

QUESTION BANK

QUESTIONS FROM CBSE QUESTION PAPER, YEAR- 2023, 2024, 2025

CLASS – <XII>

<ECONOMICS> (CODE : <030>)

PART – A - MACROECONOMICS

UNIT 1 – <NATIONAL INCOME AN RELATED AGGREGATES>

	< 1 > MARK QUESTIONS	MAIN/ COMPTT.																				
1.	To arrive at the value of Net Value Added at Market Price (NVAMP), _____ must be _____ to/from Gross Value Added at Market Price (GVA _{MP}). (Choose the correct option to fill in the blanks) (A) depreciation, added (B) depreciation, subtracted (C) net indirect taxes, subtracted (D) net indirect taxes, added	MAIN 2025																				
Ans	(B) depreciation, subtracted																					
2.	Identify, which of the following is not considered as 'Normal Resident' of India? (A) An Indian citizen working in U.S.A. embassy located at New Delhi. (B) An Indian officials working in Indian embassy in China. (C) An Indian diplomats visiting Canada for a summit. (D) An Indian working in an American Company located in New York for a period of more than 1 year.	MAIN 2024																				
Ans	(D) An Indian working in USA for more than 1 year																					
3.	From the statements given in Column I and Column II, choose the correct pair. <table border="1"><thead><tr><th></th><th>Column I</th><th></th><th>Column II</th></tr></thead><tbody><tr><td>A.</td><td>Vegetable grown in the Personal garde</td><td>(i)</td><td>Non marketing activity</td></tr><tr><td>B.</td><td>A car used as a taxi</td><td>(ii)</td><td>Consumer good</td></tr><tr><td>C.</td><td>An air-conditioner used by household</td><td>(iii)</td><td>Capital good</td></tr><tr><td>D.</td><td>Scholarship given to students by government</td><td>(iv)</td><td>Factor income</td></tr></tbody></table> Alternatives: (a) A-(i) (b) B-(ii) (c) C-(iii) (d) D-(iv)		Column I		Column II	A.	Vegetable grown in the Personal garde	(i)	Non marketing activity	B.	A car used as a taxi	(ii)	Consumer good	C.	An air-conditioner used by household	(iii)	Capital good	D.	Scholarship given to students by government	(iv)	Factor income	MAIN 2023
	Column I		Column II																			
A.	Vegetable grown in the Personal garde	(i)	Non marketing activity																			
B.	A car used as a taxi	(ii)	Consumer good																			
C.	An air-conditioner used by household	(iii)	Capital good																			
D.	Scholarship given to students by government	(iv)	Factor income																			
Ans	(a) A–(i)																					
4.	Complete the table: <table border="1"><thead><tr><th>Prod ucer</th><th>Value of output</th><th>Intermediate Consumption</th><th>Value Added</th></tr></thead><tbody><tr><td>Farmer</td><td>2000</td><td>-</td><td>2000</td></tr><tr><td>Baker</td><td>__ (i) __</td><td>2000</td><td>2000</td></tr><tr><td>Retail Seller</td><td>4,400</td><td>__ (iii) __</td><td>400</td></tr><tr><td>Total</td><td>__ (ii) __</td><td>6,000</td><td>__ (iv) __</td></tr></tbody></table> Alternatives: (a) 4000, 10400, 4000, 4000 (b) 4000, 10400, 4000, 4400 (c) 2000, 6000, 6000, 4400 (d) 4000, 10400, 6000, 4000	Prod ucer	Value of output	Intermediate Consumption	Value Added	Farmer	2000	-	2000	Baker	__ (i) __	2000	2000	Retail Seller	4,400	__ (iii) __	400	Total	__ (ii) __	6,000	__ (iv) __	MAIN 2023
Prod ucer	Value of output	Intermediate Consumption	Value Added																			
Farmer	2000	-	2000																			
Baker	__ (i) __	2000	2000																			
Retail Seller	4,400	__ (iii) __	400																			
Total	__ (ii) __	6,000	__ (iv) __																			

Ans	(b) 4000, 10400, 4000, 4400										
	< 3 > MARK QUESTIONS										
1	State the steps pertaining to the estimation of National Income, under the Income Method.	MAIN 2025									
Value points	<p>Ans. Steps pertaining to the estimation of National Income under the Income method:</p> <ol style="list-style-type: none"> 1. Identify and classify production units into distinct heads namely primary, secondary and tertiary sector. 2. Estimate and classify the factor income in different categories as Compensation of Employees, Operating Surplus and Mixed Income. The sum of factor income represents the contribution of the sectors to Domestic Income (NDP_{FC}). 3. Finally, estimate and add the value of Net Factor Income from Abroad (NFIA) to arrive at National Income (NNP_{FC}). 										
2.	<p>On the basis of the following hypothetical data, calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022-23, using 2020-21 as the base year.</p> <table border="1"> <thead> <tr> <th>Year</th><th>Nominal GDP</th><th>Nominal GDP (Adjusted to base year price)</th></tr> </thead> <tbody> <tr> <td>2020-21</td><td>3,000</td><td>5,000</td></tr> <tr> <td>2022-23</td><td>4,000</td><td>6,000</td></tr> </tbody> </table>	Year	Nominal GDP	Nominal GDP (Adjusted to base year price)	2020-21	3,000	5,000	2022-23	4,000	6,000	MAIN 2025
Year	Nominal GDP	Nominal GDP (Adjusted to base year price)									
2020-21	3,000	5,000									
2022-23	4,000	6,000									
Value points	<p>Percentage change in Real Gross Domestic Product (GDP) in the year 2022-23</p> $= \frac{\text{change in real GDP}}{\text{Real GDP}} \times 100$ $= \frac{6000-5000}{5000} \times 100$ $= 20\%$										
3.	State the steps pertaining to the estimation of National Income, under the Expenditure Method.	MAIN 2025									
Value points	<p>Steps pertaining to the estimation of National Income under the Expenditure method are:</p> <ol style="list-style-type: none"> 1. Identify and classify all the economic units incurring final expenditure as Households, Firms, Government and rest of the world. 2. Estimate and classify the final expenditure incurred by the economic units as Private Final Consumption Expenditure (PFCE), Government Final Consumption Expenditure (GFCE), Gross Domestic Capital Formation (GDCF) and Net Exports (X-M). The sum total of four components of final expenditure represents Gross Domestic Product at Market Price (GDP_{MP}). 3. Finally, estimate and subtract the value of Depreciation and Net Indirect Taxes and add the value of Net Factor Income from Abroad (NFIA) to arrive at National Income (NNP_{FC}). 										
4.	State the steps pertaining to the estimation of National Income, under the Value Added Method	MAIN 2025									
Value points	<p>Steps pertaining to the estimation of National Income under the Value Added method:</p> <ol style="list-style-type: none"> 1. Identify and classify production units into distinct heads namely primary, secondary, and tertiary sector. 2. Estimate the Gross Value Added of each sector by subtracting the value of Intermediate Consumption from the Value of Output and add Gross Value Added of each sector to arrive at Gross Domestic Product at Market Price. 3. Finally, estimate and deduct the value of Depreciation, Net Indirect Taxes and add 										

	Net Factor Income from Abroad to arrive at National Income (NNP_{FC}).																						
5.	<p>Calculate Net Value Added at Factor Cost (NVA_{FC}) from the following data:</p> <table border="1"> <thead> <tr> <th>S. No.</th><th>Particulars</th><th>Amount (in ₹ lakh)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Fixed capital goods (expected life span - 5 years)</td><td>15</td></tr> <tr> <td>(ii)</td><td>Domestic Sales</td><td>200</td></tr> <tr> <td>(iii)</td><td>Change in stock</td><td>(-)10</td></tr> <tr> <td>(iv)</td><td>Exports</td><td>10</td></tr> <tr> <td>(v)</td><td>Single use producer goods</td><td>120</td></tr> <tr> <td>(vi)</td><td>Net indirect taxes</td><td>20</td></tr> </tbody> </table>	S. No.	Particulars	Amount (in ₹ lakh)	(i)	Fixed capital goods (expected life span - 5 years)	15	(ii)	Domestic Sales	200	(iii)	Change in stock	(-)10	(iv)	Exports	10	(v)	Single use producer goods	120	(vi)	Net indirect taxes	20	MAIN 2024
S. No.	Particulars	Amount (in ₹ lakh)																					
(i)	Fixed capital goods (expected life span - 5 years)	15																					
(ii)	Domestic Sales	200																					
(iii)	Change in stock	(-)10																					
(iv)	Exports	10																					
(v)	Single use producer goods	120																					
(vi)	Net indirect taxes	20																					
Value points	<p>Depreciation on fixed capital goods = $\frac{\text{Fixed capital}}{\text{expected life span}} = \frac{15}{5} = 3$</p> <p>Net Value Added at Factor Cost (NVA_{FC}) = (ii) + (iv) + (iii) – (v) - Depreciation – (vi) $= 200 + 10 + (-10) - 120 - (3) - 20$ $= ₹ 57 \text{ lakh}$</p>																						
6.	<p>From the following data, estimate the value of Net Indirect Taxes (NIT):</p> <table border="1"> <thead> <tr> <th>S. No.</th><th>Particulars</th><th>Amount (in ₹ lakh)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Net National Product at Market Price (NNP_{MP})</td><td>1,400</td></tr> <tr> <td>(ii)</td><td>Net Factor Income from abroad</td><td>(-)20</td></tr> <tr> <td>(iii)</td><td>Gross National Product at Factor Cost (GNP_{FC})</td><td>1,300</td></tr> <tr> <td>(iv)</td><td>Consumption of Fixed Capital</td><td>100</td></tr> </tbody> </table>	S. No.	Particulars	Amount (in ₹ lakh)	(i)	Net National Product at Market Price (NNP_{MP})	1,400	(ii)	Net Factor Income from abroad	(-)20	(iii)	Gross National Product at Factor Cost (GNP_{FC})	1,300	(iv)	Consumption of Fixed Capital	100	MAIN 2024						
S. No.	Particulars	Amount (in ₹ lakh)																					
(i)	Net National Product at Market Price (NNP_{MP})	1,400																					
(ii)	Net Factor Income from abroad	(-)20																					
(iii)	Gross National Product at Factor Cost (GNP_{FC})	1,300																					
(iv)	Consumption of Fixed Capital	100																					
Value points	<p>Net Indirect Taxes = (i) + (iv) – (iii) $= 1,400 + 100 - 1,300$ $= ₹ 200 \text{ crore}$</p>																						
7.	<p>Suppose only one Good 'X' is produced in the country. Output of Good X during year 2018 and 2019 were 100 units and 110 units respectively. The market price of the product during the two years was ₹ 50 and ₹ 55 per unit respectively.</p> <p>Calculate the percentage change in Real Gross Domestic Product (GDP) in year 2019 using 2018 as the base year.</p>	MAIN 2023																					
Value points	<p>Percentage (%) Change in Real GDP = $\frac{\text{Change } (\Delta) \text{ in Real GDP}}{\text{Base Year Real GDP}} \times 100$ $= \frac{5,500 - 5,000}{5,000} \times 100$ $= 10\%$</p>																						
	< 6 > MARK QUESTIONS																						
1.	<p>(i) Suppose, there are only three firms in a hypothetical economy, viz. A, B and C. During a given period of time, the following transactions were undertaken by them: (I) Firm A sold goods worth ₹ 2,000 to Firm B and ₹ 1,200 to Firm C. (II) Firm B sold goods worth ₹ 1,100 to Firm A and ₹ 3,500 to Firm C.</p>	<p>MAIN 2025</p> <p>4 MARKS</p>																					

	<p>(III) Firm C sold to households for final consumption, goods worth ₹ 5,700.</p> <p>Estimate the value of Net Domestic Product at Market Price (NDPMP), assuming depreciation to be ₹ 120.</p> <p>(ii) Explain the likely impact of construction of 2000 new schools providing high-quality education in a nation on Gross Domestic Product and Welfare in an economy</p>	2 MARKS																								
Value points	<p>(i)</p> <table><tr><th>Firms</th><th>Value of Output (in ₹) (i)</th><th>Intermediate Consumption (in ₹) (ii)</th><th>Gross Value Added (in ₹) {(i)-(ii)}</th></tr><tr><td>A</td><td>2,000 + 1,200</td><td>1,100</td><td>2,100</td></tr><tr><td>B</td><td>1,100 + 3,500</td><td>2,000</td><td>2,600</td></tr><tr><td>C</td><td>5,700</td><td>1,200 + 3,500</td><td>1,000</td></tr><tr><td></td><td>13,500</td><td>7,800</td><td>5,700</td></tr><tr><td colspan="3">Gross Domestic Product at Market Price (GDP_{MP})</td><td></td></tr></table> <p>Net Domestic Product at Market Price (NDP_{MP}) = GDP_{MP} – Depreciation = 5,700 – 120 = ₹ 5,580</p> <p>Gross Domestic Product at Factor Cost (GDP_{FC}) = GDP_{MP} – Net Indirect Taxes = 5,700 – 240 = ₹ 5,460</p> <p>(ii) The construction of 2,000 new schools may impact the Gross Domestic Product (GDP) positively as construction generally attracts higher investments in an economy and may lead to an increase in employment opportunities. It may lead to provision of high-quality education, enhancing knowledge, skills, efficiency and increasing civic engagement. Consequently, the well-being of citizens will increase.</p>	Firms	Value of Output (in ₹) (i)	Intermediate Consumption (in ₹) (ii)	Gross Value Added (in ₹) {(i)-(ii)}	A	2,000 + 1,200	1,100	2,100	B	1,100 + 3,500	2,000	2,600	C	5,700	1,200 + 3,500	1,000		13,500	7,800	5,700	Gross Domestic Product at Market Price (GDP _{MP})				MAIN 2025 4 MARKS
Firms	Value of Output (in ₹) (i)	Intermediate Consumption (in ₹) (ii)	Gross Value Added (in ₹) {(i)-(ii)}																							
A	2,000 + 1,200	1,100	2,100																							
B	1,100 + 3,500	2,000	2,600																							
C	5,700	1,200 + 3,500	1,000																							
	13,500	7,800	5,700																							
Gross Domestic Product at Market Price (GDP _{MP})																										

4.	<p>(i) “All consumption goods are durable in nature.” Defend or refute the given statement with a valid argument.</p> <p>(ii) On the basis of the given data, estimate the value of National Income (NNP_{FC}) and Net Domestic Product at Factor Cost (NDP_{FC}):</p> <table border="1"> <thead> <tr> <th>S.No.</th><th>Items</th><th>Amount (in ₹ Crore)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Household Consumption Expenditure</td><td>1,800</td></tr> <tr> <td>(ii)</td><td>Gross Business Fixed Capital Formation</td><td>1,150</td></tr> <tr> <td>(iii)</td><td>Gross Residential Construction Expenditure</td><td>1,020</td></tr> <tr> <td>(iv)</td><td>Government Final Consumption Expenditure</td><td>2,170</td></tr> <tr> <td>(v)</td><td>Excess of Imports over Exports</td><td>720</td></tr> <tr> <td>(vi)</td><td>Inventory Investments</td><td>540</td></tr> <tr> <td>(vii)</td><td>Gross Public Investments</td><td>1,300</td></tr> <tr> <td>(viii)</td><td>Net Indirect Taxes</td><td>240</td></tr> <tr> <td>(ix)</td><td>Net Factor Income from Abroad</td><td>(-) 250</td></tr> <tr> <td>(x)</td><td>Consumption of Fixed Capital</td><td>440</td></tr> </tbody> </table>	S.No.	Items	Amount (in ₹ Crore)	(i)	Household Consumption Expenditure	1,800	(ii)	Gross Business Fixed Capital Formation	1,150	(iii)	Gross Residential Construction Expenditure	1,020	(iv)	Government Final Consumption Expenditure	2,170	(v)	Excess of Imports over Exports	720	(vi)	Inventory Investments	540	(vii)	Gross Public Investments	1,300	(viii)	Net Indirect Taxes	240	(ix)	Net Factor Income from Abroad	(-) 250	(x)	Consumption of Fixed Capital	440	MAIN 2025
S.No.	Items	Amount (in ₹ Crore)																																	
(i)	Household Consumption Expenditure	1,800																																	
(ii)	Gross Business Fixed Capital Formation	1,150																																	
(iii)	Gross Residential Construction Expenditure	1,020																																	
(iv)	Government Final Consumption Expenditure	2,170																																	
(v)	Excess of Imports over Exports	720																																	
(vi)	Inventory Investments	540																																	
(vii)	Gross Public Investments	1,300																																	
(viii)	Net Indirect Taxes	240																																	
(ix)	Net Factor Income from Abroad	(-) 250																																	
(x)	Consumption of Fixed Capital	440																																	
Value points	<p>(i) Ans. The given statement is refuted. Consumption goods can be categorised as durable and non-durable. Non-durable consumption goods, such as food, have a shorter lifespan. Whereas durable consumption goods, like cars and home appliances, can be used over an extended period usually more than one year. Hence, not all consumption goods are durable in nature.</p> <p>(ii) National Income (NNPFC) = (i) + (iv) + (ii) + (iii) + (vii) + (vi) – (v) – (x) + (ix) – (viii)</p> $= 1,800 + 2,170 + 1,150 + 1,020 + 1,300 + 540 - 720 - 440 + (-250) - 240$ $= ₹ 6,330 \text{ crore}$ <p>Net Domestic Product at Factor Cost (NDPFC) = (i) + (iv) + (ii) + (iii) + (vii) + (vi) – (v) – (x) – (viii)</p> $= 1,800 + 2,170 + 1,150 + 1,020 + 1,300 + 540 - 720 - 440 - 240$ $= ₹ 6,580 \text{ crore}$																																		
5.	<p>As per The Economic Times report, dated April 11, 2023</p> <p>“Electric Vehicle sales cross 10 Lakh mark in financial year 2022-23.” Analyse the likely impacts of this news on Gross Domestic Product (GDP) and Welfare.</p> <p>Discuss briefly, the circular flow of income in a two sector economy model.</p>	MAIN 2024																																	
Value points	<p>a) The increased sales of electric vehicles may have positive impacts on both GDP and welfare. An increase in sales of E-vehicles directly contributes to the value addition in the economy which in turn leads to increase in Gross Domestic Product. Electric vehicles are generally considered environment-friendly and improve public welfare.</p> <p>b) In a two-sector economy model, households are the owners of factors of production (Land, Labour, Capital, Entrepreneur). Firms combine these factors of production to produce goods and services. They make factor payments (Rent, Wages, Interest, Profits) to households, which in turn, are spent by the households on the consumption of final goods and services. Thus, the income earned by the factors of production flows back to the production units in the form of aggregate consumption expenditure, thereby completing the circular flow of income.</p>																																		
6.	<p>(I) How should the following be treated in estimating National Income of a Country? Give valid reasons.</p>	MAIN 2023																																	

	<p>(i) Profits earned by Foreign Banks in India.</p> <p>(ii) Expenditure on upgradation of fixed asset by a firm.</p> <p>(II) Suppose in a financial year, the Gross Domestic Product (GDP) at market price of a country was ₹1,100 crore. Net factor income from Abroad was ₹100 crore, the net indirect taxes was ₹150 crore and National income was ₹850 crore.</p> <p>Calculate the value of depreciation, on the basis of above information.</p>																																		
Value points	<p>(I)</p> <p>(i) Profits earned by foreign banks in India should not be included in the National Income because it is a factor income paid to non-residents..</p> <p>(ii) Expenditure on upgradation of fixed asset by a firm should be included in the National Income, as it is a part of capital formation..</p> <p>(II) National Income (NNPFC) = Gross Domestic Product at Market Price (GDPMP) – Depreciation + Net factor income from abroad – Net Indirect Taxes</p> $850 = 1,100 - \text{Depreciation} + 100 - 150$ $\text{Depreciation} = 1,100 + 100 - 150 - 850$ $\text{Depreciation} = ₹ 200 \text{ crore}$																																		
7.	<p>(i) "While estimating Gross Domestic Product (GDP) by expenditure method, entire focus is on expenditures incurred by the residents of the country."</p> <p>Do you agree with the given statement? Give valid reason in support of your answer.</p> <p>(iii) Calculate the value of Domestic Income from the following data:</p> <table border="1"> <thead> <tr> <th>S.NO</th><th>particulars</th><th>Amount in (₹ crore)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Rent and Royalties</td><td>1300</td></tr> <tr> <td>(ii)</td><td>Net Indirect Taxes</td><td>200</td></tr> <tr> <td>(iii)</td><td>Wages & Salaries (in cash & in kind)</td><td>1700</td></tr> <tr> <td>(iv)</td><td>Corporate Tax</td><td>400</td></tr> <tr> <td>(v)</td><td>Depreciation</td><td>400</td></tr> <tr> <td>(vi)</td><td>Retained Earnings</td><td>300</td></tr> <tr> <td>(vii)</td><td>Dividends</td><td>400</td></tr> <tr> <td>(viii)</td><td>Net Factor Income from Abroad</td><td>(-)120</td></tr> <tr> <td>(ix)</td><td>Mixed Income of Self Employed</td><td>1400</td></tr> <tr> <td>(x)</td><td>Change in Stock</td><td>(-)200</td></tr> </tbody> </table>	S.NO	particulars	Amount in (₹ crore)	(i)	Rent and Royalties	1300	(ii)	Net Indirect Taxes	200	(iii)	Wages & Salaries (in cash & in kind)	1700	(iv)	Corporate Tax	400	(v)	Depreciation	400	(vi)	Retained Earnings	300	(vii)	Dividends	400	(viii)	Net Factor Income from Abroad	(-)120	(ix)	Mixed Income of Self Employed	1400	(x)	Change in Stock	(-)200	MAIN 2023
S.NO	particulars	Amount in (₹ crore)																																	
(i)	Rent and Royalties	1300																																	
(ii)	Net Indirect Taxes	200																																	
(iii)	Wages & Salaries (in cash & in kind)	1700																																	
(iv)	Corporate Tax	400																																	
(v)	Depreciation	400																																	
(vi)	Retained Earnings	300																																	
(vii)	Dividends	400																																	
(viii)	Net Factor Income from Abroad	(-)120																																	
(ix)	Mixed Income of Self Employed	1400																																	
(x)	Change in Stock	(-)200																																	
Value points	<p>(i) No. This is because Gross Domestic Product (GDP) by expenditure method takes into account the aggregate spending on all the final goods and services in the domestic territory, whether incurred by the residents or non-residents during a given period of time.</p>																																		

	<p>(ii) Domestic Income (NDP_{fc}) = (iii) + (i) + (iv) + (vi) + (vii) + (ix)</p> <p>= 1,700 + 1,300 + 400 + 300 + 400 + 1,400</p> <p>= ₹ 5,500 crore</p>	
--	---	--

UNIT 2 – <MONEY AND BANKING>

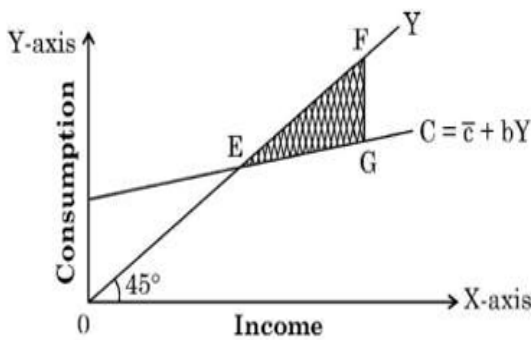
	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1	<p>“Mr. Sahotra borrowed funds from bank for purchasing a new house”. From the above statement, identify the indicated function of money:</p> <p>(A) Medium of exchange (B) Store of value</p> <p>(C) Unit of account (D) Standard of deferred payments</p>	MAIN 2024
Ans	(D) Standard of deferred payments	
2.	<p>If in an economy the initial deposits are ₹ 4,000 crore and Reserve Ratio (RR) is 10%. The value of total deposit created would be ₹ _____ crore. (Fill up the blank with the correct alternative)</p> <p>(A) 4,000 (B) 40,000</p> <p>(C) 2,000 (D) 20,000</p>	MAIN 2024
Ans	(B) 40,000	
3	<p>‘Money is an asset which can be stored for use in future.’</p> <p>In the light of given statement, identify the function of money. (Choose the correct alternative)</p> <p>(a) A measure of value</p> <p>(b) A standard of deferred payment</p> <p>(c) A store of value</p> <p>(d) A medium of exchange</p>	MAIN 2023
Ans	(c) A store of value	
4	<p>Read the following statements carefully:</p> <p>Statement 1: Money supply (M_1) in India does not include 'demand deposits' with commercial banks.</p> <p>Statement 2: Money supply (M_1) refers to, assets available with the Commercial Banks during a particular period of time.</p> <p>In the light of the given statements, choose the correct alternative.</p> <p>(a) Statement 1 is true and Statement 2 is false.</p> <p>(b) Statement 1 is false and Statement 2 is true.</p> <p>(c) Both statements 1 and 2 are true.</p> <p>(d) Both statements 1 and 2 are false.</p>	MAIN 2023
Ans	(d) Both statements 1 and 2 are false	
	< 4 > MARK QUESTIONS	
1.	<p>“Open Market Operation by the Reserve Bank of India (RBI) helps in regulating money supply in the economy.” Justify the given statement.</p>	MAIN 2024
Value points	<p>The Reserve Bank of India (RBI) can regulate the money supply in the economy by the sale/ purchase of government securities in the open market. When RBI sells government securities, the availability of funds with commercial banks reduces, which in turn curtails their lending capacity. Consequently, the money supply in the economy falls. On the contrary, when RBI buys government securities, the availability of funds with commercial banks rises, which in turn increases their lending capacity. Consequently, the money supply in the economy rises.</p>	

2	Explain the role of Central Bank as Governments' agent and advisor.	MAIN 2023
Value points	<p>As Government's agent, the Central Bank accepts receipts and makes payment on behalf of the government. For instance, Central Bank issues government securities such as bonds, treasury bills, etc. It makes all arrangements in connection with the floatation, conversion or redemption of these securities. It manages the national debt on behalf of the government.</p> <p>As the Government's financial advisor, the Central Bank advises the government on all economic, financial and monetary matters.</p>	
3	Define Reverse Repo Rate. Discuss briefly, how this instrument helps in controlling credit creation by commercial banks.	MAIN 2023
Value points	Reverse Repo Rate is the rate of interest at which commercial banks can park their surplus funds with the Central Bank. In order to control the credit creation capacity of the commercial banks, the Central Bank may increase/decrease Reverse Repo Rate. This induces commercial banks to transfer more/less funds to the Central Bank which in turn reduces/ increases the lending capacity of the commercial banks. As a result, credit creation by commercial banks may be reduced/ increased.	
< 6 > MARK QUESTIONS		
1.	<p>(a) "In a country, routine economic operations rely on a stable medium, to facilitate transactions for maintaining smooth economic activities." Discuss briefly the indicated function of money.</p> <p>(b) State the meaning and components of M1 measure of money supply.</p> <p>(c) State the formula to compute Credit Multiplier.</p>	MAIN 2025
Value points	<p>(a) The indicated function of money is 'medium of exchange'. Money acts as a universally acceptable medium for any transaction. Money serves as a medium for buying/selling goods and services. It eliminates the limitation of lack of double coincidence of wants by facilitating exchange in the market.</p> <p>(b) M1 measure of money supply refers to the total volume of money held by the public at a particular point of time in the economy.</p> <p>The two components of M1 measure of money supply are:</p> <ul style="list-style-type: none"> • Currency (notes and coins) held by the public. • Net demand deposits held by commercial banks. State the formula to compute Credit Multiplier. <p>(c) Credit Multiplier = $\frac{1}{\text{reserve ratio}}$</p>	

UNIT 3 – <DETERMINATION OF INCOME AND EMPLOYMENT>

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	<p>Identify, which of the following does not represent a public good. (Choose the correct option)</p> <p>(A) Free vaccines provided by the government</p> <p>(B) Defence services provided by the military</p> <p>(C) Purchase of railway ticket by an individual</p> <p>(D) Street light installed by a city municipality</p>	MAIN 2025
Ans	(C) Purchase of railway ticket by an individual	

2	<p>Read the following statements carefully :</p> <p>Statement 1: During deflationary gap, the Central Bank of a country may increase the repo rate.</p> <p>Statement 2: The government can reduce the deflationary gap by purchasing Government Securities (G-Sec) in the open market.</p> <p>In the light of the given statements, choose the correct option from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.</p> <p>(B) Statement 1 is false and Statement 2 is true.</p> <p>(C) Both Statements 1 and 2 are true.</p> <p>(D) Both Statements 1 and 2 are false.</p>	MAIN 2025
Ans	(D) Both Statements 1 and 2 are false.	
3.	<p>Under the Keynesian theory, 'Reference Line' is a straight line passing through the origin drawn at an angle of _____. (Choose the correct option to fill in the blank)</p> <p>(A) 25° (B) 45°</p> <p>(C) 55° (D) 75°</p>	MAIN 2025
Ans	(B) 45°	
4.	<p>Read the following statements carefully :</p> <p>Statement 1: Marginal Propensity to Consume (MPC) exhibits the consumption per unit of income.</p> <p>Statement 2: As the national income of a country rises, the proportionate increase in the consumption is always more than the increase in the income.</p> <p>In the light of the given statements, choose the correct option from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.</p> <p>(B) Statement 1 is false and Statement 2 is true.</p> <p>(C) Both Statements 1 and 2 are true.</p> <p>(D) Both Statements 1 and 2 are false.</p>	MAIN 2025
Ans	(D) Both Statements 1 and 2 are false.	
5.	<p>In a two-sector economy, Aggregate Supply can be determined by adding _____ and _____. (Choose the correct option to fill in the blanks)</p> <p>(A) consumption, investments</p> <p>(B) investments, savings</p> <p>(C) consumption, savings</p> <p>(D) savings, exports</p>	MAIN 2025
Ans	(C) consumption, savings	
6.	<p>Read the following statements carefully:</p> <p>Statement 1: Ex-post savings and Ex-post investments are equal at all levels of income.</p> <p>Statement 2: Under the effective demand principle, the equilibrium output is equal to ex-ante Aggregate Demand (AD).</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.</p> <p>(B) Statement 1 is false and Statement 2 is true.</p> <p>(C) Both Statements 1 and 2 are true.</p> <p>(D) Both Statements 1 and 2 are false.</p>	MAIN 2024
Ans	(C) Both Statements 1 and 2 are true.	
7.	<p>In a hypothetical economy, if entire additional income is consumed, the value of investment multiplier would be _____.</p>	MAIN 2024

	(Fill up the blank with correct alternative.) (A) One (1) (B) Zero (0) (C) Between zero (0) and one (1) (D) Infinity (∞)															
Ans	(D) Infinity (∞)															
8.	From the given table, identify that level of income, where Average Propensity to Save (APS) becomes zero: (Choose the correct alternative.) <table><tr><td>Income (₹ crore)</td><td>0</td><td>50</td><td>100</td><td>200</td><td>300</td><td>400</td></tr><tr><td>Consumption (₹ crore)</td><td>50</td><td>75</td><td>100</td><td>150</td><td>200</td><td>250</td></tr></table> Alternatives: (A) 50 (B) 100 (C) 200 (D) 0	Income (₹ crore)	0	50	100	200	300	400	Consumption (₹ crore)	50	75	100	150	200	250	MAIN 2024
Income (₹ crore)	0	50	100	200	300	400										
Consumption (₹ crore)	50	75	100	150	200	250										
Ans	(B) 100															
9.	Identify, what does the shaded area (ΔEFG), in the given figure indicate?  I. Consumption > Income II. Saving = Zero (0) III. Consumption < Income IV. Saving < Zero (0) Alternatives: (A) I and II (B) II and III (C) III and IV (D) I and IV	MAIN 2024														
Ans	(B) (II) and (III) or (C) III and IV															
10.	Marginal Propensity to Save (MPS) is the slope of _____ function. (Choose the correct alternative.) (A) Consumption (B) Cost (C) Saving (D) Investment	MAIN 2024/VI														
Ans	(C) Saving															
11	Read the following statements carefully: Statement 1: In a two sector economy, consumption expenditure and investment expenditure are the two components of Aggregate Demand. Statement 2: Aggregate demand curve always start from point of origin with positive slope. In the light of 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.	MAIN 2023														

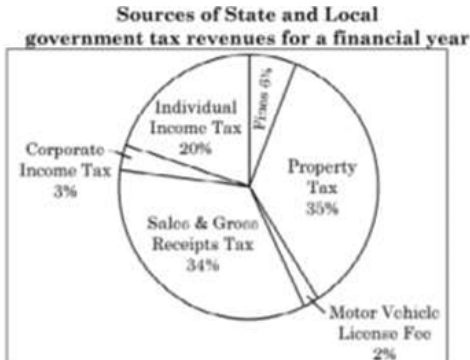
Ans	(a) Statement 1 is true and Statement 2 is false	
12	<p>If in an economy, the Investment Multiplier is 4 and Autonomous Consumption is ₹30 crore, the relevant consumption function would be _____. (Fill up the blank with correct alternative)</p> <p>(a) $C=30+0.75 Y$ (b) $C=(-) 30+ 0.25 Y$ (c) $C=30+0.25 Y$ (d) $C=(-) 30 - 0.25 Y$</p>	MAIN 2023
Ans	(a) $C= 30 + 0.75 Y$	
13	<p>If increase in National Income is equal to increase in Savings, the value of Marginal propensity to Consume would be _____. (Fill up the blank with correct alternative)</p> <p>(a) equal to unity (b) greater than one (c) less than one (d) equal to zero</p>	MAIN 2023
Ans	(d) equal to zero	
14	<p>Read the following statements - Assertion(A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Full employment refers to, absence of involuntary unemployment. Reason (R): Under full employment situation, all willing and able bodied people get employment at prevailing wage rate.</p> <p>Alternatives:</p> <p>(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 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.</p>	MAIN 2023
Ans	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	
15	<p>In an economy, the value of Marginal Propensity to Save (MPS) is 0.25, what will be the value of increase in income, if investments increased by ₹200 crores?</p> <p>(a) ₹ 200 crores (b) ₹ 150 crores (c) ₹ 1,000 crores (d) ₹ 800 crores</p>	MAIN 2023
Ans	(d) ₹ 800 crore	
	< 4 > MARK QUESTIONS	
1.	<p>Suppose for two imaginary economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.8 and 0.6 respectively. For both the economies, Autonomous Consumption (\bar{C}) = ₹ 400 crore and Investment Expenditure (I) = ₹ 2,000 crore. Calculate the following:</p> <p>(a) Break-even level of income for Economy A. (b) Equilibrium level of income for Economy B.</p>	MAIN 2025

Value points	<p>Given, Autonomous Consumption (\bar{C}) = ₹ 400 crore Investment expenditure (I) = ₹ 2,000 crore For economy A, Marginal Propensity to Consume (MPC) = 0.8 For economy B, Marginal Propensity to Consume (MPC) = 0.6 (a) As we know, at break-even level for economy A; $Y = C$ $Y = \bar{C} + (MPC) Y$ $Y = 400 + 0.8Y$ $Y = ₹ 2,000$ crore (b) Equilibrium level of income for economy B; $Y = C + I$ $Y = \bar{C} + (MPC) Y + I$ $Y = 400 + 0.6Y + 2000$ $Y = ₹ 6,000$ crore</p>	
2.	<p>Read the following text carefully:</p> <p>In an economy, a significant reduction in Aggregate demand raised concerns about future growth prospects of the country. This economic downturn underscores the urgent need for strategic measures to boost confidence of households and stimulate economic activities. Based on the above text and common understanding, explain the measures which the government may take to stabilise the indicated situation.</p>	MAIN 2025
Value points	<p>The highlighted issue is deflation. To control deflation, the government may:</p> <ul style="list-style-type: none"> • decrease the tax rates which may increase the disposable income (purchasing power) in the hands of the general public. Consequently, it may lead to a rise in Aggregate Demand, thereby correcting the situation of deflation. • increase the public expenditure which may increase the level of income in the economy. Consequently, it may lead to a rise in Aggregate Demand, thereby correcting the situation of deflation. 	
3.	<p>Suppose, an economy is in equilibrium. From the following data, calculate investment expenditure in the economy:</p> <p>(a) National Income (Y) = ₹ 10,000 crore (b) Marginal Propensity to Consume (MPC) = 0.8 (c) Autonomous Consumption (c) = ₹100 crore</p>	MAIN 2024
	<p>Given, National Income (Y) = ₹ 10,000 crore Marginal Propensity to Consume (MPC) = 0.8 Autonomous Consumption (c) = ₹ 100 crore At equilibrium level of income, $Y = C + I$ $Y = c + (MPC) Y + I$ $10,000 = 100 + (0.8) \times 10,000 + I$ $I = ₹ 1,900$ crore</p>	
4.	<p>i) "With an objective to reduce inflation, government may reduce public Expenditure." ii) Define Effective Demand Principle.</p>	MAIN 2024
Value points	<p>i) Government through its public expenditure policy can control the situation of inflation. Reduced public expenditure by the government will lead to a fall in the money supply in an economy. Consequently, it leads to a reduction in the level of Aggregate Demand. This helps to tackle the situation of inflation prevailing in the economy ii) Effective Demand Principle indicates that level of Aggregate Demand which can be met by the corresponding Aggregate Supply in the economy.</p>	
5.	<p>i) State the meaning of 'unintended accumulation of inventories.' ii) "In an economy, Aggregate Demand (AD) is more than Aggregate Supply (AS)." Elaborate the possible impacts of the same, on the level of output, income and employment.</p>	MAIN 2024

Value points	<p>i) Unintended accumulation of inventories refers to an increase in the stock of unsold goods with the firms due to an unexpected fall in sales.</p> <p>ii) When Aggregate Demand is more than Aggregate Supply, it implies that households are planning to consume more than what the firms expected them to. This will lead to an unintended fall in inventories. To restore the desired level of inventories, producers may plan to expand production. As a result, there may be an increase in the level of output, employment and income in the economy..</p>	
6.	If planned savings exceeds planned investments in an economy, explain its likely impact on income, output and employment.	MAIN 2023
Value points	When planned savings exceeds planned investments it means households are planning to consume less than what the firms expected them to consume. This will lead to unintended accumulation of inventories. To restore the desired/intended level of inventories, producers may contract production which in turn reduces the employment, output and income level.	
7.	<p>As per the following news published in “The Hindu” on 6th August, 2022: “The Monetary Policy Committee (MPC) of the Reserve Bank of India raised the Repo Rate by 50 basis points.”</p> <p>Identify and explain the likely cause and consequences behind this type of action taken by the Reserve Bank of India.</p>	MAIN 2023
Value points	Inflation in the economy may be the cause behind the rise in repo rate by the Monetary Policy Committee (MPC) of Reserve Bank of India (RBI). This step may force commercial banks to increase the lending rates. It may discourage the borrowings by the general public. This may lead to fall in Aggregate Demand and thus may result in fall in rate of inflation.	

UNIT 4 – <GOVERNMENT BUDGET AND THE ECONOMY>

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	<p>According to the data presented in the Union Budget 2023-24, the total receipts of the government (other than borrowings), and the total expenditure are estimated as ₹ 20 lakh crore and ₹ 45 lakh crore respectively. Therefore, the value of _____ deficit would be ₹ 25 lakh crore. (Choose the correct option to fill in the blank)</p> <p>(A) revenue (B) fiscal (C) trade (D) primary</p>	MAIN 2025
Ans	(B) fiscal	
	< 3 > MARK QUESTIONS	
1.	<p>“As per the Economic Survey of India 2022-23, due to the outbreak of geopolitical conflict, the result was higher international prices for fertilizer and fuel. Thus, there was a higher fuel and fertilizer subsidy requirement for supporting the people.” On the basis of given text, identify and explain the indicated objective of the government budget.</p>	MAIN 2025
Value points	The indicated government budget objective is the ‘stabilisation function’. The stabilisation function aims at controlling large-scale fluctuation in prices through the government’s taxation and expenditure policy. The government may incur	

	expenditure on providing fuel and fertilizer subsidy in order to ensure price stability.	
	< 6 > MARK QUESTIONS	
1	<p>Study the given picture carefully:</p>  <p>Answer The following questions based on common knowledge and picture:</p> <p>(i) Categorise the given items in the picture into tax/non-tax receipts.</p> <p>(ii) "Government has started spending more on providing free services like education and health to the poor." In the light of above statement, explain how the government can use the budgetary policy in reducing 'inequalities of income'.</p>	MAIN 2023
Value points	<p>(i) Tax receipts- Individual Income Tax, Property Tax, Corporate Income Tax and Sales & Gross Receipts Tax Non-tax receipts- Motor Vehicle License Fee and Fines.</p> <p>(ii) Government's budgetary policy has two aspects- taxation and public expenditure. To reduce inequalities in income and wealth, the government may adopt an expenditure policy which is in favour of lower income groups. Government expenditure on providing free services like education and health to the poor may positively affect their disposable income. Consequently, budgetary policy of the government can be used to reduce inequalities of income.</p>	

UNIT 5 – <BALANCE OF PAYMENTS>

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	<p>Market forces of demand and supply, actively interact under ____ exchange rate system to determine the foreign exchange rate. (Choose the correct option to fill in the blank)</p> <p>(A) fixed (B) flexible (C) managed floating (D) fixed floating</p>	MAIN 2025
Ans	(B) flexible	
2	<p>Read the following statements carefully :</p> <p>Statement 1: Foreign aids are the capital receipts for the government.</p>	MAIN 2025

	<p>Statement 2: Disinvestments may lead to a decrease in the assets of the government.</p> <p>In the light of the given statements, choose the correct option from the following:</p> <p>(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.</p>	
Ans	C) Both Statements 1 and 2 are true.	
3.	<p>From the following, identify the situation which indicates the Current Account Surplus (CAS) in Balance of Payments (BOP) account of a nation.</p> <p>(A) Excess of receipts on current account over the payments on current account. (B) Equality of receipts on current account and payments on current account. (C) Excess of payments on current account over receipts on current account. (D) Excess of payments on current account over receipts on capital account.</p>	MAIN 2025
Ans	(A) Excess of receipts on current account over the payments on current account.	
4.	<p>From the following, identify the correct reasons that may affect the supply of foreign exchange in an economy:</p> <p>I. Purchase of land in England by an Indian II. Foreign tourists visiting Taj Mahal III. Donation of \$ 500 million from Microsoft IV. Indian students going to Australia for studies</p> <p>Alternatives: (A) I and II (B) II and IV (C) II and III (D) I and IV</p>	MAIN 2024
Ans	(C) (II) and (III)	
5.	<p>The measurement of Balance of Payments deficit is based on _____ transactions. (Fill up the blank with correct alternative.)</p> <p>(A) Autonomous (B) Accommodating (C) Current account (D) Capital account</p>	MAIN 2024
Ans	(A) Autonomous	
6	<p>"Considering the depreciation of Indian Currency (₹) in the international market, the Reserve Bank of India (RBI) has decided to purchase Indian currency (₹) in the open market."</p> <p>This represents _____ exchange rate system. (Fill up the blanks with correct alternative)</p> <p>(a) fixed (b) flexible (c) managed floating (d) manipulated</p>	MAIN 2023
Ans	(c) managed floating	
7	<p>'Deficit' in Balance of Payment (BOP) refers to the excess of _____. (Choose the correct alternative)</p> <p>(a) Current account payments over Current account receipts (b) Capital account payments over Capital account receipts (c) Autonomous payments over Autonomous receipts (d) Accommodating payments over Accommodating receipts</p>	MAIN 2023
Ans	(c) Autonomous payments over Autonomous receipts	
8	<p>Suppose, the price of one UK Pound (£) has increased from ₹70 to ₹80, owing to market forces.</p> <p>This means that value of Indian Currency (₹) has _____. (Choose the correct alternative)</p> <p>(a) appreciated (b) depreciated</p>	MAIN 2023

	(c) revalued	(d) devalued	
Ans	(b) depreciated		
9	<p>Suppose, Country X, has more inflation than Country Y. Which of the following is most likely situation to happen in such a case, assuming other factors being constant? (Choose the correct alternative)</p> <p>(a) A surplus trade balance in Country X (b) A deficit trade balance for Country X (c) A rise in exports from Country X to Country Y (d) A deficit trade balance for Country Y</p>		MAIN 2023
Ans	(b) A deficit trade balance for Country X		
	< 3 > MARK QUESTIONS		
1.	<p>Giving valid reasons, state whether the following statements are true or false:</p> <p>(i) Dividend received from investment abroad is recorded on the credit side of the capital account.</p> <p>(ii) Depreciation of the Indian Currency will lead to promotion of Indian exports.</p>		MAIN 2023
Value points	<p>(i) False. Dividend received from investment abroad is recorded on the credit side of current account, as neither assets nor liabilities of the country get affected.</p> <p>(ii) True. Depreciation of the Indian currency will lead to promotion of Indian exports. As Indian exports become relatively cheaper for the rest of the world, thereby increasing the international competitiveness of Indian exports.</p>		
	< 4 > MARK QUESTIONS		
1.	<p>The Indian economy has witnessed a sharp turnaround during 2023-24 with Foreign Direct Investments (FDI) inflows of US \$ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows of US \$ 32.4 Bn.”</p> <p>(i) Distinguish between the above mentioned economic variables. (ii) In which account of Balance of Payments will the given variables be entered and why?</p>		MAIN 2025
Value points	<p>(i) Foreign Direct Investment (FDI) refers to direct investment from abroad in physical assets with a considerable degree of influence and control over the firm. Whereas; Foreign Portfolio Investment (FPI) refers to investment from abroad in stocks, bonds or other financial assets and do not entail active management or control over the firm.</p> <p>(ii) The given variables will be entered in the Capital account of the Balance of Payments.</p> <p>Capital Account records all international transactions of assets.</p>		
2.	Explain how Accommodating Transactions differ from Autonomous Transactions.		MAIN 2025
Value points	<p>Ans. Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments (BoP). These transactions are independent of any economic motive. Such transactions are called ‘below the line’ items in the BoP account.</p> <p>Whereas;</p> <p>Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BoP). These transactions are</p>		

	generally undertaken with an 'economic motive'. Such transactions are called 'above the line' items in the BoP account.	
--	---	--

PART – B – INDIAN ECONOMIC DEVELOPMENT

UNIT 6 – <DEVELOPMENT EXPERIENCE (1947-90) AND ECONOMIC REFORMS SINCE 1991 >

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	In the post-independence era, the policy makers of India emphasised on 'self-reliance' for the first ____ Five Year Plans. (Choose the correct option to fill in the blank) (A) 6 (B) 7 (C) 8 (D) 9	MAIN 2025
Ans	(B) 7	
2	Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%. Reason (R): Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991. Options : (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 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.	MAIN 2025
Ans	(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	
3.	Read the following statements carefully : Statement 1 : The British policies led to huge employment generation in the secondary and tertiary sectors of the Indian Economy. Statement 2 : The real motive of the colonial government's infrastructural development was to benefit interests of 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 Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.	MAIN 2025
Ans	(D) Both Statements 1 and 2 are false.	
4.	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): India could not develop a sound Industrial-base during the British rule. Reason (R): Britishers followed restrictive trade policies, which strengthened Indian handicraft industries. Alternatives: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	MAIN 2024

	<p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p> <p>(C) Assertion (A) is true, but Reason (R) is false.</p> <p>(D) Assertion (A) is false, but Reason (R) is true.</p>	
Ans	(C) Assertion (A) is true, but Reason (R) is false.	
5.	<p>After independence, the rationale behind choosing Modernization as a planning objectives for the Indian economy were _____.</p> <p>I. To bring positive changes in the social outlook</p> <p>II. Equitable distribution of income</p> <p>III. Technological Upgradation</p> <p>IV. Increase in Economic Divide</p> <p>Alternatives:</p> <p>(A) I and II (B) II and III</p> <p>(C) I and III (D) I and IV</p>	MAIN 2024
Ans	(C) I and III	
6.	<p>Read the following statements carefully:</p> <p>Statement 1: Outsourcing is one of the important outcome of globalization process.</p> <p>Statement 2: Owing to globalization, many Indian companies have expanded their operation abroad.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.</p> <p>(B) Statement 1 is false and Statement 2 is true.</p> <p>(C) Both statement 1 and 2 are true.</p> <p>(D) Both statement 1 and 2 are false.</p>	MAIN 2024
Ans	(C) Both statement 1 and 2 are true.	
7	<p>During the British rule in India, Indian agricultural output witnessed stagnation due to _____ (Choose the correct alternative)</p> <p>(a) Decline in handicrafts (b) Drain of Indian wealth</p> <p>(c) Land settlement (d) Introduction of railways</p>	MAIN 2023
Ans	(c) Land settlement	
8	<p>In the first phase of Green Revolution, output was restricted mainly to _____.</p> <p>(Choose the correct alternative)</p> <p>(a) Cereals and Pulses (b) Wheat and Rice</p> <p>(c) Cotton and Jute (d) Jowar and Bajra</p>	MAIN 2023
Ans	(b) Wheat and Rice	
9	<p>_____ is known as the architect of Indian Planning.</p> <p>(a) Jawaharlal Nehru (b) P.C. Mahalanobis</p> <p>(c) Dr. Manmohan Singh (d) Dr. Rajendra Prasad</p>	MAIN 2023
Ans	(b) P.C. Mahalanobis	
	< 3 > MARK QUESTIONS	
1.	<p>“British colonial rule in India executed a systematic economic exploitation that involved the extraction of India’s resources and wealth to benefit Britain.”</p> <p>Justify the given statement with valid explanation.</p>	MAIN 2025
Value points	<p>During the colonial period, India's resources and wealth were exploited and diverted to Britain by transforming the country into exporter of raw materials and importer of finished industrial products from Britain. Though India was able to generate export surplus but it did not result in any flow of gold or silver into India. Rather, this was used to make payments for the expenses incurred by an</p>	

	office set up by the colonial government in Britain, expenses on war, fought by the British government, and the import of invisible items, all of which led to the drain of Indian wealth to Britain.	
2.	“The disinvestment policy of India under the 1991 reforms involved selling of the government’s stakes in Public Sector Undertakings (PSUs).” Explain the rationale behind the decision undertaken by the government.	MAIN 2025
Value points	The rationale behind the disinvestment policy of India under the 1991 reforms was primarily to improve financial discipline and facilitate modernisation. It was also envisaged that private capital and managerial capabilities could be effectively utilised to improve the performance of PSUs and provide strong impetus to the inflow of Foreign Direct Investment	
3.	“The trade and investment policy initiative by the Indian Government during 1991 economic reforms involved some major decision making with respect to local industries.” Elaborate any two major decisions and their respective impacts on the Indian economy.	MAIN 2025
Value points	The trade and investment policy reforms initiated by the Indian Government during 1991 aimed at dismantling the structure of quantitative restrictions and reduction of tariff rates. Liberalisation of this policy led to an increase in competitive position of Indian goods in the international markets and inflow of foreign investments and technology.	
4.	“British colonial rule in India resulted into systematic deindustrialisation of Indian indigenous industries.” Explain the two-fold motive of the British with valid arguments.	MAIN 2025
Value points	The two-fold motive of the British colonial rule in India was to: • reduce India to the status of a mere exporter of important raw materials for the upcoming modern industries in Britain. • turn India into a sprawling market for their finished products to ensure the maximum advantage of their home country.	
5.	“Opening up of Suez Canal helped in establishing the British monopoly control over India's foreign trade”. Justify the given statement with valid arguments.	MAIN 2024
Value points	Opening of the Suez Canal provided a direct and shorter trade route for ships operating between Britain and India and avoided the need to sail around Africa. Thus, it intensified British control over India’s foreign trade as it reduced the cost of transportation and made access to the Indian market easier..	
6.	“Development of Railways during British rule encouraged colonial exploitation of the Indian resources.” Justify the given statement with valid arguments.	MAIN 2023
Value points	Development of Railways during British rule fostered commercialisation of Indian agriculture, which adversely affected the self-sufficiency of the village economies. Through railways, primary products were transported to the nearest ports which led to drain of India’s wealth, as this export surplus did not result in any flow of gold or silver into India. Hence, the benefits from the introduction of railways were outweighed by the country’s huge economic loss.	
	< 4 > MARK QUESTIONS	
1	i) State the meaning of 'Privatisation'. ii) 'Agriculture sector has been adversely affected by the Economic reform process.' Comment.	MAIN 2023
Value points	i) Privatisation refers to shedding of the ownership or management of a government owned enterprise.	

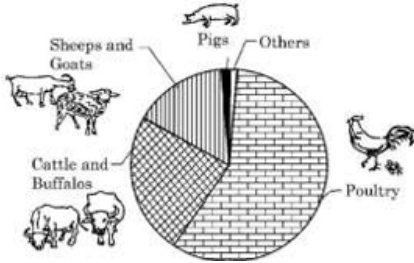
	ii) The agricultural sector was adversely affected by the economic reform process in India as public investment in agriculture sector especially in infrastructure has fallen to a great extent. Furthermore, the partial removal of fertiliser subsidy has led to increase in the cost of production, which has severely affected the small and marginal farmers. Moreover, there has been a shift from production for the domestic market towards export- oriented production focusing on cash crops putting pressure on prices of food grains.	
2	State and explain any two main causes behind infrastructural development by British rule.	MAIN 2023
Value points	Two main causes behind infrastructural development by British rule were: • Mobilisation of army: The roads were built primarily to serve the purpose of mobilising the army within India and drawing out raw materials from the countryside to the nearest railway station or the port. • Maintenance of law and order: The introduction of the electric telegraph in India served the purpose of maintaining law and order.	
	< 6 > MARK QUESTIONS	
1.	(i) "Import substitution policy, if not applied carefully, can be a double-edged sword for any economy." Do you agree with the given statement? Justify your answer with valid arguments. (ii) State how multilateral trade is different from bilateral trade.	MAIN 2025
Value points	(i) Yes. Import-substitution policy aimed at replacing imports with domestic production to protect domestic industries from foreign competition and to save foreign exchange. However, protection from foreign competition may do more harm than good. The domestic producers in the absence of a competitive market won't have any incentive to improve the quality of their goods. In turn, consumers may have to purchase low quality items at a higher price. Hence, import substitution policy, if not applied carefully, can prove to be a double-edged sword for any economy. (ii) Multilateral trade is the trade by a country with more than two nations to exchange goods and services. Whereas, bilateral trade refers to the exchange of goods or services between two countries.	
2.	(i) Discuss briefly, causes and consequences of the tax reforms initiated during economic reforms in India. (ii) Give one example each of a Navratna and a Maharatna company in the public sector in India. (iii) State one example each of a Maharatna and a Miniratna company in the public sector in India.	MAIN 2025
Value points	(i) The causes of the tax reforms initiated during economic reforms in India were to curb tax evasion, encourage savings and voluntary disclosure of income. Additionally, indirect tax reforms were necessitated to facilitate the establishment of a common national market for commodities. The tax rate rationalisation during the reform period, aimed at yielding larger tax revenue but did not result in an increase in the tax revenue. Moreover, tax incentives provided to foreign investors further reduced the scope for raising tax revenues which adversely impacted developmental and welfare expenditures.	

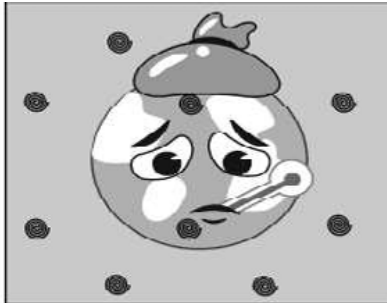
	<p>Give one example each of a Navratna and a Maharatna company in the public sector in India.</p> <p>(ii) Example of Navaratna Company – Hindustan Aeronautics Limited. Example of Maharatna Company – Indian Oil Corporation Limited..</p> <p>(iii) Example of Maharatna Company –Indian Oil Corporation Limited. Example of Miniratna Company – Bharat Sanchar Nigam Limited.</p>	
3.	<p>i) “Indian economy has certain advantages, which have made it a favourite outsourcing destination.” Do you agree with the given statement? Give valid reasons in support of your answer.</p> <p>ii) “In the post-reform period the government of India decided to privatize profit making Public Sector Undertakings (PSUs).” Do you agree with the given statement? Give valid arguments in support of your answer</p>	MAIN 2024
Value points	<p>(i) Yes. In the recent times, India has emerged as a favourite outsourcing destination because of the growth of fast modes of communication, particularly the growth of Information Technology (IT). Furthermore, availability of skilled manpower at a relatively affordable cost has made India a leading outsourcing hub for Multinational Corporations (MNCs) to outsource their services to India.</p> <p>(ii) No. In the post-reform period, the government of India did not privatize its profit making Public Sector Undertakings (PSUs) as they were adding to the government’s revenue. Rather, these PSUs were given greater managerial and operational autonomy, in taking various decisions to improve efficiency, infuse professionalism and enable them to compete more effectively in the liberalised global environment.</p>	
4.	<p>i) Explain the need and type of land reforms implemented in the agriculture sector.</p> <p>ii) “Industrial sector performed poorly in the economic reform period.” Elucidate the given statement.</p>	MAIN 2024
Value points	<p>(i) After independence, the government of India initiated several land reforms to achieve the objective of equity in the agriculture sector. Major land reforms introduced were: • Intermediaries were abolished to make tillers the owners of the land and to save them from being exploited by Zamindars. • Land ceiling was implemented to reduce the concentration of land ownership in few hands.</p> <p>(ii) Owing to the introduction of economic reforms, India opened its doors for the developed economies. With the arrival of Multinational Corporations in India, domestic producers had to face stiff competition due to the availability of cheaper goods. Thus, demand for domestic goods reduced considerably, leading to the slowdown of the Industrial sector.</p>	
5.	<p>Defend or refute the following statements with valid arguments:</p> <p>(i) “The policy of protectionism encouraged the growth of domestic industries, but at the same time proved to be an impediment.”</p> <p>(ii) “New Economic Policy 1991 altered the role of Reserve Bank of India (RBI) in the economy.”</p>	MAIN 2024
Value points	<p>(i) The given statement is defended. The licensing policy was used to nurture and expand the production of domestic industries. However, restrictions on imports distorted consumer sovereignty as producers had no incentive to improve the quality of their goods. In addition to</p>	

	<p>this, excessive regulation in the form of permit license raj prevented certain firms from becoming more efficient and proved to impede the growth of domestic industries.</p> <p>(ii) The given statement is defended. The New Economic Policy 1991 altered the role of Reserve Bank of India (RBI) from regulator to facilitator of the financial sector. This means that the financial sector was given greater autonomy on many matters independent of RBI.</p>	
6.	<p>(i) Explain the changes that were observed in India's occupational structure during the British rule.</p> <p>(ii) "Navratan Policy of the government has helped in improving the performance of Public Sector Undertakings in India." Do you agree with the given statement? Justify your answer with valid arguments.</p>	MAIN 2024
Value points	<p>(i) The British India's occupational structure experienced growing regional variation as:</p> <ul style="list-style-type: none"> • Parts of Madras Presidency, Bombay and Bengal witnessed a decline in the dependence of the workforce on the agricultural sector with a commensurate increase in the manufacturing and the services sectors. • There had been an increase in the share of workforce in agriculture in states such as Orissa, Rajasthan and Punjab.. <p>(ii) Yes. In order to improve efficiency, infuse professionalism and enable Public Sector Undertakings (PSUs) to compete more effectively in the liberalised global environment, the government identified profit making PSUs. Government declared them as Maharatnas, Navratnas and Miniratnas. PSUs were given greater managerial and operational autonomy, in taking various decisions. As a result, over the years these Maharatnas, Navratnas and Miniratnas have performed exceedingly well and established themselves as market leaders.</p>	
7	<p>Read the following text carefully and answer the given questions on the basis of the same and common understanding:</p> <p>India urged the World Trade Organisation (WTO) to relax rules to allow the country to export food grains from its public stocks to the nations facing food crisis. India can help, reduce food insecurity but there is hesitation on the part of the WTO, in relaxing its rules. India's Finance Minister said food, fuel and fertilizers are global public goods and ensuring access of these for developing and emerging economies is critical. She also shared India's experiences, including robust gains in agriculture production, citizen centric food security programmes and innovative delivery mechanisms such as the 'One Nation one Ration Card' Scheme.</p> <p>(Source: The Economic Times; July 16, 2022)</p> <p>i) State and discuss any two objectives of World Trade Organisation. ii) Name any two steps taken by India to strengthen the food security.</p>	MAIN 2023
Value points	<p>(i) Objectives of World Trade Organisation (WTO) are:</p> <ul style="list-style-type: none"> • It helps in providing greater market access to all member countries as it provides equal opportunities to all countries in the international market. • It facilitates bilateral and multilateral trade by removing tariff and non-tariff barriers. <p>(i) Two steps taken by India to strengthen food security are:</p> <ul style="list-style-type: none"> • Robust gains in agriculture production. • Citizen-centric food security programme. 	

UNIT 7 – <CURRENT CHALLENGES FACING THE INDIAN ECONOMY >

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	<p>Production of diverse varieties of crops, rather than one specialised crop, is known as diversification of _____. (Choose the correct option to fill in the blank)</p> <p>(A) Crops (B) Agricultural Production (C) Sectoral Composition (D) Employment</p>	MAIN 2025
Ans	(A) Crops	
2	<p>Read the following statements - Assertion (A) and Reason (R). Choose the correct option from the options given below :</p> <p>Assertion (A) : People spend to acquire information related to labour and other markets (like, education and health). Reason (R) : Expenditure on information is necessary for efficient utilisation of the human capital stock.</p> <p>Options :</p> <p>(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 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.</p>	MAIN 2025
Ans	(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	
3.	<p>Identify, which of the following statements is incorrect about the Rural Banking system in India. (Choose the correct option)</p> <p>(A) The Rural Banking system in India consists of a set of multi-agency institutions. (B) In the post-independence period, a well-structured Rural Banking system was formulated in India. (C) Regional Rural Banks, Cooperative and Land Development Banks are components of the Rural Banking system in India. (D) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.</p>	MAIN 2025
Ans	(D) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.	
4.	<p>Identify, which of the following statements is incorrect about the functions of environment. (Choose the correct option)</p> <p>(A) Environment provides resources. (B) Environment absorbs wastage. (C) Environment sustains life. (D) Environment deteriorates quality of life.</p>	MAIN 2025
Ans	(D) Environment deteriorates quality of life.	
5.	<p>“Suppose an imaginary economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding adequate rise in the employment opportunities in the economy.”</p> <p>In economic parlance, such a situation is termed as _____ growth. (Choose the correct option to fill in the blank)</p>	MAIN 2025

	(A) Casual (B) Informal (C) Formal (D) Jobless	
Ans	(D) Jobless	
6.	<p>Read the following statements carefully :</p> <p>Statement 1 : The purchase of food grains, made by the government on the Minimum Support Price (MSP), is maintained as buffer stock.</p> <p>Statement 2 : Minimum Support Price (MSP) safeguards the farmers against any sharp fall in farm product prices.</p> <p>In the light of the given statements, choose the correct option from the following :</p> <p>(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.</p>	MAIN 2025
Ans	(C) Both Statements 1 and 2 are true.	
7.	<p>Study the following picture:</p>  <p>Identify the kind of activities, which may be envisaged under _____ as diversification activity.</p> <p>(Fill up the blank with correct alternative.)</p> <p>Alternatives: (A) Animal Husbandry (B) Fisheries (C) Horticulture (D) Organic farming</p>	MAIN 2024
Ans	(A) Animal Husbandry	
8.	<p>_____ farming is a system that is helpful in restoring, maintaining and enhancing the ecological balance. (Choose the correct alternative to fill in the blank.)</p> <p>(A) Multi layered (B) Chemical (C) Organic (D) Conventional</p>	MAIN 2024
Ans	(C) Organic	
9.	<p>Read the following statements carefully:</p> <p>Statement 1: Casual workers are hired on a permanent basis and also get social security benefits.</p> <p>Statement 2: Workforce comprises, both employed and unemployed person.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(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.</p>	MAIN 2024
Ans	(D) Both Statements 1 and 2 are false.	
10.	The scheme of 'Micro Finance' is extended through _____ credit provision.	MAIN 2024

	(Fill up the blank with correct alternative.) (A) Self help groups (B) Land Development Banks (C) Regional Rural Banks (D) Commercial Banks	
Ans	(A) Self help groups	
11.	_____ is the apex institution which plans and evaluates policies related to rural credit needs. (a) Cooperative Credit Societies (b) Regional Rural Banks (c) Self Help Groups (d) NABARD	MAIN 2023
Ans	(d) NABARD	
12.	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 Alternatives: (a) (i) and (ii) (b) (ii) and (iii) (c) (i), (ii) and (iii) (d) (i) and (iv)	MAIN 2023
Ans	(c) (i), (ii) and (iii)	
13.	Identify, which of the following is an incorrect function of environment? (a) Supplies resources (b) Assimilates waste (c) Land degradation (d) Provides aesthetic services	MAIN 2023
Ans	(c) Land degradation	
14.	Identify, which of the following is the correct formula for calculating "Worker-Population Ratio"? (Choose the correct alternative) (a) $\frac{\text{Total labour force}}{\text{Total population}} \times 100$ (b) $\frac{\text{Total workers}}{\text{Total population}} \times 100$ (c) $\frac{\text{Total population}}{\text{Total labour force}} \times 100$ (d) $\frac{\text{Total population}}{\text{Total workers}} \times 100$	MAIN 2023
Ans	(b) $\frac{\text{Total workers}}{\text{Total population}} \times 100$	
	< 3 > MARK QUESTIONS	
1.	Interpret the situation of earth as depicted in the given picture, with reference to current environmental challenges: 	MAIN 2023
Value points	The given image depicts the environmental challenge of 'Global Warming'. Global warming is a gradual increase in the average temperature of the earth's lower atmosphere. It is caused by increases in carbon dioxide and other	

	greenhouse gases. Burning of fossil fuels and deforestation are the major causes of Global Warming. Global warming is responsible for melting of polar ice, leading to rise in sea level and coastal flooding etc.	
2.	"In rural areas of India, more members of a family are engaged in work, yet the gross income of the family is generally low." Identify the type of unemployment indicated in the above statement and explain the paradox associated with it.	MAIN 2023
Value points	Disguised unemployment is indicated in the given statement. Generally, in rural India more than required number of people are employed on a particular task without contributing to the aggregate output. Hence, marginal productivity of labour turns out to be zero. Consequently, gross income of the family is lower than expected.	
< 4 > MARK QUESTIONS		
1.	(i) Distinguish between human capital and physical capital. (ii) Define Sustainable Development.	MAIN 2025
Value points	(i) Human capital refers to the stock of knowledge, skill and ability imbibed in the owner of the same, i.e., human capital is inseparable from its owner. It cannot be sold in the market, only its services can be sold in the market. Whereas; Physical capital are the assets (plant and machinery, building etc.), which are tangible in nature. It is separable from its owner. It can be transacted in the market. (ii) Sustainable Development is the development that meets the need of the present generation without compromising the ability of the future generation to meet their own needs.	
2.	(i) Describe briefly the importance of micro-credit programmes in Rural India. (ii) State any one strategy involved in attaining sustainable development in India.	MAIN 2025
Value points	(i) Micro-credit programmes have emerged to fill the gap in the formal credit system. The formal credit delivery mechanism has not been fully integrated into the rural social structure. Due to non-availability of collateral, a vast proportion of poor rural households go out of the credit network. Micro-credit system has brought these poor households in the ambit of formal credit system by providing them loans at a concessional rate of interest. (ii) Use of wind energy.	
3.	State and elaborate whether the following statements are true/false, with valid arguments : (a) The Indian economy has shown satisfactory progress towards formalisation of workforce in the recent years. (b) In the Indian rural landscape, agricultural diversification has emerged as a reasonable alternative to fill up the gaps in income.	MAIN 2025
Value points	(a) False. In recent times, India has witnessed an unprecedented shift of workforce from formal to informal sectors. This may primarily be due to a decline in job opportunities in formal sector (public & private). Thus, informalisation of workforce has become a major challenge for the economy. (b) True. There is a greater risk in depending exclusively on farming for livelihood. Diversification has reduced the risk from uncertainties in the	

	agriculture sector and has provided productive sustainable livelihood options to rural people.	
4.	State and elaborate, whether the following statements are true/false, with valid arguments: (a) Under the Golden Revolution, there was tremendous growth in horticulture, making India the world leader in this field. (b) Small and marginal farmers are given preference in getting credit from non-institutional sources like Regional Rural Banks, Cooperative Banks, etc.	MAIN 2025
Value points	(a) True. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, etc. and is the second largest producer of fruits and vegetables. (b) False. Regional Rural Banks, Cooperative Banks etc. are the institutional sources set up by the government to adequately meet the needs of rural credit.	
5.	State, with valid reasons whether, the following statements are true or false: (a) "Higher productivity and production are the outcome of investment in human resources." (b) Rising population is not the cause for quality of human capital formation.	MAIN 2023
Value points	(a) True. Investment in human resource stimulates innovation and creates ability to absorb new technology. Technical skills acquired through sources of human capital formation such as education, training and sound health etc. helps labour supply to make better use of given resources. Hence, productivity and production increases. (b) False. Rapid rise in population adversely affects the quality of human capital. It reduces per head availability of existing facilities that results in a fall in quality of life. In turn, this leads to a reduction in the capacity to acquire specialised skills and knowledge.	
6.	i) "Infrastructural development is an essential element to obtain the full potential of the rural sector in India". Justify the given statement with valid arguments. ii) State the meaning of 'Human Development'	MAIN 2024
Value points	i) Development of infrastructure facilities such as provision of electricity, roads, irrigation, marketing etc. is essential to enhance the production and productivity in the rural areas. The availability of easy and affordable credit generates employment opportunities. Moreover, it also provides avenues for diversification from farm to non farm and allied activities. Hence, infrastructural development acts as a catalyst in the overall development of the rural economy. ii) Human development is based on the idea that education and health are integral to human well-being and human beings are end in themselves.	
7.	"In a nation like India, self employment provides an important avenue for employment generation." Defend or refute the given statement with valid arguments.	MAIN 2024
Value points	The given statement is defended. In a nation like India, self-employment is a major source of livelihood for both men and women. Self-employed workers are the ones who own and operate an enterprise to earn their livelihood. Thus, besides creating employment opportunities for themselves, they also generally provide employment avenues for other people in the economy.	

8.	<p>(i) Study the following chart of Employment and Gross Domestic Product. Analyse the trend of the two variables between 1990-2012.</p> <p>(ii) Define Worker - Population Ratio.</p>	MAIN 2024
Value points	<p>(i) The period between 1990 to 2012 had been a significant one as India's Gross Domestic Product (GDP) growth rate grew positively from 3.4% in 1990s to 7.8% in 2012. However, the employment growth rate has shown declining trends from 1.5% to 1.12% during the same period. Indian economy has witnessed the peculiar phenomena of 'jobless growth' over all these years i.e. GDP growth rate increased without a corresponding increase in the rate of employment. During 2005-10, employment growth rate was a meagre 0.28%. However, GDP was growing at a sky rocketing pace of 8.7%. In a nutshell, the period between 1990-2012 was a roller coaster ride for the Indian economy on the fronts of GDP and Employment Growth rate.</p> <p>(ii) Worker - Population Ratio is defined as the total number of workers in a country divided by population. It is represented in percentage..</p>	
9.	Explain why are regular salaried employees more in urban areas than in rural areas.	MAIN 2024/VI
Value points	Regular salaried employees are more in urban areas as it has a higher concentration of businesses, industries, and provide more job opportunities for regular salaried positions compared to rural areas where employment options may be limited.	
	< 6 > MARK QUESTIONS	
1.	<p>Read the following text carefully:</p> <p>The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. In India, the labour force grew by 99.2 million persons between 2000-2019. The labour force grew from 396.3 million to 495.5 million.</p> <p>During 2012-2019, the labour force grew without a matching increase in employment, leading to higher unemployment.</p> <p>The gender disparity in India's labour market is notable with women's LFPR at 32.8% in 2022, significantly lower than men's LFPR at 77.2%. This is a major reason for India's overall low LFPR, which is lower than the global average of 47.3%.</p> <p>During 2000-2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. This trend reversed between 2019-2022, with rural LFPR increasing by 6% (especially among rural women) and urban LFPR by 2.1%. These shifts</p>	MAIN 2025

	<p>suggest that fluctuations occur in women's labour market participation, particularly in rural areas.</p> <p>This significantly affected the overall LFPR. Women join the workforce during economic hardships and move out when conditions improve.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <ol style="list-style-type: none"> Define unemployment. Write the meaning of Labour Force Participation Rate (LFPR) Comment upon the gender disparities in rural and urban Labour Force Participation Rate (LFPR) during 2000-2019. 	
Value points	<ol style="list-style-type: none"> Unemployment refers to a situation in which all those persons who are willing and able to work do not get work at the prevailing wage rate. The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. The gender disparities in India's labour market is notable with women's LFPR at 32.8% in 2022, significantly lower than men's LFPR at 77.2%. During 2000 – 2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. 	
2.	<p>Read the following text carefully:</p> <p>India has aimed to reduce the country's carbon intensity by approximately 45% by 2030. To achieve this 'Green finance' plays a vital role. At the initial stages, green finance needs a big push from the government. The Indian government has identified projects worth ₹ 25,000 crore that will be financed by proceeds from Sovereign Green Bonds.</p> <p>According to the framework approved by finance ministry, the sovereign green bonds will focus on financing public projects including renewable energy, climate change, clean transportation, sustainable water and waste management and pollution control. Businesses that take green finance can get benefit in various ways. It can help them follow different environmental norms and regulations and thus avoid possible fines. Adopting sustainable developmental practices enhances brand value of businesses. Customers tend to prefer brands that adopt clear sustainable development practices. The energy-efficient and other sustainable development practices promoted by green finance also often help in saving cost, boosting profitability of businesses etc.</p> <p>-The Economic Times, April 22, 2023 (Modified)</p> <p>On the basis of given text and common understanding, answer the following questions:</p> <ol style="list-style-type: none"> Define sustainable development. State the public project areas, where Sovereign Green Bond are focussed. How can businesses get benefit from green finance? 	MAIN 2024
Value points	<ol style="list-style-type: none"> Sustainable development is the development that meets the need of the present generation without compromising the ability of the future generation to meet their own needs. 	

	<p>b) The Sovereign Green Bonds focus on financing public projects such as renewable energy, climate change, clean transportation, sustainable water and waste management and pollution control.</p> <p>c) Green finance can benefit businesses in the following ways:</p> <ul style="list-style-type: none"> • It can help them follow different environmental norms and regulations and thus avoid possible fines. • Adopting sustainable developmental practices enhances brand value of businesses. • The energy-efficient practices help in saving cost, boosting profitability of businesses etc. 	
3.	<p>i) Define Agricultural diversification.</p> <p>ii) State the meaning of organic farming. Discuss how does it help in promoting sustainable development.</p>	MAIN 2023
Value points	<p>i) Agricultural diversification relates to change in cropping pattern or shift of workforce from agriculture to other allied activities.</p> <p>ii) Organic farming refers to a whole system of farming that restores, maintains and enhances the ecological balance. Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as animal manures and composts. Organic produce has more nutritional value. It is pesticide free which helps in soil conservation. Consequently, organic farming is conducive to sustainable development.</p>	
4.	<p>i) Discuss the need for promoting women's education in India.</p> <p>ii) Explain absorptive capacity of environment with example.</p>	MAIN 2023
Value points	<p>(i) The need to promote education for women in India is imminent. It helps in improving economic independence and social status of women. Women education makes a favourable impact on fertility rate and health care of women and children.</p> <p>(ii) Absorptive capacity means the ability of the environment to absorb degradation. For instance, high population and the affluent consumption in the developing countries and production standards of the developed nations have placed a huge stress on the environment. Many resources are becoming extinct and the wastes generated are beyond the absorptive capacity of the environment.</p>	

UNIT 8 – <DEVELOPMENT EXPERIENCE OF INDIA – A COMPARISON WITH NEIGHBOURS >

	< 1 > MARK QUESTIONS	MAIN / COMPTT.
1.	<p>Study the following image carefully :</p> <pre> graph LR A[Similarities in Policies of India and Pakistan] --- B[Mixed Economic System] A --- C[Green Revolution] A --- D[?] </pre>	MAIN 2025

	From the following, choose the correct option which indicates similarities in the policies of India and Pakistan, in the post-1947 period : (Choose the correct option) (A) Dual pricing policy (B) Commune system (C) Import substitution (D) Great Proletarian Cultural Revolution																					
Ans	(C) Import substitution																					
2.	From the events given in Column-I and facts given in Column-II about China, choose the correct pair: <table border="1"><thead><tr><th></th><th>Column - I</th><th></th><th>Column - II</th></tr></thead><tbody><tr><td>(a)</td><td>Structural transformation</td><td>(i)</td><td>Limited Urbanisation</td></tr><tr><td>(b)</td><td>Great leap forward campaign</td><td>(ii)</td><td>Reduced global demand for Chinese products</td></tr><tr><td>(c)</td><td>Less stress on usage of natural resources</td><td>(iii)</td><td>Low density of population</td></tr><tr><td>(d)</td><td>Slowdown in GDP, since 2014</td><td>(iv)</td><td>Aimed at massive industrialisation</td></tr></tbody></table> Alternatives: (A) (a) – (i) (B) (b) – (ii) (C) (c) – (iii) (D) (d) – (iv)		Column - I		Column - II	(a)	Structural transformation	(i)	Limited Urbanisation	(b)	Great leap forward campaign	(ii)	Reduced global demand for Chinese products	(c)	Less stress on usage of natural resources	(iii)	Low density of population	(d)	Slowdown in GDP, since 2014	(iv)	Aimed at massive industrialisation	Main 2024
	Column - I		Column - II																			
(a)	Structural transformation	(i)	Limited Urbanisation																			
(b)	Great leap forward campaign	(ii)	Reduced global demand for Chinese products																			
(c)	Less stress on usage of natural resources	(iii)	Low density of population																			
(d)	Slowdown in GDP, since 2014	(iv)	Aimed at massive industrialisation																			
Ans	(C) (c) – (iii)																					
3.	Introduction of Economic Reforms in Pakistan took place in year_____. (Fill up the blank with correct alternative.) (A) 1978 (B) 1980 (C) 1988 (D) 1991	Main 2024																				
Ans	(C) 1988																					
4.	Read the following statements carefully: Statement 1: China has used Market system mechanism without losing political commitment to create additional social and economic opportunities. Statement 2: India, Pakistan and China have similar physical endowments but totally different Political systems. (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	Main 2024																				
Ans	(C) Both Statements 1 and 2 are true.																					
5.	_____ indicator may be defined as the measure of the extent of demographic participation in Social and Political decision making in a Country. (Fill up the blank with correct alternative.) (A) Economic (B) Health (C) Demographic (D) Liberty	Main 2024																				
Ans	(D) Liberty																					
6.	Read the following statements carefully: Statement 1: Great Proletarian Cultural Revolution was introduced in China in 1950's. Statement 2: China's growth is mainly contributed by the manufacturing sector. In the light of 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.	MAIN 2023																				
Ans	(d) Both statements 1 and 2 are false.																					

7.	Identify the incorrect statement from the following: (Choose the correct alternative) (a) China's Economic growth rate is better than that of Pakistan. (b) Pakistan is behind India in HDI ranking. (c) One Child Policy norm was adopted in Pakistan (d) In 1991, India adopted New Economic Reforms.	MAIN 2023																																									
Ans	(c) One Child Policy norm was adopted in Pakistan.																																										
8.	Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): During 1980's, economic growth rate of Pakistan was more than that of India. Reason (R): Pakistan followed the path of mixed economic structure with equal participation of the public and the private sector. Alternatives:	MAIN 2023																																									
Ans	(c) Assertion (A) is true, but Reason (R) is false.																																										
9.	Read the following statements carefully: Statement 1: Special Economic Zones (SEZ's) policy has led to huge Foreign Direct Investment (FDI) flow to China. Statement 2: China's rapid industrial growth was the result of its economic reform in 1981. In the light of the given statements, choose the correct alternative: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both statements 1 and 2 are true. (d) Both statements 1 and 2 are false.	MAIN 2023																																									
Ans	(a) Statement 1 is true and Statement 2 is false.																																										
10.	Read the following statements carefully: Statement 1: First Five Year Plan of China commenced in the year 1956. Statement 2: Both India and China adopted Socialist Economy model, following USSR. In the light of the given statements, choose the correct alternative: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both statements 1 and 2 are true (d) Both statements 1 and 2 are false.	MAIN 2023																																									
Ans	(d) Both statements 1 and 2 are false.																																										
	< 3 > MARK QUESTIONS																																										
1.	Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA). <i>Sectoral Share of Employment and GVA (%) in 2018-19</i> <table><tr><th rowspan="2">Sector</th><th colspan="3">Contribution to GVA</th><th colspan="3">Distribution of Workforce</th></tr><tr><th>India</th><th>China</th><th>Pakistan</th><th>India</th><th>China</th><th>Pakistan</th></tr><tr><td>Agriculture</td><td>16</td><td>7</td><td>24</td><td>43</td><td>26</td><td>41</td></tr><tr><td>Industry</td><td>30</td><td>41</td><td>19</td><td>25</td><td>28</td><td>24</td></tr><tr><td>Services</td><td>54</td><td>52</td><td>57</td><td>32</td><td>46</td><td>35</td></tr><tr><td>Total</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td></tr></table>	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	MAIN 2025
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																																					

Value points	The given data pertains to the sectoral share of Gross Value Added (GVA) of India and Pakistan. According to the given data, the contribution of the agricultural sector to GVA in India is 16% whereas, in Pakistan it is 24%. In India, the Industrial sector contributed 30% to GVA whereas this contribution stands at 19% in Pakistan. In India and Pakistan, the contribution of service sector to GVA is the highest, 54% and 57% respectively. Thus, in both the countries, service sector has emerged as a key contributor to growth.										
	< 4 > MARK QUESTIONS										
1.	<p>Read the following text carefully:</p> <p>China underwent substantial policy changes to stimulate their economy. China's economic growth was rapid in the late 1970s across various sectors. However, India had to wait much longer for its economic transformation. India's significant economic progress was only realised after the economic reforms of 1991, which were implemented out of compulsion.</p> <p>On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India.</p>	MAIN 2025									
Value points	<p>China's rapid economic growth can be traced back to the voluntarily initiated reforms in 1978. China was able to maintain near double-digit growth during 1980s which paved the strategic shift towards a manufacturing-driven economy. Moreover, agricultural reforms brought prosperity to a vast number of poor people. It fostered industrial expansion and strengthening support for further reforms. In contrast, India was compelled to introduce economic reforms in 1991. The industrial sector reported fluctuation, the growth of the service sector has gone up. This indicates that GDP growth is mainly driven by growth in the service sector.</p>										
2.	<p>Compare and analyse the following information related to Annual Growth of Gross Domestic Product (GDP) of India and China:</p> <p>Annual Growth of Gross Domestic Product</p> <table border="1"> <thead> <tr> <th>Country</th><th>1989-90</th><th>2015-17</th></tr> </thead> <tbody> <tr> <td>India</td><td>5.7</td><td>7.3</td></tr> <tr> <td>China</td><td>10.3</td><td>6.8</td></tr> </tbody> </table> <p>(Source: Asian Development Bank, Philippines, World Development indicator-2018)</p>	Country	1989-90	2015-17	India	5.7	7.3	China	10.3	6.8	MAIN 2023
Country	1989-90	2015-17									
India	5.7	7.3									
China	10.3	6.8									
Value points	The given data shows that China has gained economic strength over the given period of time. India witnessed 5.7% growth rate whereas, China was able to maintain near double-digit growth during the decade of 1980s. The growth rate of China has decelerated to an average of 6.8%, over the period 2015-17. In the recent past India has posted a decent rise in the growth rate. While India had lesser growth rate in the decade of 1980's, it has enhanced well by registering an average growth rate of 7.3%, over the period 2015-17.										