Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 58/1/1

ECONOMICS

CBSE Class XII Board Examination 2024 — with answers

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions in two sections; all of them must be answered.
2. Section A is Macro Economics (Q1–17) and Section B is Indian Economic Development (Q18–34).
3. 20 multiple choice questions (including Assertion-Reason) carry 1 mark each.
4. 4 Short Answer Type-I questions carry 3 marks each (60–80 words).
5. 6 Short Answer Type-II questions carry 4 marks each (80–100 words).
6. 4 Long Answer questions carry 6 marks each (100–150 words).
7. There is no overall choice, but some questions offer an internal choice (OR); attempt only one of the choices.

SECTION A

Macro Economics. Q1–10 are multiple choice questions of 1 mark each; Q11–12 carry 3 marks, Q13–15 carry 4 marks and Q16–17 carry 6 marks.

1. Consider the two statements. **1**

Statement 1: Whenever income in an economy rises (ΔY), consumption (ΔC) always rises in the same proportion.

Statement 2: MPC and MPS are always equal to each other.

Pick the correct option.

(A) Statement 1 is true and Statement 2 is false.

(B) Statement 1 is false and Statement 2 is true.

(C) Both Statements 1 and 2 are true.

(D) Both Statements 1 and 2 are false.

ANSWER

(D) Both statements are false.

Statement 1: consumption rises when income rises, but only by a fraction of the rise in income (MPC < 1), so it does not rise proportionately. False.

Statement 2: MPC + MPS = 1. They are equal only in the special case MPC = MPS = 0.5, not always. False.

Hence option (D).

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2. Which one of these equations is correct? **1**

(A) $\boldsymbol{GDP_{MP} = NNP_{FC}}$ + Depreciation

(B) $\boldsymbol{NDP_{FC} = NNP_{FC}}$ + Net Indirect Taxes

(C) $\boldsymbol{GNP_{MP} = GDP_{MP}}$ **+ Net Factor Income from Abroad**

(D) $\boldsymbol{NNP_{FC} = NDP_{MP}}$ + Depreciation

ANSWER

(C) GNP at MP = GDP at MP + NFIA

National = Domestic + NFIA, so $GNP_{MP} = GDP_{MP} + NFIA$. Correct.

Check the others: $GDP_{MP} = NNP_{FC}$ + Depreciation + NIT − NFIA (A is incomplete); $NDP_{FC} = NNP_{FC} - NFIA$ (B wrong); $NNP_{FC} = NDP_{MP} + NFIA - NIT$ (D wrong — depreciation is not added).

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3. Assertion (A): Full employment means there is no involuntary unemployment. **1**
Reason (R): At full employment, everyone who is willing and able to work gets a job at the going wage rate.

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

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

ANSWER
(A) Both true; R explains A.

Full employment is the situation where all those who want to work at the prevailing wage are employed. Because every willing and able person finds work (R), there is nobody who is unemployed against his will — i.e. involuntary unemployment is absent (A). R directly explains A.

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4. According to NSE data of 9 June 2023, Foreign Institutional Investors (FIIs) made a net sale of ₹309 crore over one month (9 May – 9 June 2023). On which side of which account of India's Balance of Payments will this be recorded? (fill in: ____ side of ____ account) **1**

(A) Debit, Current

(B) Credit, Capital

(C) Credit, Current

(D) Debit, Capital

ANSWER
(D) Debit side of the Capital account

FII investment is portfolio investment, a capital account item (it changes assets/liabilities).
Net selling by FIIs means foreign investors are withdrawing money from India — an outflow of foreign exchange.
Outflows are recorded on the debit side. So: debit side, capital account.

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5. Which feature(s) of money supply (M1) given below is/are INCORRECT? **1**
(i) It is measured at a point of time.
(ii) It excludes the money stock held by the government.
(iii) It is always the currency held by the Central Bank of the country.

(A) (i) and (ii)

(B) (ii) and (iii)

(C) (ii) only

(D) (iii) only

ANSWER
(D) (iii) only

Money supply is a stock concept, measured at a point of time — (i) correct.
It counts money held by the public, so money held by the government (and banks) is excluded — (ii) correct.
M1 = currency held by the public + net demand deposits of banks; it is not the currency lying with the Central Bank — (iii) is the incorrect feature.

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6. In Keynesian economics, total consumption expenditure of households is made up of _____ and _____. **1**

(A) Autonomous Consumption, Autonomous Investments

(B) Autonomous Investments, Induced Consumption

(C) Induced Investments, Autonomous Investments

(D) Autonomous Consumption, Induced Consumption

ANSWER

(D) Autonomous consumption and induced consumption

Consumption function: $C = \bar{c} + bY$.

$\bar{c}$ = autonomous consumption (independent of income); bY = induced consumption (depends on income).

Investment is not a part of consumption, so options with investment are wrong.

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7. A credit-creation table has these columns: Round, Deposits, Loans (80%), Reserves (20%). **1**

Round I: Deposits 5000, Loans 4000, Reserves (i).

Round II: Deposits 4000, Loans (ii), Reserves 800.

… and so on.

Total: Deposits (iii), Loans (iv), Reserves 5000.

Find (i), (ii), (iii), (iv).

(A) 1000, 800, 20000, 25000

(B) 5000, 3200, 25000, 20000

(C) 1000, 3200, 25000, 20000

(D) 1000, 800, 20000, 25000 (same as option A in the paper)

ANSWER

(C) 1000, 3200, 25000, 20000

(i) Reserves in round I = 20% of 5000 = 1000.

(ii) Loans in round II = 80% of 4000 = 3200.

Money multiplier = 1/RR = 1/0.2 = 5.

(iii) Total deposits = 5 × initial deposit 5000 = 25,000.

(iv) Total loans = total deposits − total reserves = 25,000 − 5,000 = 20,000.

(Note: in the paper, options A and D were printed identically.)

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8. A surplus in the Balance of Payments means an excess of _____. **1**

(A) Autonomous payments over Autonomous receipts

(B) Current Account payments over Autonomous receipts

(C) Capital Account receipts over Capital Account payments

(D) Autonomous receipts over Autonomous payments

ANSWER

(D) Autonomous receipts over autonomous payments

BOP surplus/deficit is judged only by autonomous (above-the-line) transactions.
If autonomous receipts exceed autonomous payments → BOP surplus; the reverse → BOP deficit, which must be met by accommodating transactions.

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9. For a hypothetical economy, $C = 100 + 0.75Y$ and autonomous investment $I_0 = 400$. The investment multiplier (K) is _____. **1**

(A) 5 **(B) 4**

(C) 6 **(D)** 3

ANSWER

(B) K = 4

MPC (b) = 0.75.

$$K = \frac{1}{1 - MPC} = \frac{1}{1 - 0.75} = \frac{1}{0.25} = 4.$$

The values 100 and 400 are not needed for K.

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10. An imaginary economy has a favourable balance of trade of ₹500 crore. Merchandise exports are ₹1200 crore and transfer payments are ₹400 crore. Merchandise imports are ₹____ crore. **1**

(A) 1700 **(B)** 750

(C) 700 **(D)** 900

ANSWER

(C) ₹700 crore

Balance of trade = merchandise exports − merchandise imports.
500 = 1200 − Imports ⇒ Imports = ₹700 crore.
Transfer payments are part of the current account, not the balance of trade, so they are ignored (common trap).

11. From the following data (₹ crore) of an imaginary economy, calculate Net Domestic Product at Factor Cost (NDP_{FC}): **3**

(i) Gross domestic fixed capital formation 200

(ii) Exports 50

(iii) Government final consumption expenditure 320

(iv) Consumption of fixed capital 35

(v) Household final consumption expenditure 470

(vi) Inventory investment (net) (−) 40

(vii) Imports 60

(viii) Net indirect taxes 50

(ix) Net factor income from abroad 20

ANSWER

NDP_{FC} = ₹855 crore

Expenditure method: GDP_{MP} = HFCE + GFCE + GDFCF + change in inventory + net exports.
= 470 + 320 + 200 + (−40) + (50 − 60) = ₹940 crore.
$NDP_{MP} = GDP_{MP}$ − consumption of fixed capital = 940 − 35 = ₹905 crore.
$NDP_{FC} = NDP_{MP}$ − net indirect taxes = 905 − 50 = ₹855 crore.
NFIA (20) is NOT used because we want a domestic aggregate — a common mistake.

OR

(i) Explain the concept of externalities with a suitable example. (2)

(ii) Define operating surplus. (1)

ANSWER

Externalities = benefits/harms caused to others without payment/penalty (e.g. a new public park); Operating surplus = rent + interest + profit (incl. royalty).

(i) Externalities are the good or bad effects that the activity of one person/firm has on others, for which no payment is received (positive) or no compensation is paid (negative). They are not counted in GDP.
Example: a newly built public park raises the well-being of nearby residents who pay nothing for it (positive externality); smoke from a factory harms people's health without any compensation (negative externality).
(ii) Operating surplus is the factor income earned as rent, royalty, interest and profit taken together, i.e. income from property and entrepreneurship.

12. Differentiate between the fixed exchange rate system and the flexible exchange rate system. **3**

ANSWER

Fixed: rate set by the government/central bank, stable; Flexible: rate set by market demand and supply, keeps changing.

Fixed exchange rate system: the exchange rate is fixed (pegged) by the government/monetary authority. It keeps the value of the domestic currency stable against foreign currencies; the central bank buys/sells foreign exchange to hold the rate.
Flexible (floating) exchange rate system: the exchange rate is determined freely by the market forces of demand for and supply of foreign exchange, with no official intervention. It keeps fluctuating as demand and supply change.

13. Complete the table and write the consumption function at an income level of ₹200 crore. **4**

Income Y (₹ cr)	Saving (₹ cr)	APC	MPS
0	−30	–	–
100	...	1	...
200	...	0.85	...
300	...	0.8	...

ANSWER

Savings: 0, 30, 60; MPS = 0.3 throughout; C = 30 + 0.7Y (C = ₹170 crore at Y = 200)

C = APC × Y, S = Y − C.

Y = 100: C = 1 × 100 = 100, S = 0.

Y = 200: C = 0.85 × 200 = 170, S = 30.

Y = 300: C = 0.8 × 300 = 240, S = 60.

MPS = ΔS/ΔY: (0 − (−30))/100 = 0.3; (30 − 0)/100 = 0.3; (60 − 30)/100 = 0.3.

Y	S	APC	MPS
0	−30	–	–
100	0	1	0.3
200	30	0.85	0.3
300	60	0.8	0.3

MPC = 1 − MPS = 0.7. At Y = 0, C = Y − S = 0 − (−30) = 30 (autonomous consumption).

Consumption function: $C = 30 + 0.7Y$. Check at Y = 200: C = 30 + 140 = 170 ✓.

OR

In an economy, planned (ex-ante) aggregate supply is less than planned (ex-ante) aggregate demand. Explain how this affects output, income and employment.

ANSWER

Excess demand → inventories fall below desired level → firms raise production → output, income and employment rise till AD = AS.

If ex-ante AD > ex-ante AS, households and firms together plan to buy more than producers planned to produce (excess demand).

Firms meet the extra demand from their stocks, so inventories fall unexpectedly below the desired level.

To restore desired inventories, producers expand production, hiring more factors.

As a result, output, employment and income rise.

This process continues until planned AD again equals planned AS (equilibrium).

14. Give valid arguments to justify: **4**

(a) The Central Bank is the only currency-issuing authority of an economy. (2)

(b) Money acts as a standard of deferred payments. (2)

ANSWER

(a) Sole note issue gives uniformity and control over money supply; (b) money expresses future payments (loans, credit) in a common unit.

(a) The Central Bank (RBI in India) alone has the right to issue currency notes. This ensures uniformity of currency, public confidence in it, and gives the Central Bank control over the money supply and credit in the economy.

(b) Deferred payments are payments to be made in the future, e.g. repayment of loans, interest, credit purchases. Money, having a fairly stable and generally accepted value, allows such future obligations to be stated and settled easily. Thus it facilitates borrowing and lending and serves as the standard of deferred payments.

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15. A news report (The Economic Times, 8 June 2023) said that RBI's rate-setting committee unanimously kept the benchmark lending rate (repo rate) unchanged at 6.5% and stayed focused on withdrawing its accommodating monetary policy. **4**

(a) Identify and discuss the economic issue indicated here. (2)

(b) What would have happened to money supply if the committee had cut this rate? (2)

ANSWER

(a) Inflation (excess demand); (b) money supply would increase.

(a) The likely issue is inflation in the economy caused by excess demand. By not cutting the rate and withdrawing the easy-money stance, RBI keeps borrowing costly so that demand, and hence prices, are kept in check.

(b) A cut in the repo rate makes borrowing from RBI cheaper for commercial banks → banks lower their lending rates → the public borrows more → more credit is created → money supply in the economy increases (and aggregate demand rises).

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16. Classify each of the following as a revenue receipt or a capital receipt, with reasons: **6**

(i) Interest received on loans. (2)

(ii) Disinvestment receipts from selling a government company. (2)

(iii) Financial aid from the US Government to promote girl education in India. (2)

ANSWER

(i) Revenue receipt; (ii) Capital receipt; (iii) Revenue receipt

Test: a capital receipt either creates a liability or reduces an asset of the government; a revenue receipt does neither.

(i) Interest on loans given: neither creates a liability nor reduces assets → revenue receipt (non-tax).

(ii) Disinvestment: selling a government company reduces government assets → capital receipt.

(iii) Aid/grant from a foreign government: not to be repaid (no liability) and no asset is reduced → revenue receipt.

OR

(i) A bar chart 'Trend of major items of expenditure' (₹ lakh crore) shows, for 2021-22 (actual), 2022-23 (revised estimate) and 2023-24 (budget estimate):

Social welfare 0.41, 0.47, 0.55; Urban development 1.07, 0.75, 0.76; Health 0.84, 0.77, 0.89; Education 0.80, 1.00, 1.13; Agriculture & allied 1.43, 1.36, 1.44; Rural development 2.29, 2.43, 2.38; Transport 3.32, 3.90, 5.17.

Analyse the changing trend of government expenditure on (I) Transport (2) and (II) Rural development (2).

(ii) Distinguish between fiscal deficit and revenue deficit. (2)

ANSWER

(I) Transport rises steadily 3.32 → 3.90 → 5.17 lakh crore; (II) Rural development 2.29 → 2.43 then slightly down to 2.38; FD = total expenditure − receipts excluding borrowings, RD = revenue expenditure − revenue receipts.

(i)(I) Transport: ₹3.32 lakh crore in 2021-22, ₹3.90 lakh crore in 2022-23 (RE) and ₹5.17 lakh crore in 2023-24 (BE) — a continuous and sharp rise (about 56% over two years); it is the largest item, showing priority to infrastructure.

(II) Rural development: ₹2.29 lakh crore (2021-22) rose to ₹2.43 lakh crore (2022-23 RE) but dipped slightly to ₹2.38 lakh crore in 2023-24 (BE) — broadly stable with a small fall in the last year.

(ii) Fiscal deficit = total expenditure − total receipts excluding borrowings; it shows the total borrowing need of the government.

Revenue deficit = revenue expenditure − revenue receipts; it shows the shortfall in the government's current (revenue) account.

17. (a) Briefly explain the circular flow of income in a two-sector model. (3) **6**

(b) 'Real GDP is a better indicator of a nation's economic growth than nominal GDP.' Do you agree? Support with a hypothetical numerical example. (3)

ANSWER

(a) Factor services and factor payments flow between households and firms, and income returns to firms as consumption spending; (b) Yes — real GDP removes the effect of price changes.

(a) Two sectors: households and firms. Households own land, labour, capital and entrepreneurship and supply them to firms. Firms use them to produce goods and services and pay rent, wages, interest and profit to households (factor payments). Households spend this income on the goods and services produced by firms (consumption expenditure). So the income generated by production flows back to firms as expenditure, completing a circular flow; the flow never breaks as long as all income is spent.
(b) Yes. Nominal GDP is valued at current-year prices, real GDP at base-year prices.
Example: Year 1 (base): price ₹10, output 100 units → nominal GDP = real GDP = ₹1,000.
Year 2: price ₹15, output still 100 units → nominal GDP = ₹1,500, real GDP = 10 × 100 = ₹1,000.
Nominal GDP rose 50% though output did not change at all; real GDP correctly shows zero growth.
Since real GDP removes price changes, it measures changes in physical output, hence growth, better.

SECTION B

Indian Economic Development. Q18–27 are multiple choice questions of 1 mark each; Q28–29 carry 3 marks, Q30–32 carry 4 marks and Q33–34 carry 6 marks.

18. Assertion (A): Too much regulation under the 'permit licence raj' stopped some private firms from becoming competitive. **1**

Reason (R): The private sector spent huge sums on getting licences instead of improving product quality and international competitiveness.

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

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

ANSWER

(A) Both true; R explains A.

Under the licence system, firms had to obtain permits to set up, expand or change products. Energy and money went into lobbying for licences rather than into better technology, quality and efficiency. That is exactly why they failed to become competitive (A). So R explains A.

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19. In the 1970s, Pakistan nationalised its _____ industries. **1**

(A) Medical infrastructure **(B)** Consumer goods

(C) Capital goods **(D)** Foreign trade

ANSWER

(C) Capital goods

In the 1970s Pakistan nationalised capital goods industries. Later, in the late 1970s and 1980s, it moved towards denationalisation and encouraged the private sector.

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20. Statement 1: Basic infrastructure such as railways, post and telegraph was developed under colonial rule. **1**

Statement 2: The real aim behind this infrastructure was to serve British interests.

Choose the correct option.

(A) Statement 1 is true and Statement 2 is false.

(B) Statement 1 is false and Statement 2 is true.

(C) Both Statements 1 and 2 are true.

(D) Both Statements 1 and 2 are false.

ANSWER

(C) Both statements are true.

The British did build railways, ports, roads, post and telegraph. But the purpose was to move raw materials to ports, sell British goods across India, move troops and keep administrative control — not the welfare of Indians. Both statements are true.

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21. Which combination below is NOT a correct set of components of the agricultural marketing system? **1**

(A) Assembling, Storage, Processing, Packaging

(B) Production, Assembling, Processing, Grading

(C) Assembling, Processing, Packaging, Transportation

(D) Processing, Packaging, Grading, Distribution

ANSWER

(B) Production, Assembling, Processing, Grading

Agricultural marketing covers activities after harvest: assembling, storage, processing, grading, packaging, transportation and distribution. 'Production' is not a marketing activity, so option (B) is the incorrect combination.

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22. Assertion (A): The WTO is expected to set up a rule-based trading system so that member countries do not impose arbitrary restrictions on their own. **1**
Reason (R): It is essential to expand world production and make the best use of world resources while protecting the environment.

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

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

ANSWER

(A) Both true; R explains A.

The WTO aims at a rule-based trade regime so that no country can unilaterally block trade. The purpose of such free and fair trade is to enlarge world production and trade and use world resources optimally, with care for the environment. The reason gives the objective behind the rule-based regime, so R explains A.

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23. Assertion (A): China has used the market mechanism to create additional social and economic opportunities for its people. **1**
Reason (R): Government-built social infrastructure has improved human development indicators in China.

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

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

ANSWER
(B) Both true; R does not explain A.

After the 1978 reforms China used markets (SEZs, dual pricing, FDI) to create extra opportunities — A is true.
Public investment in health, education and other social infrastructure (done mainly before reforms) improved its HDI — R is true.
But R is about state-built social infrastructure, not about the market mechanism, so it does not explain A.

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24. Which of these are NOT objectives of a regulated agricultural market? **1**
(i) Making marketing efficient so that farmers get the best price for their produce.
(ii) Discouraging improvement of marketing infrastructure for farmers.
(iii) Preventing exploitation of farmers.
(iv) Discouraging farmers from improving the quality and quantity of their produce.

(A) (i) and (ii)

(B) (i) and (iii)

(C) (iii) and (iv)

(D) (ii) and (iv)

ANSWER
(D) (ii) and (iv)

Regulated markets aim at orderly, transparent marketing, fair prices and protection of farmers from middlemen — (i) and (iii) are objectives.
Discouraging better infrastructure (ii) or better quality/quantity of produce (iv) are the opposite of its aims, so they are the incorrect ones.

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25. Economic reforms were introduced in India and in Pakistan in _____ and _____ respectively. **1**

(A) 1988, 1978

(B) 1991, 1978

(C) 1991, 1988

(D) 1981, 1991

ANSWER
(C) 1991 and 1988

India: New Economic Policy, 1991. Pakistan: economic reforms began in 1988. (China's reforms began in 1978 — do not confuse.)

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26. Statement 1: As per NSSO, unemployment is the situation of people who, for lack of work, are not working but are seeking work from prospective employers and show willingness/availability to work at prevailing conditions and pay. **1**

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

Choose the correct option.

(A) Statement 1 is true and Statement 2 is false.

(B) Statement 1 is false and Statement 2 is true.

(C) Both Statements 1 and 2 are true.

(D) Both Statements 1 and 2 are false.

ANSWER

(C) Both statements are true.

Statement 1 is the NSSO definition of unemployment — true.

In a populous country with limited jobs, many family members work on the same small farm though fewer are needed; their marginal productivity is zero — disguised unemployment is common in India. True.

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27. Which of these countries is NOT a member of the G20? **1**

(A) Brazil

(B) Australia

(C) Bangladesh

(D) Argentina

ANSWER

(C) Bangladesh

Brazil, Australia and Argentina are G20 members (along with India, China, USA, etc.). Bangladesh is not a G20 member.

28. 'The occupational structure during the colonial period showed lopsided (uneven) movements.' Do you agree? Justify. **3**

ANSWER

Yes — in some regions dependence on agriculture fell, while in others it rose.

Yes. Overall, agriculture employed about 70-75% of the workforce throughout, but the changes were regionally uneven:

• In parts of the Madras Presidency, Bombay and Bengal, the share of workforce in agriculture declined, with a matching rise in manufacturing and services.

• In regions such as Orissa, Rajasthan and Punjab, the share of workforce in agriculture actually increased.

Since the shift happened in opposite directions in different regions, the movement was lopsided.

OR

Explain the reasons for which the private sector was regulated under the Industrial Policy Resolution, 1956.

ANSWER

To promote regional equality (easy licences in backward areas) and to ensure judicious use of resources (licence for expansion/diversification).

IPR 1956 controlled the private sector through industrial licensing:

• Regional equality: licences were given more easily for units set up in economically backward areas, to spread industry and reduce regional disparities.

• Judicious use of resources: even existing units needed a licence to expand output or diversify, so that scarce resources went into goods needed by the economy and not into unnecessary production.

• It also kept private industry in line with the plan priorities and the dominant role given to the public sector.

29. 'In India, the National Education Policy 2020 lays great stress on in-service training of teachers.' **3**

(i) Name the source of human capital formation indicated here. (1)

(ii) Explain the likely effects of this source on India's economic development. (2)

ANSWER

(i) On-the-job training; (ii) raises skills and productivity of workers, helping faster development.

(i) In-service training of teachers is on-the-job training, a source of human capital formation.

(ii) Such training updates skills and lets employees adapt to new technology and methods. Their productivity and efficiency rise, so they contribute more output. Better-trained teachers also improve the quality of education of students, multiplying human capital. Higher productivity leads to higher growth and economic development of India.

30. According to a UN Department of Economic and Social Affairs statement, India overtook China as the world's most populous country in April 2023. **4**

(a) Explain the consequences of the one-child policy adopted by China in the late 1970s. (2)

(b) Discuss the effect of Special Economic Zones (SEZs) on China's economic growth. (2)

ANSWER

(a) Sharp fall in population growth, falling sex ratio, rising share of elderly; (b) huge FDI inflow, more capital and technology → rapid growth.

(a) China adopted the one-child norm to control rapid population growth. Effects:

• The growth rate of population fell sharply.

• The sex ratio (females per 1000 males) declined.

• Over time the proportion of elderly people rose relative to young people (ageing population), which may cause a shortage of young workers later.

(b) SEZs offered special incentives to foreign investors, attracting very large FDI. The inflow of foreign capital and technology raised China's productive capacity and exports, contributing to its rapid economic growth.

31. State whether true or false and explain with valid arguments: **4**

(i) In recent years, the Government of India has taken important steps such as the Jan-Dhan Yojana for efficient allocation of financial resources. (2)

(ii) Worker-population ratio is an indicator used to analyse the employment situation of a country. (2)

ANSWER

(i) True; (ii) True

(i) True. Jan-Dhan Yojana opened bank accounts for the unbanked, bringing poor and rural households into the formal banking system. It encourages the saving habit, mobilises small savings into banks and helps channel these funds efficiently (including direct benefit transfers).

(ii) True. Worker-population ratio = (number of workers / total population) × 100. It shows what proportion of the population is actively contributing to the production of goods and services. A higher ratio means more people are employed; a lower ratio indicates poorer employment conditions.

OR

(i) Explain the need to promote women's education in India. (3)

(ii) Give any two examples of diversification into non-agricultural (non-farm) activities in rural areas. (1)

ANSWER

(i) Gender equality, women's workforce participation and better decisions, lower fertility and better family health; (ii) e.g. animal husbandry, fisheries.

(i) Women's education is needed because:

• It promotes gender equality and social progress.

• Educated women can join the workforce, earn income and add to economic growth, and take informed decisions about their lives.

• It lowers fertility rates and improves health care and nutrition of women and children.

Thus investment in women's education lifts whole families and supports sustainable development.

(ii) Examples of diversification activities: animal husbandry (dairy, poultry), fisheries; also horticulture, food processing, handicrafts (any two).

32. (a) State any two problems faced by farmers in the early years of organic farming. (1) **4**
(b) 'Today, information technology plays a vital role in achieving food security in a country like India.' Justify. (3)

ANSWER

(a) Lower yields; inadequate infrastructure/marketing; (b) IT helps predict food-insecure areas and spreads information on technology, prices, weather and soil.

(a) Problems in the initial years: yields from organic farming are lower than from chemical farming; lack of adequate infrastructure and marketing facilities for organic produce (any two).

(b) • Using information and software tools, the government can identify and predict areas of food insecurity and vulnerability and act in time.

• IT spreads information on new technologies, their use, market prices, weather and soil conditions for different crops, helping farmers raise production.

• It thus supports higher and more stable food production and better distribution, i.e. food security and sustainable development.

33. (i) 'Under the liberalisation measures of the Government of India, regulation of the industrial sector was extremely important.' Support or reject with valid arguments. (3) **6**
(ii) 'Even after the Green Revolution, 65% of India's population remained engaged in agriculture till the 1990s.' Justify. (3)

ANSWER

(i) Rejected — liberalisation removed most industrial controls; (ii) Justified — industry and services could not absorb surplus farm workers.

(i) The statement is rejected. Liberalisation of 1991 removed, not increased, controls on industry:
• Industrial licensing was abolished for almost all industries except a few (alcohol, cigarettes, hazardous chemicals, etc.).
• Many goods reserved for small-scale industries were de-reserved.
• Prices in most industries were left to the market.
This was done because heavy regulation had caused slow industrial growth before the reforms.
(ii) The Green Revolution raised food output but did not change the occupational structure much. About 65% of the people still depended on agriculture because the industrial and service sectors did not grow fast enough to absorb workers moving out of agriculture. So the share of agriculture in GDP fell but its share in employment stayed high.

OR

(i) 'Every coin has two sides — the debate over farm subsidies is a classic example.' Justify by giving two arguments for and two against continuing farm subsidies. (4)
(ii) State the importance of 'growth with equity' as an objective of Indian economic planning. (2)

ANSWER

(i) For: protect small/marginal farmers, avoid rising inequality; Against: benefit fertiliser industry/rich farmers more, heavy fiscal burden; (ii) growth must reach all sections.

(i) Arguments in favour of continuing subsidies:
• Most farmers are small and marginal and cannot afford costly inputs (fertilisers, power, seeds) without subsidies.
• Removing subsidies would widen the income gap between rich and poor farmers.
Arguments against:
• Subsidies have largely benefited the fertiliser industry and better-off farmers in advanced regions rather than the needy.
• They are a huge burden on government finances; the money could be used for irrigation, research, etc.
Since there are strong points on both sides, the issue is two-sided.
(ii) Growth means a rise in the country's capacity to produce goods and services (GDP); equity means reducing inequality of income and wealth. Growth alone may leave the poor behind; 'growth with equity' ensures that the benefits of development reach all sections fairly, reducing poverty and inequality. Hence planners treated both as equally important.

34. A passage describes how the government set up the Central Pollution Control Board (CPCB) in 1974 to deal with water and air pollution, followed by state-level boards. These boards collect and share data on water, air and land pollution, set standards for effluents and emissions, give technical help to governments, sponsor research, run mass-awareness programmes, inspect industries and monitor the water quality of 125 rivers, wells, lakes and canals. **6**

On the basis of the passage and common understanding:

(a) State any two concerns because of which the CPCB was set up. (1)

(b) Explain any two functions of the CPCB. (2)

(c) Explain any two strategies adopted by India for sustainable development. (3)

ANSWER

(a) Water pollution and air pollution; (b) collect/disseminate pollution data; set effluent and emission standards; (c) e.g. wind energy, solar energy.

(a) Water pollution and air pollution (½ + ½).

(b) Functions (any two):

• Investigates, collects and disseminates information on water, air and land pollution.

• Lays down standards for sewage/trade effluents and emissions.

• Gives technical help to governments to prevent and control pollution; organises awareness programmes.

(c) Strategies (any two):

• Wind power: in areas of high wind speed, windmills generate electricity without harming the environment.

• Solar power: photovoltaic cells convert sunlight into electricity; very useful in remote areas and pollution-free.

(Others: CNG in urban transport, biogas in rural areas, mini-hydel plants, traditional knowledge, bio-composting, bio-pest control.)

— END —

Questions restated from the CBSE Class XII Board Examination 2024 (set 58/1/1) for practice. Reading passages and map items are described, not reproduced.