

HMJ/1

Strictly Confidential: (For Internal and Restricted use only)
Senior School Certificate Examination - 2020

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/3/2

General Instructions: -

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. **Evaluation is a 10-12 days mission for all of us. Hence, it is necessary that you put in your best efforts in this process.**
2. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them.**
3. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
4. Evaluators will mark(\checkmark) wherever answer is correct. For wrong answer 'X' be marked. Evaluators will not put right kind of mark while evaluating which gives an impression that answer is correct and no marks are awarded. **This is most common mistake which evaluators are committing.**
5. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
6. If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
7. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
8. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
9. A full scale of marks **0-80** has to be used. Please do not hesitate to award full marks if the answer deserves it.
10. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines).
11. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-

- Leaving answer or part thereof unassessed in an answer book.
 - Giving more marks for an answer than assigned to it.
 - Wrong totaling of marks awarded on a reply.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totaling on the title page.
 - Wrong totaling of marks of the two columns on the title page.
 - Wrong grand total.
 - Marks in words and figures not tallying.
 - Wrong transfer of marks from the answer book to online award list.
 - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.)
 - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
12. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks.
13. Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
14. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
15. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.

The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

8	<p>Question: Define Autonomous items of Balance of Payments account.</p> <p>Answer- Autonomous items refer to such Balance of Payment transaction which are undertaken for profit motive.</p>	1												
9	<p>Question: Primary deficit can be zero if _____. (Fill in the blank with correct alternative)</p> <p>(A) Fiscal deficit= Interest payments (C) Fiscal deficit> Interest payments (B) Fiscal deficit< Interest payments (D) Revenue deficit< Fiscal deficit</p> <p>Answer-(A) Fiscal Deficit = Interest Payments</p>	1												
10	<p>Question: Under Statutory Liquidity Ratio, commercial banks are required to keep a fraction of _____ in the form of liquid assets.</p> <p>(A) Total deposits (C) Total demand and term deposits (B) Term deposits (D) Current deposits</p> <p>Answer- (A) Total deposits or (C) Total demand and term deposits</p> <p style="text-align: center;">(one mark should be allotted to any of the two)</p>	1												
11	<p>Question: Distinguish between a 'Current account deficit' and a 'Trade deficit'.</p> <p>Answer- Current Account Deficit (CAD) refers to excess of payments for value of import of visible items, invisible items and unilateral transfers over the receipts from value of export of visible items, invisible items and unilateral transfers. Whereas;</p> <p>Trade deficit refers to the excess of the payments for value of import of visible items over the value of receipts of export of visible items.</p> <p style="text-align: center;">OR</p> <p>Question: "Balance of payment (BOP) is always balanced in the accounting sense". Defend or refute the given statement with valid reasons.</p> <p>Answer-The given statement is defended, as Balance of payment (BOP) is based on the principles of double entry book keeping system. Any deficit/ surplus created through autonomous transactions are corrected by the corresponding surplus/deficit in accommodating transaction by monetary authority.</p>	1 ½ 1 ½ 3												
12	<p>Question: From the following data, calculate (a) Revenue deficit and (b) Fiscal deficit:</p> <table border="1" data-bbox="185 1608 1222 1885"> <thead> <tr> <th></th> <th>Particulars</th> <th>Amount (in ₹ crores)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Tax Revenue</td> <td>1,200</td> </tr> <tr> <td>(ii)</td> <td>Revenue Expenditure</td> <td>3,700</td> </tr> <tr> <td>(iii)</td> <td>Non-tax Revenue</td> <td>2,000</td> </tr> </tbody> </table>		Particulars	Amount (in ₹ crores)	(i)	Tax Revenue	1,200	(ii)	Revenue Expenditure	3,700	(iii)	Non-tax Revenue	2,000	
	Particulars	Amount (in ₹ crores)												
(i)	Tax Revenue	1,200												
(ii)	Revenue Expenditure	3,700												
(iii)	Non-tax Revenue	2,000												

(iv)	Recovery of Loans	145
(v)	Capital Expenditure	500
(vi)	Disinvestment	120
(vii)	Interest Payments	1,070

Answer- Revenue Deficit= [(ii) – {(i) + (iii)}]

$$= 3700 - (1200 + 2000)$$

$$= ₹ 500 \text{ crores}$$

Fiscal Deficit = [{(ii)+(v)} - {(iii)+(i)+(iv)+(vi)}]

$$= [(3700 + 500) - (2000 + 1200 + 145 + 120)]$$

$$= [4200 - 3465] = ₹ 735 \text{ crores}$$

½

½

½

½

½

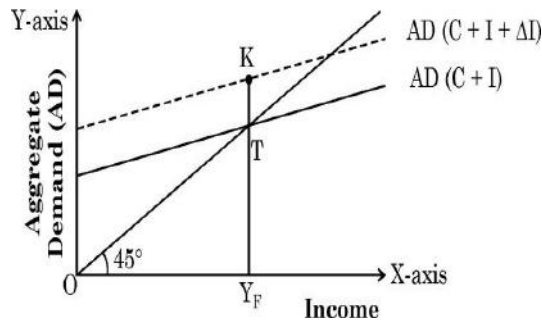
½

13 Question: “To boost the falling demand in the economy, the Reserve Bank of India recently reduced bank rate.” Elaborate the rationale behind the steps taken by the Central Bank.

Answer – Bank rate is the rate at which Reserve Bank of India lends funds to the commercial banks for a longer period of time. A decline in bank rate may induce commercial banks to reduce the lending rates. This may encourage demand for loans in the market leading to greater funds at the disposal of general public. This may lead to creation of higher Aggregate Demand in the economy. **(to be marked as a whole)**

4

14 Question-In the given figure, what does the gap ‘KT’ represent? State and discuss any two fiscal measures to correct the situation.



Answer- KT’ represents inflationary gap

Two fiscal measures are –

- Increase in Taxes - To curb the inflationary gap the government may increase the taxes. This may reduce the purchasing power in the hands of the public which in turn may reduce the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.
- Reduction in Government Expenditure- To curb the inflationary gap the government may reduce its non developmental expenditure. This may reduce the purchasing power in the hands of the people which in turn will reduce the Aggregate Demand

1

1 ½

1 ½

	<p>in the economy to bring it equal to the Aggregate Supply.</p> <p>For visually Impaired Candidates:</p> <p>Question - What is meant by deflationary gap? State and discuss any two fiscal measures to correct the situation of deflationary gap.</p> <p>Answer- Deflationary gap is that situation when Aggregate Demand is lesser than Aggregate Supply corresponding to full employment level.</p> <p>Two fiscal measures are to control it are:</p> <p>a) Decrease in Taxes - To curb the deflationary gap the government may decrease the taxes. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.</p> <p>b) Increase in Government Expenditure- To curb the deflationary gap the government may increase its expenditure. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.</p>	<p>1</p> <p>1 ½</p> <p>1 ½</p>																					
15	<p>Question: Calculate Gross Value Added at Market price (GVA_{MP}) from the following data:</p> <table border="1"> <thead> <tr> <th></th> <th>Particulars</th> <th>Amount(in ₹ lakhs)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Depreciation</td> <td>20</td> </tr> <tr> <td>(ii)</td> <td>Domestic sales</td> <td>200</td> </tr> <tr> <td>(iii)</td> <td>Change in Stock</td> <td>(-) 10</td> </tr> <tr> <td>(iv)</td> <td>Exports</td> <td>10</td> </tr> <tr> <td>(v)</td> <td>Single Use Producer Goods</td> <td>120</td> </tr> <tr> <td>(vi)</td> <td>Net Indirect Taxes</td> <td>20</td> </tr> </tbody> </table> <p>Answer- $GVA_{MP} = [(ii)+(iii)+(iv)]-(v)$ $= [200+(-)10+10]-120$ $= 200-120$ $= ₹80 \text{ lakhs}$</p> <p style="text-align: center;">OR</p> <p>Question: The value of the Nominal Gross National Product (GNP) of an economy was ₹ 2,500 crores in a particular year. The value of GNP of that country during the same year, evaluated at the price of base year was ₹ 3,000 crores. Calculate the value of GNP deflator of the year in percentage terms. Has the price level risen between the base year and the year under consideration?</p> <p>Answer- Given that Nominal GNP = ₹2500 crores and Real GNP = ₹ 3000,</p> $\text{GNP Deflator} = \frac{\text{Nominal GNP}}{\text{Real GNP}} \times 100$ $= \frac{2500}{3000} \times 100$ $= 83.33 \%$ <p>No, the price level has reduced from base year to current year by 16.67%.</p>		Particulars	Amount(in ₹ lakhs)	(i)	Depreciation	20	(ii)	Domestic sales	200	(iii)	Change in Stock	(-) 10	(iv)	Exports	10	(v)	Single Use Producer Goods	120	(vi)	Net Indirect Taxes	20	<p>2</p> <p>1</p> <p>½</p> <p>½</p> <p>2</p> <p>½</p> <p>½</p> <p>1</p>
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16	<p>Question: Answer the following questions based on the data given below:</p> <p>(i) Planned level of investment = ₹ 200 crore</p>																						

	<p>(ii) $C = 100 + 0.8 Y$ (a) Determine the equilibrium level of income. (b) Calculate the saving and consumption expenditure at equilibrium level of National Income.</p> <p>Answer-</p> <p>(a) $Y = C + I$ $Y = (100 + 0.8 Y) + 200$ $= 300 + 0.8 Y$ $Y - 0.8 Y = 300$ $0.2 Y = 300$ $Y = 300 / 0.2 = ₹ 1500 \text{ crores}$</p> <p>(b) $C = \bar{C} + 0.8 Y$ Substitute the value of $Y = 1500$ $= 100 + 0.8(1500)$ $= 100 + 1200 = ₹ 1300 \text{ crores}$</p> <p>Savings = Income (Y) - Consumption (C) $= 1500 - 1300$ $= ₹ 200 \text{ crores}$</p>	<p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>½</p>
<p>17</p>	<p>Question: Define the problem of double counting in the estimation of National Income. Discuss two approaches to correct the problem of double counting.</p> <p>Answer- Problem of double counting in the estimation of National Income arises due to counting the value of commodities more than once. This leads to overestimation of the value of goods and services produced in the economy.</p> <p>Two approaches to correct the problem of double counting are-</p> <p>i) <u>Final Output Method</u>: According to this method, value of only the final goods and services should be added to determine the national income.</p> <p>ii) <u>Value Added Method</u>: According to this method, sum total of the value added by each producing unit should only be taken in consideration. It means the value of intermediate consumption should not be considered.</p> <p style="text-align: center;">OR</p> <p>Question: Define the following:</p> <p>a) Capital Goods b) Gross Domestic Product c) Flow Variables d) Income from property and entrepreneurship</p> <p>Answer-</p> <p>a) Capital Goods are those final goods which help in further production of other goods</p>	<p>2</p> <p>2</p> <p>2</p> <p>1 ½</p>

	<p>and services. e.g. machinery</p> <p>b) Gross Domestic Product is the sum total of market value of all the final goods and services produces within the domestic territory of a country during a year.</p> <p>c) Flow Variables are those economic variables which is measured over a period of time e.g. national income</p> <p>d) Income from property and entrepreneurship is the income which arises from ownership of physical/financial/intellectual property and reward to the entrepreneur for his contribution to the production of goods and services in the form rent, royalty, interest and profit.</p>	<p>1 ½</p> <p>1 ½</p> <p>1 ½</p>
	SECTION- B INDIAN ECONOMIC DEVELOPMENT	
18	<p>Question: Fixing of maximum land holding (ownership) for an individual is known as_____.</p> <p>(Fill in the blank with correct answer)</p> <p>Answer- land ceiling</p>	1
19	<p>Question:The first Industrial Policy Resolution in Independent India was introduced in the year_____</p> <p>(Choose the correct alternative)</p> <p>(A) 1948 (B)1950 (C) 1954 (D)1956</p> <p>Answer- (A) 1948</p>	1
20	<p>Question: Central Pollution Control Board (CPCB) has identified____ categories of large and medium industries as polluting industries.</p> <p>(Choose the correct alternative)</p> <p>(A) 15 (B) 17 (C) 19 (D) 13</p> <p>Answer- (B) 17</p>	1
21	<p>Question:_____ and _____ currency notes of old Mahatma Gandhi series were banned as legal tender money on 8th November, 2016. (Choose the correct alternative)</p> <p>(A) ₹ 50 and ₹ 100</p> <p>(B) ₹ 500 and ₹ 1000</p> <p>(C) ₹ 500 and ₹ 2000</p> <p>(D) ₹ 500 and ₹ 200</p> <p>Answer- (B) ₹ 500 and ₹ 1000</p>	1
22	<p>Question: State the meaning of the term ‘livestock’.</p> <p>Answer- Livestock is defined as domesticated animals raised (generally in an agricultural set up) to produce labour and commodities such as cattle, goats etc.</p> <p style="text-align: center;">(any other valid meaning to be allotted marks)</p>	1
23	<p>Question: Define ‘Human Capital Formation’.</p> <p>Answer- Human Capital Formation refers to the process of addition made to the stock of skilled and capable people in the country over a period of time. (any other valid definition)</p> <p style="text-align: center;">OR</p> <p>Question: Identify the correct sequence of alternatives given in column II by matching them with their respective years in column I:</p>	1

	Column I	Column II	
	a. Jan DhanYojana	(i) 2005	
	b. Task Force on projections of the Minimum Needs and Effective Consumption Demand	(ii) 1962	
	c. Mahatma Gandhi National Rural Employment Guarantee Act	(iii) 1979	
	d. Study Group formed by the Planning Commission for Poverty	(iv) 2014	
	Choose the correct alternative from following: (A) a-(iv), b-(i), c-(ii), d-(iii) (B) a-(iv), b-(ii), c-(i), d-(iii) (C) a-(iv), b-(iii), c-(i),d-(ii) (D) a-(iv), b-(ii), c-(iii), d-(i) Answer- (C) a-(iv), b-(iii), c-(i),d-(ii)		1
24	Question: State the meaning of 'Commune'. Answer- Commune refers to a system of collective farming under which people were made to cultivate farm land in China under Great Proletarian Cultural Revolution.		1
25	Question: "Google in India has hired 4000 graduate students." (Pick the correct type of employment) The given statement deals with formal sector/ informal sector employment. Answer- formal sector		1
26	Question: _____ is one of the taxes eliminated after implementation of Goods and Services Tax (GST). (Fill in the blank with correct answer) Answer- Value Added Tax (Any other valid example)		1
27	Question: Arrange the following events in chronological order and choose the correct alternative: (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)		1
28	Question: "Rapid increase in economic growth surely trickles down to the people under the absolutely poor category." Defend or refute the given statements with valid arguments. Answer- This statement is refuted because- (i) Population growth has resulted in a very low growth in per capita income (ii) The Green Revolution has increased the regional disparity and also the gap between the rich and the poor farmers. (iii) The gains of economic growth have been grabbed by the rich. (any other valid argument to be awarded marks)		1 1 1

29	<p>Question: “It is necessary to create employment in the formal sector rather than in the informal sector.” Defend or refute the given statement with valid arguments.</p> <p>Answer- The given statement is true and can be defended on the following arguments:</p> <p>(i) Formal sector of employment provides greater job security as compared to informal sector of employment. 1 ½</p> <p>(ii) Under the formal sector of employment people are entitled to better social security benefits. (Marks are to be awarded to any other valid argument) 1 ½</p> <p style="text-align: center;">OR</p> <p>Question: State and discuss any two challenges in the Power sector of India.</p> <p>Answer- The challenges of the power sector in India are-</p> <p>(i) India’s installed capacity to generate electricity is inadequate and remains underutilised. The operational efficiency of power projects which is reflected by the Plant Load Factor (PLF) is low in India. 1 ½</p> <p>(ii) State Electricity Boards (SEBs) are suffering due to transmission and distribution losses, wrong pricing of electricity and other inefficiencies. 1 ½</p> <p style="text-align: center;">(Marks are to be awarded to any other valid point)</p>	
30	<p>Question: “India, China and Pakistan have travelled more than seven decades of developmental path with varied results.” Explain the given statement with valid arguments.</p> <p>Answers-</p> <p>i. Till the late 1970s, all the three countries were maintaining the same level of low development. 1</p> <p>ii. Over the last three decades, the three countries have taken different levels of development</p> <ul style="list-style-type: none"> ➤ India has performed moderately over the years. Majority of its people still depend on agriculture. Infrastructure is lacking and more than one fourth of its population live below poverty line. 1 ➤ Pakistan performed low because of political instability, overdependence on remittances and foreign aid along with volatile performance of agriculture. 1 ➤ China has used the market system to succeed in raising the rate of growth in economy with stress on alleviation of poverty. 1 <p style="text-align: center;">(any other valid argument should be allotted marks)</p>	
31	<p>Question: Discuss briefly the rationale behind choosing ‘Modernisation’ as a planning objective for the Indian economy.</p> <p>Answer – Modernisation aimed at increasing the production of goods and services by way of adopting newer technologies. In the post independence era, modernisation was chosen as an objective of planning for the Indian economy with a view to raise the standard of living of the people by adopting new technology, change in social outlook etc. 4</p> <p style="text-align: center;">(any other valid argument should be allotted marks) (to be marked as a whole)</p>	
32	<p>Question: “Agriculture sector appears to be adversely affected by the economic reform process.” Explain the given statement.</p> <p>Answer- The agricultural sector was adversely affected by the reform process in the following manner-</p> <p>(i) Public investment in agriculture sector especially in infrastructure like irrigation, power etc. has been reduced in the reform period 1</p> <p>(ii) Removal of fertilizer subsidy has increased the cost of production affecting</p>	

	<p>thereby the small and marginal farmers</p> <p>(iii) Increased international competitiveness due to liberalisation and reduction of import duties.</p> <p>(iv) Shift from food crops to cash crops due to export-oriented policy in agriculture led to a rise in prices of food-grains</p> <p style="text-align: center;">OR</p> <p>Question- India is often called the ‘Outsourcing Destination’ of the World. Discuss the prime reasons for this name given to India.</p> <p>Answer- Reasons for India as outsourcing destination-</p> <p>(i) Availability of skilled manpower- India has vast skilled manpower which enhances the faith of MNCs.</p> <p>(ii) Favourable Government policies- MNCs get various types of lucrative offers from the Indian government such as tax holidays, tax concessions etc.</p> <p style="text-align: center;">(any other valid argument should be allotted marks)</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p>																
<p>33</p>	<p>Question: (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).</p> <p>Answer- a) The conventional sources of energy causes environmental pollution therefore the government have introduced the ‘Ujjwala Yojna’ as a game changer for rural India by providing free LPG gas cylinders (cleaner fuel) to rural households.</p> <p>The three conventional fuels targeted under Ujjawala Yojana are:</p> <p>(i) Agricultural waste and dried dung</p> <p>(ii) Firewood</p> <p>(iii) Coal</p> <p style="text-align: right;">(or any other valid example)</p> <p>Question: (a) “The Indian Health System needs a stronger does of public expenditure to cure itself.” Justify the given statements with valid arguments.</p> <p>Answer- (b) The statement is defended as the improvement in the health system in India has been unreasonably slow since independence. Indian health system has been a victim of a relatively low public expenditure.</p> <p>The health expenditure as a percentage of GDP is abysmally low as compared to some of the major developing countries. It stood at around 4.7% of the total GDP in the year 2014-15. Thus, actually Indian health system needs the increased dose of public expenditure to cure itself.</p> <p style="text-align: right;">(to be marked as a whole) (any other relevant point is to be marked)</p> <p style="text-align: center;">OR</p> <p>Question- (a) Why are less women found in regular salaried employment? (b) Analyse the recent trends in sectoral distribution of workforce in India: Trends in Employment Pattern (Sector wise), 1983-2012(in %)</p> <table border="1" data-bbox="261 1745 1304 1906"> <thead> <tr> <th>Sector</th> <th>1993-94</th> <th>1999-2000</th> <th>2011-2012</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>64</td> <td>60.4</td> <td>48.9</td> </tr> <tr> <td>Secondary</td> <td>16</td> <td>15.8</td> <td>24.3</td> </tr> <tr> <td>Services</td> <td>20</td> <td>23.8</td> <td>26.8</td> </tr> </tbody> </table>	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	<p>1</p> <p>1</p> <p>1</p> <p>3</p>
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	<p>Answer- a) (i) Lesser women are found in regular salaried employment in India, as such jobs require skills and high level of literacy.</p> <p>(ii) Lack of mobility among women in India due to social constraints.</p> <p>(b) The given data indicates that over the given period, the proportion of workforce in primary sector has gone down rapidly. Whereas, the employment share of both secondary sector and the services sector has increased. While the share of secondary sector has gone up by approximately 9% recently, the corresponding figure for services sector has gone up by approximately 7%.</p> <p style="text-align: center;">(to be marked as a whole)</p>	<p>1 ½</p> <p>1 ½</p> <p>3</p>
<p>34</p>	<p>a) Question: ‘Human Capital Formation gives birth to innovation, invention and technological improvements.’ Do you agree with the given statement? Support your answer with valid arguments.</p> <p>Answer: The given statement is correct. Human Capital Formation not only increases the productivity of available human resources but also stimulates innovation and creates ability to adopt new technologies.</p> <p>Investment in education creates ability to adopt newer technologies, facilitates invention and innovation since educated workforce generally adapts to modern technologies and innovation. (any other valid argument to be allotted marks) (to be marked as whole)</p> <p>b) Critically evaluate the role of rural banking system in the process of rural development in India.</p> <p>Answer- Rapid expansion of the banking system had positive effect on rural farm and non farm output, income and employment. In spite of it, following problems have been faced in the rural banking such as-</p> <ul style="list-style-type: none"> ➤ The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the entire rural farmers of the country. ➤ Less attention has been given on the credit requirements of needy (small and marginal farmers) and the problem of overdue in agricultural credit continues. <p style="text-align: center;">(any other valid argument to be allotted marks)</p>	<p>3</p> <p>1 ½</p> <p>1 ½</p>