

**Class -XII**

**Subject: Economics**

**CASE STUDY 1**

**Read the following hypothetical text and answer the given questions:**

India's Micro, Small and Medium Enterprises (MSME) sector is poised for a mega transformation in 2020, with the launch of an Alibaba-like e- marketplace, trendy yet affordable khadi products to appeal to the masses and digital data-based credit ratings to help entrepreneurs avail loans. However, the MSME sector, often considered the bulwark of the economy as it contributes around 29% to the GDP and 48% to the Indian exports.

There is an urgent need of major reforms and policy interventions towards ensuring timely availability of low cost credit, improving ease of doing business and technological up gradation, to take on the formidable challenge of creating millions of jobs, ensure equitable distribution of national income and achieving large-scale import substitution. The World Bank has recently approved loan worth \$750 million to address the immediate liquidity and credit needs of India's MSME sector that has been severely impacted by the Covid-19 crisis. This will give a push to the Atmanirbhar Bharat vision of the government.

Q-1 Identify which of the following is not an advantage of the MSME sector? (Choose the correct alternative)

- a) It is suited for the utilization of local resources.
- b) It is helpful in creation of employment opportunities
- c) It requires more capital than labour
- d) It ensures equitable distribution of income in the country.

Q-2 MSME sector suffered to a large extent in COVID-19 pandemic situation due \_\_\_\_\_ (fill up the blank with correct answer)

Q-3 Read the following statements - Assertion (A) and Reason ( R)

Assertion (A): Small scale industries ensure a more equitable distribution of national income and wealth.

Reason (R): The ownership of small scale industries is more wide spread than the ownership of large scale industries.

Select the correct alternative from the following:

- a) Both Assertion (A) and Reason ( R) are true.
- b) Both Assertion (A) and Reason (R) are false.

Q.N.-4 State whether the given statement is true or false:

Small Scale Industries are the largest employer of the labour force in India.

## CASE STUDY – 2

**Read the following hypothetical text and answer the given questions:**

The performance of Indian economy during the period of first seven five year plans (1950-1990) was satisfactory if not very impressive. On the eve of independence, India was an industrially backward country, but during this period of first seven plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to protection of the domestic industries against the foreign producers but we failed to promote a strong export surplus. Although public sector expanded to a large extent but it could not bring desired level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernization on the front of the industrial sector. Many Public Sector Undertakings (PSU's) incurred huge losses due to operational inefficiencies, red-tapism, poor technology and other similar reasons. These PSU's continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources.

On the Agricultural front, due to the measures taken under the Green Revolution, India more or less became self-sufficient in the production of food grains.

So the needs for reform of economic policy was widely felt in the context of changing global economic scenario to achieve desired growth in the country.

- Q-1 Which of the following was not a reason for the public sector to play a major role in the initial phase of Indian Economic Planning? (choose the correct alternative)
- a) Private entrepreneurs lacked sufficient capital for investment.
  - b) Government aimed at social welfare.
  - c) The market was big enough to encourage private industrialists for investment.
  - d) The government wanted to protect the indigenous producers from the foreign competition.

Q-2 Inward looking trade strategy aimed at \_\_\_\_\_ (fill up the blank with correct answer)

Q-3 State whether the given statement is true or false:  
Mechanization of the Indian agriculture was one of the cause of Green Revolution in India.

- Q-4 Read the following statements - Assertion (A) and Reason (R)
- Assertion (A): Many public sector undertakings incurred huge losses due to operational inefficiencies.
- Reason (R): Red-tapism was one of the reasons for continuation of such enterprises.
- Select the correct alternative from the following:
- a) Both Assertion (A) and Reason (R) are true.
  - b) Both Assertion (A) and Reason (R) are false.

### CASE STUDY – 3

**Read the following hypothetical text and answer the given questions:**

Sustainable development is the synonymous in the minds of many with the colour green and for good reasons. Twenty years ago, at the First Earth Summit at Rio de Janeiro, in Brazil, world leaders set out what today is conventional wisdom: SOCIAL AND ECONOMIC HUMAN PROGRESS - cannot be divorced from environmental protection unless both are advanced together, both will flounder together.

Sustainable development is as much about health, education and jobs, as it is about the ecosystems. It is about ever widening inclusion and movement away from decisions that erode democratic space and do not address social inequality, intolerance, and violence.

Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated healthy and productive societies. It is about wealth creation that generates equality and opportunity.

Sustainable Development is about consumption and production patterns that respect planetary boundaries; it is also about increasing tolerance and respect for human rights at all levels. Building on human development legacy that oriented with Economists like Amartya Sen and MahbubUIHaq and was captured by the first Human Development Report in 1990.

United Nations Development Programme (UNDP) has long promoted alternative approaches to measure human progress, along with the Human Development Index (HDI). Today, we are building on this legacy by exploring how to adjust the index to reflect environmental sustainability, so that governments and citizens might better track real progress towards truly sustainable development. This must be our collective objective.

Q-1	Which of the following is not one of the ways to attain the goal of sustainable development? (choose the correct alternative) a) Use of cleaner fuels b) Use of traditional knowledge and practices c) Spreading awareness d) Sticking to methods to promote inequalities.
Q-2	State whether the given statement is true or false: As per the UNDP Report education and health are the broader issues of human development.
Q-3	Sustainable development and economic growth are _____ (directly/indirectly) related. (choose the correct alternative)
Q-4	Read the following statements - Assertion (A) and Reason ( R) Assertion (A): Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated, healthy and productive societies. Reason (R): Sustainable Development advocates about wealth creation that generates Socio-economic equality and opportunity. Select the correct alternative from the following: a) Both Assertion (A) and Reason (R) are true. b) Both Assertion (A) and Reason (R) are false.

**CASE STUDY – 4**

**Read the following hypothetical text and answer the given questions:**

Infrastructure is often called as the lifeline of the economy of a nation. It comprises of a well established and well knit network of power, telecom, ports, airports, roads, civil aviation, railways and road transport in a country. Countries need adequate infrastructure so that various economic activities in an economy are executed efficiently, smoothly and above all in time. The deficiencies in the of infrastructural needs of a nation cannot be made up through imports rather the best approach is that it must be created within the domestic economy to put it on through the higher growth trajectory.

However,building of infrastructure requires large and lumpy investment and has a relatively long gestation period. Due to this fact, infrastructural facilities are either built or run by the government and public sector enterprises and if private sector is permitted to make investment and run infrastructural projects, they must be regulated in order to ensure quality infrastructure to one and all in the society.

Q-1	Identify the main category of infrastructure mentioned in the above paragraph. (choose the correct alternative) a) Social b) Economic c) Personal d) Financial
Q-2	The demand-supply gap of major infrastructural facility like power, transport can be met through_____ (fill up the blank with correct answer)
Q-3	State whether the given statement is true or false: 'Infrastructure is often called as the lifeline of the economy of a country,as it helps in increasing the productivity ofthe factors of production and enhancing the quality of life'.
Q-4	State any one reason as to why infrastructural facilities are mainly built or run by the government and public sector enterprises?

### CASE STUDY- 5

Read the following hypothetical text and answer the given questions:

	<p>The Budget Estimate of total spending for 2021-22 is ₹34.83 lakh crore. The Revised Estimate (RE) for total central spending in 2020-21 is ₹34.5 lakh crore. The Gross Domestic Product (GDP) deflator — if one takes 14.4% nominal GDP growth projection for 2021-22 given in the budget and 11% real GDP forecast given in the latest Economic Survey — comes to 3.4%. This means that central spending should have increased to at least ₹35.7 lakh crore to keep it unchanged in real terms. The fact that it has not happened implies that the 2021-22 budget entails a negative fiscal stimulus to the economy.</p> <p>To be sure, one could argue that 2020-21 was an abnormal year — and, therefore, the government is justified in rolling back its welfare spending push, as the economy gets unlocked and vaccination gains momentum.</p>
Q-1	With the rise in real national income, the economic welfare of the people _____ (rises/falls). (choose the correct alternative)
Q-2	If GDP Deflator = 125, Nominal GDP= ₹15000crs. then Real GDP is equal to ₹ _____ (fill up the blank with correct answer)
Q-3	<p>Read the following statements - Assertion (A) and Reason ( R)</p> <p>Assertion (A): Real GDP is always equal to Nominal GDP.</p> <p>Reason (R): Real GDP is a better measure to make periodic comparison in the physical output of goods and services over different years.</p> <p>Select the correct alternative from the following:</p> <p>a) Assertion (A) is true and Reason (R) is false.</p> <p>b) Assertion (A) is false and Reason (R) is true.</p>
Q-4	State the significance of GDP Deflator.

**SUGGESTED ANSWERS TO THE CASE STUDIES**

<b>CASE STUDY 1</b>	
Q-1	c) It requires more capital
Q-2	a) Liquidity crunch (or any other valid answer)
Q-3	a) Both Assertion (A) and Reason (R) are true.
Q-4	False
<b>CASE STUDY 2</b>	
Q-1	c) The market was big enough to encourage private industrialists for investment.
Q-2	protecting domestic industries from international competition. (or any other valid answer)
Q-3	True
Q-4	a) Both Assertion (A) and Reason (R) are true.
<b>CASE STUDY 3</b>	
Q-1	d) Sticking to methods to promote inequalities.
Q-2	True
Q-3	Directly
Q-4	a) Both Assertion (A) and Reason (R) are true.
<b>CASE STUDY 4</b>	
Q-1	b) Economic
Q-2	active role of public and private sectors. (or any other valid answer)
Q-3	True
Q-4	Higher investment requirements/longer gestation period of the project. (or any other valid answer)
<b>CASE STUDY 5</b>	
Q-1	Rises
Q-2	₹12,000 crores
Q-3	b) Assertion (A) is false and Reason (R) is true.
Q-4	GDP Deflator is a tool that shows changes in the price level of the economy over a given period of time.

## PRACTICE QUESTIONS – 2021-22

### TERM 1 - CLASS 12 ECONOMICS

1. Money can be used to transfer purchasing power from the present to the future. Which specific function of money is this called?
  - A. store of value
  - B. unit of account
  - C. medium of exchange
  - D. double coincidence of wants
2. There are two statements given below, about the effect of a rise in the general price level of an economy.

P: It will lead to a rise in the value of money.

Q: It will lead to a rise in the demand for money.

Which of these is/are true?

- A. only P
  - B. only Q
  - C. both P and Q
  - D. neither P nor Q
3. Which of the following formulae is **INCORRECT**?
    - A.  $M1 = \text{currency} + \text{net demand deposits}$
    - B.  $M2 = M1 + \text{savings with post office savings banks}$
    - C.  $M3 = M2 + \text{net time deposits of commercial banks}$
    - D.  $M4 = M3 + \text{total deposits with post office savings banks}$
  4. Which of the following is **TRUE** about revenue receipts?
    - A. non-recurring in nature
    - B. may create corresponding liability
    - C. do not lead to an increase in liability
    - D. include loans taken by the government
  5. In 2021, the government said that despite the current resource crunch, it has decided to hike its capital expenditure by 34.5%.

Which of the following could be a reason for this hike?

- A. increasing salaries of government employees
  - B. repayment of mounting interests on international loans
  - C. paying pending pensions to the government employees
  - D. rapid employment generation through infrastructural projects
6. Which of the following can help reduce the fiscal deficit?
    - A. increasing subsidies
    - B. increasing the PSU profits
    - C. investing in improving public goods
    - D. decreasing the burden and incidence of tax
  7. Which of the following will be debited on the Capital Account of India's Balance of Payments Account?

- A. an Indian woman buying a Chinese company
  - B. an Indian woman sending remittances home from the UK
  - C. an American company buying shares of an Indian company
  - D. an American company selling mobile phones to Indian customers
8. In 2020, India's purchasing power parity was 22 national currency units (rupees) per US dollar.

*Source: OECD*

What does this mean?

- A. Goods that can be bought for 1 dollar in the US would require 22 rupees in India.
  - B. Goods in India that can be bought for 1 dollar would require 22 dollars in the US.
  - C. Goods that can be bought for 1 dollar in the US would require 22 dollars in India.
  - D. Goods in India that can be bought for 1 rupee would require 22 dollars in the US.
9. In the 20th century, under British rule, India had an export surplus. Where was this surplus used?
- A. to invest in capital goods industries in India
  - B. to invest in capital goods industries in Britain
  - C. to meet the official and war expenses of the British
  - D. to pay the salaries of Indian government employees
10. The colonial government made no sincere attempts to estimate India's national and per capita income, but most studies found that India's national income growth in the pre-Independence era was \_\_\_\_\_ and per capita income growth was \_\_\_\_\_.

Choose the correct option that can fill in the blanks.

- A. close to 5 per cent, more than 2 per cent
  - B. less than 3 per cent, more than 1 per cent
  - C. close to half per cent, almost 0 per cent
  - D. less than 2 per cent, close to half per cent
11. Under the British system of land settlement, the *zamindar's* dues to the state were fixed. What did this mean for the cultivators?
- A. They received investment support to increase production.
  - B. They were exploited and forced to pay rent regardless of the produce.
  - C. They had the support of the landlords against the oppressive policies of the British.
  - D. They were forced to shift from food crops to commercial crops, leading to food scarcity.
12. There are two statements given below, about the changes in India's structural composition in the period 1950-1990.

P: At the beginning of this period, the share of agriculture in the GDP was the highest.

Q: Increase in agricultural productivity during this period led to a further increase in the share of agriculture in the GDP by the end of this period.

Which of these statements is/are true?

- A. only P
  - B. only Q
  - C. both P and Q
  - D. neither P nor Q
13. Which of the following statements about the land ceiling policy is TRUE?
- A. It led to equity in the agricultural sector.



- B. Many landlords were able to escape the legislation.
- C. The implementation of the legislation was challenged by small tenants.
- D. It was successful in Kerala and West Bengal because it met no resistance.

14. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): India's Green Revolution is an example of how the productivity of scarce land resources can be increased with improved production technology.

Reason (R): Because of the Green Revolution, farmers produced far larger quantities of foodgrains than was possible earlier, on the same piece of land.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true but R does not explain A.

15. What kind of tariff policy was needed to protect domestic producers from foreign competition, after independence?

- A. low import tariffs, reduced import quota
- B. low import tariffs, increased import quota
- C. high import tariffs, reduced import quota
- D. high import tariffs, increased import quota

16. Manu is a construction worker who travels between his village and the nearby city in search of work. When he is hired, he gets 10-15 days of work, after which he is unemployed again.

Which category of poor does he come under?

- A. chronic poor
- B. churning poor
- C. transient poor
- D. occasionally poor

17. In which of the following ways did the British Raj impact the Indian economy the most?

- A. The British made India an exporter of cotton from an exporter of cloth that led to large-scale unemployment.
- B. The establishment of railways by the British provided short-term employment for many Indians.
- C. The British expanded their army with Indian sepoys and fought in wars overseas.
- D. The British provided tax concessions to rural farmers and landless labourers.

18. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): Land redistribution efforts have failed in reducing levels of poverty in rural India.

Reason (R): The capita per head availability of agricultural land has steadily declined in rural India due to population growth.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.

- D. Both A and R are true but R does not explain A.
19. Who amongst the following, has received the greatest investment in human capital formation?
- A. a nurse in a clinic who is frequently absent because of his ill health
  - B. a 12-year-old who helps her mother with construction work
  - C. a 10th-pass girl who works as a store manager in a mall
  - D. a computer science graduate who works at a call centre
20. Which of the following is the CORRECT difference between physical and human capital?
- A. Physical capital can be sold but human capital cannot be sold.
  - B. Physical capital cannot be separated from its owner while human capital can.
  - C. Physical capital provides both private and social benefits while human capital provides only social benefits.
  - D. The depreciation of physical capital can be arrested with more investment while human capital will continue to deplete.
21. India faces 'educated unemployment'. Even though the number of educated individuals ready for jobs has increased, they are unemployed.

Which of the following is MOST LIKELY the reason for this?

- A. The supply of labour is much higher than demand.
  - B. Investments in health have not taken place proportionally.
  - C. Although more students are enrolled in schools, there is a high dropout rate.
  - D. Reverse migration has not been accompanied by alternative employment opportunities.
22. Which of the following statements correctly represents actions taken by the government towards liberalisation?
- P: levying high tariffs to discourage import and promoting the consumption of domestic goods and services  
Q: devaluation of the rupees to encourage inflow of foreign exchange  
R: allowing for private banks to make decisions independent of the RBI restrictions  
S: fixing prices of certain industrial goods in order to support increased consumption of these goods to boost the manufacturing industry
- A. P and Q only
  - B. P and R only
  - C. Q and R only
  - D. Q and S only
23. Which of the following policies was adopted to increase the competitive position of Indian goods in the international markets?
- A. export duties were removed
  - B. import licensing was abolished
  - C. the rate of corporation tax was reduced
  - D. Foreign Institutional Investors (FII) were allowed to invest in India
24. Which of the following falls under the role of the World Trade Organisation?
- A. setting the limit for domestic and foreign investments in a country
  - B. mandating the level of tax levied on foreign firms in developing countries
  - C. aiding the development of poor countries by providing infrastructural investment
  - D. providing a platform for member countries to decide future tariff-related strategies

25. Assuming all other variables remain constant, what will be the effect of an increase in the velocity of money?
- A. increase in transactional demand for money
  - B. decrease in transactional demand for money
  - C. increase in speculative demand for money
  - D. decrease in speculative demand for money
26. Which of the following actions by the Central Bank will INCREASE the money supply in the country?
- A. decreasing the repo rate
  - B. decreasing the bank rate
  - C. increasing the reverse repo rate
  - D. selling bonds issues by the government in the open market
27. If the reserve ratio is 20%, what will be the amount of total reserves after an initial deposit of Rs. 200?
- A. 4000
  - B. 2000
  - C. 1000
  - D. 400
28. Credit cards are excluded from all measures of the quantity of money, because they are not really a method of payment, but a method of deferring payment. When you buy a meal with a credit card, the bank that issued the card pays the restaurant the amount that is due. At a later date, you will have to repay the bank, perhaps with interest. For this, you might use the money in your demand deposits, and that money is included in the economy's stock of money.

Which of the following can happen with an increased use of credit cards in an economy?

- A. increase in money supply
  - B. decrease in money supply
  - C. increase in money demand
  - D. decrease in money demand
29. A bank 'run' occurs when a large number of customers of a bank withdraw their deposits simultaneously. This can cause a bank to become insolvent if they cannot pay back all the depositors.
- Which of the following facts about a bank make a bank run possible?
- A. Banks hold only about 15 per cent of their deposits as cash. The rest of the deposits are given out as loans.
  - B. Banks have to pay a specific amount to the person in whose name a cheque has been issued.
  - C. Banks charge a higher interest rate on loans than what they offer on deposits.
  - D. Banks pay an amount to account holders as interest on deposits.
30. Which of the following is an example of a public good?
- A. medicines and injections
  - B. books and stationary
  - C. houses and furniture
  - D. law and order
31. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): A high revenue deficit can cause inflation in the country.

Reason (R): Rising expenditure of the government can cause a rise in the aggregate demand in the country.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true but R does not explain A.

32. Country X has more inflation than country Y. Which of the following is MOST LIKELY to happen in such a case?

- A. a surplus trade balance in country Y
- B. a deficit trade balance for country X
- C. a rise in exports from country X to country Y
- D. a rise in imports from country Y to country X

33. Which of the following will lead to an appreciation of domestic currency?

P: increased demand for foreign exchange

Q: decreased demand for foreign exchange

R: increased supply of foreign exchange

S: decreased supply of foreign exchange

- A. P and R
- B. P and S
- C. Q and R
- D. Q and S

34. *The Reserve Bank of India is said to have intervened lately to arrest the rupee's slide by selling Dollars on a large scale.*

Source: The Economic Times, March 03, 2021

Which of the following statements regarding the above news is FALSE?

- A. The transaction above will be termed as an accommodating transaction.
- B. The foreign exchange rate for one rupee must be rising before intervention.
- C. The value of the rupee against one dollar must be rising before the intervention.
- D. The transaction will be categorised as a below-the-line item in the balance of payments.

35. Let us assume that the foreign exchange rate of the Indian rupee is speculated to rise in the coming months. This may lead to many investors holding on to their reserves of US dollars.

Which of the following things will this result in?

P: rise in demand of US dollars

Q: rise in the supply of US dollars

R: an actual depreciation of INR

S: fall in demand of INR

- A. only P and S
- B. only Q and R
- C. only P, Q, and R
- D. only P, R, and S

36. Look at the following data of a given country.

No.	Items	Value (in Million US Dollars)
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1.	Exports (of goods)	150
2.	Imports (of goods)	200
3.	Net Invisibles	20

Which of the following is INCORRECT?

- A. Balance of trade is unfavourable for the country.
  - B. Balance of payment cannot be determined by the data.
  - C. There is a Current Account Deficit of 30 million US Dollars.
  - D. There is a Capital Account Surplus of 50 million US Dollars.
37. There are two statements given below marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): The establishment of the Suez Canal intensified Britain's control over India's foreign trade.

Reason (R): The Europeans no longer had to travel around Africa to reach India.

- A. A is true but R is false.
  - B. A is false but R is true.
  - C. Both A and R are true and R explains A.
  - D. Both A and R are true and R does not explain A.
38. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): The British introduced railways in India in 1850, which is considered one of their most important contributions.

Reason (R): The British had India's best interests in mind while developing the infrastructure.

- A. A is true but R is false.
  - B. A is false but R is true.
  - C. Both A and R are true and R explains A.
  - D. Both A and R are true but R does not explain A.
39. In the Swadeshi Movement against the British, started in 1905, Indians started ditching British goods for Indian products.

Which of the following would have been the likely impact of the movement?

P: rise in import of raw materials

Q: fall in imports from Britain

R: rise in production of goods in India

S: rise in export tariffs

- A. only P and R
  - B. only P and S
  - C. only Q and R
  - D. only R and S
40. There are two statements given below marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): In a capitalist economy, private entities own resources, whereas in a socialist economy resources are owned by the state.

Reason (R): In a socialist economy, it is assumed that the government knows the exact needs of the people.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true and R does not explain A.

41. C. Rajagopalachari, a founder of the Swatantra Party, coined the term 'permit-license raj' to encapsulate the party's frustrations with Nehru's policies, writing in his magazine Swarajya: *I want the corruptions of the Permit/Licence Raj to go... I want real, equal opportunities for all and no private monopolies created by the Permit/Licence Raj.*

How were these private monopolies indulging in the corruption that C. Rajagopalachari talks about?

- A. They led to lobbying and personal benefits for big industrial houses.
  - B. They continued to function even when running into losses.
  - C. They exploited the people by grossly increasing prices.
  - D. They could not compete with international products.
42. To estimate the poverty levels in his town, the collector conducted an informal survey that compiled all household incomes in the area. Using the national poverty line as a reference point, she then calculated the number of poor. Based on this she wanted to launch a number of welfare schemes.

In what other ways could she have measured poverty so that the most beneficial welfare schemes are launched?

- A. by calculating the head count ratio
  - B. by looking at health and education indicators
  - C. by dividing the poor into further specific categories
  - D. by categorising them as employed and unemployed
43. Recent studies of poverty show that the lower castes of India form the poorest 10% in the country. Every second person from the Scheduled Tribes and every third person from the Scheduled Castes are poor.  
*- Every second ST, every third Dalit & Muslim in India poor, and not just financially: UN report, The Print, 2019*

The above lines show that caste is an important determinant of poverty.

Which of the following statements BEST describes how a person's caste influences poverty?

- A. Lower castes face systemic poverty, leading to a lack of access to public resources like employment, health and education.
  - B. Lower castes have very high consumption and expenditure rates owing to their poor living conditions.
  - C. The Indian government has continuously ignored the lack of welfare schemes for lower castes.
  - D. The population of lower castes is much higher than other castes.
44. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): The 12th Five Year Plan tried to raise India's Gross Enrolment Ratio in higher

education to 25.2% by 2017–18 and to 30% by 2020–21.

Reason (R): The quality of the population ultimately decides the growth rate of the country.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true but R does not explain A.

45. Which of the following could aid in human capital formation?
- A. expanding the labour market by increasing supply of jobs
  - B. creating larger industries with more complex equipment
  - C. creating open markets with increased stability
  - D. promoting gender equality in the family

46. How can globalisation increase the standard of living of the people in a country?
- A. by offering more products to buy
  - B. by increasing rural to urban migration
  - C. by improving working conditions for factory workers
  - D. by making cheaper products available due to increased competition

47. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): Devaluation of the Indian rupee in 1991 resulted in the inflow of foreign exchange.

Reason (R): Devaluation of the Indian rupee was a step to get taken to get more foreign investments.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true but R does not explain A.

48. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): According to the Government of India, the disinvestment of Public Sector Enterprises has brought accountability and professionalism to them.

Reason (R): The Government of India used disinvestment mainly to improve financial discipline and facilitate modernisation.

- A. A is true but R is false.
- B. A is false but R is true.
- C. Both A and R are true and R explains A.
- D. Both A and R are true but R does not explain A.

S.No.	Content	Rs (in crores)	
1.	Revenue Expenditure	100	
2.	Capital Receipts	40	
3.	Net Borrowings	38	

4.	Net Interest Payments	27	
5.	Tax Revenue	50	
6.	Non-tax Revenue	15	

49. What is the revenue deficit?
- Rs 50 cr
  - Rs 45 cr
  - Rs 35 cr
  - Rs 30 cr
50. Which of the following shows fiscal deficit?
- Rs. 38 cr
  - Rs. 45 cr
  - Rs. 40 cr
  - Rs. 50 cr
51. What will be the primary deficit?
- Rs. 17 cr
  - Rs. 23 cr
  - Rs. 11 cr
  - Rs. 20 cr
52. Which of the following is a non-tax revenue for the government?
- return on assets
  - excise duties
  - service tax
  - customs
53. Which of the following is the formula for revenue deficit?
- revenue expenditure-revenue receipts
  - revenue expenditure-non tax revenue
  - revenue receipts-interest payments
  - borrowings-revenue receipts
54. Which of the following is **MOST LIKELY** to be the main contributor to the fiscal deficit in this case?
- high revenue expenditure
  - high capital receipts
  - low interest payments
  - high tax revenue

Access to adequate and timely credit at affordable rates is critical for the rural poor to alleviate high cost debt and invest in livelihood opportunities. Despite the Government of India's best efforts, financial inclusion of the rural poor has been beset with multiple challenges. Lack of adequate banking infrastructure and human resources in rural areas, unplanned expansion leading to unviable bank branches and low levels of financial literacy amongst the rural populace have been some of the key challenges.

The most vulnerable communities, who often had no formal credit history or ability to provide collateral, have often been the worst affected. Inability to access loans from banks meant that the poorest had to resort to moneylenders for loans at unreasonably high rates of interest that invariably led them into a toxic debt trap.



In this context, the SHG-Bank Linkage programme, formalised by the National Bank for Agriculture and Rural Development (NABARD) in 1995, that synthesizes 'formal financial systems' (in terms of a formal institution providing credit) with the 'informal sector' (comprising of rural poor with no formal credit history), has emerged as a preferred vehicle for providing financial services to the hitherto unbanked poor.

Community Based Repayment Mechanisms (CBRMs) have been institutionalised at branches involved in financing SHGs to monitor and ensure timely repayment of loans by SHGs. The number of SHGs with outstanding bank loans stands at nearly 5 million today, implying that the program has brought formal banking services to over 50 million women.

*Source (edited): Kumar, Shantanu; Pinto, Alreena Renita; Arora, Amit; Roy, Sourav. 2020. SHG-Bank Linkage : A Success Story. South Asia Agriculture and Rural Growth Discussion Note Series; No. 3. World Bank, Washington, DC.  
<https://openknowledge.worldbank.org/handle/10986/34725>*

55. Why is it important to ensure access to cheap formal sector credit to the rural poor?
- to create a culture of savings and investment
  - to increase the earnings of the regional rural banks
  - to protect them from predatory lending and debt traps
  - to promote collectivization and organisation among them
56. Which of the following is a crucial area of improvement for rural banking?
- risk protection for small businesses
  - profitability of non-farm activities
  - a culture of deposit mobilisation
  - sustainable development
57. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.
- Assertion (A): Micro-credit can help empower women and make them financially independent.
- Reason (R): Micro-credit involves small loans provided at reasonable interest rates that can help people start their own ventures.
- A is true but R is false.
  - A is false but R is true.
  - A and R are true and R explains A.
  - A and R are true and R does not explain A.
58. This programme would be successful if it can support a large number of people. What would the number of beneficiaries depend on?
- community support among them
  - their level of average income
  - their level of financial literacy
  - a culture of saving money
59. What could be the main reason for the institutionalisation of Community Based Repayment Mechanisms (CBRMs)?
- Rural people should play an active role in the bank's day-to-day functions.
  - If repayment rate is low, banks would be reluctant to sanction fresh loans.
  - High number of default loans are a burden on the government budget.

D. Rural people deliberately refuse to pay back loans to banks.

60. Which of the following is likely to be the MAIN objective of this programme?

- A. providing livelihood to women
- B. financial literacy for rural people
- C. building community-bank partnerships
- D. enabling credit access for the rural poor

**\*\*\*End of Paper\*\*\***

**Answer Key**

1	A	31	C
2	B	32	D
3	C	33	C
4	C	34	C
5	D	35	D
6	B	36	D
7	A	37	C
8	A	38	A
9	C	39	C
10	D	40	D
11	B	41	A
12	A	42	B
13	B	43	A
14	C	44	C
15	C	45	D
16	A	46	D
17	A	47	A
18	D	48	C
19	D	49	C
20	A	50	A
21	A	51	C
22	C	52	A
23	A	53	A
24	D	54	A
25	B	55	C
26	B	56	C
27	C	57	C
28	D	58	B
29	A	59	B
30	D	60	D