

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior School Certificate Examination (Supplementary), July 2025
ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/S/2)

General Instructions: -

1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC.”
3	Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one’s own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them. In Class XII, while evaluating competency-based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers. These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after deliberation and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark(✓) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (✓) while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totalled up and written in the left-hand margin and encircled. This may be followed strictly.

8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 80 has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Evaluation Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past:-</p> <ul style="list-style-type: none"> • Leaving answer or part thereof unassessed in an answer book. • Giving more marks for an answer than assigned to it. • Wrong totaling of marks awarded on an answer. • Wrong transfer of marks from the inside pages of the answer book to the title page. • Wrong question wise totaling on the title page. • Wrong totaling of marks of the two columns on the title page. • Wrong grand total. • Marks in words and figures not tallying/not same. • Wrong transfer of marks from the answer book to online award list. • Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) • Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0) Marks.
15	Any un assessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

MARKING SCHEME

Senior School Certificate Examination (Supplementary), July 2025


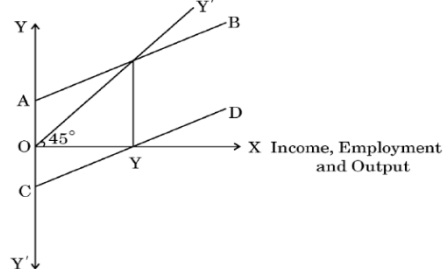
ECONOMICS (Subject Code–030)

[Paper Code: 58/S/2]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
SECTION -A (Macro Economics)		
1.	<p>In the Keynesian economic analysis, determination of equilibrium income in the short-run is usually expressed as _____. (Choose the correct alternative to fill in the blank)</p> <p>(i) Ex-ante Aggregate Demand = Ex-ante Aggregate Supply (ii) Consumption (C) + Investment (I) = Savings (iii) Consumption (C) + Investment (I) = National Income (iv) Ex-ante Savings = Ex-ante Investments</p> <p>Alternatives : (A) (i) and (ii) (B) (i) and (iv) (C) (i), (ii) and (iv) (D) (i), (iii) and (iv)</p> <p>Ans. (D) (i), (iii) and (iv)</p>	1
2.	<p>Expenditure incurred by the Government of India on the construction of 8-lanes Delhi-Mumbai Expressway can be classified as _____ expenditure of the government, as it may lead to _____ in the value of assets.</p> <p>(Choose the correct alternative to fill in the blanks)</p> <p>(A) revenue, increase (B) revenue, reduction (C) capital, increase (D) capital, reduction</p> <p>Ans. (C) capital, increase</p>	1
3.	<p>In an imaginary economy, maintaining a Cash Reserve Ratio of 20% with primary deposits of ₹ 1,000, the total derivative deposits created by banks would be ₹ _____. (Choose the correct alternative to fill in the blank)</p> <p>(A) 5,000 (B) 1,000 (C) 4,000 (D) 3,000</p> <p>Ans. (C) 4,000</p>	1
4.	<p>Read the following statements carefully : Statement 1: Real National Income is always less than Nominal National Income. Statement 2: Real National Income is the money value of all the final goods and services produced by the normal residents of an economy in an accounting year, measured at the base year prices.</p> <p>In the light of the given statements, choose the correct alternative from the following: (A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.</p> <p>Ans. (B) Statement 1 is false and Statement 2 is true.</p>	1
5.	<p>Suppose in an economy there exist autonomous investments, which are independent of the level of income. Graphically, the autonomous investments curve would be _____. (Choose the correct alternative to fill in the blank)</p>	

	<p>(A) a straight line parallel to y-axis (B) a straight line parallel to x-axis (C) an upward sloping straight line at x-intercept, in the positive quadrant (D) a downward sloping straight line at y-intercept</p> <p>Ans. (B) a straight line parallel to x-axis</p>	1
6.	<p>From the following statements, identify the incorrect statement in case of underemployment equilibrium. (Choose the correct alternative)</p> <p>(A) Resources are fully and efficiently utilised. (B) An existence of excessive production capacity in the economy. (C) Aggregate supply is equal to Aggregate demand below full employment level. (D) Resources are not fully and efficiently utilised.</p> <p>Ans. (A) Resources are fully and efficiently utilised.</p>	1
7.	<p>Read the following statements carefully: Statement 1: The value of Average Propensity to Save (APS) can be greater than one. Statement 2: Break-even point is the level at which level of consumption is equal to the income. In the light of the given statements, choose the correct alternative from the following: (A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.</p> <p>Ans. (B) Statement 1 is false and Statement 2 is true.</p>	1
8.	<p>The budget in which government's total planned spending is equal to total planned revenue is referred to as _____ budget. (Choose the correct alternative to fill in the blank)</p> <p>(A) Surplus (B) Deficit (C) Micro (D) Balanced</p> <p>Ans. (D) Balanced</p>	1
9.	<p>Identify, which of the following are the correct features of money supply in an economy. (Choose the correct alternative)</p> <p>(i) It is a stock concept. (ii) It includes money held by banks and government. (iii) It is a flow concept. (iv) It includes money held by households and firms.</p> <p>Alternatives: (A) (i) and (iv) (B) (ii) and (iii) (C) (iii) and (iv) (D) (i) and (ii)</p> <p>Ans. (A) (i) and (iv)</p>	1
10.	<p>Identify, which of the following is not to be considered while estimating the revenue deficit of an economy. (Choose the correct alternative)</p> <p>(A) Goods and Services Tax (GST) collection (B) Income from fines and penalties (C) Interest payments (D) Expenditure on acquisition of land and buildings</p> <p>Ans. (D) Expenditure on acquisition of land and buildings</p>	1
11. (a)	<p>(i) Define 'tax'. Ans. Tax is a compulsory unilateral payment imposed by the government on the households or firms.</p>	1

	<p>(ii) On the basis of the given image, identify and categorize two items into direct and indirect taxes.</p> <div style="text-align: center;"> <p>Gross Tax Revenue (FY23 BE)</p>  </div> <p>Ans. Direct Taxes: Corporate Tax, Personal Income Tax Indirect Taxes: Goods and Services Tax, Custom, Excise Duty</p> <p style="text-align: center;">OR</p> <p>(b) “The government through its budgetary policy may intervene to expand or reduce demand in an economy.” In the light of the given statement, discuss briefly the budgetary objectives the government is trying to achieve. Ans. The budgetary objective highlighted in the given statement is Economic Stability. Under the situation of inflation/ deflation, the government may increase/ decrease taxes and decrease/ increase expenditure to reduce/ expand Aggregate Demand in an economy. Thus, through its budgetary policy the government may control price fluctuations in an economy. (To be marked as a whole)</p>	<div style="text-align: center;">1 1 3</div> <div style="text-align: center;">3</div>																								
<p>12.</p>	<p>On the basis of the following data, estimate the value of National Income (NNP_{FC}):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S.No.</th><th style="text-align: center;">Items</th><th style="text-align: center;">Amount (in ₹ crore)</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">(i)</td><td>Private Final Consumption Expenditure</td><td style="text-align: center;">1,000</td></tr> <tr> <td style="text-align: center;">(ii)</td><td>Government Final Consumption Expenditure</td><td style="text-align: center;">1,000</td></tr> <tr> <td style="text-align: center;">(iii)</td><td>Net Domestic Fixed Capital Formation</td><td style="text-align: center;">800</td></tr> <tr> <td style="text-align: center;">(iv)</td><td>Net Additions to Stock</td><td style="text-align: center;">200</td></tr> <tr> <td style="text-align: center;">(v)</td><td>Net Exports</td><td style="text-align: center;">500</td></tr> <tr> <td style="text-align: center;">(vi)</td><td>Net Indirect Taxes</td><td style="text-align: center;">200</td></tr> <tr> <td style="text-align: center;">(vii)</td><td>Net Factor Income from Abroad</td><td style="text-align: center;">100</td></tr> </tbody> </table> <p>Ans. National Income (NNP_{FC}) = (i) + (ii) + (iii) + (iv) + (v) + (vii) – (vi) = 1,000 + 1,000 + 800 + 200 + 500 + 100 – 200 = ₹ 3,400 crore</p>	S.No.	Items	Amount (in ₹ crore)	(i)	Private Final Consumption Expenditure	1,000	(ii)	Government Final Consumption Expenditure	1,000	(iii)	Net Domestic Fixed Capital Formation	800	(iv)	Net Additions to Stock	200	(v)	Net Exports	500	(vi)	Net Indirect Taxes	200	(vii)	Net Factor Income from Abroad	100	<div style="text-align: center;">1 ½ 1 ½</div> <div style="text-align: center;">3</div>
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<p>13.</p>	<p>On the basis of the given figure, answer the following questions:</p> <div style="text-align: center;">  </div> <p>(a) Identify AB and CD curves. Ans. In the given figure:</p>																									

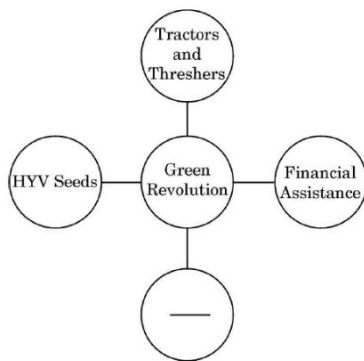
	<ul style="list-style-type: none">AB represents the Consumption Curve.CD represents the Savings Curve. <p>(b) Briefly discuss the reason for AB curve starting from point A (Y-intercept).</p> <p>Ans. Consumption curve (AB) starts from point A on the Y-axis, representing the Autonomous Consumption, which is the minimum level of consumption by households for their survival needs. It is the amount of consumption expenditure at zero level of income i.e. level of consumption which is independent of income.</p> <p>(c) State the significance of OY level of income.</p> <p>Ans. At OY level of income, savings are zero as the consumption expenditure is exactly equal to income. This represents the Break-even level of income.</p>	$\frac{1}{2}$ $\frac{1}{2}$ 2 1 4															
14.	<p>Suppose in a hypothetical economy, reserve ratio changes from 20% to 25% and the value of primary deposits are ₹ 1,000 crore.</p> <p>Calculate the change in the amount of money creation when reserve ratio changes from 20% to 25%.</p> <p>Ans. Given, primary deposits ₹ 1,000 crore and change in Reserve Ratio from 20% to 25% the change in amount of money creation is depicted as follows:</p> <table><tr><th>Case</th><th>Primary Deposits (in ₹ crore)</th><th>Reserve Ratio (RR)</th><th>Money Multiplier ($\frac{1}{RR}$)</th><th>Amount of Money Creation (Primary Deposits x Money Multiplier)</th></tr><tr><td>I</td><td>1,000</td><td>0.2</td><td>$\frac{1}{0.2} = 5$</td><td>$1,000 \times 5 = ₹ 5,000$</td></tr><tr><td>II</td><td>1,000</td><td>0.25</td><td>$\frac{1}{0.25} = 4$</td><td>$1000 \times 4 = ₹ 4,000$</td></tr></table> <p>It may be concluded from the two cases shown in the table that, with ₹ 1,000 crore of primary deposits and change in Reserve Ratio (RR) from 20% to 25%, the amount of money creation reduces from ₹ 5,000 crore to ₹ 4,000 crore.</p>	Case	Primary Deposits (in ₹ crore)	Reserve Ratio (RR)	Money Multiplier ($\frac{1}{RR}$)	Amount of Money Creation (Primary Deposits x Money Multiplier)	I	1,000	0.2	$\frac{1}{0.2} = 5$	$1,000 \times 5 = ₹ 5,000$	II	1,000	0.25	$\frac{1}{0.25} = 4$	$1000 \times 4 = ₹ 4,000$	 2 2 4
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15.	<p>(a) In what ways do alterations in margin requirements impact the ease with which households and firms can obtain credit?</p> <p>Ans. Margin requirement refers to the difference between the amount of the loan and value of the security offered by the borrower against the loan. An increase in margin requirement implies a decrease in the amount of loan available to households and firms on the security offered. However, a decrease in margin requirement implies an increase in the amount of loan available to households and firms on the security offered. Thus, an alteration in margin requirement may change the quantum of credit available to households and firms. (To be marked as a whole)</p> <p style="text-align: center;">OR</p> <p>(b) Assuming for a hypothetical economy, government induces an additional investment of ₹ 1,000 crore and 80 percent of additional income is spent on consumption. Estimate the values of the following:</p> <p>(i) Investment multiplier (K)</p> <p>(ii) Change in income (ΔY)</p> <p>Ans. Given, Change in Investment (ΔI) = ₹ 1,000 crore</p> <p>Marginal Propensity to Consume (MPC) = 80% = 0.8</p> <p>(i) Investment Multiplier (K) = $\frac{1}{1-MPC}$</p> <p style="text-align: center;">$= \frac{1}{1-0.8}$</p> <p style="text-align: center;">$= 5$</p>	 4 															

	<ul style="list-style-type: none"> Trade in Services: It includes transactions on account of factor income and non-factor income, such as shipping, banking, tourism, etc. Receipts from exports of services are recorded on the credit side of current account while payments for import of services are recorded on the debit side. 	1 ½
	OR	6
(b)	<p>(i) “A rise in price of foreign exchange leads to fall in demand for foreign exchange, other factors remaining constant.”</p> <p>Do you agree with the given statement? Give valid reasons in support of your answer.</p> <p>Ans. Yes, other factors remaining constant, there exists an inverse relationship between the price of foreign exchange and the demand for foreign exchange.</p> <p>A given rise in the price of foreign exchange will increase the cost (in terms of rupees) of purchasing foreign goods and services. This reduces imports and thereby decreases the demand for foreign exchange. (To be marked as a whole)</p> <p>(ii) As per the statement given by the Governor of Reserve Bank of India (RBI) dated 10th August 2023:</p> <p>“The inflows from net commercial borrowings have been US \$ 6·0 billion during April – June 2023.”</p> <p>Identify, the sub-account and the side of Balance of Payments where the above stated transactions would be recorded. State valid reasons in support of your answer.</p> <p>Ans. Net commercial borrowings from abroad will be recorded in the Capital Account of the Balance of Payments, as it leads to an increase in liabilities.</p> <p>Borrowings from abroad are recorded on the credit side of the Capital Account as such transactions result in an inflow of foreign currency.</p>	3
		1 ½
		1 ½
		6

SECTION – B
(Indian Economic Development)

18.	<p>‘Expenditure on health’ is one of the sources of Human Capital Formation where, _____ is one of the most suitable curative measures.</p> <p style="text-align: right;">(Choose the correct alternative to fill in the blank)</p> <p>(A) Vaccination (B) Medical intervention during illness (C) Spread of health awareness (D) Provision of clean drinking water</p> <p>Ans. (B) Medical intervention during illness</p>	1
19.	<p>Read the following statements : Assertion (A) and Reason (R) carefully. Choose the correct alternative from those given below:</p> <p>Assertion (A): India and Pakistan adopted many similar strategies for their respective economic developmental paths.</p> <p>Reason (R): In late 1970s, India and Pakistan came up with the policy of denationalisation of capital goods industries.</p> <p>Alternatives:</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (C) Assertion (A) is true, but Reason (R) is false.</p>	1

20.	<p>In 2018, Pakistan implemented its _____ five year development plan. (Choose the correct alternative to fill in the blank)</p> <p>(A) 10th (B) 11th (C) 12th (D) 13th</p> <p>Ans. (C) 12th</p>	1
21.	<p>The geographical areas in which specific laws are applied to encourage foreign investments are known as _____. (Choose the correct alternative to fill in the blank)</p> <p>(A) European Union (B) G-7 (C) G-20 (D) Special Economic Zones</p> <p>Ans. (D) Special Economic Zones</p>	1
22.	<p>_____ implies shedding of the ownership or management of a government owned enterprise. (Choose the correct alternative to fill in the blank)</p> <p>(A) Liberalisation (B) Privatisation (C) Globalisation (D) Nationalisation</p> <p>Ans. (B) Privatisation</p>	1
23.	<p>Identify, which of the following is not a factor responsible for land degradation. (Choose the correct alternative)</p> <p>(A) Deforestation (B) Overgrazing (C) Industrial practices (D) Proper crop rotation</p> <p>Ans. (D) Proper crop rotation</p>	1
24.	<p>The institutional structure of rural banking today consists of a set of multi-agency institutions except the _____. (Choose the correct alternative to fill in the blank)</p> <p>(A) Commercial Banks (B) Regional Rural Banks (RRBs) (C) Land Development Banks (LDBs) (D) Private Money-lenders</p> <p>Ans. (D) Private Money-lenders</p>	1
25.	<p>Read the following statements carefully: Statement 1: India has been the front runner of advocating the interests of the developing world. Statement 2: Keeping its commitment, India has not removed the quantitative restrictions. In the light of the given statements, choose the correct alternative from the following: (A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.</p> <p>Ans. (A) Statement 1 is true and Statement 2 is false.</p>	1
26.	<p>The extent of constitutional protection of the independence of the Judiciary and the Rule of Law, is an example of _____ indicator. (Choose the correct alternative to fill in the blank)</p> <p>(A) economic growth (B) liberty (C) human destruction (D) human values</p> <p>Ans. (B) liberty</p>	1
27.	<p>Study the following image carefully:</p>	



Identify, which of the following factors is an essential requirement for the implementation of Green Revolution. (Choose the correct alternative)

- (A) Regular use of chemical fertilizers
- (B) Use of natural manures
- (C) A lesser requirement for irrigation facilities
- (D) Traditional seeds

Ans. (A) Regular use of chemical fertilizers

1

28. Study the following images carefully:



Identify and discuss briefly the types of employment sectors indicated.

Ans. The types of employment sectors indicated in the given image are:

- **Informal Sector:** This sector includes those private sector establishments which employ less than 10 hired workers. Workers in informal sector often lack job security, regular income and can be dismissed without any compensation.
- **Formal Sector:** It includes all the public sector establishments and those private sector establishments which employ 10 hired workers or more. Formal sector workers get regular income and are entitled to social security benefits like provident fund, pension etc.

$\frac{1}{2} + 1$

$\frac{1}{2} + 1$

3

29. Enumerate briefly, the development of the modern industrial sector during the British rule.
(a) **Ans. Modern industries began to take root in India during the second half of the nineteenth century but its progress remained very slow. Initially, this development was confined to the setting up of cotton and jute textile mills in selected states. Subsequently, the iron and steel industries began coming up in the beginning of the twentieth century. The Tata Iron and Steel Company (TISCO) was incorporated in 1907. A few other industries like sugar, cement, paper etc. also came up after second world war. (To be marked as a whole)**

3

OR

(b) Explain any two salient features of India's foreign trade during the British rule.

Ans. Two salient features of India's foreign trade during British rule were:

- **India became an exporter of primary products (such as raw silk, cotton etc.) and an importer of finished consumer goods (cotton and silk clothes) and capital goods like machinery from Britain.**

1 $\frac{1}{2}$

	<ul style="list-style-type: none"> Britain maintained monopoly control over India's export and imports. As a result, more than half of India's foreign trade was restricted to Britain while the rest was allowed with a few other countries like China, Ceylon (Sri Lanka) and Persia (Iran). 	1 ½
		3
30.	<p>The Government of India has adopted various strategies to ensure that the future generations should have the same quality of life as the present generation.</p> <p>In the light of the given statement, briefly discuss any two strategies.</p> <p>Ans. Two strategies adopted by the Government of India to ensure that the future generation have the same quality of life as the present generation are:</p> <ul style="list-style-type: none"> Use of wind energy: In areas where speed of wind is usually high, windmills are used to generate electricity without any adverse impact on the environment. Though the initial cost of setting up a wind energy system is high but the benefits outweigh the cost. Use of solar energy: With the help of photovoltaic cells/solar panels, solar energy is converted into electricity. It is free from pollution and is useful for remote areas where supply through power grid is either not possible or proves very costly. 	2 2
		4
31. (a)	<p>"The Ministry of Skill Development and Entrepreneurship (MSDE) and the Indian Space Research Organisation (ISRO) organised a capacity-building training aimed at upgrading the skills of government personnel and further contributing to increasing India's share in the global space industry."</p> <p>In the light of the given statement, explain how such training programmes can affect human capital formation.</p> <p>Ans. Capacity-building initiatives by Ministry of Skill Development and Entrepreneurship (MSDE) and the Indian Space Research Organisation (ISRO) in the form of On-the-job training boost the efficiency of government personnel. Such trainings have become an integral part of work environment in the recent times as they add to the productive capacity of employees.</p> <p>Firms encourage such capacity-building programmes, as the benefits outweigh the cost of these trainings. They help employees keep pace with modern technologies and innovative practices. Thus, it can be asserted that on-the-job training is an important source of human capital formation.</p> <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;">OR</p>	4
(b)	<p>"Both physical capital and human capital depreciate with time, but the nature of depreciation differs between the two."</p> <p>Do you agree with the given statement? State and discuss valid reasons in support of your answer.</p> <p>Ans. Yes, human capital and physical capital both depreciate with time but the nature of depreciation differs between the two. With the continuous wear and tear and change of technology, physical capital depreciates and becomes obsolete. Whereas, in the case of human capital, depreciation takes place with ageing but can be reduced, to a large extent, through continuous investment in education, health, etc. This investment also facilitates the human capital to cope with change in technology, which is not the case with physical capital.</p> <p style="text-align: right;">(To be marked as a whole)</p>	4
32.	<p>The 'Great Leap Forward' campaign initiated in China in 1958 faced many problems. Explain briefly any two of these problems.</p> <p>Ans. The Great Leap Forward campaign which was initiated in China in 1958 met with many problems such as:</p> <ul style="list-style-type: none"> A severe drought caused havoc in China killing about 30 million people. 	2

	<ul style="list-style-type: none"> • Russia had conflicts with China and it withdrew its professionals who had earlier been sent to China to help in the industrialisation process. 	2
		4
33.	<p>Read the following text carefully:</p> <p style="text-align: center;">The need for eco-friendly agriculture in India</p> <p>A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth. This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long term vision of eco-friendly agriculture. Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India. Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term. It also accelerates land degradation and desertification by destroying the natural soil properties. Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon. On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Explain any two problems associated with the usage of chemical fertilizers.</p> <p>Ans. Two problems associated with the usage of chemical fertilizers:</p> <ul style="list-style-type: none"> • Fertilizers runoff to water bodies and subsequent nutrient overload result in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. • Use of chemical fertilizers accelerates land degradation and desertification by destroying the natural soil properties. <p>(b) Discuss briefly the economic rationale behind the government's move to promote organic farming.</p> <p>Ans. Organic farming aids in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives boosts soil organic carbon and fertility. (To be marked as a whole)</p> <p>(c) State the meaning of green growth.</p> <p>Ans. Green growth refers to the economic growth that is achieved in such a manner that minimizes environmental damage.</p>	<p>1 ½</p> <p>1 ½</p> <p>2</p> <p>1</p> <p>6</p>
34. (a)	<p>(i) "The Industrial Policy Resolution 1956, gave primacy to the government, making it responsible for the industrial development."</p> <p>Briefly outline the classification of industries into various categories.</p> <p>Ans. Industrial Policy Resolution 1956 classified the industries in three categories as follows:</p> <ul style="list-style-type: none"> • The first category (Schedule A), comprised of industries which would be exclusively owned by the government. 	1

(b)	<ul style="list-style-type: none"> • In the second category (Schedule B), consisted of industries in which the private sector could supplement the efforts of the public sector, with the government taking the sole responsibility for starting new units • The third category comprises all the remaining industries, the further development of which will be left to the initiative and enterprise of the private sector. 	1
	<p>(ii) “Economic reforms of 1991 failed miserably on the agricultural front.” Justify the given statement, giving valid reasons in support of your answer.</p> <p>Ans. The agricultural sector was adversely affected by the economic reforms of 1991, as public investment in agriculture sector especially in infrastructure has fallen to a great extent. Furthermore, the partial removal of fertiliser subsidy has led to increase in the cost of production, which has severely affected the small and marginal farmers. Moreover, there has been a shift from production for the domestic market towards export-oriented production focusing on cash crops, putting pressure on prices of food grains.</p> <p style="text-align: right;">(To be marked as a whole)</p>	3
	OR	6
	<p>(i) “Subsidies in the agriculture sector have been a debated question for long.” Validate the argument that subsidies should be gradually phased out in the agriculture sector.</p> <p>Ans. Some economists believed that agricultural subsidies should have been gradually phased out on the following grounds:</p> <ul style="list-style-type: none"> • Subsidies have helped the fertiliser industry much more than they have helped the needy farmers. • Farmers in the prosperous regions largely benefited from farm subsidies rather than benefitting the target group. • Agricultural subsidies have proved to be a huge burden on the finances of the government. 	1
		1
		1
	<p>(ii) Define ‘liberalisation’. State any two liberalisation reforms introduced in the fiscal sector.</p> <p>Ans. Liberalisation refers to the measures taken by the government to ease the restrictions on trade and business.</p> <p>Two liberalization measures pertaining to the fiscal sector were:</p> <ul style="list-style-type: none"> • Reduction in tax rates (direct taxes and indirect taxes) • Simplification of tax paying procedures. 	1
		1
		6

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