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# COMPETENCY BASED QUESTIONS

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Subject : Economics Class XII



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## Subject: Economics (Section A)

### Competency Based Questions

#### Macro Economics- Class XII

##### 1. Name of the Topic: National Income and related aggregates (Unit-1)

**Expected learning outcomes:** To apply the methods of calculating National income and understand its related concepts.

**Core concept:** Related Aggregates

Criteria: I. Assertion Reason

Criteria: II. Case study

Criteria: I. Assertion Reason

##### **Criteria: I. Assertion Reason**

Answer the Assertion and Reasoning questions from the following given alternatives:

Alternatives:

- a) The Assertion (A) is true, but the Reason (R) is false.
- b) The Assertion (A) is false, but the Reason (R) is true.
- c) Both the Assertion (A) and Reason (R) are true, but the Reason (R) is not the correct explanation of the assertion.
- d) Both the Assertion (A) and Reason (R) are true, and the Reason (R) is the correct explanation of the assertion.

1. Assertion (A): Intermediate consumption excludes fixed assets whose consumption is recorded as Consumption of fixed assets.

Reason (R): Intermediate consumption consists of the value of goods and services consumed as inputs by the producer sector during the production process.

2. Assertion (A): The size of the circular flow is reduced due to savings and Taxes.

Reason (R): Savings and taxes are considered to be the concept of injections in the circular flow of income.

**Answer Key:**

1. d) Both the Assertion (A) and Reason (R) are true, and the Reason (R) is the correct explanation of the assertion.
2. a) The Assertion (A) is true, but the Reason (R) is false.

### **Criteria: II. Case study**

Answer the following questions based on the case study given below:

India stands out as a “poor and very unequal country, with an affluent elite”, where the top 10 percent holds 57% of the total national income while the bottom 50 per cent’s share is just 13% in 2021, according to the latest World Inequality Report 2022. The report has also flagged a drop in global income during 2022, with about half of the dip in rich countries and the rest in low-income and emerging regions. This is attributed primarily due to the impact of “South and Southeast Asia, and more precisely” India. The Gross Domestic Product (GDP) deflator — if one takes 14.4% nominal GDP growth projection for 2021-22 given in the budget and 11% real GDP forecast given in the latest Economic Survey — comes to 3.4%. This means that central spending should have increased to at least 35.7 lakh crore to keep it unchanged in real terms. The fact that it has not happened implies that the 2021-22 budget entails a negative fiscal stimulus to the economy.

By: ENS Economic Bureau

New Delhi | Updated: December 8, 2022 07:08 IST

1. When can real GDP be greater than nominal GDP:
  - a. When base year prices are higher than current year prices
  - b. When base year prices are equal to current year prices
  - c. When current year prices are higher than pacifier prices
  - d. When base year price is equal to price index.
2. National product at current prices is higher than national product at constant prices during a period of:
  - a) Rising prices b) Falling prices c) Constant prices d) Both a and b
3. Find GDP Deflator and Interpret the table?

### **Answer Key:**

1. a. when base year prices are higher than current year prices
2. a) Rising prices
3. We use 2014 (base year) prices to compute real GDP of subsequent years. Real GDP has risen over the years from 500 billion in 2014 to 1240 billion 2019. This indicates that the increase is attributable to an increase in quantities reduced because the prices are held constant at base year. A deflator above 100 is an indication of price levels being higher as compared to the base year.

From years 2015 through 2019, we find that price levels are higher than that of the base year, the highest being in the year 2016. If the GDP deflator is greater than 100, then nominal GDP is greater than real GDP. If the GDP deflator next year is less than the GDP deflator this year, then the price level has fallen; if it is greater, price levels have increased.

## **2.Name of the Topic: National Income and Related Aggregates (UNIT-1)**

Expected learning outcomes: To analyse the different Types of goods.

Core concept: Final Goods and Intermediate goods.

Criteria: I. Assertion Reason

Criteria: II. Case study

### **Criteria 1: Assertion and Reason**

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

Alternatives:

- a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- c) Assertion (A) is true but Reason (R) is false.
- d) Assertion (A) is false but Reason (R) is true.

1. Assertion (A): Purchase of a car always means a purchase of a final good.

Reason (R): It depends on the end-use of the car. If the car is purchased by a household, it is a final good. It is like an investment by a producer if it is purchased as taxi. If it is purchased for resale by a car dealer, then it is intermediate good.

2. Assertion (A): The goods which are used either for resale or for further production in the same year are Intermediate goods.

Reason (R): Intermediate goods are included in National Income.

### **Answer Key:**

Answer1: (d) Assertion (A) is false but Reason (R) is true.

Answer2: c) Assertion (A) is true but Reason (R) is false.

### **Criteria II: Case study**

There are different items which are of long-lasting in nature which might be used with inside the manufacturing system. These are tools, implements, and machines. While they make

manufacturing of different commodities feasible, they themselves do not get converted with inside the manufacturing system. They also are very last items but they are now no longer very last items to be in the long run. Unlike the very last items that we have taken into consideration above, they are the essential spine of any manufacturing system, in assisting and permitting the manufacturing to take location. These items shape part of capital, one of the essential elements of manufacturing wherein an efficient organization has invested, and that they maintain to allow the manufacturing system to move on for non-stop cycles of manufacturing. These are capital items and that they step by step go through put on and tear, and accordingly are repaired or step by step changed over the years.

The inventory of capital that a financial system possesses is accordingly preserved, maintained, and renewed in part or absolutely over the years and that is of a few significances with inside the dialogue so that it will follow. We can also additionally be aware right here that a few commodities like TV sets, motors, or domestic computers, even though they are for last intake, have one function in not unusual place with capital items – they are additionally long lasting.

That is, they are now no longer extinguished through instantaneously or maybe quick duration intake; they have got a surprisingly lengthy existence in comparison to articles along with meals or maybe garb. They additionally go through put on and tear with slow use and frequently want maintenance and replacements of parts, i.e., like machines additionally they want to be preserved, maintained, and renewed. That is why we name those items consumer durable goods. Thus, if we recollect all the very last items and offerings produced in a financial system in each time frame, they are both with inside the shape of intake items (each long lasting and non-long lasting) or capital items. As very last items they do now no longer go through any similarly transformation with inside the monetary system.

Question 1: Which different items are utilized in manufacturing of commodities?

Question 2: What is the difference between final goods and intermediate goods?

Question 3: “They additionally go through put on and tear with slow use and frequently want maintenance and replacements of parts, i.e., like machines additionally they want to be preserved, maintained, and renewed.” Explain the concept described in the above statement.

Question 4: Why the commodities like TV sets, Computers, Mobiles etc are called consumer durables?

Question 5: What is the significance of Value-added method in National Income accounting?

**Answer Key:**

Answer 1: There are different items which are of long-lasting in nature which might be used with inside the manufacturing system. These are tools, implements, and machines.

Answer 2: Final goods are referred to as those goods which do not require further processing. These goods can be consumer goods if produced for the purpose of direct consumption by the end consumer and can also be capital goods if used for investment purpose. Intermediate goods are referred to as those goods that are used up in the process of production.

Answer 3: Depreciation. The monetary value of an asset decreases over time due to use, wear and tear or obsolescence. This decrease is measured as depreciation. Description: Depreciation, i.e., a decrease in an asset value, may be caused by several other factors as well such as unfavourable market conditions, etc.

Answer4: They do not wear out quickly and therefore do not have to be purchased frequently.

Answer5: The value-added method is a widely used method for calculating national income as it avoids double counting, which is quite a serious error while estimating national income.

### 3.Name of the Topic: Functions of Central Bank (UNIT-2)

Expected learning outcomes: Role of central bank in credit control.

Core concept: Quantitative measures to control money supply.

Criteria: I. Assertion Reason

Criteria: II. Case study

#### **Criteria 1: Assertion and Reason**

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

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.

Q 1. Assertion (A): To boost the falling demand in the economy, Reserve Bank of India recently reduced Repo rate and Bank rate

Reason (R): Decrease in lending rates cause more money flows into the system, leading to increase in purchasing power of consumers. (1)

2. Assertion (A) : Open market operations refer to purchase and sale of government securities in the open market by RBI to control money supply

Reason (R): By purchasing the government securities, RBI injects additional purchasing power in the economy to contract credit and reduce money supply. (1)

**Answer Key:**

Answer1:(a). Both Assertion (A ) and Reason (R) are true and Reason ( R )is the correct explanation of Assertion (A)

Answer 2: (c). Assertion (A) is true, but Reason (R) is false

### **Criteria II: Case study**

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

The Reserve Bank of India unexpectedly cut its key deposit rate, for the second time in three weeks, to discourage banks from parking idle funds with it and spur lending instead, to revive a flagging economy amid the corona virus lockdown.

This week, Prime Minister Narendra Modi extended until May 3 a lockdown of population of 1.3 billion as India's Tally of infections exceeded 10,000 despite the three-week shutdown ordered from March 24.

The RBI cut its reverse Repo Rate by 25 basis points(bps) to 3.75% with immediate effect, Governor Shaktikanta Das told a Video Conference. The rate had already been cut by 90 bps on March 27.

The surplus Liquidity in the banking System has risen significantly in the wake of government spending and various liquidity enhancing measures undertaken by the RBI",he added.

"In order to encourage banks to deploy these surplus funds in Investments and loans in productive sectors of the Economy, it has been decided to reduce the fixed rate reverse repo rate."

Source: Business Today, April17,2020

Q 1. Reserve Bank of India has reduced Reverse Repo Rate to enable commercial banks\_\_\_\_\_ (1)

I. To use the surplus funds for investment

II. To grant loans for productive purposes

III. To widen economic and financial land space

IV. To encourage the commercial banks to park their surplus funds with RBI

Alternatives:

(a) Only I

(b) Only II

(c) I , II, III

(d) I ,II,III,IV

Q 2. Which of the following best defines 'Reverse Repo Rate' as a function of Reserve Bank of India: (1)



- (a) The rate of interest at which RBI gives credit to the commercial banks to meet their long-term needs
- (b) The rate of interest at which RBI gives credit to the commercial banks to meet their short term needs .
- (c) The rate of interest paid by RBI to commercial banks on surplus funds parked by commercial banks with RBI
- (d) The rate of interest paid by the commercial banks to RBI on surplus funds parked by RBI with the commercial banks.

Q 3. Identify and explain the likely cause and consequences behind this action taken by Reserve Bank of India. (3)

**Answer Key**

Answer1: (c) I ,II , III

Answer2: (c) The rate of interest paid by RBI to the commercial banks on surplus funds parked by commercial banks with RBI

Answer3: Cause: Deflationary Situation in the Economy

Consequence: Fall in Aggregate Demand

Explanation: Fall in Reverse Repo Rate will discourage the commercial banks to park their surplus funds with RBI causing positive effect on the lending capability of the commercial banks.

**4.Name of the Topic: Equilibrium level of income and output and various factor affecting it (multiplier, propensity to consume, deficient and excess demand etc)**

Expected learning outcomes: Are able to explain the impact of various factors on determining income, output and employment

Core concept: Determination of income and employment

Criteria: I. Assertion Reason

Criteria: II. Case study

**Criteria I: Assertion Reason**

Read the following statements Assertion (A) and Reason (R).

Choose one of the correct alternatives given below: 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

Q1 Assertion (A): As marginal propensity to save (MPS) becomes larger, the value of investment multiplier increases.

Reason (R): There is a Negative relation between MPS and Value of investment multiplier

Q.2 Assertion (A): There is an equilibrium in the economy when aggregate demand (AD) is equal to aggregate supply (AS)

Reason (R): When AD is equal to AS, The intended production on the economy is equal to intended purchase.

### **Answer Key**

Answer 1: d) Assertion (A) is false but Reason (R) is true

Answer 2: a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

### **Criteria II: Case study**

On the basis of given text and common understanding, answer the following questions: Consumption and savings are dependent on disposable income. As income rises consumption also rises but lesser than increase in income which is known as psychological law of consumption that is what termed as marginal propensity to consume. Government tries to use its expenditure and receipts to check inflationary and deflationary gap in the economy. The model of income and employment is based on the assumption that one man's expenditure is another man's income. Hence more is the propensity to consume more is the generation of income. However more saving causes withdrawal from circular flow of income. Government also spends money on investment which further enhances the aggregate demand of the economy and income too. At initial level consumption exceeds income but after a particular level of income is reached where consumption is equal to income, consumption lags behind income. Income is either consumed or saved. During inflation government follows dear monetary policy and during deflation it follows cheap monetary policy.

Q 1. If government increases its expenditure on development of infrastructure aggregate demand will \_\_\_\_\_. (Fill the blank)

a) increase b) decrease c) remains constant d) both (a) and (b)

Q 2 Which of the following strategy will not be used during dear monetary policy?

a) increase in Repo rate b) Increase in legal reserve ratio c) sale of securities d) Decrease in margin

requirement

Q 3. Deficient demand adversely affects the level of output, employment and price level in the economy – True or false? Explain.

**Answer Key**

Answer1: a) Increase

Answer2: d) Decrease in margin requirement

Answer3 – The statement is true because: 1)Effect on output- Due to lack of sufficient aggregate demand there will be an increase in the inventory stock. It will force the firms to plan for lesser production for the subsequent period as a result plan output will fall .

2)Effect on employment -deficient demand causes involuntary unemployment in the economy due to fall in the plan output

3)Effect on general price level -deficient demand causes the general prices level to fall due to lack of demand for goods and services in the economy.

**5.Name of the Topic: Government Budget (UNIT-4)**

Expected learning Outcome:

1.Explain budget and reason out the main areas of government spending and its impact on those areas.

2. Discuss the role of government in an economy through budgetary process and different types of taxes.

3. Discuss fiscal policy measures with respect to change in tax and spending, that cause balance or imbalance budget and calculate the size of a budget deficit or surplus

Highlight of core concept and major learning area.

1.Sources of Revenue and expenditure of the government

2.Direct and Indirect Tax

3.Fiscal and monetary Policy

Criteria1: Assertion and Reason

Criteria 2: Case Study

**CRITERIA 1: ASSERTION REASON**

Q1. Assertion: The government budget is a tool for fiscal policy management.

Reason: It allows the government to control aggregate demand and stabilize the economy.

a) Both the assertion and reason are true, and the reason is a correct explanation of assertion.

- b) Both the assertion and reason are true, but the reason is not a correct explanation of the assertion.
- c) The assertion is true, but the reason is false.
- d) The assertion is false, but the reason is true.

Q2. Assertion (A): GST is an indirect tax.

Reason (R): GST is imposed on goods and services

- a) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.
- b) Both the assertion and reason are true, but the reason is not a correct explanation of the assertion.
- c) The assertion is true, but the reason is false.
- d) The assertion is false, but the reason is true

### **Answer Key**

Answer1: Answer: a) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.

Answer 2: a) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.

## **CRITERIA2: CASE STUDY**

Read the following carefully and answer Q.1-3 on the basis of the same.

Budget 2023: Key income tax announcements

Finance Minister Nirmala Sitharaman announced a slew of measures for taxpayers in Budget 2023. With a hike in the basic exemption limit and rebate and tweaks to the income tax slabs, Sitharaman has made the new income tax regime attractive for salaried individuals. Budget 2023 has also introduced standard deductions in the new tax regime. "Personal income tax has seen substantial changes after a very long time, which will benefit the middle class. This country has been waiting for direct taxation to be simplified and compliance to be made easier," Sitharaman told after presenting

Budget 2023. (source:Economic Times -feb.4th 2023)

Q1.A direct tax is a tax that is imposed on which of the following?

- a. Corporations only
- b. Individuals only
- c. None of these
- d. Individuals and Corporations

Q2. Income Tax is levied on the \_\_\_\_\_ of a person.

- a. Total Income
- b. Total Income-Debt
- c. Gross Total Income
- d. Net Income-Debt Perquisites

Q3. Why a reduction in personal income tax rates is the need of the hour?

**Answer Key**

Answer 1: d. Individuals and corporations

Answer2: a. Total Income

Answer 3: It has been suggested that a reduction in the rates of personal income tax would increase disposable incomes and this in turn would lead to the revival of demand cycle.

**6.Name of the topic: Foreign Exchange Rate (UNIT-5)**

Expected Learning Outcome: To exercise their knowledge in judging the value of rupee with reference to other currencies

Core concept: Value of rupee

Criteria1: Assertion reason

Criteria 2: Case study

**Criteria 1: Assertion – Reason based question**

1. Assertion: Currency depreciation refers to decrease in value of domestic currency in terms of Foreign currency.

Reason: Depreciation of domestic currency leads to increase in exports.

2. Assertion (A): The Indian Government launched ‘Incredible India’ or Atulya Bharat’ Campaign to promote Tourism in India.

Reason (R): It will lead to increase in Supply of Foreign Exchange in India.

**Answers key:**

Answer 1: (b) Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)

Answer 2: (a) Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

**II. Case Based Question:**

Rupee flat as likely RBI's dollar sales stave off move towards record low

The Indian rupee was little changed on Wednesday, despite broad strength in the U.S. dollar and higher crude oil prices, as likely dollars sales from the Reserve Bank of India helped prevent the local unit from moving towards its record low.

The rupee was at 83.2175 against the U.S. dollar compared to its close of 83.23 in the previous session. The RBI likely intervened and sold dollars in the non-deliverable forwards market to support the rupee, traders said.

Source: The Economic Times

Answer the following questions:

1. When Rupee moved from 83.23 to 83.217, the rupee
  - (a) Appreciated (b) Depreciated (c) not much change (d) cant say
2. Forward market is
  - (a) Sale and purchase of foreign currency settled on a specified future date at a rate agreed upon today
  - (b) Sale and purchase of foreign currency settled immediately
3. Describe briefly the meaning of Managed Floating Exchange Rate.

**Answers key:**

Answer 1: (a) appreciated

Answer 2;(a) Sale and purchase of foreign currency settled on a specified future date at a rate agreed upon today

Answer3: Managed floating exchange rate system refers to a system in which foreign exchange rate is determined by market forces and central bank is a key participant to stabilize the value of currency in case of extreme appreciation or depreciation.

## **7.Name of the Topic: Balance of Payment and Foreign Exchange Market (UNIT-5)**

Expected learning outcomes: Describe the accounting procedure of BOP.

Core concept: Components of Balance of Payment and different types of Foreign Exchange Market.

Criteria: I. Assertion Reason

Criteria: II. Case study.

### **Criteria: I. Assertion Reason**

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

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.

Q 1. Assertion (A): Balance of payment is always balanced when accommodating items are reflected as a part of the capital account.

Reason (R): Accommodating items are meant to restore a balance in BOP. (1)

2. Assertion (A) : Rupee is said to be depreciating if the price of \$ 1 falls from Rs. 75 to Rs. 70.

Reason (R): Rupee depreciates when more Indian rupees are needed to buy a dollar. (1)

### **Answer Key**

Answer1: a) Both Assertion (A ) and Reason (R) are true and Reason ( R ) is the correct explanation of Assertion (A)

Answer2: d) Assertion (A) is false but Reason (R)is true.

### **Criteria: II. Case study.**

On the basis of given text and common understanding, answer the following questions. India's balance of payments position improved dramatically in 2013-14 particularly in the last three quarters. This moved in large part to measures taken by the government and the Reserve Bank of India (RBI) and ate some part to the overall macro-economic slowdown that fed into the external sector. Current Account Deficit (CAD) declined sharply from a record high of U.S. dollar 88.2 billion (4.7% of GDP) in 2012 -1/3 to U.S. dollars 32.4 billion (1.7% of GDP) in 2013 -14. After staying at perilously unsustainable levels of well over 4.0 percent of GDP in 2011 -12 and 2012 -13, the improvement in BOP position is a welcome relief, and there is a need to sustain the position going forward. The RBI under the non-resident Indian (NRI) scheme / overseas borrowings of banks alone yielded U.S. dollar 3 4.0 billion. This led to some increase in the level of external debt, but it has remained at the manageable levels. The large depreciation of the rupee during the course of the year, note with standing sizable accretion to reserve in 2013 – 14, could partly be attributed to frictional forces and partly to the role of expectations in the forex market. The rupiah has stabilized the recently, reflecting an overall sense of confidence in the forex market as in the other financial markets of a change for better economic prospects there is a need to nurture and build upon this optimism through creation of an enabling environment for investment inflows so as to sustain the external position in an as yet uncertain global milieu. --

----- The Hindu, archives

1 External debt is recorded at:

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

2 Money sent by NRI to their families in India included in:

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

Q 3. Recently the Government of India has doubled the import duty on gold. What impact is it likely to have on foreign exchange rate and how? (3)

**Answer Key**

Answer1:c

Answer2:c

Answer3: When the government increases the import duty of gold, the import of gold will fall. This reduces the demand for foreign currency. With the supply of foreign currency remaining the same, the foreign exchange rate would fall.

This implies appreciation of rupees.

## **8.Name of the Topic: Balance of Payments (Unit -5)**

**Expected learning Outcome:**

1.Calculate and interpret key economic indicators related to the Current Account deficit, such as trade balances and balance of payments.

**Highlight of core concept and major learning area.**

1. Deficit in Current account and Balance of payment

Criteria 1: Assertion Reason

Criteria 2: Case Study

**Criteria 1: Assertion Reason**



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

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.

Q1. Assertion: Deficit in current account always imply deficit in Balance of payment account.

Reason: Current Account also include invisible items, unilateral transfers and income receipts and payments in addition to visible items.

Q2. Assertion: Autonomous transactions take place on both current and capital account.

Reason: Deficit in BOP arises when total inflows on account of autonomous transactions are less than total outflow on account of such transactions.

### **Answer Key**

Answer1: b) The assertion is false, but the reason is true.

Answer2: b) Both the assertion and reason are true, but the reason is not a correct explanation of the assertion.

### **Criteria 2: CASE STUDY**

Read the following carefully and answer Q.1-3 on the basis of the same.

India set to post Balance of Payments deficit for second straight year: Standard Chartered Bank

India is set to post a balance of payment deficit for the second straight year in the next fiscal, which would be the first such instance in two decades, Standard Chartered Bank said on Friday. The foreign bank expects the country to record a BoP deficit of \$24 billion this fiscal year and \$5.5 billion in the next, against a surplus of \$47.5 billion last year. “Higher commodity prices, better growth in India compared to the rest of the world, and higher global interest rates amid cautious risk appetite could keep the C/A (current account) deficit wide and contain capital inflows in FY24,” Anubhuti Sahay, head of South Asia Economic Research (India) at Standard Chartered Bank, India, said in a note.

Source:<https://www.cnbtv18.com/economy/india-set-to-post-balance-of-payments-deficit-for-second-straight-year-15600171.htm>

Q1. According to Anubhuti Sahay from Standard Chartered Bank, what are some factors contributing to India's current account (C/A) deficit and capital inflow containment in FY24? (1)

- A) Lower commodity prices and higher global interest rates
- B) Slower growth in India compared to the rest of the world
- C) Higher commodity prices, better growth in India, and higher global interest rates
- D) Reduced global risk appetite and increased capital inflows

Q2. What is a Balance of Payments (BOP) surplus or deficit primarily indicative of in an economy?

(1)

- A) The total government debt
- B) The balance between inflow and outflow of foreign exchange
- C) The overall economic growth rate of the economy
- D) The national unemployment rate

Q3. Explain how a persistent balance of payment deficit, as projected by Standard Chartered Bank for India in the next fiscal year, can impact a country's economy. Discuss short-term and long-term consequences in the light of the above statement. (3)

### **Answer Key**

Answer 1: C) Higher commodity prices, better growth in India, and higher global interest rates

Answer2: B) The balance between inflow and outflow of foreign exchange

Answer3: The persistent balance of payment deficit can have multifaceted impact on the country's economy.

Short term consequences: (i) Depreciation of currency (ii) inflationary pressure

Long term consequences: (i) Reduced FDI (ii) More dependence external debt (any other relevant point if correct to be considered)

### **Subject: Indian Economic Development**

#### **1. Name of the Topic: - INDIAN ECONOMY ON THE EVE OF INDEPENDENCE (CH-1, IED)**

**Expected learning outcomes:** Analyse the reasons for underdevelopment and stagnation of Indian Economy during the colonial period.

**Core concept:** Condition of Indian Economy under the British rule

Criteria: I. Assertion Reason

Criteria: II. Case study

**Criteria 1: Assertion Reason**

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

- 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.

Q1. Assertion (A): On the eve of independence agriculture was the principal source of livelihood.

Reason (R): On the eve of independence, Indian economy was a feudal economy. (1)

Q2. Assertion (A): The occupational structure on the eve of independence showed greater dependence on agriculture.

Reason (R): There was lesser availability of land per head of farming population. (1)

**Answer Key**

Answer1: c) Assertion (A) is true, but Reason (R) is false.

Answer2: b) Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A).

**Criteria 2: Case Study**

Pre-colonial India was famous for its creative handicrafts, including brass, iron, other metal products, silver and gold ornaments, marble art, timber, ivory, stone carvings, and elegant crockery. These demanded products along with spices, opium, pepper, and indigo accounted for India's net exports.

India was an important foreign trade partner to European nations and had a substantial market share in the global economy. It is believed that India's share in pre-colonial times trade was up to 20% globally. During the colonial period Britain had complete monopoly control on India's foreign trade. Britain was the manager of India's accounts and all kinds of trades that occurred at that time were authorized by the British. Half of the foreign trade of India was with Britain while the rest half was with other countries like Ceylon (Sri Lanka), China, and Persia (Iran). This shows that India's foreign trade was totally controlled by British rulers. Indians could hardly take part in the trade and most of the businesses were carried out by the British on India's behalf. The Suez

Canal was established in 1869 which enhanced India's trade connections with Britain. This was an example of how the British looted India by large-scale export at marginal costs. Indians did not benefit in any manner due to such policies of the British. Indian businessmen had no say in the matters of foreign trade and it was just a 100% monopoly of Britain.

1) India's share in pre-colonial times trade was up to----- (1)

- a) 20%                      b) 25%                      c) 30%                      d) 40%

2) The Suez Canal was established in ..... (1)

- a) 1986                      b) 1869                      c) 1968                      d) 1896

3) The export surplus did not result in any flow of gold or silver into India. Why? (3)

### **Answer Key**

Answer 1: a) 20%

Answer 2: b) 1869

Answer 3: The export surplus was used to make payments for the expenses incurred by an office set up by the colonial government in Britain, expenses on war fought by the British Government.

## **2. Name of the Topic: Indian Economy on The Eve of Independence**

### **Expected learning Outcome:**

1. Analyse the factors that lead to the under development and stagnation of the Indian economy.
2. Students will produce their own historical analysis of documents and develop the ability to think critically and historically when discussing the past.

### **Highlight of core concept and major learning area.**

1. Agricultural stagnation and low productivity
2. The two-fold motive behind the systematic deindustrialisation effected by the British.
3. Structure, volume and direction of India's foreign trade during the colonial period.
4. Drain of Indian wealth during the colonial period.

### **Criteria I : Assertion Reason**

### **Criteria II: Case Study**

#### **Criteria I: Assertion and Reason**

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

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

Q1. Assertion (A) : Farmers in India were forced to take up the cultivation of indigo.

Reason (R) : The dyeing and bleaching of textile in the textile industry of Britain required indigo.  
(1)

2. Assertion (A) : India witnessed export surplus under the colonial rule.

Reason (R) : Export surplus was the result of emerging Indian economy due to fast growing industries and contribution by Britishers in infrastructural development.  
(1)

Answer Key:

Answer 1: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

Answer 2: (c) Assertion (A) is true but Reason (R) is false

### **Criteria II : Case Study**

On the basis of given text and common understanding answer the following questions. British interests were of several kinds. At first the main purpose was to achieve a monopolistic trading position. Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials, but British capitalists who invested in India, or who sold banking or shipping service there, continued effectively to enjoy monopolistic privileges. India also provided interesting and lucrative employment for a sizeable portion of the British upper middle class, and the remittances they sent home made an appreciable contribution to Britain's balance of payments and capacity to save. Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military manpower. The British were not averse to Indian economic development if it increased their markets but refused to help in areas where they felt there was conflict with their own economic interests or political security. Hence, they refused to give protection to the Indian textile industry until its main competitor became Japan rather than Manchester, and they did almost nothing to further technical education. They introduced some British concepts of property, but did not push them too far when they met vested interests.

Maddison (1971), The Economic and Social Impact of Colonial Rule in India.

1. The impact of British policy on Indian economic structure was: (1)

a) India became supplier of raw materials and consumer of finished industrial products from Britain.

b) India became supplier of finished products to Britain

c) India became supplier of finished industrial products and consumer of raw materials from Britain

d) Both (b) and (c)

2. The decline of handicraft industries led to: (1)

i) large scale unemployment

ii) encouraged the import of manufactured goods from Britain

iii) development of capital goods industries in India

iv) increased the export of manufactured goods to Britain

Alternatives:

a) i, ii & iii

b) i, iii & iv

c) Both i & ii

d) Both i & iv

3. How did discriminatory trade policy contribute to the success of industrial revolution in Great Britain? (3)

### **Answer Key**

Answer 1: a) India became supplier of raw materials and consumer of finished industrial products from Britain.

Answer 2: c) Both i&ii

Answer3: (i) Low duty on the import of British industrial goods into India led to the growth of domestic demand for these goods

(ii) Low duty on the export of raw materials from India ensured availability of a low cost inputs for the British industry.

### **3. Name of the Topic: INDIAN ECONOMY 1950-1990**

#### **Expected learning outcomes:**

1. Students will be able to analyse the impact of Five-Year Plans on Indian Economy

2. Students will be able to evaluate the pros and cons of Industrial Policy Resolution of 1956

Core concept and major learning areas:

- I. Five -Year Plans
- II. Industrial Policy Resolution 1956

### **Criteria 1: Assertion Reason**

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

- 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. Assertion: It is important to ensure that the benefits of economic prosperity reach the poor sections as well instead of being enjoyed only by the rich.

Reason: A country can have high growth, the most modern technology and have most of its people living in poverty.

2. Assertion: The first seven five-year plans gave importance to self-reliance.

Reason: This policy was considered a necessity to make India's sovereignty vulnerable to foreign interference.

### **Answer Key:**

Answer 1: (a) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Answer 2: (c) Assertion (A) is true, but Reason (R) is false.

### **Criteria 2: Case study**

Read the following text carefully and answer Q.1-3 on the basis of the same.

Industrial Policy Resolution 1956 (IPR 1956):

Nine years into Independence, the government modified its hurriedly drafted 1948 policy and replaced it with the Industrial Policy Resolution on 30 April 1956. By this time, the socialist pattern of development was etched in the minds of not just India's leaders but thinkers as well, who

advised businesses to recognise that there would be no reversals in the policy direction and that they needed to map out a course of action consistent with the governments.

The resolution emphasised support for cottage, village, and small-scale industries by restricting production for large players, differential taxation, or direct subsidies. It also factored in the losses public sector enterprises would make to pursue the greater good of the people. Another objective of this resolution was to reduce regional inequalities. However, as the Report of the Industrial Licensing Policy Inquiry Committee (also known as the Dutt Committee) noted, the actual operation of this policy resulted in increased regional inequalities: the four industrially advanced states of Maharashtra, Gujarat, West Bengal, and Tamil Nadu benefited the most from the operation of this policy, receiving three-fifths of all licence approvals. Given the socialist direction the country had taken, which required the government to plan every twist and turn — from state-granted licence to state-directed financing — the policy delivered larger political goals, but at a huge cost to wealth creation, economic growth, and entrepreneurship. Effectively, it set the stage, over the next few decades, to the play of what is known as the Licence Raj.

#### Policies that shaped India Gautam C

1. It was easier to obtain a license if the industrial unit was established in an economically backward area'. The purpose of this policy was to promote:

(Choose the correct alternative from the options.)

- (a) Regional equality
- (b) Lopsided growth
- (c) Capital growth.
- (d) Public sector growth

2. The decision to develop the Indian economy on socialist lines led to the policy of the state controlling the\_\_\_\_\_ (Fill up the blank with the correct alternative from the options.)

- (a) Public Sector
- (b) Vital industries
- (c) Disinvestment
- (d) Both (a) and (c)

3. 'The Licence Raj hindered economic growth and prevented Indian economy from reaching its full potential'. Defend or refute the statement.

#### Answer Key



Answer 1: (a) Regional Equality

Answer 2: (b) Vital industries

Answer 3: The statement is defended.

1. Heavy government intervention
2. Restriction of expansion of economic activity in the private sector
3. Economic activities were not inclusive and participatory for private sector.

It benefited large corporations at the expense of smaller businesses and contributed to a concentration of economic power in the hands of a few large corporations. (Any three relevant points).

#### **4. Name of the Topic: Economic Reforms Since 1991**

### **Chapter 3: Liberalisation ,Privatisation And Globalisation: an Appraisal**

#### **Expected Learning outcomes**

- After studying this chapter, the learners will understand the background of the reform policies introduced in Indian 1991
- comprehend the process of globalization and its implications for India
- Be aware of the impact of the reform process in various sectors.

#### **Highlight of Core concept and major learning area.**

1. The Origin of the financial crisis of, The Indian Economy in the year 1980s.
2. The mechanism which paved the path of The New Economic Policy of 1991, its features Liberalization, Privatization and Globalization.
3. Assessment of the Indian Economy during reform.

#### **Criteria 1: Assertion Reason**

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

- 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.

Q1. Assertion (A): Since 1991 there has been continuous reduction in the taxes on Individual incomes.

Reason (R): Reduction in taxes would increase the disposable Income and thus check deflationary situation prevailing in the Economy. (1)

Q2. Assertion (A): Post reform there has been a shift from production for the domestic market towards production for the export market.

Reason (R): Export oriented policy strategies in agriculture (1)

**Answer Key:**

Answer 1: c) A is true but R is False

Answer 2: a) Both Assertion [A] and Reason [R] are true and Reason R is correct explanation of Assertion

**CASE STUDY**

**Read the following carefully and answer Q1. –Q.3 on the basis of the same.**

**India's Privatization Drive**

We have not been told the time frame for implementation of this policy. The expression being used is 'privatisation', not 'divestment', which is the sale of minority stakes in PSUs. The change in lexicon has been widely noted. The government's privatisation programme has the support of much of the intellectual community. Several economists have been urging the government for years to step up privatisation, most recently at a meeting with the prime minister in early January.

The government has, however, not articulated the case for privatisation at any length. The Economic Survey of 2019-20 highlighted the efficiency gains from privatisation. In recent months, economists have said that the government needs to increase investment in infrastructure and, in the present fiscal situation, the necessary resources can come only from privatisation.

There you have the two principal reasons for privatisation. The ideological reason is the superior efficiency that is said to be associated with the private sector relative to the public sector. The practical reason is that the government's finances are strained and it looks to augment its resources by selling government assets, notably PSUs. Any approach to privatisation in India must be informed by an awareness of what the literature has to say on the following questions:

- i) Why would private ownership produce better outcomes than public ownership?
- (ii) What is the empirical evidence on performance under private ownership versus that under public ownership?
- (iii) Does the method of sale matter?

**Source-** "The Indian Forum", A journal magazine on contemporary issues. By TT Ran Mohan February 10 2021

Q.2 Fill in the blanks. Some PSUs have been granted special status and are named as \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_. (1)

- a) Mahanavratnas and Navratnas                      b) Mahanavratnas and Ratnas  
c) Navratnas and Ratnas                                  d) Miniratnas.

I. a and d                      II. b and d                      III. c and d                      IV. All the above

Every year the Government fixes a target for disinvestment of PSEs. Critics point out that the assets of the PSEs have been\_\_\_\_\_ and sold to the private sector. (1) (Undervalued/overvalued.)

Answer 1: (i) Improve efficiency (ii) Attract FDI (iii) Reduce fiscal burden (with explanation . any other relevant point also to be given marks)

Answer3: Undervalued

**Expected learning outcomes:** Link between Human Capital and Economic development.

## Criteria: II. Case study

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

- 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. Assertion(A): Economists have stressed the need for expanding educational opportunities in India.

Reason(R): It accelerates the development process of the nation. (1)

2. Assertion (A): Both private and public institutions exist in the education and health service markets in India.

Reason (R): Expenditures on education and health make substantial long-term impact and they can be easily reversed. (1)

### **Answer Key**

Answer 1: Answer: a) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Answer2: (c). Assertion (A) is true, but Reason (R) is false.

### **Criteria II: Case Study**

**Read the following carefully and answer Q.1-3 on the basis of the same.**

Education is perhaps the most fundamental element in determining a country's human capital. Most recent information states India's adult literacy is 73.2 per cent. While the nation has gained huge progress in improving literacy, it is still home to 313 million unskilled population; 59% of them being women, with a purpose to eradicate the root cause, Prime Minister Sri. Narendra Modi's literacy focussed on achieving 100% total literacy by 2030 and necessary arrangements were put in place. The agenda was to initiate massive literacy projects in the tribal and forest areas, prisons, slums, etc with the help of technology. By inculcating technology, quality education could be imparted in the backward areas with the help of e-book, mobile apps and much more.

Source: Finance Express, July 16,2021

Q 1. By inculcating technology in literacy projects in\_\_\_\_\_ areas, quality education can be imparted to unskilled population. (1)

I. Forest

II. Tribal areas

III. Prisons

IV. Slums

Alternatives:

(a) Only I  
IV

(b) Only II

(c) I, II, III

(d) I, II, III,

Q 2. The most fundamental element in determining a country's human capital is \_\_\_\_\_.  
(1)

(a) Health Migration (b) Investment (c) Education (d)

Q 3. "Education contributes to economic growth". Justify the given statement. (3)

**Answer Key**

**Answer1:** d. I, II, III, IV

**Answer 2: c. Education**

**Answer 3:** 1. Facilitates adaptation of new technology

2. Stimulates innovations.

3. Make better choice of life.

**6. Name of the Topic: Rural Development (CH-5)**

**Expected learning Outcome:**

1. students have in-depth knowledge and understanding of the concept of agriculture diversification and benefits of agriculture diversification.

2. understand the meaning and the critical role of Self- help groups in rural credit.

3. Understand the significance of organic farming in sustainable development.

**Highlight of core concept and major learning area.**

1. Agriculture diversification
2. Self Help Groups
3. Organic Farming

Criteria: I. Assertion Reason

Criteria: II. Case study

**Criteria 1: Assertion Reason**

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

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.

Q1. Assertion: Self-help groups (SHGs) have emerged to fill the gap in formal credit system.

Reason: The SHGs promote thrift in small proportions by a minimum contribution from each member. From the pooled money, credit is given to the needy members to be repayable in small instalments at reasonable interest rates.

(1)

Q2. Assertion: Organic agriculture is whole system of farming that restores, maintains and enhances the ecological balance.

Reason: Organic agriculture offers a means to substitute costlier agricultural inputs such as HYV seeds, chemical fertilisers, pesticides etc. (1)

### Answer Key

Answer 1: Answer: a) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.

Answer2: a) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.

### Criteria2: CASE STUDY

**Read the following carefully and answer Q.1-3 on the basis of the same.**

#### **Agricultural diversification and niche crops**

The agriculture industry is rapidly evolving, with farmers and producers constantly seeking new ways to improve their operations and increase profitability. One of the most significant trends in modern agriculture is the concept of agricultural diversification, which involves expanding beyond traditional crops and exploring new opportunities. In recent years, growing niche crops has emerged as an effective strategy for agricultural diversification, offering farmers and producers the chance to grow crops that are in high demand and can generate significant profits. Agriculture diversification can include growing new crops, raising different types of livestock, or exploring new production methods. By diversifying their operations, farmers can reduce risk and increase profitability, while also contributing to the sustainability of the agriculture industry. By expanding beyond traditional crops, farmers can reduce their dependence on a single crop, reducing the risk of crop failure due to weather or disease. This can also help to reduce the impact of fluctuations in commodity prices, as farmers are not reliant on a single crop for income.

Source: <https://theagrotechdaily.com/agricultural-diversification-and-niche-crops/>

Q1. Which of the following best defines the agricultural diversification? (1)

- a. Expanding agricultural operations with traditional crops
- b. Production of different varieties of same crop.
- c. Depending exclusively on livestock production.
- d. Expanding into various areas of agriculture beyond traditional crops

Q2. Identify the incorrect statement from the following: (1)

- a. Agriculture diversification is essential for long-term sustainability of agriculture industry.
- b. It reduces farmers dependence on a single crop.
- c. It eliminates the risk of crop failure due to weather and other disease.
- d. It reduces the impact of fluctuations in commodity prices.

Q3. How can innovative agricultural strategies can improve the economic viability of small and marginal farmers and contribute to sustainable livelihood? (3)

### Answer Key

Answer 1: d. Expanding into various areas of agriculture beyond traditional crops

Answer 2: C. It eliminates the risk of crop failure due to weather and other disease.

Answer 3: (i) Sustainable livelihood (ii) Reduced risk (iii) better market opportunities (iv) Resilience to climate change

## 7.Topic : Rural Development (CH-5)

### Learning Objectives :

1. Understand the benefits of Agricultural diversification.
2. Analyse the role of SHGs in rural credit.
3. Identify the benefits of non - farm activities.

**Core concepts:** Agriculture diversification , SHGs, non-farm activities

Criteria: I. Assertion Reason

Criteria: II. Case study

### Criteria1: Assertion Reason

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

- 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.

Q1. Assertion (A): SHGs have emerged to fill the gap in the formal credit system.

Reason (R): The formal credit delivery mechanism is not only inadequate but also not been fully integrated into community development. (1)

Q2. Assertion (A): Diversification towards new areas is necessary not only to reduce the risk from agriculture sector but also to provide productive sustainable livelihood options to rural people.

Reason (R): It has been realised that if farmers directly sell their produce to consumers, it increases their incomes. (1)

### **Answer Key**

Answer 1: a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Answer 2 : b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

### **Criteria 2: Case study**

**Read the following carefully and answer Q.1-3 on the basis of the same.**

For ages, farmers in India have taken recourse to debt. In earlier times, the same was from informal sources. Since independence with the efforts of the government, the 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 the groundwater table, locust/other pest attacks, etc. These reasons push them into the clutches of 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 marginalized 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.

1. It is quite essential to expand the banking services in the rural areas due to: (1)

i. Increased awareness among the rural masses

ii. Providing loans at a lower rate of interest



- iii. Bringing more people under the purview of formal sources of credit
- iv. All of the above

2. Which of the following is not true for rural credit? (1)

- i. The volume of rural credit is not sufficient
- ii. Amount of loans sanctioned is adequate
- iii. Small farmers do not have access to formal banking system
- iv. Agriculture loan default rates have been chronically high.

3. “The Prime minister urged to increase the rural income by increasing non-farm activities”. Explain how non-farm activities can lead to rise in income of people in rural sector. (3)

### **Answer Key**

Answer 1: All of the above

Answer 2: b) Amount of loans sanctioned is adequate

**Answer 3:** c) Non farm employment like agro-processing industries, IT services, cottage industries etc prevent the rural population from instability in their income and from any kind of market risks. These activities provide farmers and rural people with the option of sustainable livelihood.

## **8. Name of the Topic: Employment (Ch-6, IED)**

**Expected learning outcomes:** To know the nature and extent of unemployment in India

**Core concept:** Growth and changing structure of employment.

**Criteria: I.** Assertion Reason

**Criteria: II.** Case study

### **Criteria: I. Assertion Reason**

Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:

Alternatives:

- a. Both the assertion and reason are true, and the reason is the correct explanation of the assertion.
- b. Both the assertion and reason are true, but the reason is not the correct explanation of the assertion.
- c. The assertion is true, but the reason is false.

d. The assertion is false, but the reason is true.

Q1. Assertion: Jobless growth in India is characterized by a situation where the economy experiences an increase in GDP without a corresponding increase in employment opportunities

Reason: The main cause of jobless growth in India is a lack of economic growth in key sectors like manufacturing and agriculture. (1)

Q2. Assertion: In India, the female labor force participation rate is significantly lower than that of males.

Reason: This gender disparity is mainly due to the lack of job opportunities for women. (1)

### **Answer Key**

Answer 1: Answer: b) Both the assertion and reason are true, but the reason is not the correct explanation of the assertion.

Answer 2: b) Both the assertion and reason are true, but the reason is not the correct explanation of the assertion

### **Criteria II: Case study**

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

Unemployment is a critical issue that continues to challenge the economic landscape of India. As one of the world's most populous nations with a diverse workforce, fluctuations in the unemployment rate have far-reaching implications for the country's growth and development.

The latest data indicates a glimmer of hope, as India's unemployment rate has recently declined. According to the National Sample Survey (NSSO), the unemployment rate for individuals aged 15 years and above in urban areas decreased to 6.8 percent during January-March 2023 from 8.2 percent a year ago. This positive development suggests a potential turnaround in the job market amidst the prevailing economic complexities. However, continued vigilance and effective policy measures remain crucial to foster sustainable job growth and secure the nation's future prosperity.

Unemployment remains a pressing concern in India, with fluctuations observed across different regions and sectors. According to the recent Bloomberg report that references data from the Centre for Monitoring Indian Economy (CMIE) for July, the overall unemployment rate in India is 7.95 percent as of July 2023.

<https://www.forbesindia.com/article/explainers/unemployment-rate-in-india/87441/1>

I. Which of the following government policies would be most effective in reducing unemployment in rural areas of India, where job opportunities are limited? (1)

- a. Increasing the minimum wage
- b. Subsidizing urban job creation
- c. Promoting agricultural innovation and development

d. Reducing interest rates for businesses

II. What is the recent trend in India's urban unemployment rate compared to its rural unemployment rate? (1)

a. Urban unemployment has increased, while rural unemployment has decreased.

b. Both urban and rural unemployment rates have increased.

c. Both urban and rural unemployment rates have decreased.

d. Urban unemployment has decreased, while rural unemployment has increased.

III. "The efforts by the government of India in generating employment can be broadly categorized into two - direct and indirect". Justify the given statement with valid arguments. (3)

### **Answer Key**

Answer 1: c) Promoting agricultural innovation and development

Answer2 : c) Both urban and rural unemployment rates have decreased

Answer 3: The Government of India employs a combination of direct and indirect strategies to stimulate job creation and promote economic growth

Direct Employment Generation:

(i)The government serves as a significant employer and directly creates jobs through the public sector.

(ii) Investment in infrastructure projects

(iii)Government-initiated schemes and programs, such as MGNREGA.

Indirect Employment Generation:

(i) Government support for entrepreneurship and start-ups.

(ii) Investment in education and healthcare.

## **9. Name of the Topic: Employment (Ch-6, IED)**

### **Expected learning outcomes**

1.To Understand the difference in the ratio of people working in rural and Urban areas

2. To analyze the unemployment rate in our country

Criteria: I. Assertion Reason

Criteria: II. Case study

Criteria: I. Assertion Reason

**Criteria I: Assertion Reason**

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

- 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. Assertion- In Rural areas the proportion of people who are working is about 36 and in urban areas the ratio is about 40

Reason- People in rural areas have limited resources to earn a higher income and participate more in employment market, whereas in urban areas a considerable section is able to study in educational institutions.

2) Assertion- The developmental strategies in many countries, including India have aimed at reducing the proportion of people depending on agriculture.

Reason- The process of moving from self-employment and regular salaried employment to casual wage work as casualisation of work force.

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

Answer 2- b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

Criteria: II. Case study

Read the following text carefully:

The Periodic Labour Force Survey (PLFS), carried out by the National Sample Survey Office (NSSO), has reported that the unemployment rate in the country has shown a decrease between April and June 2023. Similarly, the Labour Force Participation Rate (LFPR) for persons of age 15 years and above and the Worker-Population Ratio (WPR) have also improved during the period. The LFPR in urban areas increased from 47.5% in April-June 2022 to 48.8% in April-June 2023 for persons of age 15 years and above. “While it hovered

around 73.5% for male during this period, for female, the LFPR increased from 20.9% to 23.2% during this period,” the Ministry of Statistics and Programme Implementation said in a release here on Monday.

The WPR in urban areas increased from 43.9% in April-June 2022 to 45.5% in similar months in this year for persons of age 15 years and above. For male, it increased from 68.3% to 69.2% and for female, it increased from 18.9% to 21.1% during this period.

source- <https://www.thehindu.com/news/national/unemployment-rate-declined-says-centres-survey/article67400435.ece>

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

1. Which among the following is not a source of data on unemployment?
  - a) Reports of Census of India
  - b) NSSO
  - c) Directorate General of employment and Training data of registration with employment exchanges
  - d) National Family Health survey
2. The ratio of total number of workers to the total population is termed as
  - a) Work force
  - b) Population
  - c) Worker population ratio
  - d) Labour force
3. Who is considered as an unemployed person? Explain any two types of unemployment in India.

### **Answers Key**

Answer 1: d) National family health survey

Answer 2: c) workforce population ratio

Answer 3: Economists define an unemployed person as one who is not able to get employment of even one hour in half a day.

### **Disguised Unemployment**

This refers to a situation where labour that is employed in a job is not actually utilised for the production of goods and services.

Seasonal Unemployment: That situation of unemployment when people do not have work during certain seasons of the year .

## **10. NAME OF THE TOPIC: SUSTAINABLE DEVELOPMENT (CH-7)**

**Expected learning outcomes** -appraises India's sustainable developmental goals.

**Criteria I** : Assertion and Reason.

Criteria II: Case Study

**Criteria I: Assertion reason**

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

- 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.

Assertion (A):. India is one of the ten most industrialised nations of the world.

Reason (R): This status has brought with it unwanted and unanticipated consequences such as unplanned urbanisation and pollution. (1)

Q.2. Read the following statements -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A):. Global warming and ozone depletion also contribute to increased financial commitments for the government.

Reason (R): opportunity costs of negative environmental impacts are minute. (1)

**Answer key:**

Answer 1: Option a. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Answer 2: Option C. Assertion (A) is true, but Reason (R) is false.

## Criteria II- Case Study.

### Read the following paragraph and the given below questions:

The UN High-level Political Forum on Sustainable Development (HLPF) will convene at the level of heads of state and government under the auspices of the UN General Assembly (UNGA), in September 2023. Such meetings take place every four years. The meeting in 2023 – also known as the SDG Summit – will be the second since the adoption of the 2030 Agenda. Marking the mid-point in the implementation of the 2030 Agenda for

Sustainable Development, the SDG Summit will carry out a comprehensive review of the state of the SDGs, respond to the impact of multiple and interlocking crises facing the world, and provide high-level political guidance on transformative and accelerated actions leading up to the 2030 deadline for achieving the SDGs.

A. Who defined “sustainable development as one which is directly concerned with increasing the material standard of living of the poor at the grass root level”? (1)

- a. Herman Daly
- b. Brundtland
- c. Edward Barbier
- d. Rachel Carson

B. In Delhi, the use of -----as fuel in public transport system has significantly lowered air pollution and the air has become cleaner in the last few years. (1)

- a. Compressed Natural Gas
- b. biogas
- c. natural gas
- d. liquefied petroleum gas

Q3. Land in India suffers from varying degrees and types of degradation stemming mainly from unstable use and inappropriate management practices. Discuss the factors responsible for land degradation. (3x1=3)

### Answer Key

Answer 1. C. Edward Barbier

Answer 2: a. Compressed natural gas

Answer 3: Some of the factors responsible for land degradation are (i) loss of vegetation occurring due to deforestation (ii) unsustainable fuel wood and fodder extraction (iii) shifting cultivation (iv) encroachment into forest lands (v) forest fires and over grazing (vi) non-adoption of adequate soil conservation measures (vii) improper crop rotation (viii) indiscriminate use of agro-chemicals such

as fertilisers and pesticides (ix) improper planning and management of irrigation systems (x) extraction of ground.(any three)

## 11. Name of the Topic: Development experience of India : A comparison with neighbours (Ch-8)

Expected learning outcomes: to understand the development strategies followed by India, China and Pakistan.

Core concept:

Criteria: I. Assertion Reason

Criteria: II. Case study

### Criteria I: Assertion reason

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

- 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.Assertion: In the process of globalization, the developing countries are facing competition not only developed nations but also from other developing nations. (1)

Reason: Countries across the globe are trying to understand the developmental processes pursued by their neighboring nations .

2.Assertion : The great leap forward campaign was initiated by Mao to modernize China's economy. (1)

Reason: The aim of this campaign was to transform economy into modern economy through focusing on agriculture.

Answer Key

- 1. a) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
- 2. c) Assertion (A) is true, but Reason (R) is false.

### Criteria II: Case Study



**Read the following paragraph and answer the following questions:**

Human development index is an important indicator to study the human development. Higher value of HDI shows the higher level of growth and development of a country. The table given below highlights the performance of India, China and Pakistan in some of the selected indicators of Human Development .

Items	India	China	Pakistan
1. Human Development index	0.645	0.762	0.557
2. Rank	130	87	154
3. Life expectancy at birth	69.7	76.9	67.3
4. Infant mortality rate	29.9	7.4	57.2
5. Maternal mortality rate	133	29	140
6. Gross National Income Per Capita (PPP US \$)	6,681	16,057	5,005
7. Population using at least basic sanitation (%)	60	75	60

Source: Human development report 2019 and 2020 and world indicators ([www.worldbank.org](http://www.worldbank.org)); Key indicators for Asia and the Pacific 2019, Asian Development bank (ADB).

1. Out of India , china and Pakistan, Maternal mortality rate is the highest in \_\_\_\_\_, followed by \_\_\_\_\_ and China. (1)
2. Out of the following statements , which one is correct? (1)
  - (a) Life expectancy is higher in Pakistan as compared to India.
  - (b) China's performance in providing sanitation is better than India
  - (c) Pakistan ranks high in Human development index as compared to India.
  - (d) Pakistan's GDP per capita is higher than India.
3. Compare the Human development indicators of India with China and Pakistan. (3)

**Answer Key**

1. Pakistan, India
- 2.(b) China's performance in providing sanitation is better than India
3. (i)Human Development Index (HDI): China has the highest HDI, indicating a higher overall development level, followed by India, and then Pakistan. China is at 87 position followed by India (130 rank) nad Pakistan at 154 rank  
India: 0.645  
China: 0.762  
Pakistan: 0.557  
(ii) China has the highest life expectancy (76,9 years, followed by India 69.7 years and Pakistan 67.3 years.  
(iii) China has the lowest infant mortality rate (7.4 per 1,000 live births), indicating better healthcare for infants. Pakistan has the highest rate among the three (57.2 per 1,000 live births).

- (iv) China has the lowest maternal mortality rate (29 per 1lakh live births), indicating better maternal healthcare. India and Pakistan have higher rates, with Pakistan having the highest (140 per 1 Lakh live births).
- (v) China has the highest GNI per capita (\$16057), followed by India (\$6681) and then Pakistan (\$5005).
- (vi) China has the highest percentage of the population using basic sanitation, followed by India and Pakistan.

In conclusion, China generally outperforms India and Pakistan in these indicators, while India performs better than Pakistan in most areas except for GNI per capita where Pakistan is slightly higher. These indicators provide a snapshot of the overall development and well-being of each country's population.