

SAMPLE QUESTION PAPER - 5

Economics (030)

Class XII (2024-25)

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. **Statement I:** Since it is difficult to record all international economic transactions accurately, therefore we have a third element of BoP (apart from the current and capital accounts) called **errors and omissions** which reflects this. [1]

Statement II: Any international transaction which results in outflow of foreign exchange is recorded on the credit side in the balance of payments accounts (the current account or capital account).

- | | |
|---|---|
| a) Statement II is true and statement I is false. | b) Statement I is true and statement II is false. |
| c) Both the statements are false. | d) Both the statements are true. |

2. Which is not a function of a commercial bank? [1]

- | | |
|--|-------------------------------|
| a) Arranging transport for imports and exports | b) Providing locker facility. |
| c) Accepting the deposits | d) Lending the money |

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

a) APC, APS

b) MPS, APC

c) APS, APC

d) MPC, APS
4. A rise in the interest rates at home leads to _____ of the domestic currency. [1]

a) Depreciation

b) Appreciation

c) Devaluation

d) Revaluation
5. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be _____. (Choose the correct alternative) [1]

a) 0.6

b) 0.8

c) 0.4

d) 0.2
6. In order to correct the situation of deficient demand [1]

a) cost of credit should be reduced

b) taxes to be raised

c) government spending
Decreases

d) cost of credit should be raised
7. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be _____. [1]

a) 0.8

b) 0.4

c) 0.2


d) 0.6
8. Identify, flow variable from the following: [1]
(Choose the correct alternative)

a) Bank balance of Mr. Mukesh as
on 31st March, 2022

b) Distance between Delhi and
Amritsar

c) Annual expenditure of a school

d) Investments of Mr. Mohit as on
31st December, 2021

9. Apart from currency notes and coins, the balance in _____, held by the public in commercial banks is also considered money since the amount in these accounts can be used to settle transactions. Such deposits are called demand deposits because they are payable by the bank on demand from the account-holder. [1]
- a) Current account deposits b) savings and current account deposits
- c) Recurring deposit account d) Saving account deposits
10. Exchange rate for currencies is determined by supply and demand in system of: [1]
- 
- a) Flexible b) Govt. regulated
- c) Fixed exchange rate d) Constant
11. Distinguish between Gross Domestic Product at Market Price and Net Domestic Product at Market Price. [3]
12. What do you mean by official reserve transaction? How it is treated in BoP account. [3]

OR

Explain the demerits of flexible exchange rate.

13. Show inflationary gap using a well labelled diagram. Suggest any two fiscal measures to correct the situation of inflationary gap. [4]
14. $S = -60 + 0.1 Y$ is the saving function, where S is Saving and Y is National Income and Investment Expenditure (I) is ₹ 4,000 crore in an economy. Calculate the Equilibrium level of Income. [4]

OR

In an economy, aggregate demand function is given by:

$$AD = ₹ 160 \text{ crore} + 0.8Y$$

Autonomous consumption = ₹ 100 crore

a. Calculate the equilibrium level of income.

b. How much is the total savings at equilibrium level of income? Calculate.

15. What is money multiplier? What determines the value of this multiplier? [4]

16. Answer the following questions: [6]

(i) i. From the following data, calculate Net Value Added at Factor Cost. [3]

S.no.	Contents	Rs. (in Crores)
(i)	Purchase of Intermediate Goods	500
(ii)	Sales	750
(iii)	Import of Raw Materials	50
(iv)	Depreciation	60
(v)	Net Indirect Taxes	100
(vi)	Change in Stock	(-) 30
(vii)	Exports	20

ii. Calculate (a) NNP_{FC} by expenditure method and (b) NNP_{FC} by value added method : [3]

		(₹ Crore)
(i)	Net Domestic capital formation	250
(ii)	Net Export	50
(iii)	Private final consumption expenditure	900
(iv)	Value of output	
	(a) Primary sector	900
	(b) Secondary sector	800
	(c) Territory sector	400
(v)	Value of inrermediate consumption	
	(a) Primary sector	400
	(b) Secondary sector	300
	(c) Teritory sector	100
(vi)	Consumption of fixed capital	80

(vii)	Indirect Tax	100
(viii)	Government final consumption expenditure	100
(ix)	Subsidy	10
(x)	Net factor income from abroad	(-) 20

(ii) **OR**

i. Calculate Net National Product at Market Price.

[3]

S.no.	Contents	(Rs. in arab)
(i)	Consumption of Fixed Capital	40
(ii)	Change in Stocks	(-) 10
(iii)	Net Imports	20
(iv)	Gross Domestic Fixed Capital Formation	100
(v)	Private Final Consumption Expenditure	800
(vi)	Net Current Transfer to Rest of the World	5
(vii)	Government Final Consumption Expenditure	250
(viii)	Net Factor Income to Abroad	40
(ix)	Net Indirect Tax	130

ii. Calculate Gross National Product at Factor Cost by

[3]

a. Income method and

b. Expenditure method.

Items	(Rs.in Crore)
Net domestic capital formation	500
Compensation of employees	1850
Consumption of fixed capital	100
Government final consumption expenditure	1100
Private final consumption expenditure	2600
Rent	400
Dividend	200
Interest	500
Net exports	(-) 100

Profits	1100
Net factor income from abroad	(-) 50
Net indirect tax	250

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

- (i) Can there be a fiscal deficit in a government budget without a revenue deficit? Explain. [3]
- (ii) Give meanings of Capital receipts and revenue receipts with an example of each. [3]

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. The unemployment which is caused by the introduction of new machinery, improvement of production techniques, labour saving devices, etc is called [1]

- a) Technological unemployment b) structural unemployment
c) frictional unemployment d) casual unemployment

19. The largest democratic economy of the world is: [1]

- a) Russia b) Pakistan
c) China d) India

20. In 1955, Karve committee was constituted for aiming the _____. [1]

- a) Modernisation b) Development of small scale industries
c) Self-reliance d) Industrial development

21. A shift from crop farming to other areas of productive activity with a view to raising income known as [1]



a) None

b) Diversification of productive activity

c) Both

d) Diversification of crop production

22. **Assertion (A):** Balanced regional growth is achieved in the country. [1]

Reason (R): Imposition of various taxes across different states of the country.

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.

23. Physical capital refers to _____. [1]

a. stock of produced means of production

b. process of acquiring and increasing the number of people who have skill

c. share of the companies

d. All of these

a) Option (d)

b) Option (b)

c) Option (c)

d) Option (a)

24. In 1958, there were _____ communes in China covering the entire farm population. [1]

a) 28,000

b) 24,000

c) 30,000

d) 26,425.

25. India heavily depends on _____ and _____ power plants. [1]

a) None of given

b) thermal, hydro

c) CNG, solar

d) solar, gobar gas

26. Which of the given statements are correct with regard to commercialisation of agriculture? [1]

a. Production for self-consumption

b. Production of cash crops instead of food crops

(i) i. Explain the role of micro-credit system in meeting credit requirements of poor. [3]

ii. State any three limitations of organic farming. [3]

(ii) **OR**

i. Organic Farming is the need of the hour to promote sustainable development but, has its own limitations. [3]

Elaborate any two advantages and limitations each of organic farming in the light of the above statement.

ii. Economists and scholars have identified certain key issues that are associated with rural development. Write the name of some key issues. [3]

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

THE FUTURE POPULATIONS OF CHINA AND INDIA

In the absence of catastrophic events such as nuclear war, the populations of India and China are destined to become even larger, and by a large margin. If the Chinese were to achieve a total fertility rate of as low as 1.7 children born per woman by 1990 and maintain fertility that low for 30 years, the population would increase to a maximum of 1.22×10^9 in 2020 about 75% greater than the 700×10^6 it was when the birth rate began its big decline in the mid-1960s. To limit the increase to this amount will require an extraordinary success of the birth planning program.

For many years, 30% of parents would need to have only one child, and 70% only two. If a significant fraction had three or more, the proportion of one-child couples would need to be higher still. The social cost would be substantial. Many children would grow up with no siblings; many in the next generation would have no aunts, uncles, or cousins; very many parents would have no sons, and there would be an age structure with a marked relative shortage of younger workers, males of military age, etc. These features are very foreign to Chinese customs and values; the stringent and allegedly coercive means needed to achieve such low fertility might have adverse political effects as did less draconian measures in India.

In India, the failure to have started a large decline in fertility as early as in China implies a prospective growth on the order of 75% or more of the current population-to a maximum of at least 1.2×10^9 , because the current population is nearly the size the Chinese population was when the birth rate in China began its dramatic fall.

The death rate in India is higher than that in China, but the prospective decline in fertility in India is surely more gradual; the attainment of a replacement-level (total fertility rate of about 2.2 or 2.3 children) is long in the future, to say nothing of attainment of lower rates.

The reason for the large continuing increases in population in each country even after fertility is reduced is that population growth has its own momentum. High birth rates in the recent past mean that there will be many more potential parents for another generation than there are now. Even if every couple merely replaces itself, the population continues to increase by 50% or more.

Thus, the world's two largest populations are destined to become much larger. I believe today, as I did when working with Hoover, that if sensible economic policies are followed it will be possible to provide a somewhat better life for these larger populations than is enjoyed in the two countries today. Reducing fertility soon to no higher than needed for long-run replacement would improve the prospects significantly and would especially improve the social and economic future as seen from the perspective of early in the next century. Yet, the mistakes of the past cannot be cancelled; the birth rate cannot be lowered retrospectively. A lower birth rate now is desirable, but the ideal rate is not zero. There are social and political costs of excessive emphasis on the immediate achievement of very small families; the rights and sensibilities of the current population and the disequilibrating effects of drastic changes in age composition must enter the calculation of desirable population policies.

(Source: <https://www.pnas.org/content/pnas/80/6/1757.full.pdf>)

Questions:

- i. Outline any two implications (apart from population arrest) of the one-child policy of China introduced in the late 1970s.
- ii. Delineate the reasons why the world's two largest populations are destined to become much larger in the future?

Solution
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SECTION A – MACRO ECONOMICS

1.

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

Explanation:

Statement I is true and statement II is false.

2. **(a)** Arranging transport for imports and exports

Explanation:

Arranging transport for imports and exports
its not a function of commercial bank.

3.

(b) MPS, APC

Explanation:

MPS, APC

4.

(b) Appreciation

Explanation:

Appreciation

5. **(a)** 0.6

Explanation:

0.6

6. **(a)** cost of credit should be reduced

Explanation:

cost of credit should be reduced

7.

(d) 0.6

Explanation:

0.6

$MPC = \frac{\text{Change in Consumption}}{\text{Change in Income}}$

8.

(c) Annual expenditure of a school

Explanation:

Annual expenditure of a school

9.

(b) savings and current account deposits

Explanation:

savings and current account deposits

10. (a) Flexible

Explanation:

Flexible

11. Gross domestic product at market price is the market value of final goods and services produced within the domestic territory of a country during the period of an accounting year, inclusive of depreciation. While net domestic product at market price is the market value of the final goods and services produced within the domestic territory of a country during the period of an accounting year, exclusive of depreciation.

12. Official reserve transaction is the change in the forex reserve with RBI.

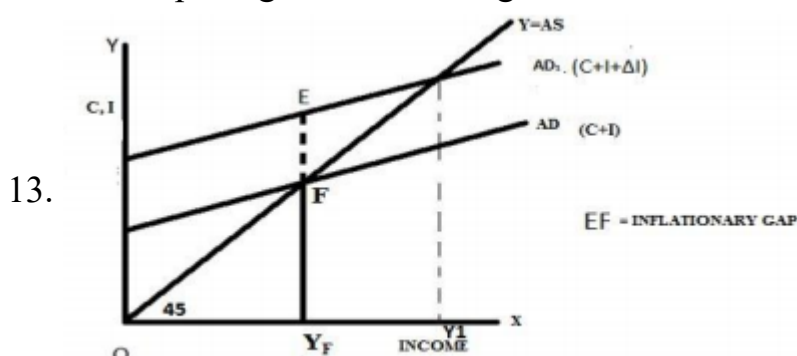
Official reserve transactions are the transactions made by the Central Bank which cause changes in its official reserves of foreign exchange.

It is recorded in the capital account of BoP. Any decrease in reserve is recorded in the credit side and an increase in forex recorded in the debit side of the capital account of BoP. (St must be noted only change is recorded)

OR

Following are the demerits of the flexible exchange rate system:

- i. **Instability and uncertainty**- Flexible exchange rate system creates situations of instability and uncertainty. There are wide fluctuations in exchange rates that hamper foreign trade and capital movements between countries.
- ii. **Speculation**- Flexible exchange rate encourages speculation.
- iii. **International trade and investment**- Flexible exchange rate discourages international trade and investment by causing fluctuations in the value of a currency.
- iv. Dampening effect on foreign trade.



The inflationary gap represents the situation where the actually obtained aggregate demand exceeds the aggregate demand required to maintain a full-employment level.

Fiscal measures to correct it:

- i. Reduction in Govt. expenditure
- ii. Increase in Taxes

iii. Public Borrowings

iv. Decrease in Subsidy (Write any two)

14. $S = -60 + 0.1Y$

$$C = 60 + 0.9Y$$

At equilibrium level,

$$Y = C + I$$

$$Y = 60 + 0.9Y + 4000$$

$$Y - 0.9Y = 4060$$

$$0.1 Y = 4060$$

$$Y = \frac{4060}{0.1}$$

$$Y = ₹ 40,600 \text{ crores}$$

OR

a. At equilibrium: $AD = Y$

$$160 + 0.8 Y = Y$$

$$0.2Y = 160 \Rightarrow Y = \frac{160}{0.2} = 800$$

b. From the aggregate demand function, $MPC = 0.8$

Autonomous consumption (\bar{C}) = 100

Therefore, Consumption function equation:

$$C = 100 + 0.8 Y \text{ Substituting } Y = 800, \text{ we get } C = 100 + 0.8 (800) = 100 + 640 = 740$$

$$S = Y - C = 800 - 740 = 60$$

Therefore, Total Savings at equilibrium level of income = ₹ 60 crore

Alternately From AD function, total autonomous expenditure

$$\bar{A} = \bar{C} + \bar{I} = 160$$

$$\text{Given, } \bar{C} = 100. \text{ Therefore, } I = 160 - 100 = 60$$

We know that at equilibrium level of income, $S = I$

Thus, Total Savings (S) at equilibrium = $I = ₹ 60 \text{ crore}$

15. Money Multiplier or deposit multiplier measures the amount of money that the banks are able to create in the form of deposits with every unit of money it keeps as reserves. It is calculated as

$$\text{Money Multiplier} = \frac{1}{LRR}$$

The deposits held by the banks are used for giving loans. However banks cannot use the whole of deposit for lending. It is legally compulsory for the banks to keep a certain minimum fraction of their deposits as reserves. This fraction is called the Legal Reserve Ratio and this is fixed by the Central bank.

Value of Money Multiplier Depends on two factors:

- i. Amount of initial deposits (Primary Deposits)
- ii. LRR (Legal Reserve Ration)

16. Answer the following questions:

(i) i. **Net Value Added at Factor Cost**

Value of output = Sales + Change in stock.

$$= 750 + (-30)$$

$$= 720.$$

GVA_{mp} = Value of output - Intermediate cost.

$$= 720 - 500$$

$$= 220.$$

NVA_{mp} = GVA_{mp} - Depreciation.

$$= 220 - 60.$$

$$= 160.$$

NVA_{fc} = NVA_{mp} - Net indirect taxes.

$$= 160 - 100$$

$$= 60.$$

ii. The formula for calculating national income using expenditure method is :

$$\text{National Income} = C + I + G + (X - M)$$

Where,

C = Consumption by residents of the nation

I = Investment

G = Government spending

X = Exports

M = Imports

a. NNP_{FC} (Expenditure Method)

$$b. = (i) + (ii) + (iii) + (viii) - (vii) + (ix) - (vi) + (x)$$

$$= 250 + 50 + 900 + 100 - 100 + 10 - 80 + (-20)$$

$$= ₹ 1110 \text{ Cr.}$$

c. NNP_{FC} (Value added method)

$$= (iv) - (v) - (vi) - (vii) + (ix) + (x)$$

$$= (900 + 800 + 400) - (400 + 300 + 100) - 80 - 100 + 10 + (-20)$$

$$= ₹ 1110 \text{ Cr.}$$

(ii) OR

i. Calculation of Net National Product at Market Price:

(NNP_{mp}) = Private Final Consumption Expenditure + Government Final

Consumption Expenditure + Gross Domestic Fixed Capital Formation + Change in Stock - Consumption of Fixed Capital + Net Factor Income to Abroad - Net Imports

$$NNP_{mp} = 800 + 250 + 100 + (-10) + 40 - 40 - 20$$

$$= 1,190 - 70$$

= Rs. 1120, arab

Using the expenditure method Net National Product at market price comes out to be Rs.1120 arab.

ii. a. **Income Method:**

$$\begin{aligned}\text{GNP}_{\text{FC}} &= \text{Compensation of employees} + \text{Operating surplus (Rent + Interest + Profits)} + \text{Net factor income from abroad} + \text{Depreciation} \\ &= 1850 + (400 + 500 + 1100) + (-)50 + 100 \\ &= \text{Rs.3900 crore.}\end{aligned}$$

b. **Expenditure Method:**

$$\begin{aligned}\text{GNP}_{\text{FC}} &= \text{Government final consumption expenditure} + \text{Private final consumption expenditure} + \text{Gross domestic capital formation} + \text{Net exports} + \text{Net factor income from abroad} - \text{Net indirect tax} \\ &= 1100 + 2600 + (500 + 100) + (-) 100 + (-) 50 - 250 \\ &= \text{Rs.3900 crore.}\end{aligned}$$

17. Answer the following questions:

- (i) Yes, there can be a fiscal deficit in a government budget without a revenue deficit.

Revenue deficit is a position where the total revenue expenditure of the government exceeds its total revenue receipts. The fiscal deficit is a position where the total expenditure of the government exceeds sum total of its revenue receipts and non-debt capital receipts. Hence, there can be a fiscal deficit without revenue deficit in the following situations:

- i. When the capital budget shows a deficit and revenue budget is balanced.
- ii. When the deficit in the capital budget is greater than the surplus in the revenue budget.

- (ii) Capital receipts refer to those receipts which either create a liability or cause a reduction in the assets of the government. They are non-recurring and non-routine in nature.

Examples Borrowings, Disinvestment, etc.

Revenue receipts refer to those receipts which neither create any liability nor cause any reduction in the assets of the government. They are regular and recurring in nature and government receives them in its normal course of activities.

Examples Tax Revenue (like Income tax, Goods and Services Tax, etc.) and Non-tax revenue (like interest, fees, etc.)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. (a) Technological unemployment

Explanation:

Technological Unemployment: Technological upgradation is taking place in all spheres of activity. People who have not updated their skills in the latest technology become technologically unemployed.

19.

(d) India

Explanation:

With a population of more than 1.2 billion, India is the world's largest democracy.

20.

(b) Development of small scale industries

Explanation:

Development of small scale industries

21.

(b) Diversification of productive activity

Explanation:

Diversification of production is the one aspect of agriculture diversification.

22.

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

Explanation:

Balanced regional growth is achieved in the country after the imposition of Goods And Service Tax across all states of the country.

23.

(d) Option (a)

Explanation:

stock of produced means of production

24.

(d) 26,425.

Explanation:

Some 120 million households (including some non-peasant ones) or 98.2 percent of the total number of households in the Chinese countryside, were organized into 26,425 people's communes.

25.

(b) thermal, hydro

Explanation:

Some resources are underutilised which produced electricity. Thermal and hydroelectric can be produced in the country.

26. (a) (ii) and (iii)

Explanation:

(ii) and (iii)

27. (a) (I) and (II)

Explanation:

(I) and (II)

28. Following are the functions of Pollution Control Boards:

- i. **Fixation of Pollution Standards-** Pollution Control Boards investigate, collect, and disseminate information relating to water, air, and land pollution. They lay down standards for sewage and trade effluent and emissions.
- ii. **Technical Assistance-** Pollution Control Boards provide technical assistance to governments in promoting the cleanliness of streams and wells and improving the quality of air. This will prevent, control and abate water pollution and air pollution.
- iii. **Mass Awareness-** Pollution Control Boards organise through mass media a comprehensive mass awareness programme for the prevention and control of pollution. Pollution Control Boards prepare and publicise guidelines relating to the treatment and disposal of sewage and trade effluents.

OR

It is not justified from environment point of view but no individual is so concerned for the environment that he sacrifices his own comfort for the sake of environment. I feel surprised when even the managers and employees of environment related organizations are also found indulged in such activities. First thing is to create a true awareness about environment which is not at mouth level but at actions level. Secondly, we need to improve public transport system so that people need not run after a personal car. Construction of metro train is a good step in this direction by the government.

29. It is not an easy thing for a country like India to maintain employment growth at 2% because of:

(a) **Huge Population:** 2% jobs means 24 crores jobs per annum

(b) **Craze for capital intensive techniques:** Indian industrialists have a craze for capital intensive techniques

(c) **Ignorance of cottage and small scale industries:** In India, cottage and small scale industries are not being given as much importance as required.

30. Difference between Self reliance and Self Sufficiency can be summarised as below:

- a. An economy must have enough resources or foreign exchange to purchase all inputs required for production, if they are not available within the country. If it has enough resources to buy these resources it is said to be self-reliant. On the contrary, when a

country can produce everything within its domestic territory, it is said to be self-sufficient.

- b. It is possible to be self-reliant but it is not possible for an economy to be self sufficient.
- c. Self-sufficiency is also not desirable economically because it may be cheaper and better to buy certain inputs from other countries. For that a country needs foreign exchange. If a country has foreign exchange, it is self-reliant.
- d. Self - Sufficiency means a country is possessing (or producing) all the resources it needs.

Self - Reliance is depending on own resources of the country and avoiding dependence on external flows.

31. The statement suggests that the process of economic reform has had a negative impact on the agriculture sector. This could be due to various reasons. Economic reforms, such as liberalization and globalization, often prioritize industrial and service sectors, leading to reduced government support and investment in agriculture. This can result in limited access to credit, inadequate infrastructure, and a lack of modern technology and resources for farmers. As a result, the agriculture sector may face challenges in terms of productivity, competitiveness, and income generation, thus adversely affecting its overall performance.

OR

Globalisation:

Globalisation means integrating the economy of a country with the economies of other countries under conditions of free flow of trade and capital, and movement of persons across borders. Globalisation has both positive and negative impacts on an economy.

These are discussed below:

Case in favour of Globalisation:

- 1. It will improve allocative efficiency of resources, capital output ratio, increase labour productivity, exports and inflow of capital.
- 2. It will bring world class technology, increase competition, and boost the rate of economic growth.
- 3. It will help to restructure the production and trade pattern in a capital scarce, labour abundant economy in favour of labour intensive goods and techniques.
- 4. Foreign capital will be attracted and with its entry, updated technology will also enter the country.
- 5. With the entry of foreign competition and the removal of import tariff barriers, domestic industry will be subjected to price reducing and quality improving effects in the domestic economy which will benefit consumers.
- 6. It creates employment opportunities in the economy.

7. It has resulted in the unrestricted flow of goods and services among different countries of the world.

Case against Globalisation:

1. It leads to redistribution of economic power and increases inequalities among nations.
 2. One study reveals that in the globalising world, the economies are moving away from each other rather than coming closer.
 3. Globalisation is increasing pressure on economies for structural and conceptual readjustments.
 4. Public is going through the pains and uncertainties of structural and conceptual readjustments for the sake of benefits yet to come.
 5. Globalisation is unfair from the view point of developing countries as none of the MNCs has set up manufacturing plants in India or signed any technology transfer agreement with any Indian company like INTEL, AMO and CISCO.
 6. It has also resulted in unemployment because of the use of capital intensive techniques.
32. Migration is shifting of a person from one place to another with the intentions of settling, permanently or temporarily in a new location. The movement is often over long distances and from one country to another. When people migrate from one country to another country it is known as external migration, on the otherhand when people shift from one state to another state it is known as internal migration.

Costs of Migration:

- a. It involves higher cost of living in migrated area.
- b. It involves cost of transportation.
- c. It involves psychological cost of living in a foreign culture.

Benefits of Migration:

- a. Higher earnings
- b. Better social status

33. Answer the following questions:

- (i) i. Micro-credit plays an important role in meeting the credit requirements of the poor.
Under micro-credit programmes, farmers get adequate credit at cheaper rates. Micro-credit programme promotes thrift in small proportions by a minimum contribution from each member. From the pooled money, credit is given to the needy members, which is repayable in small installments at reasonable interest rates. The target group, therefore broadly comprises small and marginal farmers, agricultural and non-agricultural labourers, artisans and craftsmen and other poor engaged in a small business like vending and hawking. Micro-credit programme removes the need for any kind of collateral. It also helps in women empowerment.
- ii. Organic Farming suffers from following drawbacks:

- i. **Less Popular:** Organic farming needs to be popularized by creating awareness and willingness on the part of farmers, for adoption of new technology. There is a serious need for an appropriate agriculture policy to promote organic farming.
- ii. **Lack of Infrastructure and Marketing Facilities:** Organic farming faces problems of inadequate infrastructure and marketing facilities.
- iii. **Low Yield:** Organic farming has a lesser yield in the initial years as compared to modern agricultural farming. As a result, small and marginal farmers find difficult to adapt to large-scale production.

(ii) OR

i. **Advantages of Organic farming are:**

- Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as animal manures and composts. It is chemical free which helps in soil conservation.
- Organic produce has more nutritional value than chemical farming.

Limitations of organic farming are as follows:

- Yields from organic farming are lesser than the modern agricultural farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production.
- Produce from organic farming generally has a shorter shelf life than sprayed produce.

ii. Key issues in rural development are:

- i. Infrastructure development
- ii. Health
- iii. Literacy
- iv. Land reforms
- v. Productive resources
- vi. Poverty alleviation

34. i. The one-child norm was introduced in China in the late 1970s to control the population.

The major implications are:(any two)

- a. It was the major reason for its low population growth.
- b. It also led to a decline in the sex ratio, the proportion of females per 1000 males
- c. It would also bear a social cost that children would grow up with no siblings.
- d. After a few decades, there would be more elderly people in proportion to young people.

ii. Even after adopting various measures to contain the bulging population and reducing fertility, the populations of India and China are destined to become even larger. The

death rate in India is higher than that in China, but the prospective decline in fertility in India is surely more gradual. The attainment of a replacement level (total fertility rate of about 2.2 or 2.3 children) is long in the future to achieve a low population growth. Besides, population growth has its own momentum. Even if every couple merely replaces itself, the population continues to increase by 50% or more.