# CBSE Class 12 Economics 2026 — Set 3 — Answer Key

English Medium

Time Allowed: 3 Hours | Maximum Marks: 80

General Instructions:

1. This question paper contains 38 questions. All questions are compulsory.
2. Section A has 20 MCQs carrying 1 mark each.
3. Section B has 6 questions carrying 2 marks each.
4. Section C has 6 questions carrying 3 marks each.
5. Section D has 4 questions carrying 5 marks each.
6. Section E has 3 case-study based questions carrying 4 marks each.
7. Draw neat figures wherever required.

# Section A

## Multiple Choice Questions (1 mark each)

Q.1 [1 mark]

Read the following statements : Assertion (A) and Reason (R). Choose the correct option from those given below : Assertion (A) : Borrowing requirements of the government include interest obligations on debt as well. Reason (R) : The goal of measuring primary deficit is to correct the prevailing fiscal imbalances.

(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, but 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.

Explanation:

Assertion is true: fiscal deficit (total borrowing) includes interest payments.

Reason is false: primary deficit = fiscal deficit − interest payments, i.e.

it excludes interest;

its aim is to show current-year borrowing net of past-debt interest, not to 'correct fiscal imbalances'.

Q.2 [1 mark]

Identify the variable(s) which may add to the future productive capacity of an economy : I. Raw material II. Fixed investment III. Inventories with producers (Choose the correct option)

(a) Only I

(b) Only II <<

(c) II and III

(d) I, II and III

Explanation:

Only fixed investment (addition to the stock of capital goods) raises future productive capacity.

Raw materials are intermediate goods used up in production;

inventories are stocks, not additions to producing capacity.

Q.3 [1 mark]

On the basis of the given table, estimate the value added by the Baker. (Amount in Rs. crore) — Farmer: Total Production 100, Intermediate Consumption 0, Value Added 100; Baker: Total Production 200, Intermediate Consumption 50, Value Added ...(i)... (Choose the correct option)

(a) 200

(b) 250

(c) 100

(d) 150 <<

Explanation:

Value added = Total Production − Intermediate Consumption = 200 − 50 = Rs.150 crore.

Q.4 [1 mark]

Identify, the factor which influences the demand for foreign exchange in a country. (Choose the correct option)

(a) Investments made by Indians in Japan <<

(b) Indian producers exporting fabrics to United States of America (USA)

(c) Remittances by Indian workers from Gulf countries

(d) An Indian software company providing services to clients abroad

Explanation:

Demand for foreign exchange arises when residents make payments abroad.

Indians investing in Japan need foreign currency, so it raises the demand for foreign exchange.

Exports, remittances received and services provided abroad are sources of supply of foreign exchange.

Q.5 [1 mark]

Select the correct formula to calculate the value of Marginal Propensity to Save (MPS) : I. Change in Savings (S) / Change in Consumption (C) II. Change in Savings (S) / Change in Income (Y) III. 1 – Marginal Propensity to Consume (MPC) IV. Change in Income (Y) / Change in Savings (S)

(a) I, II, III and IV

(b) II and III <<

(c) Only III

(d) Only II

Explanation:

MPS = ΔS/ΔY (statement II) and, since MPC + MPS = 1, MPS = 1 − MPC (statement III).

Both II and III are correct.

Q.6 [1 mark]

Read the following statements carefully : Statement I : Trade in services includes both factor income and non-factor income transactions. Statement II : Current Account includes transactions related to goods, services and unilateral transfers. In the light of the given statements, choose the correct option from the following :

(a) Statement I is true and Statement II is false.

(b) Statement I is false and Statement II is true. <<

(c) Both Statements I and II are true.

(d) Both Statements I and II are false.

Explanation:

Statement I is false: trade in services covers non-factor income (like shipping, tourism, software) — factor income (compensation of employees, investment income) is a separate current-account head.

Statement II is true: the current account records goods, services and unilateral transfers.

Q.7 [1 mark]

Suppose in a hypothetical economy, Y = 50 + 0·8Y + 100, where Y = National Income. The value of Investment Multiplier (K) would be _____. (Choose the correct option to fill in the blank)

(a) 5 <<
(b) 0·2
(c) 50
(d) 0·8

Explanation:

MPC = 0·8, so multiplier K = 1/(1 − MPC) = 1/(1 − 0·8) = 1/0·2 = 5.

Q.8 [1 mark]

“Consumption of a good by a person does not reduce the amount available for consumption by others. Consumers consuming such goods are known as free-riders.” Identify the type of goods indicated in the above text.

(a) Public goods <<
(b) Private goods
(c) Joint venture goods
(d) Self-consumption goods

Explanation:

Non-rival consumption and free-riders are defining features of public goods (e.g. national defence, street lighting).

Q.9 [1 mark]

Read the following statements carefully : Statement I : At the break-even level of income, the value of slope of the consumption curve is zero. Statement II : Marginal Propensity to Consume (MPC) refers to the change in consumption per unit change in income. In the light of the given

statements, choose the correct option from the following :

(a) Statement I is true and Statement II is false.

(b) Statement I is false and Statement II is true. <<

(c) Both Statements I and II are true.

(d) Both Statements I and II are false.

Explanation:

Statement I is false: the slope of the consumption curve equals MPC (a positive value between 0 and 1), not zero, at the break-even level.

Statement II is true: MPC = ΔC/ΔY.

Q.10 [1 mark]

Under the fixed exchange rate system, if the government decreases the value of domestic currency with respect to a foreign currency, it is known as _____ of currency. (Choose the correct option to fill in the blank)

(a) Devaluation <<

(b) Depreciation

(c) Appreciation

(d) Revaluation

Explanation:

A deliberate reduction of the domestic currency's value by the government under a fixed exchange rate system is called devaluation.

Depreciation is a market-driven fall under a flexible system.

Q.11 [1 mark]

State the meaning and any two components of Gross Domestic Capital formation.

Answer: Gross Domestic Capital Formation (GDCF) is the total addition to the stock of physical capital within the domestic territory of a country during a year (before deducting depreciation). Two components: (i) Gross Fixed Capital Formation — gross investment in fixed assets like machinery, buildings, equipment; (ii) Change in Stock (inventories) — the change in the value of stocks

of raw materials, semi-finished and finished goods held by producers.

Explanation:

GDCF = gross domestic fixed capital formation + change in stock (+ acquisition of valuables);

it measures gross domestic investment.

OR

Q.11 [1 mark]

"It is not the nature of a good, rather the economic nature of its use, which determines whether it is a final good or not." Justify the given statement with valid arguments.

Answer: The statement is correct. A good is 'final' or 'intermediate' not because of its physical nature but according to how it is used. A good is a final good if it is purchased for final consumption or for investment (not for resale or further processing in the same year); it is an intermediate good if it is used up as a raw material/input or resold within the year. Example: milk bought by a household for consumption is a final good, but the same milk bought by a sweet shop to make sweets is an intermediate good. Thus the same physical good can be final or intermediate depending on its economic use.

Explanation:

Final vs intermediate classification depends on the end-use (consumption/investment vs input/resale), not the physical form of the good.

Q.12 [1 mark]

"US administration has recently imposed tariff to the magnitude of 50%." In the light of given statement, explain the likely impact of this step on the exports of India.

Answer: A 50% import tariff imposed by the US raises the price of Indian goods in the US market, making them costlier and less competitive against domestic US goods and goods from countries facing lower tariffs. This is likely to reduce the

demand for and quantity of Indian exports to the US, lowering India's export earnings and inflow of foreign exchange. Export-oriented Indian industries may face lower output, profits and employment. India's current account/trade balance may worsen, and exporters may seek alternative markets.

Explanation:

Higher US tariff →
costlier Indian goods in the US →
fall in Indian exports, export earnings and foreign-exchange inflow, hurting export industries.

Q.13 [1 mark]

Distinguish between Revenue Expenditure and Capital Expenditure with the help of suitable examples.

Answer: Revenue Expenditure: expenditure that neither creates any asset nor reduces any liability of the government; it is recurring in nature (e.g. payment of salaries, pensions, interest payments, subsidies). Capital Expenditure: expenditure that either creates an asset or reduces a liability of the government (e.g. construction of roads/buildings, purchase of machinery, repayment of loans, loans to states). Key differences: (i) asset/liability — capital expenditure creates assets or reduces liabilities, revenue expenditure does not; (ii) nature — revenue expenditure is recurring, capital expenditure is generally non-recurring.

Explanation:

Capital expenditure creates an asset or reduces a liability (roads, machinery, loan repayment);
revenue expenditure does neither and is recurring (salaries, interest, subsidies).

OR

Q.13 [1 mark]

Using suitable examples, distinguish between Revenue Receipts and Capital Receipts.

Answer: Revenue Receipts: government receipts that neither create any liability

nor cause any reduction in assets (e.g. tax revenue — income tax, GST; non-tax revenue — fees, fines, interest received, profits of public enterprises). Capital Receipts: government receipts that either create a liability or cause a reduction in assets (e.g. borrowings/loans raised, disinvestment i.e. sale of shares of public enterprises, recovery of loans). Key differences: (i) liability/asset — capital receipts create liability or reduce assets, revenue receipts do not; (ii) revenue receipts are regular/recurring, capital receipts are generally non-recurring.

Explanation:

Capital receipts create a liability (borrowing) or reduce an asset (disinvestment, recovery of loans);
revenue receipts do neither (taxes, fees, interest received).

Q.14 [1 mark]

Estimate the value of incremental investment if, equilibrium level of income increases by Rs. 50,000 crore and half of additional income is always saved in the economy.

Answer: 25,000 crore

Explanation:

MPS = 1/2 = 0·5, so investment multiplier K = 1/MPS = 1/0·5 = 2. Since K = ΔY/ΔI, incremental investment ΔI = ΔY/K = 50,000 / 2 = Rs.
25,000 crore.

Q.15 [1 mark]

“The Reserve Bank of India (RBI) has decided to increase the loan amount to 90% of the security value, from the prior rate of 80%.” In the light of above statement, identify the type of monetary measure exercised by the Reserve Bank of India (RBI) and its likely impacts on the Aggregate Demand of the economy.

Answer: The measure is a reduction in the Margin Requirement (a qualitative/selective credit-control instrument) — raising the loan-to-security-value

ratio from 80% to 90% lowers the margin from 20% to 10%. A lower margin allows borrowers to obtain more loans against the same collateral, which increases the availability of credit and money supply in the economy. Cheaper and larger credit raises investment and consumption spending, thereby increasing Aggregate Demand. (It is an easy-money / expansionary measure.)

Explanation:

Higher loan-to-value = lower margin requirement (qualitative tool) →
more credit →
higher money supply →
higher investment/consumption →
Aggregate Demand rises.

Q.16 [1 mark]

Calculate the values of Operating Surplus and Gross Domestic Product at Market Price (GDPMP) from the following data (Amount in Rs. crore) : (i) Rent 120, (ii) Profits 200, (iii) Domestic Income 720, (iv) Mixed Income 70, (v) Wages and Salaries 300, (vi) Indirect Taxes 150, (vii) Subsidies 50, (viii) Consumption of fixed capital 200, (ix) Interest 30, (x) Dividend 120, (xi) Net factor income from abroad 20.

Answer: Operating Surplus = 350 crore; GDPMP = 1,020 crore

Explanation:

Operating Surplus = Domestic Income (NDP at factor cost) − Compensation of Employees − Mixed Income = 720 − 300 − 70 = Rs.350 crore.
(Rent 120 + Profits 200 + Interest 30 = 350 confirms it;
dividend is part of profits, not added separately.) GDPMP = NDPfc + Consumption of fixed capital + Net Indirect Taxes = 720 + 200 + (150 − 50) = 720 + 200 + 100 = Rs.1,020 crore.
(NFIA is not used for a domestic aggregate.)

OR

Q.16 [1 mark]

(i) Distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product using a numerical example. (ii) Define the concept of 'Externalities'.

Answer: (i) Nominal GDP is the value of final goods and services produced within the domestic territory in a year valued at current-year (current) prices, whereas Real GDP values the same output at a fixed base-year (constant) price. Nominal GDP changes with both output and prices; real GDP changes only with output, so it is a better measure of economic welfare/growth. Numerical example: if 100 units are produced, base-year price 10 and current-year price 12, then Nominal GDP = 100 × 12 = 1,200 while Real GDP = 100 × 10 = 1,000. (ii) Externalities are the benefits (positive externalities) or harms (negative externalities) caused by one economic agent to another for which no payment is made or received — they are not accounted for in market prices, e.g. pollution from a factory (negative), a well-maintained garden benefiting neighbours (positive).

Explanation:

Nominal GDP uses current prices;

Real GDP uses constant base-year prices (isolates output change).

Externalities = uncompensated good/bad effects of one agent's activity on others, ignored by the market.

Q.17 [1 mark]

Read the following passage carefully : Any institution which accepts deposits from the public and advances loans is a bank. Banks are broadly categorised into : Commercial Banks, and Central Bank. Commercial banks accept deposits from public and use these deposits for giving loans. Banks keep a fraction of deposits as reserves. Generally, all depositors do not demand their money at the same time. The Central Bank of a country is responsible for controlling credit creation. The Reserve Bank of India (RBI) regulates the money supply in India through its monetary policy. On the basis of the above passage and common understanding, answer the

following questions : (i) State the meaning of a Bank. (ii) Mention any two traits that distinguish Central Bank from Commercial Banks. (iii) “Open market operation is the tool used by Reserve Bank of India (RBI) to regulate money supply in the economy.” Justify the given statement with valid arguments.

Answer: (i) A bank is a financial institution which accepts deposits from the public and advances loans, using deposits to create credit. (ii) Traits distinguishing the Central Bank from Commercial Banks: (a) the Central Bank is the apex monetary authority that controls credit and money supply and is the sole note-issuing authority, whereas commercial banks accept deposits and give loans to earn profit; (b) there is one Central Bank in a country and it does not deal directly with the public but acts as banker to the government and to commercial banks, while commercial banks are many and deal directly with the public. (iii) Justified: Open Market Operations (OMO) are the buying and selling of government securities by the RBI in the open market. To reduce money supply the RBI sells securities, absorbing cash from commercial banks and reducing their lending capacity; to increase money supply it buys securities, injecting cash and raising banks' ability to create credit. By thus altering the reserves of commercial banks, OMO directly regulates money supply, so the statement is valid.

Explanation:

Bank = accepts deposits + advances loans.

Central Bank = apex/note-issuing/controls money supply, banker to govt & banks (one per country);

commercial banks are many, profit-seeking, deal with public.

OMO (sale/purchase of govt securities) changes bank reserves to contract/expand money supply.

Q.18 [1 mark]

Read the following statements carefully : Statement I : Inland waterways proved to be uneconomical as in the case of Coast Canal on the Orissa coast. Statement II : British government followed an effective and efficient

administrative set-up leaving a legacy of effective work culture. In the light of the given statements, choose the correct option from the following :

(a) Statement I is true and Statement II is false. <<
(b) Statement I is false and Statement II is true.
(c) Both Statements I and II are true.
(d) Both Statements I and II are false.

Explanation:

Statement I is true: the Coast Canal on the Orissa coast proved uneconomical and could not compete with the railways.

Statement II is false: the British administrative set-up was designed to serve colonial interests, not to leave a legacy of an effective work culture.

Q.19 [1 mark]

Arrange the following events of Pakistan in correct chronological order : I. Nationalisation of capital goods industries II. Establishment of Pakistan III. Introduction of economic reforms IV. Announcement of First Five Year Plan (Choose the correct option)

(a) III, IV, I, II
(b) III, II, I, IV
(c) IV, III, II, I
(d) II, IV, I, III <<

Explanation:

Order: Establishment of Pakistan (1947) →
First Five Year Plan →
Nationalisation of capital goods industries (1970s) →
Introduction of economic reforms (1988).
Hence II, IV, I, III.

Q.20 [1 mark]

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

problem in India is multifaceted. Reason (R) : Some individuals work round the year, while others work only a few months in a year.

(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, but 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.

Explanation:

Both are true and R explains A: unemployment in India takes many forms (open, disguised, seasonal, etc.), and the fact that some work throughout the year while others work only a few months (seasonal/disguised unemployment) is precisely why the problem is multifaceted.

## Section B

Very Short Answer Questions (2 marks each)

Q.21 [2 marks]

Minimum Support Price is fixed by the Government to safeguard the interests of the _____. (Choose the correct option to fill in the blank)

(a) Consumers

(b) Farmers <<

(c) Wholesalers

(d) Middlemen

Explanation:

Minimum Support Price (MSP) is a pre-announced assured price that protects farmers from a fall in prices, safeguarding their interests.

Q.22 [2 marks]

The primary outcome of the efforts initiated by the Indian Government (Liberalisation and Privatisation) under the New Economic Policy of 1991

was _____. (Choose the correct option to fill in the blank)

(a) Fiscal policy reforms

(b) Globalization <<

(c) Monetary policy reforms

(d) Reservation of products

Explanation:

Liberalisation and Privatisation under the 1991 New Economic Policy integrated the Indian economy with the world economy, whose primary outcome was Globalization.

Q.23 [2 marks]

Read the following text carefully : “Between 1966 – 67, Mao introduced this movement under which professionals and students were asked to work and learn from the countryside of China.” Identify the correct option with reference to the aforesaid text.

(a) Commune System

(b) Great Leap Forward

(c) Open Door Policy

(d) Great Proletarian Cultural Revolution <<

Explanation:

The 1966–67 movement in which Mao sent students and professionals to work and learn from the countryside was the Great Proletarian Cultural Revolution.

Q.24 [2 marks]

Read the following statements carefully : Statement I : Livestock provides alternative livelihood options to small and marginal farmers. Statement II : In rural areas, animal husbandry provides stable employment opportunities throughout the year. In the light of the given statements, choose the correct option from the following :

(a) Statement I is true and Statement II is false.

(b) Statement I is false and Statement II is true.

(c) Both Statements I and II are true. <<

(d) Both Statements I and II are false.

Explanation:

Both statements are true: livestock/animal husbandry gives small and marginal farmers an alternative source of income and provides comparatively stable, year-round employment in rural areas.

Q.25 [2 marks]

Nations worldwide typically establish Regional and Global economic groups in order to _____. (Choose the correct option to fill in the blank)

(a) Strengthen their economies <<

(b) Ensure liberty

(c) Promote judicial independence

(d) Gain control over other countries

Explanation:

Regional and global economic groupings are formed mainly to strengthen member economies through cooperation, trade and mutual economic benefit.

Q.26 [2 marks]

The steep Indian education pyramid indicates _____. (Choose the correct option to fill in the blank)

(a) Equal distribution of students across all levels

(b) Increase in number of people reaching higher education

(c) Low unemployment among educated youth

(d) Few/less number of people reaching higher education <<

Explanation:

A steep (sharply narrowing) education pyramid means the number of people falls off rapidly at higher levels, i.e.
few/less people reach higher education.

## Section C

Short Answer Questions (3 marks each)

Q.27 [3 marks]

Identify, which of the following is an income indicator. (Choose the correct option)

(a) Mortality rate
(b) Malnourishment
(c) GDP per capita <<
(d) Morbidity rate

Explanation:
GDP per capita measures average income and is an income indicator.
Mortality rate, malnourishment and morbidity rate are health indicators.

Q.28 [3 marks]

Describe the role which India has played as an important member of World Trade Organisation (WTO).

Answer: India has been a founder member of the WTO (since 1995) and has played an active role in multilateral trade negotiations. It has argued for a fairer, rule-based trading system and has consistently voiced the concerns of developing countries — pressing for reduction of trade barriers by developed nations, for special and differential treatment for developing economies, and for the removal of high tariffs and domestic subsidies (especially agricultural subsidies) maintained by developed countries. India has safeguarded the interests of its farmers and food security (e.g. on public stockholding), sought greater market access for its goods and services (particularly IT/software services), and used the WTO's dispute-settlement mechanism to protect its trade interests.

Explanation:
India = founder WTO member;
champions developing-country interests, fairer rules, market access for its services, protects farmers/food security and uses the dispute-settlement mechanism.

OR

Q.28 [3 marks]

Critically appraise the Industrial Licensing policy initiated by the government during the planning period of India.

Answer: Under the planning period, no new industry could be started, nor an existing one expanded or diversified, without a licence from the government. Merits: it enabled planned and balanced regional development by directing industries to backward regions (licences were sometimes given to promote industries in less-developed areas), helped regulate the pattern and scale of investment as per Plan priorities, and prevented undue concentration of economic power. Demerits (criticism): the licensing system created excessive bureaucratic controls and delays ('permit-licence raj'), bred corruption and rent-seeking, discouraged competition and efficiency, allowed even loss-making units to continue, and stifled private initiative and entrepreneurship. These inefficiencies were among the reasons the policy was largely dismantled under the 1991 reforms.

Explanation:

Industrial licences (needed to start/expand industry) aided planned & balanced regional growth and curbed concentration, but caused red tape, delays, corruption, inefficiency and lack of competition — dismantled in 1991.

Q.29 [3 marks]

"Some economists argue that once a technology proves to be profitable and becomes widely adopted, subsidies should be gradually withdrawn." Defend or refute the given statement with valid arguments.

Answer: The statement can be defended. Subsidies are meant to introduce and popularise a new technology; once it is proven profitable and widely adopted (e.g. HYV seeds/fertilisers after the Green Revolution matured), continued subsidies become a large, unproductive burden on government finances (raising the fiscal deficit), can benefit better-off/large farmers and input producers more than the intended poor, may be misused, and can encourage overuse of inputs harming the environment (soil, water). Gradually withdrawing them frees resources for

other developmental spending and promotes efficient use. Refutation view: subsidies still help small and marginal farmers stay viable, keep essential inputs affordable, provide an incentive to sustain adoption and safeguard equity/food security, so abrupt withdrawal could hurt the vulnerable — hence any withdrawal should be gradual and targeted. (A reasoned stand either way, supported by such arguments, is acceptable.)

Explanation:

Defend: once a technology is profitable & widespread, subsidies become a fiscal burden, benefit the well-off, are misused and cause overuse/environmental harm → withdraw gradually.

Counter: they still protect small farmers/equity, so removal must be gradual & targeted.

Q.30 [3 marks]

On the basis of the given data, comment on trends of output growth in different sectors (1980 – 2018), between India and Pakistan. Data (annual growth %): India 1980–90 — Agriculture 3·1, Industry 7·4, Services 6·9; India 2014–18 — Agriculture 3·1, Industry 6·9, Services 7·6. Pakistan 1980–90 — Agriculture 4, Industry 7·7, Services 6·8; Pakistan 2014–18 — Agriculture 1·7, Industry 4·8, Services 5·0.

Answer: For India, agricultural growth stayed steady (3·1% in both periods), industrial growth fell slightly (7·4% to 6·9%), while services growth rose (6·9% to 7·6%) and became the leading sector — showing a shift towards a services-driven economy with broadly maintained growth. For Pakistan, growth declined sharply in every sector between the two periods: agriculture from 4% to 1·7%, industry from 7·7% to 4·8%, and services from 6·8% to 5·0%. Thus while India sustained (and in services improved) its sectoral growth, Pakistan's growth slowed markedly across all three sectors, so by 2014–18 India outperformed Pakistan in every sector.

Explanation:

India: agriculture steady (3·1%), industry slightly down (7·4→6·9%), services up (6·9→7·6%) and leading.

Pakistan: all sectors fell sharply (agri 4→1·7, ind 7·7→4·8, serv 6·8→5·0).
India ends ahead in every sector.

Q.31 [3 marks]

Describe the role of government in improving the efficiency of human capital formation in India.

Answer: The government improves the efficiency of human capital formation mainly through investment in education and health and by regulating these services. Key roles: (i) expanding and funding education — schools, colleges, universities, adult literacy and skill-development programmes to raise the quality and reach of education; (ii) investing in health infrastructure — hospitals, immunisation, clean water and sanitation to build a healthy, productive workforce; (iii) providing on-the-job training and skill programmes to improve labour productivity; (iv) regulation — since education and health services have externalities and information gaps and are prone to exploitation, the government sets standards, ensures quality and affordability, and provides these merit goods so that even the poor have access. Institutions like the Ministries of Education and Health, NCERT, UGC and ICMR help plan and monitor this development.

Explanation:

Government invests in and regulates education, health, training and infrastructure (correcting externalities/information gaps and ensuring access for the poor) to raise the quality and productivity of human capital.

OR

Q.31 [3 marks]

“Traditional knowledge and practices are still applicable in ensuring sustainable development.” Do you agree with the given statement ? Support your answer with valid reasons.

Answer: Yes, I agree. Traditional knowledge and practices are eco-friendly and resource-conserving, and remain relevant for sustainable development. Reasons: (i) traditional agriculture used organic manure, crop rotation and mixed cropping

that maintained soil fertility without chemical damage; (ii) traditional systems of medicine (Ayurveda, Unani) use natural herbs, are affordable and have few side effects; (iii) traditional water-harvesting and irrigation methods (tanks, ponds, step-wells) conserve water; (iv) traditional housing and lifestyles use local, renewable materials and less energy. These practices meet present needs without harming the ability of future generations to meet their own — the essence of sustainable development — and cause far less pollution and resource depletion than many modern methods.

Explanation:

Agree: traditional practices (organic farming, herbal medicine, water harvesting, local materials) are eco-friendly, low-pollution and resource-conserving, meeting present needs without compromising future generations.

Q.32 [3 marks]

Study the given image carefully and answer the questions that follow. (i) Identify the artificial waterway during colonial rule that served as a highway between India and Britain. (ii) In which year was this artificial maritime route officially opened for international navigation ? (iii) Describe the economic significance of artificial waterways between the Mediterranean and the Red Sea.

Answer: (i) The Suez Canal. (ii) 1869. (iii) The Suez Canal, connecting the Mediterranean Sea and the Red Sea, provided a direct and much shorter sea route between Europe and India (and Asia), avoiding the long voyage around the Cape of Good Hope. This drastically reduced the distance, time and cost of transporting goods, which boosted trade between India and Britain and made it far cheaper for Britain to draw raw materials from and sell finished goods in India — greatly increasing the volume of colonial trade.

Explanation:

Suez Canal (opened 1869) linked the Mediterranean and Red Sea, shortening the India–Britain route (avoiding the Cape), cutting distance, time and freight cost and

expanding colonial trade.

OR

Q.32 [3 marks]

Note : The following question is for the Visually Impaired Candidates only in lieu of Q. No. 32. “The real motive behind infrastructural development under the British rule was not to provide basic amenities to the people of India, but to subserve various colonial interests.” Do you agree with the given statement ? Give valid reasons in support of your answer.

Answer: Yes, I agree. Infrastructure under British rule was developed mainly to serve colonial interests, not the welfare of Indians. Reasons: (i) Railways were built primarily to move raw materials from the interior to the ports for export to Britain and to distribute British manufactured goods within India, and to move troops for administrative control — not to promote internal trade or public welfare. (ii) Roads were constructed for mobilising the army and for collecting raw materials, not to connect rural areas for people's convenience. (iii) The development of ports and telegraph/postal services was aimed at facilitating British trade and administration. (iv) Irrigation and other works were limited and concentrated in areas that served commercial-crop/export needs. Thus infrastructure was oriented towards extracting resources and strengthening colonial rule rather than providing basic amenities to the Indian people.

Explanation:

Agree: railways/roads/ports/telegraph served resource extraction, exports and military-administrative control (colonial interest), not the welfare or basic amenities of Indians.

## Section D

Long Answer Questions (5 marks each)

Q.33 [5 marks]

(i) “Information Technology plays a very significant role in achieving

sustainable development and food security." Justify the given statement with valid arguments. (ii) State the meaning of 'self-employed worker' with suitable example.

Answer: (i) Justified. Information Technology (IT) supports sustainable development and food security in several ways: it disseminates information on crop prices, weather, soil, and best farming/irrigation practices to farmers, helping them raise productivity and use resources efficiently; it enables early forecasting of droughts, floods and disease outbreaks so protective action can be taken; it improves the management, storage and distribution of foodgrains and the functioning of markets/PDS; and it helps identify areas of food insecurity so resources can be targeted, and promotes efficient, low-waste, eco-friendly practices — all of which support both food security and sustainable use of resources. (ii) A self-employed worker is a person who works in his/her own business, trade or profession and is not employed by anyone else — he/she owns and operates the enterprise and earns income from it rather than a fixed wage/salary. Example: a farmer cultivating his own land, or a shopkeeper running his own shop.

Explanation:

(i) IT aids food security & sustainability via crop/price/weather information, disaster forecasting, better foodgrain management and targeting of insecure areas and efficient resource use.

(ii) Self-employed = works in own business/profession, not for an employer (e.g. own-land farmer, shopkeeper).

OR

Q.33 [5 marks]

(i) Distinguish between formal and informal sector with suitable examples. (ii) Define worker population ratio with its significance.

Answer: (i) Formal (organised) sector: enterprises registered with the government and covered by labour laws; workers get regular wages/salaries, job security and social-security benefits (provident fund, pension, medical, paid leave). Examples:

government departments, public-sector undertakings, registered companies and factories. Informal (unorganised) sector: enterprises not registered/regulated, usually small; workers get no job security or social-security benefits, low and irregular income, and are outside the coverage of labour laws. Examples: small shopkeepers, street vendors, agricultural labourers, workers in small unregistered units. (ii) Worker–population ratio is the percentage of the total population that is working (employed), i.e. (Total number of workers / Total population) × 100. Significance: it indicates the proportion of the population actively contributing to the production of goods and services, thereby reflecting the extent to which a country's human resources/manpower are being utilised in economic activity.

Explanation:

(i) Formal = registered, labour-law-covered, secure jobs + social security (govt/PSUs/registered firms);
informal = unregistered, no security/benefits, low irregular income (vendors, farm labour).
(ii) Worker–population ratio = (workers/total population) × 100;
shows the share of population employed, i.e.
utilisation of manpower.

Q.34 [5 marks]

Read the following passage carefully : In the present times, green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change. India has pledged to seek solutions for the future. The government has contributed to maintain economic growth by implementing various policies and measures relating to sustainable development. Pradhan Mantri Ujjwala Scheme has actively contributed to cleaner air. The Jal Jeevan Mission was launched with the objective of achieving water security. The greenhouse effect is a natural process that warms the Earth’s surface, where certain atmospheric gases, known as greenhouse gases, trap heat from the sun and re-emit it, keeping the planet warm enough to support life. In the present times, the

issue of greenhouse gases and rising temperature of the Earth are a global concern. On basis of the above passage and common understanding, answer the following questions : (a) Discuss any two steps involved in attaining sustainable development in India. (b) Mention any two factors which challenged the carrying capacity of the environment. (c) Define Greenhouse effect.

Answer: (a) Two steps towards sustainable development in India: (i) promoting clean/renewable energy and cleaner fuel — e.g. the Pradhan Mantri Ujjwala Yojana provides LPG connections that replace polluting fuels and give cleaner air, and the promotion of solar, wind and other renewables reduces dependence on fossil fuels; (ii) conservation of natural resources — e.g. the Jal Jeevan Mission works towards water security/conservation, along with afforestation and control of pollution. (Input substitution towards eco-friendly inputs and use of public transport/CNG are also acceptable.) (b) Two factors that challenged the carrying capacity of the environment: (i) rapid population growth and rising consumption/industrialisation, which increase demand on resources and generate pollution and waste; (ii) over-exploitation and depletion of natural resources (deforestation, over-extraction of groundwater, burning of fossil fuels) beyond the environment's capacity to regenerate and absorb waste. (c) The greenhouse effect is the natural process by which certain atmospheric gases (greenhouse gases, e.g. carbon dioxide, methane) trap heat from the sun and re-emit it, keeping the Earth's surface warm enough to support life.

Explanation:

(a) e.g.

clean fuel/renewable energy (Ujjwala, solar) and resource conservation (Jal Jeevan, afforestation).

(b) e.g.

rapid population/consumption growth and over-exploitation/depletion of resources.

(c) GHGs trap and re-emit the sun's heat, warming Earth's surface enough to support life.