Class XII Session 2026-27
Subject - Economics
Sample Question Paper - 4

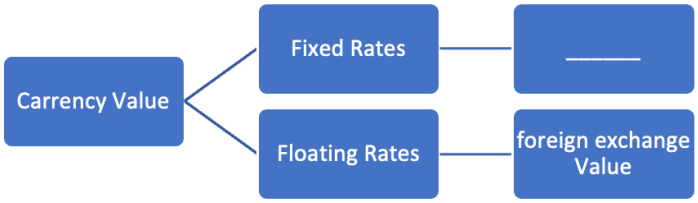
Time Allowed: 3 hours **Maximum Marks: 80**

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. When the value of a currency is fixed in terms of some other currency, it is called: **[1]**



a) Money value
b) Commodity value
c) Parity value
d) Free value

2. Identify the **incorrect** feature(s) of money supply (M_1) from the following: **[1]**

i. It is measured at a point of time.
ii. It does not include stock of money held by the government.
iii. It is always the currency in the hands of the Central Bank of a nation.

a) (iii) only
b) (ii) only
c) (ii) and (iii)
d) (i) and (ii)

3. Marginal Propensity to Save (MPS) is the slope of _____ function. **[1]**

a) Cost
b) Saving
c) Investment
d) Consumption

4. **Statement I:** Transfer Payments are the receipts which the residents of a country get **[1]**

for **free**.

Statement II: Transfer Payments could be given by the government or by foreign citizens.

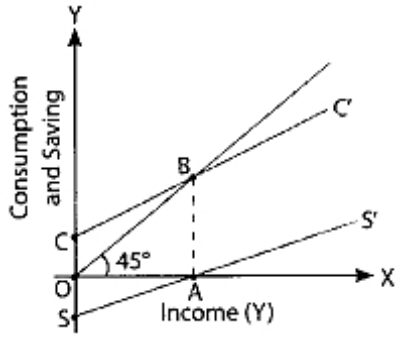
a) Statement I is true, but statement II is false.

b) Both the statements are false.

c) Both the statements are true.

d) Statement I is false, but statement II is true.

5. Break-even point in the following diagram is represented by: **[1]**



a) Point A

b) Point O

c) Point B

d) Both Point B and Point A

6. Considering the depreciation of Indian Currency (₹) in the international market, the Reserve Bank of India (RBI) has decided to purchase Indian currency (₹) in the open market. **[1]**

This represents _____ exchange rate system.

(Fill up the blanks with correct alternative)

a) fixed

b) managed floating

c) flexible

d) manipulated

7. **Statement 1:** Average Propensity to Consume (APC) represents the change in total income with respect to a given change in total consumption. **[1]**

Statement 2: When income changes, change in consumption (ΔC) can never exceed the change in income (ΔY).

a) Both Statements 1 and 2 are false.

b) Both Statements 1 and 2 are true.

c) Statement 1 is true and Statement 2 is false.

d) Statement 1 is false and Statement 2 is true.

8. Which of the following statements is not correct regarding Excess Demand? **[1]**

a) Excess Demand is the result of decline in exports.

b) Excess Demand raises the market value of output.

c) Excess Demand means Aggregate Demand is more than Aggregate Supply.

d) Excess Demand is caused due to reduction in the public expenditure.

9. **Assertion (A):** Notes and Coins are the only source of money supply in the economy. **[1]**

Reason (R): Demand deposits with commercial bank is also a component of money

supply.

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. Flow is a concept which is: **[1]**

a) Cannot be measured at a particular point of time

b) is measured at a particular point of time

c) is not time dimensional

d) is measured over a specified period of time

11. Distinguish between autonomous transactions and accommodating transactions in the Balance of Payments of the economy. **[3]**

12. Calculate Gross Value Added at Market Price: **[3]**

S.No.	Particulars	(₹ in lakh)
(i)	Depreciation	20
(ii)	Domestic Sales	200
(iii)	Change in Stocks	(-)10
(iv)	Exports	10
(v)	Single use producer goods	120

OR

Calculate Factor Income to abroad.

Particulars	₹ in crore
(i) GNP at MP	4,500
(ii) replacement of Fixed Capital	100
(iii) Indirect Taxes	300
(iv) Subsidies	200
(v) Factor Income from abroad	700
(vi) NDP at FC	3,900

13. Assuming that **increase** in investment is ₹ 900 crore and marginal propensity to consume is 0.6, explain the working of multiplier. **[4]**

OR

Suppose, an economy is in equilibrium. From the following data, calculate investment expenditure in the economy:

a. National Income (Y) = ₹ 10,000 crore

b. Marginal Propensity to Consume (MPC) = 0.8

c. Autonomous Consumption ($\bar{c}$) = ₹ 100 crore

14. **India's GDP contracted 23.9% in the April-June quarter of 2020-21 as** **[4]**

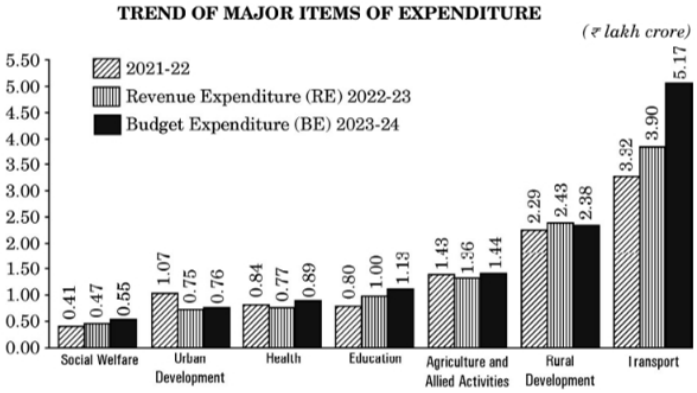
compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard.

State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report.

15. i. Study the following chart carefully and analyse the changing trends in the government expenditure on: **[4]**

I. Agriculture and Allied Activities

II. Transport



ii. Distinguish between **Revenue deficit** and **Primary deficit**.

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

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

i. On the basis of the given data, estimate the value of Net Value Added at Factor Cost (NVA_{FC}):

S. No.	Items	Amount (₹ in crore)
(i)	Sales	1,000
(ii)	Change in stock	150
(iii)	Purchase of raw material	300
(iv)	Gross Investment	100
(v)	Net Investment	80
(vi)	Net Indirect Taxes	20

ii. State any two precautions that are taken while estimating National Income by Expenditure Method.

ii. **Answer the following questions:** **[2]**

i. What aggregate do we get when we add up the gross value added of all the producing sectors of an economy?

ii. How will you treat the following in the calculation of Net Domestic Product (NDP) of India? Give reasons for your answer.

a. Factor income from abroad.

b. Remittances from non-resident Indians to their families in India.

17. Read the following text carefully. Answer the given questions on the basis of the same **[6]**

and common understanding:

On 30th September 2022, the Reserve Bank of India (RBI) raised Repo Rate for the fourth time in a row. The Monetary Policy Committee (MPC) decided to raise the policy rate by 50 basis points. (1 basis point = $\frac{1}{100}^{th}$ of a percent). After this announcement, the new repo rate stands at 5.9%, while the reverse repo rate continues to stand at 3.35%.

Commercial banks borrow money from the Central Bank, when there is a shortage of funds. With the surge in the repo rate, borrowings by general public will become costlier. This is because, as RBI hikes its repo rate, it becomes costly for the banks to borrow short term funds from the Central Bank.

As a result, the banks hike the rates at which customers borrow money from them to compensate for the hike in the repo rate. This happens because banks offer loans to retail consumers at an interest rate which is generally, directly proportional to the repo rate.

The increase of 0.50 percent in repo rate will lead to a higher interest rate on loans for borrowers, implying that the Equated Monthly Instalments (EMIs) for repaying the existing loans will also increase.

Source: https://www.businessstandard.com/article/economicpolicy/rbi-monetary policy-repo-rate-up-by- 50bps-here-s-how-it-will-impact-you-122093000267 (Edited)

a. Differentiate between repo rate and reverse repo rate. (3)

b. Outline and discuss the measure taken by the Monetary Policy Committee of Reserve Bank of India to control inflation. (3)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Opening of _____ Canal significantly reduced the cost of transportation of goods between Britain and India. **[1]**

(Fill in the blank with the correct answer)

a) Agra b) Munak

c) Suez d) Conolly

19. India is not a member of which of the following regional/global economic grouping? **[1]**

a) European Union b) G-20

c) BRICS d) SAARC

20. Which of the following is not a valid statement in the context of Industrial Policy Resolution (IPR) 1956? **[1]**

a. Ownership and management of the core industries were given to the public sector.

b. Tax benefits were given to industries being established in backward region to promote regional equalities.

c. A few industries were allowed to be owned by the private sector.

d. Goods produced by the small scale industries were dereserved.

a) Option (c) b) Option (a)

c) Option (d) d) Option (b)

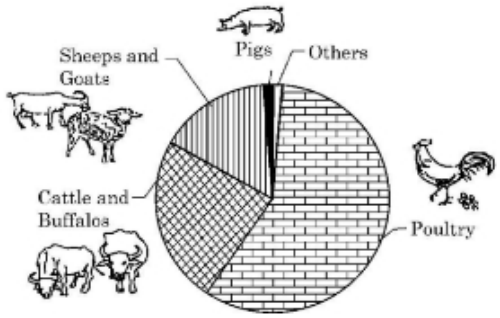
21. **Assertion (A):** Cost of investment rises in the Indian economy. **[1]**
Reason (R): High inflation triggers a rise in interest rates.

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. Investments in education convert human beings into _____. **[1]**

a) Worker
b) Economic Growth
c) Human Capital
d) Human Capital Formation

23. Study the following picture: **[1]**



Identify the kind of activities, which may be envisaged under _____ as diversification activity.

a) Fisheries
b) Organic farming
c) Animal Husbandry
d) Horticulture

24. In China, reforms were introduced in phased manner. In the second and later phases, reforms were introduced in _____ sector. **[1]**

a) Demographic
b) Foreign Trade
c) Agriculture
d) Industrial

25. Match the following. Options are as below **[1]**

a. Intermediaries	i. Bringing together all plots of land into one block
b. Tenancy reforms	ii. Take cultivated land on rent
c. Consolidation of land holdings	iii. Exploitative agrarian relations

a) a(ii),b(iii),c(i)
b) a(i),b(ii),c(iii)
c) a(iii),b(ii),c(i)
d) a(iii),b(i),c(ii)

26. Central Pollution Control Board (CPCB) has identified _____ categories of large and medium industries as polluting industries. **[1]**
(Choose the correct alternative)

a) 13
b) 19
c) 17
d) 15

27. **Statement I:** During the second half of the nineteenth century, modern industry began to take root in India. There were many capital goods industry to help promote **[1]**

industrialisation in India.

Statement II: One of the significant drawbacks of the new industrial sector was the very limited area of operation of the public sector. This sector remained confined only to the railways, power generation, communications, ports and some other departmental undertakings.

a) Both the statements are false.

b) Statement I is true, but statement II is false.

c) Both the statements are true.

d) Statement II is true, but statement I is false.

28. Analyse the trends in sectoral distribution of work force in India on the basis of data: **[3]**

Trends in employment Pattern (Sector-wise), 1972-2012 (in%)

Sector	1972-73	1993-94	1999-2000	2011-2012
Primary	74.3	64.0	60.4	48.9
Secondary	10.9	16.0	15.8	24.3
Services	14.8	20.0	23.8	26.8
Total	**100.0**	**100.0**	**100.0**	**100.0**

29. **Stimulating public mode of transportation may lead to promote sustainable development.** Explain with valid arguments. **[3]**

OR

Explain any one function of the environment.

30. i. State the meaning of **Privatisation**. **[4]**

ii. Agriculture sector has been adversely affected by the Economic reform process. Comment.

OR

Explain how Goods and Services Tax (GST) has simplified the multiplicity of taxes on goods and services.

31. State and explain any two steps undertaken by the Government of India for the protection and promotion of Small-scale Industries between 1950 - 1990. **[4]**

32. In the light of the given image, identify and explain anyone strategy to ensure sustainable development. **[4]**



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

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

i. Classify rural credit in different categories on the basis of time period.

ii. State the challenges of rural development.

ii. **Answer the following questions:** [2]

i. The IT has a positive impact on the agriculture sector. Give reason.

ii. a. State any two problems faced by farmers during the initial years of organic farming.

b. In the current situation, Information Technology plays a vital role in achieving food security in a nation like India. Justify the given statement.

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

India and China: so close yet so far

Given the good economic growth figures for India and the Chinese economic slowdown, it is worth wondering about the capacity of the former to replace the impetus lost by the latter. In fact, India, with a population close to 1,300 million, is the only emerging economy that could possibly follow in the footsteps of the Asian giant. However, in spite of them sharing notable features such as powerful demographics and a reduction in poverty, affecting hundreds of millions of people in both countries, India's growth is still far from the two-digit figures we had come to expect from China until very recently.

Throughout the last 35 years, both countries have gradually moved apart in economic terms. While China grew at an average rate of 10% for three decades, India advanced at a rate of just over 6% and, although these figures seem to be reversing at present (China grew by 6.9% in 2015 Q3 compared with India's 7.4%), India still has a long way to go. At the end of the 1970s, both economies were similar in size: India's share in the global economy was close to 3.0% and even exceeded China's share of 2.4%, but just over three decades later China accounts for 17.2% of the world economy in economic terms while India's share is less than half its neighbor's (7.1%). A dichotomy that can also be seen in other economic variables such as GDP per capita which, in India, has scarcely increased fourfold (from 1,000 dollars in 1980 to 3,780 currently) while in China it is now 14 times bigger (from close to 750 dollars to 10,538).

The contrast between the two countries is also evident in terms of international trade. Whereas exports of goods from China and India represented just 1% and 0.5% respectively of the world's exports in 1980, by 2014 China was exporting close to 13% of all global exports compared with 1.7% by India. By 2009 China had already become the world leader in exports, taking over from Germany, while India has been and continues to be a much more closed economy (19th in the world export ranking).

In summary, the gap separating India from China is considerable and has been widening for more than three decades, so it is not logical to assume that India can become the world's new China overnight. However, the country has huge potential for growth, especially if we take into account the reforms it is starting to implement: whether India prospers as much as its neighbour will depend on the success of those reforms.

(Source: https://www.caixabankresearch.com/en/economics-markets/activity-growth/india-and-china-so-close-yet-so-far)

Questions:

i. Analyse the contrasting features of India and China in terms of their economic growth. (2)

ii. Examine the proposition that 'India can become the world's new China overnight'. (2)

Solution

SECTION A – MACRO ECONOMICS

1.

(c) Parity value
Explanation:
When the value of a currency is fixed in terms of some other currency, it is called Parity value.

2. **(a)** (iii) only
Explanation:
(iii) only

3.

(b) Saving
Explanation:
Saving

4.

(c) Both the statements are true.
Explanation:
Both the statements are true.

5.

(d) Both Point B and Point A
Explanation:
Both Point B and Point A

6.

(b) managed floating
Explanation:
managed floating

7.

(d) Statement 1 is false and Statement 2 is true.
Explanation:
Statement 1 is false and Statement 2 is true.

8. **(a)** Excess Demand is the result of decline in exports.
Explanation:
Excess demand arises when demand for exports increases due to comparatively lower prices of domestic goods or due to decrease in the exchange rate for domestic currency.

9.

(d) A is false but R is true.

Explanation:
A is false but R is true.

10.

(d) is measured over a specified period of time
Explanation:
Flows always pertain to a specific period of time in economics. Flow refers to the value of a variable during a period of time. Example: Capital Formation.

11. Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BoP). These transactions are generally undertaken with an 'economic motive'. Such transactions are called 'above the line' items in the BoP account.

Whereas;

Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments (BoP). These transactions are independent of any economic motive. Such transactions are called 'below the line' items in the BoP account.

12. Gross Value Added at Market Price
= 200 + (-)10 + 10 - 120
= ₹ 80 lakhs

OR

GNP at MP = NDP at FC + Replacement of Fixed Capital + (Factor Income from abroad - Factor Income to abroad) + (Indirect Taxes - Subsidies)
4,500 = 3,900 + 100 + (700 - Factor Income to abroad) + (300 - 200)
Factor Income to abroad = 3,900 + 100 + 700 + (300 - 200) - 4,500 = ₹ 300 crores
Factor Income to abroad = ₹ 300 crores.

13. Given that ΔI = ₹ 900 crore and MPC = 0.6, increase in income is in the following sequence:
    - increase in investment raises income of those who supply investment goods by ₹ 900 crore. This is first round.
    - Since MPC = 0.6, income earners spent ₹ 540 crore on consumption. This raises income by ₹ 540 crore = 900 $\times$ 0.6 in the second round.
    - In the similar way, third round increase in income is ₹ 324 crore = 540 $\times$ 0.6.
    - In this way, income goes on increasing round by round with each round increase in income equal to 60 percent of the previous round increase.
    - The total increase in income is:
      $\Delta Y = \Delta I \frac{1}{1-MPC} = 900 \times \frac{1}{1-0.6}$
      = ₹ 2,250 crore.

OR

Given, National Income (Y) = ₹ 10,000 crore
Marginal Propensity to Consume (MPC) = 0.8
Autonomous Consumption ($\bar{c}$) = ₹ 100 crore
At equilibrium level of income, Y = C + I
Y = $\bar{c}$ + (MPC) Y + I
10,000 = 100 + (0.8) $\times$ 10,000 + I
I = ₹ 1,900 crore

14. India's GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard. The situation suggests that Aggregate Demand is less than Aggregate Supply. Following two fiscal measures may be taken to control it:
    a. **Decrease in Taxes:** To curb the situation, the government may decrease the taxes. This may increase the purchasing power in the hands of the general public. This may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.

b. **Increase in Government Expenditure:** The government may also increase its expenditure. This may increase the purchasing power in the hands of the general public which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.

15. As indicated in the given chart:

i. I. **Agriculture and Allied Activities:** The expenditure on agriculture and allied activities accounted for ₹ 1.43 lakh crore in the year 2021-22. In the year 2022-23, revenue expenditure ₹ 1.36 lakh crore was allocated for this sector. Out of total budget expenditure in the year 2023-24, ₹ 1.44 lakh crore was allocated for the development of this sector.

II. **Transport:** The expenditure on transport accounted for ₹ 3.32 lakh crore in the year 2021-22. In the year 2022-23, a Revenue expenditure of ₹ 3.90 lakh crore was allocated for this sector. Out of the total budget expenditure of the year 2023-24, ₹ 5.17 lakh crore was allocjgted to transport.

ii. Revenue Deficit refers to the excess of government's revenue expenditure over revenue receipts for a fiscal year.
Primary deficit refers to the difference between fiscal deficit and interest payments.

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

(a) Answer the following questions:

i. To estimate Net Value Added at Factor Cost (NVA_{FC}):

Calculate Value of Output

$$\text{Value of Output} = \text{Sales} + \text{Change in Stock}$$

$$= 1000 + 150 = 1150$$

Subtract Intermediate Consumption

Gross Value Added at Market Price $(GVA_{MP}) = 1150 - 300 = 850$

Convert GVA_{mp} to NVA_{mp}

Depreciation = Gross Investment - Net Investment $= 100 - 80 = 20$

$NVA_{MP} = 850 - 20 = 830$

Convert NVA_{mp} to NVA_{FC}

$$NVA_{FC} = NVA_{MP} - \text{Net Indirect Taxes}$$

$$= 830 - 20 = 810$$

Net Value Added at Factor Cost (NVA_{FC}) = ₹810 crore

ii. a. Expenditure on second-hand goods is not to be included in the final consumption expenditure as the production of these goods might not be attributed to the current year production.

b. Expenditure on 'intermediate goods' are not to be taken into account, to avoid the problem of double counting of value of goods and services.

(b) Answer the following questions:

i. By adding the Gross value-added, we get the Gross domestic product at market price i.e GDP_{MP}.

ii. a. No, it is not included in NDP of India because the factor income is earned outside the domestic territory of India.

b. No, it is not included in NDP of India because it is a transfer income from abroad and it is not earned within domestic territory of a country.

17. a. Repo rate refers to the rate at which the Central Bank lends to the commercial banks for their short-term requirements.
Reverse Repo Rate is the rate of interest at which commercial banks can park their surplus funds with the Central Bank.

b. To deal with the situation of inflation, the Monetary Policy Committee (MPC) of Reserve Bank of India has increased the repo rate by 50 basis points. An increase in repo rate will

force the commercial banks to increase their lending rates making the credit costlier for the general public. Thereby, discouraging the borrowings. Consequently, Aggregate Demand will fall and thereby correcting the problem of inflation in the economy.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18.

(c) Suez
Explanation:
Suez

19. **(a)** European Union
Explanation:
India is not a member of the European Union. When European countries started to cooperate economically in 1951, only Belgium, Germany, France, Italy, Luxembourg and the Netherlands participated. Over time, more and more countries decided to join. The Union currently counts 27 EU countries. The United Kingdom withdrew from the European Union on 31 January 2020.

20.

(c) Option (d)
Explanation:
Goods produced by the small scale industries were dereserved.

21. **(a)** Both A and R are true and R is the correct explanation of A.
Explanation:
High inflation triggers a rise in interest rate thus cost of investment rises in the Indian economy and the growth rate is adversely impacted.

22.

(c) Human Capital
Explanation:
Human Capital

23.

(c) Animal Husbandry
Explanation:
Animal Husbandry

24.

(d) Industrial
Explanation:
Industrial

25.

(c) a(iii),b(ii),c(i)
Explanation:
Intermediaries refers to people between the tiller and the state. they should be abolished as they bring stagnation in the Indian agricultural sector. The tenancy reforms laws provide the provisions for registration of tenants, or giving ownership rights to the former tenants to bring them directly under the state. Consolidation of land holdings refers to bringing together all plots of land into one block.

26.

(c) 17
Explanation:

27.

(d) Statement II is true, but statement I is false.

Explanation:

Statement II is true, but statement I is false.

28. The given data indicates that over the given period, the proportion of workforce in primary sector has gone down rapidly. Whereas, the employment share of both secondary sector and the services sector has increased. While the share of secondary sector (between 1993-94 and 2011-12) has gone up by approximately 9%, the corresponding figure for services sector has gone up by approximately 7%.
29. Arguments in favor of this Statement:
    i. Using public transportation such as rail, bus, or metro will help to reduce traffic on the road.
    ii. It will address the issue of noise pollution.
    iii. Air quality will improve as a result of reduced pollution emissions from vehicles.
    iv. It will help to save the natural resources (crude oil) for future generation.

OR

The environment supplies resources, both renewable and non-renewable. Example of Renewable resources is solar energy and non-renewable resources is Fossil fuels.

30. i. Privatisation refers to shedding of the ownership or management of a government owned enterprise.
    ii. The agricultural sector was adversely affected by the economic reform process in India as public investment in agriculture sector especially in infrastructure has fallen to a great extent. Furthermore, the partial removal of fertiliser subsidy has led to increase in the cost of production, which has severely affected the small and marginal farmers. Moreover, there has been a shift from production for the domestic market towards export-oriented production focusing on cash crops putting pressure on prices of food grains.

OR

Goods and Service Tax (GST) is the single comprehensive indirect tax on supply of goods and services, right from the manufacturer/service provider to the consumer.

It is applicable throughout the country with one rate for one type of goods/service. Under GST, there are 5 (five) standard rates applied, i.e. 0%, 5%, 12%, 18% and 28% on supply of all goods and services across the country.

It has amalgamated a large number of Central and State taxes and cesses. It has replaced large number of taxes on goods and services levied on production/sale of goods or provision of service. Goods and Services Tax (GST) has simplified the multiplicity of taxes on goods and services in following manner-

- Some of the major taxes levied by the Central Government which have been subsumed in GST are: Central Excise Duty, Service Tax, Central Sales Tax, etc.
- The major State taxes which have been subsumed in GST are: VAT/Sales Tax, Entertainment Tax, Entry Tax, Octroi, etc.

  Thus, Goods and Services Tax (GST) has simplified the multiplicity of taxes on goods and services.

31. The steps initiated by Government of India for the protection and promotion of Small-scale Industries between 1950 - 1990 are:
    - **Reservation of products:** The production of several products was reserved for SSIs, depending upon their ability to manufacture these goods.
    - **Financial Incentives:** They were given concession such as lower excise duty and bank loans at lower interest rates.
32. One of the strategies to ensure sustainable development depicted in the given image is the usage of wind energy. Wind power is a popular source of sustainable renewable energy. In the

areas where speed of wind is usually high, wind mills can provide electricity without any adverse impact on environment.

33. Answer question (A) or (B) the following:

(a) Answer the following questions:

i. Rural credit may be classified as:

i. **Short-term Credit:** These loans are for a period of 6 to 12 months. These loans are required for buying seeds, tools, manure, fertilisers, etc. These loans are given to the needy borrowers by cooperatives, moneylenders and banks.

ii. **Medium-term Credit:** Such loans generally stretch over a period of 12 months to 5 years. These loans are required for purchasing machinery, constructing fences and digging wells.

iii. **Long-term Credit:** These loans are for a period of 5 to 20 years. These loans are required to acquire permanent assets like tractors, land, costly equipment, tube wells, etc.

ii. Following are the main problems of rural development:

i. **Growth Rate of Agriculture-** The growth rate of agriculture is very less due to a decline in public investment in agriculture. As a result, there is large scale poverty in rural areas.

ii. **Inadequate Infrastructure-** There is inadequate economic infrastructure like irrigation, electricity, credit, marketing, transport, etc. There is inadequate social infrastructure like health and education.

iii. **Lack of Non-farm Activities-** There are inadequate non-farm activities to support agriculture such as animal husbandry, dairying, fisheries, etc. Non-farm activities provide supplementary gainful employment and enable people to overcome poverty.

(b) Answer the following questions:

i. As it can disseminate information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops etc.

ii. a. In the initial years of organic farming, farmers used to face a lot of problems such as:

- Yields from organic farming are relatively less.
- Inadequate infrastructure.

b. In India, Information Technology (IT) plays a crucial role as government can predict areas of food insecurity and vulnerability using appropriate information and software tools. It helps in disseminating information regarding emerging technologies and their applications, prices, weather and soil conditions for growing different crops etc. Hence, IT plays a vital role in achieving sustainable development and food security in a nation like India.

34. i. India and China have gradually moved apart in economic terms. The contrasting gap between the two countries can be reflected in terms of various economic variables, like:

a. **Growth Rate:** While China grew at an average rate of 10% for three decades, India advanced at a rate of just over 6% and, although these figures seem to be reversing at present (China grew by 6.9% in 2015 Q3 compared with India's 7.4%), India still has a long way to go.

b. **Global economic share:** By the closure of the 1970s, both economies were similar in size as India's share in the global economy was close to 3.0% and even exceeded China's share of 2.4%. But three decades later China accounted for 17.2% of the world economy in economic terms while India's share was less than half its neighbor's (7.1%).

c. **GDP per capita:** India's GDP per capita has scarcely increased fourfold (from 1,000 dollars in 1980 to 3,780 currently) while in China it is now 14 times bigger (from close to 750 dollars to 10,538).

d. **Foreign Trade:** Exports of goods from China and India represented just 1% and 0.5% respectively of the world's exports in 1980, by 2014 China was exporting close to 13% of all

global exports compared with 1.7% by India. By 2009 China had already become the world leader in exports, taking over from Germany, while India has been and continues to be a much more closed economy (19th in the world export ranking).

ii. The facts reveal the evident economic gap separating India from China which is considerable and has been widening for more than three decades. With these stark figures, it would not be logical to assume that India can become the world's new China overnight. However, India, with a population close to 1,300 million, has huge growth potential. If its well-equipped reforms that are being implemented turn out to be successful, it could possibly follow in the footsteps of the Asian giant.