Class XII
Post Mid-Term Examination (2025-26)
Economics (030)
Marking Scheme: Set B1/B2

Time: 3 Hours **MM: 80**

<table>
<tr><th>Set B1</th><th>Set B2</th><th>SECTION A – MACRO ECONOMICS</th><th>Marks</th></tr>
<tr><td>1</td><td>1</td><td>
On the basis of the following hypothetical data, the percentage change in Real Gross Domestic Product (GDP) in the year 2022-23, using 2020-21as the base year is ………………….
<table>
<tr><th>Year</th><th>Nominal GDP</th><th>Nominal GDP adjusted to base year prices</th></tr>
<tr><td>2020-21</td><td>3,000</td><td>5,000</td></tr>
<tr><td>2022-23</td><td>4,000</td><td>6,000</td></tr>
</table>
(a) 35%
(b) 20%
(c) 15%
(d) 10%

Set B1 Option (b) 20%

On the basis of the following hypothetical data, the percentage change in Real Gross Domestic Product (GDP) in the year 2022-23, using 2020-21as the base year is ………………….
<table>
<tr><th>Year</th><th>Nominal GDP</th><th>Nominal GDP adjusted to base year prices</th></tr>
<tr><td>2020-21</td><td>3,000</td><td>4,000</td></tr>
<tr><td>2022-23</td><td>4,000</td><td>4,500</td></tr>
</table>
(a) 30%
(b) 25.5%
(c) 15%
(d) 12.5%

Set B2 Option (d) 12.5%
</td><td>1

1</td></tr>
<tr><td>2</td><td>2</td><td>
Choose the correct alternative to complete the given schedule:
<table>
<tr><th>Round I</th><th>Deposits</th><th>Loans (90%)</th><th>Reserve Ratio (10%)</th></tr>
<tr><td>I</td><td>2,000</td><td>1,800</td><td>200</td></tr>
<tr><td>II</td><td>(i)</td><td>(ii)</td><td>180</td></tr>
</table>
</td><td></td></tr>
</table>

III	…	…	…
IV	…	…	…
Total	(iii)	(iv)	2,000

Alternatives:

(a) 2,000, 1,620, 20,000, 18,000
(b) 1,800, 180, 2,000, 18,000
(c) 1,620, 180, 2,000, 18,000
(d) 1,800, 1,620, 20,000, 18,000

Set B1– Option (d) 1,800, 1,620, 20,000, 18,000 — **1**

Choose the correct alternative to complete the given schedule:

Round I	Deposits	Loans (80%)	Reserve Ratio (20%)
I	5,000	4,000	(i)
II	4,000	(ii)	800
III	…	…	…
IV	…	…	…
Total	(iii)	(iv)	5,000

Alternatives:

(a) 1,000, 800, 20,000, 25,000
(b) 5,000, 3,200, 25,000, 20,000
(c) 1,000, 3,200, 25,000, 20,000
(d) 1,000, 800, 20,000, 25,000

Set B2– Option (c) 1,000, 3,200, 25,000, 20,000 — **1**

3 | **3**

Read the following statements carefully and choose the correct alternative from the following:

Statement 1: Money Supply (M_1) in India does not include demand deposits with commercial banks.

Statement 2: Money Supply (M_1) refers to assets available with the commercial banks during a particular period of time.

Alternatives:

(a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true and Statement 2 is false.
(d) Statement 2 is true and Statement 1 is false.

Set B1 Option (b) Both the statements are false. — **1**

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		Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** Demand deposits form a part of M_1 measure of money supply & are payable on demand by the commercial banks. **Statement 2:** High powered money includes only the cash reserves of the commercial banks. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false. **Set B2** Option (c) Statement 1 is true and Statement 2 is false.	**1**
4	**4**	Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: The value of APC can never be zero or negative. **Reason (R):** Average Propensity to Consume is independent of level of income. 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. **Set B1** Option (c) Assertion (A) is true but Reason (R) is false. Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: Before reaching the Break-Even level of income, the value of APC is less than one. **Reason (R):** Average Propensity to Consume falls continuously with increase in income. 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. **Set B2** Option (d) Assertion (A) is false but Reason (R) is true.	**1** **1**

5 | **5**

Match the statements given under A with the correct options given under B:

Column B	**Column B**
(i) Interest paid on national debt	(a) Revenue Receipt
(ii) Repayment of loans	(b) Capital Expenditure
(iii) Dividends paid to the government by State Bank of India	(c) Capital Receipt
(iv) Funds raised from the public in the form of National Saving Certificates	(d) Revenue Expenditure

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

Set B1– Option (c) i-(d), ii-(b), iii-(a), iv-(c) — **1**

Match the statements given under A with the correct options given under B:

Column B	**Column B**
(i) Borrowings from IMF	(a) Revenue Expenditure
(ii) Expenditure on collection of taxes	(b) Revenue Receipt
(iii) Interest received on loans	(c) Capital Receipt
(iv) 10% shares purchased by Government in a private company	(d) Capital Expenditure

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

Set B2– Option (b) i-(c), ii-(a), iii-(b), iv-(d) — **1**

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6 | **6**

State true or false with valid reason.
'The Government Budget of a country cannot have fiscal deficit without the existence of revenue deficit.'

Set B1
True. It is possible in following situation –

- when revenue budget is balanced, & capital budget shows a deficit
- when there is surplus in revenue budget but deficit in capital budget is greater than this surplus.

1

State true or false with valid reason
'Fiscal deficit is necessarily inflationary in nature.'

		Set B2 **False.** Fiscal deficit is the difference between the government total expenditure & its total receipts (excluding borrowing). Such borrowings are generally financed by issuing new currency which may lead to inflation. However, if the borrowings are for infrastructural development, this may lead to capacity building & may not be inflationary.	**1**
7	**7**	Suppose that, the Balance of Trade of a nation exhibits a deficit of Rs. 50,000 crore. The import of visible items are five times of the exports of visible items. The value of imports of visible items would be Rs. …………. (a) Rs. 20,000 crores (b) Rs. 35,000 crores (c) Rs. 41,500 crores (d) Rs. 62,500 crores **Set B1–** Option (d) Rs. 62,500 crore Suppose that, the Balance of Trade of a nation exhibits a deficit of Rs. 72,000 crore. The import of visible items are six times of the exports of visible items. The value of imports of visible items would be Rs. …………. (a) Rs. 72,000 crore (b) Rs. 86,400 crore (c) Rs. 84,000 crore (d) Rs. 90,000 crore **Set B2–** Option (b) Rs. 86,400 crore	**1** **1**
8	**8**	'Many large MNCs have shifted their investment from China have started their production in India.' It will lead to …………….. & …………… (a) Increase in demand of foreign currency; Appreciation of domestic currency (b) Increase in supply of foreign currency; Depreciation of domestic currency (c) Increase in supply of foreign currency; Appreciation of domestic currency (d) Decrease in demand of foreign currency; Depreciation of domestic currency **Set B1** Option (c) Increase in supply of foreign currency; Appreciation of domestic currency 'Many domestic companies have started importing advanced machinery and technology from abroad for their production processes.' This will lead	**1**

		to …………….. & …………….. (a) Increase in demand of foreign currency; Appreciation of domestic currency (b) Increase in supply of foreign currency; Depreciation of domestic currency (c) Increase in supply of foreign currency; Appreciation of domestic currency (d) Increase in demand of foreign currency; Depreciation of domestic currency **Set B2** Option (d) Increase in demand of foreign currency; Depreciation of domestic currency	**1**
9	**9**	'As per the National Stock Exchange (NSE) data, there was net selling off worth Rs. 309 crore by Foreign Institutional Investors over the period of one month.' The above-mentioned transaction will be recorded on ……. side of ……. account of Balance of Payments of India. (a) Debit, Current (b) Credit, Capital (c) Credit, Current (d) Debit, Capital **Set B1** Option (d) Debit, Capital 'Net external commercial borrowings to India recorded an outflow of US $ 0.4 billion in the second quarter of 2022-23' The above transaction will be recorded on ……. side of ……. account of Balance of payments of India. (a) Credit, Current (b) Debit, Current (c) Debit, Capital (d) Credit, Capital **Set B2** Option (c) Debit, Capital	**1** **1**
10	**10**	Identify which of the following is not one of the merits of fixed exchange rate system. (a) Ensures stability in exchange rate (b) Possibility of over or under valuation of foreign currency (c) Prevents speculations in foreign exchange market (d) Coordination of macroeconomic policies becomes convenient **Set B1** Option (b) Possibility of over or under valuation of foreign currency	**1**

		Identify which of the following is not one of the merits of flexible exchange rate system. (a) Automatic adjustment in balance of payments (b) Encourages speculation in foreign exchange market (c) No need for huge foreign exchange reserves (d) Optimum utilization of resources **Set B2** Option (b) Encourages speculation in foreign exchange market	**1**
11	**12**	'The Government of India issued a large number of treasury bills to meet its short-term financial requirements. These were managed and facilitated by the Reserve Bank of India.' In the context of the above statement, identify and explain the function of the Central Bank. **Set B1** The function of Central Bank: Banker to the Government – • Banker to the govt • Agent • Financial advisor 'Amid concerns of liquidity crunch in small banks, the RBI cut CRR to boost available funds, provided emergency credit lines, and facilitated seamless clearing of interbank dues through RTGS.' In the context of the above statement, identify and explain the function of the Central Bank. **Set B2** The function of Central Bank: Banker's Bank and supervisor- • Custodian of cash reserves • Lender of last resort • Clearing house	**3 (explain)** **3 (explain)**
12	**11**	For a hypothetical economy, the government incurs an additional investment expenditure of Rs 2,000 crores. Explain the working process of the increase in investment on the National Income, assuming that the ratio of Marginal Propensity to Consume (MPC) & Marginal Propensity to Save (MPS) is 4:1. **OR** (a) For a hypothetical economy, assuming there is an increase in Marginal Propensity to Consume (MPC) from 75% to 90% and	

change in investment to be Rs. 1,000 crore. Calculate the increase in income due to change in Marginal Propensity to Consume (MPC).

(b) Suppose consumption function for an economy C = 80 + 0.75Y & the investment expenditure is Rs. 200 crore. Estimate the value of equilibrium level of income. Also, find the find the values of Consumption & Saving at equilibrium level of income.

Set B1/B2
MPC:MPS = 4:1 So, MPC = 0.8, MPS = 0.2

Round	Increase in Investment	Increase in Income	Increase in Consumption	Increase in Saving
I	2000	2000	1600	400
II		1600	1280	320
III		1280	1024	256
Total	**2000**	**10,000**	**8,000**	**2,000**

3 (explain)

Thus, initial investment of 2000 crores lead to a total increase of Rs. 10,000 crore in the income.
As a result, multiplier = change in income / change in investment
= 10,000/2000 = 5

OR

(a)

MPC	Investment Multiplier	Change in Income
0.75	1/1-0.75 = 4	4*1,000 = 4,000
0.90	1/1-0.9 = 10	10*1,000 = 10,000

1

Hence with change in MPC from 0.75 to 0.90, the change in income is:

½

Change in income = 10,000 – 4,000 = Rs. 6,000 crore

(b) At equilibrium level of income,
Y = C+I
Y = 80 + 0.75Y+200
Y = 1,120 crore

1

½

At equilibrium level of income Y = Rs. 1,120 crore
C = c+bY = 80+0.75(1120) = Rs. 920 crore
S = Y– C = 1120 – 920 = 200 crore

13	**14**	From the following data, calculate: (a) GDPmp by Income Method	

(b) Closing Stock

S.No.	Items	Amount (Rs. In crores)
(i)	Private final consumption expenditure	450
(ii)	Rent	120
(iii)	Government final consumption expenditure	50
(iv)	Indirect Taxes	60
(v)	Interest	150
(vi)	Mixed Income of self employed	20
(vii)	Consumption of fixed capital	30
(viii)	Opening Stock	10
(ix)	Gross fixed capital formation	300
(x)	Compensation of employees	200
(xi)	Net Exports	(-) 10
(xii)	Net factor income from abroad	(-) 10
(xiii)	Subsidies	10
(xiv)	Profit	250

OR

From the following data, calculate:

(a) Gross Domestic Capital Formation

(b) Operating Surplus

S.No.	Items	Amount (Rs. In crores)
(i)	National Income	22,100
(ii)	Wages & Salaries	12,000
(iii)	Private final consumption expenditure	7,200
(iv)	Net Indirect Taxes	700
(v)	Gross Domestic Capital Formation	**?**
(vi)	Consumption of fixed capital	500
(vii)	Government final consumption expenditure	6,100
(viii)	Mixed income	4,800
(ix)	Operating Surplus	**?**
(x)	Net Exports	3,400
(xi)	Rent	1,200
(xii)	Net Income from abroad	(-)150

Set B1/B2

(i) GDPmp by Income Method **2**

= (ii) + (v) + (xiv) + (vi) + (x) + (vii) + ((iv) –(xiii))

= 120+150+250+20+200+30+ (60-10)

= Rs. 820 crores

(ii) Closing Stock

= GDPmp – PFCE – GFCE – GFCF + Opening Stock – Net exports **2**

820 – 450 – 50 – 300 + 10 – (-) 10
= Rs. 40 crores

OR

(i) Gross Domestic Capital Formation
= (i) – ((iii)+ (vii) + (x)) + (vi) - (xii) + (iv) **2**
= 22100 – (7200 + 6100 + 3400) + 500 – (-150) + 700
= Rs. 6750 crores

(ii) Operating surplus = (i) – (ii) - (viii) – (xii) **2**
= 22100 – 12000 – 4800 – (- 150)
= Rs. 5450 crores

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14 **13**

From the following data relating to government budget, calculate:
(i) Revenue Deficit
(ii) Primary Deficit

S.No.	Items	Rs. In Crores
1	Tax Receipts	1,200
2	Revenue Expenditure	3,700
3	Non-Tax Receipts	2,000
4	Recovery of loans	145
5	Capital expenditure	500
6	Disinvestment	120
7	Interest payments	500

Set B1/B2

Revenue Deficit = Revenue Expenditure – (Tax Receipts + Non – Tax Receipts) **1**
= 3700 – (1200 +2000) = Rs. 500 crores

Fiscal Deficit = (Revenue Expenditure + Capital Expenditure) – (Tax Receipts + Non-Tax Receipts + recovery of loans + Disinvestment) **2**

= (3700 + 500) – (2000 + 1200 +145 +120) = 4200 – 3465 = Rs. 735 crores

Primary Deficit = Fiscal Deficit – Interest Payments **1**
= 735 – 500 = Rs. 235 crore

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15 **15**

Read the following passage and the answer Q.No. 15 on the basis of the same.

The GST reforms, which kicked in from Monday (September 22, 2025), will lead to a saving of 13% in the household bills for groceries and daily essentials. Many items that were earlier taxed at 12 % or 18 % or 28 % were moved to lower slabs (5 %) or made exempt / zero-rated. At the same time,

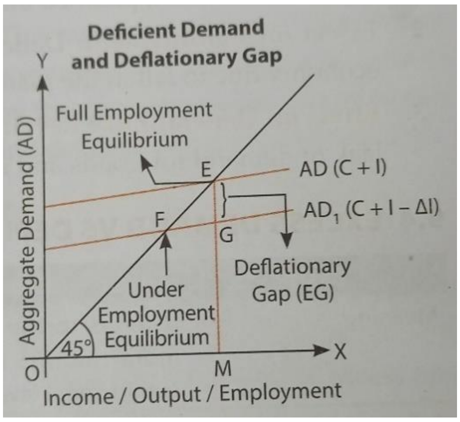
		a 40 % slab was introduced for "super luxury / sin" goods. According to government estimates, stationery, clothing, footwear and medicines purchases would bring in savings in the range of 7-12%, while the savings would go up to 18% in the case of individual health and life insurance policies. The restructured GST rate will make everyday items cheaper, thereby positively affecting the lives of the poor, middle and new middle class. Prime Minister Narendra Modi on Monday said the next generation GST reforms will boost savings and directly benefit every section of society, as he asserted that it is imperative to walk on the path of self-reliance to achieve the collective goal of Viksit Bharat by 2047. As part of the reform, industries such as automobiles, consumer durables, and FMCG were expected to benefit from increased demand, while others (states, or sectors dependent on indirect tax revenue) would face challenges. Some states expressed concern of significant revenue loss due to the cuts, and demanded compensation or central support	
(i)	**(i)**	Identify and explain the government budget objective pursued through recent GST cuts on essentials.	
(ii)	**(ii)**	If the government transfers funds to compensate states for GST revenue losses, then these funds are recorded as …………… in government budget. *(fill in the blanks) (Capital expenditure/ Revenue expenditure*)	
(iii)	**(iii)**	'The government simplified the GST by removing 12% and 28% slabs and adding a 40% slab for luxury goods.' This reform can be seen as: (a) An increase in the direct tax base (b) A step toward a more progressive indirect tax structure (c) Replacement of GST with customs duties (d) Increase in direct transfer payments **Set B1/B2**	
(i)	**(i)**	The government budget objective pursued through recent GST cuts on essentials - Redistribution of Income and Wealth	**2 (explain)**
(ii)	**(ii)**	If the government transfers funds to compensate states for GST revenue losses, then these funds are recorded as **<u>Revenue Expenditure</u>** in government budget.	**1**
(iii)	**(iii)**	**Option (b)** A step toward a more progressive indirect tax structure	**1**
16	**16**	'In July 2025, India's Wholesale Price Index (WPI) inflation turned negative due to a fall in overall demand and reduced consumer spending." (a) Identify and explain the given situation in the above statement with a diagram. (b) State its effect on output, employment & general price level.	

(c) Discuss any 2 quantitative monetary measure to tackle the above situation.

Set B1

(a) The situation is of Deficient Demand.

It gives rise to Deflationary Gap refers to the gap by which actual AD falls short of AD required to establish Full Employment equilibrium.



3 (explain & diagram)

(b) Impact of Deflationary Gap on:

Output – Due to lack of sufficient AD, output will fall.

Employment – It causes involuntary unemployment due to fall in planned output.

Price- Fall in general price level due to lack of demand for goods and services in the economy.

1

(c) Monetary measures – any two quantitative measures

2 (explain)

'In June 2024, India's Wholesale Price Index (WPI) inflation surged to a 16-month high driven by higher consumer demand and increased government expenditure.'

(a) Identify and explain the given situation in the above statement with a diagram.

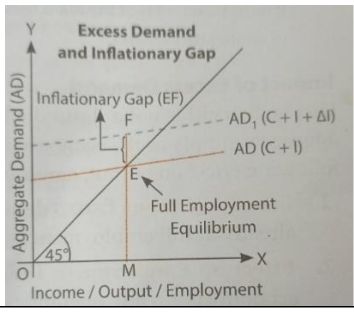
(b) State its effect on output, employment & general price level.

(c) Discuss any 2 quantitative monetary measure to tackle the above situation.

Set B2

(a) The situation is of Excess Demand.

Inflationary Gap refers to the gap by which actual AD exceeds the AD required to establish Full Employment equilibrium.



3 (explain & diagram)

<table>
<tr><td></td><td></td><td>(b) Impact of Inflationary Gap on:
Output – Does not affect level of output as the economy is already at full employment level as there is no idle capacity
Employment – No change in level of employment as economy already operating at Full employment equilibrium
Price- Rise in general price level (inflation) as AD >AS

(c) Monetary Measure – any 2 quantitative measures.</td><td>1

2 (explain)</td></tr>
<tr><td>17

(a)</td><td>17

(a)</td><td>(a) ‘Equilibrium rate of exchange is determined when the demand for foreign exchange is equal to its supply.’ Explain the above statement with the help of a suitable diagram.

(b) ‘A country deliberately keeps the value of its currency low under the managed floating system.’ Discuss briefly how will it affect the exports of the country.

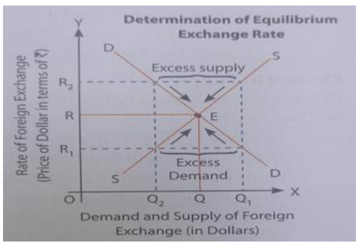
OR

(a) ‘Har Ghar Swadeshi’ campaign has been launched by the government to promote Indian-made products across the country, leading to a reduced preference for foreign products.’

Presuming other factors being constant, discuss the effects of the given statement on foreign exchange rates with reference to Indian Economy with the help of a suitable diagram.

(b) What are official reserve transactions? Explain their importance in the Balance of Payments.

Set B1/B2
In a flexible exchange rate system, rate of exchange is determined by the market forces of demand and supply of different currencies in the foreign exchange market.
The equilibrium exchange rate is determined at a level where demand for foreign exchange for foreign exchange is equal to supply of foreign exchange. DD is the downward sloping demand curve of foreign exchange and SS is upward sloping supply curve of foreign exchange. Both the curve intersects at point E. The equilibrium exchange rate is determined at OR and equilibrium quantity is determined at OQ.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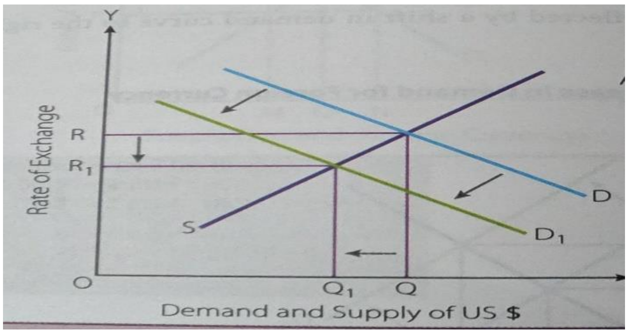
2 (explain)

2 (diagram</td></tr>
</table>

(b)	**(b)**	A country deliberately keeps the value of its currency low under the managed floating system to keep their currency cheaper vis-à-vis foreign currency. Such a step ensures international competitiveness of the goods & services of the country in the international market leading to an increase in the exports of the country to the ROW **OR**	**2**
(a)	**(a)**	The 'Har Ghar Swadeshi' campaign promotes the use of Indian-made products, which reduces the demand for foreign products. Assuming other factors remain constant, this leads to reduced import demand. With reduced demand for foreign currency, the value of foreign currency falls relative to the Indian Rupee. It causes a leftward shift of demand curve of foreign exchange from DD to D1D1. Consequently, exchange rate will fall. Leading to appreciation of domestic currency.  	**2 (explain)** **2 (explain)**
(b)	**(b)**	Official reserve transaction refers to the transaction by the central bank that cause changes in its official reserves of foreign exchange. Such transaction takes place hen a country withdraws from its stock of foreign exchange reserves to finance deficit in its overall BOP. A country with surplus in its BOP leads to rise in foreign exchange reserves They are important as they help to bring a valance in the country's overall BOP. The act as an accommodating item in BOP	**2**

SECTION B – INDIAN ECONOMIC DEVELOPMENT

Set B1	Set B2	Questions	Marks
18	**18**	Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: Devaluation of Indian rupee in 1991 resulted in the inflow of foreign exchange. **Reason (R):** Devaluation of Indian rupee was a step to get more foreign investments. 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. **Set B1**Option (c) Assertion (A) is true but Reason (R) is false. Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: Foreign Investment limit in banks was raised to around 74% under the financial sector reform. **Reason (R):** There was a change in the role of Reserve Bank of India from facilitator to regulator. 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. **Set B2** Option (c) Assertion (A) is true but Reason (R) is false.	**1** **1**
19	**19**	What kind of tariff policy was needed to protect domestic producers from foreign competition, after independence? (a) Low import tariffs, reduced import quota (b) Low import tariffs, increased import quota (c) High import tariffs, reduced import quota (d) High import tariffs, increased import quota **Set B1** Option (c) High import tariffs, reduced import quota What kind of tariff policy was needed to protect domestic producers from foreign competition, after independence? (a) High import tariffs, reduced import quota (b) High import tariffs, increased import quota (c) Low import tariffs, reduced import quota (d) Low import tariffs, increased import quota **Set B2** Option (a) High import tariffs, reduced import quota	**1** **1**

20	**20**	Which of the following statements is true with respect to state of education in India? (a) Expenditure per student at tertiary level is higher than that of elementary level of education. (b) In 2007, the government of India enacted the Right to Education Act. (c) No education cess has been imposed by the government of India. (d) The Education Commission (1964-66) has recommended that at least 4% of GDP should be spent on education. **Set B1** Option (a) Expenditure per student at tertiary level is higher than that of elementary level of education. Which of the following statements is true with respect to state of education in India? (a) Expenditure per student at elementary level is higher than that of tertiary level of education. (b) No education cess has been imposed by the government of India. (c) Tapas Majumdar Committee was appointed by Indian Government in 2009 (d) Elementary education takes a major share of the total educational expenditure in India. **Set B2** Option (d) Elementary education takes a major share of the total educational expenditure in India.	**1** **1**
21	**21**	Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** Opening of Suez Canal helped in establishing the British monopoly control over India's foreign trade. **Statement 2:** India suffered from large trade deficit during the colonial rule. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false. **Set B1** Option (c) Statement 1 is true and Statement 2 is false. Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** Under the British rule, discriminatory tariff policy was pursued with a view to protect the Indian industry. **Statement 2:** Commercialisation of agriculture under the British rule was	**1**

<table>
<tr><td></td><td></td><td>encouraged to benefit the farmers.

Alternatives:
(a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true and Statement 2 is false.
(d) Statement 2 is true and Statement 1 is false

Set B2 Option (b) Both the statements are false.</td><td>1</td></tr>
<tr><td>22</td><td>22</td><td>State one example of emerging alternative channels available for agriculture marketing in India.

Set B1/ B2
Alternative channels available for agriculture marketing in India –
• Direct sale by farmers to consumers. For example, Apni Mandi, Rythu Bazaars, Hadaspur Mandi etc.

• Direct sale contracts between the farmers & MNCs.</td><td>1
(any one example)</td></tr>
<tr><td>23</td><td>23</td><td>Arrange the following events in chronological order and choose the correct answer from the given alternatives:

(i) Operation Flood
(ii) Jan-Dhan Yojana
(iii) Nationalization of banks
(iv) Establishment of NABARD

Alternatives:
(a) (i), (ii), (iii), (iv)
(b) (ii), (iii), (i), (iv)
(c) (iii), (i), (iv), (ii)
(d) (iv), (ii), (iii), (i)

Set B1 Option (c) (iii), (i), (iv), (ii)

Arrange the following events in chronological order and choose the correct answer from the given alternatives:

(i) Operation Flood
(ii) Nationalization of banks
(iii) Establishment of NABARD
(iv) Saansad Adarsh Gram Yojana (SAGY)

Alternatives:
(a) (i), (ii), (iii), (iv)
(b) (ii), (i), (iii), (iv)
(c) (iii), (i), (iv), (ii)
(d) (iv), (ii), (iii), (i)</td><td>1</td></tr>
</table>

		Set B2 Option (b) (ii), (i), (iii), (iv)	**1**
24	**24**	'It has emerged as a successful sustainable livelihood option & needs to be encouraged. It contributes nearly one-third of the value of agricultural output & 6% of GDP of India.' Identify this Non-farm activity. (a) Horticulture (b) Fisheries (c) Animal Husbandry (d) Dairying **Set B1** Option (a) Horticulture Which of the following was NOT the benefit accruing from Golden Revolution? (a) Increase in the income of the farmers (b) Increase in production of milk & related products (c) Increase in production & exports of fruits & vegetables (d) Employment for women in rural areas **Set B2** Option (b) Increase in production of milk & related products	 **1** **1**
25	**25**	Identify which of the following alternatives indicate the incorrect components combination of Agriculture Marketing System? (a) Assembling, Storage, Processing, Packaging (b) Production, Assembling, Processing, Grading (c) Assembling, Processing, Packaging, Transportation (d) Processing, Packaging, Grading, Distribution **Set B1** Option (b) Production, Assembling, Processing, Grading Identify which of the following alternatives indicate the incorrect components combination of Agriculture Marketing System? (a) Assembling, Storage, Processing, Packaging (b) Assembling, Processing, Packaging, Transportation (c) Production, Assembling, Processing, Grading (d) Processing, Packaging, Grading, Distribution **Set B2** Option (c) Production, Assembling, Processing, Grading	 **1** **1**

26	**26**	Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** There has always been fluctuations in the growth of the GDP, but employment grew at the rate of more than 12% during 1950-2010. **Statement 2:** Indian economy has witnessed unprecedented shift of the workforce from formal to informal sector. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false. **Set B1** Option (d) Statement 2 is true and Statement 1 is false. Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** In the late 1990s India experienced a widening gap between the growth of GDP & employment generation. **Statement 2:** In case rural areas, regular salaried employees account for second major source of employment. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false. **Set B2** Option (c) Statement 1 is true and Statement 2 is false.	**1** **1**
27	**27**	In an economy, labour force is equal to work force when: (a) Growth rate of population is less than growth rate of employment (b) Growth rate of population is more than growth rate of employment (c) There is no unemployment (d) None of these **Set B1** Option (c) There is no unemployment Rate of unemployment = ……………………. (a) (Number of persons unemployed / Size of labour force) *100 (b) Number of persons unemployed / Size of labour force (c) Size of labour force / Number of persons unemployed (d) (Size of labour force / Number of persons unemployed) *100	**1**

		Set B2 Option (a) (Number of persons unemployed / Size of labour force) *100	**1**
28	**29**	‘Navratna policy has facilitated the maintenance, promotion & disinvestment of Public sector Undertakings (PSUs)’. Justify the given statement with valid explanation. **OR** ‘Goals of equity was fully served by abolition of intermediaries in agriculture in the post independent period of India. Do you agree with the given statement? Give reasons. **Set B1/B2** Yes, the Navratna policy of the government has helped in improving the performance of the public sector undertakings in India. In order to infuse professionalism & enable PSUs to compete more effectively in the liberalized globalized environment, government chose PSUs like BHEL, BPCL, SAIL etc & declared them Navratnas. • These PSUs were given greater managerial & operational autonomy in taking various decisions to run the company efficiently & earn profits. • The granting of Navratnas resulted in better performance of these companies • Encouraged by their better performance, government decided to retain the navratnas in public sector & enable them to expand in global markets **OR** The given statement is incorrect. The goals of equity was NOT fully served by abolition of intermediaries in agriculture in the post independent period of India because: • In some areas former zamindars continued to own large areas of land by making use of some loopholes in the legislation • In some cases, tenants were evicted & zamindars claimed to be self-cultivators • Even after getting the ownership of land, the poorest of the agricultural labourers did not benefit from the land reforms.	**3 (explain)** **3**
29	**28**	Explain the need for different forms of government intervention in education & health sectors. **Set B1/B2** There is a need for different forms of government intervention in education	

<table>
<tr><td></td><td></td><td>& health sector because of the following reasons:

• Long term impact & cannot be easily reversed
• Individuals do not have complete information about quality & cost of these services
• The providers of these services may acquire monopoly power & get involved in exploitation

Therefore, the role of government is important to ensure that the private providers of these services adhere to the standards stipulated by the government & charge the correct price.</td><td>3 (explain)</td></tr>
<tr><td>30</td><td>31</td><td>i. Study & analyze the following table showing status wise trends in employment from 1972-73 to 2017-18.
ii. What do these trends suggest about the structural transformation in the Indian labour market?

Trends in Employment (Status-wise)
<table><tr><th>Status</th><th>1972-73</th><th>1993-94</th><th>2011-12</th><th>2017-18</th></tr><tr><td>Self employed</td><td>61.4</td><td>54.6</td><td>52.0</td><td>52.2</td></tr><tr><td>Regular salaried employee</td><td>15.4</td><td>13.6</td><td>18.0</td><td>22.8</td></tr><tr><td>Casual Workers</td><td>23.2</td><td>31.8</td><td>30.0</td><td>25.0</td></tr><tr><td>Total</td><td>100</td><td>100</td><td>100</td><td>100</td></tr></table>
Set B1/B2
i.
• Self-employment continues to be the major employment provider, but its share declined from 61.4% in 1972-73 to 52.2% in 2017-18

• Regular salaried employees: There is an increase in share from 15.4% in 1972-73 to 22.8%

• Casual workers : there share has increased moderately from 23.2% in 1972-73 to 25% in 2017-18.

ii. The analysis of the given data shows a general shift of workforce towards the casual wage structure known as ‘Casualisation of Workforce’. This make the workers highly vulnerable to any socio-economic change.</td><td>3

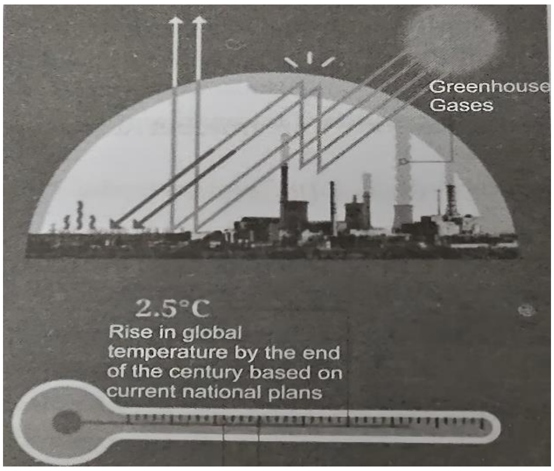
1</td></tr>
<tr><td>31 (a)

(b)</td><td>30 (a)

(b)</td><td>‘The supply-demand reversal of environmental resources account for the current environmental crisis.’ Justify the statement with valid reasons.

Discuss any two serious adverse environmental consequences of development in India.

OR</td><td></td></tr>
</table>

<table>
<tr><td>(a)</td><td>(a)</td><td>Identify & explain the situation depicted in the given picture below on account of current environmental challenges. Discuss its harmful effects.

</td><td></td></tr>
<tr><td>(b)</td><td>(b)</td><td>State and discuss any two strategies involved in attaining sustainable development in India.

Set B1/B2</td><td></td></tr>
<tr><td>(a)</td><td>(a)</td><td>The reversal of demand supply relationship is responsible for the current environmental crisis.
In the past the demand for environmental resources & services was much less than their supply. Pollution was within the absorptive capacity of the environment & rate of resource extraction was less than the rate of regeneration of these resources.
However presently, the demand for resources is in far excess of supply. With the population explosion and advent of industrial revolution, the pressure on absorptive capacity of the environment has increased tremendously.</td><td>2</td></tr>
<tr><td>(b)</td><td>(b)</td><td>Two serious adverse environmental consequences of development in India:
Deforestation
Air Pollution
OR</td><td>2
(explain)</td></tr>
<tr><td>(a)</td><td>(a)</td><td>The given picture depicts towards environmental challenge- GLOBAL WARMING.
It is the gradual increase in the average temperature of the earth's lower atmosphere because of increase in green house gases. Its harmful effects are:
Rise in sea level
Loss of coastal land
Increase in risk of floods</td><td>2
(explain)</td></tr>
</table>

(b)	(b)	Two strategies involved in attaining sustainable development in India: • Use of non-conventional sources of energy • Use of cleaner fuels • Establishments of min hydel plants • Traditional knowledge & practices • Use of bio-compost	**2 (any two explain)**
32	**32**	**Read the following passage and the answer Q.No. 32 on the basis of the same.** Market reforms have been given much of the credit for China's spectacular growth performance. China's reform process systematically has played a key role in transforming China into a modern economic state, deploying unlimited supplies of labor and combining it with a variety of initiatives in a pragmatic, non-ideological way to promote public and private investment and create productive employment in agricultural, manufacturing, and service sectors. In contrast, India's reforms have been sporadic and are still a work in progress. The record-breaking expansion of China's financial system in fostering investments was initially overlooked, but has attracted considerable attention in recent years. Market reforms have been given much of the credit for China's spectacular growth. India's 1991 economic reforms were less dramatic but were also credited with India shedding its slow rate of growth, and joining the ranks of fast-growing economy. India and China have also undergone socio-economic transformations in recent times. Over the years both the countries have followed their respective developmental paths & experienced differing results in the sphere of economic growth & human development. As China moved from medium to higher human development category, India remained at lower level of medium human development group.	
(a)	**(a)**	Discuss any two factors that led to the rapid growth in economic development in China.	**2**
(b)	**(b)**	State any two human development health indicators in which China has progressed faster than India.	**1**
(c)	**(c)**	In the last five decades, China's growth is contributed by the …………… sector & the……….. sector & India's growth is driven by …………. sector. (fill in the blanks)	**1**
		Set B1/B2	
(a)	**(a)**	Two factors that led to the rapid growth in economic development in China: • Reforms introduced in China • Dual pricing • Special Economic Zones	**2 (any two explain)**
(b)	**(b)**	Life expectancy at Birth, IMR, MMR, drinking water access, sanitation (any	**1**

(c)	(c)	two) In the last five decades, China's growth is contributed by the **manufacturing** sector & **service** sector & India's growth is driven by **service** sector.	**1**
33 **(a)** **(b)** **(a)** **(b)** **(a)** **(b)**	**34** **(a)** **(b)** **(a)** **(b)** **(a)** **(b)**	'The expansion & promotion of the rural banking sector has taken a back seat after reforms.' In the context of the above statement, critically evaluate the role of rural banking system in the process of rural development in India. Discuss how Cooperative Marketing is beneficial to the farmers? **OR** 'Self-Help groups provide the stimulus to socio-economic development in rural areas.' Justify the given statement with valid reasons. Explain the different policy instruments initiatives taken by the government in developing rural markets. **Set B1/B2** Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment. After the green revolution, credit facilities helped farmers to avail variety of loans for meeting their production needs. Despite the measures, there were some problems: i. Insufficiency ii. Inadequate coverage of institutional sources iii. Inadequate amount of sanctions iv. Less attention to poor farmers v. Growing over dues Apart from commercial banks, other formal institutions failed to develop a culture of deposit mobilization, lending to needy borrowers and effective loan recovery. To improve the situation: i. Banks needs to change their approach from just being lenders to building up relationship with the borrowers. ii. Farmers should be encouraged to inculcate the habit of thrift and efficient utilisation of resources. Cooperative Marketing is beneficial to the farmers because: • It improves bargaining power at farmers sell their produce through one agency • Cooperative societies help farmers in meeting their cash requirements by providing them credit • They also have storage facilities and farmers can wait for better	 **2** **2** **2** **(any two)**

(a)	(a)	prices • Facility of bulk transportation of agricultural produce is easier & cheaper **OR** Micro-credit or self-help group has emerged as the major micro finance programme in the country in recent years. • Their focus is largely on rural poor who have no sustainable access to the formal banking system. • SHGs promote thrift in small proportions by a minimum contribution from each member. • From the pooled money, credit is given to the needy members at reasonable interest rate. SHG have also helped in empowerment of women. • By May 2019, nearly 6 crore women in India have become member in 54 lakh women SHGs, leading to women empowerment.	**3**
(b)	(b)	Different policy instruments initiatives taken by the government in developing rural markets. • MSP • Buffer Stock • PDS	**3 (explain)**
34 (a)	**33 (a)**	On the basis of the data given below, compare & discuss the shift in output & employment sector-wise in India & China:	

Sectoral Share of Employment & GVA (%) in 2018-19

Sector	Contribution to GVA		Distribution of workforce	
	India	China	India	China
Agriculture	16	7	43	26
Industry	30	41	25	28
Service	54	52	32	46
Total	**100**	**100**	**100**	**100**

Source: HDI Report 2019, Key indicators of Asia & Pacific,2019

(b)	**(b)**	State & explain the reasons for slow growth & re-emergence of poverty in Pakistan. **Set B1/B2**	
(a)	**(a)**	China: • Till 1980 more than 80% of its population was dependent on agriculture. Therefore, the proportion of workforce engaged in agriculture was 26% in 2018-19 with contribution to GVA at 7%. • The secondary sector contributed to 41% to its GVA. In the normal course of development, China has been shifting its employment & output from agriculture to manufacturing and then to services. Proportion of workforce engaged in manufacturing sector was 28%.	**2**

		• Service sector contributes the highest share of GVA. The contribution of service sector to the GVA in China was 52% and proportion of workforce engaged in service sector was 46%. India • The proportion of workforce engaged in agriculture was 43% in 2018-19 with contribution to GVA at 16%. • The secondary sector contributed to 30% to its GVA. In the normal course of development, shifting in employment & output takes place from agriculture to manufacturing and then to services. In India the shift is taking place directly to the service sector. Proportion of workforce engaged in manufacturing sector was 25%. • In India, service sector is emerging as a major player of development. The contribution of service sector to the GVA in India was 54% and proportion of workforce engaged in service sector was 32%.	**2**
(b)	**(b)**	The reasons for slow growth & re-emergence of poverty in Pakistan. 1. Growing dependence on foreign loans 2. Foreign exchange earnings mainly from remittances & exports of volatile agricultural products 3. Agricultural growth & food supply was based on good harvest & not institutionalised process of technical change.	**2 (explain any 2)**