

## MARKING SCHEME

Senior Secondary School Examination 2023

**ECONOMICS (Subject Code–030)**

**[Paper Code: 58/3/1]**

**Maximum Marks: 80**

| Q. No.                                       | EXPECTED ANSWER / VALUE POINTS   | Marks    |
|--|--|----------|
| <b>SECTION – A</b><br><b>MACRO ECONOMICS</b> |  |          |
| 1.   | <p>Read the following statements carefully:<br/><i>Statement 1:</i> Savings function can be derived from Consumption function.<br/><i>Statement 2:</i> Consumption curve must always start from the point of origin.<br/>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.<br/>(b) Statement 1 is false and Statement 2 is true.<br/>(c) Both Statements 1 and 2 are true.<br/>(d) Both Statements 1 and 2 are false.</p> <p><b>Ans. (a) Statement 1 is true and Statement 2 is false.</b></p>   | <b>1</b> |
| 2.   | <p>Keeping other factors constant, if the price of crude oil falls in the international market, it may lead to _____:<br/>(Choose the correct alternative to fill up the blank)</p> <p>(a) increase in trade deficit<br/>(b) decrease in trade deficit<br/>(c) no change in trade deficit<br/>(d) no change in the foreign exchange reserves</p> <p><b>Ans. (b) decrease in trade deficit</b></p>  | <b>1</b> |
| 3.   | <p>Identify, which of the following is <i>not</i> a function of the Reserve Bank of India.<br/>(Choose the correct alternative)</p> <p>(a) Controller of money supply<br/>(b) Credit provider to commercial banks<br/>(c) Central agency preparing the annual budget of the Government<br/>(d) Issuer of currency</p> <p><b>Ans. (c) Central agency preparing the annual budget of the Government</b></p>  | <b>1</b> |
| 4.   | <p>Read the following statements carefully:<br/><i>Statement 1:</i> Import of gold from Dubai will be recorded on the debit side of the current account in Balance of Payments of India.<br/><i>Statement 2:</i> Outflow of Foreign Institutional Investment (FII) from Indian stock markets will be recorded on the credit side of the capital account.<br/>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.<br/>(b) Statement 1 is false and Statement 2 is true.<br/>(c) Both Statements 1 and 2 are true.<br/>(d) Both Statements 1 and 2 are false.</p> <p><b>Ans. (a) Statement 1 is true and Statement 2 is false.</b></p> | <b>1</b> |
| 5.<br>(i)                                    | <p>Read the following statements carefully:<br/><i>Statement 1:</i> Stock variables are measured at a point of time.<br/><i>Statement 2:</i> Flow variables and stock variables are same.<br/>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.</p>  |          |

|      | <p>(b) Statement 1 is false and Statement 2 is true.<br/> (c) Both Statements 1 and 2 are true.<br/> (d) Both Statements 1 and 2 are false.</p> <p><b>Ans. (a) Statement 1 is true and Statement 2 is false.</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(ii) Identify, flow variable from the following: (Choose the correct alternative)</p> <p>(a) Distance between Delhi and Amritsar<br/> (b) Annual expenditure of a school<br/> (c) Bank balance of Mr. Mukesh as on 31<sup>st</sup> March, 2022<br/> (d) Investments of Mr. Mohit as on 31<sup>st</sup> December, 2021</p> <p><b>Ans. (b) Annual expenditure of a school</b></p>  | <b>1</b> |                            |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
|------|---|----------|----------------------------|--|------------------|----|---|----|----------------------------|-----|--------------------------------------|----|---------------|------|-----------------------------------|----|-------------------|-----|--|----|----------------------------|----------|
| 6.   | <p>(i) If in an economy, the value of Investment Multiplier is 5 and dissavings (-)100 crore, the relevant savings at income level of ₹1,400 crore would be ₹ ____ crore.<br/> (Choose the correct alternative to fill up the blank)</p> <p>(a) 80 (b)180<br/> (c) 140 (d) 240</p> <p><b>Ans. (b) 180</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(ii) The range of value of Investment Multiplier is always between ____ and ____<br/> (Choose the correct alternative to fill up the blanks)</p> <p>(a) zero (0), infinity (<math>\infty</math>)<br/> (b) one (+ 1), infinity (<math>\infty</math>)<br/> (c) zero (0), one (+ 1)<br/> (d) minus one (-1), plus one (+ 1)</p> <p><b>Ans. (b) one (+ 1), infinity (<math>\infty</math>)</b></p>   | <b>1</b> |                            |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| 7.   | <p>If the central bank wants to reduce money supply in the economy, it may ____.<br/> (Choose the correct alternative to fill up the blank)</p> <p>(a) increase Bank Rate<br/> (b) reduce Cash Reserve Ratio<br/> (c) sell securities in the open market<br/> (d) buy securities in the open market</p> <p>Alternatives:</p> <p>(a) (i) and (iii) (b) (ii), (iii) and (iv)<br/> (c) (i), (iii) and (iv) (d) (i), (ii), (iii) and (iv)</p> <p><b>Ans. (a) (i) and (iii)</b></p>  | <b>1</b> |                            |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| 8.   | <p>(A) Identify, which of the following is <i>not</i> a source of supply of foreign exchange for India. (Choose the correct alternative)</p> <p>(a) Exports of goods and services abroad<br/> (b) Remittances by Indian workers working abroad<br/> (c) Imports of goods and services from abroad<br/> (d) Foreign Direct Investment (FDI) by a German automobile manufacturer</p> <p><b>Ans. (c) Imports of goods and services from abroad</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(B) Read the items given in Columns I and II carefully and choose the correct pair of statements from the given alternatives.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><i>Column I</i></th> <th></th> <th style="text-align: center;"><i>Column II</i></th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Export of software by an Indian company</td> <td>1.</td> <td>Demand of foreign currency</td> </tr> <tr> <td>ii.</td> <td>Accommodating nature of transactions</td> <td>2.</td> <td>Profit motive</td> </tr> <tr> <td>iii.</td> <td>Autonomous nature of transactions</td> <td>3.</td> <td>Non-profit motive</td> </tr> <tr> <td>iv.</td> <td>Loan forwarded to Sri Lanka during its economic crisis</td> <td>4.</td> <td>Supply of foreign exchange</td> </tr> </tbody> </table> |          | <i>Column I</i>            |  | <i>Column II</i> | i. | Export of software by an Indian company | 1. | Demand of foreign currency | ii. | Accommodating nature of transactions | 2. | Profit motive | iii. | Autonomous nature of transactions | 3. | Non-profit motive | iv. | Loan forwarded to Sri Lanka during its economic crisis | 4. | Supply of foreign exchange | <b>1</b> |
|      | <i>Column I</i>   |          | <i>Column II</i>           |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| i.   | Export of software by an Indian company   | 1.       | Demand of foreign currency |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| ii.  | Accommodating nature of transactions  | 2.       | Profit motive              |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| iii. | Autonomous nature of transactions   | 3.       | Non-profit motive          |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |
| iv.  | Loan forwarded to Sri Lanka during its economic crisis  | 4.       | Supply of foreign exchange |  |                  |    |   |    |                            |     |                                      |    |               |      |                                   |    |                   |     |  |    |                            |          |



|                                  |   |  |
|----------------------------------|---|--|
|                                  | <p><b>Ans. Equilibrium rate of exchange is established at a point where the quantity demanded and quantity supplied of foreign exchange are equal. In the foreign exchange market, if disequilibrium occurs, it may lead to a situation of excess demand or excess supply.</b></p> <p><b>The market mechanism will drive the exchange rate back to the equilibrium level. This implies that the free market forces of demand and supply will operate in such a manner that the equilibrium rate of exchange is automatically restored.</b></p> <p style="text-align: right;"><b>(To be marked as a whole, diagram not required)</b></p>   | <b>3</b>   |
| <p><b>13.</b></p>                | <p>Suppose the following information is given about a hypothetical economy:<br/> <math>C = 100 + 0.75 Y</math> (where, C = Consumption and Y = Income)<br/> <math>I_0 = 200</math> (<math>I_0</math> = Autonomous Investment)<br/>         Calculate the following on the basis of the given information:<br/>         (a) Equilibrium Level of Income<br/>         (b) Aggregate Demand at Equilibrium Level of Income<br/>         (c) Marginal Propensity to Save<br/> <b>Ans.</b><br/> <b>Given, <math>C = 100 + 0.75Y</math>; <math>I_0 = 200</math></b><br/> <b>(a) We know that;</b><br/> <b>At equilibrium level of income</b><br/> <math>Y = C + I</math><br/> <math>Y = (100 + 0.75Y) + 200</math><br/> <math>0.25Y = 300</math><br/> <math>Y = 1,200</math></p> <p><b>(b) At the Equilibrium level of income</b><br/> <math>AD = Y</math><br/> <math>\therefore AD = 1,200</math></p> <p><b>(c) <math>MPS = 1 - MPC</math></b><br/> <math>MPS = 1 - 0.75 = 0.25</math></p> <p style="text-align: right;"><b>(Any other valid method to be allotted marks)</b></p>        | <p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p><br><p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p><br><p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p><br><p><b>4</b></p> |
| <p><b>14.</b><br/><b>(a)</b></p> | <p>Read the following information carefully:</p> <p>"The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI), recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%."</p> <p>Answer the following questions:</p> <p>(i) Identify the nature of the two monetary policy measures mentioned in the above text.</p> <p><b>Ans. The two monetary policy measures mentioned in the above text are of quantitative nature.</b></p> <p>(ii) Elaborate the likely economic rationale behind the increase in Repo Rate by the Monetary Policy Committee.</p> <p><b>Ans. An increase in the repo rate will force the commercial banks to increase the lending rates, which may make borrowing costlier to the general public. It may discourage general public from borrowing funds. As a result, Aggregate Demand in the economy may decrease, thereby controlling the inflationary pressures in the economy.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p> | <p><b>1</b></p><br><p><b>3</b></p>   |

| <p><b>(b)</b></p>                    | <p style="text-align: center;"><b>OR</b></p> <p>Suppose an imaginary economy is facing a situation of deficient demand in the short run time period.<br/>Discuss briefly, the probable impacts of the same on the economy.<br/><b>Ans. Deficient Demand may have an adverse impact on output, employment and income level.</b><br/><b>As Aggregate Demand is less than Aggregate Supply at full employment level of income, this may lead to unintended accumulation of inventories. To restore desired/intended level of inventories, producers may contract production which in turn may reduce the employment, output, and income level in the economy. Lack of demand for goods and services may also lead to a fall in the general price level in the economy.</b><br/><b>(To be marked as a whole)</b></p>  | <p style="text-align: center;">4</p>                                      |                |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
|--------------------------------------|---|---|----------------|-------|----------------|---|------|-----|-----|---|-----|-----|-----|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|-------------|-------------|-------------|--------------------------------------|
| <p><b>15.</b></p>                    | <p>Using a suitable numerical example, explain the credit creation process of the banking system, in a hypothetical economy.<br/><b>Ans. The process of money creation is based on the assumptions that:</b></p> <ul style="list-style-type: none"> <li>• entire banking system is a single unit.</li> <li>• all transactions are routed through the bank only.</li> </ul> <p><b>When a commercial bank receives initial/primary deposits (say ₹ 1,000), as per the requirement of the Central Bank, it has to maintain some reserves. The remaining amount is made available for loans. The lent sum of money is received back in the next round of deposits as secondary deposits. This process of deposit, reserve and lending continues till initial deposits become equal to the sum total of reserves.</b></p> <table border="1" data-bbox="240 1003 1238 1317"> <thead> <tr> <th>Round</th> <th>Deposits</th> <th>Loans</th> <th>Reserves (20%)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1000</td> <td>800</td> <td>200</td> </tr> <tr> <td>2</td> <td>800</td> <td>640</td> <td>160</td> </tr> <tr> <td>3</td> <td>640</td> <td>512</td> <td>128</td> </tr> <tr> <td>...</td> <td>...</td> <td>...</td> <td>...</td> </tr> <tr> <td>...</td> <td>...</td> <td>...</td> <td>...</td> </tr> <tr> <td><b>Total</b></td> <td><b>5000</b></td> <td><b>4000</b></td> <td><b>1000</b></td> </tr> </tbody> </table> <p><b>Total deposit creation = Initial deposits X <math>\frac{1}{\text{Reserve Ratio}}</math></b><br/> <b>= 1000 x <math>\frac{1}{0.2}</math></b><br/> <b>= ₹ 5,000</b></p> <p><b>Hence, total deposits of ₹ 5000 are created.</b> <span style="float: right;"><b>(To be marked as whole)</b></span><br/> <span style="float: right;"><b>(Any other valid explanation to be allotted marks)</b></span></p> | Round   | Deposits       | Loans | Reserves (20%) | 1 | 1000 | 800 | 200 | 2 | 800 | 640 | 160 | 3 | 640 | 512 | 128 | ... | ... | ... | ... | ... | ... | ... | ... | <b>Total</b> | <b>5000</b> | <b>4000</b> | <b>1000</b> | <p style="text-align: center;">4</p> |
| Round                                | Deposits  | Loans   | Reserves (20%) |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| 1                                    | 1000  | 800   | 200            |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| 2                                    | 800   | 640   | 160            |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| 3                                    | 640   | 512   | 128            |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| ...                                  | ...   | ...   | ...            |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| ...                                  | ...   | ...   | ...            |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| <b>Total</b>                         | <b>5000</b>   | <b>4000</b>   | <b>1000</b>    |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |
| <p><b>16. (a)</b><br/><b>(i)</b></p> | <p>Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free.<br/>Identify and explain the objective of the Government budget Krish is suggesting.<br/><b>Ans. Krish is suggesting the objective of ‘Re-distribution of income’ to reduce income inequalities in the economy.</b><br/><b>To ensure equitable distribution of income, the government may impose higher taxes on luxury items. This will reduce the purchasing power in the hands of rich.</b><br/><b>On the other hand, lower/no taxes may be imposed on commodities purchased by poorer section of society. They may also be provided with subsidies on the essential commodities. This may increase their disposable income.</b></p>  | <p style="text-align: center;">1</p> <p style="text-align: center;">3</p> |                |       |                |   |      |     |     |   |     |     |     |   |     |     |     |     |     |     |     |     |     |     |     |              |             |             |             |                                      |

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|     | <p><b>These steps may promote economic welfare through re-distribution of income in the economy.</b></p> <p>(ii) State any two examples of non-tax receipts of the Government.<br/> <b>Ans.</b></p> <ul style="list-style-type: none"> <li>• <b>Dividends and profits on investments.</b></li> <li>• <b>Fees and other receipts.</b></li> </ul> <p style="text-align: center;"><b>(Any other relevant example to be awarded marks)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(b) "In the recent times, the Government of India has incurred a lot of expenditure on acquisition of indigenous defence items under 'Make-in-India' programme."<br/> (i) Identify and discuss the two types of budget expenditures which may be undertaken by the Government as suggested in the above statement.<br/> <b>Ans. Two types of budget expenditures on the acquisition of indigenous defence items under 'Make-in-India' programme which may be undertaken by the government are as follows :</b></p> <ul style="list-style-type: none"> <li>• <b>Capital Expenditure-</b> This refers to that expenditure of the government which either leads to creation of assets or reduction in liabilities.</li> <li>• <b>Revenue Expenditure-</b> This refers to that expenditure of the government which neither leads to creation of assets nor reduction in liabilities.</li> </ul> <p>(ii) State the meaning of 'fiscal deficit' under the Government Budget.<br/> <b>Ans. Fiscal deficit refers to the excess of estimated expenditure over estimated receipts of the government excluding borrowings. It indicates towards the borrowing requirements of the government during a given period of time.</b></p> | <p><b>1</b></p> <p><b>1</b></p> <p><b>1/2 + 1 1/2</b></p> <p><b>1/2 + 1 1/2</b></p> <p><b>2</b></p> <hr/> <p><b>6</b></p> |
| 17. | <p>Read the following text carefully:<br/> In India, after Covid-19 period, household and private sector consumption, as measured by Private Final Consumption Expenditure (PFCE), was ₹ 39.7 trillion in nominal terms in Q1 FY23, compared with ₹ 28.4 trillion for the same period last year, and ₹ 39.2 trillion in the fourth quarter (Q4) of 2021-22 (FY22).</p> <p>As a percentage of Nominal GDP, PFCE was 61.1 per cent, compared with 55.5 per cent in Q1 FY22. However, in real terms at constant prices, PFCE grew just 9.88 per cent, compared with Q1 of 2019-20-the year before the Covid-19 pandemic.</p> <p>"Recovery in domestic demand is reflected in the growth rates of PFCE and Gross Fixed Capital Formation (GFCF) over the corresponding quarter of the previous year," said D.K. Srivastava. GFCF came in at ₹ 19 trillion in Q1 FY23, compared with ₹ 14.4 trillion in Q1 FY22. However, it was slightly lower than ₹20.2 trillion in Q4 FY22.</p> <p>In the media briefing after the GDP numbers, Finance Secretary T.V. Somanathan said this trend was expected as GFCF in present Q1 was usually lower than the previous year's Q4.<br/> On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Compare and analyse the trends of change in PFCE as a percentage of GDP, both in real and nominal terms.</p>   |   |


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|     | <p><b>Ans. Household and private sector consumption, as measured by Private Final Consumption Expenditure(PFCE) was at ₹ 39.7 trillion in nominal term in Q 1 FY 23 compared with ₹ 28.4 trillion for the same period last year and ₹ 39.2 trillion in the fourth quarter of 2021-22. As a percentage of nominal GDP, PFCE was 61.1 %, compared with 55.5% in Q 1 FY 22. In real terms, PFCE grew just 9.88%, compared with Q1 of 2019-20. (To be marked as a whole)</b></p>  | 4 |
| (b) | <p>"Private Final Consumption Expenditure is an important factor determining Gross Domestic Product at Market Price." Justify the given statement.</p> <p><b>Ans. Private final consumption expenditure (PFCE) refers to the expenditure incurred by the household sector on all types of consumer goods. It is a measure of total amount spent by consumers on the purchase of final goods and services. Therefore, it is an important factor determining Gross Domestic product at Market Price. (To be marked as a whole)</b></p>  | 2 |
|     |   | 6 |
|     | <p><b>SECTION – B</b><br/><b>Indian Economic Development</b></p>  |   |
| 18. | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.</p> <p><i>Assertion (A):</i> Post independence, public sector was given a prominent role, due to requirement of huge investments in the secondary sector.</p> <p><i>Reason (R):</i> Industrial sector is the backbone of any economy.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p> <p><b>Ans. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</b></p> | 1 |
| 19. | <p>From the following alternatives, identify the correct full form of 'NITI' in NITI Aayog:</p> <p>(a) National Institution for Tribal India.</p> <p>(b) National Institution for Technical India</p> <p>(c) National Institution for Transforming India</p> <p>(d) National Institution for Training India</p> <p><b>Ans. (c) National Institution for Transforming India</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(B) In a _____ economy, resources are owned and operated by both public and private sectors. (Choose the correct alternative to fill up the blank)</p> <p>(a) Socialist (b) Capitalist</p> <p>(c) Democratic (d) Mixed</p> <p><b>Ans. (d) Mixed</b></p>  | 1 |
| 20. | <p>Identify the correct alternative with reference to the following statement:</p> <p>(A) "Between 1966 - 76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China."</p> <p>(a) Commune System</p> <p>(b) Great Leap Forward</p>   |   |

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|            | <p>(c) Open Door Policy<br/>(d) Great Proletarian Cultural Revolution</p> <p><b>Ans. (d) Great Proletarian Cultural Revolution</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(B)</b> Read the following statements carefully:<br/> <i>Statement 1:</i> In the agricultural sector, communes were established, where land holdings were allocated to individual households for ownership.<br/> <i>Statement 2:</i> Special Economic Zones (SEZs) were established to attract foreign investments and technology.<br/> In light of the given statements, choose the correct alternative from the following:<br/> (a) Statement 1 is true and Statement 2 is false.<br/> (b) Statement 1 is false and Statement 2 is true.<br/> (c) Both Statements 1 and 2 are true.<br/> (d) Both Statements 1 and 2 are false.</p> <p><b>Ans. (b) Statement 1 is false and Statement 2 is true</b></p>           | <b>1</b> |
| <b>21.</b> | <p><b>(A)</b> Micro credit programmes play a vital role in ensuring an overall development of the rural economy as they _____.<br/> (Choose the correct alternative to fill up the blank)</p> <p>(i) provide financial support<br/> (ii) lead to women empowerment<br/> (iii) enhance the reach of formal credit system</p> <p>Alternatives:<br/> (a) Only (i) and (ii)<br/> (b) Only (ii) and (iii)<br/> (c) Only (i) and (iii)<br/> (d) (i), (ii) and (iii)</p> <p><b>Ans. (d) (i), (ii) and (iii)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(B)</b> _____ revolution was the harbinger of major changes in the credit system as it led to diversification of the portfolio of rural credit towards production-oriented lending.<br/> (Choose the correct alternative to fill up the blank)</p> <p>(a) White<br/> (b) Silver<br/> (c) Blue<br/> (d) Green</p> <p><b>Ans. (d) Green</b></p> | <b>1</b> |
| <b>22.</b> | <p>"Multiple reasons for economic slowdown and re-emergence of poverty in Pakistan may be enumerated."<br/> Identify which of the following might <i>not</i> be one of them.</p> <p>(i) Rising dependence on foreign loans<br/> (ii) Stable macroeconomic indicators<br/> (iii) Unstable agricultural growth</p> <p>Alternatives:<br/> (a) (i), (ii) and (iii)<br/> (b) (ii) and (iii)<br/> (c) (i) and (iii)<br/> (d) Only (ii)</p> <p><b>Ans. (d) Only (ii)</b></p>   | <b>1</b> |
| <b>23.</b> | <p>Identify which of the following does <i>not</i> reflect a direct relationship between human capital formation and economic growth.</p>   | <b>1</b> |

|            |   |          |
|------------|---|----------|
|            | <p>(a) Employability of an educated person is higher than that of an uneducated person.</p> <p>(b) On-the-job training will reduce the skills of labour.</p> <p>(c) Healthy workforce is a boon to the economy.</p> <p>(d) Digital information helps in taking real time decisions.</p> <p><b>Ans. (b) On-the-job training will reduce the skills of labour.</b></p>  | <b>1</b> |
| <b>24.</b> | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.</p> <p><i>Assertion (A):</i> Lower child mortality rate is a better indicator of gender equality.</p> <p><i>Reason (R):</i> Preference for a male child exists in India, Pakistan and China.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p> <p><b>Ans. (d) Assertion (A) is false, but Reason (R) is true.</b></p>  | <b>1</b> |
| <b>25.</b> | <p>_____ adopted the resolution to ban the use of Chlorofluorocarbon (CFC) compounds along with other ozone depleting chemicals.</p> <p style="text-align: center;">(Choose the correct alternative to fill up the blank)</p> <p>(a) Kyoto Protocol</p> <p>(b) Paris Protocol</p> <p>(c) Montreal Protocol</p> <p>(d) Brundtland Commission Report</p> <p><b>Ans. (c) Montreal Protocol</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(B)</b> According to Herman Daly (an environmental economist), which of the following is <i>not</i> an essential step towards achieving sustainable development?</p> <p>(a) Limiting human population to carrying capacity of the environment</p> <p>(b) Input inefficient technological progress</p> <p>(c) Rate of extraction of renewable resources should not exceed rate of regeneration</p> <p>(d) Correction of inefficiencies arising from pollution</p> <p><b>Ans. (b) Input inefficient technological progress</b></p> | <b>1</b> |
| <b>26.</b> | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.</p> <p><i>Assertion (A):</i> Government can try to reduce unemployment through special poverty removal programmes.</p> <p><i>Reason (R):</i> Such poverty removal programmes directly or indirectly lead to employment generation.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p>   | <b>1</b> |

|            | <b>Ans. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</b>  | <b>1</b>   |           |             |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
|------------|---|--|-----------|-------------|----------|-------------|--|--|-------------|----------|---------|-------------|----------|---------|-------|-----|-----|-----|-----|---|-----|-------|-----|------|------|-----|-----|-----|----------|---|-----|-----|-----|-----|-----|--|
| <b>27.</b> | <p>Read the following statements carefully:</p> <p><i>Statement 1:</i> One-child policy' was very effectively used in controlling the population by the Chinese authorities.</p> <p><i>Statement 2:</i> One-child policy, according to scholars, led to a decline in gender ratio (the proportion of females per 1000 males).</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.<br/> (b) Statement 1 is false and Statement 2 is true.<br/> (c) Both Statements 1 and 2 are true.<br/> (d) Both Statements 1 and 2 are false.</p> <p><b>Ans. (c) Both Statements 1 and 2 are true.</b></p>   | <b>1</b>   |           |             |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| <b>28.</b> | <p>Define worker-population ratio and give its significance.</p> <p><b>(a) Ans. Worker population ratio is defined as total number of workers in a country divided by population (in percentage).</b><br/> <b>Worker-population ratio is an indicator which is used for analysing the employment situation in the country. This ratio is useful in knowing the proportion of population that is actively contributing to the production of goods and services of a country.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Distinguish between 'Human Capital' and 'Human development'.</b><br/> <b>Ans. Human capital considers education and health as a means to increase labour productivity. Human capital treats human beings as a means to achieving the ultimate end of an increase in productivity.</b><br/> <b>Whereas;</b><br/> <b>Human development is based on the idea that education and health are integral to human well-being. Human development treats human beings as ends in themselves.</b></p> | <p><b>1</b></p> <p><b>2</b></p> <p><b>1½</b></p> <p><b>1 ½</b></p> |           |             |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
|            |   | <b>3</b>   |           |             |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| <b>29.</b> | <p>Elaborate how a well-structured 'Agricultural Marketing System' helps the farmers to increase their income.</p> <p><b>Ans. A well-structured 'Agricultural Marketing System' helps the farmers to increase their income as:</b></p> <ul style="list-style-type: none"> <li>• <b>Orderly and transparent marketing conditions facilitate sale of farmers' produce.</b></li> <li>• <b>Provision of better infrastructural facilities like cold storage and warehouses prevent distress sale.</b></li> <li>• <b>It protects farmers from the exploitation of middlemen/intermediaries.</b></li> </ul> <p style="text-align: right;"><b>(To be marked as a whole)</b><br/> <b>(Any other valid explanation to be allotted marks)</b></p>   | <b>3</b>   |           |             |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| <b>30.</b> | <p>Read the following schedule carefully:</p> <p style="text-align: center;"><i>Trends in Output Growth in Different Sectors, 1980 – 2015</i></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Country</th> <th colspan="3">1980 – 90</th> <th colspan="3">2011 – 2015</th> </tr> <tr> <th>Agriculture</th> <th>Industry</th> <th>Service</th> <th>Agriculture</th> <th>Industry</th> <th>Service</th> </tr> </thead> <tbody> <tr> <td>India</td> <td>3·1</td> <td>7·4</td> <td>6·9</td> <td>2·3</td> <td>5</td> <td>8·4</td> </tr> <tr> <td>China</td> <td>5·9</td> <td>10·8</td> <td>13·5</td> <td>4·1</td> <td>8·1</td> <td>8·4</td> </tr> <tr> <td>Pakistan</td> <td>4</td> <td>7·7</td> <td>6·8</td> <td>2·7</td> <td>3·4</td> <td>4·4</td> </tr> </tbody> </table>  | Country  | 1980 – 90 |             |          | 2011 – 2015 |  |  | Agriculture | Industry | Service | Agriculture | Industry | Service | India | 3·1 | 7·4 | 6·9 | 2·3 | 5 | 8·4 | China | 5·9 | 10·8 | 13·5 | 4·1 | 8·1 | 8·4 | Pakistan | 4 | 7·7 | 6·8 | 2·7 | 3·4 | 4·4 |  |
| Country    | 1980 – 90   |  |           | 2011 – 2015 |          |             |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
|            | Agriculture   | Industry   | Service   | Agriculture | Industry | Service     |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| India      | 3·1   | 7·4  | 6·9       | 2·3         | 5        | 8·4         |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| China      | 5·9   | 10·8   | 13·5      | 4·1         | 8·1      | 8·4         |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |
| Pakistan   | 4   | 7·7  | 6·8       | 2·7         | 3·4      | 4·4         |  |  |             |          |         |             |          |         |       |     |     |     |     |   |     |       |     |      |      |     |     |     |          |   |     |     |     |     |     |  |

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|        | <p>Analyse the output growth trend in the three sectors over the given years between India and China.</p> <p><b>Ans. In the last few decades, output growth in the agriculture sector declined for both India and China. In the industrial sector, China attained a growth rate of 10.8% in 1980s but declined to 8.1% in 2011-15. India also witnessed a decline in the industrial growth rate from 7.4% in 1980s to 5% in 2011-15.</b></p> <p><b>In case of service sector, China was able to maintain highest rate of growth during 1980–1990 i.e. 13.5% which declined to 8.4% in 2011-15. Whereas, India’s growth increased from 6.9% in 1980s to 8.4% in 2011-15.</b></p> <p><b>Thus, China’s growth is contributed by both the manufacturing and service sectors and India’s growth mainly by the service sector. (To be marked as a whole)</b></p> | 4                              |
| 31.(a) | <p>"Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector." Do you agree with the given statement? Quote valid arguments in favour of your answer.</p> <p><b>Ans. Yes. The agricultural sector was adversely affected by the reform process as public investment in agriculture sector especially in infrastructure had fallen. Further, the partial removal of fertiliser subsidy had led to increase in the cost of production, which had severely affected the small and marginal farmers. Moreover, there had been a shift from production for the domestic market towards production for the export market focusing on cash crops putting pressure on prices of food grains. (To be marked as a whole)</b></p> <p style="text-align: center;"><b>OR</b></p>                                | 4                              |
| (b)    | <p>(i) Explain any two shortfalls of the industrial policy under the British rule.</p> <p><b>Ans.</b></p> <ul style="list-style-type: none"> <li>• <b>Discriminatory tariff policy followed under the British rule led to the systematic de-industrialisation.</b></li> <li>• <b>Due to the lack of public investment, India could not develop a sound industrial base under the colonial rule. (Any other valid explanation to be allotted marks)</b></li> </ul> <p>(ii) Quote the four goals of the five year plans process of India.</p> <p><b>Ans. The four goals of the five year plans process of India were –</b></p> <ul style="list-style-type: none"> <li>• <b>Growth</b></li> <li>• <b>Modernisation</b></li> <li>• <b>Self-reliance</b></li> <li>• <b>Equity</b></li> </ul>  | 1<br>1<br><br>½<br>½<br>½<br>½ |
| 32.    | <p>State whether the following statements are true/false with valid arguments:</p>   |                                |
| (a)    | <p>Economic participation of women as homemakers is not accounted for in the Gross Domestic Product.</p> <p><b>Ans. True. Activities performed by women as homemakers are not recognized as productive work. They are not paid for it and hence not accounted for in the Gross Domestic Product.</b></p>   | 2                              |
| (b)    | <p>Indian economy has shown excellent shift from informal sector to formal sector in the recent past.</p> <p><b>Ans. False. In the recent years, India has witnessed an unprecedented shift of the workforce from the formal sector to informal sector. This may be primarily due to decline in job opportunities in formal (both public and private) sector.</b></p>  | 2                              |
|        |  | 4                              |

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| <p>33.</p> <p>(a)</p> <p>(b)</p> | <p>(i) Explain the role of education in the economic development of the nation.<br/> <b>Ans. Education provides knowledge to understand changes in society and scientific advancements. It stimulates inventions and innovations in the economy. Similarly, the availability of educated labour force facilitates adaptation to new technologies. Technical skills acquired through education provide an opportunity to make better use of given resources thereby promoting economic development of the nation.</b><br/> <b>(Any other valid explanation to be allotted marks)</b></p> <p>(ii) State the importance of rural banking in an economy like India.<br/> <b>Ans. Rural banking is important for an economy like India as it ensures -</b></p> <ul style="list-style-type: none"> <li>• Availability of adequate credit to the farmers.</li> <li>• Provision of loans to the rural population for productive needs at cheaper rate of interest.</li> </ul> <p style="text-align: right;"><b>(Any other valid point to be allotted marks)</b><br/> <b>OR</b></p> <p>(i) Who is a casual wage labourer?<br/> <b>Ans. A casual wage labourer is a person who is casually engaged in others' farm or non-farm enterprises.</b></p> <p>(ii) State and discuss any one recommendation of the Education Commission (1964-66).<br/> <b>Ans. The Education Commission (1964–66) had recommended that at least 6 % of GDP should be spent on education.</b><br/> <b>This is required to make a noticeable rate of growth in educational achievements. This was expected to raise the academic standard in the post-independence era.</b></p> <p>(iii) In the light of the given image, identify and explain any one strategy to ensure sustainable development.</p> <div style="text-align: center;">  </div> <p><b>Ans. One of the strategies to ensure sustainable development depicted in the given image is the usage of wind energy. Wind power is a popular source of sustainable renewable energy. In the areas where speed of wind is usually high, wind mills can provide electricity without any adverse impact on environment.</b><br/> <b>(Any other valid argument to be allotted marks)</b></p> <p>Note: The following question is for the <b>Visually Impaired Candidates</b> only in lieu of Q. No. 33 (b) (iii):<br/> Explain any one function of the environment.<br/> <b>Ans. The environment supplies resources, both renewable and non-renewable. Example of Renewable resources is solar energy and non-renewable resources is Fossil fuels.</b><br/> <b>(Any other valid argument to be allotted marks)</b></p> | <p>4</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>3</p> <p>3</p> <p>6</p> |
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| <p><b>34.</b></p> | <p>Read the following text carefully:<br/>         With independence, India chose the closed economy model in pursuit of its objective of industrial self-sufficiency. As a result, industrial structure has become considerably important. In the post-independence era, the industrial growth was rapid during the first two decades, especially during the Second and Third Plan period. The Second Plan introduced 'Industrial Revolution' in the country. The main reasons for high rates of industrial growth witnessed during this period were due to:</p> <p>(i) Emphasis on industrialisation in economic policies.<br/>         (ii) Making industrial growth the main objective in the industrial policy and planning.<br/>         (iii) Huge investments being made to support capacity creation in industrial sector<br/>         (iv) Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of the society.<br/>         (v) Pace of economic expansion supported by domestic savings and inflow of resources from abroad.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) State the time period of the Second Five Year Plan of India.<br/> <b>Ans. 1956 to 1961</b></p> <p>(b) Who is considered as the Father of the Second Five Year Plan of India?<br/> <b>Ans. P.C Mahalanobis</b></p> <p>(c) Discuss briefly any two reasons behind the industrial growth during the Second and Third Five Year Plans of India.<br/> <b>Ans. Two reasons behind the industrial growth during the Second and Third Five Year Plans of India were:-</b></p> <ul style="list-style-type: none"> <li>• <b>Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of the society.</b></li> <li>• <b>Pace of economic expansion supported by domestic savings and inflow of resources from abroad.</b></li> </ul> <p style="text-align: right;"><b>(Any other valid argument to be allotted marks)</b></p> | <p style="text-align: right;"><b>1</b></p> <p style="text-align: right;"><b>1</b></p> <p style="text-align: right;"><b>2</b></p> <p style="text-align: right;"><b>2</b></p> <p style="text-align: right;"><b>6</b></p> |
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