

**CBSE BOARD EXAMINATION–2024**  
**ECONOMICS**  
**Class-12<sup>th</sup>**  
**(Solved)**  
**(Delhi & Outside Delhi Sets)**

Time : 3 Hours

Max. Marks : 80

**General Instructions:**

Read the following instructions carefully and follow them:

- (i) This question paper contains 34 questions. All questions are compulsory.
- (ii) This question paper contains two sections:  
Section -A: Macro Economics  
Section -B: Indian Economic Development
- (iii) This paper contains 20 Multiple Choice Questions type questions. Each question carries 1 mark.
- (iv) This paper contains 4 Short Answer Questions Type-I questions. Each question carries 3 marks. Answer these questions in 60 to 80 words.
- (v) This paper contains 6 Short Answer Questions Type-II questions. Each question carries 4 marks. Answer these questions in 80 to 100 words.
- (vi) This paper contains 4 Long Answer Type Questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.
- (vii) Attempt all parts of a question together.
- (viii) There is no overall choice in the question paper. However, an internal choice has been provided in few questions. Only one of the choices in such questions has to be attempted.

Delhi Set-1

58/5/1

**SECTION A**  
**(Macro Economics)**

1. Read the following statements carefully: 1

**Statement 1:** Ex-post savings and Ex-post investments are equal at all level of income.

**Statement 2:** Under the effective demand principle, the equilibrium output is equal to ex-ante Aggregate Demand (AD).

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.
2. Identify, which of the following is **not** considered as "Normal Resident" of India? 1
- (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.

3. In a hypothetical economy, if entire additional income is consumed, the value of investment multiplier would be \_\_\_\_\_.

(Fill up the blank with correct alternative) 1

- (A) One (1)
- (B) Zero (0)
- (C) Between zero (0) and one (1)
- (D) Infinity ( $\infty$ )

4. If in an economy the Balance of Trade is showing a deficit of ₹ 200 crore and the value of import is ₹ 900 crore, then the value of exports would be ₹ \_\_\_\_\_ crore. (Fill up the blank with correct alternative) 1

- (A) 200
- (B) 1100
- (C) 700
- (D) 900

5. "Mr. Sahotra borrowed funds from bank for purchasing a new house". From the above statement, identify the indicated function of money: 1

- (A) Medium of exchange
- (B) Store of value

(C) Unit of account

(D) Standard of deferred payments

6. From the given table, identify that level of income, where Average Propensity to Save (APS) becomes zero: **1**

(Choose the correct alternatives.)

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

**Alternatives:**

- (A) 50 (B) 100  
(C) 200 (D) 0

7. If in an economy the initial deposits ₹ 4,000 crore and Reserve Ratio (RR) is 10%. The value of total deposit created would be ₹ \_\_\_\_\_ crore.

(Fill up the blank with correct alternative) **1**

- (A) 4,000 (B) 40,000  
(C) 2,000 (D) 20,000

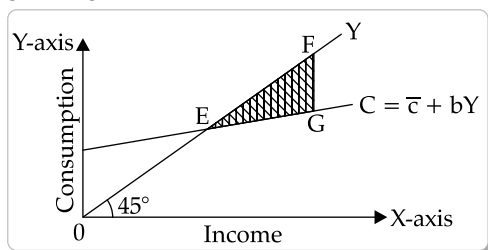
8. From the following, identify the correct reasons that may affect the supply of foreign exchange in an economy: **1**

- (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

**Alternatives:**

- (A) I and II (B) II and IV  
(C) II and III (D) I and IV

9. Identify, what does the shaded area ( $\Delta EFG$ ), in the given figure indicate? **1**



- (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 **1**

10. The measurement of Balance of Payments deficit is based on \_\_\_\_\_ transactions.

(Fill up the blank with correct alternative) **1**

(A) Autonomous

(B) Accommodating

(C) Current account

(D) Capital account

11. (a) Calculate Net Value Added at Factor Cost ( $NVA_{FC}$ ) from the following data:

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

**3****OR**

- (b) From the following data, estimate the value of Net Indirect Taxes (NIT): **3**

S. No.	Particulars	Amount (in ₹ crore)
(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

12. "Trade Deficit must exist, if a country is facing situation of Current Account Deficit (CAD).

Defend or refute the above mentioned statement with valid arguments. **3**

13. Suppose, an economy is in equilibrium. From the following data, calculate investment expenditure in the economy:

- (a) National Income ( $Y$ ) = ₹ 10,000 crore  
(b) Marginal Propensity to Consume ( $MPC$ ) = 0.8  
(c) Autonomous Consumption ( $\bar{c}$ ) = ₹ 100 crore **4**

14. (a) (i) "With an objective to reduce inflation, government may reduce public Expenditure." Discuss the rationale behind such a step which may be taken by the Government. **3**  
(ii) Define Effective Demand Principle. **1**

**OR**

- (b) (i) State the meaning of 'unintended accumulation of inventories'. **1**

(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. 3

15. "Open Market Operation by the Reserve Bank of India (RBI) helps in regulating money supply in the economy."

Justify the given statement. 4

16. (a) (i) Distinguish between Revenue Expenditure and Capital Expenditure of a government, with suitable example. 3

(ii) "Under the 'Production Linked Incentive' scheme, the Government of India offers various benefits like reduced import-export duties, incentive to investors, tax-rebates etc."

In the light of above statement, identify and explain the Budget objective and its likely consequences. 3

OR

(b) (i) "Under 'Zero defect, Zero Effect' (ZED) scheme, the government of India provides up to 80% subsidy to Mini, Small and Medium Enterprises (MSMEs)."

Identify and explain the objective of government budget, highlighted in the above text. 3

(ii) Distinguish between Direct tax and Indirect tax with suitable examples. 3

17. (a) As per the Economic Times report, dated April 11, 2023

"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. 3

(b) Discuss briefly, the circular flow of income in a two sector economy model. 3

## SECTION B

### (Indian Economic Development)

18. Read the following statement: 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).

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

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

(D) Assertion (A) is false, but Reason (R) is true. 1

19. From the events given in Column-I and facts given in Column-II about China, choose the correct pair:

	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 of usage on natural resources	(iii)	Low density of population
(d)	Slowdown in GDP, since 2014	(iv)	Aimed at massive industrialisation

**Alternatives:**

(A) (a) - (i)

(B) (b) - (ii)

(C) (c) - (iii)

(D) (d) - (iv) 1

20. After independence, the rationale behind choosing Modernization as a planning objectives for the Indian economy were \_\_\_\_\_ . 1

I. To bring positive changes in the social outlook

II. Equitable distribution of income

III. Technological Upgradation

IV. Increase in Economic Divide

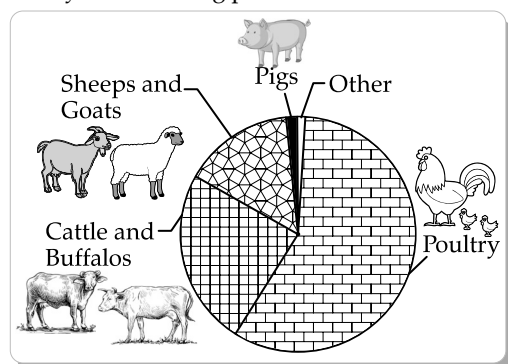
(A) I and II

(B) II and III

(C) I and III

(D) I and IV

21. Study the following picture:



Identify the kind of activities, which may be envisaged under \_\_\_\_\_ as diversification activity.

(Fill up the blank with correct alternative.) 1

**Alternatives:**

(A) Animal Husbandry

(B) Fisheries

(C) Horticulture

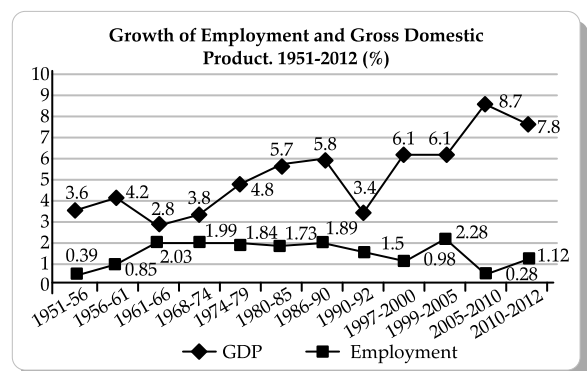
(D) Organic farming

22. Read the following statements carefully: 1  
**Statement 1:** Outsourcing is one of the important outcome of globalization process.  
**Statement 2:** Owing to globalization, many Indian companies have expanded their operation abroad.  
 In the light of the given statements, choose the correct alternative from the following:  
 (A) Statement 1 is true and Statement 2 is false.  
 (B) Statement 1 is false and Statement 2 is true.  
 (C) Both statement 1 and 2 are true.  
 (D) Both statement 1 and 2 are false.
23. Introduction of Economic Reforms in Pakistan took place in year \_\_\_\_\_. 1  
 (A) 1978 (B) 1980  
 (C) 1988 (D) 1991  
 (Fill up the blank with correct alternative)
24. Read the following statements carefully: 1  
**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 statement 1 and 2 are true.  
 (D) Both statement 1 and 2 are false.
25. \_\_\_\_\_ indicator may be defined as the measure of the extent of demographic participation in Social and Political decision making in a Country. 1  
 (A) Economic (B) Health  
 (C) Demographic (D) Liberty  
 (Fill up the blank with correct alternative)
26. Read the following statements carefully: 1  
**Statement 1:** Casual workers are hired on a permanent basis and also get social security benefits.  
**Statement 2:** Workforce comprises, both employed and unemployed person.  
 In the light of the given statements, choose the correct alternative from the following:  
 (A) Statement 1 is true and Statement 2 is false.  
 (B) Statement 1 is false and Statement 2 is true.  
 (C) Both statement 1 and 2 are true.  
 (D) Both statement 1 and 2 are false.
27. The scheme of 'Micro Finance' is extended through \_\_\_\_\_ credit provision. 1  
 (A) Self help groups  
 (B) Land Development Banks  
 (C) Regional Rural Banks  
 (D) Commercial Banks  
 (Fill up the blank with correct alternative)
28. (a) "Opening up of Suez Canal helped in establishing the British monopoly control over India's foreign trade".  
 Justify the given statement with valid arguments. 3  
 OR  
 (b) "Development of Railways during British rule encouraged colonial exploitation of the Indian resources."  
 Justify the given statement with valid arguments. 3
29. Explain the role of affordable healthcare facilities in promoting human capital in a country. 3
30. From the given data compare and analyse the Population Density and Fertility Rate of China and Pakistan, with valid reasons: 4

Demographic Indicators, 2017-18

Country	Estimated Population (in million)	Annual Growth of Population	Population Density (Per sq. km)	Sex Ratio	Fertility Rate	Urbanisation
India	1352	1.03	455	924	2.2	34
China	1393	0.46	148	949	1.7	59
Pakistan	212	2.05	275	943	3.6	37

31. (a) (i) "Infrastructural development is an essential element to obtain the full potential of the rural sector in India." 3  
 Justify the given statement with valid arguments.  
 (ii) State the meaning of 'Human Development'. 1  
 OR  
 (b) "In a nation like India, self employment provides an important avenue for employment generation."  
 Defend or refute the given statement with valid arguments. 4
32. (a) Study the following chart of Employment and Gross Domestic Product. Analyse the trend of the two variable between 1990-2012. 3



33. (a) (i) " Indian economy has certain advantages, which have made it a favourite outsourcing destination."

Do you agree with the given statement ? Give valid reason in support of your answer. 3

- (ii) "In the post-reform period the government of India decided to privatise profit making Public Sector Undertakings (PSUs). Do you agree with the given statement ? Give valid arguments in support of your answer. 3

OR

- (b) (i) Explain the need and type of land reforms implemented in the agriculture sector. 4

- (ii) "Industrial sector performed poorly in the economic reform period."

Elucidate the given statement. 2

34. Read the following text carefully:

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 stage, green finance needs a big push from the government. The India government has identified

projects worth ₹ 25,000 crore that will be financed by proceed from Sovereign Green Bonds.

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 development 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.

—The Economic Times, April 22, 2023 (Modified)

On the basis of given text and common understanding, answer the following questions:

- (a) Define sustainable development. 1  
 (b) State the public project area, where Sovereign Green Bond are focussed. 2  
 (c) How can businesses get benefit from green finance? 3

Delhi Set-2

58/5/2

Note: Except these, all other questions are available in Delhi Set-1

SECTION A  
(Macro Economics)

12. Define with suitable example, autonomous transactions and accommodating transactions in the Balance of Payments of an economy. 3
14. Suppose, an economy is in equilibrium. From following data, calculate investment expenditure in the economy: 4
- (i) National Income (Y) = ₹ 10,000 crore  
 (ii) Marginal Propensity to Save (MPS) = 0.2  
 (iii) Autonomous Consumption ( $\bar{C}$ ) = ₹ 100 crore

SECTION B  
(Indian Economic Development)

28. Discuss the need for 'On-the-job training' for an employee. 3
34. (a) (i) Defend or refute the given statements with valid argument:  
 "The policy of protectionism encouraged the growth of domestic industries, but at the same time proved to be an impediment." 3

Delhi Set-3

58/5/3

Note: Except these, all other questions are available in Delhi Set-1&2

SECTION A  
(Macro Economics)

12. (a) Calculate Net Value Added at Factor Cost ( $NVA_{FC}$ ) from the following data: 3

S. No.	Particulars	Amount (in ₹ lakh)
(i)	Fixed capital goods (expected life span – 5 years)	15

(ii)	Domestic Sales	220
(iii)	Change in stock	(–) 10
(iv)	Exports	10
(v)	Single use producer goods	100
(vi)	Net indirect taxes	20

OR

- (b) From the following data, estimate the value of Net Indirect Taxes: 3

S. No.	Particulars	Amount (in ₹ crore)
(i)	Net National Product at Market Price ( $NNP_{MP}$ )	1,400
(ii)	Net Factor Income from abroad	(-) 10
(iii)	Gross National Product at Factor Cost ( $GNP_{FC}$ )	1,300
(iv)	Consumption of fixed capital	80

13. From the following data calculate Investment Multiplier and Equilibrium level Income in the economy.

(i) Change in initial investment ( $\Delta I$ ) = ₹ 1,000 crore

(ii) Marginal Propensity to Save (MPS) = 0.5

(iii) Autonomous Consumption ( $\bar{C}$ ) = ₹ 50 crore

(iv) Planned investment = ₹ 100 crore 4

16. (a) (ii) Responding to the Prime Minister's. Give it up campaign' a large number of India families have voluntarily surrendered their cooking gas subsidy. Identify and explain the objective behind this action taken by Government of India. 3

OR

(b) (i) Distinguish between Revenue Receipts and Capital Receipts of the government, with suitable example. 3

### SECTION B

#### (Indian Economic Development)

28. Explain the role of quality education in human capital formation in a country. 3

33. (a) (i) " Direct and active participation of state was considered essential in Industrial development process in period 1950-1990." 3

Justify the given statement with valid explanation.

(ii) "New Economic Policy 1991 altered the role of Reserve Bank of India (RBI) in the economy."

Justify the given statement with valid explanation. 3

OR

(b) (i) Explain the changes that were observed in India's occupational structure during the British rule. 3

(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. 3

### Outside Delhi Set-1

58/4/1

### SECTION A

#### (Macro Economics)

1. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

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

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

Alternatives:

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

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

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

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

2. The Central Bank can reduce the Money Supply in economy by \_\_\_\_\_ the \_\_\_\_\_

(Fill up the blanks with correct alternative.) 1

(A) increasing, bank rate

(B) decreasing, cash reserve ratio

(C) decreasing, bank rate

(D) buying, government securities

3. Identify, which of the following is not a source of demand for foreign exchange for Indian economy ? (Choose the correct alternative.) 1

(A) Import of goods and services

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

(C) Indian tourists visiting foreign countries

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

4. If a straight line consumption function makes a positive intercept at the Y-axis, and it implies that the Marginal Propensity to Consume \_\_\_\_\_ and Average Propensity to Consume \_\_\_\_\_ as the level of income rises. **1**

(A) remains constant, rises  
(B) falls, falls  
(C) rises, rises  
(D) remains constant, falls

(Fill up the blank with correct alternative.)

5. Under the \_\_\_\_\_ Exchange Rate System, the Central Bank can control the rise / fall of foreign exchange rate in a range bound manners. **1**

(Fill up the blank with correct alternative.)

(A) fixed  
(B) flexible  
(C) managed floating  
(D) gold standard

6. Identify the incorrect feature(s) of the Money Supply in an economy, from the following: **1**

- (i) It is measured during a period of time.  
(ii) It includes stock of money held by the government of a nation.  
(iii) It always represents the currency held with Central Bank of the Nation.

**Alternatives:**

(A) (i) only  
(B) (ii) and (iii)  
(C) (i) and (ii)  
(D) (i), (ii) and (iii)

7. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **1**

**Assertion (A):** Real Gross Domestic Product is a better indicator of economic growth of a nation as compared to Nominal Gross Domestic Product.

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

**Alternatives:**

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).  
(C) Assertion (A) is true, but Reason (R) is false.  
(D) Assertion (A) is false, but Reason (R) is true.

8. From the given table, identify that level of income, where Average Propensity to Save (APS) becomes Zero. **1**

(Choose the correct alternative.)

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

**Alternatives:**

(A) 50 (B) 100  
(C) 200 (D) 0

9. Read the following statements carefully: **1**

**Statement 1:** Consumption and Savings are the components of National output of an economy.

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

In the light of the given statements, choose the correct alternative from the following :

- (A) Statement 1 is true and Statement 2 is false.  
(B) Statement 1 is false and Statement 2 is true,  
(C) Both Statements 1 and 2 are true.  
(D) Both Statements 1 and 2 are false.

10. Arrange the following in the correct sequential order, if the government of a nation is trying to curtail the situation of inflationary gap : **1**

- (i) Decrease in disposable income  
(ii) Increase in taxes  
(iii) Decrease in Aggregate Demand

**Alternatives:**

(A) (i), (ii), (iii)  
(B) (iii), (ii), (i)  
(C) (ii), (iii), (i)  
(D) (ii), (i), (iii)

11. (a) Estimate the value of Net National Product at Factor Cost (NNP<sub>fc</sub>). using the following information: **3**

S. No.	Items	Amount (in ₹ crores)
(i)	Household Consumption Expenditure	1,200
(ii)	Business Fixed Investment Expenditure	800
(iii)	Government Final Consumption Expenditure	500
(iv)	Excess of Imports over Exports	100
(v)	Net Indirect Taxes	150

(vi)	Change in Inventory	(-) 50
(vii)	Consumption of fixed capital	200
(viii)	Net factor Income from Abroad	80
(ix)	Public fixed investment	70

OR

- (b) Disposition Phase of circular flow of Income involves flow of factor Income. which comprises of rent, wages, interest and profits from firms to households."

Defend or refute the statement, giving valid reasons in support of your answer. 3

12. State the meaning of autonomous and accommodating items, under Balance of Payments of India, with the help of an example. 3

13. Suppose, the Indian Government decides to boost public investments with a defence project of ₹ 40,000 crore. 4

Explain the likely impacts of the given situation on the Income, Employment and Output of the economy, assuming all other factors constant.

14. Elaborate the Banker's Bank and Supervisor' function of the Reserve Bank of India. 4

15. (a) Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy: 4

- (i) National Income = ₹ 40,000 crore  
(ii) Marginal Propensity to Consume (MPC) = 0.8  
(iii) Autonomous Consumption ( $\bar{c}$ ) = ₹ 100 crore

OR

- (b) "With the objective to correct deflation, Reserve Bank of India may decrease the Bank rate."

Discuss the rationale behind the step taken by the Reserve Bank of India (RBI). 4

16. (a) With valid reasons, classify the following into Capital receipts or Revenue receipts of the government: 6

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

OR

- (b) (i) Government Budget can be a useful instrument in reducing inequalities in the distribution of income and wealth in an economy.'

Do you agree with the given statement ? Present valid arguments in favour of your answer. 4

- (ii) State the meaning and formula of Fiscal deficit. 2

17. (a) In the past few decades, Indian economy has been fairly benefitted by positive externalities created by rapid rise in infrastructure." 3

Justify the given statement with valid arguments.

- (b) State the steps pertaining to the estimation of National Income by Value Added Method. 3

## SECTION B

## (Indian Economic Development)

18. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

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

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

**Alternatives:**

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

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

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

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

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

(A) Assembling, Storage, Processing, Packaging

(B) Production, Assembling, Processing, Grading

(C) Assembling, Processing, Packaging, Transportation

(D) Processing, Packaging, Grading, Distribution 1

20. Read the following statements carefully:

**Statement 1:** China has used the market mechanism to create additional social and economic opportunities for its citizens.

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



In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is true and Statement 2 is false.  
 (B) Statement 1 is false and Statement 2 is true.  
 (C) Both Statement 1 and 2 are true.  
 (D) Both Statement 1 and 2 are false. **1**

21. Read the following statements carefully:

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

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

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is true and Statement 2 is false.  
 (B) Statement 1 is false and Statement 2 is true.  
 (C) Both Statement 1 and 2 are true.  
 (D) Both Statement 1 and 2 are false. **1**

22. Under the British Rule, commercialization of agriculture resulted in shifting of agricultural production from \_\_\_\_\_ crops to \_\_\_\_\_ crops.

(Fill up the Blanks with correct alternative.) **1**

- (A) Cash, Food                      (B) Cotton, Jute  
 (C) Food, Cash                      (D) Jute, Food

23. Economic reforms were introduced in the year \_\_\_\_\_ in India and in the year \_\_\_\_\_ in Pakistan.

(Fill up the blanks with correct alternative.) **1**

- (A) 1978, 1988                      (B) 1988, 1978  
 (C) 1978, 1991                      (D) 1991, 1988

24. \_\_\_\_\_ farming is the system that restores, maintains and enhances the ecological balance. (Fill up the blank with correct alternative.) **1**

- (A) Conventional                      (B) Chemical  
 (C) Organic                              (D) Multi-layered

25. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **1**

**Assertion (A):** The developmental experiences of India and Pakistan have a lot of similarities.

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

**Alternatives:**

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

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

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

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

26. Identify, which of the following is not a correct function of environment? **1**

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

**Alternatives:**

- (A) (i) only                              (B) (ii) only  
 (C) (ii) & (iii)                          (D) (i) & (ii)

27. In the decade of 1970's, Pakistan nationalised its \_\_\_\_\_ industry. **1**

(Fill up the blank with correct alternative.)

- (A) Medical infrastructure  
 (B) Consumer goods  
 (C) Capital goods  
 (D) Foreign trade

28. (a) "Farm subsidies put a huge burden on the government finances, but are necessary for the poor and marginal farmers." **3**

Justify the given statement.

**OR**

(b) Discuss briefly the role of small-scale industries in the growth Journey of India. **3**

29. Goals of Equity was fully served by 'abolition of the intermediaries' in agriculture in the post-independence period of India.

Do you agree with given statement? Support your answer with valid arguments. **3**

30. (a) (i) "National Education Policy 2020 of India stresses a lot on in-service teachers' training.

In the light of the given statement, state and explain any two advantages of such on-the-job trainings in upliftment of education sector of any nation. **3**

(ii) Define Casual Wage Labourer. **1**

**OR**

(b) (i) Elaborate any two reasons owing to which lesser number of women are found in regular salaried employment. **3**

(ii) Define worker - population ratio. **1**

31. (a) "Scholars find son preference as a common phenomenon in India, Pakistan, and China." Justify the given statement in the light of skewed sex-ratio. 2
- (b) State any two liberty indicators. 2
32. Elaborate how the economic reforms process of India impacted the following: 4
- (a) Agriculture sector
- (b) Industrial sector
33. "We are One-Earth, One Family and we share One Future." is the opening sentence of the G-20 New Delhi Leader's Declaration Statement. In this statement the leaders pledged to resolve to fully and effectively implement the 2030 Agenda and the Sustainable Developmental Goals (SDG's). The leader's commitments contained in the Declaration statement reflect, "the philosophy of living in harmony with our surrounding ecosystem". The Declaration recognises the "Cascading challenges and crisis that have reversed gains" on the 2030 Agenda of SDG's. The leaders "affirm that no country should have to choose between fighting poverty and fighting for our planet". The leaders resolved to act
- accelerate strong, sustainable, balanced and inclusive growth;
  - accelerate the full & effective implementation of 2030 Agenda

- pursue low-carbon and environmentally sustainable development pathways;
- Pursue reforms for better, comprehensive and more effective finance avenues.

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

- (a) State and discuss the importance of collective fight in achieving SDG's. 3
- (b) Discuss briefly the action plan of G-20 leaders in promoting. One Health' approach. 3
34. (a) (i) Discuss any two measures initiated by the government to improve Agricultural marketing in India. 3
- (ii) Elaborate the importance of credit in rural development. 3

**OR**

- (b) (i) 'India can transform itself knowledge-based economy by using information technology.' Justify the given statement. 3
- (ii) "It is necessary to generate employment in the formal sector rather than the informal sector." Justify the given statement with valid arguments. 3

### Outside Delhi Set-2

58/4/2

*Note: Except these, all other questions are available in Outside Delhi Set-1*

#### SECTION A

##### (Macro Economics)

15. (a) Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy: 4
- (i) National Income = ₹ 10,000 crore
- (ii) Marginal Propensity to Save (MPS) = 0.2
- (iii) Autonomous Consumption ( $\bar{C}$ ) = ₹ 200 crore

**OR**

- (b) "With the objective to correct deflation, Reserve Bank of India may decrease Repo-rate." Discuss the rationale behind the step taken by the Reserve Bank of India (RBI). 4

16. (a) (ii) State the meaning and formula of Primary deficit. 2
17. (a) State the steps pertaining to the estimation of National Income by Income Method. 3

#### SECTION B

##### (Indian Economic Development)

28. (a) Discuss briefly the rationale behind 'modernization' as a planning objective for the Indian Economy. 3
30. (b) (i) Distinguish between 'Green Revolution' and 'Golden Revolution'.. 3

*Note: Except these, all other questions are available in Outside Delhi Set-1&2*

**SECTION A****(Macro Economics)**

15. (a) Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy: 4

(i) National Income = ₹ 20,000 crore

(ii) Marginal Propensity to Consume (MPC) = 0.8

(iii) Autonomous Consumption ( $\bar{c}$ ) = ₹ 100 crore

**OR**

(b) "With the objective to correct deflation, Reserve Bank of India may decrease Reverse Repo-rate."

Discuss the rationale behind the step taken by the Reserve Bank of India (RBI). 4

16. (a) State the steps pertaining to the estimation of National Income by Expenditure Method. 3

**SECTION B****(Indian Economic Development)**

28. (a) Discuss briefly the rationale behind adopting 'Self Reliance' as a planning objective for the India Economy. 3



# ANSWERS

Delhi Set-1

58/5/1

## SECTION A

1. **Option (C) is correct.**

2. **Option (D) is correct.**

*Explanation:* As the Indian is working in an American Company located in New York for a period of more than 1 year, he is not in the purview of the domestic territory of India, so he is not considered as the Normal Resident of India.

3. **Option (D) is correct.**

*Explanation:* If the entire additional income is consumed, so the change in savings = 0

$MPS = 0$  in such a case

$$K = \frac{1}{MPS} = \frac{1}{0} = \text{Infinity}$$

4. **Option (C) is correct.**

*Explanation:* Exports = Imports – Deficit = ₹ 900 – ₹ 200 = ₹ 700 crore.

5. **Option (D) is correct.**

*Explanation:* When Mr. Sahotra borrows funds from a bank to purchase a new house, he is entering into a contractual agreement to repay the borrowed amount in the future. In this context, money serves as a standard for deferred payments, as the borrowed funds represent a financial obligation that will be settled at a later date.

6. **Option (B) is correct.**

*Explanation:*

Income (₹ crore)	Consumption (₹ crore)	Savings (₹ crore) $S = Y - C$	APS = $\frac{S}{Y}$
0	50	-50	-
50	75	-25	-0.5
100	100	0	0
200	150	50	0.25
300	200	100	0.33
400	250	150	0.375

7. **Option (B) is correct.**

*Explanation:*

$$\text{Total Deposits} = \text{Initial Deposits} \times \frac{1}{\text{Reserve Ratio}}$$

$$= 4000 \times \frac{1}{0.10} = 40,000$$

8. **Option (C) is correct.**

*Explanation:* I and IV increases the demand for foreign currency and II and III increases the supply of foreign currency in the economy.

9. **Option (B) is correct.**

*Explanation:* As in the area the Income curve is above the consumption curve, so there is savings done. So, savings can not be less than 0, making II correct and we can already see that Income is more than consumption.

10. **Option (A) is correct.**

*Explanation:* Autonomous items are those items of balance of payments which are related to such transactions as are determined by the motive of profit maximisation and not to maintain equilibrium in Balance of Payments. Thus, its measurement is the basis for Balance of Payment deficit.

11.  $NVA^{FC} =$  (ii) Domestic Sales + (iii) Change in Stock + (iv) Exports – (v) Single use producer goods – (vi)

Net Indirect taxes – Depreciation  $\left(\frac{(i)}{5}\right)$

$$= ₹ 200 + (-) ₹ 10 + ₹ 10 - ₹ 120 - ₹ 20 - \frac{₹ 15}{5}$$

$$= ₹ 57 \text{ lakh}$$

**OR**

$$NNP^{MP} = GNP^{FC} + NIT - \text{Depreciation}$$

$$1400 = 1300 + NIT - 100$$

$$1400 = 1200 + NIT$$

$$NIT = ₹ 200 \text{ crore}$$

12. This is because the concept of current account deficit is broader and occurs when the for foreign exchange payments on account of all the items in the current account, that is visible, invisible and current transfers are more than the foreign exchange receipts on the visible, invisibles and current transfers. On the other hand, trade deficit is the situation when the imports of goods is more than that of the exports of goods only. In other words, even if there is a trade deficit the country could have a current account surplus if the total exports including services and transfer payments are more than the imports.

13. Given,  $Y = ₹ 10,000$  crores  
 MPC ( $b$ ) = 0.8  
 $\bar{C} = ₹ 100$  crore  
 $I = ?$

At equilibrium,

$$Y = C + I$$

$$Y = \bar{C} + b(Y) + I$$

$$₹ 10,000 = ₹ 100 + 0.8 \times ₹ 10,000 + I$$

$$₹ 10,000 = ₹ 100 + ₹ 8,000 + I$$

$$₹ 10,000 = ₹ 8,100 + I$$

$$I = ₹ 1,900 \text{ crore}$$

14. (a) (i) When the government wants to reduce the inflation, it reduces the public expenditure. This reduces the purchasing power of the people, reducing the consumption expenditure. As consumption expenditure is a part of the aggregate demand, so it reduces the aggregate demand in the economy, so much so that it comes at the level of the Aggregate Supply, reducing the general price level in the economy. Thus, reducing the inflation.
- (ii) Effective demand is the situation in the economy where the ex-ante demand is equal to the ex-post demand in the economy.

16. (a) (i) The difference between Revenue Expenditure and Capital Expenditure are:

S.No	Basis of Distinction	Revenue Expenditure	Capital Expenditure
(i)	Increase in Assets	Revenue Expenditure do not cause any increase in assets.	Capital Expenditure causes increase in assets of the government.
(ii)	Reduction of Liability	Do not reduce any corresponding liabilities to the government	It creates corresponding liabilities for the government.
(iii)	Recurrence	Such expenditure recur every year.	Such expenditure do not recur.
(iv)	Example	Example: Salaries paid to the government employees, expenditure on tax collection , etc.	Example: Loans given by the government, building of infrastructure , etc.

- (ii) The Budget objectives that has been explained in the given statement is Economic Growth. Economic Growth implies a sustainable increase in real GDP of an economy, i.e. an increase in volume of goods and services produced in an economy. Budget can be an effective tool to ensure the economic growth in a country. This can be done by giving the tax rebates, incentives to investors and reduction in tax liabilities. This will lead to an increase in the investment and savings in the economy, which will in turn lead to the capital formation boosting the economic growth in the country.

OR

- (b) (i) The unintended accumulation of inventory is the situation where there is fall in the sales due to an unintended increase in the stock of the goods.
- (ii) When in the economy, Aggregate Demand is more than the Aggregate Supply, it means that the buyers are planning to buy more goods and services than the producers are planning to produce (i.e., supply). In this situation, inventories start falling and come below the desired level, the producers expand production. This raises the income level, which keeps on rising till AD and AS are equal again.
15. Open market operations refers to sale and purchase of securities by the central bank in the open market. To increase money supply (as during deflation) securities are purchased by the central bank. On the other hand, to decrease money supply (as during inflation) securities are sold off. By buying the securities, the central bank releases liquidity and hence, a rise in capacity to create credit of the commercial banks. By selling the securities, liquidity is sucked from the economy and hence, a reduction in capacity to create credit of the commercial banks.

OR

- (b) (i) The Budget objectives that has been highlighted in the above text is Achieving full employment. The government through its budgetary policy of subsidies, leads to incentivise the enterprise to be self-reliant and be able to produce more and generate better employment opportunity. As in India, the MSME sector provides maximum employment opportunities, providing them with incentives will lead the government achieve the goal of full employment.

(ii) The difference between direct tax and indirect tax are:

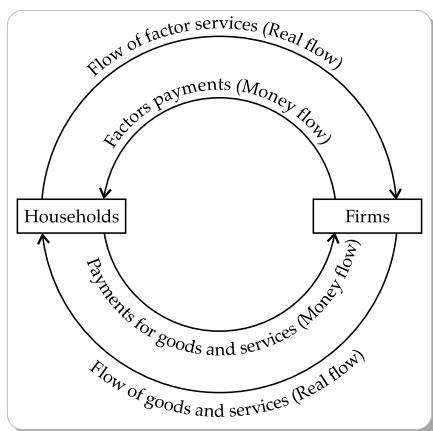
Basis for Comparison	Direct Tax	Indirect Tax
Meaning	Direct tax refers to financial charge, levied directly on the taxpayer, and paid outrightly to the authority which imposes it, by the taxpayer.	Indirect tax is when the taxpayer is just the hands that deposit the amount of tax to the authority imposing it, while the burden of tax falls on the final consumer.
Nature	Progressive	Regressive
Incidence and Impact	It falls on the same person.	It falls on different persons.
Liability	A person on whom the tax is imposed is liable for its payment.	The person receiving the benefits is liable for its payment and not the person on whom it is imposed.
Evasion	Tax evasion is possible.	Tax evasion is hardly possible because it is included in the price of the goods and services.
Inflation	Direct tax helps in reducing inflation.	Indirect taxes promotes inflation.
Burden	Cannot be shifted to another person.	Can be shifted to another person.
Example	Income Tax, Corporate tax, wealth tax, etc.	Excise Duty, Value Added Tax, GST, etc.

(Any three)

17. (a) There will be a positive effect on the GDP and welfare of the country, as with the sales being high, it will lead to an increase in the production of Electric Vehicles in India. Moreover, as electric vehicle do not run of fossil fuels, so it will lead to the fall in pollution emissions, as the harmful gases like sulphur dioxide and carbon monoxide will not be emitted from the electric vehicles. Thus there will be a positive externality due to the increase in the sale of these vehicles, improving the welfare as well.

- (b) Households are owners of factors of production, they provide factor services to the firms (producing units). Firms provide factor payments in exchange of their factor services. So, factor payments flow from firms (producing units) to households.

Households purchase goods and services from firms (producing units) for which they make payment to them. So, consumption expenditure (spending on goods and services) flows from households to the firms.



## SECTION B

18. Option (C) is correct.

*Explanation:* Reason (R) is false as the British policies led to the destruction of the Indian handicraft industries, as British made India a hub for the raw materials for British factories.

19. Option (C) is correct.

*Explanation:* Due to less density of population in China and also the one-child policy norm, has led to a reduced stress on the usage of natural resources in the country.

20. Option (C) is correct.

*Explanation:* India was using traditional methods to produce, but the objective of modernisation led to the use of modern techniques which was done through technological upgradation. This would also bring in the positive change in the social outlook. Modernisation was never aimed at increasing the economic divide between rich and poor.

21. Option (A) is correct.

*Explanation:* Animal husbandry refers to the branch of agriculture that involves the breeding, raising, and management of livestock animals for various purposes, including food production, fiber, labour, and companionship.

22. Option (C) is correct.

*Explanation:* Globalisation has benefitted India. As India is one of the largest English-speaking nation with cheap labour, it has become a favourite outsourcing destination. Thus, statement 1 is true. Companies like Tata, ONGC etc. have also made their global presence as it is easy for them to expand their operations. Thus, statement 2 is true.

23. **Option (C) is correct.**  
 24. **Option (C) is correct.**  
 25. **Option (D) is correct.**  
 26. **Option (D) is correct.**

*Explanation:* Casual workers are not given any social security benefits and neither are they hired on permanent basis. This is the characteristic of Regular salaried employees. Thus, statement 1 is false.

The workforce comprises individuals who are currently employed in paid work or self-employment, irrespective of whether they are full-time, part-time, or temporary workers. On the other hand, the labour force includes both employed individuals who are currently working and unemployed individuals who are actively seeking employment.

27. **Option (A) is correct.**  
 28. (a) The opening up of Suez Canal, led to the shortening of the trade route to India, from the traditional route going across the cape of good hope in South Africa. Moreover, as the British controlled the Suez Canal in Egypt, the British got a complete monopoly control of all the Indian foreign trade to Europe.

Nonetheless, during the colonial rule, the British government had the monopoly power over India's foreign trade. The British government used the trade policy according to the interests of their home-country. The exports and imports transactions were restricted only to India and Britain. On one hand, the exports from India provided the cheap raw materials to the British industries and on the other hand, India's imports from Britain provided a new market for Britain's products. Moreover, the surplus generated from foreign trade was not invested in the Indian economy, instead it was used for administrative and war purpose by Britain to spread their colonial power.

**OR**

- (b) The British did not develop the Railway with the welfare of Indians in the mind. The main reason for building the railway was to help the British. It made it easy for them to transport the raw materials for the British Industries through the railway as trains were a faster mode of transport. This led to more exploitation of the resources of India. Moreover, the railway was also used to mobilise the troops in case of any revolt. The British paid for the

construction of the railway to the British engineers from the taxes collected from India. Thus, the money resources were also drained while constructing the Railways.

29. There is a saying "The greatest wealth is health." The wealth of the country can be increased with the efforts of healthy workforce. Investment in health sector increases, efficiency and productivity of a nation's workforce. In contrast to an unhealthy person, a healthy person can work better with more efficiency and consequently, can contribute relatively more to the GDP of a country. Good health and medical facilities not only increase the life expectancy but also improve quality and standard of living. Investing in health sector ensures the perennial quality and standard of living. Thus, if the health care facilities are affordable it will lead to promoting human capital formation in the country.
30. The table gives the detail about the demographics of India, China and Pakistan in 2017-18. The analysis of China and Pakistan are:
- (a) The population density of Pakistan is more from that of China. Pakistan has a higher population density of 275 people per square kilometer, attributed to factors such as rapid population growth, limited land availability, and urbanization. In contrast, China has a lower population density of 148 people per square kilometer, despite its large population, due to its vast land area and government policies such as urban planning and population control measures.
- (b) The Chinese fertility rate is at 1.7 and that of Pakistan is 3.6. The fertility rate in China is low due to factors like the one-child policy, urbanization, and economic development. In contrast, Pakistan has a higher fertility rate influenced by cultural preferences for larger families, limited access to family planning services, and traditional social norms.
31. (a) (i) Infrastructural development is an essential element to obtain the full potential of the rural sector in India. This is due to the following reasons:
- (1) The development of roads and railways in the rural sector will lead to the better transport facility of the agricultural produce from the farms to the market.
  - (2) The development of better storage facilities will enable the farmers to be able to store the produce with less damage of goods.

(3) The development of irrigation canals will lead to the continuous flow of water and reduce the dependence on rain for agricultural activities.

(4) The development of power plants will provide the rural households and farms with cheap and adequate electricity.

(ii) Human development refers to the process of improving the well-being, capabilities, and opportunities of individuals within a society. It encompasses various aspects such as education, healthcare, economic prosperity, social inclusion, and political participation.

OR

(b) In a nation like India, self-employment serves as a vital avenue for employment generation. With a burgeoning population and limited formal job opportunities, self-employment empowers individuals to create their own livelihoods, contributing to economic growth and social stability. Moreover, it fosters innovation, particularly in sectors where traditional employment options may be saturated, thus playing a crucial role in addressing unemployment challenges and promoting inclusive economic development.

32. (a) The trend in the chart of Employment and GDP indicates that in India there has been a job less growth in India, that is the employment rate is not increasing as much as the GDP growth rate. This is causing a serious problem of unemployment in India. Between 1990 – 2012, there has been a dip in the growth rate of employment in 1990 – 92 to 1.5% from 1.89%, then again in 1997 – 2000 to 0.98% from 1.5% and after a small increase in 1999-2005, it again decreased to 0.28% in 2005-10. On the other hand, GDP is in constant growth and has increased from 3.8% to 7.8% during the period of 1990 – 2012. This indicates that there is the growth in GDP but hardly any growth in the employment levels, leading to widespread increase in poverty in India, even though the GDP is increasing.

(b) Worker Population Ratio refers to the ratio of total number of workers to the total population. It is generally expressed in percentage.

Worker – population Ratio

$$= \frac{\text{Total number of workers}}{\text{Total population}} \times 100$$

33. (a) (i) Most multinational corporations and even small companies, are outsourcing their services to India as our country has the following advantages.

(i) **Availability of Cheap Labour**—India is a country with a large population and thus, abundant supply of labour. Due to this reason, labour in India is available at low wage rates. This helps foreign companies in reducing cost of operation by outsourcing their business processes to India.

(ii) **Skill and Accuracy**—India has, a wide pool of talent in the form of educated and trained youth who have the required skills and can work with accuracy in the business processes such as accounting, record keeping, IT consultancy, etc. Here outsourcing plays a vital role it gives a platform to the people so that they can enhance their skills and secondly the need low training period and thus, low cost of training.

(iii) **Continuity and Risk Management**—Periods of high employee turnover will add uncertainty to the operations. Outsourcing will provide a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the company.

(iv) **Reduced Overhead**—Overhead costs of performing back office functions are extremely high but due to the outsourcing of various functions it has become cheaper and convenient to use.

[Any 3]

(ii) No, I do not agree with this statement. In the post-reform period, the Government of India decided to retain profit-making Public Sector Undertakings (PSUs). 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.



OR

(b) (i) The main land reforms undertaken in India are as follows:

(i) **Abolition of Intermediaries:** The idea behind this move was that ownership would give incentives to the tillers to make improvements in agricultural output. Almost 200 lakh tenants came into direct contact with the government and were freed from exploitation.

(ii) **Consolidation of Land Holdings:** As scattered and fragmented agricultural land is unproductive; the farmer is given one big piece of land in lieu of small and fragmented fields.

(ii) Industrial growth has recorded a slowdown during economic reforms.

This is because of decreasing demand of industrial products due to the following reasons:

(i) Cheaper imports have decreased the demand for domestic industrial goods.

(ii) Globalisation created conditions for the free movements of goods and services from foreign countries that adversely affected the local industries and employment opportunities in developing countries.

(iii) A developing country like India still does not have the access to developed countries market because of high non-tariff barriers.

(iv) There was inadequate investment in infra structural facilities such as power supply.

[Any three]

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

(b) The project areas, where Sovereign Green Bond are focussed are:

(i) The non-renewable energy.

(ii) Waste management and Pollution Control.

(c) The benefits that Businesses will get from Green Finance are:

(i) The businesses do not have to pay the fines that are imposed for creating negative externalities and causing pollution.

(ii) It will enhance the brand value of the company and in turn will increase their profits.

(iii) The present-day customers are demanding the products which are eco-friendly, so, if the businesses sell eco-friendly products, it will lead them to maximise their sales.

(iv) It will enable the businesses to follow and contribute to the sustainable development goals.

(v) The green finance enables the firms to save costs, boost profitability of the business etc.

[Any three]

Delhi Set-2

58/5/2

## SECTION A

12. **Autonomous Transactions:** These are independent of all other transactions in the BOP. These transactions are not influenced by the foreign exchange position of the country. Examples include exports, imports, income from foreign investments, and unilateral transfers such as remittances.

**Accommodating Transactions:** These are undertaken to cover deficit or surplus in the autonomous transactions. Therefore, their magnitude is determined by the Autonomous Transactions. Examples include official reserves transactions (buying or selling foreign currency reserves), government grants or loans aimed at supporting trade, and policies to influence exchange rates.

$$14. Y = \bar{C} + (1 - MPS)Y + I$$

$$10,000 = 100 + (1 - 0.2) 10,000 + I$$

$$I = 10,000 - 100 - 10,000 + 2,000$$

$$I = ₹ 1,900$$

28. Employers use on the job training methods for its employees to target an overall increase in the skills

and efficiencies of the workers. On the job trainings leads to an increase in productivity of labour and production of goods. Such trainings keep the employees updated with the latest changes in their field of working.

34. (a) (i) Protectionism is a government-imposed trade policy by which countries attempt to protect their industries and workers from foreign competition. Protectionism is commonly implemented by the imposition of tariffs, quotas on import and exports, product standard, and government subsidies.

Protectionism initially fosters domestic industry growth and job creation through shielding from foreign competition, it also hampers long-term progress. Over time, it may lead to complacency, reduced innovation, and higher costs for consumers due to decreased competition. Moreover, protectionism can provoke trade conflicts and hinder global economic integration, ultimately limiting overall economic development.

**SECTION A**

$$\begin{aligned}
 12. (a) \quad NVA^{FC} &= (ii) + (iv) + (iii) - (i) - (v) - (vi) \\
 &= 220 + 10 + (-)10 - [15/5] - 100 - 20 \\
 &= ₹ 97
 \end{aligned}$$

**OR**

$$\begin{aligned}
 (b) \quad NNP^{MP} &= GNP^{FC} + NIT - \text{Depreciation} \\
 1,400 &= 1300 + NIT - 80 \\
 NIT &= 1,400 - 1,300 + 80 \\
 NIT &= ₹ 180
 \end{aligned}$$

$$\begin{aligned}
 13. \quad MPC &= 1 - MPS = 1 - 0.5 = 0.5 \\
 Y &= C + I \\
 Y &= (50 + 0.5Y) + 100 \\
 Y - 0.5Y &= 150 \\
 Y &= \frac{150}{0.5} = ₹ 300 \text{ crores}
 \end{aligned}$$

$$\begin{aligned}
 \text{Investment multiplier} &= \frac{1}{MPS} \\
 &= \frac{1}{0.5} \\
 &= 2
 \end{aligned}$$

16. (a) (ii) The objective behind the "Give it Up" campaign launched by the Hon'ble Prime Minister is to encourage domestic LPG consumers, particularly those who can afford to pay the non-subsidized price, to voluntarily surrender their LPG subsidy. By doing so, the government aims to reallocate these limited resources towards providing essential services, particularly clean cooking fuel, to economically disadvantaged households in need. This initiative reflects the government's commitment to efficient resource allocation, poverty alleviation, and ensuring that subsidies reach those who truly require assistance, thereby promoting social welfare and inclusive growth.

**OR**

- (b) (i) Revenue receipts are those receipts of government which neither lead to increase in its liabilities nor reduction in its assets. For example: income tax, profit of PSU, dividends, fees and fines, etc.

Whereas, capital receipts are those receipts of government which either lead to increase in its liabilities or reduction in its assets. For Example: receipts from recovery of loans, borrowings, receipts from disinvestment, etc.

28. Quality education in India is fundamental for human capital formation as it cultivates essential skills, knowledge, and abilities crucial for economic

and social development. A well-educated populace enhances productivity, innovation, and adaptability to technological advancements, driving economic growth. Education also reduces poverty, promotes social mobility, and improves overall well-being by expanding opportunities for employment and personal development. Thus, investing in quality education is paramount for unlocking India's demographic dividend and fostering a prosperous future.

33. (a) (i) During the period 1950-1990, direct state intervention was deemed indispensable due to various factors. Firstly, private entrepreneurs often lacked the capital required for large-scale industrial endeavors. Additionally, limited market demand and the presence of a socialistic pattern of society prioritized employment generation over profit-making, necessitating government involvement. State intervention was also crucial for infrastructure development, uplifting backward regions, and preventing the concentration of economic power. Moreover, promoting import substitution through state-led initiatives was seen as vital for achieving economic self-sufficiency and reducing dependency on foreign goods.
- (ii) The New Economic Policy of 1991 redefined the role of the Reserve Bank of India (RBI) from a strict regulator to a facilitator of the financial sector. This transition granted greater autonomy to financial institutions, allowing them to make decisions independently within the regulatory framework set by the RBI. The shift aimed to promote innovation, competition, and dynamism in the financial system, fostering economic growth and stability.

**OR**

- (b) (i) During the British rule, the occupational structure of India showed little sign of change:
- (1) **Predominance of agriculture sector:** The agricultural sector accounted for the largest share of workforce with approximately three-fourth of the workforce depending on agriculture, directly or indirectly.
  - (2) **Growing regional variation:** Due to rise of manufacturing and services sector in some parts of India (like the then Madras, Bombay and Bengal Presidencies) the dependency ratio of workforce on agricultural sector declined.
- (ii) Yes, the Navratna policy of the government has indeed improved the performance of public

sector undertakings in India. By granting greater autonomy and operational flexibility to selected PSUs, it has facilitated quicker decision-making, encouraged innovation, and enhanced competitiveness in the global market. This has

resulted in improved financial performance, increased efficiency, and higher profitability for Navratna PSUs, contributing positively to India's economic growth and development.

### SECTION A

**1. Option (B) is correct.**

*Explanation:* Devaluation of the domestic currency leads to an increase in the national income of the country because devaluation means more of the domestic currency can be exchanged with the same unit of the foreign currency. This makes the domestic goods cheaper for the foreign nationals, leading to an increase in the exports and fall in the imports of the country. Devaluation is done under the fixed exchange rate system deliberately by the central government of the country.

**2. Option (A) is correct.**

*Explanation:* Central bank can reduce the money supply by increasing the bank rate in the economy. Bank rate refers to the rate at which central bank lends money to the commercial bank for a long period of time. When the bank rate increases, interest rates on journal public also increases which reduces the lending capacity of the commercial banks leading to fall in the money supply in the economy.

**3. Option (D) is correct.**

*Explanation:* Loans from rest of the world leads to inflow of the foreign currency into the country. Hence it is not the source of the demand of foreign exchange rather it is the source of supply of the foreign exchange.

**4. Option (D) is correct.**

*Explanation:* Since the consumption curve is a straight line, so the slope of consumption curve i.e., MPC remains constant. With the increase in the income levels in the economy the average propensity to consume i.e.,  $APC = \frac{C}{Y}$  falls because

at the higher level of income, people tend to save.

**5. Option (C) is correct.**

*Explanation:* Manage floating exchange rate system is one of the regimes of foreign exchange rate in which the central bank can intervene in the foreign exchange market if required by altering the exchange rate between the given ranges.

**6. Option (D) is correct.**

*Explanation:* Money supply typically refers to the total amount of money in circulation within an

economy, including currency held by the public, demand deposits in banks, and other liquid assets. Since money supply is calculated at a point of time and not over a period of time so it is a stock variable and the money with the government is not included in the total money supply of the country.

**7. Option (C) is correct.**

*Explanation:* Real Gross Domestic product is a better indicator of economic growth than the nominal gross domestic product because real gross domestic product measures the value of the goods and services at the base year prices. Therefore it is also known as GDP at constant prices.

**8. Option (B) is correct.**

*Explanation:*  $APS = \frac{S}{Y}$

APS can be zero at break even level of income. At break even level,  $C = Y$ .

At ₹ 100 crores,  $Y = C$  and hence  $S = 0$ .

**9. Option (A) is correct.**

*Explanation:* Statement 1 is true because national output or national income is the sum total of consumption and savings in the economy.

$$Y = C + S$$

Statement 2 is false because as the income rises the savings also rises due to the direct relationship between the level of income and the level of savings in an economy.

**10. Option (D) is correct.**

*Explanation:* When the government is trying to curtail the inflationary gap and it decides to increase the taxes in the economy, then it leads to the decrease in the disposable income of the people. Due to the fall in the disposable income, the consumption levels in the economy falls and hence the aggregate demand also falls leading to curtailing the inflationary gap in the economy.

**11. Option (A) is correct.**

*Explanation:* According to expenditure method

$$\begin{aligned} \text{NNP}_{\text{FC}} &= (\text{i}) + (\text{ii}) + (\text{iii}) - (\text{iv}) + (\text{vi}) + (\text{ix}) - (\text{v}) \\ &\quad - (\text{vii}) + (\text{viii}) \\ &= 1,200 + 800 + 500 - 100 + (-) 50 + 70 \\ &\quad - 150 - 200 + 80 \\ &= ₹ 2,150 \end{aligned}$$

OR

The statement is refuted. The disposition phase of the circular flow of income involves the expenditure done by the households on purchasing goods and services produced by the firms in the economy. It involves how households allocate their income among consumption, saving, and taxes.

The flow of Factor income in the form of rent, wages, interest and profit from the firms to the households takes place in the distribution phase of the circular flow of income

12. Accommodating items in the balance of payment refers to "The above the line items" which are undertaken to bring the balance of payment in equilibrium.

These items are dependent on the state of BOP in the country. For example, the withdrawal of foreign exchange reserve to offset the situation of deficit in the BOP.

Autonomous items refers to all those International receipts and payments, Which are undertaken with an economic motive like profit maximisation. These transactions leads to either deficit or surplus in the Balance of payment.

For example, export and import of visible items or foreign direct investment in the country.

13. (a) If the Indian government has decided to boost the public Expenditure then it will increase the income, output, and employment in the economy.

Public expenditure is one of the tools of the fiscal policy which is used by the central government to influence the money supply in the economy. When the public expenditure increases then it releases the money in the economy in the form of factor income.

The defence project of rupees 40,000 crores will involve the employment of the people to produce the output hence the level of output income and employment will increase simultaneously.

14. The Reserve Bank of India (RBI) serves as the central bank of India and performs various functions, including acting as the "banker's bank" and serving as a supervisor or regulator of the banking system.

**Banker's Bank Function:**

As a banker's bank, the RBI provides essential banking services to other banks operating within the country. This role involves several key functions:

- (a) **Clearing and Settlement:** The RBI facilitates the clearing and settlement of interbank transactions, ensuring the smooth flow of funds between banks. It operates the Real-Time Gross Settlement (RTGS)

system and the National Electronic Funds Transfer (NEFT) system, which allow banks to settle large-value and retail payments respectively.

- (b) **Lender of Last Resort:** In times of liquidity shortages, banks may approach the RBI for short-term funds to meet their obligations. The RBI acts as a lender of last resort by providing emergency liquidity assistance to banks facing liquidity problems, thereby maintaining stability in the banking system.
- (c) **Custodian of Cash Reserves:** Commercial banks are required to maintain a certain percentage of their deposits as cash reserves with the RBI. These reserves serve as a safeguard against bank failures and help control the money supply in the economy. The RBI manages these cash reserves and ensures compliance with reserve requirements.

**Supervisor/Regulator Function:**

As a supervisor or regulator, the RBI oversees the functioning of banks and financial institutions to maintain financial stability and protect the interests of depositors and the public.

15. (a) When the economy is in equilibrium,

$$AD = AS$$

$$C + I = Y$$

$$C_0 + by = Y$$

$$100 + 0.8 \times 40,000 + I = 40,000$$

$$32,100 + I = 40,000$$

$$I = ₹ 7,900 \text{ cr}$$

- (b) With the fall in the bank rate the central bank tries to correct the situation of deflation in the economy. The rationale behind this action of central bank is

- (1) To reduce the interest rates for the journal public, in order to encourage the borrowings at the low cost.
- (2) Increase in the borrowings will increase the investment levels in the economy by the firms.
- (3) More investment will increase the income, Output and employment leading to an increase in the money supply in the economy.
- (4) Increase in the money supply will increase the aggregate demand and hence the deflation will be corrected.
16. (a) (i) It is a revenue receipts because it neither increases the liability nor reduces the assets of the government.
- (ii) It is a capital receipts as it reduces the assets of the government.
- (iii) It is a capital receipts because it reduces the debtors for the Indian government.

OR

- (b) Yes, I agree with the statement that the government budget can be a useful instrument in reducing

inequalities in the distribution of income and wealth in an economy. Here are several valid arguments in favour of this statement.

- (1) Governments can use their budgetary authority to implement progressive taxation policies, where individuals with higher incomes are taxed at higher rates. This helps redistribute income from the wealthy to those with lower incomes, reducing income inequality. Additionally, taxes on wealth, such as property taxes or inheritance taxes, can further address wealth inequality.
  - (2) Government budgets can allocate funds for social spending programs such as education, healthcare, housing, and social welfare. These programs provide essential services and support to lower-income individuals and families, helping to mitigate poverty and reduce income inequality. For example, investing in education can provide opportunities for upward mobility and improve earning potential for disadvantaged individuals.
- (b) Fiscal deficit refers to the excess of the total expenditure in the government budget over the total receipt excluding the borrowing. It reflects the total borrowing requirements of the government.
- $$\text{Fiscal Deficit} = \text{Total expenditure} - \text{Revenue receipts} - \text{Capital receipts excluding borrowings.}$$
17. (a) Positive externality refers to the benefits received by one party due to the actions performed by another party. Positive externalities are never counted in the gross domestic product of the country. It is correct to say that Indian economy has been fairly benefited by the positive externalities caused by the infrastructure in the following ways.
    - (1) Improved connectivity
    - (2) Enhanced productivity
    - (3) Boosted investment and employment
    - (4) Social development
    - (5) Attracts foreign direct investment
  - (b) **Step 1:** Group all producing units of the economy into primary, secondary, and tertiary sectors and calculate the Gross Domestic Product at Market Price ( $GDP_{MP}$ ) by determining the Gross Value Added at Market Price ( $GVA_{MP}$ ) of each sector. The total of each sector's  $GVA_{MP}$  gives  $GDP_{MP}$ , i.e.,
 
$$\sum GVA_{MP} = GDP_{MP}.$$
**Step 2:** Calculate Domestic Income ( $NDP_{FC}$ ) by subtracting the value of depreciation and net indirect taxes from  $GDP_{MP}$ .
 
$$NDP_{FC} = GDP_{MP} - \text{Depreciation} - \text{Net Indirect Taxes}$$
**Step 3:** Calculate Net Factor Income from Abroad (NFIA) and add it to the domestic income to obtain national income.
 
$$\text{National Income or } NNP_{FC} = NDP_{FC} + \text{NFIA}$$

## SECTION B

### 18. Option (A) is correct.

*Explanation:* Permit Licence Raj was the policy of the Indian government before 1991 which was considered as one of the restrictive policy that has impacted the growth of the industrial sector in the negative way because of arbitrary restrictions.

### 19. Option (B) is correct.

*Explanation:* Agricultural marketing involves all the Activities after the production and before the consumption of the commodity which are assembling, storage, processing, transportation, packaging grading, and distribution.

### 20. Option (C) is correct.

*Explanation:* Both the statements are true. The Social Development of China is indicated by its remarkable human development indicators which are possible only when the social infrastructure is properly developed in the country.

### 21. Option (C) is correct.

*Explanation:* Both the statements are true employment occurs when a person who is actively searching for employment is unable to find work. Disguised unemployment is a situation when more than required people are working. Hence this situation is possible in the populated countries.

### 22. Option (C) is correct.

*Explanation:* In order to expand the industrial base of the British government, Indian agriculture was commercialised to produce cash crops to feed the growing industries of Britain. Hence there was a shift from food crops to cash crops.

### 23. Option (D) is correct.

### 24. Option (C) is correct.

*Explanation:* Organic farming is farming without the use of chemicals which helps in maintaining and restoring the ecological balance of the environment.

### 25. Option (C) is correct.

*Explanation:* Both India and Pakistan have a similar development experience in terms of choosing the 5 year planning, focusing the agricultural sector, and witnessing the green revolution or adopting the economic reforms.

The focus of India and Pakistan was to give emphasis on public sector and not private sector before the economic reforms.

### 26. Option (A) is correct.

*Explanation:* The environment has natural processes and systems in place to assimilate waste materials. This process, often referred to as natural or ecological waste assimilation, involves various mechanisms such as decomposition, filtration, biodegradation, and nutrient cycling.

**27. Option (C) is correct.**

*Explanation:* In the 1970s, Pakistan nationalized its capital goods industry as part of its broader policy of nationalization under Prime Minister Zulfikar Ali Bhutto.

**28. Farm subsidies, while imposing a significant financial burden on government finances, are indispensable for supporting poor and marginal farmers.**

These subsidies provide essential financial assistance, ensuring their livelihoods and sustaining agricultural productivity. By mitigating economic hardships and promoting agricultural stability, subsidies contribute to food security and rural development, ultimately benefiting the overall economy.

Thus, despite the fiscal strain, farm subsidies remain crucial for the welfare of vulnerable farmers and the agricultural sector.

**OR**

Small-scale industries in India serve as crucial engines of economic growth, particularly in rural and semi-urban areas. By providing employment opportunities to a significant portion of the population and fostering entrepreneurship, they contribute to poverty alleviation and economic empowerment. These industries play a pivotal role in promoting balanced regional development by decentralizing economic activities and utilizing local resources effectively. Additionally, their adaptability and innovation contribute to enhancing productivity and competitiveness in the economy, making them indispensable contributors to India's growth journey.

**29. I do not agree to the statement.**

It is essential to note that while the abolition of intermediaries was a significant step towards achieving equity in agriculture, it did not fully serve the goals of equity.

Challenges such as incomplete implementation of land reforms, loopholes in legislation, and resistance from vested interests hindered the full realization of equity in agriculture.

Additionally, other factors such as access to credit, technology, markets, and social welfare schemes also play crucial roles in addressing equity issues in agriculture. Therefore, while the abolition of intermediaries was a crucial step, it was not sufficient on its own to fully achieve the goals of equity in agriculture.

**30. (a) (i) On-the-job training offers several advantages in the upliftment of the education sector:**

**(1) Professional Development:** On-the-job training provides teachers with

opportunities to enhance their teaching skills, learn new instructional techniques, and stay updated on the latest educational trends and methodologies. By participating in workshops, seminars, or mentorship programs, teachers can improve their pedagogical practices, classroom management strategies, and assessment methods. This ongoing professional development ensures that teachers remain effective and motivated, ultimately improving the quality of education delivered to students.

**(2) Practical Application of Pedagogical Concepts:**

On-the-job training allows teachers to apply theoretical concepts learned in teacher education programs to real classroom settings. Through observation, practice teaching, and feedback sessions, teachers can experiment with different teaching approaches and instructional strategies, adapting them to meet the diverse needs of their students. This hands-on experience helps teachers develop a deeper understanding of effective teaching practices and fosters innovation and creativity in their teaching methods. As a result, students benefit from more engaging and effective instruction, leading to improved learning outcomes.

**(ii)** Casual wage labour refers to temporary or short-term employment arrangements where individuals are hired on an hourly, daily, or piece-rate basis to perform specific tasks or duties.

**OR**

**(b) (i)** Two reasons for the lower representation of women in regular salaried employment are:

**(2) Family Responsibilities:** Women often bear a disproportionate burden of care giving responsibilities, including childcare and eldercare. The lack of affordable and accessible childcare facilities and societal expectations for women to prioritize family duties can hinder their ability to pursue full-time, regular employment opportunities.

**(2) Gender Bias and Discrimination:** Women frequently face gender-based discrimination and biases in hiring, promotion, and salary decisions. Stereotypes about women's abilities and roles may lead to limited career advancement opportunities and unequal treatment in the

workplace, discouraging them from seeking or staying in regular salaried positions.

- (ii) Workers participation ratio refers to the proportion of the workers and the total population of the country. It is calculated as  

$$\left(\frac{\text{Total number of workers}}{\text{Total population}}\right) \times 100$$
31. (a) The statement that scholars find son preference as a common phenomenon in India, Pakistan, and China is justified by the skewed sex ratios observed in these countries. Son preference refers to the cultural and societal preference for male children over female children, often resulting in discriminatory practices such as female infanticide, sex-selective abortion, and neglect of female children. In all three countries, there is evidence of a significant gender imbalance, with more male births than female births. This skewed sex ratio is a reflection of deep-rooted cultural norms and traditions that prioritize male heirs for reasons such as property inheritance, carrying on the family name, and providing financial support in old age. Despite efforts to address gender inequality and promote gender equality, son preference continues to persist, contributing to imbalanced sex ratios and posing social, demographic, and economic challenges for these countries.
- (b) Two Liberty indicators are  
 Freedom of religion and Freedom of press
32. (a) The economic reforms process in India had a mixed impact on the agriculture sector. On one hand, liberalization led to the dismantling of agricultural subsidies and the reduction of government support, which disadvantaged small and marginal farmers. Additionally, the withdrawal of price controls and the opening up of agricultural markets exposed farmers to greater price volatility and competition. On the other hand, reforms facilitated investments in infrastructure, technology, and irrigation, leading to improvements in productivity and market access for some farmers. However, overall, the benefits of economic reforms in agriculture have been unevenly distributed, with large-scale commercial farmers and agri-businesses often benefiting more than smallholders.
- (b) The industrial sector in India underwent significant transformation as a result of economic reforms. Liberalization measures, including deregulation, privatization, and trade liberalization, led to increased competition and efficiency in the industrial sector. Domestic industries faced greater competition from imports, prompting some to modernize and become more globally competitive. Foreign direct investment (FDI) inflows also surged, leading to the establishment of joint ventures and collaborations with multinational corporations. However, the removal of trade barriers exposed some industries to international competition, leading to job losses and restructuring. Overall, while economic reforms stimulated growth and modernization in certain segments of the industrial sector, challenges such as infrastructure bottlenecks and regulatory hurdles persisted.
33. (a) Collective fight is crucial for achieving Sustainable Development Goals (SDGs) as it fosters collaboration among governments, organizations, and individuals. By pooling resources, expertise, and efforts, collective action enhances the impact of initiatives, promotes innovation, and addresses complex global challenges more effectively, leading to sustainable development for all.
- (b) The leaders commit to taking collective actions for effective and timely implementation of the G-20 2023 Action Plan to accelerate progress on the SDGs; including through actions on eliminating hunger and malnutrition, strengthening global health and implementation of 'One Health' approach, and delivering quality education."
34. (i) **Measures were adopted by Government of India for improving agricultural marketing system:**
- (1) **Minimum Support Price (MSP):** The Government of India sets a minimum price for certain agricultural commodities to ensure that farmers receive remunerative prices for their produce. This helps stabilize farm incomes, incentivizes production, and provides a safety net for farmers against market fluctuations.
- (2) **Maintenance of Buffer Stock:** The government maintains buffer stocks of essential food grains such as rice and wheat to stabilize prices and ensure food security. These stocks are used to manage supply-demand imbalances, stabilize prices during periods of shortage, and provide food relief during emergencies or natural disasters.
- (3) **Public Distribution System (PDS):** The PDS is a government-led distribution network that provides essential food grains, such as rice, wheat, and sugar, at subsidized rates to vulnerable sections of society. This system aims to ensure food accessibility, alleviate hunger, and improve nutritional outcomes among low-income households. (Any two)
- (ii) Growth of rural economy depends primarily on infusion of capital, from time to time, to realise higher productivity in agriculture and non-agriculture sectors. As the gestation gap between crop sowing and realisation of income after production is quite long, farmers borrow from various sources (formal and informal) to meet their requirements on seeds, fertilisers, etc. and other family expenses of marriage, religious ceremonies, etc.

OR

- (b) (i) India can transform into a knowledge-based economy by leveraging information technology (IT) due to its potential to drive innovation, enhance productivity, and facilitate access to knowledge and skills. IT enables digital connectivity, e-commerce, and online education, fostering entrepreneurship, job creation, and economic growth. Additionally, IT-driven initiatives like digital literacy programs and online platforms democratize access to information and education, empowering individuals and fostering a culture of lifelong learning essential for a knowledge-based economy.
- (ii) Focusing on generating employment opportunities in the formal sector is crucial due to its inherent benefits. Formal sector jobs offer greater job security, with workers enjoying protections under labour laws and access to benefits such as social security and health insurance. Additionally, formal sector employment provides better working conditions, including occupational safety standards and opportunities for career advancement, contributing to overall economic stability and welfare.

**SECTION A**

15. (a)  $Y = \bar{C} + (1 - MPS)Y + I$   
 $10,000 = 200 + (1 - 0.2) 10,000 + I$   
 $I = 10,000 - 200 - 10,000 + 2,000$   
 $I = ₹ 1,800$

OR

- (b) During deflation, reducing the repo rate by the Reserve Bank of India decreases the cost of capital. This reduction in the cost of borrowing encourages businesses and individuals to take loans and invest, leading to increased spending and economic

activity. Additionally, it stimulates demand for credit as borrowing becomes cheaper, ultimately helping to mitigate the effects of deflation by boosting consumption and investment.

16. (a) (ii) Primary deficit is the difference between the government's revenue and expenditure, excluding interest payments.  

$$\text{Primary deficit} = \text{Total revenue} - \text{Total expenditure excluding interest payments on its debt}$$
17. (a) Steps pertaining to the estimation of National income by Income Method:  
**Step 1:** Identify and classify factors of production across sectors (primary, secondary, tertiary).  
**Step 2:** Estimate factor income paid by each sector, categorized into Compensation of Employees, Rent and Royalty, Profit, Interest, and Mixed Income.  
**Step 3:** Calculate Domestic Income ( $NDP_{FC}$ ) by summing up all factor incomes:  $NDP_{FC} = \text{Compensation of Employees} + \text{Profit} + \text{Rent \& Royalty} + \text{Interest} + \text{Mixed Income}$ .  
**Step 4:** Estimate Net Factor Income from Abroad (NFIA) and add it to Domestic Income to obtain National Income ( $NNP_{FC}$ ):  $NNP_{FC} = NDP_{FC} + NFIA$ .

**SECTION B**

28. (a) Modernisation aimed at increasing the production of goods and services by way of adopting newer technologies. In the post independence era, modernisation was chosen as an objective of planning for the Indian economy with a view to raise the standard of living of the people by adopting new technology, change in social outlook, etc.
30. (b) (i) The Green Revolution denotes a significant surge in food grain production achieved through the widespread adoption of high-yield variety (HYV) seeds and accompanying technologies, primarily focusing on staple crops like wheat and rice during the mid-1960s to mid-1970s. On the other hand, the Golden Revolution characterizes India's rise as a global leader in the cultivation of a diverse range of horticulture crops in between 1991 to 2003.

Outside Delhi Set-3

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**SECTION A**

15. (a)  $Y = \bar{C} + bY + I$   
 $20,000 = 100 + (0.8 \times 20,000) + I$   
 $I = 20,000 - 100 - 16,000$   
 $I = ₹ 3,900$

OR

To counter deflation, the Reserve Bank of India (RBI) may choose to decrease the reverse repo rate. By lowering the reverse repo rate, the RBI encourages commercial banks to lend more money to consumers and businesses rather than parking excess funds with the central bank. This increased lending activity can stimulate economic growth, increase spending, and ultimately help mitigate the effects of deflation by boosting demand and consumption.

16. (a) Steps pertaining to the estimation of National income by Expenditure Method:  
**Step 1:** Identify economic units operating within the country that incur production costs, including households, business firms, government, and foreign trade.  
**Step 2:** Classify economic units under final expenditure categories such as Private Final Consumption Expenditure (PFCE), Government Final Consumption Expenditure (GFCE), Gross Domestic Capital Formation (GDCF), and Net Exports (NX).  
**Step 3:** Calculate Gross Domestic Product at Market Price ( $GDP^{MP}$ ) by summing up all final expenditures:  $GDP^{MP} = PFCE + GFCE + GDCF + (X - M)$ .  
**Step 4:** Calculate Domestic Income ( $NDPFC$ ) by



subtracting depreciation and net indirect taxes from  $GDP_{MP}$ :  $NDP_{FC} = GDP_{MP} - \text{Depreciation} - \text{Indirect taxes}$ .

**Step 5:** Calculate Net Factor Income from Abroad (NFIA).

**Step 6:** Obtain National Income ( $NNP_{FC}$ ) by adding NFIA to Domestic Income:  $NNP_{FC} = NDP_{FC} + \text{NFIA}$ .

### SECTION B

28. (a) The main rationale behind choosing "self-reliance" as a planning objective for the Indian economy were:

- (i) **To reduce foreign dependence:** Planning objective of "self-reliance" targeted to promote economic growth and modernisation. The Indian five year plans in the early years of post-independence era stressed on the use of domestic resources in order to reduce our dependence on foreign countries.
- (ii) **To avoid foreign interference:** In the post-independence era it was feared that the dependence on the imported food supplies, foreign technology and foreign capital may increase foreign interference in the policies of our country.

