

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior School Certificate Examination, 2025
ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/5/1)

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: 58/5/1]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
SECTION -A (Macro Economics)		
1.	To arrive at the value of Net Value Added at Market Price (NVA_{MP}), _____ 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, subtracted (D) net indirect taxes, added Ans. (B) depreciation, subtracted	1
2.	Identify, which of the following does not represent a public good. (Choose the correct option) (A) Free vaccines provided by the government (B) Defence services provided by the military (C) Purchase of railway ticket by an individual (D) Street light installed by a city municipality Ans. (C) Purchase of railway ticket by an individual	1
3.	Market forces of demand and supply, actively interact under _____ exchange rate system to determine the foreign exchange rate. (Choose the correct option to fill in the blank) (A) fixed (B) flexible (C) managed floating (D) fixed floating Ans. (B) flexible	1
4.	Read the following statements carefully : <i>Statement 1:</i> During deflationary gap, the Central Bank of a country may increase the repo rate. <i>Statement 2:</i> The government can reduce the deflationary gap by purchasing 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
5.	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) 45° (C) 55° (D) 75° Ans. (B) 45°	1
6.	According to the data presented in the Union Budget 2023-24, the total receipts of the government (other than borrowings), and the total expenditure are estimated as ₹ 20 lakh	

	crore and ₹ 45 lakh crore respectively. Therefore, the value of _____ deficit would be ₹ 25 lakh crore. (Choose the correct option to fill in the blank) (A) revenue (B) fiscal (C) trade (D) primary Ans. (B) fiscal	1
7.	Read the following statements carefully : <i>Statement 1:</i> Marginal Propensity to Consume (MPC) exhibits the consumption per unit of income. <i>Statement 2:</i> As the national income of a country rises, the proportionate increase in the consumption is always more than the increase in the 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
8.	In a two-sector economy, Aggregate Supply 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. (C) consumption, savings	1
9.	Read the following statements carefully : <i>Statement 1:</i> Foreign aids are the capital receipts for the government. <i>Statement 2:</i> Disinvestments may lead to a decrease in the assets of the government. 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
10.	From the following, identify the situation which indicates the Current Account Surplus (CAS) in Balance of Payments (BOP) account of a nation. (A) Excess of receipts on current account over the payments on current account. (B) Equality of receipts on current account and payments on current account. (C) Excess of payments on current account over receipts on current account. (D) Excess of payments on current account over receipts on capital account. Ans. (A) Excess of receipts on current account over the payments on current account.	1
11. (a)	State the steps pertaining to the estimation of National Income, under the Income Method. Ans. Steps pertaining to the estimation of National Income under the Income method: 1. Identify and classify production units into distinct heads namely primary, secondary and tertiary sector. 2. Estimate and classify the factor income in different categories as Compensation of Employees, Operating Surplus and Mixed Income. The sum of factor income represents the contribution of the sectors to Domestic Income (NDP_{FC}).	1 1

(b)	3. Finally, estimate and add the value of Net Factor Income from Abroad (NFIA) to arrive at National Income (NNP _{FC}).	1								
	OR	3								
	On the basis of the following hypothetical data, calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022-23, using 2020-21 as the base year. (All figures in ₹ crore)									
	<table><tr><th>Year</th><th>Nominal GDP</th><th>Nominal GDP (Adjusted to Base Year Price)</th></tr><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></table>	Year	Nominal GDP	Nominal GDP (Adjusted to Base Year Price)	2020-21	3,000	5,000	2022-23	4,000	6,000
Year	Nominal GDP	Nominal GDP (Adjusted to Base Year Price)								
2020-21	3,000	5,000								
2022-23	4,000	6,000								
	Ans. Percentage change in Real Gross Domestic Product (GDP) in the year 2022-23 $= \frac{\text{Change in Real GDP}}{\text{Real GDP}} \times 100$ $= \frac{6000-5000}{5000} \times 100$ $= 20\%$	1½ 1 ½ 3								
12.	“As per the Economic Survey of India 2022-23, due to the outbreak of geopolitical conflict, the result was higher international prices for fertilizer and fuel. Thus, there was a higher fuel and fertilizer subsidy requirement for supporting the people.” On the basis of given text, identify and explain the indicated objective of the government budget. Ans. The indicated government budget objective is the ‘stabilisation function’. The stabilisation function aims at controlling large-scale fluctuation in prices through the government’s taxation and expenditure policy. The government may incur expenditure on providing fuel and fertilizer subsidy in order to ensure price stability.	1 2 3								
13.	“The Indian economy has witnessed a sharp turnaround during 2023-24 with Foreign Direct Investments (FDI) inflows of US \$ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows of US \$ 32.4 Bn.” (i) Distinguish between the above mentioned economic variables. Ans. Foreign Direct Investment (FDI) refers to direct investment from abroad in physical assets with a considerable degree of influence and control over the firm. Whereas; Foreign Portfolio Investment (FPI) refers to investment from abroad in stocks, bonds or other financial assets and do not entail active management or control over the firm.	1 1								
(a)	(ii) In which account of Balance of Payments will the given variables be entered and why? Ans. The given variables will be entered in the Capital account of the Balance of Payments. Capital Account records all international transactions of assets.	1 1								
	OR	4								
(b)	Explain how Accommodating Transactions differ from Autonomous Transactions. Ans. Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of	2								

	Payments (BoP). These transactions are independent of any economic motive. Such transactions are called ‘below the line’ items in the BoP account. Whereas; 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.	2
		4
14.	Suppose for two imaginary economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.8 and 0.6 respectively. For both the economies, Autonomous Consumption ($\bar{C}$) = ₹ 400 crore and Investment Expenditure (I) = ₹ 2,000 crore. Calculate the following: (a) Break-even level of income for Economy A. (b) Equilibrium level of income for Economy B. Ans. Given, Autonomous Consumption ($\bar{C}$) = ₹ 400 crore Investment expenditure (I) = ₹ 2,000 crore For economy A, Marginal Propensity to Consume (MPC) = 0.8 For economy B, Marginal Propensity to Consume (MPC) = 0.6 (a) As we know, at break-even level for economy A; $Y = C$ $Y = \bar{C} + (MPC) Y$ $Y = 400 + 0.8Y$ $Y = ₹ 2,000 \text{ crore}$ (b) Equilibrium level of income for economy B; $Y = C + I$ $Y = \bar{C} + (MPC) Y + I$ $Y = 400 + 0.6Y + 2000$ $Y = ₹ 6,000 \text{ crore}$	1 ½ ½ 1 ½ ½ 4
15.	Read the following text carefully: In an economy, a significant reduction in Aggregate demand raised concerns about future growth prospects of the country. This economic downturn underscores the urgent need for strategic measures to boost confidence of households and stimulate economic activities. Based on the above text and common understanding, explain the measures which the government may take to stabilise the indicated situation. 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
16.	(a) “In a country, routine economic operations rely on a stable medium, to facilitate transactions for maintaining smooth economic activities.” Discuss briefly the indicated function of money. Ans. The indicated function of money is ‘medium of exchange’.	1

	Money acts as a universally acceptable medium for any transaction. Money serves as a medium for buying/selling goods and services. It eliminates the limitation of lack of double coincidence of wants by facilitating exchange in the market. (b) State the meaning and components of M_1 measure of money supply. Ans. M_1 measure of money supply refers to the total volume of money held by the public at a particular point of time in the economy. The two components of M_1 measure of money supply are: • Currency (notes and coins) held by the public. • Net demand deposits held by commercial banks. (c) State the formula to compute Credit Multiplier. Ans. Credit Multiplier = $\frac{1}{\text{Reserve Ratio}}$	2
--	---	---

lifespan. Whereas durable consumption goods, like cars and home appliances, can be used over an extended period usually more than one year. Hence, not all consumption goods are durable in nature. (To be marked as a whole)

(ii) On the basis of the given data, estimate the value of National Income (NNP_{FC}):

S.No.	Items	Amount (in ₹ Crore)
(i)	Household Consumption Expenditure	1,800
(ii)	Gross Business Fixed Capital Formation	1,150
(iii)	Gross Residential Construction Expenditure	1,020
(iv)	Government Final Consumption Expenditure	2,170
(v)	Excess of Imports over Exports	720
(vi)	Inventory Investments	540
(vii)	Gross Public Investments	1,300
(viii)	Net Indirect Taxes	240
(ix)	Net Factor Income from Abroad	(-) 250
(x)	Consumption of Fixed Capital	440

Ans.

$$\begin{aligned}
 \text{National Income (NNP}_{FC}) &= (i) + (iv) + (ii) + (iii) + (vii) + (vi) - (v) - (x) + (ix) - (viii) \\
 &= 1,800 + 2,170 + 1,150 + 1,020 + 1,300 + 540 - 720 - 440 + (-250) - 240 \\
 &= ₹ 6,330 \text{ crore}
 \end{aligned}$$

1½
1
½
6

SECTION – B (Indian Economic Development)

18.	Production of diverse varieties of crops, rather than one specialised 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
19.	Read the following statements - Assertion (A) and Reason (R). Choose the correct option from the options given below : <i>Assertion (A)</i> : People spend to acquire information related to labour and other markets (like, education and health). <i>Reason (R)</i> : Expenditure on information is necessary for efficient utilisation of the human capital stock. 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
20.	In the post-independence era, the policy makers of India emphasised on 'self-reliance' for the first ____ Five Year Plans. (Choose the correct option to fill in the blank)	

	(A) 6 (B) 7 (C) 8 (D) 9 Ans. (B) 7	1
21.	Identify, which of the following statements is incorrect about the Rural Banking system in India. (Choose the correct option) (A) The Rural Banking system in India consists of a set of multi-agency institutions. (B) In the post-independence period, a well-structured Rural Banking system was formulated in India. (C) Regional Rural Banks, Cooperative and Land Development Banks are components of the Rural Banking system in India. (D) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India. Ans. (D) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.	1
22.	Identify, which of the following statements is incorrect about the functions of environment. (Choose the correct option) (A) Environment provides resources. (B) Environment absorbs wastage. (C) Environment sustains life. (D) Environment deteriorates quality of life. Ans. (D) Environment deteriorates quality of life.	1
23.	Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: <i>Assertion (A):</i> Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%. <i>Reason (R):</i> Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991. 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. (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
24.	“Suppose an imaginary economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding adequate rise in the employment opportunities in the economy.” 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

(b)	“The disinvestment policy of India under the 1991 reforms involved selling of the government’s stakes in Public Sector Undertakings (PSUs).” Explain the rationale behind the decision undertaken by the government. Ans. The rationale behind the disinvestment policy of India under the 1991 reforms was primarily to improve financial discipline and facilitate modernisation. It was also envisaged that private capital and managerial capabilities could be effectively utilised to improve the performance of PSUs and provide strong impetus to the inflow of Foreign Direct Investment. (To be marked as a whole)	3																																									
29.	Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA). <i>Sectoral Share of Employment and GVA (%) in 2018-19</i> <table border="1"><thead><tr><th rowspan="2">Sector</th><th colspan="3">Contribution to GVA</th><th colspan="3">Distribution of Workforce</th></tr><tr><th>India</th><th>China</th><th>Pakistan</th><th>India</th><th>China</th><th>Pakistan</th></tr></thead><tbody><tr><td>Agriculture</td><td>16</td><td>7</td><td>24</td><td>43</td><td>26</td><td>41</td></tr><tr><td>Industry</td><td>30</td><td>41</td><td>19</td><td>25</td><td>28</td><td>24</td></tr><tr><td>Services</td><td>54</td><td>52</td><td>57</td><td>32</td><td>46</td><td>35</td></tr><tr><td>Total</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td></tr></tbody></table> Ans. The given data pertains to the sectoral share of Gross Value Added (GVA) of India and Pakistan. According to the given data, the contribution of the agricultural sector to GVA in India is 16% whereas, in Pakistan it is 24%. In India, the Industrial sector contributed 30% to GVA whereas this contribution stands at 19% in Pakistan. In India and Pakistan, the contribution of service sector to GVA is the highest, 54% and 57% respectively. Thus, in both the countries, service sector has emerged as a key contributor to growth. (To be marked as a whole)	Sector	Contribution to GVA			Distribution of Workforce			India	China	Pakistan	India	China	Pakistan	Agriculture	16	7	24	43	26	41	Industry	30	41	19	25	28	24	Services	54	52	57	32	46	35	Total	100	100	100	100	100	100	3
Sector	Contribution to GVA			Distribution of Workforce																																							
	India	China	Pakistan	India	China	Pakistan																																					
Agriculture	16	7	24	43	26	41																																					
Industry	30	41	19	25	28	24																																					
Services	54	52	57	32	46	35																																					
Total	100	100	100	100	100	100																																					
30.	Read the following text carefully: China underwent substantial policy changes to stimulate their economy. China’s economic growth was rapid in the late 1970s across various sectors. However, India had to wait much longer for its economic transformation. India’s significant economic progress was only realised after the economic reforms of 1991, which were implemented out of compulsion. On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India. Ans. China’s rapid economic growth can be traced back to the voluntarily initiated reforms in 1978. China was able to maintain near double-digit growth during 1980s which paved the strategic shift towards a manufacturing-driven economy. Moreover, agricultural reforms brought prosperity to a vast number of poor people. It fostered industrial expansion and strengthening support for further reforms. In contrast, India was compelled to introduce economic reforms in 1991. The industrial sector reported fluctuation, the growth of the service sector has gone up. This indicates that GDP growth is mainly driven by growth in the service sector. (To be marked as a whole) (Any other valid explanation to be awarded marks)	4																																									
31. (a)	(i) Distinguish between human capital and physical capital. Ans. Human capital refers to the stock of knowledge, skill and ability imbibed in the owner of the same, i.e., human capital is inseparable from its owner. It cannot be sold in the market, only its services can be sold in the market. Whereas;	1½																																									

(b)	Physical capital are the assets (plant and machinery, building etc.), which are tangible in nature. It is separable from its owner. It can be transacted in the market.	1½
	(ii) Define 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
	OR	4
	(i) Describe briefly the importance of micro-credit programmes in Rural India. Ans. Micro-credit programmes have emerged to fill the gap in the formal credit system. The formal credit delivery mechanism has not been fully integrated into the rural social structure. Due to non-availability of collateral, a vast proportion of poor 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. (To be marked as a whole)	3
	(ii) State any one strategy involved in attaining sustainable development in India. Ans. Use of wind energy. (Any other valid strategy to be awarded marks)	1
		4
32.	State and elaborate whether the following statements are true/false, with valid arguments : (a) The Indian economy has shown satisfactory progress towards formalisation of workforce in the recent years. Ans. False. In recent times, India has witnessed an unprecedented shift of workforce from formal to informal sectors. This may primarily be due to a decline in job opportunities in formal sector (public & private). Thus, informalisation of workforce has become a major challenge for the economy.	2
	(b) In the Indian rural landscape, agricultural diversification has emerged as a reasonable alternative to fill up the gaps in income. Ans. True. There is a greater risk in depending exclusively on farming for livelihood. Diversification has reduced the risk from uncertainties in the agriculture sector and has provided productive sustainable livelihood options to rural people.	2
		4
33.	(i) “Import substitution policy, if not applied carefully, can be a double-edged sword for any economy.” Do you agree with the given statement? Justify your answer with valid arguments. Ans. Yes. Import-substitution policy aimed at replacing imports with domestic production to protect domestic industries from foreign competition and to save foreign exchange. However, protection from foreign competition may do more harm than good. The domestic producers in the absence of a competitive market won’t have any incentive to improve the quality of their goods. In turn, consumers may have to purchase low quality items at a higher price. Hence, import substitution policy, if not applied carefully, can prove to be a double-edged sword for any economy. (To be marked as a whole)	4
(a)	(ii) State how multilateral trade is different from bilateral trade. Ans. Multilateral trade is the trade by a country with more than two nations to exchange goods and services.	1
	Whereas, bilateral trade refers to the exchange of goods or services between two countries.	1
OR		6
(b)	(i) Discuss briefly, causes and consequences of the tax reforms initiated during economic reforms in India.	

	Ans. The causes of the tax reforms initiated during economic reforms in India were to curb tax evasion, encourage savings and voluntary disclosure of income. Additionally, indirect tax reforms were necessitated to facilitate the establishment of a common national market for commodities. The tax rate rationalisation during the reform period, aimed at yielding larger tax revenue but did not result in an increase in the tax revenue. Moreover, tax incentives provided to foreign investors further reduced the scope for raising tax revenues which adversely impacted developmental and welfare expenditures. (Any other valid cause or consequence to be awarded marks) (ii) Give one example each of a Navratna and a Maharatna company in the public sector in India. Ans. Example of Navaratna Company – Hindustan Aeronautics Limited. Example of Maharatna Company – Indian Oil Corporation Limited. (Any other valid example to be awarded marks)	2
		2
		1
		1
		6
34.	Read the following text carefully: The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. In India, the labour force grew by 99.2 million persons between 2000-2019. The labour force grew from 396.3 million to 495.5 million. During 2012-2019, the labour force grew without a matching increase in employment, leading to higher unemployment. The gender disparity in India's labour market is notable with women's LFPR at 32.8% in 2022, significantly lower than men's LFPR at 77.2%. This is a major reason for India's overall low LFPR, which is lower than the global average of 47.3%. During 2000-2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. This trend reversed between 2019-2022, with rural LFPR increasing by 6% (especially among rural women) and urban LFPR by 2.1%. These shifts suggest that fluctuations occur in women's labour market participation, particularly in rural areas. This significantly affected the overall LFPR. Women join the workforce during economic hardships and move out when conditions improve. On the basis of the given text and common understanding, answer the following questions: (a) Define unemployment. Ans. Unemployment refers to a situation in which all those persons who are willing and able to work do not get work at the prevailing wage rate. (b) Write the meaning of Labour Force Participation Rate (LFPR). Ans. The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. (c) Comment upon the gender disparities in rural and urban Labour Force Participation Rate (LFPR) during 2000-2019. Ans. The gender disparities in India's labour market is notable with women's LFPR at 32.8% in 2022, significantly lower than men's LFPR at 77.2%. During 2000 – 2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. (To be marked as a whole)	1
		2
		3
		6

* * *