

**B.K. Birla Centre For Education****Date:** 09-12-2025**PRE BOARD EXAMINATION-II****Duration:** 3 Hrs**Class:** XII**Economics****Total Marks : 80****Instructions to the Students**

- Write only question numbers clearly outside the margin (1, 2, 3.i, 5.b, 4.c.ii, etc.).
- Do not write questions or any titles. (For ex. - Do not write **II. Answer the following**).
- After every answer, give a one-line space.
- For Multiple choice Questions - Both Option and Answer should be written.
- Bullet points & Sub-points should be written inside the margin.
- Do not fold / staple the paper.

**Section A****Answer all questions:****( 10 x 1 = 10 )**

1. When the Reserve Bank of India wants to reduce the money supply in the economy, it can \_\_\_\_\_ the Repo Rate.  
a) Decrease                      b) Increase                      c) Stabilize                      d) Eliminate  
**Answer** b) Increase (1)
2. Deflationary Gap refers to the gap by which \_\_\_\_\_ falls short of the Aggregate Demand required to establish full employment equilibrium.  
a) ex-ante Aggregate Demand                      b) ex-post Aggregate Demand  
c) ex-ante Aggregate Supply                      d) ex-post Aggregate Supply  
**Answer** a) ex-ante Aggregate Demand (1)
3. Which of the following is a part of the revenue expenditure in the Indian Government budget?  
a) Interest payments                      b) Defence purchases  
c) Wage bill of the government                      d) All of these  
**Answer** d) All of these (1)
4. Money serves several crucial functions in an economy, including acting as a medium of exchange of value, allowing individuals to save purchasing power for future use. Which of the following correctly identifies the functions mentioned?  
a) Money acts as a medium of exchange and helps in the distribution of income  
b) Money acts as a medium of exchange and as a store of value  
c) Money acts as a measure of national income and helps increase GDP  
d) Money acts as a store of value and determines the rate of inflation  
**Answer** b) Money acts as a medium of exchange and as a store of value (1)

5. If consumption takes place even when income is zero, it is because of \_\_\_\_\_.
- a) Induced consumption                      b) Marginal propensity to consume  
c) Autonomous consumption                d) Disposable income

**Answer** 

- c) Autonomous consumption (1)

6. Under the \_\_\_\_\_ exchange rate system, market forces automatically adjust the surplus and deficit in the Balance of Payments account.
- a) fixed                      b) managed floating      c) flexible                      d) dirty floating

**Answer** 

- c) flexible (1)

7. The ratio that measures the change in consumption resulting from a change in income is called the Marginal Propensity to \_\_\_\_\_, indicating consumer spending behavior.
- a) Save                      b) Invest                      c) Consume                      d) Expand

**Answer** 

- c) Consume (1)

8. If the fiscal deficit is ₹10 lakh crore and interest payments are ₹2 lakh crore, the \_\_\_\_\_ deficit is ₹8 lakh crore.
- a) Revenue                  b) Budgetary                  c) Primary                  d) Capital

**Answer** 

- c) Primary (1)

9. The difference between Gross Domestic Product (GDP) and Net Domestic Product (NDP) is \_\_\_\_\_.  
a) Depreciation  
b) Net Indirect Taxes  
c) Net Factor Income from Abroad  
d) Personal Disposable Income

**Answer** 

- a) Depreciation (1)

10. **Assertion (A):** A country always tries to balance the BoP, i.e., balance in current account equals to balance in capital account.

**Reason (R):** Balanced BoP indicates stable economic relations with rest of the world.

- 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 correct but (R) is wrong  
d) (A) is wrong but (R) is correct

**Answer** 

- d) (A) is wrong but (R) is correct (1)

**Answer the following questions :****( 2 x 3 = 6 )**

11. Calculate the value of Domestic Income (NDP at FC) from the given data:

Sr No.	Items	Amount in Crore
(i)	Household consumption Expenditure	800
(ii)	Gross business fixed capital formation	150
(iii)	Gross residential construction investment	120
(iv)	Govt. final consumption expenditure	170
(v)	Excess of imports over exports	20
(vi)	Inventory investment	140
(vii)	Gross public investment	500
(viii)	Net indirect tax	70
(ix)	Net factor income from abroad	(-) 50
(x)	Consumption of fixed capital	40

**Answer**

$$\text{Domestic Income (NDP at FC)} = i + iv + ii + iii + vii + vi - v - x - viii =$$

$$800 + 170 + 150 + 120 + 500 + 140 - 20 - 40 - 70 = ₹ 1,750 \text{ crore}$$

- 12.a. "Foreign Institutional Investors (FIIs) remained net seller in the Indian capital markets over the last few weeks".—The Economic Times State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy.

**Answer**

Selling of securities by Foreign Institutional Investors (FIIs) in Indian capital market will lead to fall in the supply of foreign currency in the economy. (1)

This situation might lead to excess demand of foreign currency at the prevailing foreign exchange rate. (1)

As a result, a new equilibrium rate of foreign exchange will be determined which will be higher than the prevailing foreign exchange rate, leading to depreciation of domestic currency. (1)

**(OR)**

- 12.b. Explain how the government can use its budgetary policy in reducing the inequality of income in the country.

**Answer** 

Government's budget can certainly help in reducing the inequalities of income. This objective can be achieved by adopting two fiscal measures. Government can levy higher rate of tax on the income and property of the rich and also on the luxurious goods consumed by them. This measure will reduce their disposable income. (1.5)

Government can spend more amount on welfare maximization, like providing free services to the poor like free education, health facilities etc. By adopting these measures, government can try to narrow down the gap between the rich and the poor. (1.5)

**Answer the following questions:****( 3 x 4 = 12 )**

- 13.a. Read the following text carefully :

“Currency is issued by the central bank, yet we say that commercial banks create money”. Explain. How is this money creation by commercial banks likely to affect the national income?

**Answer** 

Yes, it is true to say that only central bank has the authority to issue currency, however commercial banks can create credit out of the deposits they have (1)

The amount of money that commercial banks can create, depends upon two important factors: (i) Initial level of deposits with the commercial banks. (ii) Legal Reserve Ratio (LRR) which is the sum of CRR and SLR. (1)

The amount of money created will be equal to Money Created = Initial Deposits x  $1 / LRR$  (1)

Money created by commercial banks helps to increase the level of economic activity in the country. As the level of economic activity expands, the level of production, consumption, savings, etc. also increases. This leads to increase in the national income of the country. (1)

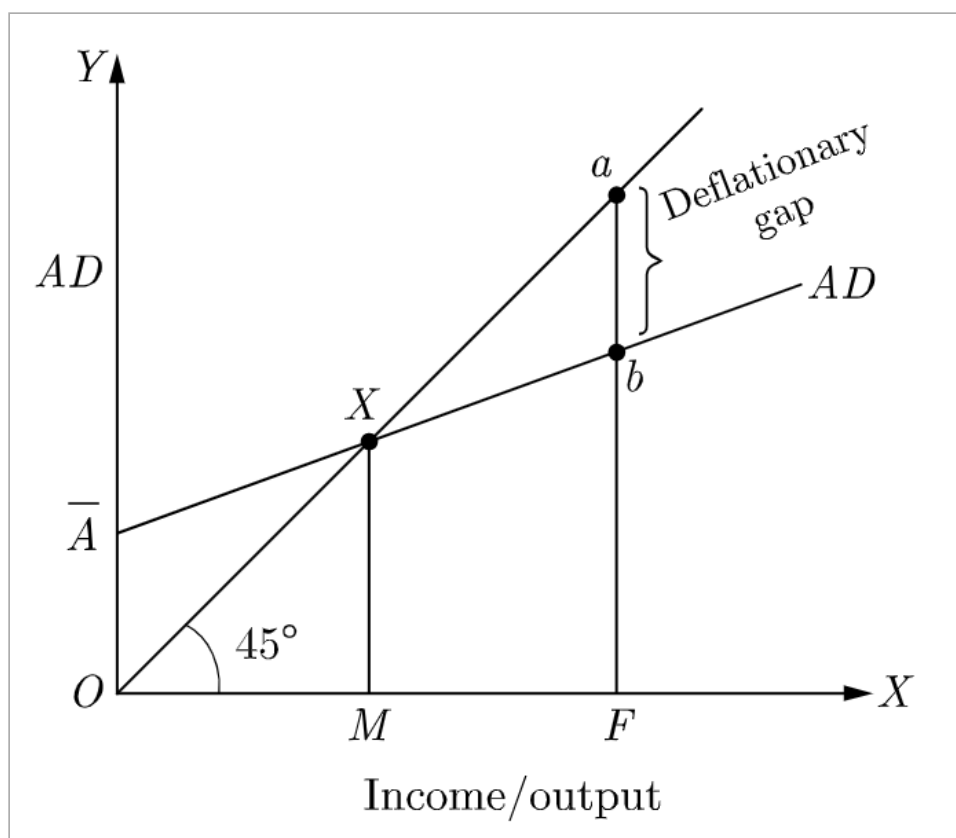
**(OR)**

- 13.b. During an economic slowdown, a country experiences falling investment, declining consumption, and rising unemployment. The overall production level is much below the economy's potential, and businesses report unsold inventories piling up. Economists term this situation as one where the economy is operating below full employment equilibrium. Explain the concept of 'deficient demand' with the help of a suitable diagram.

**Answer** 

Deflationary gap is conceptually denoted by 'Deficient Demand'. (1)

It refers to a situation when AD is less than output at full employment income level. We can prove it graphically with the help of a diagram. In the given diagram, point X denotes the point of equilibrium and OM denotes the equilibrium output. Full Employment income is denoted by OE.



demand

(2)

**Answer** 

We observe that at the full employment income (OF), aggregate demand is bF and output is aF. This implies aggregate demand (bF) is less than output (aF) at full employment level by the distance 'ab' which denotes deflationary gap. (1)

14. Consider the information given below:

(i) Autonomous consumption = ₹ 5,000

(ii) Marginal Propensity to Save (MPS) = 0.2

(iii) Investment = 20,000 On the basis of the above information.

Calculate (a) Equilibrium level of national income (b) Investment multiplier

**Answer** ⇌

Given,

Autonomous Consumption ( $\bar{C}$ ) = ₹ 5,000

Marginal Propensity to Save (MPS) = 0.2

Investment ( $I$ ) = ₹ 20,000

We know that,  $MPC = 1 - MPS = 1 - 0.2 = 0.8$

Also, Consumption Expenditure

$$(C) = \bar{C} + (MPC)Y$$

and at equilibrium level,  $Y = C + I$

$$Y = \bar{C} + (MPC)Y + I$$

$$Y = 5,000 + 0.8Y + 20,000$$

$$Y - 0.8Y = 25,000$$

$$0.2Y = 25,000$$

$$Y = ₹ 1,25,000$$

$$\text{Also, Investment Multiplier} = \frac{1}{MPS} = \frac{1}{0.2} = 5$$

Investment multiplier

(4)

15. 'Lack of store of value' was a major problem under barter system, but goods like diamond, gold can be easily stored for future use. Then why this was not a popular mean under barter system?

**Answer** ⇌

It is true that value can be stored in the form of gold or diamond (1)

for future use, however it again has certain drawbacks such as

Being limited in supply these were not available in abundance.

These involved certain transactions cost in exchange of goods (1)

for such metals.

These were not liquid form of exchange, because not everyone (1)

was able to accept it.

Divisibility was also a problem while dealing in these goods. (1)

**Answer the following questions:****( 2 x 6 = 12 )**

16.a.i. (I) From the following data about a government budget, find out the following:

**[ 3 ]**

- (a) Revenue deficit
- (b) Fiscal deficit
- (c) Primary deficit

Contents	₹ (in Arab)
Tax revenue	47
Capital receipts	34
Non-tax revenue	10
Borrowings	32
Revenue expenditures	80
Interest payments	20

**Answer** 

Revenue Deficit = Revenue Expenditure - (Tax Revenue+ Non-tax Revenue) = 80-(47+10) =80-57 =Rs. 23 Arab (1)

Fiscal Deficit = Borrowings Borrowings = Rs.32 Arab So, Fiscal Deficit =Rs.32 Arab (1)

Primary Deficit = Fiscal Deficit - Interest Payments = 32 - 20 = Rs.12 Arab (1)

- 16.a.ii. Explain the budgetary measures for achieving the objective of setting up of production units in backward regions. [ 3 ]

**Answer** ↪

The possible budgetary incentives that a government might decide to give to investors for making investments in backward region are as follows: The government might give a tax-holiday for a stipulated period for such investors. The reason behind this is that the incentive of tax-holiday might motivate the investors to invest in backward region. (1)

The government may offer subsidy on loans for such investors. The provision of subsidy implies that the investors will not be required to pay back a certain percentage of the loan taken by them. This might induce them to invest. (1)

The government might waive-off the excise duty on goods manufactured by investors in these regions. Excise duty is levied on goods manufactured or produced in India. Waiving of the excise duty will ensure that the price of the good is less and this will increase the demand for the good and ensure a ready market for the product. This will motivate the investors to invest in backward region. (1)

**(OR)**

- 16.b. i. Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free. Identify and explain the objective of the Government budget Krish is suggesting.

- ii. State any two examples of non-tax receipts of the Government.

**Answer** ↪

Krish is suggesting the objective of 'Re-distribution of income to reduce income inequalities in the economy. To ensure equitable distribution of income, the government may impose higher taxes on luxury items. This will reduce the purchasing power in the hands of rich. On the other hand, lower/no taxes may be imposed on commodities purchased by poorer section of society. They may also be provided with subsidies on the essential commodities. This may increase their disposable income. These steps may promote economic welfare through re-distribution of income in the economy. (3)

Dividends and profits on investments. Fees and other receipts. (3)



17. i. On the basis of following information, identify whether the economy is in equilibrium or not:

S.No.	Particulars	Amount (in ₹)
(i)	Autonomous Consumption and Investment Expenditure ( $\bar{A}$ )	₹ 500 crores
(ii)	Marginal Propensity to Save (MPS)	0.2
(iii)	National Income	₹ 4,000 crores

ii. If a consumption function of a hypothetical economy is given as:  $C = 100 + 0.6Y$  ; then

i. What will be the values of marginal propensity to consume and marginal propensity to save for the economy?

ii. Write the corresponding saving function.

Answer

i. The economy is in equilibrium when  $AD = AS (Y)$

$$AD = \bar{A} + MPC (Y)$$

$$AD = 500 + 0.8 (4,000) \text{ (Given } Y = ₹ 4,000 \text{ and } MPC = 1 - MPS = 1 - 0.2 = 0.8)$$

$$AD = 500 + 3200$$

$$AD = ₹ 3,700 \text{ crores Therefore,}$$

$$AD (₹ 3,700 \text{ crores}) < AS (₹ 4,000 \text{ crores}),$$

Thus from the above explanation, the economy is not in equilibrium.

Equilibrium income

(3)

i.  $C = 100 + 0.6Y$  (given)

$$\text{So, } MPC = 0.6$$

$$MPS = 1 - MPC = 1 - 0.6 = 0.4$$

ii.  $S = -\bar{c} + (1 - b)Y$

$$S = -100 + 0.4Y$$

MPC

(1.5)

Savings

(1.5)

**Section B****Answer all questions:****( 10 x 1 = 10 )**

18. Which of the following are considered sources of human capital formation in India?
- a) Natural resources and capital goods
  - b) Education and healthcare services
  - c) Infrastructure and technology
  - d) Foreign investment and trade

**Answer** 

b) Education and healthcare services (1)

19. Example of misuse of environmental resource
- a) Ozone depletion and Global warming
  - b) Reforestation and Land up gradation
  - c) None
  - d) Deforestation and Land degradation

**Answer** 

d) Deforestation and Land degradation (1)

20. **Assertion (A):** The concept of economic planning for the country's growth and development was first conceived by the Soviet Union in 1928.

**Reason (R):** There was no difference in the nature of the planning model adopted by India compared with the Soviet Union.

- 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 correct but (R) is wrong
- d) (A) is wrong but (R) is correct

**Answer** 

c) (A) is correct but (R) is wrong (1)

21. **Statement 1:** Under the financial sector reforms, the limit of foreign investment in banks was raised.  
**Statement 2:** The financial sector reforms led to the establishment of Indian as well as foreign private sector banks.

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

**Answer** 

a) Both Statements 1 and 2 are true (1)

22. Demonetisation is the \_\_\_\_\_ policy wherein the legal status of a currency unit is cancelled and new one comes into circulation.

- a) Legal
- b) Social
- c) Political
- d) Economic

**Answer** 

d) Economic (1)

23. Identify which of the following statements correctly describe the relationship between human capital and economic development.
- a) Human capital has no significant impact on economic development
  - b) Increased human capital leads to higher unemployment rates
  - c) Human capital enhances productivity and drives economic growth
  - d) Economic development reduces the need for human capital investment

Answer 

c) Human capital enhances productivity and drives economic growth (1)

24. Identify which of the following factors significantly contributed to the low level of economic development in India on the eve of independence. Which of the following is correct?
- a) High dependency on agriculture with minimal industrial growth
  - b) Extensive industrialization and technological advancements
  - c) Strong domestic market supporting local industry
  - d) Well-developed transportation and communication infrastructure across the country

Answer 

a) High dependency on agriculture with minimal industrial growth (1)

25. The main objective of the zamindars during the land settlement system was to \_\_\_\_.
- a) collect rent with no interest in the economic condition of the cultivators
  - b) cooperate with colonial government to improve the condition of agriculture
  - c) improve the economic condition of the cultivators
  - d) improve the crop yield by making significant contributions in technology and fertilisers usage

Answer 

a) collect rent with no interest in the economic condition of the cultivators (1)

26. Which of the following features is common in India and Pakistan?
- a) Large population
  - b) One child norm
  - c) Growth due to service sector
  - d) Very high fertility rate

Answer 

c) Growth due to service sector (1)

27. High level of physical and human capital can lead to a higher level of \_\_\_\_.
- a) Population
  - b) Inflation
  - c) Economic growth
  - d) Poverty

Answer 

c) Economic growth (1)

**Answer the following questions:****( 2 x 3 = 6 )**

28. Interpret the given picture on account of current environmental challenges.

**Answer** ↪

The given image indicates the problem of 'deforestation' caused by economic development. (1)

Deforestation involves the permanent destruction of indigenous forests and woodlands. It refers to cutting, clearing and removal of rainforest, where land is thereafter converted to non-forest use. (1)

Deforestation is rising at such a rapid scale that it has totally disturbed the ecological balance of the country. The per capita forestland in the country is only 0.06 hectare against the requirement of 0.47 hectare to meet basic needs. (1)

- 29.a. Explain the primary causes of low agricultural productivity in India during the British colonial era. Discuss how exploitative land revenue systems and the lack of technological advancement contributed to stagnation in the agricultural sector.

**Answer** ↪

During the British colonial era, agricultural productivity in India remained low due to exploitative land revenue systems, such as the Zamindari system, which burdened farmers with high taxes and insecurity of land tenure. (1.5)

Additionally, the lack of modern technology, irrigation facilities, and scientific farming methods led to stagnation, preventing growth and surplus production for economic development. (1.5)

**(OR)**

29.b. What were the drawbacks of the licensing policy followed by the government before 1991?

**Answer** 

The Licensing Policy before 1991 discouraged small entrepreneurs to set up new enterprises. It also encouraged favouritism and corruption. (1)

It benefited only the big industrial houses. The need to obtain a license to start an industry was misused by some industrial houses. (1)

The big industrial houses would get a license not for starting a firm but to prevent competitors from starting new firms. The excessive regulation of what came to be called permit license raj prevented certain firms from becoming more efficient. (1)

**Answer the following questions:**

**( 3 x 4 = 12 )**

30.a. Explain why the Indian economy was considered stagnant on the eve of independence.

**Answer** 

1) A stagnant economy means an economy where the growth rate of income does not change or changes very little. (0.5)

2) Such an economy has a prolonged period of slow economic growth. (0.5)

3) The stagnation of the Indian economy can be seen from the slow annual compound rate of growth which was not more than 0.5% during 1860-1945. (0.5)

4) The trends in agricultural output are also evidence of stagnation. (0.5)

5) Total agricultural output increased by only 10% while the per capita output of food grains declined by 32%. (0.5)

6) The main cause of the stagnation was that economic policies of Britishers were for the benefit of their industries and not for the Indian economy. (0.5)

7) Our economy had been a victim of enormous exploitation. (0.5)

8) Our natural resources, iron ores, gold mines, wealth and manpower was subject to intense exploitation. (0.5)

9) Due to these atrocities, the Indian economy on the eve of independence showed low economic growth. (0.5)

**(OR)**

- 30.b. As a form of economic activity, outsourcing has intensified in recent times. Most MNCs, and even small companies, are outsourcing their services to India. Defend or refute the above statement.

**Answer** ↪

As a form of economic activity, outsourcing has intensified in recent times. Most MNCs, and even small companies, are outsourcing their services to India. (1)

The given statement is correct. In recent times, outsourcing has intensified because of the growth of fast modes of communication, particularly the growth of Information Technology (IT). (1)

Today, voice-based business processes (popularly known as BPO or call centres), record keeping, accountancy, banking services, music recording, film editing or even teaching are being outsourced by companies in developed countries to India where they can be availed at a cheaper cost with reasonable skill and accuracy. (1)

Thus, low wage rates and availability of skilled manpower in India made it a destination for global outsourcing after 1991. (1)

31. State, giving valid reasons, whether the following statements are true or false:
- (a) Unemployment is the reason for the rural-urban migration in India.
  - (b) Human capital formation gives birth to innovation, invention and technological improvements.

**Answer** ↪

The given statement is true, as being unemployed, people (rural-urban) migrate in search of jobs which will fetch them higher salaries than what they could get in their native places. No matter migration involves high cost of living but the enhanced earnings in the new place outweigh the cost involved. (2)

The given statement is true. Human Capital Formation (investment in education/health) not only increases the productivity of the available human resources but also stimulates innovations and creates ability to adopt and adapt to the new technologies. (2)

32. It is believed by some of the economists that 'once the technology is found profitable and is widely adopted, subsidies should be phased out'. Accept/Refute the above statement.

**Answer** ↩

- 1) It is true that subsidies do provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular. But subsidies should be phased out only after the technology is found profitable and widely adopted i.e., after they have served the purpose. (2)
- 2) Subsidies indeed are a huge burden on government finances. They (like fertiliser and pesticide subsidy) at times result in over use of resources, which in turn can prove harmful to the environment. Sometimes subsidies provide an incentive for wasteful use of resources. (1)
- 3) Subsidies should be provided only for the benefit of the poor farmers and not for the big and rich farmers, so as to attain the goal of equity and not violate it. (1)

**Answer the following questions:**

**( 2 x 6 = 12 )**

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The term 'sustainable development' was used by the Brundtland Commission (1987) which coined what has become the most often-quoted definition of sustainable development "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development does not focus solely on environmental issues. The United Nations 2005 World Summit Outcome Document refers to the four 'interdependent and mutually reinforcing pillars' of sustainable development as including: economic development, social development and environmental protection. The fourth pillar is indigenous people and culture. Proponents of Sustainable Development argue that it provides a context in which overall sustainability is improved where cutting edge Green development is unattainable. For example, a cutting edge treatment plant with extremely high maintenance costs may not be sustainable in regions of the world with fewer financial resources. Sustainability requires that human activity only use nature's resources at a rate, which they can be replenished naturally. Inherently, the concept of sustainable development is intertwined with the concept of carrying capacity.

- 33.a.i. What is sustainable development? Does sustainable development solely focus on environment? Why?

[ 2 ]

**Answer** ↩

- The development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs is known as sustainable development. Sustainable development does not solely focus on environment as it has four pillars to focus on including environmental protection, economic (2)

development, social development and indigenous people and culture.

33.a.ii. Explain any two strategies for sustainable development in India.

[ 4 ]

**Answer** ↻

The two strategies for sustainable development in India are: (2)

Bio composting: Farmers had over a period of last five decades totally neglected the use of compost and completely switched over to chemical fertilisers, which adversely affected the productive land and water bodies. But now in large numbers, the farmers have again started using compost made from organic wastes of various kinds. Earthworms can convert organic matter into compost faster.

Biopest Control: Due to the green revolution, more and more use of chemical pesticides for higher yield led to the contamination of food products, like milk, meat and fish, soil, water bodies and even ground water were polluted with pesticides. But now efforts are being made to bring in better methods of pest control like the ones based on plant products like neem trees are proving quite useful. Also, there is widespread awareness about various animals and birds which help in controlling pests. Like snakes are one of the prime group of animals which prey upon rats and various other pests. Owls, peacocks and lizards also play an important role in preying upon vermin and pests. (2)

**(OR)**

33.b.i. "Multinational companies have not only contributed towards the IT sector but also have a tremendous role to play towards rural development". Justify the given statement with valid arguments.

[ 3 ]

**Answer** ↻

Economic reforms offered the opportunities to multinational companies to expand their functions all around the country. Many multinational companies are entering in the rural marketing. (1.5)

They are doing well for the sake of farmers as stated below: (a) They are making contracts with farmers. (b) They are motivating farmers to grow desirable food, fruits and vegetables of the desired quality. (c) They are providing them seeds and other inputs. (d) They are offering them pre-decided prices. (1.5)



33.b.ii. "The opportunity costs of negative environmental impacts are high". Defend or refute the given statement with valid reasons.

[ 3 ]

Answer ↩

I defend the given statement. The negative environmental impact has high opportunity costs as explained below: The industrial development in past has polluted and dried up rivers and other aquifers making water an economic good. Also, cleaning up of polluted rivers and replenishing water resources require huge investments. The intensive and extensive extraction of both renewable and non-renewable resources has exhausted some of these resources. Huge amount of funds need to be spent on technology and research to explore new resources. The health costs of degraded environmental quality are also rising as decline in air and water quality has resulted in increased incidence of respiratory and water-borne diseases. Thus, it is clear that the opportunity costs of negative environmental impacts are high. (3)

- 34.a. The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution:

[ 3 ]

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

Answer 

On the basis of the information provided in the given table we notice: The total workforce in India in the year 1972-73 was 234 million that includes 195 million workforce of rural and 39 million of the urban population. This indicates a greater involvement of rural workforce comprising of 83% of the total workforce as compared to 17% of the urban workforce. This is because a majority of rural population was engaged in agricultural and allied sectors.

(1)

The rural workforce comprises of 64% of the male workforce and 36% of female workforce. In contrast, the urban workforce comprises of about 82% of male workforce and 18% of female workforce. The participation of males in both rural as well as in the urban areas is higher than the females because of the lack of opportunities available to women for acquiring education. Also, families often discouraged female members to take up job and, consequently, women were confined to household work only.

(1)

Comparing urban female workforce with that of the rural female workforce, we can conclude that the females in the rural areas formed 36% of the workforce, whereas, the females in the urban areas formed only 18% of the workforce. In the rural areas, despite a majority of the population was engaged in farming and allied activities, agricultural sector had low productivity. Consequent to the low productivity, rural people had low earnings that further led to widespread poverty in the rural areas.

(0.5)

Thus, it can be concluded by analysing the given data that Indian economy suffered from low productivity, acute unemployment and widespread poverty, disguised unemployment in agricultural sector and low female participation rate in the workforce 30 years ago.

(0.5)

34.b. Define the following:

- a) Golden Revolution
- b) Carrying capacity of Environment
- c) Sustainable Development

**Answer** 

The rapid growth in the production of horticultural crops such as fruits, vegetables, tuber crops, flowers, etc. is known as the Golden Revolution. It led to increase in production of fruits, vegetables, flowers, aromatic plants, spices, etc. As a result of this revolution, India became a world leader in the production of mangoes, bananas, coconut and spices. (1)

The carrying capacity of the environment is like a 'plimsoll line' of the ship which is its load limit mark. In the absence of the plimsoll line for the economy, human scale grows beyond the carrying capacity of the earth and deviates from sustainable development. The environment is able to perform its functions without any interruption as long as the demand on these is within its carrying capacity. (1)

Sustainable development is an approach to growth and human development that aims to meet the needs of the present without compromising the ability of future generations to meet their own needs. The aim is to have a society where living conditions and resources meet human needs without undermining planetary integrity. Sustainable development aims to balance the needs of the economy, environment, and society. The Brundtland Report in 1987 helped to make the concept of sustainable development better known. (1)