

CBSE Board Paper Solution-2020

Class	: XII
Subject	: Economics
Set	: 1
Code No	: 58/1/1
Time allowed	: 3 Hours
Maximum Marks	: 80 Marks

ECONOMICS (Theory)

General instructions:

Read the following instructions very carefully and strictly follow them:

- (i) This question paper comprise two sections – A and B. All question are compulsory.
- (ii) Question Numbers 1 - 10 and 18-27 are very short- answer questions carrying 1 mark each. They are required to answered in one word or one sentence each.
- (iii) Question Numbers 11 - 12 and 28-29 are short-answer questions carrying 3 mark each. Answer to them should not normally exceed 60 - 80 words each.
- (iv) Question Numbers 13 - 15 and 30 - 32 are also short- answer questions carrying 4 mark each. Answer to them should not normally exceed 80 - 100 words each.

- (v) Question Numbers 16 - 17 and 33 - 34 are long answer questions carrying 6 mark each. Answer to them should not normally exceed 100 - 150 words each.
- (vi) Answer should be brief and to the point. Also the above word limit be adhered to as far as possible.
- (vii) There is no overall choice. However, an internal choice has been provided in 2 questions of one mark, 2 questions of three mark, 2 questions of four marks and 2 questions of six marks. Only one of the choices in such questions have to be attempted.
- (viii) In addition to this, separate instructions are given with each section and question, wherever necessary.

SECTION A
(Macro Economics)

1) In order to control the money supply in the economy, the Central Bank may _____.

(Choose the correct alternative) 1

- (a) buy securities in the open market**
- (b) sell securities in the open market**
- (c) reduce cash reserve ratio**
- (d) reduce repo rate**

Answer:

(b) Sell securities in the open market

2) State whether the following statement is true or false:

"Government Budget is an important monetary policy instrument". **1**

OR

**Disinvestment is a _____
(capital/revenue) receipt of the government.**

(Choose the correct alternative) 1

Answer:

(i) No, government budget is an important fiscal instrument because it helps the government in controlling inflation by changing in tax structure.

OR

Disinvestment is a capital receipt of the government.

3) Effective demand is defined as_____.

(Fill in the blank with the suitable definition) 1

Answer:

Effective demand refers to the level of demand or a particular demand which brings equilibrium with supply in the economy.

4) Two components of money supply are__and__.

(Fill in the blanks with correct answers) 1

Answer:

Cash and bank deposits
(or M1 and M3)

5) State whether the following statement is true or false:

"Expected obsolescence is included in depreciation."

1

Answer:

Yes, depreciation is normal wear and tear of machines (i.e. expected obsolescence) which is included in depreciation.

6) Fiscal deficit can be estimated using the formula_____.

(Fill in the blank with the correct formula) 1

Answer:

Fiscal deficit = total expenditure - total receipts excluding borrowings

7) According to the theory of Keynesian Economics, the value of Average Propensity to Consume can never be_____.

(Choose the correct alternative) 1

(A) zero

(B) unity (1)

(C) more than one

(D) less than one

Answer:

(A) Zero

8) _____ is one of the most important sources of demand for foreign currency.

(Fill in the blank with the correct answer) 1

Answer:

People demand foreign exchange because:

- To buy goods and services from other countries
- To send gifts abroad
- To purchase financial assets of a certain country

(Choose any one)

9) State whether the following statement is true or false:

"As per Keynesian theory in an economy, full employment can never exist." 1

Answer:

True.

Keynes described the situation of full employment as a special case not the general case. He said that level of employment in any country depends on the level of

effective demand for goods and services. He mentioned that equilibrium level of employment is not necessarily be full employment.

10) Define "Trade Surplus."

Answer:

Trade surplus is the amount by which the value of export exceed the value of imports

11) "Final goods include only those goods which are consumed by the households." Defend or refute the given statement with valid reason.

3

OR

"Circular flow principle is based on the assumption that one's expenditure will become other's income." Explain the given statement.

3

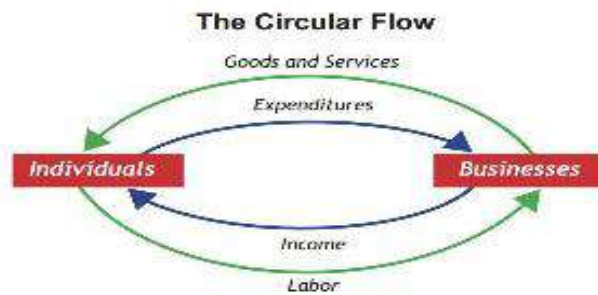
Answer:

This statement is incorrect as final goods include all those good and services which are consumed by the households and government together.

Government purchases goods and services for administrative purposes, maintain law and order, provide basic amenities, park, to general public for which it pays and does not charge from the public. These goods and services are also considered as final goods

OR

The circular flow of income is shown in the following diagram.



It is true that circular flow of income is based on the assumption that one's expenditure will become other's income.

There are only two sectors in an economy households and firms.

The firms produces goods and make factors payments to the households. In return, the factor income earned by the households is used to buy the goods and services which is equal to the income of firms.

It also involves following assumptions:

- Households spend all their income.
- Savings are nil.
- Firms retain nothing as undistributed profit.

In a circular flow in two sector economy:

- Total production of goods and services = Total consumption of goods and services
- Factor payments by firms = factor income of household

12) Justify the following statement, with valid reason. 3

"Ex-ante Aggregate Demand is always equal to Ex-ante Aggregate Supply."

Answer:

This is not a general situation. In an economy, ex-ante supply is equal to ex-ante demand only when the final goods market, and hence the economy, is in equilibrium.

If ex-ante demand for final goods falls short of the output of final goods that the producers have planned to produce in a given year, then equality will not hold and stocks will be piling up in the warehouses. It is not a part of planned or ex-ante investment.

13) Using a hypothetical numerical example, explain the process of credit creation by a commercial bank. 4

OR

"Central Bank acts as the banker to the government." Elaborate the given statement. 4

Answer:

Credit creation by a commercial bank

Commercial banks create credit in the form of demand deposits. Demand deposits are many times more than the cash reserves.

If cash reserves are ₹1,000 and demand deposits are ₹10,000, then the commercial banks are creating credit

10 times of their reserves. The credit creation process is as follows:

The bank knows that all the depositors would not withdraw all their deposits at the same point of time.

Suppose withdrawals are generally 10% of the deposits and so the bank needs to keep only 10% of deposits as cash reserves. This is known as cash reserve ratio (CRR).

If $CRR = 10\%$, total cash reserves of ₹1000 allows the bank to offer loans up to ₹10,000 as per the formula –

$$\begin{aligned}\text{Demand deposits} &= (1 / CRR) \times \text{Cash Reserves} \\ &= (1/10) \times 100 \times 1,000 = ₹10,000\end{aligned}$$

Thus, ₹1,000 of demand deposits serve as the base for credit creation of ₹10,000.

OR

Central bank acts as the banker to government as:

- It accepts receipts and makes payments for the government as well as carries out other banking operations.
- It also provides short-term credit to the government.
- It acts as an agent, banker and financial advisor to the government.
 - ✓ As an agent, the central bank looks after the accounts of the government
 - ✓ As a banker, it buys and sells securities on behalf of the government in the markets.
 - ✓ As a financial advisor, it implements policies that help in regulating the money market.

14) "India is taking huge leaps in the index of Ease of Doing Business, as a result many MNCs are shifting their production base to India."

In the light of the above statement, comment upon the flow of foreign exchange and its likely impact on the Indian Economy. 4

Answer:

With the increase in number of MNC's shifting their production base to India, there will be increase in inflow of foreign exchange which will lead to increase in supply of foreign exchange currency.

This will further lead to excess supply of foreign currency in the Indian economy at the current foreign exchange rate. Hence, a new equilibrium rate of foreign exchange will be determined that will be lower than the current foreign exchange rate.

As a consequence, the Indian currency will appreciate in comparison to other foreign currency.

15) (a) Define 'Revenue Expenditure'. 1+3

(b) Distinguish between Direct tax and Indirect tax.

Answer:

(a)

Revenue expenditures of the government are those expenditures which have the following two characteristics:

- ✓ This expenditure does not create assets for the government.
- ✓ These expenditure do not cause any reduction in liabilities of the government.

For example, payment of salaries to government employees.

(b)

Difference between Direct and indirect tax

Direct Tax	Indirect Tax
1. Direct tax is the tax in which the liability to pay the tax and the burden of the tax falls on the same person.	1. Indirect tax is the tax in which the liability to pay the tax is on one person and the burden of the tax falls on some other person.
2. Direct tax is paid by the person on whom it is imposed. Hence, shifting of burden is not possible.	2. Indirect tax is paid by the consumers i.e., the person other than the person on whom it is imposed. Thus, shifting of burden is possible.

3. The burden of tax is more on rich people than the poor.	3. The burden of tax is more on poor people than the rich.
4. Impact and incidence of tax is on the same person.	4. Impact is on one person and incidence is on some other person.
5. Examples are Income Tax, Wealth Tax, Gift Tax, etc.	5. Examples are Sales Tax, Excise Duty, Custom Duty, etc.

16) (a) Calculate the value of 'Change in Stock' from the following data:

S.No.	Items	Amount (in ₹ Crores)
(i)	Sales	400
(ii)	Net Value Added at Factor Cost (NVA_{FC})	200
(iii)	Subsidies	10
(iv)	Change in Stock	?
(v)	Depreciation	40
(vi)	Intermediate Consumption	100

(b) Define Real Gross Domestic Product. 2

OR

(a) Discuss briefly the three components of 'income from Property and Entrepreneurship'. 3

(b) What are 'externalities'? State its types with suitable examples. **3**

Answer:

(a)

Net Value Added at Factor Cost (NVA_{FC})

= Sales - Intermediate Consumption - Change in Stock - Depreciation - Net indirect taxes (Indirect tax - subsidies)

= 400 - 100 - Change in Stock - 40 + 10

= 270 - Change in Stock

It is given that $NVA_{FC} = ₹200$

Hence,

$NVA_{FC} = 200$

$₹270 - \text{Change in Stock} = ₹200$

Therefore, change in stock is ₹70

(b)

Real gross domestic product refers to the market value of products and services that are produced within the domestic boundaries of a country during the estimated accounting period as estimated using the base year prices.

$\text{Real GDP} = (\text{Nominal GDP} / \text{Price index}) \times 100$

OR

(a)

Income from property and entrepreneurship is also referred to as operating surplus. It includes following there elements:

Rent: Income is earned in the form of rent from owning assets like building, factories, shops, etc.

Interest: It is earned on making investments and owning financial assets like bonds and shares.

Profit: It involves following:

- **Dividends:** It is the part of profit distributed to the shareholders and known as distributed profit.
- **Corporate/corporation profit tax:** It involves payment to government in form of profit tax.
- **Undistributed profit:** Retained profit by the firm for future use in case of contingencies.

(b)

Externalities refer to the benefit (or harm) a firm, institutions, or individuals causes to another for which they are neither charged (nor paid). The benefits are not tradable in the market.

It involves following types:

- **Positive externalities:**

These occur when the benefits are not tradable in the market.

Example: A person owns a flower garden and its fragrance and beauty are enjoyed by the individuals living in the surrounding areas.

- **Negative externalities:**

These occur when there is bad impact on the economy.

Example: Suppose, the pollution caused by industries result in air and water pollution which affects the people of the society, but the farmers or owners do not pay the penalty.

17. In an economy, if initial investments are increased by ₹ 100 crores, discuss the working of investment multiplier presuming marginal propensity to consume is 0.8. (6 Marks)

Answer:

Investment leads to increase in income in the economy. This increase in income is due to the increase in investment that can be measured by Investment Multiplier.

The investment multiplier is defined as the amount by which income increases as a result of an increase in the investment expenditure. It is denoted by the symbol K .

Let us explain the working of the multiplier with the help of an example.

Let us say that the:

- Initial investment is ₹100 crore, and
- The Marginal propensity to consume (MPC) is 0.8

This table illustrates the changes in income due to an initial increase in the investment of ₹100 crore.

When the investment increases, income also increases by the same amount i.e., ₹100 crore.

Out of this increase in income ₹80 crore is spent on consumption and the rest ₹20 crore are saved (because $MPC=0.8$).

Now, since we all know that the expenditure of one person is the income of another, the ₹80 crore spent on

consumption will constitute an increase in the income in the next period.

This again leads to an increase in the consumption expenditure by ₹64 crore and savings by ₹16 crore and an increase in income in the next period by ₹64 crore.

Income will go on increasing as a result of an increase in consumption till the change in consumption falls to zero.

Total increase in income (ΔY) due to an increase in investment (ΔI) by ₹100 crore come out to ₹500 crores.

Period	Increase in investment (₹ Crore)	Change in income	Change in consumption (MPC=0.8)	Savings
0	100	100	80	20
1	-	80	64	16
2	-	64	51.2	12.8
3	-	51.2	40.96	10.24
4	-	40.96	32.76	8.12
5	-	32.78	26.16	6.62
6	-			
7	-			
8	-			
:	-	:	:	:
Total		500	400	100

Putting these values in the formula.

Multiplier, $K = \text{Change in Income} / \text{Change in Investment}$
i.e. $500/100$.

Hence, we get the value of multiplier as 5.

So we can conclude that, given the multiplier value as 5, any increase in investment expenditure results in five times increase in the income of an economy.

SECTION B **(Indian Economic Development)**

18. During India's first seven five-year plans, the Government of India adopted _____ policy to protect domestic industries.

(Fill up the blank with correct answer) 1

Answer:

Import substitution (or Restrictive or protectionist)

19. Mention any one advantage of Organic farming.

1

Answer:

(Choose any one)

- Organic farming is labour intensive and provides employment opportunities to a number of people.
- Organic farming results in the food which has more nutritional value than chemical farming.
- Organic farming is eco-friendly.
- Organic farming is sustainable farming system which maintains long term fertility of the soil through the use of farm resources.

20. State whether the following statement is true or false:

1

"In the past few decades, primary sector has created maximum jobs in India."

Answer:

False

Explanation:

In the past few decades, tertiary or service sector has created maximum number of jobs in India

- 21. _____ was the predecessor organization to World Trade Organisation (WTO).
(Choose the correct alternative) 1**
- (A) International Bank for Reconstruction and Development (IBRD)**
 - (B) International Monetary Fund (IMF)**
 - (C) Reserve bank of India (RBI)**
 - (D) General Agreement on Tariffs and Trade (GATT)**

Answer:

(D) General Agreement on Tariffs and Trade (GATT)

- 22. India is not a member of which of the following regional/global economic grouping ?
(Choose the correct alternative) 1**

- (A) European Union**
- (B) BRICS**
- (C) G-20**
- (D) SAARC**

OR

Pakistan introduced its economic reforms in the year _____.

(Choose the correct alternative) 1

- (A) 1974**
- (B) 1976**
- (C) 1978**
- (D) 1988**

Answer:

(A) European Union

OR

(D) 1988

23. State whether the following statement is true or false: 1

"Self-Help Groups (SHGs) are an example of a microcredit organization."

Answer:

True

Explanation: "Self-Help Groups (SHGs) are an example of a microcredit Organisation.

A Self Help Group is a group of 10-20 people whereon members pool in their savings which is further used to meet their credit needs. The Self Help Groups or SHGs promote thrift in small proportions by a minimum contribution from each member. From the pooled money,

credit is given to the needy members to be repayable in small installments at reasonable interest rates.

24. The main aim of 'Great Leap Forward' was to ensure rapid increase in _____ (primary/secondary/tertiary) sector in China. (Choose the correct alternative) 1

Answer:

The main aim of 'Great Leap Forward' was to ensure rapid increase in secondary sector in china.

25. State any one outcome of implementation of Economic Reforms in India in 1991. 1

Answer:

(choose any one)

1. Rise in GDP Growth
2. Rise in Inflow of Foreign Capital
3. Rise in Integration with the World Economy
4. Rise in Foreign Exchange Reserves

26. Arrange the following events in chronological order and choose the correct answer from the given alternatives : 1

- (i) Establishment of People's Republic of China
- (ii) Creation of Pakistan
- (iii) First Five-Year Plan of India
- (iv) First Five-Year Plan of China

Alternatives :

(A) (i), (iv), (ii), (iii)

- (B) (iii), (ii), (i), (iv)
(C) (ii), (i), (iii), (iv)
(D) (iv), (iii), (ii), (i)

Answer:

(C) (ii), (i), (iii), (iv)

Explanation:

- (i) Establishment of People's Republic of China -1949
- (ii) Creation of Pakistan -1947
- (iii) First Five-Year Plan of India -1951
- (iv) First Five-Year Plan of China - 1953

27. First Industrial Policy Resolution of Independent India was announced in the year _____.
(Fill in the blank with correct alternative) 1

- (A) 1947
(B) 1948
(C) 1951
(D) 1956

Answer:

(D) 1956

28. "Human Capital Formation gives birth to innovation, invention and technological improvements." Do you agree with the given

statement ? Support your answer with valid arguments. 3

OR

Critically evaluate the role of rural banking system in the process of rural development in India. 3

Answer:

It is definitely true that, Human Capital formation gives birth to innovation, invention and technological improvements. Following are the arguments in support of this stand:

- An educated person contributes more to the economic growth in comparison to an uneducated one.
- Similarly a healthier person can be more productive than the unhealthy person.
- The enhanced productivity of human capital increases labour productivity and also stimulates innovation and creates ability to absorb new technologies.
- The knowledge acquired through education helps in understanding the changes in society and scientific advancements, thereby facilitate inventions and innovations.
- When an educated labour force is available then new technologies can be adapted with much ease.

Or

The quick expansion of banking system in the rural areas had a positive impact on the rural farm and non- farm

output, income, employment after the Green Revolution. It has supported the farmers in availing services and credit facilities, along with loans for fulfilling their production needs.

However there are certain challenges with the rural banking system. Like the rural banks have not been able to develop a culture of deposit mobilization. Along with that the agricultural loan default rates have increased because the farmers are not able to repay their loans. After the reforms period not much has been done for the expansion and promotion of the rural banking.

In order to improve this situation the banks should not just play the role of lenders rather they should focus on building up relationship with the banking with the borrowers.

29. Compare and analyse the given data of India and China, with valid reasons : 3

Country	Annual Growth Rate of Population (2015)	Gender Ratio (per thousand males)
India	1.2%	929
China	0.5%	941

Source : World Development Indicators, 2015

Answer:

The analysis based on the given data of India and China is as follows:

In India the annual growth rate of population is 1.2% whereas in China it is 0.5%. The main reason behind the less annual growth rate of population in China as

compared to India is the one child norm that was followed in China.

The table also shows the Gender ratio (per thousand males) of the countries. It can be seen that the gender ratio is low and biased against females in both the countries it is 929 in India i.e. there are 929 females to every 1000 males in the country. In china the gender ratio is 941 i.e. there are 941 females to every 1000 males.

30. "India is often called as outsourcing destination of the world." Discuss the prime reasons for this name given to India. 4

OR

State the meaning of import substitution. Explain how import substitution can protect the domestic industries. 4

Answer:

Outsourcing is a process in which a company hires regular service from external sources, usually from other countries. In recent times India has emerged as outsourcing destination of the world. This process has been assisted because of fast modes of communications, growth in IT. India has begun outsourcing several services to the developed nations like, voice based business processes or BPO or Call Centers, Record keeping, accountancy, banking services, music recording, film editing, book transcription, clinical advice or even teaching.

OR

Import Substitution policy aimed at replacing or substituting imports with domestic production. For example, instead of importing vehicles made in a foreign country, industries would be encouraged to produce them in India itself.

With the help of this policy the government protected the domestic industries from foreign competition. Protection from imports took two forms: tariffs and quotas. When the tariffs and quotas are imposed they restrict imports and, therefore, protect the domestic firms from foreign competition.

The governments try to use this policy to protect the industries of developing countries which are not in a position to compete against the goods produced by developed economies. It is considered that if the domestic industries are protected they will learn to compete in the course of time.

31. (a) State any one positive contribution made by the British in India.

(b) Indicate the volume and direction of foreign trade of India at the time of Independence.

1+3

Answer.

(a) Railways

(b) India since ancient times has been a crucial center of world trade. However the commodity production policies, trade and tariff pursued by the colonial government has

badly affected the structure, composition and volume of India's trade. In this period India became the exported of only primary products like raw silk, cotton, wool, sugar, jute etc. Along with this it became the importer of finished consumer goods like cotton, silk, woolen clothes, capital goods like light machinery from Britain.

The most important feature of the Indian foreign trade throughout the colonial period was the generation of a large export surplus. However several essential commodities were in scarcity in India.

32. Define any two of the following : 2+2

(a) Absorptive Capacity of Environment

(b) Carrying Capacity of Environment

(c) Poverty Line (in terms of Calorific values)

Answer.

- a) Absorptive capacity means the ability of the environment to absorb degradation.
- b) Carrying Capacity of environment implies that the resource extraction is not above the rate of regeneration of the resource and the wastes generated are within the assimilating capacity of the environment.
- c) One way is to determine poverty line is by the monetary value (per capita expenditure) of the minimum calorie intake that was estimated at 2,400 calories for a rural person and 2,100 for a person in

the urban area. Based on this, in 2011-12, the poverty line was defined for rural areas as consumption worth Rs. 816 per person a month which is equivalent to 2400 calories and for urban areas it was Rs. 1,000 which is equivalent to 2100 calories.

33. (a) Why are less women found in regular salaried employment ? **3**

(b) Analyse the recent trends in sectoral distribution of workforce in India:

Trends in Employment Pattern (Sector-wise), 1993 – 2012 (in %)

Sector	1993-94	1999-2000	2011-2012
Primary	64	60.4	48.9
Secondary	16	15.8	24.3
Services	20	23.8	26.8

Answer:

(a) When a worker is engaged by someone or an enterprise and paid his or her wages on a regular basis, they are known as regular salaried employees.

The main reasons why less women are found in regular salaried employment are as follows:

1. Skill requirement -Regular salaried jobs require skills and a higher level of literacy which women might not have to a great extent in India especially in rural areas.

2. It is common to find that where men are able to earn high incomes, families discourage female members from taking regular salaried employment. Also the mobility of women in rural areas is extremely low.

3. A huge percentage of women is engaged in primary sector majority of which does not fall under regular salaried employment.

4. Women in rural areas find ample opportunities of self-employment, like spinning, weaving dyeing, etc. which also does not fall under regular salaried employment.

(b) Economists generally divide an economy into three broad sectors. They are; a) primary sector, b) secondary sector and c) tertiary sector. Primary sector includes agriculture and allied activities. Secondary sector consists of manufacturing and construction activities and in tertiary sector various types of services e.g. transport, communication, banking, insurance, trade etc are included.

The table clearly shows that primary sector is the main source of employment in India, which provides employment to about 48.9% of the workforce. Secondary sector provides employment to only about 24.3% of workforce. Nearly 26.8% of the workers are employed in the service sector.

This table also shows that in 1993-94, about 64% of workforce was engaged in primary sector and in 2011-12, and this proportion has declined to about 48.9%

On the other hand, Secondary and service sectors are showing promising future for the Indian workforce. In 1993-94, about 16% of workforce was engaged in secondary sector and in 2011-12, this proportion has increased to about 24.3% whereas in 1993-94, about 20% of workforce was engaged in service sector and in 2011-12, this proportion has increased to about 26.8%.

34. (a) "Ujjwala Yojana has been a game changer for rural India." State any three conventional fuels being targeted under the LPG cylinder distribution scheme (Ujjwala Yojana).

(b) "Indian Health System needs a stronger dose of public expenditure to cure itself." Justify the given statement with valid arguments.

3+3

OR

Critically examine the results of Poverty Alleviation Programmes implemented in India since Independence.

6

Answer.

(a) Pradhan Mantri Ujjwala Yojana (PMUY) is an ambitious social welfare scheme of the Central government, launched on 1st May, 2016.

The three Conventional fuels being targeted under the LPG cylinder distribution scheme (Ujjwala Yojana) are kerosene oil, charcoal and wood.

Main objectives of PMUY are:

- Enhancing the status of women and caring for their health by lessening the serious health risks related with cooking, based on fossil fuels, reducing the number of deaths due to unclean cooking fuels and preventing young children from acute respiratory illnesses caused due to indoor air pollution by burning the fossil fuels.
- Helping to decrease air pollution due to use of fossil fuels, primarily kerosene oil, charcoal and wood,

(b) "Indian health system needs a stronger dose of public expenditure to cure itself".

India has built up a vast health infrastructure over the years since independence. Expansion of health infrastructure has resulted in the eradication of smallpox, guinea worms, and in the near eradication of polio and leprosy. Nevertheless, public health services are quite inadequate. Our government has to play a greater role in the health sector.

The distribution of our existing health infrastructure is inequitable. Most of the modern health facilities are available in the urban areas. Health facilities in rural areas are quite inadequate.

We lack doctors (medical personnel) and others assisting them in treatment (paramedical personnel). In fact, there exists mismatch between personnel and infrastructure.

The poorest 20% of Indians in both rural and urban areas spend 12% of their income on healthcare while the rich spend only 2%.

Sanitation facilities which promise clean surrounding are extremely poor in India both in its rural and urban areas.

The current expenditure on health seems to be inadequate as compared to other countries.

In order to provide basic health care for all, accessibility and affordability should become the basis for our basic health infrastructure which requires a stronger dose of public expenditure.

OR

Poverty in India is multi-dimensional challenge and it has to be addressed strategically by the government. Government uses three dimensional approach to eradicate poverty which includes growth oriented approach, poverty alleviation programmes and providing minimum basic amenities.

A few of the achievements of various poverty alleviation programmes are:

- Decline in the percentage of population below poverty line
- Increase in wages because of poverty alleviation programmes
- Increase in the nutritional level of the poor

These programmes have not performed up to the expectation and haven't led to any extreme change in ownership of the assets, production and improvement of basic amenities in the country. These approach haven't performed largely due to

- Unequal distribution of assets (land) which has acted as major hurdle for these programmes, due to which benefits haven't reached to the targeted groups.
- Amount of resources allocated to these programmes are not sufficient, keeping in the view magnitude of poverty.
- Dependency on government officials and bank officials, who are ill motivated, corruption prone, inadequately trained to handle the implementation of these programmes.
- Non-participation of local bodies and institutions in implementation.
- Non-participation of local people due to lack of awareness about these programmes.