

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior School Certificate Examination, 2025
ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/4/3)

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 XII, while evaluating 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 totalled 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 80 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 Evaluation Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	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 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.) • Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	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.
15	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.
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	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.
18	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.

MARKING SCHEME
 Senior School Certificate Examination 2025
ECONOMICS (Subject Code-030)
[Paper Code: 58/4/3]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
SECTION -A (Macro Economics)		
1.	Under the Keynesian theory, 'Reference Line' is a straight line passing through the origin drawn at an angle of _____. (Choose the correct option to fill in the blank) (A) 25° (B) 40° (C) 45° (D) 70° Ans. (C) 45°	1
2.	Read the following statements carefully: <i>Statement 1:</i> Marginal Propensity to Consume (MPC) refers to the consumption per unit of income. <i>Statement 2:</i> As the income increases, the proportionate increase in the level of consumption is always more than the increase in the level of income. In the light of the given statements, choose the correct option 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. (D) Both Statements 1 and 2 are false.	1
3.	The main objective of measuring the primary deficit is to highlight present _____. (Choose the correct option to fill in the blank) (A) fiscal imbalances (B) fiscal balances (C) recovery of loans (D) cash grant-in-aid Ans. (A) fiscal imbalances	1
4.	Read the following statements carefully: <i>Statement 1:</i> Import of heavy machinery from Japan is a source of demand for foreign exchange. <i>Statement 2:</i> Financial aid by International Bank for Reconstruction and Development (IBRD) for landslide in Wayanad (Kerala) is a source of supply of foreign exchange. In the light of the given statements, choose the correct option 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.	1
5.	In a two-sector economy, the Aggregate Demand can be determined by adding _____ and _____. (Choose the correct option to fill in the blanks) (A) consumption, investments (B) investments, savings (C) consumption, savings (D) savings, exports Ans. (A) consumption, investments	1
6.	Read the following statements carefully:	

	<i>Statement 1:</i> The government may reduce the repo rate, to control deflationary gap prevailing in the economy. <i>Statement 2:</i> The government may reduce the deflationary gap, by selling off government securities (G-Sec) in the open market. In the light of the given statements, choose the correct option 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. (D) Both Statements 1 and 2 are false.	1
7.	To arrive at the value of Gross Value Added at Factor Cost (GVA_{FC}), _____ must be _____ to/from Gross Value Added at Market Price (GVA_{MP}). (Choose the correct option to fill in the blanks) (A) depreciation, added (B) depreciation, subtracted (C) Net Indirect Taxes, added (D) Net Indirect Taxes, subtracted Ans. (D) Net Indirect Taxes, subtracted	1
8.	Read the following statements carefully: <i>Statement 1:</i> Public goods are those goods for which the payments are made by all the entities in the country. <i>Statement 2:</i> Private goods are those goods which are provided by the government of a country at subsidised rates. In the light of the given statements, choose the correct option 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. (D) Both Statements 1 and 2 are false.	1
9.	Under the _____ Exchange Rate System, the Central Bank can control the foreign exchange rate in a range bound manner. (Choose the correct option to fill in the blank) (A) Fixed (B) Flexible (C) Managed floating (D) Gold standard Ans. (C) Managed floating	1
10.	Read the following statements- Assertion (A) and Reason (R). Choose the correct alternative from the options given below: <i>Assertion (A):</i> Direct taxes are imposed on income/profits of individuals/companies. <i>Reason (R):</i> The burden of payment of direct taxes cannot be shifted to any other entity. Options: (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, but 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. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1

11.	“Taxation is an effective tool to reduce the inequalities of income.” Justify the given statement with valid reasons. Ans. Government can use taxation as an effective tool to reduce inequalities of income, as it affects the disposable income of people. It may impose higher taxes on the rich and may provide subsidies to the economically weaker sections of the society on education, health services etc. By adopting these measures, the government may try to bridge the gap between the rich and the poor. (To be marked as a whole)	3									
12. (a)	Explain any two precautions pertaining to the Value Added Method of Estimation of National Income in a country. Ans. Two precautions to be taken while estimating National Income by Value added method are: - Value of intermediate goods should not be included as it leads to the problem of double counting. - Sale and purchase of second-hand goods should not be included as it does not add to the flow of goods and services in the economy in the current year. (Any other valid precaution to be awarded marks)	1½ 1½									
	OR	3									
(b)	On the basis of the following hypothetical data: (in ₹ crore) <table border="1"> <thead> <tr> <th>Year</th><th>Nominal GDP</th><th>Nominal GDP (adjusted to base year prices)</th></tr> </thead> <tbody> <tr> <td>2020-21</td><td>3,000</td><td>5,000</td></tr> <tr> <td>2022-23</td><td>4,000</td><td>6,000</td></tr> </tbody> </table> Calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022 – 23 using 2020 – 21 as the base year. Ans. Percentage change in Real Gross Domestic Product (GDP) in the year 2022-23 $= \frac{\text{Change in Real GDP}}{\text{Real GDP}} \times 100$ $= \frac{6000-5000}{5000} \times 100$ $= 20\%$	Year	Nominal GDP	Nominal GDP (adjusted to base year prices)	2020-21	3,000	5,000	2022-23	4,000	6,000	1½ 1 ½
Year	Nominal GDP	Nominal GDP (adjusted to base year prices)									
2020-21	3,000	5,000									
2022-23	4,000	6,000									
		3									
13. (a)	Elaborate any two components of the Capital Account under the Balance of Payments Account. Ans. The two components of the Capital Account under the Balance of Payments Account are: - External Borrowings which include borrowings/lending from/to abroad by the private sector and government. Such transactions are recorded in the Capital Account as they affect the assets and liabilities of the nation. - Investments to/from abroad are recorded in the Capital Account as they affect the assets of the nation. (Any other valid component to be awarded marks)	2 2									
	OR	4									
(b)	Distinguish between Autonomous transactions and Accommodating transactions. Ans. Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BoP). These transactions are generally undertaken with an ‘economic motive’. Such transactions are called ‘above the line’ items in the BoP account. Whereas;	2									

	Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments (BoP). These transactions are independent of any economic motive. Such transactions are called 'below the line' items in the BoP account.	2
		4
14.	Read the following text carefully: According to a report issued by a research organisation, there is a sharp decline in the overall demand in the economy, particularly in the private consumption segment. This dip in the macro economic variables, highlights the urgent need for strategic actions to stimulate economic activities. On the basis of the given text and common understanding, explain the measure which the government may take to solve the indicated problem. Ans. The highlighted issue is deflation. To control deflation, the government may: • decrease the tax rates which may increase the disposable income (purchasing power) in the hands of the general public. Consequently, it may lead to a rise in Aggregate Demand, thereby correcting the situation of deflation. • increase the public expenditure which may increase the level of income in the economy. Consequently, it may lead to a rise in Aggregate Demand, thereby correcting the situation of deflation.	2
		2
		4
15.	Assuming the following for a hypothetical economy, estimate the level of Break-even Income and Equilibrium Income: (i) Autonomous Consumption Expenditure ($\bar{C}$) = ₹ 50 crore (ii) Marginal Propensity to Save (MPS) = 0.2 (iii) Autonomous Investments (I_0) = ₹ 300 crore Ans. Given, Autonomous Consumption Expenditure ($\bar{C}$) = ₹ 50 crore Marginal Propensity to Save (MPS) = 0.2 Autonomous Investments (I_0) = ₹ 300 crore Marginal Propensity to Consume (MPC) = $1 - \text{MPS}$ $= 1 - 0.20$ $= 0.80$ As we know, at Break-even level of income; $Y = C$ $Y = \bar{C} + (\text{MPC}) Y$ $Y = 50 + 0.80 Y$ $Y = ₹ 250 \text{ crore}$ At equilibrium level of income; $Y = C + I$ $Y = (50 + 0.80Y) + 300$ $Y = ₹ 1,750 \text{ crore}$ <u>Alternate Solution</u> As we know, at Break-even level of income; $S = 0$ $S = -\bar{C} + (\text{MPS}) Y$ $0 = -50 + 0.20 Y$ $Y = ₹ 250 \text{ crore}$ As we know, at equilibrium; $S = I$ $-50 + 0.20 Y = 300$ $Y = ₹ 1,750 \text{ crore}$ (Any other alternate solution to be awarded marks)	1
		½
		½
		1
		½
		½
		4
		1
		½
		½
		1
		½
		½
		4

16. (i) On the basis of the following data, estimate the value of Net Domestic Product (NDP_{FC}):

(a)

S.No.	Items	Amount (in ₹ crore)
(i)	Household Consumption Expenditure	800
(ii)	Gross Business Fixed Capital Formation	150
(iii)	Gross Residential Construction Investment	120
(iv)	Government Final Consumption Expenditure	270
(v)	Excess of Imports over Exports	20
(vi)	Inventory Investments	50
(vii)	Gross Public Investments	130
(viii)	Net Indirect Taxes	20
(ix)	Net Factor Income from Abroad	(-) 25
(x)	Consumption of Fixed Capital	40

Ans.

Net Domestic Product at Factor Cost (NDP_{FC}) = (i) + (iv) + (ii) + (iii) + (vii) + (vi) - (v) - (x) - (viii)
 $= 800 + 270 + 150 + 120 + 130 + 50 - 20 - 40 - 20$
 $= ₹1,440 \text{ crore}$

2
1 ½
½

(ii) 'Disposition phase of circular flow of income involves flow of factor income from firms to households.'

Justify the statement giving valid reason.

Ans. Disposition phase of circular flow of income indicates the flow of spending by the households on purchase of goods and services produced by firms.

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Whereas, the distribution phase which involves the flow of factor incomes, which comprises of rent, wages, interest and profits from firms to households.

(To be marked as a whole)

OR

6

- (b) (i) Suppose there are only three firms in an imaginary economy, viz. X, Y and Z. During a year, the following transactions took place in the economy:

(I) Firm X sold goods worth ₹ 20,000 to Firm Y and ₹ 12,000 to Firm Z.

(II) Firm Y sold goods worth ₹ 11,000 to Firm X and ₹ 35,000 to Firm Z.

(III) Firm Z sold goods worth ₹ 57,000 to households for final consumption.

On the basis of the given transactions, calculate the value of Gross Domestic Product at Market Price (GDP_{MP}) in the economy.

Ans.

Firms	Value of Output (in ₹) (i)	Intermediate Consumption (in ₹) (ii)	Value Added (in ₹) {(i) - (ii)}
X	20,000 + 12,000	11,000	21,000
Y	11,000 + 35,000	20,000	26,000
Z	57,000	12,000 + 35,000	10,000
	1,35,000	78,000	57,000
Gross Domestic Product at Market Price (GDP_{MP})			

(Any other valid method to be awarded marks)

(ii) Discuss the likely impact of construction of 20 new hospitals in a country on the Gross Domestic Product (GDP) and Welfare in the economy.

Ans. The construction of 20 new hospitals may impact the Gross Domestic Product (GDP) positively as improved health infrastructure may lead to an increase in

2

	employment opportunities. Moreover, it may improve the health status and in turn well being of the people, consequently improving the welfare in the economy. (To be marked as a whole)	6																								
17.	(a) Elaborate the process of Credit Creation using a suitable numerical example. The process of credit creation is based on the assumptions that: - entire banking system is a single unit. - all transactions are routed through the bank only. <table border="1"><thead><tr><th>Rounds</th><th>Deposits</th><th>Loans</th><th>Reserves (20%)</th></tr></thead><tbody><tr><td>I</td><td>1,000</td><td>800</td><td>200</td></tr><tr><td>II</td><td>800</td><td>640</td><td>160</td></tr><tr><td>III</td><td>640</td><td>512</td><td>128</td></tr><tr><td>...</td><td>...</td><td>...</td><td>...</td></tr><tr><td>Total</td><td>5,000</td><td>4,000</td><td>1,000</td></tr></tbody></table> When a commercial bank receives primary deposits (say ₹ 1,000), it has to maintain some statutory reserves (say 20%). 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. Total Deposits = Primary Deposits x $\frac{1}{\text{Reserve Ratio}}$ $= 1000 \times \frac{1}{0.2}$ $= ₹ 5,000$ This process continues till sum total of reserves becomes equal to primary deposits. (To be marked as a whole) (b) Read the following text carefully: "This function of money provides different items to be evaluated against a common standard. It allows comparison of prices and keeping financial records." (i) On the basis of the given text, identify the indicated function of money. (ii) List any other two functions of money. Ans. (i) The indicated function of money is 'Unit of account'. (ii) Two other functions of money are: - Medium of exchange. - Standard of deferred payments. (Any other valid function to be awarded marks)	Rounds	Deposits	Loans	Reserves (20%)	I	1,000	800	200	II	800	640	160	III	640	512	128	...	...	...	...	Total	5,000	4,000	1,000	4 <
Rounds	Deposits	Loans	Reserves (20%)																							
I	1,000	800	200																							
II	800	640	160																							
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...	...	...	...																							
Total	5,000	4,000	1,000																							

	(D) Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India. Ans.(D) Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.	1
20.	In the post-independence era, the policy makers of India pushed for 'self-reliance' for the first _____ Five Year Plans. (Choose the correct option to fill in the blank) (A) 8 (B) 7 (C) 6 (D) 5 Ans. (B) 7	1
21.	Production of diverse varieties of crops rather than one specialized crop is known as diversification of _____. (Choose the correct option to fill in the blank) (A) crops (B) agricultural production (C) sectoral composition (D) employment Ans. (A) crops	1
22.	Identify, which of the following statements is incorrect about the functions of environment. (Choose the correct option) (A) Provides resources (B) Absorbs wastage (C) Sustains life (D) Deteriorates quality of life Ans. (D) Deteriorates quality of life	1
23.	Read the following statements carefully: <i>Statement 1:</i> The Food Corporation of India maintains buffer stocks of wheat and rice as a measure to improve market mechanism. <i>Statement 2:</i> Minimum Support Price (MSP) is imposed by the government to safeguard the interest of farmers. In the light of the given statements, choose the correct option 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.	1
24.	Suppose an economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding rise in the employment opportunities. In economic parlance, such a situation is termed as _____ growth. (Choose the correct option to fill in the blank) (A) casual (B) informal (C) formal (D) jobless Ans. (D) jobless	1
25.	Read the following statements – Assertion (A) and Reason (R). Choose the correct alternative from the options given below: <i>Assertion (A):</i> Excessive regulation of permit license raj prevented certain private firms from becoming more efficient.	

	<i>Reason (R):</i> Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness. Options: (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, but 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. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
26.	Read the following statements carefully: <i>Statement 1:</i> The British policies were accountable for commercialisation of Indian agriculture. <i>Statement 2:</i> In the larger interest of Indians, the British rulers focused on the infrastructural growth of India. In the light of the given statements, choose the correct option 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. (A) Statement 1 is true and Statement 2 is false.	1
27.	Read the following statements – Assertion (A) and Reason (R). Choose the correct alternative from the options given below: <i>Assertion (A):</i> Information plays a crucial role in judicious decision-making about investing in human capital. <i>Reason (R):</i> Individuals invest to acquire information about the labour market and other areas such as education and healthcare. Options: (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, but 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. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
28.	Elaborate the reasons responsible for emergence of poverty in Pakistan. Ans. The reason for the emergence of poverty in Pakistan's economy were: • Pakistan experienced uneven agricultural growth, food supply situation which were dependent on good harvest and not on the institutional process of technical change. • Pakistan faced the problems of overdependence on remittances, rising foreign loans and increased difficulty in paying back the loans. (To be marked as a whole) (Any other relevant reason to be allotted marks)	3
29. (a)	“Under the British rule, India underwent systematic economic exploitation with its resources and wealth being diverted to Britain.” Justify the given statement with valid explanation.	

	cattle dung is fed to the plant and gas is produced which is used as fuel while the slurry which is left over is a very good organic manure and soil conditioner. (To be marked as a whole)	
	OR	4
(b)	(i) Critically appraise the micro-credit programmes in rural India. Ans. Micro-credit programmes fill the gaps in the formal credit system. Due to non-availability of collateral a vast proportion of rural households go out of the credit network. Micro-credit system has brought these poor households in the ambit of formal credit system by providing them loans at a concessional rate of interest. However, it is alleged that the borrowings are mainly confined to consumption purposes. (To be marked as a whole)	3
	(ii) State the meaning of sustainable development. Ans. Sustainable Development is the development that meets the need of the present generation without compromising the ability of the future generation to meet their own needs.	1
		4
32.	State and elaborate whether the following statements are true/false, with valid arguments: (a) Organic farming offers a means to substitute costlier agricultural inputs with locally produced organic inputs. Ans. True. Organic farming offers a means to substitute costlier agricultural inputs such as HYV seeds, chemical fertilisers, pesticides etc. with locally produced organic inputs that are cheaper and thereby generate good returns on investment.	2
	(b) Informalisation of workforce in India, has increased various concerns on the front of employment generation among the youth of the country. Ans. True. Informalisation of workforce has increased concerns regarding job security amongst the youth. There is a problem of lower earning and lack of social security benefits.	2
		4
33.	(i) 'Indian economy has hugely benefitted by the disinvestment policy adopted by the Government of India in the post 1991 period.' Defend or refute the given statement with valid arguments. Ans. The given statement is refuted. The disinvestment policy initiated by the government mobilised a lot of funds, yet it also had its shortcomings. The assets of Public Sector Enterprises (PSEs) had been undervalued and sold to the private sector. Consequently, there was a substantial loss to the government. Moreover, the proceeds from disinvestment were used to offset the shortage of government revenues rather than for the development of PSEs and building social infrastructure in the country. (To be marked as a whole)	4
(a)	(ii) Distinguish between Tariffs and Quotas. Ans. Tariffs are a tax on imported goods that make imported goods dearer and discourage their usage.	1
	Whereas; Quotas specify the quantity of goods that can be imported.	1
	OR	6
(b)	(i) Discuss briefly the financial sector reforms undertaken by the Government of India in the post 1991 period. The financial sector witnessed a major revamp under the economic reform process of 1991 such as redefining the role of RBI from regulator to facilitator of the financial	4

	sector. It implies that the financial sector could now take decisions on many matters without consulting the RBI. The reform policies led to the establishment of private sector banks (Indian as well as foreign). (Any other valid reform to be awarded marks) (ii) Distinguish between Multilateral Trade and Bilateral Trade. Ans. Multilateral trade is the trade by a country with more than two nations to exchange goods and services. Whereas; Bilateral trade refers to the exchange of goods or services between two countries.	1 1 6
34.	Read the following text carefully: Indian labour market indicators have improved in the last six years, as per the Periodic Labour Force Survey Data. The unemployment rate has fallen to 3.2% in 2022–23. Rising youth and female participation in the workforce present an opportunity to tap the demographic and gender dividend. The factory employment data exhibits the bounce back of the organised manufacturing sector in FY 2022–23 with rise in employment and the upscaling of factories. The net payroll additions under EPFO have more than doubled in the past five years, signalling healthy growth in formal employment. To generate and sustain quality employment, agro-processing and care economy are two promising candidates. On the basis of the given text and common understanding, answer the following questions: (a) State any one significance of rising youth and female participation in the Indian workforce. Ans. Rising youth and female participation in the Indian workforce can provide an opportunity to tap the demographic and gender dividend. (b) Identify any two sectors which may be highlighted as promising for generating quality employment in India. Ans. The two sectors which may be highlighted as promising for generating quality employment in India are: • agro-processing • care economy. (c) Elaborate the meaning of disguised unemployment with the help of a suitable example. Ans. 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. For example, suppose a farmer with four acres of land and two workers can produce 100 quintals of wheat. Even if he employs one more worker, the total output remains unchanged. Hence, the contribution made by the additional worker to the total output is zero and thus can be said to be in a situation of disguised unemployment. (To be marked as a whole)	1 1 3 6

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