

**Marking Scheme**  
**Strictly Confidential**  
**(For Internal and Restricted use only)**  
**Senior School Certificate Examination, 2025**  
**ECONOMICS (SUBJECT CODE – 030)**  
**(PAPER CODE – 58/6/3)**

**General Instructions: -**

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b> | 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.                                                                                                                                                                                                                                                                       |
| <b>2</b> | <b>“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.”</b>                                                                                                                                                                                            |
| <b>3</b> | 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. <b>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.</b> |
| <b>4</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>5</b> | 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.                                                                                                                                                                                                                 |
| <b>6</b> | 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. <b>This is most common mistake which evaluators are committing.</b>                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>7</b> | 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 <b>“Extra Question”</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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 | <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"> <li>• Leaving answer or part thereof unassessed in an answer book.</li> <li>• Giving more marks for an answer than assigned to it.</li> <li>• Wrong totaling of marks awarded on an answer.</li> <li>• Wrong transfer of marks from the inside pages of the answer book to the title page.</li> <li>• Wrong question wise totaling on the title page.</li> <li>• Wrong totaling of marks of the two columns on the title page.</li> <li>• Wrong grand total.</li> <li>• Marks in words and figures not tallying/not same.</li> <li>• Wrong transfer of marks from the answer book to online award list.</li> <li>• 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.)</li> <li>• Half or a part of answer marked correct and the rest as wrong, but no marks awarded.</li> </ul> |
| 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 <b>“Guidelines for spot Evaluation”</b> 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: 58/6/3]

**Maximum Marks: 80**

| Q. No.                          | EXPECTED ANSWER / VALUE POINTS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks                       |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------|-----------------------------|-------------------------------------------|---|-----------|----|---|-----|---|------------|---|-----|----|-----|------|-----|----|-----|-----|---|
| SECTION -A<br>(Macro Economics) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 1.                              | Identify, which of the following is <b>not</b> a source of demand for foreign exchange.<br>(Choose the correct option)<br><br>(A) Imports of goods and services<br>(B) Gifts by Indians to their families living abroad<br>(C) Indian tourists visiting foreign countries<br>(D) Loans from Rest of the World<br><b>Ans. (D) Loans from Rest of the World</b>                                                                                                                                                                                                                                                                   | 1                           |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 2.                              | Using the given information, complete the following table: (Choose the correct option)<br><table><tr><th>Income (Y)<br/>(in ₹ crore)</th><th>Savings<br/>(in ₹ crore)</th><th>Consumption<br/>(in ₹ crore)</th><th>Average<br/>Propensity to<br/>Consume (APC)</th></tr><tr><td>0</td><td>...(i)...</td><td>30</td><td>-</td></tr><tr><td>100</td><td>0</td><td>...(ii)...</td><td>1</td></tr><tr><td>200</td><td>30</td><td>170</td><td>0.85</td></tr><tr><td>300</td><td>60</td><td>240</td><td>0.8</td></tr></table> <b>Options:</b><br>(A) –30, 120<br>(B) 30, 120<br>(C) 0, 70<br>(D) –30, 100<br><b>Ans. (D) –30, 100</b> | Income (Y)<br>(in ₹ crore)  | Savings<br>(in ₹ crore)                   | Consumption<br>(in ₹ crore) | Average<br>Propensity to<br>Consume (APC) | 0 | ...(i)... | 30 | - | 100 | 0 | ...(ii)... | 1 | 200 | 30 | 170 | 0.85 | 300 | 60 | 240 | 0.8 | 1 |
| Income (Y)<br>(in ₹ crore)      | Savings<br>(in ₹ crore)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Consumption<br>(in ₹ crore) | Average<br>Propensity to<br>Consume (APC) |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 0                               | ...(i)...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 30                          | -                                         |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 100                             | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | ...(ii)...                  | 1                                         |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 200                             | 30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 170                         | 0.85                                      |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 300                             | 60                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 240                         | 0.8                                       |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 3.                              | Central Bank can decrease the money supply in the economy by _____.<br>(Choose the correct option to fill in the blank)<br><br>(A) lowering the cash reserve<br>(B) increasing the bank rate<br>(C) lowering the bank rate<br>(D) purchase of G-Secs (Government Securities)<br><b>Ans. (B) increasing the bank rate</b>                                                                                                                                                                                                                                                                                                        | 1                           |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 4.                              | Suppose in an economy, planned spendings are greater than planned outputs.<br>Identify the correct option with respect to effects on the economy:<br>(i) Decrease in planned inventories in the economy<br>(ii) Rise in National Income<br>(iii) Decrease in real output level in the economy<br>(iv) Decrease in employment level in the economy<br><b>Options:</b><br>(A) Only (i) (B) (i) and (ii)<br>(C) (iii) and (iv) (D) (ii), (iii) and (iv)<br><b>Ans. (B) (i) and (ii)</b>                                                                                                                                            | 1                           |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |
| 5.                              | If the total credit created by the banks is ₹ 500 and Reserve Ratio is 20%, the value of primary deposits would be _____.<br>(Choose the correct option to fill in the blank)                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             |                                           |                             |                                           |   |           |    |   |     |   |            |   |     |    |     |      |     |    |     |     |   |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
|            | <p>(A) ₹ 200<br/>(C) ₹ 100<br/><b>Ans. (C) ₹ 100</b></p> <p>(B) ₹ 300<br/>(D) ₹ 500</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>1</b> |
| <b>6.</b>  | <p>If the value of Investment Multiplier (K) is 5, the relevant saving function would be _____.<br/>(Choose the correct option to fill in the blank)</p> <p>(A) <math>S = -60 + 0.25 Y</math><br/>(B) <math>S = -60 + 0.75 Y</math><br/>(C) <math>S = -60 + 0.20 Y</math><br/>(D) <math>S = -60 + 0.60 Y</math><br/><b>Ans. (C) <math>S = -60 + 0.20 Y</math></b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1</b> |
| <b>7.</b>  | <p>Identify, which of the following items will <b>not</b> be included in estimating National Income of India.<br/>(Choose the correct option)</p> <p>(A) Salary to Indian residents working at the Russian Embassy in India<br/>(B) Income generated from smuggling<br/>(C) Payments to farm workers in the form of foodgrains<br/>(D) Interest paid by a firm to a bank<br/><b>Ans. (B) Income generated from smuggling</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1</b> |
| <b>8.</b>  | <p>If an upward sloping straight line consumption function makes an intercept at the Y-axis at a positive coordinate, it implies that Marginal Propensity to Consume (MPC)_____ and Average Propensity to Consume (APC)_____ as the income increases.<br/>(Choose the correct option to fill in the blanks)</p> <p>(A) remains constant, rises<br/>(B) rises, rises<br/>(C) remains constant, falls<br/>(D) falls, falls<br/><b>Ans. (C) remains constant, falls</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1</b> |
| <b>9.</b>  | <p>Read the following statements carefully:<br/><i>Statement 1:</i> The price of a given currency in terms of another is known as bank rate.<br/><i>Statement 2:</i> Demand curve for foreign exchange is a downward sloping curve.<br/>In the light of the given statements, choose the correct option from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.<br/>(B) Statement 1 is false and Statement 2 is true.<br/>(C) Both Statements 1 and 2 are true.<br/>(D) Both Statements 1 and 2 are false.<br/><b>Ans. (B) Statement 1 is false and Statement 2 is true.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                | <b>1</b> |
| <b>10.</b> | <p>Read the following statements – Assertion (A) and Reason (R) carefully. Choose the correct option from those given below:<br/><i>Assertion (A):</i> Other things remaining constant, devaluation of domestic currency may lead to rise in National Income of the nation.<br/><i>Reason (R):</i> Devaluation of domestic currency refers to reduction in the value of domestic currency by the government with respect to foreign currency under the fixed exchange rate system.<br/><b>Options:</b><br/>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).<br/>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <b>not</b> the correct explanation of Assertion (A).<br/>(C) Assertion (A) is true, but Reason (R) is false.<br/>(D) Assertion (A) is false, but Reason (R) is true.<br/><b>Ans. (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</b></p> | <b>1</b> |
| <b>11.</b> | Distinguish between Current account and Capital account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |          |

|        | <p><b>Ans. Current account records receipts and payments of foreign exchange on account of trade in goods and services and transfer payments. Components of current account includes export and import of goods and services and transfer payments to/from abroad.</b></p> <p style="text-align: center;"><b>Whereas;</b></p> <p><b>Capital account records receipts and payments of foreign exchange on account of such transactions, which affects change in ownership of assets or liabilities of a nation. Components of capital account includes Foreign Direct Investments (FDIs), Foreign Institutional Investments (FIIs), external borrowings and assistance.</b></p> <p style="text-align: center;"><b>(Or any other valid explanation to be awarded marks)</b></p>                                                                                                                                           | <p>1 ½</p> <p>1 ½</p> <p>3</p>                 |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------|-----------------------|-----|----------------------------------------|-------|------|------------------------------|-----|-------|------------------------|----|------|-----------|----|-----|-------------------------------|----|------|------------------|----|-------|----------------------------------|-----|---------------------------------------|
| 12.    | Calculate Domestic Income (NDP <sub>FC</sub> ) from the data given below:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (a)    | <table border="1"> <thead> <tr> <th>S. No.</th><th>Particulars</th><th>Amount<br/>(in ₹ lakh)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Gross National Product at market price</td><td>2,500</td></tr> <tr> <td>(ii)</td><td>Consumption of fixed capital</td><td>200</td></tr> <tr> <td>(iii)</td><td>Goods and Services Tax</td><td>20</td></tr> <tr> <td>(iv)</td><td>Subsidies</td><td>50</td></tr> <tr> <td>(v)</td><td>Net Factor Income from Abroad</td><td>50</td></tr> <tr> <td>(vi)</td><td>Changes in Stock</td><td>30</td></tr> <tr> <td>(vii)</td><td>Unexpected loss of a fixed asset</td><td>500</td></tr> </tbody> </table> <p><b>Ans. Domestic Income (NDP<sub>FC</sub>) = (i) – (ii) – (v) – {(iii) – (iv)}</b><br/> <b>= 2,500 – 200 – 50 – {20 – 50}</b><br/> <b>= ₹ 2,280 lakh</b></p> <p style="text-align: center;"><b>OR</b></p>                                                          | S. No.                                         | Particulars | Amount<br>(in ₹ lakh) | (i) | Gross National Product at market price | 2,500 | (ii) | Consumption of fixed capital | 200 | (iii) | Goods and Services Tax | 20 | (iv) | Subsidies | 50 | (v) | Net Factor Income from Abroad | 50 | (vi) | Changes in Stock | 30 | (vii) | Unexpected loss of a fixed asset | 500 | <p>1 ½</p> <p>1</p> <p>½</p> <p>3</p> |
| S. No. | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Amount<br>(in ₹ lakh)                          |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (i)    | Gross National Product at market price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2,500                                          |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (ii)   | Consumption of fixed capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 200                                            |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (iii)  | Goods and Services Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 20                                             |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (iv)   | Subsidies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 50                                             |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (v)    | Net Factor Income from Abroad                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 50                                             |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (vi)   | Changes in Stock                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 30                                             |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (vii)  | Unexpected loss of a fixed asset                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 500                                            |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| (b)    | <p>Define Net Factor Income from Abroad (NFIA) and discuss its components.</p> <p><b>Ans. Net Factor Income from Abroad (NFIA) is the difference between factor income received from the rest of the world and factor income paid to the rest of the world.</b></p> <p><b>Components of NFIA:</b></p> <ul style="list-style-type: none"> <li>• Net Compensation of Employees (COE) refers to the difference between compensation earned by normal residents from abroad and compensation paid to non-residents working within domestic territory.</li> <li>• Net Income from Property and Entrepreneurship refers to difference between income earned by residents from rent, interest, and profits and similar payments made to non-residents.</li> <li>• Net retained earnings refers to difference between retained earnings of resident companies overseas and foreign companies operating domestically.</li> </ul> | <p>1 ½</p> <p>½</p> <p>½</p> <p>½</p> <p>3</p> |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |
| 13.    | <p>“In the 1990s, on the advice of Reserve Bank of India (RBI), the Government of India took a decision of hypothecation of gold reserves to different nations.”</p> <p>In the light of the above statement, discuss briefly the role of the Central Bank as Banker, Agent, and Adviser to the Government.</p> <p><b>Ans. Central Bank acts as the banker to the government. It accepts receipts and makes payments for the government, and carries out exchange, remittance and other banking operations. The Central Bank also provides short-term credit to the government, so that the government can meet any shortfalls in receipts over disbursements.</b></p> <p><b>As the government’s banker, the Central Bank also has the responsibility of managing the public debt.</b></p>                                                                                                                               | <p>4</p>                                       |             |                       |     |                                        |       |      |                              |     |       |                        |    |      |           |    |     |                               |    |      |                  |    |       |                                  |     |                                       |

|       | As indicated in the above text, the Central Bank also advises the government on various financial, economic and monetary matters. (To be marked as a whole)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------|----------------------------------------|--------------------------------------------|----------------------------------------|---|-------|-------|-----|-----|---|---|-----|-----|-----|---|---|-----|-----|-----|---|---|---|---|---|---|---|---|---|---|-------|-------|-------|-------|-------|---|
| 14.   | “An economy is operating at under-employment level of income.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| (a)   | What does this situation indicate? Discuss any one fiscal measure to tackle this situation.<br><b>Ans. The aforesaid situation indicates the problem of Deficient Demand.</b><br>To tackle the situation of Deficient Demand in the economy, the government may decrease the tax rate 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 (AD), thereby correcting the situation of deficient demand.<br>(Any other valid measure to be awarded marks)                                                                                                 | 1<br><br>3                            |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
|       | OR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 4                                     |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| (b)   | Elaborate using a hypothetical numerical example, how a given initial increase in investment affects the level of final income of the economy.<br><b>Ans. The working of the multiplier is based on the fact that one’s expenditure is another’s income. Suppose the increase in investment is (ΔI) by ₹ 1,000 crore and the Marginal Propensity to Consume (MPC) is 0.8:</b>                                                                                                                                                                                                                                                                              |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
|       | <table><tr><th>Round</th><th>Increase in investment (ΔI)<br/>(in crore)</th><th>Increase in income (ΔY)<br/>(in crore)</th><th>Increase in consumption (ΔC)<br/>(in crore)</th><th>Increase in savings (ΔS)<br/>(in crore)</th></tr><tr><td>1</td><td>1,000</td><td>1,000</td><td>800</td><td>200</td></tr><tr><td>2</td><td>—</td><td>800</td><td>640</td><td>160</td></tr><tr><td>3</td><td>—</td><td>640</td><td>512</td><td>128</td></tr><tr><td>—</td><td>—</td><td>.</td><td>.</td><td>.</td></tr><tr><td>—</td><td>—</td><td>.</td><td>.</td><td>.</td></tr><tr><td>Total</td><td>1,000</td><td>5,000</td><td>4,000</td><td>1,000</td></tr></table> | Round                                 | Increase in investment (ΔI)<br>(in crore)  | Increase in income (ΔY)<br>(in crore)  | Increase in consumption (ΔC)<br>(in crore) | Increase in savings (ΔS)<br>(in crore) | 1 | 1,000 | 1,000 | 800 | 200 | 2 | — | 800 | 640 | 160 | 3 | — | 640 | 512 | 128 | — | — | . | . | . | — | — | . | . | . | Total | 1,000 | 5,000 | 4,000 | 1,000 | 4 |
| Round | Increase in investment (ΔI)<br>(in crore)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Increase in income (ΔY)<br>(in crore) | Increase in consumption (ΔC)<br>(in crore) | Increase in savings (ΔS)<br>(in crore) |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| 1     | 1,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,000                                 | 800                                        | 200                                    |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| 2     | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 800                                   | 640                                        | 160                                    |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| 3     | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 640                                   | 512                                        | 128                                    |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| —     | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | .                                     | .                                          | .                                      |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| —     | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | .                                     | .                                          | .                                      |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| Total | 1,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5,000                                 | 4,000                                      | 1,000                                  |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
|       | Thus, the above table reflects an increment in investment (ΔI) of ₹ 1,000 crore, which results in multiple effect on income. Thereby, increasing income to ₹ 5,000 crore.<br><b>Working Note:</b><br>$K = \frac{1}{1-MPC} = \frac{1}{1-0.8} = 5$<br>$K = \frac{\Delta Y}{\Delta I}$<br>$5 = \frac{\Delta Y}{1,000}$<br>$\Delta Y = ₹ 5,000 \text{ crore}$                                                                                                                                                                                                                                                                                                  |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
|       | (To be awarded as a whole)<br>(No marks to be awarded for working notes)<br>(Any other valid numerical example to be awarded marks)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |
| 15.   | Estimate the value of Aggregate Demand (AD) in an imaginary economy:<br>(i) Autonomous Investment (I <sub>0</sub> ) = ₹ 100 crore<br>(ii) Marginal propensity to consume (MPS) = 0.2<br>(iii) Level of Income (Y) = ₹ 4,500 crore<br>(iv) Autonomous Consumption Expenditure (c̄) = ₹ 50 crore<br><b>Ans. Given, Marginal propensity to consume (MPC) = 0.2</b>                                                                                                                                                                                                                                                                                            |                                       |                                            |                                        |                                            |                                        |   |       |       |     |     |   |   |     |     |     |   |   |     |     |     |   |   |   |   |   |   |   |   |   |   |       |       |       |       |       |   |

|                                                             | <p>As we know, Aggregate Demand (AD) = C + I</p> <p>= <math>\bar{c} + (MPC) Y + I</math></p> <p>= <math>50 + (0.2) \times 4,500 + 100</math></p> <p>= ₹ 1,050 crore</p> <p><u>Alternate Solution:</u></p> <p>Given, Marginal propensity to Save (MPS) = 0.2</p> <p>Marginal Propensity to Consume (MPC) = 1 – MPS</p> <p>= 1 – 0.2</p> <p>= 0.8</p> <p>As we know, Aggregate Demand (AD) = C + I</p> <p>= <math>\bar{c} + (MPC) Y + I</math></p> <p>= <math>50 + (0.8) \times 4,500 + 100</math></p> <p>= ₹ 3,750 crore</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1<br>1<br>1<br>1                           |                                       |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------|--------------------------------------------|---------------------------------------|---|---------------|-------|-------|---|---------------|-------|-------|---|-------|---------------|-------|--|--------|-------|-------|-------------------------------------------------------------|--|--|-------|--------------------------------------|
|                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1<br>1<br>1<br>1                           |                                       |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
|                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 4                                          |                                       |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| 16.<br>(a)                                                  | <p>(i) Suppose, there are only three firms in a hypothetical economy, viz. A, B, and C. During a given period of time, the following transactions were undertaken by them:</p> <p>(I) Firm A sold goods worth ₹ 2,000 to Firm B and ₹ 1,200 to Firm C.</p> <p>(II) Firm B sold goods worth ₹ 1,100 to Firm A and ₹ 3,500 to Firm C.</p> <p>(III) Firm C sold to households for final consumption, goods worth ₹ 5,700.</p> <p>Estimate the value of Net Domestic Product at Market Price (NDP<sub>MP</sub>) assuming depreciation to be ₹ 120.</p> <p><b>Ans.</b></p> <table><thead><tr><th>Firms</th><th>Value of Output<br/>(in ₹)<br/>(i)</th><th>Intermediate Consumption<br/>(in ₹)<br/>(ii)</th><th>Value Added<br/>(in ₹)<br/>{(i) – (ii)}</th></tr></thead><tbody><tr><td>A</td><td>2,000 + 1,200</td><td>1,100</td><td>2,100</td></tr><tr><td>B</td><td>1,100 + 3,500</td><td>2,000</td><td>2,600</td></tr><tr><td>C</td><td>5,700</td><td>1,200 + 3,500</td><td>1,000</td></tr><tr><td></td><td>13,500</td><td>7,800</td><td>5,700</td></tr><tr><td colspan="3">Gross Domestic Product at Market Price (GDP<sub>MP</sub>)</td><td>5,700</td></tr></tbody></table> <p>Net Domestic Product at Market Price (NDP<sub>MP</sub>) = GDP<sub>MP</sub> – Depreciation</p> <p>= 5,700 – 120</p> <p>= ₹ 5,580</p> <p>(ii) Explain the likely impact of the construction of 2000 new schools providing high-quality education in a nation on Gross Domestic Product and welfare in an economy</p> <p><b>Ans. The construction of 2,000 new schools may impact the Gross Domestic Product (GDP) positively as construction generally attracts higher investments in an economy and may lead to an increase in employment opportunities. It may lead to provision of high-quality education, enhancing knowledge, skills, efficiency and increasing civic engagement. Consequently, the well-being of citizens will increase.</b></p> <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;"><b>OR</b></p> | Firms                                      | Value of Output<br>(in ₹)<br>(i)      | Intermediate Consumption<br>(in ₹)<br>(ii) | Value Added<br>(in ₹)<br>{(i) – (ii)} | A | 2,000 + 1,200 | 1,100 | 2,100 | B | 1,100 + 3,500 | 2,000 | 2,600 | C | 5,700 | 1,200 + 3,500 | 1,000 |  | 13,500 | 7,800 | 5,700 | Gross Domestic Product at Market Price (GDP <sub>MP</sub> ) |  |  | 5,700 | ½<br>½<br>½<br>½<br>½<br>½<br>3<br>6 |
| Firms                                                       | Value of Output<br>(in ₹)<br>(i)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Intermediate Consumption<br>(in ₹)<br>(ii) | Value Added<br>(in ₹)<br>{(i) – (ii)} |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| A                                                           | 2,000 + 1,200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,100                                      | 2,100                                 |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| B                                                           | 1,100 + 3,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2,000                                      | 2,600                                 |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| C                                                           | 5,700                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,200 + 3,500                              | 1,000                                 |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
|                                                             | 13,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 7,800                                      | 5,700                                 |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| Gross Domestic Product at Market Price (GDP <sub>MP</sub> ) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                            | 5,700                                 |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |
| (b)                                                         | <p>(i) Distinguish between Real Gross Domestic Product (GDP) and Nominal Gross Domestic Product.</p> <p><b>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.</b></p> <p style="text-align: center;"><b>Whereas;</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1 ½                                        |                                       |                                            |                                       |   |               |       |       |   |               |       |       |   |       |               |       |  |        |       |       |                                                             |  |  |       |                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <p><b>Nominal 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 current year prices.</b></p> <p>(ii) As per a news report dated April 11, 2023:<br/>         “Electric Vehicle sales crossed one million marks in FY 2023.”<br/>         Analyse its impact on Gross Domestic Product (GDP) and economic welfare.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>1 ½</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |            |
| <p><b>Ans. The increased sales of Electric Vehicles (EVs) is expected to have positive impacts on both Gross Domestic Product (GDP) and welfare. An increase in the sale of EVs directly contributes to the value addition, in turn GDP of an economy. Moreover, EVs are eco-friendly as they do not produce pollutants and are energy efficient. Consequently, the well-being of citizens will increase thereby creating positive externalities.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>3</p>   |
| <p>Note: The following question is for the <b>Visually Impaired Candidates</b> only in lieu of Q. No. 16 (b) (ii).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |            |
| <p>Explain how, ‘non-monetary transactions’ in an economy act as a limitation of using GDP as an indicator of welfare.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            |
| <p><b>Ans. 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 (GDP). These transactions are referred to as ‘non-monetary transactions’. Transactions like domestic services rendered by a homemaker contribute to welfare but are not included in the estimation of GDP as they are not paid for.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>3</p>   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>6</p>   |
| <p>17. Read the following text carefully:<br/>         Government provides certain goods and services which cannot be provided by the market mechanism. Examples of such goods are national defence, roads, government administration, etc. which are referred to as public goods.<br/>         There are two major differences between public and private goods. One, the benefits of public goods are available to all and are not only restricted to one particular consumer. For example, if a person wears a shirt, it will not be available to others. It is said that this person’s consumption stands in rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits will be available to all. One person’s consumption of a good does not reduce the amount available for consumption for others and so several people can enjoy the benefits, that is, the consumption of many people is not ‘rivalrous’.<br/>         Two, in the case of private goods, anyone who does not pay for the goods can be excluded from enjoying its benefits. If you do not buy a ticket, you will not be allowed to watch a movie at a local cinema hall. However, in the case of public goods, there is no feasible way of excluding anyone from enjoying the benefits of the good. That is why public goods are called non-excludable. Even if some users do not pay, it is difficult and sometimes impossible to collect fees for the public good. These non-paying users are known as ‘free-riders’. Consumers will not voluntarily pay for what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and</p> |            |

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
|                                                                                   | <p>consumer which occurs through the payment process is broken and the government must step in to provide for such goods.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Describe how the Government's role in providing public goods impacts community welfare.</p> <p><b>Ans. Public goods refer to those goods and services which cannot be provided by the market mechanism. The government's provision for public goods ensures the availability of goods that can be collectively consumed by the public where one person's consumption of a good does not reduce the amount available for consumption for others and so several people can enjoy the benefits, thus promoting community welfare.</b><br/>(To be marked as a whole)</p> <p>(b) Define free-riders. Explain the challenges posed by the free-riders in the context of public goods.</p> <p><b>Ans. Non-paying users of public goods are known as 'free-riders'.</b><br/><b>People do not pay for public goods as they are available free of cost, to one and all. The government must intervene to provide such non-exclusive goods, as these goods are not owned by individuals. Thus, the financial burden of public goods is borne by the government.</b></p> | <p>3</p> <p>1</p> <p>2</p> <p>6</p> |
| <p align="center"><b>SECTION – B</b><br/><b>(Indian Economic Development)</b></p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |
| 18.                                                                               | <p>Which of the following country/countries followed the Five-Year Planning structure of economic development?<br/>(Choose the correct option)</p> <p>(i) India (ii) China<br/>(iii) Pakistan (iv) USA</p> <p><b>Options:</b><br/>(A) (i), (ii) and (iii) (B) (ii) and (iii)<br/>(C) (i) and (iv) (D) Only (iv)</p> <p><b>Ans. (A) (i), (ii) and (iii)</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1                                   |
| 19.                                                                               | <p>Read the following statements carefully:</p> <p>Statement 1: Employment is an activity which enables a person to earn means of livelihood for his/her family.</p> <p>Statement 2: A worker is the one who contributes to the process of Gross Domestic Product (GDP) by rendering his productive services.</p> <p>In the light of given statements, choose the correct option from the following:</p> <p>(A) Statement 1 is true and Statement 2 is false.<br/>(B) Statement 1 is false and Statement 2 is true.<br/>(C) Both Statements 1 and 2 are true.<br/>(D) Both Statements 1 and 2 are false.</p> <p><b>Ans. (C) Both Statements 1 and 2 are true</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1                                   |
| 20.                                                                               | <p>_____ indicator may be defined as the measure of the extent of demographic participation in social and political decision-making.<br/>(Choose the correct option to fill in the blank)</p> <p>(A) Economic (B) Liberty<br/>(C) Health (D) Demographic</p> <p><b>Ans. (B) Liberty</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1                                   |
| 21.                                                                               | <p>White Revolution is associated with _____.<br/>(Choose the correct option to fill in the blank)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                     |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                        |                                                                       |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
|     | (A) Horticulture<br>(C) Dairy Production<br><b>Ans. (C) Dairy Production</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (B) Fisheries<br>(D) Animal Husbandry                                                                  | <b>1</b>                                                              |
| 22. | In China, under _____, peasants were provided with pooled land to create larger fields that could yield greater output and they shared farm implements.<br>(Choose the correct option to fill in the blank)<br>(A) Joint Farming System<br>(B) Commune System<br>(C) Great Proletarian Cultural Revolution<br>(D) Green Revolution<br><b>Ans. (B) Commune System</b>                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                        | <b>1</b>                                                              |
| 23. | Read the following statements – Assertion (A) and Reason (R) carefully. Choose the correct alternative from those given below:<br>Assertion (A): The year 1921 is called as the Year of Great Divide.<br>Reason (R): After the year 1921, India experienced a sharp rise in its population growth rate.<br><b>Options:</b><br>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).<br>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <b>not</b> the correct explanation of Assertion (A).<br>(C) Assertion (A) is true, but Reason (R) is false.<br>(D) Assertion (A) is false, but Reason (R) is true.<br><b>Ans. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</b> |                                                                                                        | <b>1</b>                                                              |
| 24. | Mao initiated the ‘Great Leap Forward’ movement in the year _____.<br>(Choose the correct option to fill in the blank)<br>(A) 1951<br>(C) 1958<br><b>Ans. (C) 1958</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (B) 1955<br>(D) 1962                                                                                   | <b>1</b>                                                              |
| 25. | “The Indian Government adopted a policy of fixing maximum land holding limit (ownership) for an individual.”<br>It is commonly known as _____. (Choose the correct option to fill in the blank)<br>(A) Green Revolution<br>(C) Marketable Surplus<br><b>Ans. (B) Land Ceiling</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (B) Land Ceiling<br>(D) Golden Revolution                                                              | <b>1</b>                                                              |
| 26. | Study the following image and identify the measure adopted by the Government to improve agricultural marketing.<br>(Choose the correct option)<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (A) Cooperative credit societies<br>(C) Transportation facilities<br><b>Ans. (B) Regulated markets</b> | (B) Regulated markets<br>(D) Dissemination of information<br><b>1</b> |



|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
|            | <p><b>Ans. The source of Human Capital Formation (HCF) indicated in the given image is investment in education.</b></p> <p><b>Education provides knowledge to understand changes in society and scientific advancements. It stimulates inventions and innovations in the economy. Similarly, the availability of an educated labour force facilitates adaptation to new technologies. Technical skills acquired through education provide an opportunity to make better use of given resources thereby promoting the economic development of the nation.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p> <p><i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 29.</i></p> <p>Explain 'Investment in Education' as a source of human capital formation.</p> <p><b>Ans. Education provides knowledge to understand changes in society and scientific advancements. It stimulates inventions and innovations in the economy. Similarly, the availability of educated labour force facilitates adaptation to new technologies. Technical skills acquired through education provide an opportunity to make better use of given resources thereby promoting economic development of the nation.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p> | 3      |
| 30.        | <p>"It is necessary to generate more employment in the formal sector rather than in the informal sector."</p> <p>Justify the given statement with valid arguments.</p> <p><b>Ans. The formal sector workers can form trade unions and are entitled to fair wages and other social security measures. However, workers in the informal sector do not get regular income. Additionally, they do not have any protection/regulation from the government. Many a times, workers may be dismissed without any compensation. Hence, formal sector employees are generally in a better position as compared to informal sector employees. Therefore, it is essential to generate employment in the formal sector rather than the informal sector.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4      |
| 31.        | <p>Evaluate any two factors that led to the rapid growth in economic development in China.</p> <p><b>Ans. Two factors that led to economic development in China are:</b></p> <ul style="list-style-type: none"> <li>• <b>In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors. In agriculture, commune lands were divided into small plots, which were allocated (for use not ownership) to individual households. They were allowed to keep all income from the land after paying stipulated taxes.</b></li> <li>• <b>In the later phase, reforms were initiated in the industrial sector. Private sector firms (owned and operated by local collectives) were allowed to produce goods. Subsequently, enterprises owned by the government were made to face competition.</b></li> </ul> <p style="text-align: right;"><b>(Any other valid factor to be awarded marks)</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                 | 2<br>2 |
|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 4      |
| 32.<br>(a) | <p>"IT can play a critical role in achieving sustainable development and food security in the 21st century in the country."</p> <p>Justify the given statement with valid arguments</p> <p><b>Ans. Information Technology (IT) plays a crucial role as it can help the government to predict areas of food insecurity and vulnerability. Using appropriate information and software tools, timely action can be taken to prevent/reduce the likelihood of an emergency. It helps in disseminating information regarding emerging technologies and their applications, prices, weather and soil conditions for growing different crops etc.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p> <p style="text-align: center;"><b>OR</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 4      |
| (b)        | Explain the importance of credit availability in rural development.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |        |

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|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
|     | <p><b>Ans. Growth of rural economy depends primarily on infusion of capital, from time to time, to realise higher productivity in agriculture and non-agriculture sectors. As the gestation period (duration between crop sowing and realisation of income after production) is quite long, hence rural credit is required to meet their initial investment needs of seeds, fertilizers, implements, etc. along with other family expenses.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>                                                                                                                                                                                                                                                                                                                                                               | 4   |
| 33. | <p>(i) “Globalisation has been a process for India with only positive results.”</p> <p><b>Defend or refute the given statement with valid explanation.</b></p> <p><b>Ans. The given statement is refuted. The process of globalisation has produced positive as well as negative results for the Indian economy. With the creation of a borderless world, the Indian economy has greater access to global markets and latest technology. On the contrary, globalisation made it easier for developed countries to expand their markets in other countries, compromising the welfare of people belonging to these countries. Consequently, it has also widened the economic disparities among nations and people.</b></p>                                                                                                                                                             | 3   |
| (a) | <p>(ii) “The goal of equity was served by ‘Abolition of Intermediaries’ in agriculture in the post independence period.”</p> <p><b>Do you agree with the given statement? Support your answer with valid explanation</b></p> <p><b>Ans. No. The goal of equity in agriculture was not fully served by the abolition of intermediaries, as in some areas the erstwhile zamindars continued to own large areas of land by making use of the loopholes in the legislation. There were cases where tenants were evicted and the land owners claimed to be self-cultivators. Even when the tillers got ownership of land, the poorest of the agricultural labourers did not benefit from land reforms.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>                                                                                                         | 3   |
|     | <b>OR</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6   |
| (b) | <p>(i) “Farm subsidies put a huge burden on the government finances, but are necessary for poor and marginal farmers.”</p> <p><b>Justify the given statement with valid explanation.</b></p> <p><b>Ans. The introduction of farm subsidies had been an opinionated step taken by the Government of India.</b></p> <p><b>Arguments in favour of continuing farm subsidies:</b></p> <ul style="list-style-type: none"> <li>• <b>Most farmers (small and marginal) may not be able to afford expensive agricultural inputs without subsidies.</b></li> </ul> <p><b>Arguments against farm subsidies:</b></p> <ul style="list-style-type: none"> <li>• <b>It is often argued that farm subsidies have helped the fertilizer industry much more than helping the needy farmers.</b></li> </ul> <p style="text-align: right;"><b>(Any other valid explanation to be awarded marks)</b></p> | 1 ½ |
|     | <p>(ii) Discuss briefly the role of small scale industries in generating of employment and equity in India under the planning period.</p> <p><b>Ans. Small Scale Industries (SSIs) have played a significant role in the growth journey of India. SSIs require less capital and are highly labour intensive. Thus, in a labour-abundant economy like India, they have generated employment opportunities in both rural and urban areas. To support these industries, the production of some goods was reserved and were also given concessions like lower excise duty and bank loans at lower interest rates.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>                                                                                                                                                                                             | 1 ½ |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3   |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6   |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                  |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 34. | <p>Read the following text carefully:</p> <p>Growing carbon footprint of industries have put power and steel sector in the spotlight as the major contributor to the climate crisis. The challenge of climate change can be tackled only by making our industries and businesses follow practices and processes that reduce their carbon footprint. It can be possible only with green financing.</p> <p>Green financing aims to increase the level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities.</p> <p>Global green finance has also started chasing Indian companies. Global development finance institutions and funds are ready to offer long-term support (both equity and debt) at cheap rates to projects like solar energy and hydropower.</p> <p>Green finance can positively affect environment quality, economic development and financial issues that promote the green economy, such as reducing greenhouse gas emissions, improving energy efficiency or enhancing the organic economy.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) State the meaning and objective of green finance.</p> <p><b>Ans. Green finance refers to the practices and processes that industries and businesses should follow to reduce carbon footprints.</b></p> <p><b>The aim of green financing is to increase the level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities.</b></p> <p>(b) Discuss any two benefits of green financing.</p> <p><b>Ans. The benefits of green financing are:</b></p> <ul style="list-style-type: none"> <li><b>Green finance positively affects environmental quality by reducing greenhouse gas emissions.</b></li> <li><b>Improves energy efficiency by investing in projects that promote green economy.</b></li> </ul> <p><b>(Any other valid benefit to be awarded marks)</b></p> | <p>1</p> <p>2</p> <p>1 ½</p> <p>1 ½</p> <p>6</p> |
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