CBSE

ADDITIONAL PRACTICE QUESTIONS-Marking Scheme

Economics (030)

Class XII | 2023–24

Time allowed: 3 Hours **Maximum marks: 80**

General Instructions:

1. This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

2. This paper contains **20 Multiple Choice Questions** of 1 mark each.

3. This paper contains **4 Short Answer Questions** of 3 marks each to be answered in 60 to 80 words.

4. This paper contains **6 Short Answer Questions** of 4 marks each to be answered in 80 to 100 words.

5. This paper contains **4 Long Answer Questions** of 6 marks each to be answered in 100 to 150 words.

Section A

Q No.	Question	Marks
1	(c) Both Statements 1 and 2 are true.	1
2	(d) No impact on GDP and welfare	1
3	(b) Induced investment	1
4	(a) Option A and B	1
5	(b) Option B and C	1
6	(b) It will increase as banks will have more excess reserves to lend out	1
7	(d) AD will increase, and AS will increase, promoting economic growth with stable prices.	1
8	(d)China's exports to Japan will become cheaper, and imports from Japan will become more expensive.	1
9	(c) 1,000	1
10	(d) Providing computer software to a company in another country.	1

11	Autonomous Items Autonomous items are transactions that are driven by fundamental economic factors and occur without direct influence from the country's Balance of Payments (BOP) position. Examples specific to India include: a. Export of Manufactured Goods: India's production of goods such as textiles and automobiles for international markets, reflecting global demand. b. Import of Crude Oil: India's necessity to import oil to meet energy requirements, independent of its BOP situation. c. Unilateral Transfers: Includes remittances from Indian citizens working abroad, or aid and grants, not tied to balancing the BOP. Accommodating Items Accommodating items are transactions undertaken to offset imbalances in the BOP and stabilize the economy. Examples specific to India are: a. Foreign Exchange Reserves: Managed by the Reserve Bank of India, these reserves are used to intervene in the foreign exchange market, stabilizing the value of the Rupee. b. International Borrowing: India might borrow from international institutions to manage deficits in the BOP, aligning with economic policy. c. Official Settlements: Government actions, such as drawing on or depositing funds in international accounts, to directly manage the balance of payments situation. Award $1\frac{1}{2}$ marks for each item.	3
12	To calculate the National Income using the Expenditure Method, we add up all the components of expenditure in the economy: National Income (Y) = Consumption Expenditure (C) + Investment Expenditure (I) + Government Expenditure (G) + Net Exports (Exports - Imports) Consumption Expenditure (C) = Rs. 1200 crores Investment Expenditure (I) = Rs. 800 crores Government Expenditure (G) = Rs. 500 crores Net Exports (Exports - Imports) = Rs. 100 crores	3

	Now, let's calculate Net Factor Income from Abroad: (1/2 mark) Net Factor Income from Abroad = Income earned by residents working abroad - Income earned by foreign residents working in the economy Net Factor Income from Abroad = Rs. (70 - 20) crores = Rs. 50 crores Next, we'll calculate Net Indirect Taxes: (1/2 mark) Net Indirect Taxes = Indirect Taxes - Subsidies Net Indirect Taxes = Rs. 150 crores Now, we'll calculate Private Final Consumption Expenditure (PFCE):(1/2 mark) PFCE = Consumption Expenditure (C) - Net Transfer Payments from the Government to Households PFCE = Rs. (1200 - 30) crores = Rs. 1170 crores Finally, we'll calculate Gross Domestic Product (GDP) using the Expenditure Method: (1.5 marks) GDP = C + I + G + (X - M) + Net Factor Income from Abroad + Net Indirect Taxes + Change in Stock GDP = Rs. 1200 + Rs. 800 + Rs. 500 + Rs. 100 + Rs. 50 + Rs. 150 + (-50) crores GDP = Rs. 2650 crores Therefore, the National Income using the Expenditure Method is Rs. 2650 crores.	
13	Double counting is a critical issue that arises in the calculation of national income when certain economic activities or transactions are counted multiple times, leading to an inflated estimation of the country's total income. This distortion can result in an inaccurate representation of the actual economic output and may mislead policymakers and analysts. Three practical ways to avoid double counting when calculating national income are: Value-added approach: By focusing on the value added at each stage of production, we avoid counting the value of intermediate goods multiple times. For example, consider the production of a smartphone. Instead of counting the value of raw materials, components, and final assembly, focus on the value added by each stage of the production process, which is the actual contribution to the national income. Expenditure approach: This method considers the final expenditure on goods and services by households, businesses, government, and net exports. By	3

	including only the final transactions, we avoid duplicating the value of intermediate goods, which were already accounted for in previous stages of production. Income approach: This approach accounts for the various forms of income earned by households, businesses, and government, such as wages, profits, and taxes. By focusing on the actual incomes earned rather than the value of transactions, we avoid double counting any monetary flows within the economy. By implementing these three methods, a more accurate estimation of its national income, enabling better economic planning and decision-making. Award 1 mark each for 3 approaches.	
14	Step 1: Calculate the new disposable income after the tax policy change: New Disposable Income = Total Disposable Income - (10% of Total Disposable Income) New Disposable Income = 2,000 crore - (0.10 * 2,000 crore) New Disposable Income = 2,000 crore - 200 crore New Disposable Income = 1,800 crore Step 2: Calculate the new Average Propensity to Consume (APC) using the formula: APC = Total Consumption Expenditure / New Disposable Income APC = 1,500 crore / 1,800 crore Step 3: Simplify the expression and calculate the APC: APC = 0.8333 (rounded to four decimal places) Step 4: Present the final answer with appropriate units: The new Average Propensity to Consume (APC) after the tax policy change is approximately 0.8333 or 83.33%. Therefore, the new Average Propensity to Consume (APC) is approximately 0.8333 or 83.33% after the tax policy change. OR Ex-post Aggregate Demand (AD) refers to the total demand for goods and services in an economy after actual transactions take place. On the other hand, ex-post Aggregate Supply (AS) represents the total quantity of goods and services produced and supplied by all firms in the economy after considering actual production levels. (1 mark) In the real-life scenario where ex-post Aggregate Demand exceeds ex-post Aggregate Supply, several impacts on the level of output, income, and employment are likely to occur: 1. Output: With the surge in demand for goods and services, firms would experience pressure to increase production to meet the higher consumer demands. This increase in production can lead to higher overall output in the	4

	economy, as firms strive to fulfill the excess demand from consumers and businesses. (1 mark) 2. Income: As firms ramp up production to meet the increased demand, they are likely to hire more workers and increase work hours for existing employees. This expansion of employment opportunities would result in higher aggregate income for households, as more people gain employment and earn wages. (1 mark) 3. Employment: The situation of excess demand would lead to an expansion of the labor force, as firms hire additional workers to boost production. The reduction in unemployment levels is expected as more people find job opportunities in response to the higher demand for goods and services. (1 mark)	
15	To address a scenario of deficient demand in the economy, the Reserve Bank of India can utilize various monetary policy tools. Here are four specific measures that the RBI can employ to effectively correct the situation: 1. Lowering the Repo Rate: The RBI can lower the repo rate, which is the rate at which it lends money to commercial banks. By reducing the repo rate, borrowing becomes cheaper for banks, leading to a subsequent decrease in lending rates for consumers and businesses. This encourages increased borrowing and spending, which boosts economic activity and helps counteract deficient demand. 2. Open Market Operations: The RBI can conduct open market operations by buying government securities from the market. When the RBI purchases these securities, it injects money into the banking system, increasing the liquidity available to banks. As a result, banks are better equipped to extend loans to individuals and businesses, thereby stimulating demand and economic growth. 3. Cash Reserve Ratio Reduction: The RBI can opt to lower the Cash Reserve Ratio, which is the percentage of bank deposits that banks are required to maintain with the central bank. By reducing the CRR, banks have more funds at their disposal for lending and investment. This move can encourage increased credit flow to various sectors of the economy, leading to higher consumer spending and investment, ultimately addressing the issue of deficient demand. 4. Special Liquidity Facilities: In times of deficient demand, the RBI can introduce special liquidity facilities to provide direct funding support to sectors facing liquidity crunches. Award 1 mark each to the measures. OR	4

As an economic advisor to the government, I will explain the four main functions of the Reserve Bank of India and how each of these functions contributes to the overall stability and growth of the Indian economy:

1. Banker to the Government: The RBI acts as the banker to the central and state governments. It manages their accounts, provides banking services, and facilitates the issuance and redemption of government securities. Additionally, the RBI plays a crucial role in managing the public debt of the government.

Contribution to Stability and Growth: By efficiently managing government finances and public debt, the RBI helps in maintaining fiscal discipline and ensures that the government can meet its expenditure requirements without causing excessive inflation or crowding out private investment. This, in turn, contributes to economic stability and creates a conducive environment for sustainable growth.

2. Issuer and Manager of Currency: The RBI has the sole authority to issue currency notes and coins in India. It manages the supply of currency to meet the transactional needs of the economy and ensures the availability of genuine and secure currency.

Contribution to Stability and Growth: By managing the currency supply, the RBI aims to control inflation and maintain price stability. An adequate supply of genuine currency also facilitates smooth transactions, promotes trust in the monetary system, and contributes to overall economic stability and growth.

3. Banker's Bank and Lender of Last Resort: The RBI serves as the banker to other banks and financial institutions. It provides various banking services to them and acts as a lender of last resort to ensure financial stability in times of crisis.

Contribution to Stability and Growth: By providing liquidity to banks during times of liquidity shortages, the RBI helps maintain stability in the financial system. This ensures that banks can meet their obligations and continue to provide credit to businesses and individuals, thus supporting economic growth even during turbulent periods.

4. Foreign Exchange Management: The RBI manages and controls the foreign exchange reserves of India. It intervenes in the foreign exchange market to stabilize the value of the Indian rupee against other major currencies.

Contribution to Stability and Growth: By maintaining a stable exchange rate, the RBI supports international trade and investment, which, in turn, contributes

	to overall economic growth. A stable exchange rate also helps in controlling inflation by keeping import costs in check. Award 1 mark each point.	
16	a). Step 1: Calculate the Net Government Revenue Net Government Revenue = Total Government Revenue - Transfer Payments Net Government Revenue = 500 - 50 Net Government Revenue =450 Step 2: Calculate the Primary Expenditure Primary Expenditure = Total Government Expenditure - Interest Payments on Debt Primary Expenditure = 600 - 40 Primary Expenditure = 560 Step 3: Calculate the Fiscal Deficit Fiscal Deficit = Primary Expenditure - Net Government Revenue Fiscal Deficit = 560 – 450 Fiscal Deficit = Rs. 110 Therefore, the fiscal deficit for the fiscal year 2023 is Rs. 110 . b). Step 1: Calculate the Net Government Revenue Net Government Revenue = Total Government Revenue - Transfer Payments Net Government Revenue = 800 - 70 Net Government Revenue = 730 Step 2: Calculate the Primary Expenditure Primary Expenditure = Total Government Expenditure - Interest Payments on Debt Primary Expenditure = 900 - 50 Primary Expenditure = 850 Step 3: Calculate the Primary Deficit Primary Deficit = Primary Expenditure - Net Government Revenue Primary Deficit = 850 - 730 Primary Deficit = Rs. 120 Therefore, the primary deficit for the fiscal year 2023 is Rs. 120. Award 3 marks each deficit.	6
17	a). As a financial advisor working with the government's finance ministry, my role is to help the public understand the complexities of the government's budget and the sources of revenue it relies on. One important component of the government's revenue is non-tax revenue receipts. Non-tax revenue receipts refer to the income that the government generates from sources other than taxes.	6

	Three real-life examples of non-tax revenue receipts that a government might have in its fiscal year are: Income from State-Owned Enterprises: Governments often own and operate various enterprises, such as public utilities, transportation systems, or even commercial ventures. The profits and dividends earned from these state-owned enterprises contribute to the non-tax revenue receipts of the government. Fees and Charges for Government Services: Governments provide a wide range of services to citizens and businesses, such as issuing licenses, permits, and certificates. They may also charge fees for services like passport issuance, vehicle registration, or access to public facilities. These fees and charges represent non-tax revenue for the government. Interest and Dividends: Governments invest in various financial instruments and entities. They may hold investments in bonds, stocks, or deposits, and earn interest or receive dividends from these investments. These earnings contribute to the non-tax revenue receipts. Award 1 mark each point. b). As a concerned citizen attending the town hall meeting, I am eager to understand the key objectives that guide the government's policies and decisions in my country. Here, I provide an explanation of these three objectives in a real-life context: 1. Economic Growth and Job Creation: One of the primary objectives of the government is to foster economic growth and create job opportunities for its citizens. In real-life, this objective involves implementing policies that encourage investments, support entrepreneurship, and promote innovation in various sectors. For example, the government may provide tax incentives to businesses, invest in infrastructure projects, and develop programs to upskill the workforce, leading to increased economic activity and employment opportunities. 2. Social Welfare and Poverty Alleviation: The government aims to ensure the well-being of its citizens and alleviate poverty. In real-life, this objective encompasses the implementation of social welfare programs that provide financial assistance, healthcare, education, and housing support to vulnerable and disadvantaged populations. For instance, the government may offer cash transfers, subsidized healthcare services, and affordable housing schemes to uplift the living standards of those in need. 3. Balanced regional growth: Governments play a pivotal role in enhancing the country's infrastructure and planning urban areas for efficient and sustainable growth. Elaborate on how governments invest in transportation, energy, and communication infrastructure to facilitate economic development and improve citizens' quality of life. Present real-life examples of successful infrastructure projects and their impact on society.

	Award 1 mark each point. OR a). Reasoning: (i) Rent-free house to an employee by an employer: No, the provision of a rent-free house to an employee by an employer is not included in the estimation of a country's National Income. The National Income accounts for the value of goods and services produced within the country's borders during a specific period. While this benefit may have value to the employee, it does not represent a direct economic activity that contributes to the overall production and income of the country. Rent-free accommodation is considered a non-monetary benefit and is not counted in the National Income calculation. (ii) Purchases by foreign tourists: Yes, purchases made by foreign tourists are included in the estimation of a country's National Income. When foreign tourists visit a country and spend money on goods and services, their expenditures contribute to the country's economic activity. These purchases generate revenue for local businesses and are considered a part of the country's gross domestic product (GDP), which is a key component of the National Income calculation. (iii) Purchase of a truck to carry goods by a production unit: Yes, the purchase of a truck by a production unit to carry goods is included in the estimation of a country's National Income. This transaction represents investment in capital goods, which adds value to the production process and contributes to the country's economic output. The purchase of a truck is considered an investment in the production capacity of the business and is accounted for in the National Income calculation. Award 1 mark each point. b). As a financial analyst representing the government economic research institute, I am delighted to explain the concepts of Nominal Gross National Product (GNP) and Real Gross National Product (GNP) in this public seminar on economic indicators. Let's dive into the definitions and real-life examples to understand their significance in economic analysis and decision-making. 1. Nominal Gross National Product (GNP): Nominal GNP is the total monetary value of all final goods and services produced by the residents of a country within a specific time period, usually a year, without adjusting for inflation. It takes into account the current market prices of goods and services, including any changes in prices due to inflation or deflation. Real-Life Example: Consider a country with various industries contributing to its economy. In a particular year, it's Nominal GNP is calculated to be 500

	crores. However, during the same year, the prices of goods and services across the country increased due to inflation by 5%. This means the Nominal GNP includes the effect of higher prices, which can distort the true picture of economic growth. 2. Real Gross National Product (GNP): Real GNP, on the other hand, is the total monetary value of all final goods and services produced by the residents of a country within a specific time period, adjusted for inflation. It measures economic output by considering constant, unchanging prices, thereby removing the impact of inflation or deflation. Real-Life Example: Continuing with the example, to calculate the Real GNP for the same year, we would adjust the Nominal GNP for the 5% inflation rate. Let's assume the adjusted Real GNP is 475 crores. This figure accounts for the inflation effect and provides a more accurate representation of the country's economic growth, helping economists and policymakers assess the true changes in economic output. Award 1.5 mark each point. **SECTION B**	
18	(d) ensure a fair and just society for all citizens	1
19	(a) It was replaced with a "Two Child Policy."	1
20	(b) II and III	1
21	(d) reduced harm to beneficial insects and pollinators	1
22	(a) The assertion is true, but the reason is false.	1
23	(d) A shift from high birth and death rates to low birth and death rates over time	1
24	(b) balancing aquaculture development with environmental and social considerations	1
25	(b) inadequate housing and overcrowding, leading to slum settlements	1
26	(d) Both the assertion and reason are true, but the reason is not the correct explanation of the assertion.	1
27	(b) A-III, B-IV, C-I, D-II	1
28	Three key features of the Indian economy on the eve of independence, that contributed to its predominantly stagnant structure: 1. Agricultural Dominance and Low Productivity: The Indian economy was primarily agrarian, with agriculture being the main occupation for a significant portion of the population. However, the agricultural sector suffered from low productivity due to traditional and outdated farming methods. Lack of modern agricultural technology, inadequate irrigation facilities, and fragmented land	1

holdings limited economies of scale, resulting in stagnant agricultural output and perpetuating rural poverty.

2. Colonial Economic Exploitation: The British colonial rule pursued economic policies that were designed to serve Britain's interests at the expense of Indian development. India was primarily treated as a supplier of raw materials for British industries, while finished goods were imported, leading to deindustrialization. The drain of wealth from India through heavy taxation and unequal trade policies hindered the growth of domestic industries and stifled economic progress.

3. Limited Industrialization and Infrastructure: The Indian economy lacked significant industrialization on the eve of independence. The lack of domestic industries and a weak manufacturing base limited employment opportunity outside the agricultural sector. Additionally, inadequate infrastructure, including transportation and communication networks, hampered the efficient movement of goods and services, restricting market integration and economic growth.

Award 1 Mark each point.

OR

On the eve of independence in 1947, India's foreign trade was characterized by several key features:

1. Dominance of British Trade Relations: The country's trade was largely focused on exporting raw materials, such as cotton, jute, and tea, to Britain, and importing finished goods in return. This trade pattern resulted from the exploitative economic policies imposed by British colonial rule, which hindered India's industrial development.

Example: The export of raw cotton from India to Britain for use in British textile mills was a significant aspect of India's foreign trade at that time.

2. Limited Diversification of Trading Partners: India had limited trading partners outside the British Empire. The colonial rule discouraged India from actively engaging in trade with other countries, and the majority of its foreign trade was confined to British colonies. This lack of diversification in trading partners restricted India's economic growth and hindered the development of a more dynamic foreign trade landscape.

Example: India's trade relations with neighboring countries, such as Sri Lanka and Myanmar, were mainly influenced by British colonial policies and were limited in scope.

3. Low Share of Industrial Exports: India's foreign trade was characterized by a relatively low share of manufactured or industrial goods in its export basket.

	The economy was primarily agrarian, and the majority of exports consisted of primary agricultural commodities. This limited India's ability to earn foreign exchange and hindered the development of a self-reliant industrial base. Example: India's major exports, such as jute, tea, and spices, were primarily agricultural products with limited value addition. Overall, on the eve of independence, India's foreign trade was dominated by the colonial relationship with Britain, lacked diversification in trading partners, and had a limited share of industrial exports. These characteristics reflected the country's dependence on colonial trade policies and underscored the need for India to redefine its trade strategy post-independence. Award 1 mark each point	
29	As an economic advisor to a developing country's government, it would be necessary to highlight the various sources of human capital formation in the context of economic development. Human capital refers to the knowledge, skills, and abilities possessed by individuals, which play a crucial role in driving economic growth and overall prosperity. Here are the sources of human capital formation and examples of how recommended investments in these areas can positively impact the country's economic growth: 1. Education System: Developing and strengthening the education system is one of the primary sources of human capital formation. Investing in quality primary, secondary, and tertiary education can equip individuals with the necessary knowledge and skills to participate effectively in the workforce and contribute to economic activities. Example: Building more schools, hiring qualified teachers, and improving the curriculum to ensure better access to education, resulting in a more skilled and productive workforce. 2. Vocational Training and Skill Development: Promoting vocational training and skill development programs can address specific labor market needs and enhance the employability of the workforce. Example: Establishing vocational training centers to provide specialized skills training, leading to a more diverse and adaptable workforce with skills relevant to the changing job market.	3

	3. Healthcare and Nutrition: A healthy and well-nourished population is more productive and can contribute significantly to economic growth. Investing in healthcare infrastructure and nutrition programs can improve the overall health and well-being of citizens, leading to higher workforce participation and productivity. Example: Expanding access to healthcare services and implementing nutrition initiatives, resulting in a healthier workforce that is more resilient and less burdened by preventable illnesses. Award 1 mark each point	
30	China's Economic Development Strategy After Gaining Independence: China pursued a comprehensive strategy of economic development after gaining independence. Four key policy initiatives implemented by the Chinese government to achieve economic growth and industrialization are: 1. Economic Reforms and Opening-Up Policy: In 1978, China embarked on economic reforms and implemented the Opening-Up Policy under the leadership of Deng Xiaoping. This policy aimed to attract foreign investment, promote trade, and encourage private entrepreneurship. As an example, the establishment of Special Economic Zones (SEZs) in cities like Shenzhen allowed foreign companies to invest and set up businesses in China, leading to a surge in foreign direct investment and technology transfer. This policy played a pivotal role in China's rapid industrialization and economic growth. 2. Export-Led Growth: China adopted an export-oriented development strategy, focusing on manufacturing and exports. The country positioned itself as the "world's factory," leveraging its large labor force and low production costs. As an example, by becoming a major exporter of goods, such as electronics, textiles, and machinery, China attracted foreign exchange and accelerated its economic growth, resulting in the lifting of millions of people out of poverty. 3. Infrastructure Development: The Chinese government invested heavily in infrastructure development, including transportation, energy, and communication networks.	4

	As an example, the implementation of projects like the Three Gorges Dam and high-speed rail networks exemplifies this strategy. Improved infrastructure not only enhanced connectivity and logistical efficiency but also boosted industrial production and facilitated regional development. 4. Human Capital Investment and Education: China prioritized investments in education and human capital formation. The country focused on providing access to primary and secondary education, vocational training, and higher education. As an example, the increase in the number of skilled workers and a growing knowledge-based workforce played a critical role in China's technological advancement and innovation, contributing to its rise as a global technological leader. These four policy measures and initiatives have been instrumental in transforming China into a major global economic power. The country's sustained economic growth, industrialization, and advancements in technology have had a profound impact on poverty reduction and improved living standards for its citizens, making China an economic success story on the world stage. Award 1 mark each point	
31	Four key challenges faced by rural banking institutions are: 1. Infrastructure and Connectivity: In rural areas, inadequate infrastructure and connectivity pose significant challenges for rural banks to reach remote and marginalized communities. Lack of proper roads, internet connectivity, and banking infrastructure hampers the establishment of physical bank branches and access to digital banking services. 2. Low Financial Literacy: Limited financial literacy among rural populations inhibits their understanding and usage of formal financial services. Many rural individuals are unfamiliar with banking products and services, leading to low adoption rates of banking services. 3. Inadequate Banking Products: Rural populations often have unique financial needs that may not be adequately addressed by standard banking products offered by urban-focused institutions. The lack of tailored financial products and services restricts the uptake of formal banking services in rural areas. 4. Limited Access to Credit: Access to credit is vital for rural entrepreneurs and farmers to invest in their businesses and agricultural activities. However,	4

	stringent credit assessment processes, lack of collateral, and risk aversion from banks may limit credit availability to rural borrowers. Award 1 mark each point OR 1. Development of Market Infrastructure: The government invests in the development of modern market infrastructure, such as wholesale markets, cold storage facilities, and transportation networks. These initiatives aim to reduce post-harvest losses, improve supply chain efficiency, and ensure better price realization for farmers and producers. 2. Market Information Systems: Implementing a reliable and up-to-date market information system helps farmers make informed decisions about when, where, and at what price to sell their produce. The government can establish platforms that provide real-time information on market prices, demand trends, and consumer preferences. 3. Price Support and Minimum Support Price (MSP) Schemes: The government implements price support mechanisms and MSP schemes to provide a guaranteed minimum price for certain agricultural commodities. This ensures that farmers receive remunerative prices and reduces market price volatility, encouraging agricultural production. 4. Facilitating Farmer Cooperatives and Producer Organizations: Encouraging the formation of farmer cooperatives and producer organizations can strengthen the bargaining power of small-scale farmers. By pooling resources and collectively selling their produce, farmers can negotiate better prices with buyers and access larger markets that may have been challenging to reach individually. Award 1 mark each point.	
32	1. Slow economic growth 2. Rapid growth of population 3. Lack of irriogation facilities 4. Low savings and investment Award 1 mark each point	4
33	Food for Everyone: By giving money to farmers for things like seeds and fertilisers, governments can make sure that enough food is grown. This helps everyone get the food they need. In India, this has helped lots of people get rice and wheat.	6

(1/2 mark)

Steady Money for Farmers: Subsidies mean that farmers can earn steady money, even if prices change a lot or if bad weather ruins crops. This helps farmers plan and grow their farms.

(1/2 mark)

Helping Rural Areas: Subsidies can help farmers and people living in rural areas by giving them extra money during hard times. This helps the local economy grow.

(1/2 mark)

Bad Sides:

Messing with Market Prices: Subsidies can make things confusing in the market by changing prices and what gets produced. Too many subsidies can make too much of some foods and cause problems with buying and selling globally.

(1/2 mark)

Growing Too Much of One Thing: If subsidies only go to certain crops, farmers might grow too much of those and cause problems with storing them and selling them for a fair price.

(1/2 mark)

Harming the Environment: Some subsidies might cause farmers to use too much water or chemicals, which can hurt the soil, water, and animals.

(1/2 mark)

B). Import substitution is when a country tries to make things at home instead of buying them from other countries. It has some benefits but also some problems:

Missing Out on World Trade: If a country only makes things for itself, it might miss chances to sell things to other countries. This means it might not make as much money as it could.

(1 mark)

Less Competition, More Costs: If a country doesn't buy things from other countries, its own businesses might not try as hard to do a good job. This can mean things cost more and aren't made as well.

(1 mark)

Wasting Resources: If a country tries to make everything itself, even things it's not good at, it might not use its resources (like workers, materials, and money) as wisely as it could. This can make the whole economy less productive.

(1 mark)

OR

A). Systematic Deindustrialization during British Rule in India:

During British colonial rule, India experienced a significant decline in its traditional and indigenous industries, which is an example of systematic deindustrialization.

Three main factors that led to the decline of industrial activities in India during British rule are:

1. Decline of Indian courts: The disappearance of Indian courts struck the first blow at Indian handicrafts. As native states passed under British rule, the demand for fine articles, for display in durbars and other ceremonial occasions disappeared. The ordinary demand did continue for sometime longer, but the younger generation lacked the means and inducement to patronise the arts and handicrafts. And they declined.

2. Introduction of New Patterns: With the disappearance of Indian states, old rulers and nobles also disappeared and their place was taken up by the European Officers and tourists. Indian craftsmen, however, did not clearly understand the forms and patterns which suited European tastes. They tried to please their new customers by copying their forms and patterns.

3. Competition of Machine Made Goods: Apart from the abolition of Indian courts and the introduction of foreign influences, it was the superior manufacturing technique based on power and im-proved machinery which enabled the British manufacturers to drive the Indian artisans from out of their home market.

Award 1 mark each point.

	B). Infrastructure Development during British Colonial Rule, India 1. Economy: The development of the Kolkata Port, the Grand Trunk Road, and the railways network had a profound impact on Bengal's economy. The improved transportation infrastructure facilitated the movement of goods, raw materials, and finished products, leading to increased trade and industrialization. Bengal Presidency became a major center for trade and commerce, contributing significantly to India's overall economic growth during the British colonial era. 2. Transportation: The establishment of the Kolkata Port and the expansion of road and rail networks greatly improved transportation within Bengal and beyond. It enabled easier movement of people and goods, reduced travel time, and facilitated efficient distribution of resources, fostering regional economic integration and development. 3. Communication Systems: The railway and road networks not only improved transportation but also revolutionized communication systems. It allowed faster and more reliable communication between different regions, facilitating administrative control and the dissemination of information. This led to better governance and coordination of British colonial administration in Bengal. In conclusion, the infrastructure development during British colonial rule played a vital role in shaping the region's economy, transportation, and communication systems. These infrastructural initiatives were instrumental in fostering economic growth, facilitating regional connectivity, and strengthening administrative control during the colonial period. Award 1 mark each point		
34	A). The primary causes of the environmental crisis described in the passage are: a) Rapid growth of human population leading to extensive deforestation, habitat destruction, and overconsumption of natural resources. b) Industrialization and modernization, which contribute to global warming and climate change through reliance on fossil fuels and emission of greenhouse gases. c) Expansion of agriculture and urbanization, resulting in the loss of biodiversity and fragmentation of ecosystems.		6

	d) Irresponsible waste management and improper disposal of plastics, leading to the accumulation of plastic waste in oceans and landfills, causing harm to marine life and contaminating the environment. The excessive use of chemical fertilizers and pesticides in agriculture also contributes to soil degradation, water pollution, and loss of biodiversity. B). Industrialization has contributed to the environmental crisis in several ways: a) Reliance on fossil fuels for energy production leads to the emission of greenhouse gases, which causes global warming and climate change. b) The discharge of pollutants and waste from industries contaminates air, water, and soil, posing risks to human health and biodiversity. C). The impact of agriculture and urbanization on the environment includes: a) Conversion of forests and natural habitats into agricultural lands and urban areas disrupts ecosystems, leading to the loss of biodiversity and extinction of plant and animal species. b) Agricultural practices, such as the excessive use of chemical fertilizers and pesticides, result in soil degradation, water pollution, and further loss of biodiversity. Each question is worth 2 marks, for a total of 6 marks.