

CBSE 12th

ECONOMICS



SAMPLE PAPER - 1

Name	: _____
Date of Exam.	: _____
Duration	: 3 hours
Max. Marks	: 80
Study Centre	: _____

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

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

SECTION A MACRO ECONOMICS

- Q1.** Primary deficit is a government budget will be zero when _____. [1]
(a) Revenue deficit is zero
(b) Net interest Payments are zero
(c) Fiscal deficit is zero
(d) Fiscal deficit is equal to interest Payment
- Q2.** In order to encourage investment in the economy, the Central Bank may _____. [1]
(choose the Correct alternative).
(a) Reduce Cash Reserve Ratio
(b) Increase Cash Reserve Ratio
(c) Sell Government Securities in open market.
(d) Increase Bank Rate
- Q3.** Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. [1]
Assertion (A): The value of Average Propensity to Consume (APC) can never be zero or negative.
Reason (R): Average Propensity to Consume (APC) is independent of the level of income.
Alternatives:
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
(c) Assertion (A) is true, but Reason (R) is false.
(d) Assertion (A) is false, but Reason (R) is true.
- Q4.** Which of the following is a stock? [1]
(a) Wealth
(b) Saving

- (c) Export
- (d) Profit

- Q5. Read the following statements carefully:** [1]
Statement 1: Primary deposits are the cash deposits by general public with commercial banks.
Statement 2: Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people.
In light of the given statements, choose the correct alternative from the following:
(a) Statement 1 is true and Statement 2 is false.
(b) Statement 1 is false and Statement 2 is true.
(c) Both Statements 1 and 2 are true.
(d) Both Statements 1 and 2 are false.
- Q6.** If the Marginal Propensity to Save (MPS) is 0.2, what will be the value of investment multiplier? [1]
(a) 5
(b) 2
(c) 1.6
(d) 1.45
- Q7.** Operating Surplus does not include _____. [1]
(a) Interest
(b) Rent
(c) Profit
(d) Bonus
- Q8.** Suppose in a hypothetical economy, the income rises from ₹4,000 crores to ₹5,000 crores. As a result, the consumption expenditure rises from ₹4,000 crores to ₹42,00 crores. Marginal Propensity to Consume in such a case would be _____. [1]
(a) 0.8
(b) 0.4
(c) 0.2
(d) 0.6
- Q9. Read the following statements carefully:** [1]
Statement 1: In a two sector economy, consumption expenditure and investment expenditure are the two components of Aggregate Demand.
Statement 2: Aggregate demand curve always start from point of origin with positive slope.
In the light of given statements, choose the correct alternative from the following:
(a) Statement 1 is true and Statement 2 is false.
(b) Statement 1 is false and Statement 2 is true.
(c) Both statements 1 and 2 are true.
(d) Both statements 1 and 2 are false.
- Q10.** Which of the following is not the function of the Central Bank? [1]
(a) Banking facilities to government
(b) Banking facilities to Public
(c) Lending to government
(d) Lending to commercial Banks.
- Q11.** If the Marginal Propensity to Consume (MPC) is 0.6 and there is an increase in initial investment of ₹1,000 crores, what will be the resulting change in final income? [3]
- Q12.** State the impact of "Excess Demand" under the Keynesian theory on employment, in an economy. [3]

OR

State the meaning of the following:

- (a) Ex-Ante Savings
- (b) Full Employment
- (c) Autonomous Consumption

- Q13.** Classify the following statements as a revenue Receipts or Capital. Give valid reasons in support of your answer. [4]
- Financial help from a multinational corporation for victims in a flood affected area.
 - Sale of Shares of a Public Sector Undertaking (PSU) to a Private Company Ltd.
 - Dividends Paid to the government by the State Bank of India.
 - Borrowings from International Monetary fund (IMF)

- Q14.** "Higher Gross Domestic Product (GDP) means greater per capita availability of goods in the economy". Do you agree with the given statement? Give valid reason in Support of your answer. [4]

OR

Explain the meaning of Real Gross Domestic Product and Nominal Gross Domestic Product, using a numerical example.

- Q15.** Discuss the working of the adjustment mechanism in the following situation: [4]
- Aggregate Demand is greater than Aggregate Supply.
 - Ex Ante Investments are lesser than Ex Ante Savings.

- Q16.** Define the following: [6]
- Value Addition
 - Gross Domestic Product
 - Flow Variable
 - Income from Property and entrepreneurship

OR

Given the following data, find the value of "Gross Domestic Capital formation" and "operating Surplus".

S. No.	Particular	Amount (₹ in crores)
(i)	National Income	22,100
(ii)	Wages and Salaries	12,000
(iii)	Private Final Consumption Expenditure	7,200
(iv)	Net Indirect Taxes	700
(v)	Gross Domestic Capital Formation	?
(vi)	Depreciation	500
(vii)	Government Final Consumption Expenditure	6,100
(viii)	Mixed Income of Self-Employed	4,800
(ix)	Operating Surplus	?
(x)	Net Exports	3,400
(xi)	Rent	1,200
(xii)	Net Factor Income from Abroad	(-)150

- Q17.** Read the following text carefully: [6]

When the RBI intervenes in the forex market and in the process, when it buys U.S dollars (being the intervention currency of RBI), it adds to its foreign currency assets as also to money supply. The reverse happens when it sells U.S dollars. In the recent past, surges of capital inflows have exerted strong influence on the balance of payments and exchange rate. Consequently, there are additions to foreign currency assets and net earnings from deployment of such foreign currency assets. However, in the aggregate, it amounts to substitution of domestic assets with foreign currency assets, to the extent there is corresponding sale through Open Market Operations (OMO). In other words, sterilisation of intervention can be done, i.e., addition to money supply brought about by addition to foreign currency assets through intervention can be neutralised by selling Government Securities in exchange for money. From the point of view of balance-sheet, substitution of domestic assets with foreign assets impacts the income, since returns may be dissimilar and the rupee value of foreign security may also vary.

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

- How does the RBI's purchase of U.S. dollars affect its balance sheet and money supply?
- What is the impact of surges in capital inflows on India's balance of payments and exchange rate?
- What is sterilisation in the context of RBI's intervention in the forex market, and how is it achieved?

Section - B
Indian Economic Development

- Q18.** Farming in which crops are produced to provide for the basic needs of the family is called. [1]
(a) Stagnant agriculture
(b) Subsistence agriculture
(c) Commercial agriculture
(d) None of these
- Q19.** Arrange the following events of China in chronological order and choose the correct alternative: [1]
(i) Great Proletarian Cultural Revolution
(ii) Great Leap Forward Campaign
(iii) Introduction of Economic Reforms
(iv) First Five Year Plan
Alternatives:
(a) (ii), (iv), (iii), (i)
(b) (iv), (ii), (i), (iii)
(c) (ii), (iv), (i), (iii)
(d) (iv), (i), (ii), (iii)
- Q20. Read the following statements:** Assertion (A) and Reason (R). Choose the correct alternative from those given below. [1]
Assertion (A): The nature of unemployment problem in India is multi-faceted.
Reason (R): Worker-Population ratio is an indicator used for analysing the employment situation in a country.
Alternatives:
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
(c) Assertion (A) is true, but Reason (R) is false.
(d) Assertion (A) is false, but Reason (R) is true.
- Q21.** Railways were introduced in India in the year: [1]
(a) 1854
(b) 1853
(c) 1855
(d) 1850
- Q22.** Liberalisation implies: [1]
(a) greater role of public sector
(b) reduction in governments control over the private sector
(c) free economy with no controls
(d) none of these
- Q23.** Which of the following instrument of trade protection directly raises the price of the commodity in the domestic economy? [1]
(a) Import tariff
(b) Export subsidy
(c) Import substitution
(d) Import liberalisation
- Q24.** Read the following statements carefully: [1]
Statement 1: One-child policy was very effectively used in controlling the population by the Chinese authorities.
Statement 2: One-child policy, according to scholars, led to a decline in gender ratio (the proportion of females per 1000 males).
In light of the given statements, choose the correct alternative from the

following: 1

- (a) Statement 1 is true and Statement 2 is false.
- (b) Statement 1 is false and Statement 2 is true.
- (c) Both Statements 1 and 2 are true.
- (d) Both Statements 1 and 2 are false.

Q25. Identify, which of the following is an incorrect function of environment? [1]

- (a) Supplies resources
- (b) Assimilates waste
- (c) Land degradation
- (d) Provides aesthetic services

Q26. _____ is known as the architect of Indian Planning. [1]

- (a) Jawaharlal Nehru
- (b) Dr. Rajendra Prasad
- (c) Dr. Manmohan Singh
- (d) P.C. Mahalanobis

Q27. Pakistan's first five years plan, now called as, [1]

- (a) Medium Term Development Plan
- (b) Short Term Development Plan
- (c) Long Term Development Plan
- (d) None of the above

Q28. Interpret the given picture as another alternative source of employment in the rural areas: [3]



Q29. Education commission 1965-66 has GDP must be spent in education. How for India has been able to achieve this goal. Explain. [3]

OR

Are traditional practices can be helpful in achieving the objectives of sustainable development?

Q30. Power sector in India has major issues with its installed capacity. Discuss the given statement. [4]

Q31. Mention the salient demographic indicators of India China and Pakistan. [4]

Q32. What do you mean by 'inward looking trade strategy' Explain its good impact on economy. [4]

OR

Discuss the following as a source of human capital formation.

- (i) Health infrastructure
- (ii) Expenditure on migration

Q33. Read the following text carefully: [6]

After ruling for around 150 years, the British left India in August 1947. But before leaving, they also divided the subcontinent into two. The two countries—India and Pakistan—inherited similar economies, marked by neglect and under-investment from their past colonisers. However, 77 years later, the difference

between both couldn't be starker—while India is poised to become the third-largest economy in the world, Pakistan is facing economic and political instability and struggling to stay afloat.

According to the World Bank, India's GDP stood at \$3.39 trillion as of 2022, more than 800 percent greater than the \$376.53 billion GDP of Pakistan.

Another indicator to look at is the GDP per capita of both countries. While the two countries started out with nearly identical figures, India's GDP per capita is nearly 50 percent more than that of Pakistan's today. However, there were times before 2000 when Pakistan's GDP per capita was actually higher than India's. Such a trend can also be seen when it comes to GDP growth, which remained higher than India for many years before the 1990s.

While protectionist policies by the Indian government slowed growth, Pakistan benefited immensely by the trade from East Pakistan, which accounted for as much as 70 percent of the country's export earnings during its early years.

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

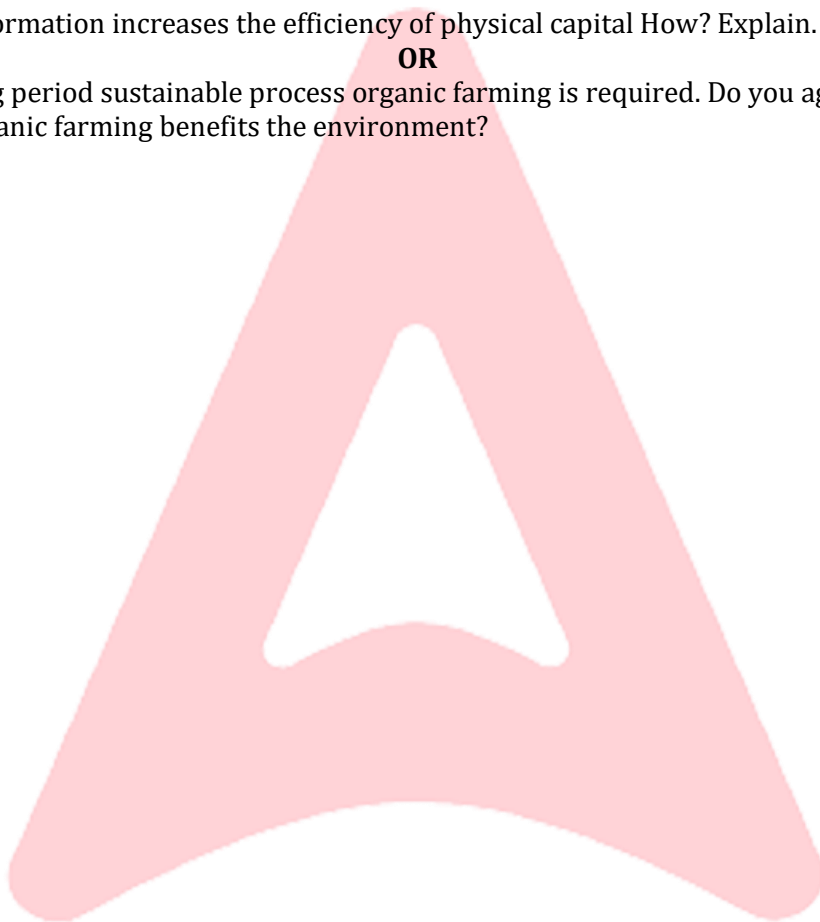
- (a) What factors contributed to the divergent economic trajectories of India and Pakistan since their independence?
- (b) How did Pakistan's economy benefit from East Pakistan in its early years?
- (c) Why was Pakistan's GDP per capita higher than India's before the 1990s?

Q34. Human capital formation increases the efficiency of physical capital How? Explain.

[6]

OR

To maintain long period sustainable process organic farming is required. Do you agree? Explain how organic farming benefits the environment?



SOLUTIONS

SECTION A MACRO ECONOMICS

S1. Ans. (d)

Sol. Fiscal deficit is equal to interest payment.

S2. Ans. (a)

Sol. Reduce Cash Reserve Ratio.

S3. Ans. (c)

Sol. Assertion (A) is true, but Reason (R) is false.

S4. Ans. (a)

Sol. wealth

S5. Ans. (c)

Sol. Both Statements 1 and 2 are true.

S6. Ans. (a)

Sol. 5

S7. Ans. (d)

Sol. Bonus

S8. Ans. (c)

Sol. 0.2

S9. Ans. (a)

Sol. Statement 1 is true and statement 2 is false.

S10. Ans. (b)

Sol. Banking facilities to public

S11.

Sol. Given MPC = 0.6

Initial investment = ₹1,000 crores.

$$K = \frac{1}{(1-MPC)}$$

$$K = \frac{1}{(1-0.6)}$$

$$K = \frac{1}{0.4}$$

$$K = 2.5$$

Change in final income = Initial investment × Multiplier (K)

Change in final income = 2.5 × 1000

Change in final income = ₹5,000 crores.

S12.

Sol. Under the **Keynesian Theory**, there will be no change in the employment as the economy is already working at the full employment. Excess Demand leads to inflation in the economy. This occurs when aggregate demand (AD) surpasses aggregate supply (AS), particularly at full employment levels. Since output cannot increase beyond full employment, any additional demand exerts pressure on existing supply, resulting in inflation. This situation creates a wage-price spiral, where wages and prices continually increase in response to each other, fueling the inflationary cycle.

OR

(a) **Ex-Ante Savings:** Refers to the Planned Savings, at different levels of income in an economy.

(b) **Full employment:** Full employment refers to a situation in which all those who are able to work and are willing to work at the existing wage rate get work.

- (c) **Autonomous Consumption:** Refers to the minimum level of consumption for survival even a zero level of Income

S13.

Sol.

- (a) Financial help from a multinational corporation for victims in a flood affected area.
Reason: It is a **Revenue receipt** of the government, as it is neither creating any liability nor reducing any assets for the government
- (b) Sale of Shares of a Public Sector undertaking (PSU) to a Private Company Ltd.
Reason: It is a **capital receipt** of the government, as it is reducing the assets for the government.
- (c) Dividends paid to the government by the State Bank of India.
Reason: It is a **Revenue receipt** of the government, as it neither creating any liability nor reducing any assets for the government
- (d) Borrowings from International Monetary fund (IMF)
Reason: It is a **capital receipt**, as it is increasing the liability of the government

S14.

Sol. "Higher gross Domestic Product (GDP) means greater per capita availability of goods in the economy". This Statement is not true.

Reasons:

- (i) If the rate of Population growth is more than the rate of growth of GDP, the Per Capita availability of goods and Services will fall.
- (ii) The increase in the GDP may also be as a result of the increase in the income of just a few individuals. A majority of the citizens might not be able to gain benefit from the rise in GDP.
- (iii) The Government on Defence is termed as non-development expenditure. This leads to an increase in the national income but does not lead to any form of increase of the welfare of the masses.

OR

- (i) Nominal Gross Domestic Product (GDP) is measured as the product of current year output (Q₁) of final goods and Services and their Current Year Price (P₁).
- (ii) Real Gross Domestic Product (GDP), on the other hand, is measured as Product of Current Year output (Q₁) and their base Year Price (P₀) Real GDP will increase if the output of goods and Services Produced in an economy is increasing.

For Example: Suppose Current Year's Production in a hypothetical economy is 1000 unit at a Price of ₹500, the GDP at Current Year Price is $1000 \times 500 = ₹5,00,000$, So the nominal GDP is ₹5,00,000

Suppose Base Year Price is 400, then GDP at base Year Prices is $1000 \times 400 = ₹4,00,000$ So, the Real GDP is 4,00,000.

S15.

Sol. (a) Aggregate Demand is greater than Aggregate Supply.

- (i) When Aggregate Demand is greater than Aggregate Supply ($AD > AS$), buyers are Planning to buy more goods and services than what Producers are Planning to Produce.
- (ii) It will lead to fall in Planned inventories below the desired level.
- (iii) The Produce more, which will raise the income level i.e. As, till AD Becomes equal to AS.

(b) Ex Ante Investments are lesser than Ex Ante Savings.

- (i) Ex Ante investments are lesser than ex-ante Saving ($I < S$) means buyers are planning to buy lesser output as to what producers are planning to produce.
- (ii) It will lead to rise in planned inventories above the desired level.
- (iii) As a result, the Producers will cut down production leading to reduction of income till savings become equal to investments.

S16.

Sol.

- (a) Value Addition - This refers to the increase in value that a business adds to its raw materials or inputs. It is the difference between the cost of inputs and the value or price of the final output. For example, a company that buys raw wood for \$100 and sells finished furniture for \$500 has added \$400 in value.
- (b) Gross Domestic Product (GDP) - GDP is the total monetary value of all finished goods and services produced within a country's borders in a specific time period. It serves as a comprehensive scorecard

of a country's economic health. GDP includes private and public consumption, government outlays, investments, and net exports.

- (c) Flow Variable - A flow variable is measured over an interval of time. It represents a process that happens over that period, such as income, spending, or investment. For example, a country's annual GDP is a flow variable because it measures economic activity over the year.
- (d) Income from Property and Entrepreneurship - This term refers to the income generated from owning property or running a business. It includes profits from business operations, rent from property owned, interest from financial investments, and dividends from shares in companies.

OR

- (a) Gross Domestic Capital Formation = I

$$I = \text{GDP}_{\text{MP}} - C - G - \text{NX}$$

$$\text{GDP}_{\text{MP}} = ?$$

$$C = 7200$$

$$G = 6,100$$

$$\text{NX} = 3,400$$

$$I = \text{Private Final Consumption Expenditure}$$

$$\text{GDP}_{\text{MP}} = \text{National Income} + \text{Net Indirect Taxes} + \text{Depreciation} - \text{Net Factor Income from Abroad}$$

$$\text{GDP}_{\text{MP}} = 22,100 + 700 + 500 - (-150)$$

$$\text{GDP}_{\text{MP}} = 23450$$

$$I = \text{GDP}_{\text{MP}} - C - G - \text{NX}$$

$$I = \text{GDP}_{\text{MP}} - C - G - \text{NX}$$

$$I = 23450 - 7200 - 6,100 - 3,400$$

Gross Domestic Capital Formation (I) = ₹ 6750 crores

- (b) Operating Surplus = $\text{NDP}_{\text{FC}} - \text{Wages and Salaries} - \text{Mixed Income of Self-Employed}$

$$\text{NDP}_{\text{FC}} = \text{GDP}_{\text{MP}} - \text{NIT} - \text{Depreciation}$$

$$\text{NDP}_{\text{FC}} = 23450 - 700 - 500$$

$$\text{NDP}_{\text{FC}} = 22250$$

$$\text{Operating Surplus} = 22250 - 12,000 - 4,800$$

Operating Surplus = ₹ 5450 crores

S17.

- Sol.** (a) When the Reserve Bank of India (RBI) purchases U.S. dollars, it increases its foreign currency assets and

simultaneously adds to the money supply in the economy. This is because buying dollars involves injecting the rupee

equivalent into the market, thereby increasing the domestic money supply.

- (b) Surges in capital inflows can have a significant impact on the balance of payments and the exchange rate. These inflows lead to an increase in foreign currency assets, which can strengthen the balance of payments. However, they can also exert upward pressure on the exchange rate, potentially leading to an appreciation of the local currency, which may affect the competitiveness of exports.
- (c) Sterilisation is the process by which the RBI neutralizes the impact of its foreign exchange interventions on the domestic money supply. It is achieved by conducting Open Market Operations (OMO), specifically by selling government securities in exchange for money. This action withdraws the equivalent amount of rupees from the market that was added through the purchase of U.S. dollars, thereby offsetting the increase in money supply. Sterilisation helps maintain monetary stability despite forex market interventions.

Section - B

Indian Economic Development

S18. Ans. (b)

Sol. Subsistence agriculture

S19. Ans. (b)

Sol. (iv), (ii), (i), (iii)

(iv) First Five Year Plan (1953-1957)

(ii) Great Leap Forward Campaign (1958-1960)

(i) Great Proletarian Cultural Revolution (1966-1976)

(iii) Introduction of Economic Reforms (1978)

S20. Ans. (b)

Sol. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).

S21. Ans. (b)

Sol. Railways were introduced in India in 1853

S22. Ans. (b)

Sol. Liberalisation implies reduction in governments control over the private sector.

S23. Ans. (c)

Sol. Import substitution is an instrument of trade protection directly raises the price of the commodity in the domestic economy.

S24. Ans. (b)

Sol. Statement 1 is false and Statement 2 is true.

S25. Ans. (c)

Sol. degradation: This is the incorrect function. Land degradation is not a function of the environment itself, but rather a consequence of human activities that harm the environment. Activities like deforestation, overgrazing, pollution, and unsustainable agricultural practices can lead to soil erosion, loss of fertility, and desertification.

S26. Ans. (d)

Sol. P.C. Mahalanobis is known as the architect of Indian Planning.

S27. Ans. (a)

Sol. Medium Term Development Plan

S28.

Sol. **The image of a beautiful garden in a rural area suggests various employment opportunities:**

- Agriculture and Horticulture: Growing and selling specialty crops and flowers.
- Tourism: Attracting visitors for eco-tourism and recreation.
- Education: Offering workshops on gardening and sustainability.
- Value-Added Products: Creating goods like essential oils or herbal teas.
- Landscape Services: Providing landscaping and maintenance for gardens.

S29.

Sol. **In India investment on education sector is very low.**

- In 1952 India spent only 0.6% of its GDP on education that rose to only 4% in 2014.
- There is no significant increase in the education expenditure.
- This is fallen short of 6% target as proposed by the education commission 1964.
- This show the true picture of me government and even represents that education is no considered as an important part of development of an economy.
- If the government spends 6% of GDP on education with utmost planning and care men present education system will rise and gets better.

OR

I Defend This Statements

Traditional practices have the potential to contribute significantly to the achievement of sustainable development objectives.

They often embody local knowledge and wisdom that promote the conservation of natural resources, biodiversity preservation, resilience to environmental changes, and community-based solutions.

Additionally, they help preserve cultural heritage and often involve low-impact technologies.

However, it's important to adapt and integrate these practices thoughtfully, considering modern sustainability goals and in collaboration with local communities.

S30.

Sol. Major issues with installed capacity of Power Sector in India.

- The given statement states about the insufficiency of the installed capacity of production of power in India.
- If the Indian economy wants to touch the GDP growth rate between 7-8%.
- It must target to produce electricity with a growth rate of 7%. Which is not possible with the present production capacity in the power sector.

Thus, we need to work in two directions to improve installed capacity:

- (i) **Increased investments** (by both public and private players) in the power generation sector.
- (ii) **Better utilization of the present infrastructure.**

S31.

Sol. The Salient demographic indicators of China, Pakistan and India.

- **Population:** China accounts large population as compared to India and Pakistan. Pakistan's population is very small and accounts for roughly about one tenth of China or India.
- **Annual Growth of Population:** The annual growth of China is lowest which is an indicator of the one-child policy being initiated in China for controlling population Pakistan has the highest annual growth of population i.e., 2.1 comparatively
- **Density:** Despite of China being the largest nation and occupying largest area geographically among the three nations.
- **Sex Ratio:** Sex ratio is low and biased against females in all three countries. Scholars cite son preference prevailing in all these countries as the reason. Thus, promoting girl child many incentives have been undertaken by all the three nations.

S32.

Sol. Inward looking trade strategy

- It is also known as import substitution.
- Its main aim is to produce goods domestically which are imported to our nation.
- The government protects the domestically produced goods from foreign competition.
- This policy protects imports in two forms, tariffs and quota.

Good Impact of Inward Looking

- It increases GDP and therefore income of the domestic people.
- Protects infant industries from foreign competition.
- Restricts outflows of foreign reserves of the government
- It restricts competition, improved quality of goods and services.

OR

Health infrastructure: A healthy labour force is more effective and efficient rather than an unhealthy labour force and consequently will have higher productivity than that of one.

Forms of health expenditure includes-

- Preventive medicine (vaccination)
- Curative medicine (medical intervention during illness).

Expenditure on migration: Migration can also be seen as a source of human capital formation as it results in enhanced earnings of a person.

Migration can take place in two forms: -

- **Rural-urban migration:** due to unemployment in rural areas, people migrate from rural areas to urban areas in search of jobs.
- **Migrating to other countries:** Qualified personnel migrate to other countries due to higher salaries and better career enhancement opportunities.

S33.

Sol. (a) The differences in economic trajectories can be attributed to various policies and external factors. India's initial protectionist policies slowed its growth, while Pakistan benefited from trade, particularly from East Pakistan. In

recent decades, India's economic reforms and liberalization have spurred significant growth, leading to its current

position as a major global economy.

- (b) In the early years following independence, East Pakistan (now Bangladesh) was a significant contributor to Pakistan's economy, accounting for as much as 70 percent of the country's export earnings. This trade played a crucial role in Pakistan's economic performance during that period.
- (c) Pakistan's GDP per capita was higher than India's before the 1990s due to its initially more robust economic growth, bolstered by trade from East Pakistan and possibly more effective economic policies at the time. India's protectionist policies during this period also contributed to its slower economic growth compared to Pakistan.

S34.

Sol. Human capital formation increases the efficiency of physical capital.

- Change the traditional society to modern society, which has higher scope for economic development
- Increases the productivity of the physical capital (for example, they can handle the tools and machines in better way)
- Higher standard of life is possible only via development of human capital.
- Human capital formation facilitates the use and growth of innovation. Innovation is the principle determinant of growth.
- (Increases the rate of participation.)
- Investment in human capital yields larger returns and the returns on mis type of investment for outweigh its input costs.

OR

Yes, i agree with the statement "To maintain long period sustainable process farming is required".

Environmental benefits of organic farming

- (i) **Reduce exposures to pesticides and chemicals:** Synthetical chemicals discourages smart farming practices such as cover crops and crop rotation, which in turn may cause other harmful environmental problems like soil erosion.
- (ii) **Organic farming builds healthy soil:** Natural cultivation practices are for better than chemical soil management
- (iii) **Water quality:** It prevents water pollution by avoiding chemical runoffs.
- (iv) **Biodiversity:** It supports diverse species and promotes natural pest control.
- (v) **Reduced pollution:** It minimizes greenhouse gases and pollutants without synthetic inputs.
- (vi) **Ecosystem balance:** It fosters a safer and healthier ecosystem for all living organisms.