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ALL SUBJECTS

CBSE CLASS 12

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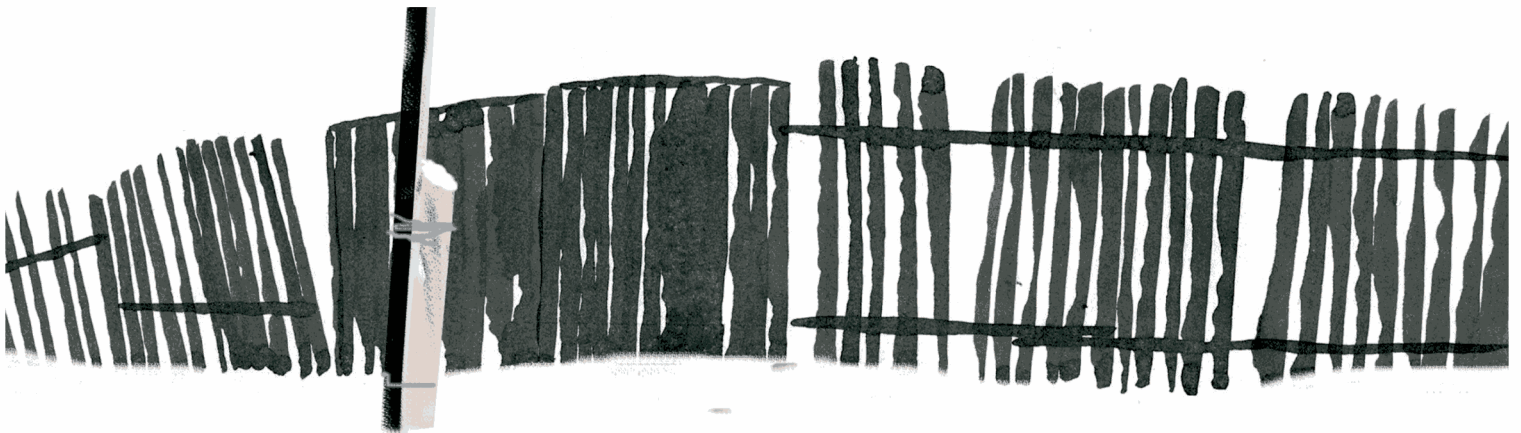
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Reviews



★★★★★ **Read carefully what I am writing**

By Sathya Raji on 2 October, 2020



Guys, this is a very emotional review who has gone through a lot. I lost confidence because of the lack of interest in studies. Dad said focus only on studies but I only like TikTok and PUBG. Now both got banned and I had no other option but to study effectively as mid-terms were near. Now 4 months has passed and I had no preparation of boards at all. So I decided to change things and bought EDUCART.

Their maps (mind maps rather) for the first time in life helped me understand that what all comes in the chapters & what's important in those chapters. I was actually being able to study. I mean how can someone put so much effort in writing the book. So that definately helped me figure some topics well. Today, I finished 2 chapters of chemistry from Educart book and managed to make my father proud.



★★★★★ **Worth for** 💰

By Malika on 3 September, 2020



It's a very good book for the candidates appearing in 2021.... very nice explanation and also very nice editing 👍👍 Go for itt!!!!!!



5★ **Great product**

Student



I recommend this book..... magnificent book for revision...so many good questions are there... My God! the mind maps are super cool... A must buy book ...for class 10 students...just a little mistakes are there but it doesn't matter as those are check points of your learning Mustbuy 👍👍👍👍👍



★★★★★ **Wonderful book** 😊

By S S on 10 September, 2020



Every paper has CBSE questions written in neat way with explanations and related theory. My father purchased this book for me as i m weak in science but i am so happy with it that im posting the review myself to thank educart personally. Edcart, please continue to make such books, in this covid time, this book is what we needed really!



Dear Sir ✓

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T S Sudhir

(Author of Saina Nehwal's Biography | Journalist | Educator)

To: quickreply@agpgroup.in



Educart Exemplar is my suggested book for this year and I rarely recommend books. This one I have thoroughly read and liked for my students.



RC Chauhan

HOD of Mathematics - DPS

To: quickreply@agpgroup.in



We have reviewed countless Xth Class Maths books but Educart's Sample papers is our top recommendation. Educart has done their homework well on how CBSE students nowadays want to learn solving of maths standard questions.



Topper Tips

(on cracking new pattern)

Friends, on request of the Educart team, followed below are some points I've prepared for you to keep in mind whilst attempting the Class 12 Board Exams on the new pattern:

Select your MCQ options wisely (Hindi and English Core)

50% paper is now MCQs based. Do not rush into choosing a particular option. If unable to find the answer; use the rule of elimination to reach the most appropriate answer. Usually ruling out other 3 options works out faster.

Cracking Case-based Questions

Here is the trick. CBSE cannot ask any MCQ in case-based questions that is going to take you more than 1-2 minutes to solve as it will be a 1m MCQ each. So don't worry about the length of the question, treat it like a normal value input or understanding or remembering based question and move ahead. Time is of the essence.

New Pattern MCQs in English

CBSE has made a complete overhaul of MCQ's style of questioning in Reading and Literature comprehensions of English Section A. They are not direct but inference based and analytical thinking driven. Educart has provided detailed explanations in this book for such MCQs to help understand how to come to a conclusive option.

Strictly provide what's or how it is asked (in Accountancy)

- Answer all question parts in the order it is asked in. For instance, in a question, a revaluation account, partners' capital and balance sheet should be done in one place and order only.
- Avoid writing anything as it only leads to wastage of time (unless you don't have an answer for it in which case grace marks writing can be tried). For instance, if question asks for only capital account then preparing the balance sheet simultaneously is of no use. Similarly, if journal entries are asked, then do not prepare the ledger account and balance sheet along with it.

15 minutes reading time hack

- There is 30-50% internal choice this time in each section. You get good 15 minutes in the beginning to read the question paper. Use this time to mark the choice questions you are more confident in attempting to avoid wasting critical thinking time while writing the exam.
- Mark the tough questions you definitely don't know the answer to or where you feel you will struggle, and remember to leave space to come back to answering them.

Prioritise your Sections order

Decide which Section you would want to attempt first and which Section at last. Always attempt the easy questions first. This way your confidence will grow and you will be mentally ready to take on the more challenging questions.

Answers Structure has to be right

- Write most of the answers in bullet points (with headings) or in a tabular form where possible to save time and stick to the point. CBSE paper checkers prefer such format to make it easy to allot full marks.

- Underline key (value) points for all answers and follow word count to save on time.
- Explain lengthy answers with examples and diagrams.
- Recheck for all logics and calculations in case of numerical.

Double check numerical values and units representation (for Mathematics)

- A very common mistake we make is to not copy the correct values (numbers, equations etc) from the Question itself as we are in a rush. Ensure you read the questions word by word with great care.
- The following units should be written correctly always:
 - Length** - cm, mm, m, km (not as cms, mms, ms, kms)
 - Area** - sq cm, sq m, sq km (not as cm², mm², m², km²)
 - Volume** - cu cm, cu m, cu km (not as cm³, mm³, m³, km³, etc)
 - Speed and Mass** - km/h, kg, g (not as km/hr, kgs, gs)

Define Or Differentiate Questions (For Economics/Business Studies)

For such questions, always substantiate your answer with suitable examples for the same. It's good to present your answers in a Tabular form with the basis for each point of differentiation.



Time Management

The 3 hour long board paper needs to be attempted strategically so that you are not cut short for time on any question at the end. This means you need to complete each section of the paper within a pre-defined duration. Our experts have figured out the optimum time duration for each section for you to keep in mind. Please see below the time management chart for all subjects:

ENGLISH CORE				
Part	Question Type	Questions	Time To Be Spent (Per Question)	Total Time
A (Objective)	Reading	10 MCQ x (2 passages)	8 min reading time x 2 passages 2 min per MCQ	(2 x 8) + (10 x 2 x 2) = 56 min
	Literature (Prose + Poetry)	20 MCQ	2 min per MCQ	20 x 2 = 40 min
B (Subjective)	Writing	2Q (3m each) 2Q (5m each)	5 min per question 8 min per question	(2 x 5) + (2 x 8) = 26 min
	Literature (Prose + Poetry)	7Q (2m each) 2Q (5m each)	3 min per question 8 min per question	(7 x 3) + (2 x 8) = 37 min
Total Time: ≈ 2 hours 40 min				
Revision Time: 20 min				

ECONOMICS				
Part	Question Type	Questions	Time To Be Spent (Per Question)	Total Time
A (Macro Economics)	Objective (VSA, Fill up, MCQ)	6Q (1m each)	2 min per question	$6 \times 2 = 12$ min
	CBQ	4Q (1m each)	6 min for reading the passage 2 min per question	$6 + 4 \times 2 = 14$ min
	SA-1	2Q (3m each)	5 min per question	$2 \times 5 = 10$ min
	SA-2	3Q (4m each)	8 min per question	$3 \times 8 = 24$ min
	LA	2Q (6m each)	10 min per question	$2 \times 10 = 20$ min
B (Indian Economic Development)	Objective (MCQ, AR)	6Q (1m each)	2 min per question	$6 \times 2 = 12$ min
	CBQ	4Q (1m each)	6 min for reading the passage 2 min per question	$6 + 4 \times 2 = 14$ min
	SA-1	2Q (3m each)	5 min per question	$2 \times 5 = 10$ min
	SA-2	3Q (4m each)	8 min per question	$3 \times 8 = 24$ min
	LA	2Q (6m each)	10 min per question	$2 \times 10 = 20$ min
Total Time: 2 hours 40 min				
Revision Time: 20 min				

ACCOUNTANCY				
Part	Question Type	Questions	Time To Be Spent (Per Question)	Total Time
A (Accounting for Not for Profit Organizations, Partnership firms and Companies)	VSA	13Q (1m each)	2 min per question	$13 \times 2 = 26$ min
	SA-1	1Q (for 3m)	5 min for question	$1 \times 5 = 5$ min
	SA-2	4Q (4m each)	8 min per question	$4 \times 8 = 32$ min
	LA-1	2Q (6m each)	12 min per question	$2 \times 12 = 24$ min
	LA-2	2Q (8m each)	14 min per question	$2 \times 14 = 28$ min
B (Analysis of Financial Statements)	VSA	7Q (1m each)	2 min per question	$7 \times 2 = 14$ min
	SA-1	1Q (for 3m)	6 min	$1 \times 6 = 6$ min
	SA-2	1Q (for 4m)	10 min	$1 \times 10 = 10$ min
	LA	1Q (for 6m)	15 min	$1 \times 15 = 15$ min
OR				
B (Computerised Accounting)	VSA	7Q (1m each)	2 min per question	$7 \times 2 = 14$ min
	SA-1	1Q (for 3m)	6 min	$1 \times 6 = 6$ min
	SA-2	1Q (for 4m)	10 min	$1 \times 10 = 10$ min

	LA	1Q (for 6m)	15 min	$1 \times 15 = 15 \text{ min}$
Total Time: 2 hours 40 min				
Revision Time: 20 min				

BUSINESS STUDIES

Section	Question Type	Questions	Time To Be Spent (Per Question)	Total Time
Objective	MCQ	12Q (1m each)	2 min per question	$12 \times 2 = 24 \text{ min}$
	CBQ	8Q (1m each)	6 min reading time x (2 passages) 2 min per question	$(2 \times 6) + (8 \times 2) = 28 \text{ min}$
Subjective	SA-1	4Q (3m each)	5 min per question	$4 \times 5 = 20 \text{ min}$
	SA-2	6Q (4m each)	8 min per question	$6 \times 8 = 48 \text{ min}$
	LA	4Q (6m each)	10 min per question	$4 \times 10 = 40 \text{ min}$
Total Time: 2 hours 40 min				
Revision Time: 20 min				

MATHEMATICS

Part	Section (Question Type)	Questions	Time To Be Spent (Per Question)	Total Time
A	Section I (VSA)	16Q (1m each)	2 min per question	$16 \times 2 = 32 \text{ min}$
	Section II (CBQ)	8Q (1m each)	3 min reading time x (2 passages) 2 min per question	$(2 \times 3) + (8 \times 2) = 22 \text{ min}$
B	Section III (SA-1)	10Q (2m each)	4 min per question	$10 \times 4 = 40 \text{ min}$
	Section IV (SA-2)	7Q (3m each)	6 min per question	$7 \times 6 = 42 \text{ min}$
	Section V (LA)	3Q (5m each)	8 min per question	$3 \times 8 = 24 \text{ min}$
Total Time: 2 hours 40 min				
Revision Time: 20 min				

CBSE

SAMPLE PAPER

9th October 2020

ECONOMICS

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions:

- This question paper contains two parts:
Part A - Macro Economics (40 marks)
Part B - Indian Economic Development (40 marks).
- Marks for questions are indicated against each question.
- Question No. 1-10 and Question No. 18 – 27 (including two Case Based Questions) are 1 mark questions and are to be answered in one word/sentence.
- Case Based Questions (CBQ's) are Question No. 7-10 and Question No. 24-27.
- Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
- Question No. 13-15 and Question No. 30 – 32 are 4 marks questions and are to be answered in 80-100 words each.
- Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

PART - A (Macro Economics)

40 Marks

1. Inventory is aconcept whereas the change in inventory is a concept.
(Fill up the blank with correct alternative)

- | | |
|------------------|-----------------|
| (a) stock, flow | (b) flow, stock |
| (c) stock, stock | (d) flow, flow |

OR

If in an economy the value of Net Factor Income from Abroad is ₹ 200 crores and the value of Factor Income to Abroad is ₹ 40 crores. Identify the value of Factor Income from Abroad.
(Choose the correct alternative)

- | | |
|------------------|------------------|
| (a) ₹ 200 crores | (b) ₹ 160 crores |
| (c) ₹ 240 crores | (d) ₹ 180 crores |

1

2. In the present COVID-19 times, many economists have raised their concerns that Indian economy may have to face a deflationary situation, due to reduced economic activities in the country.



Suppose you are a member of the high powered committee constituted by the Reserve Bank of India (RBI).

You have suggested that as the supervisor of commercial banks, (restriction/release) of the money supply be ensured, by the Reserve Bank of India (RBI). (Choose the correct alternative)

1

3. Supply of money refers to (Choose the correct alternative)

- (a) Currency held by the public
- (b) Currency held by Reserve Bank of India (RBI)
- (c) Currency held by the public and demand deposits with commercial banks
- (d) Currency held in the government account

1

4. Identify the correct pair of formula from the following column I and II:

(Choose the correct alternative)

	Column I		Column II
A	Current Account Surplus	(i)	Receipts < Payments
B	Current Account Surplus	(ii)	Receipts > Payments
C	Balance Current Account	(iii)	Receipts ≠ Payments
D	Current Account Deficit	(iv)	Receipts ≤ Payments

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

1

5. Identify which of the following statements is true? (Choose the correct alternative)

- (a) The flexible exchange rate system gives the government more flexibility to maintain large stocks of foreign exchange reserves.
- (b) In the managed floating exchange rate system, the government intervenes to buy and sell foreign currencies.
- (c) In the managed floating exchange rate system, the central bank intervenes to moderate exchange rate fluctuations.
- (d) In the fixed exchange rate system, market forces fix the exchange rate.

1

6. An Indian real estate company receives rent from Google in New York. This transaction would be recorded on.....side ofaccount.

(Fill up the blanks with correct alternative)

- (a) credit, current
- (b) credit, capital
- (c) debit, capital
- (d) debit, current

1

Read the following news report and answer Questions 7-10 on the basis of the same:

The Reserve Bank of India (RBI), cut Repo Rate to 4.4%, the lowest in at least 15 years. Also, it reduced the Cash Reserve Ratio (CRR) maintained by the banks for the first time in over seven years. CRR for all banks was cut by 100 basis points to release ₹ 1.37 lakh crores across the banking system. RBI governor Dr. Shaktikanta Das predicted a big global recession and said India will not be immune. It all depends how India responds to the situation. Aggregate demand may weaken and ease core inflation.

The Economic Times; March 27th, 2020

7. Cut in Repo rate by RBI is likely to..... (increase/decrease) the demand for goods and services in the economy. (Choose the correct alternative)

1

8. Decrease in Cash Reserve Ratio will lead to..... (Choose the correct alternative)

- (a) Fall in aggregate demand
- (b) No change in aggregate demand
- (c) Rise in aggregate demand
- (d) Fall in general price level

1

9. The difference by which actual Aggregate Demand exceeds the Aggregate Demand, required to establish full employment equilibrium is known as.....(inflationary gap/ deflationary gap). (Choose the correct alternative) 1
10. The impact of 'Excess Demand' under Keynesian theory of income and employment, in an economy are: (Choose the correct alternative) 1
- (a) Decrease in income, output, employment and general price level
 (b) Decrease in nominal income, but no change in real output
 (c) Increase in income, output, employment and general price level
 (d) no change in output/employment but increase in general price level.
11. State with valid reason, which of the following statement is true or false: 3
- (a) Gross Value Added at market price and Gross Domestic Product at market price are one and the same thing.
 (b) Intermediate goods are always durable in nature.
12. State, giving valid reasons, whether the following statements are true or false: 3
- (a) Current account in Balance of Payments records only the exports and imports of goods and services.
 (b) Borrowings from abroad are recorded in the Capital Account of the Balance of Payments on the debit side.

OR

'Trade Deficit must exist if a country is facing a situation of Current Account Deficit'.
 Defend or refute the statement, with valid argument. 3

13. (a) Define money multiplier. 1
 (b) 'Credit creation is inversely related to the reserve deposit ratio'. Justify the given statement, using a hypothetical example. 3
14. In an economy $C = 200 + 0.5 Y$ is the consumption function where C is the consumption expenditure and Y is the national income. Investment expenditure is ₹ 400 crores. 4
 Is the economy in equilibrium at an income level ₹ 1500 crores? Justify your answer.

OR

Define:

- (a) Ex-Ante Savings
 (b) Full Employment 2 + 2

15. 'India's GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard'.
The Hindustan Times, 1st September 2020
 State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report. 4
16. (a) 'Domestic/household services performed by a woman may not be considered as an economic activity'.
 Defend or refute the given statement with valid reason.
 (b) 'Compensation to the victims of a cyclone is an example of a welfare measure taken by the government'.
 State with valid reason, should it be included/not included in the estimation of national income of India.

OR

Suppose the Gross Domestic Product (GDP) of Nation X was ₹ 2,000 crores in 2018-19, whereas the Gross Domestic Product of Nation Y in the same year was ₹ 1,20,000 crores. If the Gross Domestic Product of Nation X rises to ₹ 4,000 crores in 2019-20 and the Gross Domestic Product of Nation Y rises to ₹ 2,00,000 crores in 2019-20.

Compare the rate of change of GDP of Nations X and Y, taking 2018-19 as base year. 6

17. (a) Elaborate the objective of 'allocation of resources' in the Government budget. 3
(b) Discuss briefly how the Government budget can be used as an effective tool in the process of employment generation. 3

PART - B
(Indian Economic Development)

40 Marks

18. was the Indian Finance Minister in 1991, acknowledged for his capabilities to steer away the economic crisis looming large on the erstwhile Indian Economy.
(Choose the correct alternative)
- (a) Dr. Subramanian Swamy (b) Dr. Manmohan Singh
(c) Pranab Mukherjee (d) Dr. Urjit Patel 1
19. India entered the stage of Demographic Transition after the year 1921.
(Choose the correct alternative)
- (a) Fourth (b) Second
(c) Third (d) First 1
20. Read the following statements–Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain.
Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.
- (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.

OR

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

Assertion (A): The major policy initiatives i.e. land reforms and green revolution helped India to become self-sufficient in food grains production.

Reason (R): The proportion of people depending on agriculture did not decline as expected

- (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

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

Assertion (A): Every year government fixes a target for disinvestment of Public Sector Enterprises (PSEs).

Reason (R): Disinvestment is an excellent tool for discarding the loss incurring Public Sector Enterprises (PSEs).

- (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

22. From the set of events/systems given in column I and corresponding relevant fact given in column II, about China, choose the correct pair of statement:

	Column I		Column II
A	Great Leap Forward	(i)	Cultivating land collectively
B	Commune System	(ii)	Opening of the Industries in their homes
C	Proletarian Cultural Revolution	(iii)	Students were sent to work and learn from the countryside
D	Economic Reforms in China	(iv)	1988

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

1

23. adopted 'One Child Policy' as a measure to control population.

(Choose the correct alternative)

- (a) India
- (b) China
- (c) Pakistan
- (d) Russia

1

Read, the following hypothetical case study carefully and answer the question numbers 24 - 27 on the base of the same.

Since ages, farmers in India have taken recourse to debt. In the earlier times the same was from informal sources. Since independence with the efforts of the government, formal sector has actively come into picture. Farmers borrow not only to meet their investment needs but also to satisfy their personal needs. Uncertainty of income caused by factors like crop failure caused by irregular rainfall, reduction in ground water table, locust/other pest attack etc. These reasons push them into the clutches of the private money lenders, who charge exorbitant rates of interest which add to their miseries. Various governments in India, at different times for different reasons, introduced debt relief/waiver schemes. These schemes are used by governments as a quick means to extricate farmers from their indebtedness, helping to restore their capacity to invest and produce, in short to lessen the miseries of the farmers across India. The costs and benefits of such debt relief schemes are, however, a widely debated topic among economists. Some economists argue that such schemes are extremely beneficial to the poor and marginalised farmers while others argue that these schemes add to the fiscal burden of the government, others believe that these schemes may develop the expectation of repeated bailouts among farmers which may spoil the credit culture among farmers.



24. Uncertainty of income for farmers in India is majorly caused by
(irregular rainfall/unavailability of loans). 1
25. Some economists argue that debt waiver schemes are extremely beneficial to the poor and marginalised farmers, as these schemes reduce the burden of
(indebtedness/personal expenditures) 1
26. The rural banking structure in India consists of a set of multi-agency institutions.....
(Regional Rural Banks / Small Industries Development Bank of India) is expected to dispense credit at cheaper rates for agricultural purposes to farmers. 1
27. (Regional Rural Banks/ Land Development Banks) is the most prominent body responsible for providing loans for long term land development. 1
28. 'India has emerged as a hotspot for medical tourism'. Defend the statement with valid arguments.

OR

Discuss any two steps taken by the government in the direction of improving agricultural marketing system in India, since independence. 3

29. Discuss briefly the concept of 'informalisation of workforce', in the context of Indian economy. 3
30. 'Agriculture sector appears to be adversely affected by the economic reform process.' Explain the given statement. 4
31. 'Atamnirbhar Bharat' had been at the roots of the Indian planning process in the form of 'self reliance' as an objective of the planning process. Do you agree with the given statement? Justify the rationale of the given statement. 4

OR

Discuss briefly any two major steps taken by the Government of India on 'Financial Sector' front under the Economic Reforms of 1991. 4

32. Compare and analyse the given data of India and China with valid arguments.

Annual Growth of Gross Domestic Product (%), 1980-2017

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8

Source: Key Indicators for Asia and Pacific 2016, Asian Development Bank, Philippines; World Development Indicators 2018. 4

33. (a) 'If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment.'
Discuss the rationale of the given statement with valid reasons.
- (b) 'Calorie-based norm is not an adequate measure to identify the poor. Establish the rationale of the given statement with valid reasons.'

OR

- (a) Why are less women found in regular salaried employment?
- (b) Analyse the recent trends in sectoral distribution of workforce in India:

Trends in Employment Pattern (Sector wise), 1993-2012 (in %)

Sector	1993-94	1999-2000	2011-2012
Primary	64	60.4	24.3
Secondary	16	15.8	24.3
Services	20	23.8	26.8

- 34.** State, giving valid reasons whether the following statements are true or false.
- (a) Since independence, the benefits of the increase in economic growth in India have trickled down to the people at the bottom of population pyramid. 2
 - (b) Human Capital Formation gives birth to innovation, invention and technological improvements. 2
 - (c) There exists an inverse correlation between infrastructural growth and national income. 2



SOLUTION

WITH CBSE MARKING SCHEME

Note: The text in all grey boxes are solutions given in the CBSE Marking Scheme 2020-2021.

PART - A

1. (a) Stock, flow

Explanation : Stock variable is measured at one specific time, and represents a quantity existing at that point of time which may have accumulated in the past. Inventory is measured at a particular point of time and hence it is a stock concept.

A flow is a quantity which is measured with reference to a period of time. Change in inventory is a change over a period of time, say, a day, a week or a year. Hence, change in inventory is a flow concept.

OR

- (c) ₹ 240 crores

Explanation: Net income from abroad = Value of factor income from abroad – value of factor income to abroad

₹ 200 crores = value of factor income from abroad – ₹ 40 crores

Value of factor income from abroad = 200 + 40
= ₹ 240 crores



Related Theory

Net factor income from abroad is the difference between the factor income earned from abroad by normal residents of a country and the factor income earned by the non-residents in the domestic territory of that country.

2. Release

Explanation: Deflationary situation arises when aggregate demand in an economy is lower than the aggregate supply at full level of employment. It is a situation of deficient demand. This deflationary situation can be corrected by raising the level of aggregate demand. Reserve Bank of India release the supply of money in the economy to increase the aggregate demand.



Related Theory

Inflationary situation arises when aggregate demand is more than the aggregate supply at full level of employment in the economy. It is a situation of excess demand and can be overcome by restricting the money supply in the economy.

3. (c) Currency held by the public and demand deposits with commercial banks

Explanation: Supply of money refers to the total stock of money held by the people of an economy at a particular point of time. It is a stock concept. It includes currency notes issued by the Reserve Bank of India, rupee notes and coins in circulation and demand deposits of the public with the banks.



Related Theory

Supply of money does not include cash balance held by central and state government and stock of money held by banking system of country as they are not in actual circulation in the economy.

4. (b) B – ii

Explanation: Current account surplus refers to positive current account balances, meaning that a country has more exports than imports of goods and services. It means that the receipts are more than imports.



Related Theory

The main components of the current account are:
– Trade in goods, visible balance
– Trade in services, invisible balance.
– Investment incomes
– Unilateral transfers

5. (c) In the managed floating exchange rate, system, the central bank intervenes to moderate exchange rate fluctuations.

Explanation : Managed floating exchange rate system is a mixture of flexible exchange rate system (the float part) and a fixed rate system (the managed part). Under this system, also called dirty floating, the central bank intervene in an attempt to moderate exchange rate movements when they feel that such actions are appropriate.



Related Theory

The real exchange rate is the relative price of foreign goods in terms of domestic goods. It is equal to the nominal exchange rate. It measures the international competitiveness of a country in international trade.

6. (a) Credit, current

Explanation: All the inflow of currency is recorded on the credit side and the outflow of currency is recorded on the debit side of the balance of payments account.

Current account of balance of payments include trade in goods, i.e. visible items; trade in services, i.e. invisible items; and unilateral transfers. Rent received by Indian real Estate company from Google in New York is an inflow of currency on account of unilateral transfers and hence, will be recorded on the credit side of the current account.

 **Related Theory**

Capital account of balance of payments records all those transactions, between the residents of a country and rest of the world, which cause a change in the assets or liabilities of the residents of the country or its government. It is related to claims and liabilities of financial nature.

7. Increase

Explanation: The reduction in repo rate means that the interest rate on loans falls thereby making the loans cheaper. This is likely to result in commodities becoming cheaper due to lower interest cost. The fall in the prices leads to increase in the demand of goods and services in the economy.

 **Related Theory**

Repo rate is used by the Reserve Bank of India to control inflation. In the event of inflation, the Reserve Bank of India increases repo rate as this acts as a disincentive for banks to borrow from the Central Bank. This ultimately reduces the money supply in the economy and thus helps in reducing inflation.

8. (c) Rise in aggregate demand

Explanation: Cash reserve ratio (CRR) is a specified minimum fraction of the total deposits of customers, which a commercial bank needs to keep as reserve with the central bank. The central bank uses the cash reserve ratio as a quantitative instrument to control the amount of credit creation by the commercial banks at the time of inflation or deflation in the economy.

A decrease in CRR implies that the commercial banks have to keep less amount as reserves with the central bank and hence the amount available with them increases. This amount is used by the commercial banks for credit creation thereby increasing the money supply in the economy. This leads to a rise in aggregate demand.

 **Related Theory**

In deflationary situations, the central bank decreases the CRR to bring about a rise in aggregate demand in the economy to overcome this situation.

9. Inflationary gap.

Explanation: When in an economy, aggregate demand is in excess of aggregate supply at full employment level, the demand is called excess demand. The amount by which the actual aggregate demand exceeds the aggregate demand at full level of employment is termed as inflationary gap. The gap is called inflationary because it causes continuous rise in prices i.e. inflation in the economy.

 **Related Theory**

The main reasons for excess demand are:

- Increase in household consumption due to rise in propensity to consume.
- Increase in private investment demand because of rise in credit facilities.
- Increase in public expenditure.
- Increase in export demand
- Increase in money supply i.e. deficit financing
- Reduction in taxes

10. (d) No change in output/employment but increase in general price level.

Explanation: Excess demand refers to the situation when actual aggregate demand is greater than the aggregate supply at full employment level. It implies that all the available factors are fully utilised and there is no involuntary unemployment in the economy. Thus, the excess demand leads to increase in general price level in the economy, causing inflation.

11. (a) The given statement is false as Gross Domestic Product is the result of sum of Gross Value Added by all the producing units/firms in an economy, during an accounting year.

Explanation: Gross domestic product at market price refers to the market value of final goods and services produced within the domestic territory of a country during a specified period, inclusive of depreciation.

Gross value added at market price is the value of output less the value of intermediate consumption. Value added represents the contribution of labour and capital to the production process. When the value of taxes on products is added, the sum of value added for all resident units gives the value of gross domestic product (GDP).

Thus, gross domestic product (GDP) represents the sum total of gross value added in the economy after adjusting for taxes and subsidies. Hence, gross value added at market price and gross domestic product at market price are not one and same thing.



(b) The given statement is false as Gross Domestic Product is the result of sum of Gross Value Added by all the producing units/firms in an economy, during an accounting year.

Explanation: Intermediate goods are those goods which are used as raw material in the eventual production of a final good. These are unfinished or partly finished goods used by the firms to resell them and generate profit in an accounting year. Intermediate goods are non-durable in nature. These are unprocessed or semi processed products which are used as inputs in the process so as to be converted into another form.

- 12.** (a) The given statement is false as the Current Account of Balance of Payments records unilateral transfers along with exports and imports of goods and services.

Explanation: Current account of balance of payments records not only the exports and imports of goods and services but also the unilateral transfers. Unilateral transfers include gifts, donations, personal remittances, etc. These refer to those receipts and payments which take place without any service in return.

(b) The given statement is false as the borrowings from abroad are recorded in the Capital Account of Balance of Payments on the credit side as it results in an inflow of foreign currency in the economy.

Explanation: Borrowings from abroad is the inflow of foreign currency in the country. All the inflows are recorded on the credit side of the balance of payments account. Borrowings from abroad is a capital receipt and hence, will be recorded on the credit side of the capital account of balance of payments.

OR

The given statement is refuted as the Current Account Deficit (CAD) is a broader concept. CAD occurs when the foreign exchange payments on account of visible, invisibles and current transfers are in excess over the receipts of visible, invisibles and current transfers.

A country may face a situation of CAD, even if the country has trade surplus, with greater negative balances on account of services and unilateral transfers.

Explanation: The given statement is refuted. Current account deficit indicates that the country's imports are in excess of its exports. It includes exports and imports of goods and services and also the unilateral transfers. It is broader concept than trade deficit.

Trade deficit is the excess of imports of goods than exports. It is not necessary that trade deficit will exist in situation of current account deficit. There may be current account deficit even after trade surplus due to greater negative balances in services and unilateral transfers.

- 12.** (a) Money multiplier is the process by which the commercial banks create credit, based upon the reserve ratio and initial deposits.

Related Theory

Money multiplier is the amount of money that commercial generate with the deposits. It is the number by which total deposits can increase due to a given change in deposits.

(b) Reserve deposit ratio is the minimum reserves which a commercial bank must maintain as per the instructions of the Central Bank. Credit Creation = $\frac{1}{\text{reserve ratio}}$

Thus, credit creation is inversely related to the reserve deposit ratio.

For Example: Suppose the Reserve Ratio is 0.2 and initial deposit is ₹ 1000 crores.

$$\begin{aligned} \text{Total Credit Created} &= \frac{1}{\text{reserve ratio}} \times \text{initial deposits} \\ &= \frac{1}{0.2} \times 1000 \\ &= ₹ 5,000 \text{ crores.} \end{aligned}$$

Now, suppose reserve ratio is increased to 0.5

$$\begin{aligned} \text{Total Credit Created} &= \frac{1}{\text{reserve ratio}} \times \text{initial deposits} \\ &= \frac{1}{0.5} \times 1000 \\ &= ₹ 2,000 \text{ crores.} \end{aligned}$$

Thus, on the basis of the above illustration we can say that there exists an inverse relation between reserve and credit creation.

Reserve deposit ratio, also known as cash reserve ratio, is the percentage of deposits which commercial banks are required to keep as cash according to the directions of the central bank.

Credit creation by commercial banks is determined by (i) amount of initial deposits and (ii) reserve deposit ratio or cash reserve ratio



Symbolically, credit creation

$$= \frac{1}{\text{reserve ratio}} \times \text{initial deposits}$$

This can be illustrated with the help of an example. Suppose, the initial deposits with commercial banks is ₹ 5,000 crores and the reserve deposit ratio is 20%. In this case, credit creation by commercial bank would be:

$$\begin{aligned} \text{Credit creation} &= \frac{1}{20\% \text{ or } 0.2} \times 500 \\ &= ₹ 25,000 \text{ crores} \end{aligned}$$

Now, Reserve Bank of India increases the reserve ratio to 25%. The credit creation by commercial bank would now be:

$$\begin{aligned} \text{Credit creation} &= \frac{1}{25\% \text{ or } 0.25} \times 5,000 \\ &= ₹ 20,000 \text{ crores} \end{aligned}$$

It is clear from the above example that as the reserve ratio is increased from 20% to 25% the credit creation by commercial bank with an initial deposit of ₹ 5,000 crores falls from ₹ 25,000 crores to ₹ 20,000 crores. It justifies that credit creation is inversely related to reserve deposit ratio.

14. Given, Consumption function (C) = 200 + 0.5Y,
Investment (I) = 400, Level of income (Y) = 1500

At Equilibrium level →

$$AD = AS$$

$$Y = C + I$$

thus, $Y = (200 + 0.5Y) + 400$

$$Y - 0.5Y = 600$$

$$Y 600/0.5 = ₹ 1200 \text{ crores.}$$

The equilibrium level of income = ₹ 1200 crores.

The given income (₹ 1500 crores) is greater than equilibrium level of income (₹ 1200 crores). Therefore, the economy is not in equilibrium.

OR

- (a) **Ex-ante savings** - Ex ante savings refers to the planned savings of an economy at different levels of income.



Related Theory

- (a) **Ex-ante savings:** Ex ante savings refers to the desired savings or planned savings during the period of one year. This is the savings which is intended to be made in the economy at different levels of income.

- (b) **Full employment** - It refers to a situation, where all the willing and capable resources get a gainful job at prevailing wage rate. It is a situation where there is no involuntary unemployment.



Related Theory

- (b) **Full employment:** Full employment refers to a situation in which every able bodied person who is willing to work at the prevailing rate of wages is, in fact, employed. It is an economic situation in which all available labour resources are being used in the most efficient way possible and there is no involuntary unemployment in the economy.

15. The situation suggests that Aggregate Demand is less than Aggregate Supply. Following two fiscal measures may be taken to control it:

- (i) **Decrease in Taxes:** To curb the situation, the government may decrease the taxes. This may increase the purchasing power in the hands of the general public. This may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.
- (ii) **Increase in Government Expenditure:** The government may also increase its expenditure. This may increase the purchasing power in the hands of the general public which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.

16. (a) The given statement is defended; as it is difficult to measure the monetary value of the services performed by a woman (homemaker). Therefore, these activities may not be considered as an economic activity.



Related Theory

The given statement is defended. A woman while performing domestic/household services play the role of a homemaker. The services performed by her are emotional and affection and fulfilling the responsibilities of a housewife. These cannot be measured in monetary terms. Therefore, these activities may not be considered as an economic activity.

- (b) Compensation given to the victims of a cyclone is an example of a social welfare measure taken by the government.



However, it is not included in estimation of national income as it is a transfer payment which does not lead to corresponding flow of goods and services.



Related Theory

Compensation to the victims of a cyclone is an example of a welfare measure taken by the government. It will not be included in the estimation of national income of the country. It is a transfer payment and does not assist in production.

National income is the total amount of income occurring to a country from economic activities in an accounting year. It includes payments made to factors of production.

OR

Nation /Year	2018-19	2019-20	Growth Rate of GDP = $\frac{\text{GDP}_{2019-20} - \text{GDP}_{2018-19}}{\text{GDP}_{2018-19}} \times 100$ (Base year = 2018 - 19)
X	₹ 2,000 crores	₹ 4,000 crores	$\frac{2000}{2000} \times 100 = 100\%$
Y	₹ 1,20,000 crores	₹ 2,00,000 crores	$\frac{80,000}{1,20,000} \times 100 = 66.67\%$

Nation X has registered a GDP growth rate of 100% and has performed better on the front of GDP rise as compared to Nation Y that has registered a GDP growth rate of 66.67%.

17. (a) **Allocation of resources:** Government seeks to allocate resources with a view to balance the goals of all sections of the society. Production of goods and services which are injurious to health may be discouraged through taxation policy.

Explanation: Allocation of resources is one of the important objectives of government budget. In a mixed economy, the private producers aim towards profit maximisation while the government aims towards welfare maximisation. The government, through its budget, aims to reallocate resources in accordance with the economic and social priorities of the country. The government can influence allocation of resources through:

- (i) **Tax concessions and subsidies:** To encourage investment, the government can give tax concessions, subsidies etc. to the producers. The government discourages the production of harmful consumption goods, like liquor, cigarettes etc., through heavy taxes and encourages the use of khaki products by providing subsidies.
- (ii) **Directly producing goods and services:** If private sector does not take interest, government may directly control activities, like sanitation, water supply etc.

- (b) Government budget can be used as an effective tool in the process of employment generation in various ways. Investment in infrastructural projects like construction of flyovers, bridges, expansion of roads etc. creates jobs for different sections of the workforce. In rural/urban areas government can provide jobs through various employment generation schemes like MGNREGA, SJSRY, PMRY etc.

PART - B

18. (b) Dr. Manmohan Singh

Explanation: Dr. Manmohan Singh was the finance minister of Government of India from June 1991 to May 1996. In 1991, India faced a severe economic crisis. The then prime minister, Mr. P.V. Narsimha Rao appointed Dr. Manmohan Singh as finance minister who is acknowledged for steering away the economic crisis.



Related Theory

Dr. Manmohan Singh, later on served as Prime minister of India from 2004 to 2014.

19. (b) Second

Explanation: The theory of demographic transition deals with transition from high to low

birth rates and death rates. The second stage of demographic transition is characterised with population explosion. Population explosion refers to the situation when population increases due to high birth rate and low death rate. India entered the second stage of demographic transition in 1921.



Related Theory

India is witnessing the third stage of demographic transition from 1971.

20. (a) Both assertion (A) and Reason (R) are true and reason (R) is the correct explanation of assertion (A).

Explanation: India has been an important trading nation since ancient times but the restrictive



policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade. Consequently, India became an exporter of primary products such as raw silk, cotton, wool, sugar, indigo, jute etc. and an importer of finished consumer goods like cotton, silk and woollen clothes and capital goods like light machinery, produced in the factories in Britain.

OR

(b) Both assertion (A) and reason (R) are true and reason (R) is not the correct explanation of assertion (A).

Explanation: The major policy initiatives i.e. lands reforms and green revolution helped India to become self sufficient in food grains production. It is also true that the GDP contributed by agriculture declined significantly between 1950 and 1990 but the proportion of population depending on agriculture did not decline as expected. It is not a reason for success of land reforms and green revolution.

21. (b) Both assertion (A) and Reason (R) are true and reason (R) is not the correct explanation of assertion (R).

Explanation: Both the statements here are true but the reason (R) does not correctly explain the assertion (A). An important aspect of present industrial policy is that it should not operate commercial enterprises. With that end in view, the government has decided to disinvest the public enterprises and accordingly fixes a target for disinvestment every year.

22. (c) C – iii

Explanation: In 1965 Mao Zedang introduced the great proletarian cultural revolution in China, in which students and professionals were sent to work and learn from the countryside. The reason for this was that due to conflicts with China, Russia withdrew its professionals who had been earlier sent to China to help in the industrialisation process.

 **Related Theory**

- ↳ *The Great Leap Forward (GLF) campaign initiated in 1958 aimed at industrialising the country on a massive scale.*
- ↳ *Under the commune system, people collectively cultivated lands.*
- ↳ *Economic reforms in China were introduced in 1978.*

23. (b) China

Explanation: China introduced the one child norm in 1970s to control population growth in the country.

 **Related Theory**

Though the one child norm was able to control the population growth in China, it led to decline in the sex ratio, i.e. the proportion of females per 1000 males, in the country.

24. Irregular rainfall

Explanation: Due to lack of irrigation facilities, the farmers in India are mostly dependent on rainfall. The irregular rainfall causes uncertainty of income.

 **Related Theory**

Due to uncertainty of income, the majority of farmers in India are either poor or churning poor, i.e. they regularly move in and out of poverty.

25. Indebtedness

Explanation: The farmers has to borrow not only to meet their investment needs but also to satisfy their personal needs. The debt waiver schemes reduce the burden of indebtedness of farmers which helps to restore their capacity of invest and produce.

 **Related Theory**

The debt waiver schemes add to the fiscal burden of the government.

26. Regional rural banks

Explanation: Regional rural banks are Indian scheduled commercial banks operating at regional level in different states of India. They have been created with a view of serving primarily the rural areas of India with basic banking and financial services.

 **Related Theory**

Small Industries Development Bank of India (SIDBI) provide refinance facilities and short term lending to industries, and serves as the principal financial institution in the micro, small and medium enterprises (MSME) sector. SIDBI also coordinates the functions of institutions engaged in similar activities.

27. Land development banks

Explanation: Land Development Bank is a special kind of bank in India. The main objective of land development bank is to promote the development of land, agriculture and increase the agricultural production.

28. The given statement is defended as in the recent past India has witnessed many foreign nationals visiting for surgeries, organ transplant, dental and even cosmetic care. The prime reason for this phenomenon can be quoted as:



- (i) Health services in India offer latest medical technologies with qualified professionals.
- (ii) All these medical services are less costly in India as compared to similar health care services in other countries.



Related Theory

The given statement is defended: Recently, India has emerged as hot spot for medical tourism. In 2016, as many as 2,01,000 foreigners visited India for medical treatment. The factors contributing towards increasing medical tourism in India are as follows:

- (i) **Quality healthcare reasonable rates:** With the state-of-the art hospitals and healthcare technologies available in India at par with those found in developed nations, patient can expect quality healthcare and assistance for their condition.
- (ii) **World class doctors:** Most top hospitals in India have physicians and surgeons on their board who have spent a considerable time of their study and practice abroad and are in sync with the latest technologies and procedures to be able to provide the same in India. Therefore, patients are attracted towards medical tourism in India with the widely skilled and acclaimed doctors present.
- (iii) **Bypassing waiting lists:** A huge reason why patients from other countries choose medical tourism in India is the immediate attention to the health concern, where the same may require a long wait in home country. This is specially true for patients with chronic conditions who have to wait it out with medicines in their country before they get a chance to be operated upon.

OR

Two major steps taken by the government in the direction of improving agricultural marketing system in India, since independence are:

- (i) **Regulation of markets:** This step was necessary in the post-independence period so as to create an orderly and transparent marketing condition across India. This policy benefitted both farmers as well as consumers.
- (ii) **Physical Infrastructure:** This is another important aspect tackled by the government. Improvement of physical infrastructure facilities like roads, railways, warehouses, godowns, cold storages, processing units etc. has been the target of the government since decades.

29. In the recent years, India has witnessed an unprecedented shift of the workforce from the formal sector to informal sector. This process whereby, the proportion of informal worker in the total workforce increases is known as informalisation of workforce.

Explanation: Informalisation of workforce refers to the situation wherein there is continuous decline in the percentage of workforce in the formal sector and a simultaneous rise in the percentage of work force in the informal sector.

One of the objectives of development planning in India since independence has been to provide decent livelihood to its people. It has been envisaged that the industrial strategy would bring surplus workers from agriculture to industry with better standard of living but even after 70 years of planned development, more than half of Indian workforce depends on farming as the major source of livelihood. Informal sector includes millions of farmers, agricultural labourers and owners of small enterprises.

30. The agricultural sector was adversely affected by the reform process in the following manner :

- (i) Public investment in agriculture sector especially in infrastructure like irrigation, power etc. has been reduced in the reform period
- (ii) Reduction of fertilizer subsidy has increased the cost of production affecting thereby the small and marginal farmers
- (iii) Increased international competitiveness due to liberalisation and reduction of import duties.
- (iv) Shift from food crops to cash crops due to export-oriented policy in agriculture led to a rise in prices of food-grains.

31. The given statement is correct; in the early post-independence period the aim of the government's policy was to reduce the dependence on the foreign countries for goods, services, technology and capital. It stressed on the use of domestic resources to avoid foreign interference, as 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. Similarly, the main thrust of the 'Atmanirbhar Bharat' is also to make India an economy that is self-reliant and self-sufficient.

OR

Two steps taken by the government of India on financial sector under the Economic Reforms of 1991 were:

- (i) **Change in the role of Reserve Bank of India (RBI):** The role of RBI was reduced from regulator to facilitator of financial sector. This means that financial sector was given greater autonomy (to take decisions) on many matters independent of RBI.



(ii) **Origin of Private Banks:** The reform process led to establishment of private sector banks of Indian as well as foreign origin.

32. The given data shown that China has gained economic strength over the years. When many developed countries were finding it difficult to maintain a growth rate of even 5%, China was able to maintain near double-digit growth during the decade of 1980s. The growth rate of China has decelerated to an average of 6.8%, over the period 2015-17. In the recent past India has posted a decent rise in the growth rate. While India had maintained a reasonable growth rate of 5.7% in the decade of 1980's it has shown great calibre and character in the period 2015-17 by registering an average of 7.3%, over the period 2015-17. Nevertheless, Indian elephant has to travel a long distance before it could present itself as a real threat to the growth story of the Chinese dragon.

33. (a) The environment is able to perform its functions uninterruptedly so long as the demand for these functions is within the carrying capacity of the environment. This means that the resources are not extracted beyond the rate of their regeneration. If there is a disequilibrium (demand being more than supply), the environment fails to replenish itself and it will lead to environmental crisis. Thus, to maintain a healthy environment, the carrying capacity of the environment must be valued and respected.

(b) The calorie based norms is not an adequate measure to identify the poor as this method does not differentiate between the very poor and the other poor. This mechanism takes into account expenditure on food and a few other items as proxy for income. It ignores many other vital factors associated with poverty; for instance, the accessibility to basic education, health care, drinking water and sanitation.

Related Theory

There are many ways of measuring poverty. One way is to determine it by minimum calorie intake that was estimated at 2400 calories for a rural person and 2100 calories for a person in urban areas. Though the government uses this norm as proxy for income of households to identify the poor but this mechanism does not satisfactorily identify the poor households in the country.

The major problem with this mechanism is that it groups all the poor together and does not differentiate

between the very poor and other poor. This mechanism is helpful in identifying the poor as a group to be taken care of but it would be difficult to identify who among the poor need help the most.

There are many factors, other than income and assets, which are associated with poverty; for instance, the accessibility to basic education, healthcare, drinking water and sanitation. The calorie based norm also does not take into consideration social factors that trigger and perpetuate poverty such as illiteracy, ill health, lack of access to resources, discrimination or lack of civil and political freedoms.

Thus, it is understandable that calorie based norm is not an adequate measure to identify the poor.

OR

(a) Lesser women are found in regular salaried employment in India, because:

(i) jobs generally require skills and high level of literacy.

(ii) lack of mobility among women in India due to social constraints.

(b) The given data indicates that over the given period, the proportion of workforce in primary sector has gone down from 64% in 1993-94 to 24.3% in 2011-12, this account to nearly a fall of 20% over the years. Whereas, the employment share of both secondary and the services sector has increased in India.

The share of secondary sector has gone up by approximately 9% (from 16% in 1993-94 to 24% approximately in 2011-12), the corresponding figure for services sector has gone up by 7% (from 20% in 1993-94 to 27% approximately in 2011-12).

These sectoral changes have been very significant in the growth journey of India, showing the gradual shift of the workforce from primary sector to the secondary and tertiary sector.

34. (a) The given statement is false as there have been different factors (like massive rate of growth of population, unequal distribution of wealth, skewed benefits accruing from green revolution etc.) due to which benefits of increase in the Gross Domestic Product have not trickled down completely to the people at the bottom of population pyramid.

Explanation: Though the efforts and various schemes of the government have resulted in significant increase in economic growth of the country, since independence but these benefits have not trickled down completely to the people at the bottom of the population pyramid. The various factors responsible are massive rate



of growth of education, unequal distribution of wealth and income, skewed benefits accruing from green revolution etc.

(b) The given statement is true. Human Capital Formation (investment in education/health) not only increases the productivity of the available human resources but also stimulates innovations and creates ability to adopt and adapt to the new technologies.

Explanation: The contribution of the educated person to economic growth is more than that of an illiterate person. If a healthy person could provide uninterrupted power supply for a longer period to time then health is also an important factor for economic growth.

Investment in education and health thus, enhances the productivity of human resources.

It stimulates innovations and creates ability to absorb new technologies. Education provides knowledge to understand changes in society and scientific advancements, thus facilitate inventions and innovations. Similarly, the availability of educated labour force facilitates adaptation to new technologies.

Thus, human capital formation gives birth to innovation, invention and technological improvements.

(c) The given statement is false, as generally, there exists a positive correlation between infrastructural growth and national income. Infrastructure is the support system for an economy which facilitates greater productive activities, higher levels of output/income and improvement of quality of life in an economy.

