

# SAMPLE QUESTION PAPER 4

## Economics

### Instructions

Time : 3 hrs Max. Marks : 80

- This question paper contains two sections  
Section A- Macroeconomics  
Section B- Indian Economic Development
- This paper contains 20 Multiple Choice Questions of 1 Mark each.
- This paper contains 4 Short Answer Questions of 3 Marks each to be answered in 60 to 80 words.
- This paper contains 6 Short Answer Questions of 4 Marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions of 6 Marks each to be answered in 100 to 150 words.

## Section A

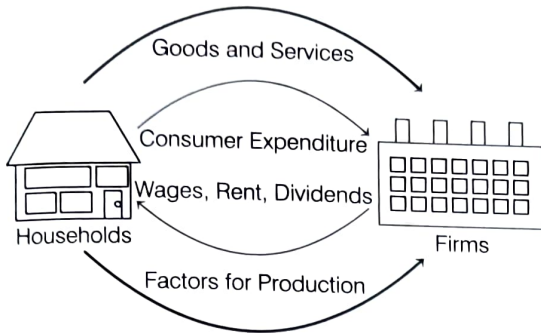
### (Macroeconomics)

- Credit creation by commercial banks is determined by ..... (1)
  - Cash Reserve Ratio (CRR)
  - Statutory Liquidity Ratio (SLR)
  - Initial deposits
  - All of the above
- Choose the correct statement from given below. (1)
  - Balance of trade records the exports and imports of invisible items.
  - A surplus in BoT can rectify the deficit in BoP.
  - Accommodating items are only recorded in capital account of BoP.
  - Import of machinery will be recorded in capital account of BoP.
- Which of the following functions are performed by commercial banks in the economy? (1)
  - Accepting deposits from the public
  - Granting loans and advances
  - Issuing currency notes
  - Providing financial advice and consultancy services

**Codes**

(a) (i) and (ii)	(b) (ii) and (iii)
(c) (iii) and (iv)	(d) (i), (ii) and (iv)
- ..... involves transactions related to transfer of assets in BoP account. (1)
  - Balance of trade account
  - Current account
  - Unilateral transfer account
  - Capital account

5. Analyse the following chart carefully and answer the given question



When money moves out of the circular flow of income, it is known as ..... (1)

- (a) injections
- (b) leakages
- (c) dividends
- (d) None of these

6. Find the missing figures and choose the correct alternatives. (1)

Income (₹)	Consumption (₹)	Average Propensity to Consume (APC)
0	20	—
20	60	... (iii) ...
40	... (ii) ...	2.5
60	140	... (iv) ...
... (i) ...	170	2.125

**Alternatives**

- (a) 100, 100, 1.3, 2
- (b) 70, 100, 3, 1.33
- (c) 80, 100, 3, 2.33
- (d) 110, 90, 2, 3.33

7. **Statement I** According to the theory of Keynesian Economics, the value of the Average Propensity to Consume (APC) can never be zero.

**Statement II** The Keynesian Aggregate Supply is perfectly elastic before the level of full employment is attained. (1)

**Alternatives**

- (a) Statement I is true and Statement II is false
- (b) Statement I is false and Statement II is true
- (c) Both the statements are true
- (d) Both the statements are false

8. "Considering the depreciation of Indian currency (₹) in the international market, the Reserve Bank of Indian (RBI) has decided to purchase Indian currency (₹) in the open market."

This represents ..... exchange rate system.

- (a) fixed (1)
- (b) flexible
- (c) managed floating
- (d) manipulated

9. In case of excess demand, RBI ..... the bank rate or interest rate which makes the credit dear. (1)

- (a) increase
- (b) decrease
- (c) deposit
- (d) None of these

10. Match the following (1)

Column I	Column II
A. AS > AD	(i) Not achievable
B. S < I	(ii) Planned inventory levels increase
C. Over full employment equilibrium	(iii) GDP will rise

**Codes**

- |           |       |      |           |       |      |
|-----------|-------|------|-----------|-------|------|
| A         | B     | C    | A         | B     | C    |
| (a) (iii) | (i)   | (ii) | (b) (iii) | (ii)  | (i)  |
| (c) (ii)  | (iii) | (i)  | (d) (i)   | (iii) | (ii) |

11. Find Net Value Added at Market Price. (3)

S.No.	Items	₹ (in lakhs)
(i)	Fixed capital good with a life span of 5 years	30
(ii)	Raw materials	12
(iii)	Sales	50
(iv)	Net change-in-stock	(-) 4
(v)	Taxes on production	2

Or Explain how 'distribution of gross domestic product' is a limitation in taking gross domestic product as an index of welfare.

12. "Indian rupee (₹) plunged to all time low of ₹ 83.34 against the US Dollar (\$)". In the light of the above statement, discuss the impact of the situation of Indian import. (3)

13. The saving function of an economy is given as  $S = -250 + 0.25Y$

If the planned investment is ₹ 100 crore, calculate the following

- (i) Equilibrium level of income in the economy.
- (ii) Aggregate demand at income of ₹ 300 crores. (4)

14. Define frictional and structural unemployment. (4)
15. "Now-a-days, people are using debit and credit cards for monetary transactions". As per your opinion, is credit card a form of money. (4)

Or

Government of India has launched 'Jan-Dhan Yojana' aimed at every household to have atleast one bank account due to which credit creation capacity of banks has expanded manifold. Comment.

16. (i) Explain how 'Non-monetary exchanges' act as a limitation in taking GDP as an index of welfare. (3)
- (ii) Explain the treatment assigned to the following while estimating national income. Give reasons.
- (a) Family members working free on the farm owned by the family
- (b) Rent free house from an employer (3)

## Section B

### (Indian Economic Development)

18. The main objective of the zamindars during the land settlement system was to (1)
- (a) improve the economic condition of the cultivators
- (b) improve the crop yield by making significant contributions in technology and fertilisers usage
- (c) collect rent with no interest in the economic condition of the cultivators
- (d) cooperate with colonial government to improve the condition of agriculture
19. .... means designing and shaping the socio-economic processes in such a way so as to achieve an objective. (1)
- (a) Economic growth
- (b) Economic development
- (c) Economic planning
- (d) Economic process

Or (i) On the basis of the given information, calculate the value of

- (a)  $GVA_{MP}$
- (b)  $NVA_{FC}$

S.No.	Items
(i)	Consumption of fixed capital
(ii)	Import duty
(iii)	Output sold (units)
(iv)	Price per unit of output
(v)	Net change in stocks
(vi)	Intermediate cost
(vii)	Subsidy

(ii) What is GDP deflator?

17. (i) "The government budget plays a crucial role in influencing the overall economic activity and achieving macroeconomic objectives". Explain the concept of the government budget and its significance in influencing the economy and achieving macroeconomic objectives.
- (ii) The government of a country is operating on 'Zero primary deficit' and also follows 'Reallocation of resources as an objective of budget'. Explain the above two concepts.

20. Arrange the given events in chronological order and choose the correct alternative
- (i) Great proletarian cultural revolution
- (ii) Great leap forward campaign
- (iii) Introduction of economic reforms
- (iv) First five year plan

**Codes**

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

21. Identify, which of the following are associated with the problem of human capital formation in India?
- (i) Brain drain
- (ii) Low academic standards
- (iii) Rising population
- (iv) Changes in social outlook

**Codes**

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

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- Or (i) On the basis of the given information, calculate the value of
- (a)  $GVA_{MP}$
- (b)  $NVA_{FC}$

S.No.	Items	₹ (in crores)
(i)	Consumption of fixed capital	800
(ii)	Import duty	400
(iii)	Output sold (units)	2,000
(iv)	Price per unit of output	10
(v)	Net change in stocks	(-150)
(vi)	Intermediate cost	10,000
(vii)	Subsidy	500

- (ii) What is GDP deflator?
17. (i) "The government budget plays a crucial role in influencing the overall economic activity and achieving macroeconomic objectives". Explain the concept of the government budget and its significance in influencing the economy and achieving macroeconomic objectives. (3)
- (ii) The government of a country is operating on 'Zero primary deficit' and also follows 'Re-allocation of resources as an objective of budget'. Explain the above two concepts. (3)

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

**22. Choose the correct pair** (1)

Column I	Column II
A. Voluntary unemployment	(i) Worker is willing to work but is not getting work
B. Involuntary unemployment	(ii) Worker is not willing to work at existing wage rate
C. Frictional unemployment	(iii) A worker is not getting work in a particular season
D. Disguised unemployment	(iv) Marginal productivity of a worker is zero

**Codes**

- (a) A-(i)
- (b) B-(ii)
- (c) C-(iii)
- (d) D-(iv)

**23. Statement I** Institutional credit availability is imperative for development of rural areas.

**Statement II** Reserve Bank of India is the apex institution in rural banking to regulate the banking system. (1)

**Alternatives**

- (a) Statement I is true and Statement II is false
- (b) Statement II is true and Statement I is false
- (c) Both the statements are true
- (d) Both the statements are false

**24. What does the picture indicate about Indian economy on the eve of independence?** (1)



- (a) Low productivity
- (b) Traditional methods of farming
- (c) Lower yield of production
- (d) All of the above

**25. The maximum number of individual that can be supported by a given environment is known as .....** (1)

- (a) biotic potential
- (b) environmental resistance
- (c) carrying capacity
- (d) population size

**26. .... is a system of farming that maintains, enhances and restore the ecological balance.** (1)

- (a) Agriculture
- (b) Cooperative farming
- (c) Organic farming
- (d) All of the above

**27. Assertion (A)** India, Pakistan and China have started planning their developmental strategies in the same way.

**Reason (R)** India, China and Pakistan have started working on their developmental plans at the same time. (1)

**Alternatives**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true, but 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

**28. "Human resource is the main economic factor". Discuss.** (3)

**29. "In recent times, the Indian economy has experienced the problem of casualisation of the workforce. This problem has only been aggravated by the outbreak of Covid-19."**

Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement. (3)

Or "The Prime Minister urged to increase the rural income by increasing non-farm activities."

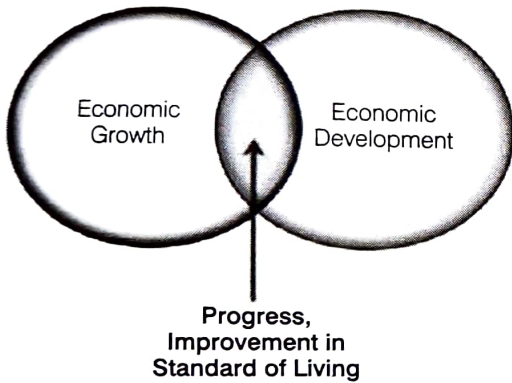
Explain how non-farm activities can lead to rise in income of people in rural sector.

30. "Sustainable development is a paradigm shift in development thinking". Comment. (4)
31. "India is often called as outsourcing destination of the world." Discuss the prime reasons for this name given to India. (4)

Or

State and elaborate whether the following statements are true or false with valid arguments

- (i) During independence, 90% of working population was engaged in manufacturing unit
- (ii) Green revolution is related to food grains
32. Based on the image given below, explain the role of economic growth, economic development and human capital formation. (4)



- (i) Discuss briefly, the rationale behind "equity with growth" as planning objectives for Indian economy. (3)
- (ii) "Institutional reforms such as land reforms has played a significant role in transforming Indian agriculture." Defend or refute the given statement with valid reason. (3)

Or

- (i) "Economic planning plays a crucial role in the development of the Indian economy". Explain the concept of economic planning and its significance in the context of Indian economic development.
- (ii) "Liberalisation and globalisation have had a significant impact on the Indian economy".

Discuss the key features of liberalisation and globalisation and their effects on Indian economy.

34. **Sino-Pak Friendship Corridor**  
**The China-Pakistan Economic Corridor** (CPEC) has deepened the decades-long strategic relationship between the two nations.

But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its debt-trap diplomacy to gain access to strategic assets of Pakistan. The foundations of CPEC, part of China's Belt and Road Initiative, were laid in May, 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan's economy.

Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC's early harvest projects met this need, leading to a dramatic increase in Pakistan's power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralysed its country's economy. Years later, China's influence in Pakistan has increased at an unimaginable pace.

**China as Pakistan's Largest Bilateral Creditor** China's ability to exert influence on Pakistan's economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad's largest creditor. According to documents released by Pakistan's finance ministry, Pakistan's total public and publicly guaranteed external debt stood at \$ 44.35 billion in June 2013, just 9.3

percent of which was owed to China. By April 2021, this external debt had ballooned to \$ 90.12 billion, with Pakistan owing 27.4 percent—\$ 24.7 billion—of its total external debt to China, according to the International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding North-South connectivity to improve the efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (POK).

These investments were critical in better integrating the country's ports, especially Karachi, with urban centers in Punjab and Khyber-Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the long-term socio-economic welfare of Pakistani citizens.

**Source** (<https://www.usip.org/publications/2021/05/pakistans-growing-problem-its-china-economic-corridor-modified>)

- (i) Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan. (2)
- (ii) Analyse the implication of bilateral 'debt-trap' situation of Pakistan vis-a-vis the Chinese economy. (4)

## Answers

1. (d) Credit creation by commercial bank depends upon the initial deposits and LRR. LRR consists of SLR and CRR.
2. (c) Accommodating items are only recorded in capital account of BoP.
3. (a) (i) and (ii)
4. (d) Capital account
5. (b) leakages
6. (c) (i)  $APC = \frac{C}{Y}$ ;  $2.125 = \frac{170}{Y}$ ;  $Y = 80$   
 (ii)  $APC = \frac{C}{Y}$ ;  $2.5 = \frac{C}{40}$ ;  $C = 100$   
 (iii)  $APC = \frac{C}{Y}$ ;  $APC = \frac{60}{20}$ ;  $APC = 3$   
 (iv)  $APC = \frac{C}{Y}$ ;  $APC = \frac{140}{60}$ ;  $APC = 2.33$
7. (c) Both the statements are true
8. (c) managed floating
9. (a) increase
10. (b) (iii) (ii) (i)
11. Net Value Added at Market Price ( $NVA_{MP}$ )  
 = Sales + Net Change-in-stock – Raw Materials  
 – Depreciation on Fixed Capital Good  
 =  $50 + (-4) - 12 - 6 = ₹ 28$  lakh  
**Note** Depreciation on Fixed Capital Good  
 =  $\frac{\text{Value of Fixed Capital Good}}{\text{Life Span}} = \frac{30}{5} = ₹ 6$  lakh

Or Even if the Gross Domestic Product (GDP) of a country is rising significantly, it may not necessarily indicate welfare. This is because the rise in GDP may be concentrated in the hands of very few individuals or firms. It means the gap between the rich and poor is widening due to these inequalities in the distribution of income. So, it can be concluded that welfare of the common people does not rise with the rise in GDP.

12. As the price of Indian rupee reached to its highest, this shows that the value of Indian rupee is falling as compared with USD. Also, due to depreciation of rupee, Indians will find imported goods costlier. So, our imports will decrease and at the same time, exports from India will become cheaper for foreigners, leading to increase in exports.
13. (i) At the point of equilibrium,  
 Saving = Investment ( $S = I$ )  
 $-10 + 0.20Y = 100$   
 $0.20Y = 100 + 10$   
 $0.20Y = 110$   
 $Y = \frac{110}{0.20} = 550$   
 Equilibrium level of income = ₹ 550 crore (2)
- (ii) AD at income level ₹ 300 crore will be  
 $AD = C + I$   
 $AD = 10 + (1 - 0.20)(300) + 100$   
 $AD = 10 + 0.80 \times 300 + 100$   
 $AD = 10 + 340 = ₹ 350$  crore (2)

**14. Frictional Unemployment** It is the unemployment associated with the changing of jobs in dynamic economy. It arises due to immobility of labour, shortage of raw material, lack of information regarding opportunities of employment, etc.

**Structural Unemployment** It is the unemployment that results from the long-term decline of certain industries. It is associated with the structural changes in the economy. It arises due to shortage of capital, land, trained labour and updated technique.

**15.** No, credit card is not money, as money is what we pay for goods and services but credit signifies owing money by the borrowers. e.g. If you buy a washing machine using credit card, it means you are owing money to the bank which issued the credit card in order to facilitate the monetary transaction and later on, it collects the cash back when you pay-off your financial liability.

Thus, credit card is not a form of money, but it is an instrument which is used by the people as a medium of exchange at the time of financial transactions. However, credit cards are considered as near money as they perform several other functions of money.

Or With the introduction of 'Jan-Dhan Yojana', many households have opened bank account. Due to this, primary deposits of commercial banks have increased. Banks create credit on the basis of primary or initial deposits. Higher the primary deposits, higher is the credit creation capacity of commercial banks and vice-versa.

Now, with implementation of 'Jan-Dhan Yojana', since primary deposits have increased, reserves of bank to create credit has also increased. Therefore, credit creation capacity of commercial banks has increased manifold.

### Value Points

For getting maximum marks, following value points can be included in the answer

- Credit creation capacity of banks.
- Banking reserves.

- 16.** (i) Non-monetary exchanges act as a limitation in taking GDP as an index of welfare due to following reasons
- GDP measures only economic value of the current productive activity of a country.
  - There are many activities which are not evaluated in monetary terms. In India, non-monetary transactions are present in rural areas where payments for farm labourers are made in kind rather than cash. But such transactions are not recorded.
  - Even while producing goods and services, lot of human cost is also involved. For example, sacrificing leisure hours by working but this is never included in total cost.

(d) Therefore, GDP remains underestimated and hence loses its appropriateness as an index of welfare.

(ii) (a) Family members working free on the farm owned by the family are engaged in the value addition process.

Imputed value of their farm output is included in the estimation of national income.

Accordingly, income generated by the farming family would be treated as mixed income of self-employed, which includes compensation of labour.

(1.5)

(b) Rent free house from an employer is included in the estimation of national income because it is a kind of wages in kind and therefore, a part of compensation of employees.

(1.5)

**Common Mistake** Students sometimes misunderstand about non-monetary exchanges and answer this question by writing about cashless transactions that are recorded, but non-monetary exchanges are those transactions which are made in cashless forms and are unrecorded.

Or (i) (a)  $\text{Sales} = \text{Output Sold} \times \text{Price Per Unit}$   
 $= 2,000 \times 10 = ₹ 20,000 \text{ crore}$

Now,  $\text{Value of Output} = \text{Sales} + \text{Change in Stocks}$   
 $= 20,000 + (-50) = ₹ 19,950 \text{ crore}$

$\text{GVA}_{\text{MP}} = \text{Value of Output} - \text{Intermediate Cost}$   
 $= 19,950 - 10,000 = ₹ 9,950 \text{ crore}$

(b)  $\text{NVA}_{\text{FC}} = \text{GVA}_{\text{MP}} - \text{Consumption of Fixed Capital} - \text{Net Indirect Tax}$   
 $= 9,950 - 600 - (400 - 500)$

(Where, Net Indirect Tax = Import Duty - Subsidies)

$\text{NVA}_{\text{FC}} = ₹ 9,450 \text{ crore}$

(ii) It is the ratio of Nominal GDP to Real GDP. It measures average price changes in all goods and services that add upto GDP.

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$$

**17.** (i) The government budget is a financial plan outlining revenue and expenditure. It plays a crucial role in influencing the economy and achieving macroeconomic objectives. Through expenditure and taxation policies, the budget impacts aggregate demand, employment, and economic growth.

It allocates resources to priority sector like infrastructure and education, supporting long-term development. The budget also regulates disposable income and consumption through taxation.



Overall, the government budget serves as a policy tool for promoting stable growth, price stability and equitable resource distribution in the economy.

- (ii) **Zero Primary Deficit** It means that the government has to resort to borrowing only to fulfil its earlier commitments of interest payments. It is not adding to the existing loans for the purpose other than meeting its existing obligation of interest payments

It is a sign of fiscal discipline or fiscal responsibility on the part of the government. High primary deficit, on the other hand, reflects fiscal irresponsibility of the government.

**Reallocation of Resources** Government budget can impact re-allocation of resources through its budgetary policy of carrots and sticks. Carrots mean incentives while sticks mean punishment or penalties. In its budget, the government can decide to raise taxes (stick) on commodities, the production of which, it wants to discourage.

On the other hand, it can offer subsidies (carrots) on commodities, the production of which it likes to encourage.

Such a policy is expected to shift the allocation of resources in favour of socially desirable goods and services.

### Value Points

For getting maximum marks, following value points can be included in the answer

- Fiscal responsibility and irresponsibility.
- Changes in taxes and subsidies.

18. (c) Zamindars did nothing to improve the condition of agriculture and focused on the collection of rent which caused immense misery and social tension for the cultivators.
19. (c) It means utilisation of nation's resources across different development activities in accordance with the national objectives.
20. (b) (iv), (ii), (i), (iii)
21. (b) (i), (ii) and (iii)                      22. (d) D-(iv)
23. (a) National Bank for Agricultural and Rural Development (NABARD) is set up as an apex body to regulate and develop rural banking.
24. (b) Traditional methods of farming
25. (c) carrying capacity
26. (c) Organic farming
27. (b) China announced its first five year plan in 1953. India and Pakistan adopted similar strategies such as creating a large public sector and raising public expenditure on social development. Till the 1980s all the three countries have similar growth rate and per capita income.

28. Human resource is the main important economic factor than all the other factors of production, viz land, labour, capital and organisation, because it is the only factor which is active. All the other factors are inactive.

In the absence of human resource, production in an economy will come to a stand still. Therefore, it is correctly said that human resource is the main economic factor.

29. The given statement is quite appropriate with reference to the 'casualisation of labour' in India. (1)  
This is because of the following disadvantages of casualisation of the workforce

- (i) For casual workers, the rights of the labour are not properly protected by labour laws. Particularly, during pandemic times, as demand for goods and services fell the casual workers were left jobless, without any compensation or support.
- (ii) During the Covid-19 lockdown, millions of casual workers lost their jobs, raising the question of their survival. Also, additional health expenditure added to their troubles. If such workers had been working under the formal sector, it would have given them some respite in their difficult times. Thus, this had led to increase in the problem further. (2)

Or Non-farm activities can lead to rise in income of people in rural sector in the following ways

- (i) **Animal Husbandry** It is that branch of agriculture which is concerned with breeding, rearing and caring for farm animals. Under livestock farming, cattle, goats and fowls are the widely held species.  
Livestock production provides increased stability in income, food security, transport and nutrition for the family. Livestock sector provides alternate livelihood option to over 70 million small farmers including landless labourers.
- (ii) **Horticulture** It refers to the science or art of cultivating fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants. These crops play a vital role in providing food and nutrition besides addressing employment concerns. It contributes nearly 1/3 rd of the value of agricultural output and 6% of GDP in India.
- (iii) **Fisheries** It refers to the occupation devoted to the catching and processing of selling of fish and other aquatic animals. The water bodies consisting of sea, oceans, rivers etc. are considered as mother or provider as they provide life giving source to the fishing community. The total fish production accounts for 0.8% of the total GDP. West Bengal, Andhra Pradesh, Kerala, Gujarat, Maharashtra and Tamil Nadu are major fishing producing states.

**Common Mistake**

Students sometimes confuse non-farm activities with non-agricultural activities and mistakenly write non-agricultural activities like manufacturing. However, non-farm activities include animal husbandry, horticulture, fisheries etc.

30. Sustainable development implies meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life, without compromising on the needs of future.

The strategies for sustainable development imply the use of non-conventional sources of energy to minimise the adverse environmental impacts.

Promotion of natural resources, conservation, preserving regenerative capacity of ecological system and avoiding the imposition of environmental rules on future generations would lead to sustainable development.

31. Countries like India has become favourites outsourcing destination in the world, due to the following reasons

- (i) **Availability of Cheap Labour** India is a country with large population. Labour in India is available at low wage rates. This helps foreign companies in reducing cost of operation by outsourcing their business processes in India.
- (ii) **Skill and Accuracy** India has a wide pool of talent in form of educated and trained youth who have required skill and can work with accuracy in business process.
- (iii) **Continuity and Risk Management** Outsourcing will provide a level of continuity to the company, while reducing the risk that a substandard level of operation would bring to the company.

Or

- (i) False. During independence, only a small proportion of population was employed in manufacturing sector, Nearly 10% of the total workforce was engaged in manufacturing and industrial sector. (2)
  - (ii) True. The need for introduction of green revolution in India arose due to a shortage of food-grains in the post independent period. The government in the post independent India wanted to ensure self-dependence in terms of food-grain production. (2)
32. The process of human capital formation is responsible for economic and human development of the individuals, society and of any country. Human capital formation increases the economic prosperity of the individual by generating more job opportunities.

The economic prosperity brings social equality in society

Human capital in the economy manages the largest portion of the national wealth

Hence, all researchers consider that human capital is the most important resource of the community, which is more powerful than nature or wealth. In most countries, human capital determines the pace of development, economic, technological and scientific progress

33. (i) Equity with growth improve the standard of living of weaker sections of society and reduce the inequalities.

Economic growth (in term of GDP growth) can become a meaningless exercise if the benefits of it accrue to only a handful of people in the society.

Benefits of growth must spread across larger sections of the society, so that the distribution of income becomes equitable. Equity (in terms of equitable distribution) implies social justice and economic growth must be combined with social justice.

That is why, planning in India, focuses not merely on economic growth, but on growth with social justice.

- (ii) I defend the given statement. After independence the government of India took several institutional land reforms to ensure transformation of Indian agriculture such as

(a) **Abolition of Intermediaries** The first and the most important action taken by the government is the removal of intermediaries. The basis idea behind this step was that ownership of land would give incentives to the actual tillers to make improvements. This policy brought 200 lakh tenants into direct contact with the government

(b) **Land Ceiling** It refers to fixing the maximum amount of land, which could be owned by an individual.

In order to promote equity in the agriculture sector, the government specified the maximum limit of land that any individual can hold.

(c) **Consolidation of Holdings** It refers to a practice to allot land to the farmer at one place as a replacement for his scattered holdings here and there.

Moreover, small and scattered land is now converted into a big piece of land, so that modern and innovative technology can be applied, which will increase the productivity.

**Common Mistake**

Students sometimes confuse non-farm activities with non-agricultural activities and mistakenly write non-agricultural activities like manufacturing. However, non-farm activities include animal husbandry, horticulture, fisheries etc.

30. Sustainable development implies meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life, without compromising on the needs of future.

The strategies for sustainable development imply the use of non-conventional sources of energy to minimise the adverse environmental impacts.

Promotion of natural resources, conservation, preserving regenerative capacity of ecological system and avoiding the imposition of environmental rules on future generations would lead to sustainable development.

31. Countries like India has become favourites outsourcing destination in the world, due to the following reasons

- (i) **Availability of Cheap Labour** India is a country with large population. Labour in India is available at low wage rates. This helps foreign companies in reducing cost of operation by outsourcing their business processes in India.
- (ii) **Skill and Accuracy** India has a wide pool of talent in form of educated and trained youth who have required skill and can work with accuracy in business process.
- (iii) **Continuity and Risk Management** Outsourcing will provide a level of continuity to the company, while reducing the risk that a substandard level of operation would bring to the company.

Or

- (i) False. During independence, only a small proportion of population was employed in manufacturing sector, Nearly 10% of the total workforce was engaged in manufacturing and industrial sector. (2)
- (ii) True. The need for introduction of green revolution in India arose due to a shortage of food-grains in the post independent period. The government in the post independent India wanted to ensure self-dependence in terms of food-grain production. (2)

32. The process of human capital formation is responsible for economic and human development of the individuals, society and of any country. Human capital formation increases the economic prosperity of the individual by generating more job opportunities.

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Moreover, small and scattered land is now converted into a big piece of land, so that modern and innovative technology can be applied, which will increase the productivity.

Or (i) Economic planning is a systematic process of setting economic goals and implementing strategies to achieve them. In the context of Indian economic development, it holds immense significance.

Economic planning enables resource allocation, promotes balanced growth and reduces income inequalities. It helps in infrastructure development, industrialisation and poverty alleviation.

Additionally, it facilitates the efficient utilisation of resources, boosts employment opportunities and ensures sustainable development. Thus, economic planning plays a vital role in guiding and shaping the Indian economy towards inclusive and equitable growth.

(ii) Liberalisation and globalisation have had a profound impact on the Indian economy. Liberalisation refers to the relaxation of government regulations and policies, promoting free-market competition and private sector participation.

This shift opened up various sectors, attracting foreign investments, enhancing productivity and fostering technological advancements. Globalisation, on the other hand, refers to increased economic integration and inter-connectedness with the world economy. It has facilitated trade liberalisation,

boosted exports and attracted foreign direct investment. These reforms have led to significant economic growth, increased employment opportunities, improved living standard and expanded consumer choices in India.

34. (i) Economic advantages of China Pakistan Economic Corridor (CPEC) to the economy of Pakistan are

(a) China provided financial and technical expertise to help Pakistan build its road infrastructure, supporting employment and income in the economy

(b) CPEC has led to a massive increase in power generation capacity of Pakistan. It has brought an end to supply-side constraints in the nation, which had made blackouts a regular phenomenon across the country.

(ii) China has become famous for its 'Debt-trap Diplomacy' in recent times. Under this, China provides financial and technical expertise/ assistance to help various nations to bring them under its direct or indirect influence. The first and the foremost implication of the diplomacy is that Beijing has now become Islamabad's largest creditor.

According to documents released by Pakistan's finance ministry, its total public external debt stood at \$ 44.35 billion in June 2013, just 9.3 percent of which was owed to China.

By April 2021, this external debt had ballooned to \$ 90.12 billion, with Pakistan owing 27.4 percent —\$ 24.7 billion — of its total external debt to China, according to the IMF. This clearly indicates diplomacy.