

MARKING SCHEME

Senior School Certificate Examination (Supplementary), July 2025

ECONOMICS (Subject Code–030)

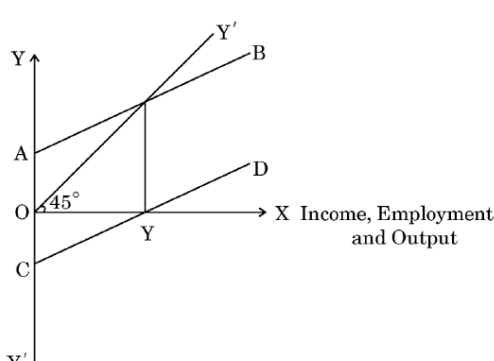
[Paper Code: 58/S/1]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
SECTION -A		
(Macro Economics)		
1.	<p>Suppose in an economy there exist autonomous investments, which are independent of the level of income. Graphically, the autonomous investments curve would be _____.</p> <p align="center">(Choose the correct alternative to fill in the blank)</p> <p>(A) a straight line parallel to y-axis (B) a straight line parallel to x-axis (C) an upward sloping straight line at x-intercept, in the positive quadrant (D) a downward sloping straight line at y-intercept</p> <p>Ans. (B) a straight line parallel to x-axis</p>	1
2.	<p>In an imaginary economy, maintaining a Cash Reserve Ratio of 20% with primary deposits of ₹ 1,000, the total derivative deposits created by banks would be ₹ _____.</p> <p align="center">(Choose the correct alternative to fill in the blank)</p> <p>(A) 5,000 (B) 1,000 (C) 4,000 (D) 3,000</p> <p>Ans. (C) 4,000</p>	1
3.	<p>Read the following statements carefully :</p> <p>Statement 1: Real National Income is always less than Nominal National Income. Statement 2: Real National Income is the money value of all the final goods and services produced by the normal residents of an economy in an accounting year, measured at the base year prices.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.</p> <p>Ans. (B) Statement 1 is false and Statement 2 is true.</p>	1
4.	<p>In the Keynesian economic analysis, determination of equilibrium income in the short-run is usually expressed as _____.</p> <p align="center">(Choose the correct alternative to fill in the blank)</p> <p>(i) Ex-ante Aggregate Demand = Ex-ante Aggregate Supply (ii) Consumption (C) + Investment (I) = Savings (iii) Consumption (C) + Investment (I) = National Income (iv) Ex-ante Savings = Ex-ante Investments</p> <p>Alternatives :</p> <p>(A) (i) and (ii) (B) (i) and (iv) (C) (i), (ii) and (iv) (D) (i), (iii) and (iv)</p> <p>Ans. (D) (i), (iii) and (iv)</p>	1
5.	<p>Expenditure incurred by the Government of India on the construction of 8-lanes Delhi-Mumbai Expressway can be classified as _____ expenditure of the government, as it may lead to _____ in the value of assets.</p> <p align="center">(Choose the correct alternative to fill in the blanks)</p>	

	(A) revenue, increase (C) capital, increase Ans. (C) capital, increase	(B) revenue, reduction (D) capital, reduction	1
6.	Read the following statements carefully: Statement 1: The value of Average Propensity to Save (APS) can be greater than one. Statement 2: Break-even point is the level at which level of consumption is equal to the income. In the light of the given statements, choose the correct alternative from the following: (A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false. Ans. (B) Statement 1 is false and Statement 2 is true.		1
7.	Identify, which of the following is not to be considered while estimating the revenue deficit of an economy. (A) Goods and Services Tax (GST) collection (B) Income from fines and penalties (C) Interest payments (D) Expenditure on acquisition of land and buildings Ans. (D) Expenditure on acquisition of land and buildings	(Choose the correct alternative)	1
8.	From the following statements, identify the incorrect statement in case of underemployment equilibrium. (A) Resources are fully and efficiently utilised. (B) An existence of excessive production capacity in the economy. (C) Aggregate supply is equal to Aggregate demand below full employment level. (D) Resources are not fully and efficiently utilised. Ans. (A) Resources are fully and efficiently utilised.	(Choose the correct alternative)	1
9.	The budget in which government's total planned spending is equal to total planned revenue is referred to as _____ budget. (A) Surplus (C) Micro Ans. (D) Balanced	(Choose the correct alternative to fill in the blank) (B) Deficit (D) Balanced	1
10.	Identify, which of the following are the correct features of money supply in an economy. (i) It is a stock concept. (ii) It includes money held by banks and government. (iii) It is a flow concept. (iv) It includes money held by households and firms. Alternatives: (A) (i) and (iv) (C) (iii) and (iv) Ans. (A) (i) and (iv)	(Choose the correct alternative) (B) (ii) and (iii) (D) (i) and (ii)	1
11.	On the basis of the following data, estimate the value of National Income (NNP _{FC}):		

S.No.	Items	Amount (in ₹ crore)													
(i)	Private Final Consumption Expenditure	1,000													
(ii)	Government Final Consumption Expenditure	2,000													
(iii)	Gross Domestic Fixed Capital Formation	1,000													
(iv)	Net Exports	100													
(v)	Net Additions to Stock	50													
(vi)	Consumption of Fixed Capital	100													
(vii)	Net Factor Income from Abroad	20													
(viii)	Net Indirect Taxes	200													
Ans. National Income (NNP_{FC}) = (i) + (ii) + (iii) + (v) + (iv) – (vi) + (vii) – (viii) = 1,000 + 2,000 + 1,000 + 50 + 100 – 100 + 20 – 200 = ₹ 3,870 crore			1 ½ 1 ½ 3												
12.	<p>(i) Define 'tax'.</p> <p>Ans. Tax is a compulsory unilateral payment imposed by the government on the households or firms.</p> <p>(ii) On the basis of the given image, identify and categorize two items into direct and indirect taxes.</p> <div style="text-align: center;"> <p>Gross Tax Revenue (FY23 BE)</p> <table border="1"> <caption>Gross Tax Revenue (FY23 BE)</caption> <thead> <tr> <th>Tax Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Goods and Services Tax</td> <td>28%</td> </tr> <tr> <td>Corporate tax</td> <td>26%</td> </tr> <tr> <td>Personal Income tax</td> <td>26%</td> </tr> <tr> <td>Excise Duty</td> <td>12%</td> </tr> <tr> <td>Custom</td> <td>8%</td> </tr> </tbody> </table> </div>		Tax Type	Percentage	Goods and Services Tax	28%	Corporate tax	26%	Personal Income tax	26%	Excise Duty	12%	Custom	8%	1
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Goods and Services Tax	28%														
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Custom	8%														
	<p>Ans. Direct Taxes: Corporate Tax, Personal Income Tax</p> <p>Indirect Taxes: Goods and Services Tax, Custom, Excise Duty</p> <p style="text-align: center;">OR</p>		1 1 3												
(b)	<p>“The government through its budgetary policy may intervene to expand or reduce demand in an economy.”</p> <p>In the light of the given statement, discuss briefly the budgetary objectives the government is trying to achieve.</p> <p>Ans. The budgetary objective highlighted in the given statement is Economic Stability. Under the situation of inflation/ deflation, the government may increase/ decrease taxes and decrease/ increase expenditure to reduce/ expand Aggregate Demand in an economy. Thus, through its budgetary policy the government may control price fluctuations in an economy. (To be marked as a whole)</p>		3												
13.	<p>(a) In what ways do alterations in margin requirements impact the ease with which households and firms can obtain credit?</p> <p>Ans. Margin requirement refers to the difference between the amount of the loan and value of the security offered by the borrower against the loan. An increase in margin requirement implies a decrease in the amount of loan available to households and firms on the security offered. However, a decrease in margin requirement implies an increase in the amount of loan available to households and firms on the security offered. Thus, an alteration in margin requirement may change the quantum of credit available to households and firms. (To be marked as a whole)</p>		4												

<p>(b)</p>	<p style="text-align: center;">OR</p> <p>Assuming for a hypothetical economy, government induces an additional investment of ₹ 1,000 crore and 80 percent of additional income is spent on consumption. Estimate the values of the following:</p> <p>(i) Investment multiplier (K) (ii) Change in income (ΔY)</p> <p>Ans. Given, Change in Investment (ΔI) = ₹ 1,000 crore Marginal Propensity to Consume (MPC) = 80% = 0.8</p> <p>(i) Investment Multiplier (K) = $\frac{1}{1-MPC}$ $= \frac{1}{1-0.8}$ $= 5$</p> <p>(ii) Change in Income (ΔY) = K x ΔI $= 5 \times 1,000$ $= ₹ 5,000 \text{ crore}$</p>	<p style="text-align: center;">1 1/2 1/2 1 1/2 1/2 4</p>
<p>14.</p>	<p>On the basis of the given figure, answer the following questions:</p>  <p>(a) Identify AB and CD curves. Ans. In the given figure:</p> <ul style="list-style-type: none"> • AB represents the Consumption Curve. • CD represents the Savings Curve. <p>(b) Briefly discuss the reason for AB curve starting from point A (Y-intercept). Ans. Consumption curve (AB) starts from point A on the Y-axis, representing the Autonomous Consumption, which is the minimum level of consumption by households for their survival needs. It is the amount of consumption expenditure at zero level of income i.e. level of consumption which is independent of income.</p> <p>(c) State the significance of OY level of income. Ans. At OY level of income, savings are zero as the consumption expenditure is exactly equal to income. This represents the Break-even level of income.</p>	<p style="text-align: center;">1/2 1/2 2 1 4</p>
<p>15.</p>	<p>Suppose in a hypothetical economy, reserve ratio changes from 10% to 20% and the value of primary deposits are ₹ 1,000 crore. Calculate the change in the amount of money creation when reserve ratio changes from 10% to 20%.</p> <p>Ans. Given, primary deposits ₹ 1,000 crore and change in Reserve Ratio from 10% to 20% the change in amount of money creation is depicted as follows:</p>	

Case	Primary Deposits (in ₹ crore)	Reserve Ratio (RR)	Money Multiplier ($\frac{1}{RR}$)	Amount of Money Creation (Primary Deposits x Money Multiplier)	
I	1,000	0.1	$\frac{1}{0.1} = 10$	$1,000 \times 10 = ₹ 10,000$	2
II	1,000	0.2	$\frac{1}{0.2} = 5$	$1,000 \times 5 = ₹ 5,000$	2

It may be concluded from the two cases shown in the table that, with ₹ 1,000 crore of primary deposits and change in Reserve Ratio (RR) from 10% to 20%, the amount of money creation reduces from ₹ 10,000 crore to ₹ 5,000 crore.

4

16. Read the following text carefully:
 The Gross Domestic Product (GDP) deflator, is an important indicator of inflation. It represents the ratio of the total value of goods and services produced by an economy in a specific year at current prices to the prices that were in effect during a designated base year. This ratio highlights the proportion of GDP growth that can be attributed to rising prices instead of an actual increase in production levels.
 The GDP price deflator indicates the difference between nominal GDP and real GDP. Nominal GDP differs from real GDP as the former doesn't include inflation, while the latter does.
 The GDP deflator automatically adjusts for changes in consumption habits and introduction of new products and services. This feature enables it to reflect shifts in investment and consumption trends.
 For the GDP deflator, the 'basket' for each year consists of all goods produced domestically, weighted according to the market value of total consumption for each item.
 On the basis of given text and common understanding, answer the following questions:
 (a) State the meaning of Gross Domestic Product (GDP) deflator and its significance.
Ans. Gross Domestic Product (GDP) deflator is the ratio of nominal Gross Domestic Product (GDP) to real Gross Domestic Product (GDP).
GDP deflator is a tool which is used to eliminate the effect of price fluctuations in the economy and to determine the real change in physical output of current year. GDP deflator helps in comparison of growth rate of the economy.
 (b) Elaborate how Real Gross Domestic Product is different from Nominal Gross Domestic Product.
Ans. Real Gross Domestic Product (GDP) is the market value of all the final goods and services produced in the domestic territory of an economy, measured at base year prices.

Whereas;

Nominal Gross Domestic Product (GDP) is market value of all the final goods and services produced in the domestic territory of an economy, measured at current year prices.

1

2

1 ½

1 ½

6



17. (a) (i) Explain the effect of appreciation of domestic currency on imports of a nation. Provide an example to support your explanation.
Ans. Appreciation of domestic currency refers to a rise in the value of domestic currency in terms of foreign currency.
For example, suppose the initial exchange rate stands at \$1 = ₹ 90 and the new exchange rate reduces to \$1 = ₹ 80. This implies that the rupee has appreciated against the US Dollar (\$). As a result, lesser units of INR (₹) are required to purchase one unit of US Dollar (\$), making foreign goods relatively affordable to Indian buyers. Thus, it may lead to a rise in imports.

1

2

	(ii) Explain any two components of Current Account under Balance of Payments. Ans. Two components of Current Account under Balance of Payments are:	
	<ul style="list-style-type: none"> • Trade in Goods: It includes export and import of goods. The receipts from exports of goods are recorded on the credit side of the current account, while payments for import of goods are recorded on the debit side. • Trade in Services: It includes transactions on account of factor income and non-factor income, such as shipping, banking, tourism, etc. Receipts from exports of services are recorded on the credit side of current account while payments for import of services are recorded on the debit side. 	1 ½
	OR	1 ½
(b)	(i) “A rise in price of foreign exchange leads to fall in demand for foreign exchange, other factors remaining constant.” Do you agree with the given statement? Give valid reasons in support of your answer. Ans. Yes, other factors remaining constant, there exists an inverse relationship between the price of foreign exchange and the demand for foreign exchange. A given rise in the price of foreign exchange will increase the cost (in terms of rupees) of purchasing foreign goods and services. This reduces imports and thereby decreases the demand for foreign exchange. (To be marked as a whole)	3
	(ii) As per the statement given by the Governor of Reserve Bank of India (RBI) dated 10th August 2023: “The inflows from net commercial borrowings have been US \$ 6·0 billion during April – June 2023.” Identify, the sub-account and the side of Balance of Payments where the above stated transactions would be recorded. State valid reasons in support of your answer. Ans. Net commercial borrowings from abroad will be recorded in the Capital Account of the Balance of Payments, as it leads to an increase in liabilities. Borrowings from abroad are recorded on the credit side of the Capital Account as such transactions result in an inflow of foreign currency.	1 ½
		1 ½
		6
SECTION – B (Indian Economic Development)		
18.	In 2018, Pakistan implemented its _____ five year development plan. (Choose the correct alternative to fill in the blank) (A) 10 th (B) 11 th (C) 12 th (D) 13 th Ans. (C) 12th	1
19.	_____ implies shedding of the ownership or management of a government owned enterprise. (Choose the correct alternative to fill in the blank) (A) Liberalisation (B) Privatisation (C) Globalisation (D) Nationalisation Ans. (B) Privatisation	1
20.	Read the following statements : Assertion (A) and Reason (R) carefully. Choose the correct alternative from those given below: Assertion (A): India and Pakistan adopted many similar strategies for their respective economic developmental paths. Reason (R): In late 1970s, India and Pakistan came up with the policy of denationalisation of capital goods industries.	

	<p>Alternatives:</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of 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>Ans. (C) Assertion (A) is true, but Reason (R) is false.</p>	1
21.	<p>‘Expenditure on health’ is one of the sources of Human Capital Formation where, _____ is one of the most suitable curative measures.</p> <p>(Choose the correct alternative to fill in the blank)</p> <p>(A) Vaccination</p> <p>(B) Medical intervention during illness</p> <p>(C) Spread of health awareness</p> <p>(D) Provision of clean drinking water</p> <p>Ans. (B) Medical intervention during illness</p>	1
22.	<p>The geographical areas in which specific laws are applied to encourage foreign investments are known as _____.</p> <p>(Choose the correct alternative to fill in the blank)</p> <p>(A) European Union</p> <p>(B) G-7</p> <p>(C) G-20</p> <p>(D) Special Economic Zones</p> <p>Ans. (D) Special Economic Zones</p>	1
23.	<p>The extent of constitutional protection of the independence of the Judiciary and the Rule of Law, is an example of _____ indicator.</p> <p>(Choose the correct alternative to fill in the blank)</p> <p>(A) economic growth</p> <p>(B) liberty</p> <p>(C) human destruction</p> <p>(D) human values</p> <p>Ans. (B) liberty</p>	1
24.	<p>Study the following image carefully:</p> <div style="text-align: center;"> <pre> graph TD TR[Tractors and Threshers] --- GR((Green Revolution)) HS((HYV Seeds)) --- GR FA((Financial Assistance)) --- GR GR --- B(()) </pre> </div> <p>Identify, which of the following factors is an essential requirement for the implementation of Green Revolution. (Choose the correct alternative)</p> <p>(A) Regular use of chemical fertilizers</p> <p>(B) Use of natural manures</p> <p>(C) A lesser requirement for irrigation facilities</p> <p>(D) Traditional seeds</p> <p>Ans. (A) Regular use of chemical fertilizers</p>	1
25.	<p>Read the following statements carefully:</p> <p>Statement 1: India has been the front runner of advocating the interests of the developing world.</p> <p>Statement 2: Keeping its commitment, India has not removed the quantitative restrictions.</p>	

	<p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.</p> <p>Ans. (A) Statement 1 is true and Statement 2 is false.</p>	1
26.	<p>The institutional structure of rural banking today consists of a set of multi-agency institutions except the _____.</p> <p>(Choose the correct alternative to fill in the blank)</p> <p>(A) Commercial Banks (B) Regional Rural Banks (RRBs) (C) Land Development Banks (LDBs) (D) Private Money-lenders</p> <p>Ans. (D) Private Money-lenders</p>	1
27.	<p>Identify, which of the following is not a factor responsible for land degradation.</p> <p>(Choose the correct alternative)</p> <p>(A) Deforestation (B) Overgrazing (C) Industrial practices (D) Proper crop rotation</p> <p>Ans. (D) Proper crop rotation</p>	1
28.	<p>“The Indian agricultural sector during the British rule was saddled with low productivity.”</p> <p>(a) In the light of the above statement, briefly explain any two reasons behind the low productivity in the Indian agricultural sector.</p> <p>Ans. During the British rule, Indian agriculture sector was saddled with low productivity due to the following reasons:</p> <ul style="list-style-type: none"> • The colonial government introduced the Land Settlement system, under which the profit accruing out of the agriculture sector went to the zamindars instead of the cultivators. Thus, farmers neither had resources nor the incentive to invest in agriculture leading to low productivity. • Lack of irrigation facilities and low levels of technology added up to aggravate the plight of the farmers and abysmally low level of agricultural productivity. <p style="text-align: center;">OR</p> <p>(b) Explain any two salient features of India’s foreign trade during the British rule.</p> <p>Ans. Two salient features of India’s foreign trade during British rule were:</p> <ul style="list-style-type: none"> • India became an exporter of primary products (such as raw silk, cotton etc.) and an importer of finished consumer goods (cotton and silk clothes) and capital goods like machinery from Britain. • Britain maintained monopoly control over India’s export and imports. As a result, more than half of India’s foreign trade was restricted to Britain while the rest was allowed with a few other countries like China, Ceylon (Sri Lanka) and Persia (Iran). 	<p>1 ½</p> <p>1 ½</p> <p style="text-align: center;">3</p> <p>1 ½</p> <p>1 ½</p> <p style="text-align: center;">3</p>
29.	<p>Study the following images carefully:</p> <div style="display: flex; justify-content: space-around;">   </div>	

	<p>Identify and discuss briefly the types of employment sectors indicated.</p> <p>Ans. The types of employment sectors indicated in the given image are:</p> <ul style="list-style-type: none"> • Informal Sector: This sector includes those private sector establishments which employ less than 10 hired workers. Workers in informal sector often lack job security, regular income and can be dismissed without any compensation. • Formal Sector: It includes all the public sector establishments and those private sector establishments which employ 10 hired workers or more. Formal sector workers get regular income and are entitled to social security benefits like provident fund, pension etc. 	<p>½ + 1</p> <p>½ + 1</p> <hr/> <p>3</p>
<p>30.</p>	<p>“China has experienced rapid economic growth owing to the introduction of economic reforms in 1978.”</p> <p>Elaborate any two economic reforms introduced by China.</p> <p>Ans. The rapid economic growth in China can be traced back to the following reforms introduced in 1978:</p> <ul style="list-style-type: none"> • In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors. For instance, in agriculture commune lands were divided into small plots, which were allocated to individual households (for use not ownership). They were allowed to keep all income from the land after paying stipulated taxes. • In the subsequent phase, reforms were initiated in the industrial sector. Private sector firms, in general, and township and village enterprises, in particular, were allowed to produce goods. At this stage, State Owned Enterprises were made to face competition. 	<p>2</p> <p>2</p> <hr/> <p>4</p>
<p>31. (a)</p>	<p>“The Ministry of Skill Development and Entrepreneurship (MSDE) and the Indian Space Research Organisation (ISRO) organised a capacity-building training aimed at upgrading the skills of government personnel and further contributing to increasing India’s share in the global space industry.”</p> <p>In the light of the given statement, explain how such training programmes can affect human capital formation.</p> <p>Ans. Capacity-building initiatives by Ministry of Skill Development and Entrepreneurship (MSDE) and the Indian Space Research Organisation (ISRO) in the form of On-the-job training boost the efficiency of government personnel. Such trainings have become an integral part of work environment in the recent times as they add to the productive capacity of employees.</p> <p>Firms encourage such capacity-building programmes, as the benefits outweigh the cost of these trainings. They help employees keep pace with modern technologies and innovative practices. Thus, it can be asserted that on-the-job training is an important source of human capital formation.</p> <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;">OR</p> <p>(b) “Both physical capital and human capital depreciate with time, but the nature of depreciation differs between the two.”</p> <p>Do you agree with the given statement? State and discuss valid reasons in support of your answer.</p> <p>Ans. Yes, human capital and physical capital both depreciate with time but the nature of depreciation differs between the two. With the continuous wear and tear and change of technology, physical capital depreciates and becomes obsolete. Whereas, in the case of human capital, depreciation takes place with ageing but can be reduced, to a large extent, through continuous investment in education, health, etc. This investment also</p>	<p>4</p> <p>4</p>

	facilitates the human capital to cope with change in technology, which is not the case with physical capital. (To be marked as a whole)	
32.	<p>The Government of India has adopted various strategies to ensure that the future generations should have the same quality of life as the present generation. In the light of the given statement, briefly discuss any two strategies. Ans. Two strategies adopted by the Government of India to ensure that the future generation have the same quality of life as the present generation are:</p> <ul style="list-style-type: none"> • Use of wind energy: In areas where speed of wind is usually high, windmills are used to generate electricity without any adverse impact on the environment. Though the initial cost of setting up a wind energy system is high but the benefits outweigh the cost. • Use of solar energy: With the help of photovoltaic cells/solar panels, solar energy is converted into electricity. It is free from pollution and is useful for remote areas where supply through power grid is either not possible or proves very costly. 	<p>2</p> <p>2</p> <hr/> <p>4</p>
33.	<p>(i) “Modernisation extends beyond just the implementation of new technology.” (a) Justify the given statement, focusing on the economic planning goals. Ans. Modernisation as an economic planning goal implies the use of latest technology to produce goods and services, as well as changes in social outlook of the people such as the recognition that women should have the same rights as men. A modern society makes use of the talents of women in the workplace. This inclusive approach helps in achieving social progress alongside technological advancement, fostering a more balanced and progressive workforce. (To be marked as a whole)</p> <p>(ii) “Economic reforms of 1991 changed the structure of the financial sector in India to a large extent.” Justify the given statement, highlighting any two reforms introduced in the financial sector. Ans. The financial sector in India witnessed a major revamp under the economic reforms of 1991. The two main measures in this direction were:</p> <ul style="list-style-type: none"> • The role of Reserve Bank of India (RBI) was changed from regulator to facilitator. This means that the financial sector was allowed to take decisions on many financial matters without consulting RBI. • The policy changes led to the establishment of private sector banks, both Indian as well as foreign. <p style="text-align: center;">OR</p> <p>(b) (i) “Subsidies in the agriculture sector have been a debated question for long.” Validate the argument that subsidies should be gradually phased out in the agriculture sector. Ans. Some economists believed that agricultural subsidies should have been gradually phased out on the following grounds:</p> <ul style="list-style-type: none"> • Subsidies have helped the fertiliser industry much more than they have helped the needy farmers. • Farmers in the prosperous regions largely benefited from farm subsidies rather than benefitting the target group. • Agricultural subsidies have proved to be a huge burden on the finances of the government. <p>(ii) “The regime of quantitative restrictions followed by the government during the economic planning period was reversed in post-trade reforms era.” Do you agree with the given statement? Give valid reasons in support of your answer.</p>	<p>3</p> <p>1 ½</p> <p>1 ½</p> <hr/> <p>6</p> <p>1</p> <p>1</p> <p>1</p>

	<p>Ans. Yes, liberalization of trade and investment policy reversed the policy initiatives undertaken during the economic planning period. The reforms aimed at dismantling of quantitative restrictions on imports and exports along with the reduction of tariff rates and removal of licensing procedures for imports (except in case of hazardous and environmentally sensitive industries). Additionally, the removal of export duties was intended to enhance the global competitiveness of Indian products.</p> <p style="text-align: right;">(To be marked as a whole)</p>	3
34.	<p>Read the following text carefully:</p> <p style="text-align: center;">The need for eco-friendly agriculture in India</p> <p>A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth.</p> <p>This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long term vision of eco-friendly agriculture. Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India. Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term. It also accelerates land degradation and desertification by destroying the natural soil properties. Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Explain any two problems associated with the usage of chemical fertilizers.</p> <p>Ans. Two problems associated with the usage of chemical fertilizers:</p> <ul style="list-style-type: none"> • Fertilizers runoff to water bodies and subsequent nutrient overload result in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. • Use of chemical fertilizers accelerates land degradation and desertification by destroying the natural soil properties. <p>(b) Discuss briefly the economic rationale behind the government's move to promote organic farming.</p> <p>Ans. Organic farming aids in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives boosts soil organic carbon and fertility.</p> <p style="text-align: right;">(To be marked as a whole)</p> <p>(c) State the meaning of green growth.</p> <p>Ans. Green growth refers to the economic growth that is achieved in such a manner that minimizes environmental damage.</p>	6
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