



भारत का नं. 1 संस्थान कौटिल्य एकेडमी

सफलता का प्रवेश द्वार ...

Model Answer Key

Date : 21/02/2020

- A- The Green accounting system is a type of accounting that attempts to factor environmental costs into the financial results of operations. The term was first brought into common usage by economist and Professor Peter Wood in the 1980s.
- B- Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.
- C- National Income Accounting facilitates the task of measurement as it provides a set of procedures and techniques for measurement of income and output at aggregate level.
- D- JNNURM was launched on 3rd December 2005 and closed in 2014. This scheme is now succeeded by Atal AMRUT Mission. Focused attention to integrated development of basic services to the urban poor Security of tenure at affordable price, improved housing, water supply.
- E- The Human Development Index (HDI) is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. Pakistani economist Mahbub ul Haq created HDI in 1990 which was further used to measure the country's development by the United Nations Development Program (UNDP)
- F- HRIDAY scheme called National Heritage City Development and Augmentation Yojana was launched by the Ministry of Housing and Urban Affairs on 21st January 2015. This scheme was introduced to preserve and revitalize the rich cultural heritage of the country
- G- Reverse Repo rate is the rate at which the Reserve Bank of India borrows funds from the commercial banks in the country. In other words, it is the rate at which commercial banks in India park their excess money with Reserve Bank of India usually for a short-term. Current Reverse Repo Rate as of February 2020 is 4.90%.
- H- Blue Box refers to a category of domestic support or subsidies under the WTO's Agreement on Agriculture. The Blue box subsidies aim to limit production by imposing production quotas or requiring farmers to set aside part of their land.
- I- The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves.
- J- It refers to a situation where a country runs relatively large current account and fiscal deficits. Higher twin deficit is inherently destabilizing and was the primary reason why India faced a currency crisis back in 1991.
- K- Dumping is a process where a company exports a product at a price lower than the price it normally charges in its home market.
An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.
- L- Hyperinflation is a term to describe rapid, excessive, and out-of-control price increases in an economy. While inflation is a measure of the pace of rising prices for goods and services, hyperinflation is rapidly rising inflation.
- M- Human capital is an intangible asset or quality not listed on a company's balance sheet. It can be classified as the economic value of a worker's experience and skills. This includes assets like education, training, intelligence,

skills, health, and other things employers value such as loyalty and punctuality.

N- Cyclical unemployment is a type of unemployment which is related to the cyclical trends in the industry or the business cycle. Cyclical unemployment relates to the business cycle in an industry.

O- When a country imports more than it exports. This situation is known as Trade Imbalance.

6 Markers

(A) Cause of low industrialization in MP-

- 1) Landlocked location of the state
- 2) Hilly and valleys and lack of plain region
- 3) Uneven distribution of natural resources
- 4) Low economic growth at the time of state formation
- 5) Social backwardness of the state
- 6) Political instability

(B) Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.

Negative impact-terror, job insecurity, currency fluctuation, and price instability.(Explain each point)

(C) The Government has been setting an annual target for the flow of credit to the agriculture sector. The agriculture target for 2012-13 is fixed at Rs.5,75,000 crore against the target of Rs.4,75,000 crore in 2011-12.

The interest Subvention Scheme is being implemented by the Government of India since 2006-07

RBI has also advised banks to waive margin/security requirements for agricultural loans upto Rs. 1,00,000.

The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was implemented by the Government.

Banks have been advised to issue Kisan Credit Cards (KCC) to all eligible farmers and General Credit Cards (GCC) to non-farmers

(D) Disguised Unemployment:

- It is a phenomenon wherein more people are employed than actually needed.
- It is primarily traced in the agricultural and the unorganised sectors of India.

Seasonal Unemployment:

- It is an unemployment that occurs during certain seasons of the year.
- Agricultural labourers in India rarely have work throughout the year.

Structural Unemployment:

- It is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market.

- Many people in India do not get job due to lack of requisite skills and due to poor education level, it becomes difficult to train them.

Cyclical Unemployment:

- It is result of the business cycle, where unemployment rises during recessions and declines with economic growth.
- Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.

Technological Unemployment:

- It is loss of jobs due to changes in technology.
- In 2016, World Bank data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.

(E) Importance of Agriculture

- 1) Employment
- 2) Domestic Consumption
- 3) Export Potential
- 4) Raw material for industries
- 5) Promotion of food processing industries

(F) Price rise continuously in India. The inflation rate increased from 6.7% to 16.7%. Due to inflation country's economic position became worse. Main reason for inflation was rapid increase in money supply. It was due to deficit financing. Due to increase in non- development

expenditure fiscal deficit of the Govt. had been increasing. So deficit of balance of payments had been rising continuously. In 1990-91, war in Iraq broke, and this led to rise in petrol prices. Indians foreign exchange reserve fell to low ebb in 1990-91 and it was insufficient to pay for an import bill for 2 weeks.

(G) **Direct subsidies**

- The beneficiary purchases the good at market price and the subsidy is transferred to him in the form of cash transfer.
- Mostly in developed countries.
- Have direct impact on farmers' expenditure and their life.
- More efficient system, because free hands to use money.
- Individual targets to reach the benefits

Indirect subsidies

- The goods are made available at a lower/subsidized price, credit facilities, loan waiver, reduction in bills etc.
- Mostly in developing countries.
- Have implicit impacts, as some part of money paid at required end.
- Less efficient system, because of less coordination.
- Mass target of the people to reach the benefits.

(H) Food Security means that all people at all times have physical & economic access to adequate amounts of nutritious, safe, and culturally appropriate foods, which are produced in an environmentally sustainable and socially just manner, and that people are able to make informed decisions about their food choices.

- (1) National Food security act
- (2) Antodaya Anna Yojana
- (3) Public Distribution System

(I) 1) Low per capita income
2) Huge dependence of population on agriculture

- 3) Slow improvement in Rate of Capital Formation
- 4) Inequality in wealth distribution
- 5) Persistent Inflation
- 6) Lack of infrastructure

(J) The primary objective of the PMGSY is to provide Connectivity, by way of an All-weather Road, to the eligible unconnected Habitations in the rural areas, in such a way that all Unconnected Habitations with a population of 1000 persons and above are covered in three years (2000-2003) and all Unconnected Habitations with a population of 500 persons and above by the end of the Tenth Plan Period (2007). In respect of the Hill States (North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir, Uttaranchal) and the Desert Areas (as identified in the Desert Development Programme) as well as the Tribal (Schedule V) areas, the objective would be to connect Habitations with a population of 250 persons and above.

(K) An increase in a population in cities and towns versus rural areas. Urbanization began during the industrial revolution, when workers moved towards manufacturing hubs in cities to obtain jobs in factories as agricultural jobs became less common.

Negative Impact

- 1) Pollution
- 2) Slum Development
- 3) Air and Water Pollution
- 4) Spread of Diseases

(L) Factors of Economic Development

- 1) Human Resource
- 2) Natural Resources
- 3) Capital Formation
- 4) Technological Development
- 5) Social and Political Factors

15 Markers

(A) Co-operative movement in Madhya Pradesh

(B) Liberalisation was begun to put an end to these limitations and open multiple areas of the

economy. Though some liberalisation proposals were prefaced in the 1980s in areas of export-import policy, technology up-gradation, fiscal policy and foreign investment, industrial licensing, economic reform policies launched in 1991 were more general. There are a few significant areas, namely, the financial sector, industrial sector, foreign exchange markets, tax reforms and investment and trade sectors which gained recognition in and after 1991.

Privatization means a transfer of ownership, management, and control of public sector enterprises to the private sector.

(C) Typical features of the Indian Economy

- 1) Low per Capita Income
- 2) Agriculture Based Economy
- 3) Over population
- 4) Income Disparities
- 5) Lack of Capital Formation
- 6) Backwardness of Infrastructural Development
- 7) Traditional Set Up of Society
- 8) Use of Outdated Technology

(D) The public distribution system means the system of management of food economy and distribution of food grains at affordable price through Ration shops. This scheme provides staple food grains, such as wheat rice, sugar kerosene to BPL families.

- The basic objective of the public distribution system in India is to provide essential consumer goods at cheap and subsidised prices to the consumers so as to insulate them from the impact of rising prices of these commodities and maintain the minimum nutritional status of our population

- The main agency providing food grains to the PDS is the Food Corporation of India (FCI) set up in 1965. The primary duty of the Corporation is to undertake the purchase, storage, movement, transport, distribution and sale of food grains and other foodstuffs. It ensures on the one hand that the farmers get remunerative prices for their produce and on the other hand, the consumers get food grains from the central pool at uniform prices fixed by the Government of India.

To run this system, the government resorts to purchases a part of the marketable surplus with traders/millers and producers at procurement prices. The grain (mainly wheat and rice) thus procured, is used for distribution to the consumers through a network of ration fair price shops and/or for building up buffer stocks. In addition to food grains, PDS has also been used in India for the distribution of edible oils, sugar, coal, kerosene and cloth. The most important items covered under PDS in India have been rice, wheat, sugar and kerosene.

Limitation-

- 1) Limited Benefit to Poor from PDS.
- 2) Regional Disparities in PDS Benefits.
- 3) The Question of Urban Bias
- 4) The Burden of Food Subsidy
- 5) Leakages from PDS