

CBSE Class 12 Economics
Sample Paper 03 (2020-21)

Maximum Marks: 80

Time Allowed: 3 hours

General Instructions:

- i. This question paper contains two parts: Part A - Macro Economics (40 marks) and Part B - Indian Economic Development (40 marks).
- ii. Marks for questions are indicated against each question.
- iii. Question No. 1-7 and Question No. 15 – 21 (including two Case Based Questions) are 1 mark questions and are to be answered in one word/sentence.
- iv. Case Based Questions (CBQ's) are Question No. 7 and Question No. 15.
- v. Question No. 8-9 and Question No. 22 – 23 are 3 marks questions and are to be answered in 60 - 80 words each.
- vi. Question No. 10-12 and Question No. 24 – 26 are 4 marks questions and are to be answered in 80-100 words each.
- vii. Question No. 13-14 and Question No. 27 – 28 are 6 marks questions and are to be answered in 100-150 words each.
- viii. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

PART A - MACRO ECONOMICS

1. Narrow money refers to:
 - a. M3
 - b. M4
 - c. M1
 - d. M2

OR

The lender of last resort is a function of _____.

- a. Central bank
- b. Post office
- c. Commercial bank
- d. Rural bank

2. Fill in the blanks:

Ex-post investment refers to _____ investment in the economy during the period of one year. (actual/planned)

3. Barter system is:

- a. Exchange of foreign exchange
- b. Exchange of trade
- c. Exchange of goods
- d. Exchange of money

4. A component of capital account of balance of payment is

- a. Change in Borrowings from abroad.
- b. Change in foreign exchange reserves
- c. Change in Borrowing and lending by the govt.
- d. Change in lending to abroad.

5. When $APS=1$

- a. consumption = savings
- b. consumption = autonomous consumption
- c. consumption = investment
- d. Savings= income.

6. The demand for foreign exchange and the exchange rate has

- a. Inverse relationship
- b. Indirect relationship
- c. Direct relationship
- d. Exponential relationship

7. **Read the following extract and answer the following questions:**

Normal residents of our country include citizens of our country who normally resides in the country and whose centre of economic interest lies in the country, citizens of other nations who continue to live in our country beyond a period of one-year and whose centre of economic interest lies in our country and also citizens of our country working in international organisations or foreign embassies located in our country.

In contrast, those foreigners who visit our country for travelling, recreation, holidays, medical treatment, studies, conferences, sports etc will not be treated as normal residents of our country and also there officials or diplomats and members of armed forces of a foreign country posted in our country and international organisations located here will be treated as normal residents of our country.

- i. Indians working in USA embassy in India is a _____. (normal residents, non residents)
 - ii. The European citizen living in India for a period of more than one year for a purpose other than study or medical is _____. (non-resident/normal resident)
 - iii. Japanese working in the World health organisation located in India is _____. (normal resident, non-resident)
 - iv. The German director of the office of International monetary fund located in India is a _____. (non resident, normal resident)
8. Explain the basis of classifying goods into intermediate and final goods. Give suitable examples.
9. From the following data calculate. Net Domestic Product at Market Price.

S.no.	Contents	(Rs. in Crores)
(i)	Interest	600
(ii)	Net Current Transfers from Rest of the World	200
(iii)	Consumption of Fixed Capital	800
(iv)	Rent	700
(v)	Net Factor Income from Abroad	100
(vi)	Net Indirect Taxes	850
(vii)	Profit	1,200
(viii)	Social Security Contribution by Employers	700
(ix)	Mixed income of Self Employed	8,000
(x)	Compensation of Employees	5,000
(xi)	Dividend	400

OR

Calculate Intermediate consumption from the following data :

	(₹ Lakh)
(i) Value of output	200
(ii) Net value added at factor cost	80
(iii) Sales tax	15
(iv) Rent	5
(v) Depreciation	20

10. Distinguish between inflationary gap and deflationary gap.
11. Explain banker's bank and supervisor function of Central Bank.

OR

Explain Standard of deferred payments function of money.

12. Distinguish between autonomous transactions and accommodating transaction of balance of payments accounts.
13. What is the inflationary gap? Explain the role of Legal Reserve Ratio in removing this gap.

OR

Explain the working of multiplier with the help of a numerical example.

14. Explain the meaning of the following:
 - i. Revenue deficit.
 - ii. Fiscal deficit.
 - iii. Primary deficit.

PART B - INDIAN ECONOMIC DEVELOPMENT

15. As per Rangarajan Committee, per capita income required per month to consume minimum calorie in take in urban areas is
 - a. Rs. 816
 - b. Rs.1407
 - c. Rs.1000
 - d. Rs. 972
16. What was the motive behind the de-industrialisation by the colonial government in

India?

- a. To sell British manufactured goods in Indian market at high rate prices
- b. Both
- c. None
- d. To get raw material from India at cheap rate

17. **Assertion (A):** 1921 is regarded as the year of the great divide.

Reason (R): From the year 1921 onwards, the total population in India never declined.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- c. Assertion (A) is true but Reason (R) is false.
- d. Assertion (A) is false but Reason (R) is True.

OR

Assertion (A): Capitalism is an economic system in which major economic decisions are left to the free play of the market forces.

Reason (R): There is private ownership of the means of production and all economic decisions are taken with a view to maximizing profits.

- a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
- b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
- c. Assertion is correct statement but reason is wrong statement.
- d. Assertion is wrong statement but reason is correct statement.

18. **Assertion (A):** The new industrial policy was announced on July 24, 1991.

Reason (R): The new industrial policy was announced by the V.P Singh Government.

- a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
- b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
- c. Assertion is correct statement but reason is wrong statement.
- d. Assertion is wrong statement but reason is correct statement.

19. Which of the following country has highest HDI rank?

- a. China
- b. Pakistan
- c. India
- d. None.

20. Occupation wise an economy is classified as

- a. Primary sector , secondary sector and tertiary sector
- b. Economic sector and non-economic sector
- c. Private sector and public sector
- d. None

21. **Read the following extract and answer the following questions:-**

There are various causes of poverty with reference to the underdevelopment of the Indian economy. The main causes are low level of national product, low rate of growth, heavy pressure of population, inflationary spiral, chronic unemployment and under unemployment, capital deficiency, lack of able and efficient entrepreneurs, outdated social institutions, and lack of infrastructure.

An inflationary spiral means a situation of persistent rise in prices. Owing to low GDP growth and high growth rate population, less developed economies like India are vulnerable to an inflationary spiral.

The principal components of social infrastructure are energy, transport and communication which are the vital components of economic infrastructure as well as education, health, and housing services which are grossly deficient.

- i. If there is a continuous rise in prices, then it is a situation of _____.(Inflationary spiral/Deflationary spiral)
- ii. The growth rate in economics refers to _____ (Death rate-birth rate/Birth rate-death rate)
- iii. Deficiency of capital leads to:-
 - a. Low level of production capacity
 - b. Low level of employment
 - c. High level of poverty
 - d. All of the above
- iv. Chronic unemployment refers to:
 - a. Long term unemployment

- b. Short term unemployment
- c. Inefficiently utilised
- d. Efficiently utilised

22. What are the three basic sources of generating power?

OR

Explain how kisan credit card caters to the credit needs of rural population?

- 23. Informalisation leads to casualisation. Explain.
- 24. What kind of institutional and technology alternatives would you suggest for reducing the crisis in Indian agriculture?
- 25. What is subsidy? What is its objective?

OR

What was Navratna Policy? Make a list of companies included in Navratnas.

26. Compare Indo-Pak and China in brief on terms of GDP growth by studying the following data. and also tell which country has gained pace in recent years

Country	1980-90	2005-13	2015-17	2016-17	2017-18
India	5.7	7.6	7.3	7.1	6.7
China	10.3	10.2	6.8	6.7	6.4
Pakistan	6.3	4.4	5.3	5.3	5.8

27. Answer any two of the following questions:

- i. Explain how the use of Non-conventional sources of energy can have a favourable impact on the environment?
- ii. Explain the concept of human capital formation.
- iii. What do you understand by devaluation of rupee?
- iv. Define worker population ratio.

28. Answer the following questions:

- i. How were the industries classified according to IPR 1956?
- ii. As an educated person, what will be your contribution to the cause of education?
- iii. What is the state of rural infrastructure in India?

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Solution

PART A - MACRO ECONOMICS

1. (c) M1

Explanation: Narrow money refers to the total of a country's physical currency plus demand deposits and other liquid assets held by the central bank. Narrow money is classified as M1.

OR

(a) Central bank

Explanation: The central bank is the wholesaler of all commercial banks.

2. Actual

3. (c) Exchange of goods

Explanation: A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return.

4. (b) Change in foreign exchange reserves

Explanation: The foreign exchange reserves are the financial assets of the government held in the central bank. A change in reserves serves as the financing item in India's BOP. So, any withdrawal from the reserves is recorded on the positive (credit) side and any addition to these reserves is recorded on the negative (debit) side. It must be noted that 'change in reserves' is recorded in the BOP account and not 'reserves'.

5. (d) Savings = income.

Explanation: Given, $APS = 1$

But, $APS = S/Y$

So, $S/Y = 1$

$S = Y$.

6. (a) Inverse relationship

Explanation: More foreign currency is earned when exchange rate is lower and less foreign currency is earned when foreign exchange rate high.

7.
 - i. normal resident
 - ii. normal resident
 - iii. non-resident
 - iv. non-resident
8. While classifying goods as final or intermediate ,what matters is the end use of goods.you are to check what end use a good is put to.if it is used by the producers as a raw material ,it is to be treated as an intermediate good. Like wise,if it is purchased and resold by the producer ,it is to be treated as intermediate good. But if it is purchased by the households for final consumption ,it is to be treated as final good.for example sewing machine is final good for households, but intermediate for dealer.

9. Net Domestic Product at Market Price is :

$$\begin{aligned}
 \text{NDP}_{\text{mp}} &= \text{Compensation of Employees} + \text{Rent} + \text{Interest} + \text{Profit} + \text{Mixed Income of Self} \\
 &\quad \text{Employed} + \text{Net Indirect Taxes} \\
 &= 5,000 + 700 + 600 + 1,200 + 8,000 + 850 \\
 &= \text{Rs. 16,350 crores.}
 \end{aligned}$$

To get Net Domestic product at market prices, we add net indirect taxes to the formula. Since we do not need to find the gross product, we do not add consumption of fixed capital to the formula.

OR

Gross value added at market price= value of output - intermediate consumption

Net value added at factor cost

= Value of output - Intermediate consumption - Depreciation - Customs duty

80 = 200 - Intermediate consumption - 20 - 15

Intermediate consumption = 200 - 20 - 15 - 80

Intermediate consumption = ₹ 85 lakh

10. Differences between the inflationary gap and deflationary gap.

Basis	Inflationary Gap	Deflationary Gap
Meaning	The excess of aggregate demand above the level that is required to maintain full employment level of equilibrium is termed as inflationary	The shortfall of aggregate demand below the level that is required to maintain full employment level of equilibrium is termed as a

	gap.	deflationary gap.
Effect	Inflationary gap causes inflation and increases wages and price level in the economy.	Deflationary gap causes deflation and decreases wages and price level in the economy.
Causes	Some of the causes are as follows: <ul style="list-style-type: none"> ◦ Rise in one or more components of AD ◦ Fall in tax rate ◦ Rise in money supply 	Some of the causes are as follows: <ul style="list-style-type: none"> ◦ Fall in one or more components of AD ◦ Rise in tax rate ◦ Fall in money supply

11. i. **Banker's bank:** The Central Bank is an apex bank of all banks in the country. It keeps the cash balances of Commercial Banks and issues loans to them on requirements in the same manner as the Commercial Bank does for its customers. It has almost the same relationship with the other Commercial Banks of the country that the Commercial Banks have with the common public. That is why the Central Bank is also called banker's bank.
- ii. **Supervisor:** There are usually hundreds of banks in a country. There should be some agency to regulate and supervise their proper functioning. This duty is performed by the central bank. A Central Bank supervises the operation of all Commercial Banks. It supervises in the form of licensing of the Commercial Banks, expansion and opening of branches of Commercial Banks, the merger of banks and the liquidation of the banks. Thus, the Central Bank supervises the smooth functioning of Commercial Banks.

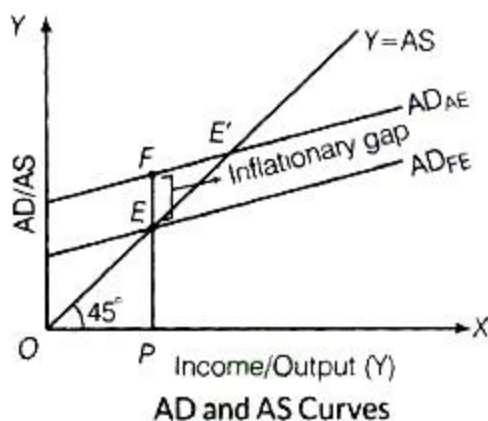
OR

Deferred payments refer to those payments which are made sometimes in the future. Money has made deferred payments much easier than before. Credit has become the life and blood of a modern capitalist economy. In millions of transactions, instant payments are not made. The debtors make a promise that they will make payment on some future date. In those situations money acts as a standard of deferred payments. It has become possible because money has general acceptability, its value is stable, it is durable and homogeneous. This function of money has led to the emergence of financial market which deals in borrowing and lending of money.

12. **Autonomous Transactions:** A balance of payment transaction which is independent of all other BOP transactions is called an autonomous transaction. It is undertaken with a view to earn profit. Autonomous transactions are also called above the line transactions.

Accommodating Transactions: A balance of payment transaction undertaken to cover deficit or surplus in autonomous transactions are called accommodating transaction. It is not undertaken with a view to earn profit. Accommodating transactions are also called below the line transactions.

13.
 - **Inflationary gap:** When aggregate demand (AD) is greater than aggregate supply (AS), at full employment level in the economy, it is referred to as inflationary gap. This situation actually results in an increase in prices, i.e. inflation. Inflationary gap is also referred to as excess demand.
 - **Graphical presentation:** Graphically, it is represented by the vertical distance between the actual level of aggregate demand (AD_{AE}) and the full employment level of output (AD_{FE}).



In the above graph,

AD_{FE} = AD at Full employment level.

AD_{AE} = AD above Full employment level.

The point E is the equilibrium point where $AD = AS$,

But at this point, Aggregate Demand FP is more than the Aggregate Supply in the economy. This difference of actual Aggregate Demand and Aggregate Supply i.e. EF is the inflationary gap.

Inflationary Gap = Excess Demand

= $AD_{AE} - AD_{FE} = EF$

- To remove the problem of the inflationary gap the following is the role of

legal reserves ratio :

The tools to correct the problems of the inflationary gap are legal reserves like Cash Reserve Ratio and Statutory Liquidity Ratio.

- i. **Cash Reserve Ratio (CRR):** Every Commercial Bank has to keep a certain proportion of its total demand and time deposits in the form of cash and other liquid assets with the Central Bank. This ratio is termed as cash reserve ratio. To correct the problem of the inflationary gap the Central Bank increases the CRR. It reduces the supply of money and credit money creation capabilities of commercial banks. Due to the lesser supply of money, the Aggregate Demand comes down and the economy attains equilibrium situation.
- ii. **Statutory Liquidity Ratio (SLR):** SLR refers to a fixed percentage of the total assets of a bank in the form of cash or other liquid assets that are required to be maintained by the bank with themselves. SLR is increased during the situation of the inflationary gap. This reduces the credit creation capacity of commercial banks and reduces the flow of money in the economy. As a result of that, the Aggregate Demand comes down and ultimately the economy attains equilibrium again.

OR

The process of investment multiplier is as under:

- i. It can be illustrated with the help of a simple example. We know that one man's expenditure is another man's income.
- ii. Suppose, the government of a country spends Rs 100 crore on building roads. National income of the country automatically rises by Rs 100 crore in Round 1.
- iii. Now suppose MPC is 0.5, people working in the investment industry will spend Rs 50 crore on new consumption goods.
- iv. The consumer goods industry will have an extra income of Rs 50 crore. Assume the MPC for the whole society is 0.5, people working in this consumer goods industry would again spend 50% of their additional income of Rs 50 crore (which works out to be 25 crores) on more consumer goods.
- v. These Rs 25 crore will, thus, become the income for others. This will continue until the total increase in income becomes k times the increment of investment.
- vi. The process of income generation has been shown in the following table:

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Round Number	Increase in Investment (ΔI)	Increase in Income (ΔY)	Increase in Consumption $\Delta(C)$
1	100	$100 = \Delta I$	$50(100 \times 0.5)$
2		$50 = b \Delta I$	$25(50 \times 0.5)$
3		$25 = b^2 \Delta I$	$12.5(25 \times 0.5)$
4		$12.5 = b^3 \Delta I$	$6.25(12.5 \times 0.5)$
5		$6.25 = b^4 \Delta I$	$3.125(6.25 \times 0.5)$
6		$3.125 = b^5 \Delta I$	$1.56(3.125 \times 0.5)$
7		$1.56 = b^6 \Delta I$	$0.78(1.56 \times 0.5)$
-	-	-	-
-	-	-	-
-	-	-	-
Total increase in Income = 200 crore			

Change in income (ΔY) = $\Delta I + b\Delta I + b^2 \Delta I + b^3 \Delta I + b^4 \Delta I + \dots$

$$\Delta Y = \Delta I [1 + b + b^2 + b^3 + b^4 + \dots]$$

The term in square bracket is of the form of the sum of an infinite geometric progression series and can be written as,

$$1 + b + b^2 + b^3 + b^4 + \dots = \frac{1}{1-b[MPC]} = \frac{1}{1-0.5} = 2$$

On the assumption that MPC for the community as a whole is 0.5, the initial investment of Rs.100 crore would generate an additional income of Rs.200 crore.

The size of investment multiplier here is 2.

14. i. **Revenue deficit:** It is the excess of revenue expenditure over revenue receipts i.e Revenue expenditure > Revenue receipt. Revenue Deficit = Revenue Expenditure - Revenue Receipts.
- ii. **Fiscal deficit:** It is the difference between the government's total expenditure and total receipts excluding borrowings i.e total expenditure > total receipts (excluding borrowings). Fiscal Deficit = Total Budget Expenditure - Total Budget Receipts

(excluding borrowing).

- iii. **Primary deficit:** It is the difference between fiscal deficit and interest payments by the government. $\text{Primary Deficit} = \text{Fiscal Deficit} - \text{Interest Payments}$. Primary deficit indicates, how much of the government borrowings are going to meet expenses other than the interest payments.

PART B - INDIAN ECONOMIC DEVELOPMENT

15. (b) Rs.1407

Explanation: Monthly per capita consumption expenditure of Rs. 972 in rural areas and Rs. 1407 in urban areas is treated as the poverty line at the all India level.

16. (b) Both

Explanation: The two-fold motive behind the systematic deindustrialization effected by the British (i) Making India a Supplier of Raw Materials. (ii) Making India a Market for Finished Goods Another important objective of the British Government.

17. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Explanation: Prior to 1921, population growth in India was never consistent. The size of the population kept fluctuating, increasing in one census and decreasing in the other.

OR

(a) Assertion and reason both are correct statements and reason is correct explanation for assertion.

Explanation: Bahut Assertion and reason are correct statements. Under capitalism, major economic decisions are left to the forces of supply and demand. Because all the means of production are privately owned.

18. (a) Assertion and reason both are correct statements and reason is correct explanation for assertion.

Explanation: Battling the economic crisis of 90s, the Government of India initiated a series of economic reforms, which came to be known as new economic policy. Three broad components of NEP are: the policy of liberalisation in place of licensing for the industries and trade, the policy of privatisation in place of quotas for the industrialists and the policy of globalisation in place of permits for exports and imports.

19. (a) China

Explanation: As per 2016 estimates, China has 90th rank, India has 131th and Pakistan

has 147th rank in HDI list.

20. (a) Primary sector , secondary sector and tertiary sector

Explanation: The three sector theory is an economic theory which divides economies into three sectors of activity: extraction of raw materials, manufacturing and services.

21. i. Inflationary spiral
ii. birth rate-death rate
iii. (d)All of the above
iv. (a) long term unemployment
22. i. Thermal power like coal
ii. Hydel (Hydro) and wind power
iii. Nuclear power or atomic energy

OR

Kisan Credit Card (KCC) scheme is an example of a credit facility which was introduced by the government in 1998-99 to provide adequate and timely support from three banking systems to the farmers. The scheme has helped in augmenting the flow of short term crop loans and term loans to the farmers.

It facilitates access to credit from commercial banks and Regional Rural Banks. Under the scheme, the eligible farmers are provided with a Kisan Card and passbook from the relevant bank. The farmers can make withdrawals and repayments of cash within the credit limit as specified in the Kisan Credit Card (KCC).

23. Informalisation is a situation where the percentage of the workforce in the formal sector tends to decline and that in the informal sector tends to rise. There is the uncertainty of employment in the informal sector which is a threat to the informal workers. As a result, an informal worker is more likely to be casual. It leads to an increasing percentage of casually hired workers in the workforce. Hence, informalisation leads to casualisation.
24. Due to poor returns to cultivation, agriculture is becoming a non viable occupation. Technological interventions such as the green revolution proved neutral to land size in terms of output, but were not neutral in terms of resources, making it a costly imperative for marginal and small farmers. Many financial products were also introduced to address uncertainties, but they ended up adding to risks. The immediate solution is reducing costs. The technology is knowledge centric rather than product centric. To revive farming and farmer, it is necessary to introduce alternative technology and institutional

structures. We need a technology that builds on local resources and further strengthens the existing social capital. It is possible through structures that empower the farmers at the grassroots and organize them into federations. Self help groups can prove helpful in solving the problem of rural credit along with technologies that reduce costs and risks. And the successful experiments indicate that this is possible.

25. A subsidy is a benefit given by the government to the producers as an incentive to produce. To farmers a subsidy is given to lower the cost of inputs. It is given on electricity to the producers to lower cost of production and it is given to consumers especially those living below poverty line on necessities to make basic needs affordable for them. The objective of subsidy is to bolster the welfare of the society. It is a part of non-plan expenditure of the government. Major subsidies in India are petroleum subsidy, fertiliser subsidy, food subsidy, interest subsidy, etc.

OR

Originally, the term Navaratna meant a talisman or ornament composed of nine precious gems. Later, this symbology was adopted in the courts of Emperor Vikramaditya and the Mughal Emperor Akbar, where the Navaratnas were a group of nine extraordinary men in their respective courts. In 1997 Govt. of India announced Navratna Policy in order to improve efficiency, enhance professionalism and enable them to compete effectively in the liberalised global environment. The Navratna status is offered to PSEs, which gives a company enhanced financial and operational autonomy and empowers it to invest up to Rs. 1000 crore or 15% of their net worth on a single project without seeking government approval. In a year, these companies can spend up to 30% of their net worth not exceeding Rs. 1000 cr. They will also have the freedom to enter joint ventures, form alliances and float subsidiaries abroad. Under this policy, 9 most profitable PSUs were given status of navratna and 97 other profit making PSUs were called Mini ratnas.

List of companies included in Navratnas is as follows:

- i. Indian Oil Corporation Ltd. (IOC)
- ii. Bharat Petroleum Corporation Ltd.(BPCL)
- iii. Hindustan Petroleum Corporation Ltd.(HPCL)
- iv. Oil and Natural Gas Corporation Ltd.(ONGC)
- v. Steel Authority of India Limited (SAIL)
- vi. Indian Pharmaceuticals Corporation Ltd.(IPCL)

- vii. Bharat Heavy Electronics Ltd. (BHEL)
- viii. National Thermal Power Corporation Ltd. (NTPC)
- ix. Videsh Sanchar Nigam Ltd. (VSNL)

Later two more PSUs were included in the list:

- i. Gas Authority of India Limited (GAIL)
 - ii. Mahanagar Telephone Nigam Limited (MTNL)
26. Pakistan has gained pace in recent years in terms of GDP
- China was the leader of economic growth but its growth rate is falling. The table indicates that China was the leader of growth rate upto 2013. Now India is becoming the leader in 2015-16, 2016-17 and 2017-18 also because the rate of growth of GDP in India is at the top.
27. Answer any two of the following questions:
- i. Thermal and hydro power plants on which India depends for its power needs have and adverse impact on the environment. Non conventional sources like wind power and solar rays are greener energy resources and are also cleaner. Latest technological devices like wind mills should be provided in areas where the wind speed is high so that these sources can be used to generate electricity with putting the environment at risk.
 - ii. Just as a country can turn physical resources like land into physical capital like factories, similarly, it can also turn human resources like students into human capital like engineers and doctors. Societies need sufficient human capital in the first place—in the form of competent people who have themselves been educated and trained as professors and other professionals. In other words, we need good human capital to produce other human capital (say, doctors, engineers...). This means that we need investment in human capital to produce more human capital out of human resources.
 - iii. Devaluation of Rupee refers to the fall in the value of rupee in terms of foreign currency. Specifically, it implies a deliberate official lowering of the value of the country's currency with respect to the foreign currency. Devaluation prevails under the fixed exchange rate regime. This implies that the value of rupee has fallen and the value of the foreign currency has risen. It means that now (after devaluation) 1 US \$ can be exchanged for more rupees. This encourages export and discourages imports as the former is cheaper now for foreign countries and the latter is expensive for them.
 - iv. Worker population ratio is defined as the ratio between the total number of workers

in a country and the population in the country. It is also termed as Workforce Participation Rate (Ratio).

Symbolically, it can be represented as:

$$\text{Worker Population Ratio} = \frac{\text{Total Number of Workers}}{\text{Total Population}} \times 100$$

28. Answer the following questions:

- i. This IPR 1956 classified industries into three categories.
 - a. The first category comprised industries which would be exclusively owned by the state;
 - b. The second category consisted of industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility for starting new units;
 - c. The third category consisted of the remaining industries which were to be in the private sector.
- ii. As an educated person, I will contribute to the cause of education in following ways:
 - a. Each one teach one: I will teach one illiterate person every year. Each year I must make at least one person literate.
 - b. Create Awareness about consumer rights, women rights and duties of a good citizen in our surroundings: An educated person can create awareness about consumer rights, women rights and duties of a good citizen in our surrounding.
 - c. I will prepare kids to become global citizens in a way that really nurtures their uniqueness.
- iii. State of infrastructure in rural India can be understood from the following points:
 - a. The Census 2001 shows that in rural India, only 56% households have an electricity connection and 43% still use kerosene.
 - b. In spite of the technological progress women of rural India are still using biofuels to meet their daily energy requirements. About 90% of rural households use biofuels for cooking.
 - c. Access to improved sanitation in rural areas was only 20%
 - d. Tap water availability is limited to only 24% rural households. About 76% of the population drinks water from open resources such as wells, ponds, etc. Women go long distances to fetch water for their basic needs.