

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior School Certificate Examination, 2023
ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/2/2)

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.
2	“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC.”
3	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 due marks be awarded to them. In class-X, while evaluating two competency-based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers. These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	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. If there is any variation, the same should be zero after deliberation and discussion. 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.
6	Evaluators will mark(√) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (✓)while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	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.
8	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.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks _____(example 0 to 80/70/60/50/40/30 marks as given in Question Paper) has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	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).

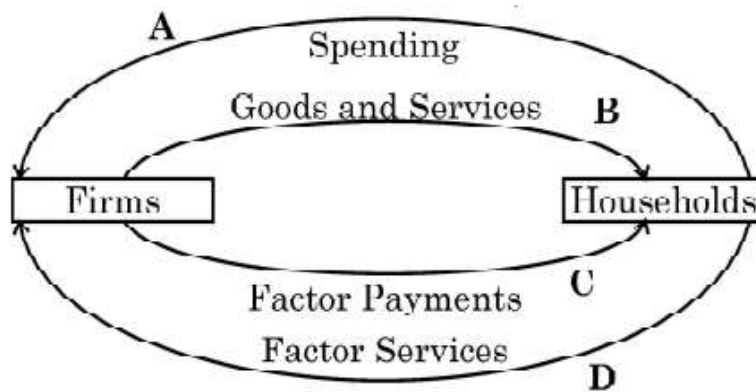
13	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past:-</p> <ul style="list-style-type: none"> ● Leaving answer or part thereof unassessed in an answer book. ● Giving more marks for an answer than assigned to it. ● Wrong totaling of marks awarded on an answer. ● 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/not same. ● 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.) <p>Half or a part of answer marked correct and the rest as wrong, but no marks awarded.</p>
14	<p>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.</p>
15	<p>Any un assessed 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.</p>
16	<p>The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.</p>
17	<p>Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.</p>
18	<p>The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.</p>

MARKING SCHEME
Senior Secondary School Examination 2023
ECONOMICS (Subject Code–030)
[Paper Code : 58/2/2]

Maximum Marks: 80

Q.No.	EXPECTED ANSWER / VALUE POINTS	Marks
Section – A (Macro Economics)		
1.	<p>Read the following statements carefully: Statement 1: The induced consumption shows, the direct relation between consumption and income. Statement 2: With a certain increase in income, induced consumption also increases. 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.</p> <p>Ans. (c) Both Statements 1 and 2 are true</p>	1
2.	<p>"In the Annual Budget 2022-23, the Government of India set up disinvestment targets of ₹ 65,000 crore". Such proceeds from disinvestment can be classified as _____ receipts in the Government Budget as it leads to _____ of the Government. (Choose the correct alternative) (a) capital, decrease in assets (b) revenue, increase in assets (c) capital, increase in liabilities (d) revenue, decrease in liabilities</p> <p>Ans. (a) capital, decrease in assets</p>	1
3.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): The Balance of Payments is in surplus, if autonomous receipts are greater than autonomous payments. Reason (R): Autonomous transactions are determined by the difference in the Balance of Payments. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (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
4.	<p>As per the Reserve Bank of India (RBI) press report, dated 22nd June, 2022: "Net Foreign Portfolio Investment (FPI) recorded an outflow of US\$15.2 billion mainly from the equity market." The above transaction will be recorded in the _____ account on _____ side of Balance of payments account of India. (Choose the correct alternative) (a) current, credit (b) current, debit (c) capital, credit (d) capital, debit</p> <p>Ans. (d) capital, debit</p>	1

<p>5.</p>	<p>Ms. Iqra Ansari, a teacher, was explaining in her class about various types of deposits with the commercial banks. She quoted that- "These deposits form a part of M1 measure of money supply and are payable on demand by the commercial banks." Identify the type of deposits she was explaining about and choose the correct alternative: (i) Demand Deposits (ii) Time Deposits (iii) Post Office Deposits Alternatives: (a) Only (i) (b) Only (ii) (c) (i) and (ii) (d) (i), (ii) and (iii) Ans. (a) Only (i)</p>	<p>1</p>
<p>6. (A)</p> <p>(B)</p>	<p>Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): At the break-even level of income, the value of Average Propensity to Consume (APC) is zero. Reason (R): Sum of Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true. Ans. (d) Assertion (A) is false, but Reason (R) is true.</p> <p style="text-align: center;">OR</p> <p>_____ refers to that level of Aggregate Demand, which can be met by the corresponding supply in the economy. (Fill up the blank with correct alternative) (a) Autonomous Consumption (b) Effective demand (c) Excess Demand (d) Deficient Demand Ans. (b) Effective Demand</p>	<p>1</p> <p>1</p>
<p>7. (A)</p> <p>(B)</p>	<p>Read the following statements carefully: Statement 1: Gross Domestic Product (GDP) is the sum total of the gross market value of all the final goods and services added by all the sectors in the economy during a fiscal year. Statement 2: Gross Value Added at Market Price (GVA_{MP}) is equal to the excess of value of output over intermediate consumption. 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. (c) Both Statements 1 and 2 are true</p> <p style="text-align: center;">OR</p> <p>On the basis of the figure given below, identify the type of flow indicated by B and D: (Choose the correct alternative)</p>	<p>1</p>



Alternatives:

- (a) Real flow (b) Money flow
(c) Nominal flow (d) National flow

Ans. (a) Real flow

1

8. Assuming that, the following data is given for an imaginary economy:

Items \ Year	2020 (₹ in Cr.)	2021 (₹ in Cr.)
Exports of visibles	1,000	1,100
Imports of visibles	800	850

The balance of trade from 2020 to 2021 _____ by ₹ _____ crore.

(Choose the correct alternative)

- (a) increased, 200 (b) decreased, 200
(c) increased, 50 (d) decreased, 50

Ans. (c) increased, 50

1

9. In the Indian economy, _____ are issued by the Reserve Bank of India and acts as legal tender money.

(A)

- (i) Coins of all denomination
(ii) Currency notes of various denominations, except one rupee note
(iii) Demand deposits

Alternatives:

- (a) Only (i) (b) Only (ii)
(c) Only (iii) (d) (i) and (ii)

Ans. (b) Only (ii)

OR

_____ formulates the Monetary Policy in the economy.

(B)

(Fill up the blank with correct alternative)

- (a) Commercial Banks (b) International Monetary Fund
(c) Central Bank (d) Central Government

Ans. (c) Central Bank

1

1

10. In order to tackle the problem of rising general price level in an economy, government may come up with a surplus budget to achieve the budget objective of _____.

- (i) reallocation of resources
(ii) price stability
(iii) redistribution of income

Alternatives:

- (a) (i) only (b) (ii) only
(c) (iii) only (d) (i) and (iii)

Ans. (b) (ii) only

1

<p>11.</p>	<p>On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at factor cost (NDP_{FC}):</p> <table border="1" data-bbox="292 241 1356 658"> <thead> <tr> <th>S. No.</th> <th>Items</th> <th>Amount (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Household Consumption Expenditure</td> <td>3,000</td> </tr> <tr> <td>(ii)</td> <td>Government Final Consumption Expenditure</td> <td>1,000</td> </tr> <tr> <td>(iii)</td> <td>Net Domestic Fixed Capital Formation</td> <td>1,000</td> </tr> <tr> <td>(iv)</td> <td>Change in stock</td> <td>200</td> </tr> <tr> <td>(v)</td> <td>Exports</td> <td>500</td> </tr> <tr> <td>(vi)</td> <td>Indirect Taxes</td> <td>350</td> </tr> <tr> <td>(vii)</td> <td>Imports</td> <td>300</td> </tr> <tr> <td>(viii)</td> <td>Subsidies</td> <td>50</td> </tr> </tbody> </table> <p>Ans. Net Domestic Product at Factor Cost (NDP_{fc}) = (i)+(ii)+(iii)+(iv)+(v)–(vii)–(vi–viii) $= 3,000+1,000+1,000+200+500–300–(350–50)$ $= ₹ 5,100 \text{ crore}$</p>	S. No.	Items	Amount (₹ in crore)	(i)	Household Consumption Expenditure	3,000	(ii)	Government Final Consumption Expenditure	1,000	(iii)	Net Domestic Fixed Capital Formation	1,000	(iv)	Change in stock	200	(v)	Exports	500	(vi)	Indirect Taxes	350	(vii)	Imports	300	(viii)	Subsidies	50	<p style="text-align: right;">$1\frac{1}{2}$ 1 $\frac{1}{2}$ 3</p>
S. No.	Items	Amount (₹ in crore)																											
(i)	Household Consumption Expenditure	3,000																											
(ii)	Government Final Consumption Expenditure	1,000																											
(iii)	Net Domestic Fixed Capital Formation	1,000																											
(iv)	Change in stock	200																											
(v)	Exports	500																											
(vi)	Indirect Taxes	350																											
(vii)	Imports	300																											
(viii)	Subsidies	50																											
<p>12. (a)</p> <p>(b)</p>	<p>"Under the flexible exchange rate system, the Central Bank does not intervene in the foreign exchange market." Justify the statement, giving valid arguments. Ans. Under the flexible exchange rate system, the foreign exchange rate is determined through free market forces of demand and supply. Equilibrium rate of exchange is established at a point where the quantity demanded and quantity supplied of foreign exchange are equal. In case of any disequilibrium, market forces of demand and supply will automatically bring the exchange rate back to the equilibrium level. Hence, the Central Bank does not have any active role to play in the determination of exchange rate under the flexible exchange rate system. (To be marked as a whole) OR Explain the impact of home currency depreciation on the exports of a nation. Ans. Depreciation of home currency is referred to as a situation of fall in the price of home currency in terms of a foreign currency. Depreciation of home currency may lead to promotion of exports from the nation as the goods become relatively cheaper. This will increase the international competitiveness of the exports from the home country to the rest of the world. (To be marked as a whole)</p>	<p style="text-align: right;">3 3</p>																											
<p>13. (a)</p> <p>(b)</p>	<p>"In an economy <i>ex-ante</i> Aggregate Demand is less than <i>ex-ante</i> Aggregate Supply." Explain its impact on the level of output, income and employment. Ans. When ex-ante Aggregate Demand is less than ex-ante Aggregate Supply, it means that households are planning to consume less than what the firms expect them to. This will lead to unintended rise in inventories. To restore the desired /intended level of inventories, producers may reduce production. As a result, there may be a decrease in the level of output, employment and income in the economy. (To be marked as a whole) OR For a hypothetical economy, assuming there is an increase in the Marginal Propensity to Consume (MPC) from 80% to 90% and change in investment to be ₹1,000 crore.</p>	<p style="text-align: right;">4</p>																											

	<p>Using the concept of investment multiplier, calculate the increase in income due to change in Marginal Propensity to Consume (MPC).</p> <p>Ans. Given, Change in Investment (ΔI) = ₹ 1,000 crore</p> <table border="1" data-bbox="240 353 1406 611"> <thead> <tr> <th>MPC</th> <th>Investment Multiplier $K = \frac{1}{1-MPC}$</th> <th>Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>0.80</td> <td>$\frac{1}{1-0.80} = 5$</td> <td>$5 \times 1,000 = 5,000$</td> </tr> <tr> <td>0.90</td> <td>$\frac{1}{1-0.90} = 10$</td> <td>$10 \times 1,000 = 10,000$</td> </tr> </tbody> </table> <p>Hence, with the change in MPC from 0.80 to 0.90 Increase in income = 10,000 – 5,000 = ₹ 5,000 crore</p>	MPC	Investment Multiplier $K = \frac{1}{1-MPC}$	Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)	0.80	$\frac{1}{1-0.80} = 5$	$5 \times 1,000 = 5,000$	0.90	$\frac{1}{1-0.90} = 10$	$10 \times 1,000 = 10,000$	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>4</p>																			
MPC	Investment Multiplier $K = \frac{1}{1-MPC}$	Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)																												
0.80	$\frac{1}{1-0.80} = 5$	$5 \times 1,000 = 5,000$																												
0.90	$\frac{1}{1-0.90} = 10$	$10 \times 1,000 = 10,000$																												
<p>14.</p>	<p>With suitable examples, distinguish between Direct taxes and Indirect taxes.</p> <p>Ans. Direct Taxes refers to those taxes whose impact and incidence lie on the same entity. Its burden cannot be shifted. For example: Wealth tax, Corporate tax etc.</p> <p style="text-align: center;">Whereas;</p> <p>Indirect Taxes refer to those taxes whose impact and incidence may lie on different entities. Its burden can be shifted. For example: Goods and services tax, Excise duty etc.</p> <p style="text-align: center;">(Any other valid definition/ explanation/ example to be allotted marks)</p>	<p>2</p> <p>2</p> <p>4</p>																												
<p>15.</p>	<p>"The process of credit creation by commercial banks comes to an end when the total of required reserves become equal to the initial deposits." With the help of a numerical example, prove that the given statement is true.</p> <p>Ans. The given statement is true. This can be proved with the help of the following example:</p> <p>The process of credit creation is based on the assumptions that:</p> <ul style="list-style-type: none"> • entire banking system is a single unit. • all transactions are routed through the bank only. <table border="1" data-bbox="240 1462 1406 1973"> <thead> <tr> <th></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>Total</td> <td>5000</td> <td>4000</td> <td>1000</td> </tr> </tbody> </table>		Deposits	Loans	Reserves (20%)	1	1000	800	200	2	800	640	160	3	640	512	128	Total	5000	4000	1000	
	Deposits	Loans	Reserves (20%)																											
1	1000	800	200																											
2	800	640	160																											
3	640	512	128																											
...																											
...																											
Total	5000	4000	1000																											

	<p>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.</p> <p>Total deposit creation = Initial deposits x $\frac{1}{\text{Reserve Ratio}}$</p> <p style="text-align: center;">= 1,000 x $\frac{1}{0.2}$</p> <p style="text-align: center;">= ₹ 5,000</p> <p>This process of deposit, reserve and lending continues till initial deposits become equal to the sum total of reserves. (To be marked as a whole)</p>	4															
<p>16.</p> <p>(a)</p> <p>(i)</p> <p>(ii)</p> <p>(b)</p> <p>(i)</p>	<p>"Many goods and services which may contribute to welfare, but are not included in estimating Gross Domestic Product (GDP)."</p> <p>Do you agree with the given statement? Give valid reason in support of your answer.</p> <p>Ans. Yes, there are many goods and services that may contribute to welfare in an economy but may not be included in the estimation of Gross Domestic Product. These transactions are referred to as non-market transactions. Transactions like domestic services rendered by a home maker contribute to welfare but are not included in the estimation of GDP as they are not paid for. (To be marked as a whole)</p> <p>With suitable examples, distinguish between final goods and intermediate goods.</p> <p>Ans. Final Goods refer to those goods which are either used for consumption purpose or for investment purpose. For example: A shirt purchased by a consumer.</p> <p style="text-align: center;">Whereas;</p> <p>Intermediate goods are those goods which are either used for resale or further production purposes in the same year. For example: Cloth used by a firm to manufacture shirts.</p> <p style="text-align: center;">OR</p> <p>Using a suitable numerical example, distinguish between Real Gross Domestic Product (GDP) and Nominal Gross Domestic Product (GDP).</p> <p>Ans. Real Gross Domestic Product (GDP) is the money value of all the final goods and services produced in the domestic territory of an economy, measured at base year prices.</p> <p style="text-align: center;">Whereas;</p> <p>Nominal Gross Domestic Product (GDP) is money value of final goods and services produced in the domestic territory of an economy, measured at current year prices.</p> <p>For example, considering base year be 2000 and current year be 2001</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Year</th> <th>Price (in ₹)</th> <th>Output (in units)</th> <th>Real GDP (P₀Q₁)</th> <th>Nominal GDP (P₁Q₁)</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>10</td> <td>100</td> <td>1,000</td> <td>1,000</td> </tr> <tr> <td>2001</td> <td>15</td> <td>100</td> <td>1,000</td> <td>1,500</td> </tr> </tbody> </table> <p>It is evident from the above data that nominal GDP is more than real GDP owing to an increase in price without any corresponding change in output level.</p>	Year	Price (in ₹)	Output (in units)	Real GDP (P ₀ Q ₁)	Nominal GDP (P ₁ Q ₁)	2000	10	100	1,000	1,000	2001	15	100	1,000	1,500	<p>3</p> <p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>1 ½</p> <p>½</p>
Year	Price (in ₹)	Output (in units)	Real GDP (P ₀ Q ₁)	Nominal GDP (P ₁ Q ₁)													
2000	10	100	1,000	1,000													
2001	15	100	1,000	1,500													

(ii)	<p>State the meaning of 'normal resident' of a country.</p> <p>Ans. Normal resident of a country refers to an individual or an institution who ordinarily resides in a country and whose centre of economic interest also lies in that country.</p>	2
		6
17.	<p>Read the following text carefully. Answer the given questions on the basis of the same and common understanding:</p> <p>On 30th September 2022, the Reserve Bank of India (RBI) raised Repo Rate for the fourth time in a row. The Monetary Policy Committee (MPC) decided to raise the policy rate by 50 basis points. (1 basis point = $\frac{1}{100}$ th of a percent). After this announcement, the new repo rate stands at 5.9%, while the reverse repo rate continues to stand at 3.35%.</p> <p>Commercial banks borrow money from the Central Bank, when there is a shortage of funds. With the surge in the repo rate, borrowings by general public will become costlier. This is because, as RBI hikes its repo rate, it becomes costly for the banks to borrow short term funds from the Central Bank.</p> <p>As a result, the banks hike the rates at which customers borrow money from them to compensate for the hike in the repo rate. This happens because banks offer loans to retail consumers at an interest rate which is generally, directly proportional to the repo rate.</p> <p>The increase of 0.50 percent in repo rate will lead to a higher interest rate on loans for borrowers, implying that the Equated Monthly Instalments (EMIs) for repaying the existing loans will also increase.</p> <p>Source: https://www.businessstandard.com/article/economicpolicy/rbi-monetary_policy-repo-rate-up-by-50bps-here-s-how-it-will-impact-you-122093000267 (Edited)</p>	
(a)	<p>State the meaning of repo rate and reverse repo rate.</p> <p>Ans. Repo rate refers to the rate at which the Central Bank lends to the commercial banks for their short-term requirements.</p> <p>Reverse Repo Rate is the rate of interest at which commercial banks can park their surplus funds with the Central Bank.</p>	1 1
(b)	<p>In order to bring down the rate of inflation, outline and discuss the steps taken by the Monetary Policy Committee of Reserve Bank of India.</p> <p>Ans. To deal with the situation of inflation, the Monetary Policy Committee (MPC) of Reserve Bank of India has increased the repo rate by 50 basis points.</p> <p>An increase in repo rate will force the commercial banks to increase their lending rates making the credit costlier for the general public. Thereby, discouraging the borrowings. Consequently, Aggregate Demand will fall and thereby correcting the problem of inflation in the economy.</p> <p style="text-align: right;">(To be marked as a whole)</p>	1 3
		6
Section – B (Indian Economic Development)		
18.	<p>Which of the following was <u>NOT</u> the benefit accruing from 'Golden Revolution'? (Choose the correct alternative)</p> <p>(a) Increase in the income of the farmers. (b) Increase in production of milk and related products. (c) Increase in production and exports of fruits and vegetables. (d) Employment for women in rural areas.</p> <p>Ans. (b) Increase in production of milk and related products.</p>	1

<p>19.</p>	<p>Which of the following is NOT true about foreign trade during the colonial rule? (Choose the correct alternative)</p> <p>(a) India suffered from large trade deficit. (b) Restrictive policies of commodity production, were followed. (c) Britain maintained a monopoly control over India's exports and imports. (d) India became an exporter of primary products and an importer of finished consumer goods.</p> <p>Ans. (a) India suffered from a large trade deficit.</p>	<p>1</p>
<p>20. (A)</p> <p>(B)</p>	<p>_____ is a process, which includes all the activities from sowing till sale of the final produce in the market. (Fill up the blank with correct alternative)</p> <p>(a) Rural Development (b) Agricultural Diversification (c) Organic Farming (d) Agricultural Marketing</p> <p>Ans. (d) Agricultural Marketing</p> <p style="text-align: center;">OR</p> <p>_____ have emerged as an important micro finance system and led to women empowerment. (Fill up the blank with correct alternative)</p> <p>(a) NABARD (b) Self-Help Groups (c) Commercial Banks (d) Land Development Banks</p> <p>Ans. (b) Self-Help Groups</p>	<p>1</p> <p>1</p>
<p>21. (A)</p> <p>(B)</p>	<p>Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Human capital is not traded in the market; however its services are traded. Reason (R): Human capital is intangible in nature.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p style="text-align: center;">OR</p> <p>Benefits of physical capital accrue only to private entities, whereas human capital provides private as well as _____ benefits. (Fill up the blank with correct alternative)</p> <p>(a) profitable (b) social (c) fiscal (d) monetary</p> <p>Ans. (b) social</p>	<p>1</p> <p>1</p>
<p>22.</p>	<p>Read the following statements carefully:</p> <p>Statement 1: China introduced structural economic reforms on its own, without any pressure. Statement 2: Scholars argue that in India, the economic reforms process led to the worsening of all the economic indicators.</p> <p>In the light of the given statements, choose the correct alternatives 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. Yes. Government intervention is essential in education and health care services as it creates both private and social benefits. Expenditure on education and health make substantial long-term impacts. Since, such impacts cannot be easily reversed the government intervention becomes essential.</p> <p style="text-align: right;">(To be marked as a whole) (Any other valid reason to be allotted marks)</p>	3
		3
30.	<p>“The debate over farm subsidies in India is enraging at different platforms.” Discuss any two arguments in favour of continuing farm subsidies.</p> <p>Ans. Arguments in favour of continuing farm subsidies:</p> <ul style="list-style-type: none"> • Eliminating subsidies may increase inequalities of income between rich and poor farmers. • Most farmers (small and marginal) may not be able to afford expensive agricultural inputs without subsidies. <p style="text-align: center;">(any other valid argument/explanation to be allotted marks accordingly)</p>	2 2 4
31. (a)	<p>"Expenditure on On-the-job training is an important means of human capital formation in an economy." Give valid reasons to justify the given statement.</p> <p>Ans. On-the-job training has become an integral part of work environment in the recent times as it adds to the productive capacity of employees. Firms encourage such trainings, as the benefits outweighs the cost of these trainings. It enables employees to adapt newer technologies and modern ideas and is an important source of human capital formation.</p> <p style="text-align: right;">(To be marked as whole)</p>	4
	OR	
(b)	<p>“Organic Farming is the need of the hour to promote sustainable development but, has its own limitations.” Elaborate any two advantages and limitations each of organic farming in the light of the above statement.</p> <p>Ans. Advantages of Organic farming are:</p> <ul style="list-style-type: none"> • Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as animal manures and composts. It is chemical free which helps in soil conservation. • Organic produce has more nutritional value than chemical farming. <p>Limitations of organic farming are as follows:</p> <ul style="list-style-type: none"> • Yields from organic farming are lesser than the modern agricultural farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production. • Produce from organic farming generally has a shorter shelf life than sprayed produce. <p style="text-align: right;">(Any other valid point to be allotted marks)</p>	1 1 1 1 4
32.	On the basis of the given data:	

Some Selected Indicators of Human Development, 2017-2019

Item	India	China	Pakistan
Human Development Index (Value)	0.645	0.761	0.557
Rank (based on HDI)	130	87	154
Life Expectancy at Birth (years)	69.7	76.9	67.3
Mean years of Schooling (% aged 15 and above)	6.5	8.1	5.2
Gross National Income per capita (PPP US\$)	6,681	16,057	5,005
Percentage of People living Below Poverty Line (National)	21.9*	1.7**	24.3*
Infant Mortality Rate (per 1000 live births)	29.9	7.4	57.2
Maternal Mortality Rate (per 1 lakh births)	133	29	140
Population using at least basic Sanitation (%)	60	75	60
Population using at least basic drinking Water Source (%)	93	96	91
Percentage of Undernourished Children	37.9	8.1	37.6

Note: * for the year 2011; for the years 2015.
Sources: Human Development Report 2019 and 2020.

- (i) Identify one income indicator and one health indicator, each.
Ans. Income indicator – Gross National Income per Capita (PPP US\$)
Health indicator – Maternal Mortality Rate (per 1 lakh births)
- (ii) Compare India and China on the basis of any one of the indicator identified above in part (i).
Ans. Maternal Mortality Rate is very high in India as compared to China. For every 1 lakh births 29 women lose their lives in China, whereas this figure stands at 133 for India.

1
1
2
4

- 33.**
 (a) (i) Define Worker Population Ratio. Discuss its usefulness.
Ans. Worker Population Ratio (WPR) is defined as the total number of workers in a country divided by population. It is represented in percentage.
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. Higher the worker population ratio, higher the engagement of people in economic activities and vice versa.

1
2

- (ii) ‘Mr. Rishi, after completing his education, has joined his family business but his marginal productivity is zero’.
 Comment upon the employment status of Mr. Rishi. Give valid reasons in support of your answer.
Ans. Mr. Rishi cannot be considered as an employed person as he is disguisedly unemployed. Disguised unemployment refers to a situation when the person seems to be employed but is not contributing to the output i.e., his marginal productivity is zero.
 (To be marked as a whole)

3

OR

- (b) (i) “Kavya works on her family farm and is neither paid in cash nor in the form of grains.”
 Can she be categorized as a worker? Give valid reasons in support of your answer.
Ans. Women, like Kavya, carry out household tasks like cooking, fetching water and fuelwood and participate in farm labour. They are not paid wages in cash or in kind. For this reason, women like Kavya are not categorized as workers.
 (To be marked as a whole)

3

<p>(ii)</p>	<p>“In the late 1990's India experienced a widening gap between the growth of GDP and employment generation". Discuss.</p> <p>Ans. After the introduction of economic reforms, in the late 1990s, Indian economy experienced a rapid rise in the GDP growth rate. However, employment growth started declining, in spite of rising GDP i.e., India started experiencing the problem of Jobless Growth. Where she was able to produce more goods and services without corresponding rise in the employment in the economy.</p> <p style="text-align: right;">(To be marked as a whole)</p>	<p>3</p> <hr/> <p>6</p>
<p>34.</p>	<p>Read the following text carefully and answer the given questions on the basis of the same and common understanding.</p> <p>The stabilisation and structural adjustment measures, initiated under the 1991 “Economic Reforms” mark a watershed moment in India’s economic policies. For almost three decades since independence, India’s development strategy and economic policies were guided by the objectives of accelerating the growth of output and employment with social justice and equity.</p> <p>Ever since the 1970’s, it was realised that many of the regulations on economic activities have outlived their usefulness and were in fact hampering economic growth and development. In response to this, the government initiated some milder liberalisation reforms for almost a decade since the early 1980’s.</p> <p>However, the Indian economy soon had to face the Gulf crisis and consequently:</p> <ul style="list-style-type: none"> (i) The uncertainties about the oil prices; (ii) The external payment problems; (iii) The serious inflationary pressures; (iv) The scarcities of essential commodities; (v) The deterioration of fiscal discipline, etc. These led to the Indian economy on the verge of Economic crisis. <p>In response to this emerging crisis, the Government initiated a set of stabilisation and structural reforms like:</p> <ul style="list-style-type: none"> (i) Reduction in fiscal deficit; (ii) Containment of growth in money supply; (iii) An exchange rate adjustment system etc. <p>The key objective of stabilisation policy was to bring the growth of aggregate demand in line with long term growth path of the economy.</p> <p>In conjunction, the structural adjustment measures like;</p> <ul style="list-style-type: none"> (i) industrial delicensing (ii) liberalisation of policy regime governing international trade (iii) deregulation of financial sector <p>Were taken to improve the supply side of the economy. This shifted the long-term growth path of the economy itself completely.</p> <p>(Adapted and modified)</p> <p>Source: https://niti.gov.in/planningcommission.gov.in/docs/reports/genrep/arep9099/at94-95.htm</p>	

(a)	<p>Discuss any two reasons behind the introduction of Economic Reforms in 1991.</p> <p>Ans.</p> <p>Two reasons for the introduction of economic reforms were:</p> <ul style="list-style-type: none"> • Mounting fiscal deficit: In the late 1980s the government expenditure began to exceed its revenue by large margins. The magnitude of these deficits created borrowing pressure on the economy. • High rate of inflation: The Gulf Crisis led to the rise in the crude oil prices which further aggravated the inflationary pressures on the economy. <p style="text-align: right;">(Any other valid point to be allotted marks)</p>	<p>1 ½</p> <p>1 ½</p>
	<p>(b) “In response to the emerging crisis in 1991, the Government initiated a set of stabilisation and structural reforms.”</p> <p>Briefly discuss any three of such measures.</p> <p>Ans. In response to the economic crisis, Government of India initiated a set of stabilization and structural reforms such as:</p> <ul style="list-style-type: none"> • Adjustment in exchange rate system: Under this the Indian rupee was devalued to allow higher inflows of foreign exchange. • Industrial delicensing: It helped to improve the efficiency of the economy and increased international competitiveness of Indian goods. • Liberalization of international trade: This led to inflow of modern technology and augmentation of industrial production and productivity. <p style="text-align: right;">(Any other valid measure to be allotted marks)</p>	<p>1</p> <p>1</p> <p>1</p> <hr/> <p>6</p>
