

**Instructions to the Students**

- Write only question numbers clearly outside the margin (1, 2, 3.i, 5.b, 4.c.ii, etc.).
- Do not write questions or any titles. (For ex. - Do not write **II. Answer the following**).
- After every answer, give a one-line space.
- For Multiple choice Questions - Both Option and Answer should be written.
- Bullet points & Sub-points should be written inside the margin.
- Do not fold / staple the paper.

Section A**Answer all questions:****(10 x 1 = 10)**

- Assertion (A):** The government can reduce the deflationary gap by purchasing government securities in the open market.
Reason (R): The Central Bank purchases government securities in the open market to increase the lending capacity of commercial banks.
 - a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 - b) Both (A) and (R) are true but (R) is not the correct explanation of (A)
 - c) (A) is correct but (R) is wrong
 - d) (A) is wrong but (R) is correct
- Under the _____ exchange rate system, market forces automatically adjust the surplus and deficit in the Balance of Payments account.
 - a) fixed
 - b) managed floating
 - c) flexible
 - d) dirty floating
- GDP_{MP} equals:
 - a) NNMP - Net Indirect Taxes
 - b) GDPFC + Net Indirect Taxes
 - c) Depreciation + NNPF
 - d) NDPFC + Net Factor Income from Abroad
- In a two-sector economy, Aggregate Demand can be determined by adding _____.
 - a) Autonomous Consumption, Induced Consumption and Induced Investment
 - b) Autonomous Consumption, Autonomous Investment and Induced Investment
 - c) Autonomous Consumption and Autonomous Investment
 - d) Autonomous Consumption, Induced Consumption and Autonomous Investment
- Statement 1:** Import of gold from Dubai will be recorded on the debit side of the current account in Balance of Payments of India.
Statement 2: Outflow of Foreign Institutional Investment (FII) from Indian stock markets will be recorded on the credit side of the capital account.
 - a) Both Statements 1 and 2 are true
 - b) Both Statements 1 and 2 are false
 - c) Statement 1 is true and Statement 2 is false
 - d) Statement 1 is false and Statement 2 is true
- According to the theory of Keynesian Economics, the value of Average Propensity to Consume can never be
 - a) More than one
 - b) unity (1)
 - c) zero
 - d) Less than one
- The balance of payments is a comprehensive and systematic record of all _____ transactions made between residents of a country and the rest of the world over a specified period.
 - a) Economic
 - b) Political
 - c) Cultural
 - d) Social

8. Aggregate demand is sum of _____.
 a) $C + I$ b) $C + I + G$ c) C d) $C + I + G + (x - m)$
9. When the Reserve Bank of India wants to reduce the money supply in the economy, it can _____ the Repo Rate.
 a) Decrease b) Increase c) Stabilize d) Eliminate
10. **Statement 1:** Accommodating transactions take place on both current and capital accounts.
Statement 2: Autonomous transactions are undertaken to maintain the balance in BOP account.
 a) Both Statements 1 and 2 are true
 b) Both Statements 1 and 2 are false
 c) Statement 1 is true and Statement 2 is false
 d) Statement 1 is false and Statement 2 is true

Answer the following questions :

(2 x 3 = 6)

11. The Government is incurring expenditure on "Child immunisation programme". Does the given statement mean that welfare of the people of India will increase along with increase in its GDP. Comment with reason.
- 12.a. Giving reasons, explain whether the given statements are true or false.
 (i) Current account of balance of payments account records only export and import of goods and services.
 (ii) Foreign investments are recorded in the capital account of balance of payments.

(OR)

- 12.b. Define full employment. Can an equilibrium situation be reached in an economy at less than full employment level? Explain.

Answer the following questions:

(3 x 4 = 12)

- 13.a. Explain the concept of GNP_{MP} and how it differs from GDP_{MP} . Also, mention the components included in the calculation of GNP_{MP} .

(OR)

- 13.b. Complete the following table:

Income (Y)	Consumption (C)	Marginal Propensity to Save (MPS)	Average Propensity to Save (APS)
0	40		
50	70
100	100
150	120

14. Atmanirbhar 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.

15. Read the following text carefully :

The concept of the multiplier explains how an initial investment leads to a multiplied increase in national income. It operates on the principle that one person's expenditure is another's income. For instance, an investment of ₹100 crores with a marginal propensity to consume (MPC) of 0.8 leads to successive rounds of income increase. In the first round, income rises by ₹100 crores, and in the second, by ₹80 crores (80% of ₹100 crores). This process continues, with each round generating smaller increases, until the total income increase reaches ₹500 crores. Explain how the multiplier works and determine the total increase in national income when the MPC is 0.8 and the initial investment is ₹100 crores.

Answer the following questions:

(2 x 6 = 12)

16.a.i. Suppose in a hypothetical economy, people save 20% of their additional income. Ex-Ante Investments equals ₹ 100 and the equilibrium level of income stands at ₹ 700. Calculate dis savings at zero level of income. [3]

16.a.ii. Define Effective Demand. Explain the adjustment mechanism to attain the level of Effective Demand, if ex-ante Aggregate Demand is more than ex-ante Aggregate Supply. [3]

(OR)

16.b. Read the following text carefully:

The government budget is a powerful tool for economic management, influencing resource distribution and ensuring financial stability. By utilizing instruments like taxes, subsidies, and public expenditure, the government can prioritize sectors, address economic disparities, and support developmental goals. Effective budgeting ensures a balance between short-term needs and long-term growth.

(a) Elaborate how the “allocation of resources” can be influenced in the government budget through taxes, expenditure and subsidies.

(b) Giving reason, classify the following items as revenue expenditure and capital expenditure:

(i) Subsidies (ii) Repayment of Loan

17.a. (a) From the following data, calculate National Income by Income Method: [3]

		(₹ in crores)
(i)	Interest	150
(ii)	Rent	250
(iii)	Government final consumption expenditure	600
(iv)	Private final consumption expenditure	1,200
(v)	Profits	640
(vi)	Compensation of employees	1,000
(vii)	Net factor income to abroad	30
(viii)	Net indirect taxes	60
(ix)	Net exports	(—) 40
(x)	Consumption of fixed capital	50
(xi)	Net domestic capital formation	340

17.b. “India's GDP is expected to expand 7.5% in 2019-20: World Bank” —The Economic Times Does the given statement mean that welfare of people of India increase at the same rate? Comment with reason. [3]

Section B

Answer all questions:

(10 x 1 = 10)

18. India entered the _____ stage of Demographic Transition after the year 1921.
a) first b) third c) second d) fourth
19. The portion of agricultural produce which is sold in the market by the farmers is called _____.
a) surplus b) marketed surplus. c) capital goods d) goods
20. Observe the given picture carefully and answer the question that follows:



Roadside vending is an increasing shows which variety of unemployment?

- a) informal b) formal
c) Neither (A) nor (B) d) Both (A) and (B)
21. India is not a member of which of the following regional/global economic groups?
a) G-20 b) G-7 c) BRICS d) SAARC
22. **Assertion (A):** Human development and human capital formation are identical concepts.
Reason (R): Both focus exclusively on improving the educational qualifications of individuals
a) Both (A) and (R) are true and (R) is the correct explanation of (A)
b) Both (A) and (R) are true but (R) is not the correct explanation of (A)
c) (A) is correct but (R) is wrong
d) (A) is wrong but (R) is correct
23. Which of the following are effects of economic development on the environment?
(i) Deforestation
(ii) Air pollution
(iii) Water contamination
(iv) Biodiversity loss
a) (i) and (ii) b) (i), (ii), and (iii)
c) (ii), (iii), and (iv) d) (i), (ii), (iii), and (iv)
24. “Liberalisation refers to the relaxation of previous government restrictions, usually in areas of social and economic policies. In the Indian context, it involved deregulation of industries, reduction in tariffs, and allowing private sector participation in sectors previously reserved for the public sector.” What was the primary aim of liberalisation in India?
a) To increase government control over the economy
b) To make the economy more market-oriented and increase efficiency
c) To isolate the Indian economy from global influences
d) To restrict the entry of multinational corporations

25. Which of the following factors have contributed to China's rapid economic growth compared to India?
- Lower investment in infrastructure
 - Less emphasis on education
 - Strong government planning and export-oriented policies
 - Restricted foreign investment
26. Identify which of the following policies were part of the agricultural strategies in India's Five Year Plans.
- Green Revolution
 - Nationalization of banks
 - Import substitution
 - Establishment of Special Economic Zones
27. **Statement I:** The colonial government made many sincere attempts to estimate India's national and per capita income.
Statement II: During the British colonial period, most studies did find that the country's growth of aggregate real output during the first half of the twentieth century was less than two per cent coupled with a meagre half per cent growth in per capita output per year.
- Both Statements 1 and 2 are true
 - Both Statements 1 and 2 are false
 - Statement 1 is true and Statement 2 is false
 - Statement 1 is false and Statement 2 is true

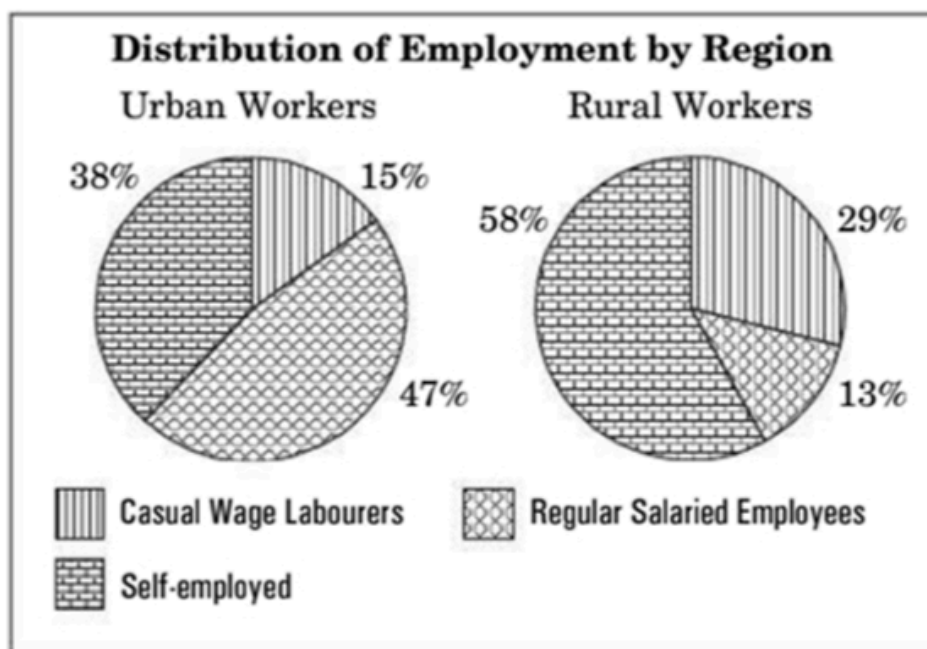
Answer the following questions:

(2 x 3 = 6)

28. State the financial sector reforms introduced under liberalisation policy of economic reforms.
- 29.a. Why were the benefits of Green Revolution restricted to few states and few crops in initial stages of planning?

(OR)

- 29.b. Analyse and compare the nature of the workforce distribution in India as depicted in the diagram given below:



Answer the following questions:

(3 x 4 = 12)

- 30.a.i. Differentiate between agricultural diversification and Organic farming.
- 30.a.ii. Critically examine the role of rural banking sector in India.

[2]

[2]

(OR)

- 30.b. Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector. Do you agree with the given statement? Quote valid arguments in favour of your answer.
31. “Existence of widespread unemployment in India is the cumulative result of many causes.” Explain any four main causes of unemployment in India.
32. The Infant Mortality Rate (IMR) and percentage of undernourished children highlight health disparities. Pakistan has an IMR of 66 per 1000 live births, much higher than China’s IMR of 9. Similarly, 45% of children in Pakistan are undernourished compared to just 9% in China, reflecting significant differences in health outcomes.
- Analyse the following :
- (a) Infant Mortality Rate (IMR) in Pakistan
- (b) Percentage of Undernourished Children among the given two countries.

Answer the following questions:

(2 x 6 = 12)

- 33.a.i. “China’s economic growth has been driven by a combination of factors including agriculture, industries, investments, exports etc.” Discuss various factors that led to the rapid growth in economic development in China. [4]
- 33.a.ii. Explain the Great Leap Forward campaign of China as initiated in 1958. [2]
- (OR)
- 33.b.i. The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution. [3]

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

- 33.b.ii. Define the following: [3]
- a) Golden Revolution
- b) Carrying capacity of Environment
- c) Sustainable Development

34. Read the following text carefully:

THE NEED FOR ECO-FRIENDLY AGRICULTURE IN INDIA

A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth. This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long-term vision of eco-friendly agriculture. The need for eco-friendly agriculture in India Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India. Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term. It also accelerates land degradation and desertification by destroying the natural soil properties. Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-

forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon.

- 34.a. Explain any two problems associated with the usage of chemical fertilizers. [3]
- 34.b. Discuss briefly the economic rationale behind the government's move to promote organic farming. [2]
- 34.c. State the meaning of green growth. [1]