricultural production, leading to food security for the nation.
- **Reducing Rural Inequalities:** Subsidies mitigate income disparities in rural areas by supporting resource-poor farmers.

> Quick Tip
>
> Farm subsidies play a crucial role in reducing income inequalities among farmers, ensuring that small and marginal farmers can compete with larger producers.

OR

28(b).
Discuss briefly the role of small-scale industries in the growth journey of India.
Solution:
Small-scale industries (SSIs) play a crucial role in India's economic development by:

- **Employment Generation:** SSIs provide large-scale employment opportunities, particularly in rural and semi-urban areas.

- **Regional Development:** They promote balanced regional growth by encouraging industrialization in backward areas.
- **Export Contribution:** SSIs contribute significantly to exports, particularly in textiles, handicrafts, and engineering goods.

> Quick Tip
>
> Small-scale industries are vital for fostering entrepreneurship and self-reliance, particularly in developing economies like India.

29.
Goals of Equity were fully served by the 'abolition of intermediaries' in agriculture in the post-independence period of India.
Do you agree with the given statement? Support your answer with valid arguments.
Solution:
Yes, the abolition of intermediaries helped achieve equity goals in the following ways:

- **Empowerment of Farmers:** Land reforms eliminated middlemen, enabling farmers to gain direct ownership of land and retain a larger share of their produce.
- **Reduction in Exploitation:** It curtailed exploitation by landlords, improving socio-economic conditions for tenant farmers.
- **Increased Agricultural Productivity:** Direct ownership motivated farmers to invest more in land, enhancing agricultural output.

However, in some areas, poor implementation of reforms limited their effectiveness, leaving inequities unaddressed.

> Quick Tip
>
> Effective land reforms require robust implementation mechanisms and continuous monitoring to ensure equitable outcomes.

30(a)(i).
"National Education Policy 2020 of India stresses a lot on in-service teachers' training."
In the light of the given statement, state and explain any two advantages of such on-the-job training in the upliftment of the education sector of any nation.
Solution:
Two advantages of in-service teachers' training are:

- **Skill Enhancement:** Training equips teachers with modern pedagogical tools, improving teaching quality and student outcomes.
- **Adaptation to New Trends:** Teachers stay updated with the latest developments in education, ensuring relevance in the curriculum.

Quick Tip

Continuous training for teachers ensures higher quality education and adaptability to dynamic societal needs.

30(a)(ii).
Define Casual Wage Labourer.
Solution:
Casual Wage Labourers are individuals who work on a daily basis, receiving wages for the number of days they work, without job security or benefits.

Quick Tip

Casual wage labour is prevalent in informal sectors, highlighting the need for policies to ensure minimum wages and social security.

OR

30(b)(i).
Elaborate any two reasons owing to which a lesser number of women are found in regular salaried employment.
Solution:
Two reasons for fewer women in regular salaried employment:

- **Societal Barriers:** Traditional gender roles and lack of family support restrict women's participation in formal jobs.
- **Workplace Inequalities:** Discrimination and wage gaps discourage women from seeking regular salaried employment.

Quick Tip

Encouraging gender diversity in workplaces requires policy interventions, such as equal pay and family-friendly work environments.

30(b)(ii).
Define Worker–Population Ratio.
Solution:
Worker–Population Ratio represents the proportion of the working population to the total population. It is calculated as:

$$\text{Worker–Population Ratio} = \frac{\text{Number of Workers}}{\text{Total Population}} \times 100$$

Quick Tip

The Worker–Population Ratio is a key metric to assess a country's workforce participation and economic productivity.

31(a).
"Scholars find son preference as a common phenomenon in India, Pakistan, and China."
Justify the given statement in the light of the skewed sex ratio.
Solution:
Son preference in India, Pakistan, and China is evident due to their skewed sex ratios, driven by socio-cultural and economic factors:

- **Economic Dependence:** Sons are often seen as economic assets, expected to support parents in old age, unlike daughters who traditionally marry and move to another household.
- **Cultural Beliefs:** Sons are preferred for continuing the family name and performing last rites, which are considered important in many religions.
- **Gender Bias:** Discriminatory practices, such as dowry and limited opportunities for women, reinforce the preference for male children.
- **Policy Impact:** In China, the one-child policy amplified son preference, leading to selective births and gender imbalances.

Quick Tip

Skewed sex ratios are a result of deep-rooted gender biases that require addressing through education, empowerment, and policy reforms.

31(b).
State any two liberty indicators.
Solution:
Two liberty indicators are:

- **Freedom of Expression:** The ability of individuals to express their views freely without fear of censorship or persecution.
- **Freedom of Movement:** The right to travel and reside freely within and outside a country, without undue restrictions.

Quick Tip

Liberty indicators reflect the extent of civil and political freedoms available to individuals in a society.

32(a).

Elaborate how the economic reforms process of India impacted the agriculture sector.

Solution:

The economic reforms process impacted the agriculture sector in the following ways:

- **Reduction in Subsidies:** Post-reform policies reduced government subsidies on fertilizers and other inputs, increasing the cost of production for farmers.
- **Market Deregulation:** Reforms led to greater reliance on market forces for agricultural pricing, reducing state control.
- **Focus on Exports:** There was an increased emphasis on promoting agricultural exports, encouraging diversification into commercial crops.
- **Private Sector Participation:** Encouraged private sector investment in agricultural infrastructure, such as cold storage and food processing.

Quick Tip

Economic reforms in agriculture aimed at integrating the sector with global markets but posed challenges for small and marginal farmers.

32(b).

Elaborate how the economic reforms process of India impacted the industrial sector.

Solution:

The economic reforms process transformed the industrial sector in the following ways:

- **Liberalization:** Removal of license requirements under the License Raj boosted industrial growth and competition.
- **FDI Inflows:** Reforms facilitated foreign direct investments in manufacturing, improving technology and productivity.
- **Privatization:** Shift towards privatization reduced state control over public enterprises, making industries more efficient.
- **Export-Oriented Growth:** Encouraged industries to focus on exports through special economic zones and trade liberalization.

Quick Tip

Industrial reforms fostered innovation and competition, enabling industries to compete globally while reducing bureaucratic hurdles.

33 *"We are One Earth, One Family, and we share One Future."* is the opening sentence of the G-20 New Delhi Leader's Declaration Statement.

In this statement, the leaders pledged to "resolve to fully and effectively implement the 2030 Agenda and the Sustainable Developmental Goals (SDG's)." The leader's commitments contained in the Declaration statement reflect, "the philosophy of living in harmony with our surrounding ecosystem."

The Declaration recognizes the "Cascading challenges and crisis that have reversed gains" on the 2030 Agenda of SDG's. The leaders "affirm that no country should have to choose between fighting poverty and fighting for our planet."

The leaders resolved to act:

- Accelerate strong, sustainable, balanced, and inclusive growth.
- Accelerate the full and effective implementation of the 2030 Agenda.
- Pursue low-carbon and environmentally sustainable development pathways.
- Pursue reforms for better, comprehensive, and more effective finance avenues.

The leaders commit to "taking collective actions for effective and timely implementation of the G-20 2023 Action Plan to accelerate progress on the SDG's; including through actions on eliminating hunger and malnutrition, strengthening global health and implementation of One Health approach, and delivering quality education."

33(a).
State and discuss the importance of collective fight in achieving SDGs.
Solution:
The collective fight is crucial for achieving SDGs due to the following reasons:

- **Shared Responsibility:** Achieving SDGs requires global efforts as challenges like climate change, poverty, and health crises transcend borders.
- **Pooling Resources:** Collaborative actions enable sharing financial, technological, and human resources, ensuring effective implementation of goals.
- **Addressing Inequities:** Collective actions help address disparities in development, ensuring no country is left behind.
- **Global Stability:** Tackling hunger, education, and health collectively leads to stability and peace worldwide.

Quick Tip

SDGs are interconnected goals that require multi-stakeholder partnerships for effective and lasting impact.

33(b).

Discuss briefly the action plan of G-20 leaders in promoting the 'One Health Approach.'
Solution:
The G-20 leaders' action plan to promote the 'One Health Approach' includes:

- **Global Health Strengthening:** Addressing pandemics, antimicrobial resistance, and zoonotic diseases through coordinated international strategies.
- **Hunger and Malnutrition Elimination:** Initiatives targeting food security and equitable access to nutrition.
- **Environmental Conservation:** Promoting sustainable agricultural practices and reducing environmental degradation to ensure better health.
- **Quality Education:** Investments in education to equip future generations with the knowledge and skills for health and sustainability.

> Quick Tip
>
> The 'One Health Approach' integrates human, animal, and environmental health, recognizing their interdependence.

34(a)(i).
Discuss any two measures initiated by the government to improve agricultural marketing in India.
Solution:
Two measures initiated by the government to improve agricultural marketing are:

- **Establishment of Regulated Markets:** Regulated markets were set up to eliminate middlemen and ensure farmers receive fair prices for their produce.
- **E-NAM Platform:** The government launched the National Agriculture Market (e-NAM), a digital platform to connect farmers with buyers, ensuring transparency and competitive pricing.

> Quick Tip
>
> Agricultural marketing reforms aim to ensure better price realization for farmers and reduce market inefficiencies.

34(a)(ii).
Elaborate the importance of credit in rural development.
Solution:
Credit plays a vital role in rural development in the following ways:

- **Investment in Agriculture:** Credit enables farmers to invest in seeds, fertilizers, irrigation, and technology, boosting agricultural productivity.

- **Rural Infrastructure Development:** Credit facilitates the construction of roads, warehouses, and rural markets, enhancing connectivity and storage facilities.
- **Entrepreneurship Promotion:** Access to credit supports small-scale industries and self-employment opportunities, fostering rural entrepreneurship.

> Quick Tip
>
> Rural credit supports both agricultural and non-agricultural activities, ensuring balanced rural development.

OR

34(b)(i).
'India can transform itself into a knowledge-based economy by using information technology.'
Justify the given statement.
Solution:
Information technology (IT) can transform India into a knowledge-based economy in the following ways:

- **Enhanced Education Access:** IT enables e-learning platforms, bridging the gap between rural and urban education systems.
- **Boosting Research and Innovation:** IT supports data analysis, artificial intelligence, and innovation, fostering advancements in various sectors.
- **Efficient Governance:** IT facilitates e-governance initiatives, improving transparency and citizen engagement.
- **Global Competitiveness:** IT creates opportunities in the global market by strengthening India's service exports and tech industry.

> Quick Tip
>
> A knowledge-based economy relies on innovation, skills, and technology to drive sustainable economic growth.

34(b)(ii).
"It is necessary to generate employment in the formal sector rather than the informal sector."
Justify the given statement with valid arguments.
Solution:
Generating employment in the formal sector is essential for the following reasons:

- **Job Security:** Formal sector jobs provide job security, fixed wages, and social benefits like pensions and insurance.

- **Tax Revenue:** Formal employment increases the taxable base, contributing to government revenue for development projects.
- **Skill Development:** The formal sector focuses on training and skill enhancement, increasing workforce productivity.
- **Economic Stability:** Stable employment in the formal sector reduces income disparities and ensures steady economic growth.

Quick Tip

Formal sector employment promotes social and economic inclusion, ensuring better standards of living for workers.
