Class XII Session 2026-27
Subject - Economics
Sample Question Paper - 1

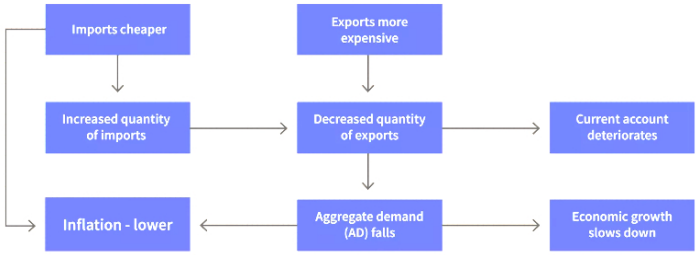
Time Allowed: 3 hours **Maximum Marks: 80**

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 type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

SECTION A – MACRO ECONOMICS

1. The increase in the value of the domestic currency in relation to foreign currency due to fluctuations in the foreign exchange rate is called: **[1]**



a) Devaluation b) Revaluation

c) Appreciation d) Depreciation

2. Which of the following is not included in money supply? **[1]**

a) Time deposits b) High powered money

c) Bank money d) Inter-bank deposits

3. The value of _____ can never be negative, while _____ can have a value equal to one. **[1]**

a) MPS, APC b) MPC, APS

c) APC, APS d) APS, APC

4. Read the following statements carefully: **[1]**

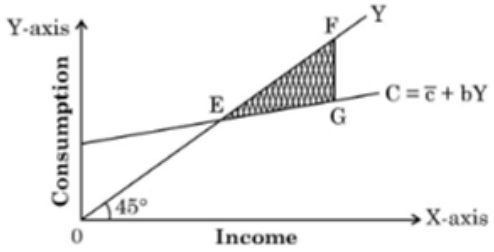
Statement 1: Borrowings by a nation from the World Bank to finance Balance of Payment (BoP) deficit will be recorded in the capital account.

Statement 2: Autonomous transactions are independent of the condition of Balance of Payment (BoP) account.

In light of the given statements, choose the correct alternative from the following:

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

5. Identify, what does the shaded area (△EFG) , in the given figure indicate? **[1]**



I. Consumption > Income
II. Saving = Zero (0)
III. Consumption < Income
IV. Saving < Zero (0)

a) II and III
b) III and IV
c) I and IV
d) I and II

6. Before the Bretton Woods standard system, exchange rates were pegged against _____. **[1]**

a) gold
b) any precious metal
c) Either gold and silver
d) silver

7. **Statement 1:** During deflationary gap, the Central Bank of a country may increase the repo rate. **[1]**

Statement 2: The government can reduce the deflationary gap by purchasing Government Securities (G-Sec) in the open market.

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

8. If Marginal Propensity to Save (MPS) is equal to zero, it indicates that the National Income of the economy will be _____. **[1]**

a) 1
b) 0
c) not defined (∞)
d) < 1

9. **Assertion (A):** Real Flow is also known as Nominal Flow. **[1]**

Reason (R): Real Flow involves flow of goods and services between firms and households.

a) Both A and R are true and R is the correct explanation of A.

b) Both A and R are true but R is not the correct explanation of A.

c) A is true but R is false.

d) A is false but R is true.

10. Supply of money refers to quantity of money _____. **[1]**

a) as on any point of time

b) as on 31st March

c) during any specified period of time

d) during a fiscal year

11. Can there be a deficit in Balance of Trade without a deficit in Balance of Payments? **[3]**

12. a. Giving valid reasons, state how the services of a **School Teacher** will be undertaken in estimation of National Income. **[3]**

b. Discuss briefly how the money received from the sale of a second-hand car will be undertaken in estimation of National Income.

OR

If the Real Gross Domestic Product is ₹ 16,000 crores and Gross Domestic Product at current prices is ₹ 20,000 crores, calculate the value of price index.

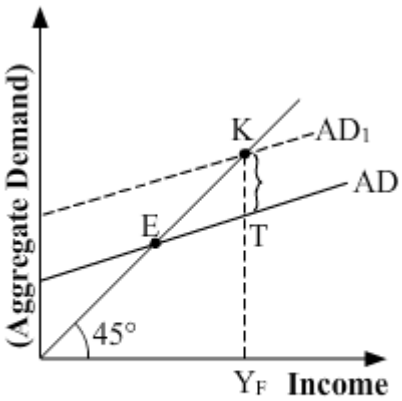
13. In an economy ex-ante Aggregate Supply is less than ex-ante Aggregate Demand. Explain its impact on the level of output, income and employment. **[4]**

OR

In an economy, as a result of increase in investment by Rs. 100 crore, National Income rises by Rs. 1,000 crore. Find Marginal Propensity to Consume.

14. **Monetary measures offer a valid solution to the problem of Inflationary gap in an economy**. State and discuss any two monetary measures to justify the given statement. **[4]**

15. In the given figure, what does the gap KT represent? State any two fiscal measures to correct the situation. **[4]**



16. **Answer question (A) or (B) the following:** **[6]**

i. **Answer the following questions:** **[3]**

i. What is a tax? State its two main features.

ii. Explain any one objective of government budget.

ii. **Answer the following questions:** **[3]**

i. What is capital budget?

ii. Distinguish between the following. Also, give an example of each.

i. Direct tax and indirect tax

ii. Revenue expenditure and capital expenditure.

17. Calculate (a) Net National Product at Factor Cost and (b) Gross National Disposable Income from the following data: **[6]**

S.No.	Contents	(₹ in crores)
(i)	Saving of non-departmental enterprises	50
(ii)	income from property and entrepreneurship accruing to the government administrative departments	70
(iii)	Personal tax	90
(iv)	National debt interest	20
(v)	Retained earnings of the private corporate sector	10
(vi)	Current transfer payments by government	40
(vii)	Consumption of fixed capital	60
(viii)	Corporation tax	30
(ix)	Net indirect tax	80
(x)	Net current transfers from the rest of the world	(-) 10
(xi)	Personal disposable income	1000
(xii)	Net National Income to Abroad	(-)10

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Which of the following workers is a regular salaried employee? **[1]**

a) Rickshaw puller
b) Owner of a saloon
c) Cashier in State Bank of India
d) Vegetable vendor

19. Which economic system did India adopt as development strategy? **[1]**

a) Socialist system upto 1991 and then capitalist system
b) Mixed capitalist system
c) Socialist system
d) Capitalist system

20. The economy of India is based on planning through the ___ Year Plan develop executed and monitored by the planning Commission **[1]**

a) Five
b) Three
c) Six
d) Four

21. **Assertion (A):** India is witnessing a widening gulf between the rural and urban economies. **[1]**

Reason (R): Growth of GDP has primarily been triggered by the growth of secondary and tertiary sectors.

a) Both A and R are true and R is the correct explanation of A.

b) Both A and R are true but R is not the correct explanation of A.

c) A is true but R is false.

d) A is false but R is true.

22. Following states have high literacy rate except_____. **[1]**

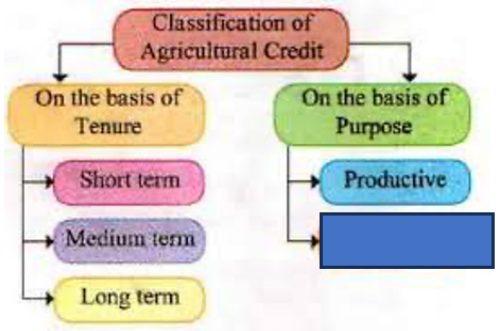
a) Rajasthan

b) Mizoram

c) Kerala

d) Delhi

23. Farmers need credit for consumption purposes for marriage, birth or death etc. This is called: **[1]**



a) Unproductive credit

b) Productive scheme

c) Productive credit

d) purposeful credit

24. In the 1970s, Pakistan nationalised the industries related to _____ goods. **[1]**

a) Defence

b) Sports

c) Capital

d) Consumer

25. Choose the correct pair of statements given in columns I and II below: **[1]**

Column I	**Column II**
(A) Subsidies	(I) Maximum quantity of goods that can be imported
(B) Karve Committee, 1955	(II) Using small-scale industries to promote rural development
(C) Import Substitution Policy	(III) To encourage farmers for adopting new technology
(D) Quota	(IV) To protect domestic firms

a) D - IV

b) C - III

c) B - II

d) A - I

26. Estimates of soil erosion show that soil is being eroded at a rate of ____ excess of the recharge capacity. **[1]**

a) 3.5

b) 5.3

c) 4.3

d) 2.5

27. Which of the given statements characterise the status of the Indian economy during the British rule? **[1]**

i. A vibrant economy with well-developed infrastructure
ii. Stagnant econ om y with a heavy reliance on agricultural sector
iii. A flourishing market and integration with the global economy
iv. Prevalence of rampant poverty and unemployment

a) (i) and (iii) b) (ii) and (iv)

c) (ii), (iii), and (iv) d) (i) and (iv)

28. Compare and analyse the sector-wise trends in employment, based on following information: **[3]**

Trends in Employment (Sector-wise)

Sector	1999-2000	2011-12
Primary sector	60.4	48.9
Secondary sector	15.8	24.3
Tertiary sector	23.8	26.8
Total	100	100

29. State any two strategies to achieve the objective of sustainable development. **[3]**

OR

Explain natural resources.

30. The objective of new economic policy was privatisation. Discuss. **[4]**

OR

The process of globalisation through liberalisation and privatisation policies has produced positive, as well as, negative results for India and other countries. Defend or refute the above statement.

31. Why was public sector given a leading role in industrial development during the planning period? **[4]**

32. **[4]**



Given an image of deforestation with heavy machines cutting trees.

i. Identify the problem shown.
ii. Discuss one long-term impact of this activity on the environment and human welfare.

33. **Answer the following questions:** **[6]**

i. **Answer the following questions:** **[3]**

i. Write a short note on 'Operation Flood'.

ii. Discuss any two problems being faced in the process of rural banking in India.

ii. **Answer the following questions:** **[3]**

i. State and elaborate, whether the following statements are true/false, with valid arguments:

a. Under the Golden Revolution, there was tremendous growth in horticulture, making India the world leader in this field.

b. Small and marginal farmers are given preference in getting credit from non-institutional sources like Regional Rural Banks, Cooperative Banks, etc.

ii. Discuss the problems of fishing community and give some suggestions.

34. **Read the following text carefully and answer the questions given below:** **[6]**

The Impact of COVID-19 on South Asian Economies - Pakistan

EARLY IMPACT OF THE PANDEMIC On February 26, 2020, Pakistan confirmed its first two cases of COVID-19. The pandemic could not have come at a worse time: the economy was growing at a tepid rate, jobs were hard to come by, and high inflation continued to erode the purchasing power of millions of households. As the case count grew, fear that the virus would spread rapidly across the country led to a vociferous "lockdown versus livelihoods" debate. Khan made a public case for protecting livelihoods and argued against a countrywide lockdown. Nevertheless, provincial governments began to issue their own lockdown orders, shutting down all nonessential businesses. The enforcement of these orders brought Pakistan's economy to a standstill by the end of March.

Early estimates predicted that the economy would lose between 12 and 18 million jobs during the lockdown. The World Bank predicted that the country would enter its first recession in decades. Consequently, on March 24, 2020, Khan announced a stimulus package to prop up the economy and pave the way for a quick recovery. Totaling Rs.1.2 trillion (about 3 percent of GDP), the stimulus included an Rs.200 billion fund to protect laborers, Rs.150 billion to expand the country's existing cash transfer program to poor families, and another Rs. 100 billion for pandemic-related emergencies.

The biggest success of the stimulus was the rapid expansion of the country's cash transfer mechanism. More than 15 million families received funds through the program, ensuring that millions of citizens did not fall into extreme poverty. The State Bank also played a key role in supporting the economy, extending credit to small- and medium-sized businesses and protecting millions of jobs in the formal economy. The cumulative support provided by the central bank reached Rs. 1.3 trillion by October 2020. It also sharply cut interest rates from 13.25 percent to 9 percent in April 2020 and pushed them down to 7 percent by the end of June.

As its domestic economy struggled, Pakistan had to pause its USD 6 billion fiscal stabilization program (which had started in 2019) and seek emergency relief from the IMF. By mid-April, the IMF also approved a USD 1.39 billion loans to alleviate the economic pain from the pandemic. In the following months, the World Bank provided USD 505 million in low-interest, soft loans; the Asian Development Bank approved a USD 500 million emergency loan; and the Asian Infrastructure Investment Bank approved a USD 250 million loans. Nevertheless, by December 2020, debt relief program talks with the IMF stalled as the Khan government resisted the demands and restrictions posed by the IMF. These included demands to increase energy tariffs and to sustainably reduce debt in the power sector, among others.

Questions:

i. Discuss the projected impact of the countrywide lockdown on Pakistan's economy. (3)

ii. Analyse the implications of the pandemic on the domestic economy of Pakistan. (3)

Solution

SECTION A – MACRO ECONOMICS

1.

(c) Appreciation

Explanation:

The increase in the value of the domestic currency in relation to foreign currency due to fluctuations in the foreign exchange rate is called appreciation.

2.

(d) Inter-bank deposits

Explanation:

Inter-bank deposits

3. **(a)** MPS, APC

Explanation:

MPS, APC

4. **(a)** Both Statements 1 and 2 are true.

Explanation:

Both Statements 1 and 2 are true.

5. **(a)** II and III

Explanation:

II and III

6. **(a)** gold

Explanation:

Before the Bretton Woods standard, gold standard was followed. Under that system of exchange, rates were fixed or tied against US Dollar.

7.

(b) Both Statements 1 and 2 are false.

Explanation:

Both Statements 1 and 2 are false.

8.

(c) not defined (∞)

Explanation:

not defined (∞)

9.

(d) A is false but R is true.

Explanation:

A is false but R is true.

10. **(a)** as on any point of time
Explanation:
The money supply is a stock concept and it is estimated as a point of time.

11. Yes, there can be a deficit in Balance of Trade without a deficit in Balance of Payments. Balance of Trade is only a component of current account of Balance of Payment, which includes only exports and imports of goods. However, Balance of Payment includes both current as well as capital account, hence there is a much wider scope.

12. a. The services of a school teacher will be included in computation of national income of the country as it contributes to the current flow of services in the economy.
b. The money received from the sale of a second hand car will not be included in the estimation of national income of the country as it does not contribute to the current flow of goods in the economy.

OR

Price index = Nominal index $\times \frac{100}{\text{Real index}}$

= 20000 $\times \frac{100}{16000}$

= 125

13. In an economy, if ex-ante Aggregate Supply is less than ex-ante Aggregate Demand, it implies that households are planning to consume more than what the firms expected them to. This will lead to an unintended fall in inventories. To restore the desired level of inventories, producers may plan to expand production. As a result, there may be an increase in the level of output, employment and income in the economy.

OR

Calculation of Marginal Propensity to Consume :
Given,

1. Change in Income(ΔY)=Rs. 1,000 crore.
2. Change in Investment (ΔI) = Rs.100 crore.

Now, Multiplier $(K) = \frac{\Delta Y}{\Delta I} = \frac{1{,}000}{100} = 10$

Now, we know that $=K = \frac{1}{1-MPC}$ where MPC is the Marginal Propensity to Consume

or $10 = \frac{1}{1-MPC}$

or 10 - 10 MPC =1

or MPC = 10 - 1

or $\text{MPC} = \frac{9}{10}$

$\therefore$ **Marginal Propensity to Consume.(MPC) = 0.9**

14. Monetary measures offer a valid solution to the problem of Inflationary gap in an economy. Two monetary measures which may be used to solve the problem of inflation are as follows:
a. **An increase in Cash Reserve Ratio (CRR)** may reduce the credit creation capacity of the commercial banks in the economy. This may lead to a fall in the borrowings from banks causing a fall in AD in the economy, and helps to correct the inflationary gap.
b. **Sale of Government Securities in the open market by the Central Bank** will adversely affect the ability of the Commercial Banks to create credit in the economy. As a result Aggregate Demand in the economy may fall and correct the inflationary gap in the economy.

15. The vertical gap 'KT' represents 'Excess Demand'. The fiscal measures to correct 'Deficient Demand' are:
i. The decrease in government expenditure
ii. Increase in taxes.
iii. Increase in public borrowings.

16. Answer question (A) or (B) the following:
(a) Answer the following questions:

i. A tax is a compulsory payment to the government without expectation of any direct return or benefits to the taxpayer.
Following are the two main features of a tax:

i. A tax is a compulsory contribution from the people to the government. A taxpayer will have to pay it otherwise the government would take legal action against the defaulter.
ii. Mere payment of tax does not entitle the taxpayer to get certain benefits from the government. There is no direct quid- pro- quo between the taxpayers and the public authority.

ii. **Reducing inequalities in income and wealth, one of the objectives of government budget:**

Economic inequality is an inherent part of every economic system. Government aims to reduce such inequalities of income and wealth, through its budgetary policy. Government aims to influence the distribution of income by imposing taxes on the rich and spending more on the welfare of the poor. It will reduce the income of the rich and raise the standard of living of the poor, thus reducing inequalities in the distribution of income.

(b) Answer the following questions:

i. Capital Budget shows estimated capital receipts and capital expenditure during a fiscal year. It is an account of the assets as well as the liabilities of the Central Government, which takes into consideration changes in capital during a fiscal year.

ii. Differences between direct tax and indirect tax are as under:

Basis	**Direct tax**	**Indirect tax**
Meaning	A direct tax is one which is directly levied on the individuals and firms and its burden is borne by those on whom it is levied.	An indirect tax is one in which the burden of tax can be shifted.
Nature	It is progressive in nature.	It is regressive in nature.
Example	Income tax, wealth tax and corporation tax are examples of direct tax.	Value Added Tax, sales tax and Goods and Service Tax are examples of indirect tax.

Differences between revenue expenditure and capital expenditure are as under:

Basis	**Revenue Expenditure**	**Capital Expenditure**
Meaning	Revenue expenditure is the expenditure of government which neither cause increase in government assets nor cause any reduction in government liabilities.	Capital expenditure is the expenditure of government which leads to increase in government assets or reduction in government liabilities.
Example	Expenditure on old age pensions, expense on administrative services, expense on national security, expense on health and education etc.	Expenditure on the construction of national highways, re-payment of government loans, establishment of factories etc.

17. Income accruing to Private Sector
= Personal Disposable Income + Personal Tax
+ Retained Earnings of Private Corporate Sector
+ Corporation Tax - National Debt Interest
- Current Transfers Payments by Government
- Net Current Transfers from Rest of the World
+ Net National Income to Abroad
= 1,000 + 90 +10 + 30 - 20 - 40 - (- 10) + (-10) = ₹ 1,070 crore

NDP_{FC} = Income accruing to Private Sector
+ Saving of Non-departmental
Enterprises + Income from Property and
Entrepreneurship accruing to the
Government Administrative
Departments
= 1,070 + 50 + 70 = ₹ 1,190 crore
NNP_{FC} = NDP_{FC} - Net National Income to Abroad
= 1,190 - (-10) = ₹ 1,200 crore
Note Gross National Disposable Income has not been computed as it is not in course.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18.
(c) Cashier in State Bank of India
Explanation:
Cashier in State Bank of India workers is a regular salaried employee.

19.
(b) Mixed capitalist system
Explanation:
Mixed capitalist system

20. **(a)** Five
Explanation:
From 1947 to 2017, the Indian economy was premised on the concept of planning. It was carried through the Five-Year Plans, developed, executed, and monitored by the Planning commission.

21.
(b) Both A and R are true but R is not the correct explanation of A.
Explanation:
The growth of GDP has primarily been triggered by the growth of secondary and tertiary sectors. The agricultural sector has suffered serious neglect and its growth rate has depleted to a miserably low level. Thus, India is witnessing a widening gulf between the rural and urban economies.

22. **(a)** Rajasthan
Explanation:
Rajasthan has a literacy rate of 66.11 percent as of the 2011 census and is the least when compared t o Kerala, Delhi and Mizoram.

23. **(a)** Unproductive credit
Explanation:
Unproductive credit requirements related to consumption activity. Credit required to meet consumption expenditures for social and religious purposes is known as unproductive credit. Agricultural credit can be categorized on the basis of both purpose of credit and objective of the credit provider.

24.
(c) Capital
Explanation:
Capital

25.
(b) C - III

Explanation:
import substitution policy are to mean to protect domestic firms.

26.

(b) 5.3
Explanation:
Estimates of soil erosion show that soil is being eroded at a rate of 5.3 billion tonnes a year for the entire excess of the recharge capacity.

27.

(b) (ii) and (iv)
Explanation:
(ii) and (iv)

28. The table shows that the workforce engaged in the primary sector has decreased from 1999-2000 to 2011-12. The proportion of the workforce employed in the secondary and tertiary sectors has increased. Though the shift from primary to secondary and tertiary sector is encouraging, the increase is not significant. the trends show the structural changes in primary sector to secondary sector and tertiary sector due to advancement in information technology and education sector in India.
29. Two strategies to achieve the objective of sustainable development are:
    - **Use of wind energy:** In areas where speed of wind is usually high, windmills can be used to generate electricity without any adverse impact on the environment.
    - **Use of solar energy:** With the help of photovoltaic cells/solar panels, solar energy can be converted into electricity. This technology is extremely useful for remote areas and is free from pollution

    OR

    Natural resources are the resources which have been provided by nature in the form of land, air, water, forests, animals, sunshine, etc. Natural resources are free gifts of nature. In other words, natural resources are useful raw materials that we get from the Earth. They occur naturally, which means that humans cannot make natural resources. Instead, we use and modify natural resources in ways that are beneficial to us. The materials used in human-made objects are natural resources. They are the foundation of the prosperity of a country.
    Natural resources may be of two types
    i. Renewable natural resources
    ii. Non-renewable natural resources
30. When we analyse, we find that privatisation is common to liberalisation and globalization. Without privatisation, an economy can neither be globalized nor liberalised. Findings of many studies demonstrated that privatization did not contribute to growth but helped to reduce income inequality, inflation contributed negatively to both economic growth and income equalization.
    The New Economic Policy was introduced with the objective to deregulate the economy and ensure economic development. So, privatisation was crucial for the success of this policy as it ensures high productivity, a competitive environment which promotes innovation and efficiency, diversification of activities and consumer sovereignty.
    In order to encourage private sector, the following measures have been adopted:
    i. The government through its economic policy reduced the number of industries reserved for public sector from 17 to 3 at present.
    ii. It has now been planned to reduce the share of public sector investment to 45%. It increases the share of private sector to 55%.
    iii. Financial corporations cannot force the industries for conversion of their loans into equity shares.

iv. It has now been decided to increase the participation of the general public and workers by selling them the shares of public enterprises.

OR

The process of globalisation through liberalisation and privatisation policies has produced positive, as well as, negative results for India and other countries. The given statement is true to its character.

i. Greater access to global markets,
ii. High technology and,
iii. Increased possibilities of large industries of developing countries to become important players in the international arena.

<u>On the contrary, the critics argue that:</u>

i. Globalisation is a strategy of the developed countries to expand their markets in other countries. According to them, it has compromised the welfare and identity of people belonging to poor countries.
ii. Market-driven globalisation has widened the economic disparities among nations.
iii. It has increased the income and quality of further consumption of only high income groups.
iv. The growth has been concentrated only in some select areas in the service sector such as telecommunication, IT, finance, entertainment, travel and hospitality services, real estate and trade rather than vital sectors such as agriculture and industry which provide livelihoods to millions of people in the country.

31. At the time of independence, Indian economic conditions were very poor and weak. There was neither much private capital nor did India have international investment credibility so as to attract foreign investment. Moreover, Indian planners did not want to be dependent on foreign capital for economic development. In such a situation, it was only logical that the public sector should take the initiative.

During the planning period, the public sector was given a leading role in industrial development because of the following reasons:

i. **Lack of Capital with the Private Entrepreneurs:** At the time of Independence, the requirement of capital for diversified industrial growth far exceeded its availability with private entrepreneurs. Accordingly, it became essential for the state to foster industrial growth through public sector undertakings.
ii. **Lack of Incentive among the Private Entrepreneurs:** The Indian market was comparatively small which discouraged Indian industrialists to invest in major projects (even though they had sufficient capital to invest). Thus, the government promoted the industrial sector.
iii. **Socialistic Pattern of Society:** Indian planners wanted to develop the Indian economy on a socialist base, so they focused on government-funded major projects.
iv. **Social welfare:** In India, there were certain projects in which the profit margin was negligible. Thus, the private sector was not interested in such projects, and it was only the public sector which could bring the balanced regional growth with the establishment of government units in the backward areas. This move could increase the employment and income of the people.

32. i. The problem shown is deforestation.
ii. Long-term impact: Loss of biodiversity, disruption of ecosystems and climate change affecting human welfare and natural balance.

33. Answer the following questions:

(a) Answer the following questions:

i. Operation Flood, launched in 1970, was a project of India's national dairy development board, which was the world's biggest dairy development programme. It is a system whereby all the farmers can pool their milk produced according to different grading (based on quality) and the same is processed and marketed to urban centres through cooperatives.

In this system, farmers are assured of fair price and income from the supply of the milk to urban markets. Gujarat state holds a success story of the efficient implementation of milk cooperatives, which has been followed by many states.

ii. Two problems being faced in the process of rural banking in India are as follows:

- **Insufficient credit availability:** Growth of rural economy depends primarily on infusion of capital. Farmers need funds due to long gestation period. However, it has been observed that the volume of credit in rural India, is insufficient.
- **Dependence on informal credit system:** In the absence of collateral, many small and marginal farmers and other rural poor do not have access to formal banking system pushing them into debt trap. As the last resort, they have to be dependent on the informal credit system, falling into debt trap.

(b) Answer the following questions:

i. a. **True.** India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, etc. and is the second largest producer of fruits and vegetables.

b. **False.** Regional Rural Banks, Cooperative Banks etc. are the institutional sources set up by the government to adequately meet the needs of rural credit.

ii. Fishing community is suffering from:

a. Acute poverty
b. Rampant underemployment
c. Absence of mobility of labour to other sectors
d. High rate of illiteracy and
e. Indebtedness
f. low per capita income

Some of the suggestions to improve the situation are:

a. We need to spread training and education among fishing community.
b. We need to provide credit through SHGs at cheap rates to make it affordable for them.

34. ANS

i. The pandemic hit Pakistan at a worse time when it was already struggling with a slow economic growth rate, low jobs, and high inflation. The government issued lockdown orders of shutting down all nonessential businesses when the cases began to grow rapidly. This led to a vociferous “lockdown versus livelihoods” debate. The enforcement of these orders brought Pakistan’s economy to a standstill by the end of March. Early estimates predicted that the economy would lose between 12 and 18 million jobs during the lockdown. The World Bank predicted that the country would enter its first recession in decades. Consequently, the economy was in bad shape and the government had to rope in the stimulus package for its recovery.

ii. The internal economic condition of Pakistan was grappled with a cash crush which compelled the government to pause its USD 6 billion fiscal stabilization program (which had started in 2019) and seek emergency relief from the IMF. By mid-April, the IMF also approved a USD 1.39 billion loan to alleviate the economic pain from the pandemic. Later, other loans were accrued from various other sources, for instance, the World Bank provided USD 505 million in low-interest, soft loans; the Asian Development Bank approved a USD 500 million emergency loan, and the Asian Infrastructure Investment Bank approved a USD 250 million loans.