

MARKING SCHEME

(5)

Q. No.	EXPLANATION	Marks
1.	(d) Remittances by NRIs	1
2.	(d) Fiduciary money	1
3.	(d) Ministry of Finance	1
4.	Shrink	1
5.	We borrow from rest of the world or we sell our assets to rest of the world.	1
6.	Concentration of economic power with the foreign investors.	1
7.	Increase	1
8.	Deflation	1
9.	Rise in money supply	1
10.	(d) Decrease in income, output, employment and general price level.	1
11.	<p>As sale of private vehicles is increasing that showed rise in the production of these specified vehicles. This increase in the stock of goods led to increase in GDP but on the other hand it enhances the pollution in the environment which further resulted into fall in the welfare of the people.</p> <p style="text-align: center;">Or</p> <p>Repute. Social welfare depends on both. Explanation</p> <p>[Hint-As increase in the goods and services are must for attaining social welfare along with the increase in the stock of necessities required by the people.]</p>	3
12.	Atamnirbhar Bharat is a campaign to improve self-sufficiency in the manufacturing of goods and services or to avoid dependency on other countries for the essential items like medical etc. If Dependency reduces that resulted into fall in imports. Fall in imports will lead to fall in the	3

	demand of foreign currency that ultimately show fall in the foreign exchange rate.	
13.	<p>The report highlighting low growth rate of 4.7%, consumption and investment languishing, these all features showed the situation of Deficient Demand or Deflation in the economy.</p> <p>Then measures that may be taken by RBI to improve this situation are-</p> <p>Quantitative Instruments-</p> <ul style="list-style-type: none"> (i) Bank rate (ii) Open market operations (iii) Repo rate (iv) Reverse repo rate (v) Cash reserve ratio (vi) Statutory liquidity ratio <p>Qualitative Instruments-</p> <ul style="list-style-type: none"> (vii) Margin requirement (viii) Rationing of credit (ix) Moral Session <p>[Explain any 2 from them]</p>	4
14.	As economic slowdown shows deflationary situation in the economy so the government through its programmers like start up India, Make in India can initiate the domestic as well as foreign investors to invest in India that paved the way for increase in capital flow in the market. This will result into rectification of the deflationary situation.	4

15.	<p>EF gap is termed as Inflationary Gap or Excess Demand To rectify the situation of Excess Demand, the measures that are taken by government are-</p> <p>(i) Government expenditure</p> <p>(ii) Taxes</p> <p>(iii) Public Borrowing/Public Debt</p> <p>(iv) Borrowings from the RBI</p> <p>[Explain any two measures]</p>	4
16.	<p>(i) $NDP_{FC} = \text{Compensation of Employees} + \text{Operating Surplus} + \text{Mixed Income}$</p> <p>$4000 = 2400 + \text{Operating Surplus} + 400$</p> <p>$4000 - 2800 = \text{Operating Surplus}$</p> <p>Rs. 1200 Crore = Operating Surplus</p> <p>(ii) $GDP_{MP} = \text{Private final consumption expenditure} + \text{Government final consumption expenditure} + \text{Gross domestic capital formation (Gross domestic fixed capital formation} + \text{Change in stock)} + \text{Net Exports}$</p> <p>$GDP_{MP} = NDP_{FC} + \text{Consumption of fixed capital} + \text{Net Indirect Taxes}$</p> <p>$= 4000 + 100 + 150 = 4250$</p> <p>$4250 = 2000 + 1000 + (1000 + 100) + \text{Net Exports}$</p> <p>$4250 = 3000 + 1100 + \text{Net Exports}$</p> <p>$4250 - 4100 = \text{Net Exports}$</p> <p>Net exports = Rs. 150 crore</p> <p style="text-align: center;">Or</p> <p>(i) Yes, it is included in national income as it is a part of investment expenditure.</p> <p>(ii) No, it is not included in national income as it is a transfer payment.</p>	6

	(iii) Yes, it is included in national income as it is a part of government final consumption expenditure.	
17.	<p>(a) (i) It is capital expenditure because it create an assets for the government.</p> <p>(ii) It is revenue expenditure because it does not create assets or causes reduction in liabilities.</p> <p>(iii) It is revenue expenditure because it does not create assets or causes reduction in liabilities.</p> <p>(b) Yes, it is true that demonetisation would help the government to lower its fiscal deficit. Due to demonetisation black money economy will shrink. Unaccounted output and unaccounted income would now be accounted as a part of GDP and national income respectively. All this will result into increase in revenue receipt of the government by way of taxes. Accordingly, rise in tax receipts of the government will reduce the fiscal deficit.</p>	3+3
18.	(b) 1991	1
19.	(b) Disinvestment	1
20.	Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
21.	(i) – b, (ii) – C, (iii) – C, (iv) - a	1
	Option A (Both A and R are True and R is the correct explanation of (A))	
22.	(d) Statism	1
23.	(c) Pakistan	1
24.	Agriculture Sector, Structural problems- Income inequalities, low wages, informal labour.	1
25.	Defend with reasons.	1

26.	Informal organisation.	1
27.	Macro, small and medium enterprises.	1
28.	<p>The traditional practices that can be helpful in achieving the objective of sustainable development are-</p> <p>(i) Input-Efficient Technology</p> <p>(ii) Use of Environment- friendly sources of energy.</p> <p>(iii) Convert sunlight into solar energy and social energy into electricity.</p> <p>(iv) Shift to organic farming.</p> <p>(v) Manage the wastes or any other [Explain any 3]</p> <p style="text-align: center;">OR</p> <p>High population growth rate will increase the dependency ratio and this will enlarge the poverty if the rise in population growth is greater than the rise in per capita availability of output.</p>	3
29.	Enhancement of non-farm activities will decrease the burden on the land along with the decrease in disguised unemployment. The surplus labour will also shipped to the non-farm activities. All these will lead to generation of more income sources in the rural sector.	3
30.	<p>Yes, gains of green revolution are significant but not sufficient. Below stated limitations will show that-</p> <p>(i) Limited crops</p> <p>(ii) Gains are unevenly spread</p> <p>(iii) Majority of farmers are small and marginal</p> <p>(iv) Economic divide</p> <p>[Give explanation of all these points]</p> <p style="text-align: center;">Or</p>	4

	Shifting from inward looking trade strategy to outward looking trade strategy will initiate the domestic as well as the foreign investors to invest along with enlargement of the market. All this will result into increase in exports.	
31.	<p>The LPG policies will definitely show favorable impact on the Indian economy as follows-</p> <ul style="list-style-type: none"> (i) Increase in industrial production. (ii) Fiscal deficit lessened out. (iii) Foreign exchange reserve increased. (iv) Private foreign investment increased. (v) Market shift from Monopoly to competitive. (vi) A check on inflation etc. <p>(Explain any four points)</p>	4
32.	Explain the achievements of India Pakistan and China. [Explanation]	4
33.	<p>(a) Pradhanmantri Ujjwala Yojana will enhance the health of the people. [Explanation]</p> <p>(b) I agree with the statement. Passion and skill development are important for the development of a nation because-</p> <ul style="list-style-type: none"> (i) Education confirms higher earning capacity. (ii) It gives better social standing and pride. (iii) It enables one to make better choices in life. (iv) It provides knowledge to understand the changes taking place in society. 	6

	<p style="text-align: center;">Or</p> <p>(a) Yes, infrastructure is positively related to economic growth as-</p> <ul style="list-style-type: none"> (i) Enhance productivity (ii) Induces investment (iii) Enhances size of the market (iv) Generates linkages in production etc. <p>[Explanation]</p> <p>(b) Human capital formation will increase the availability of educated and skilled people which raises the productivity of physical capital. This will result into increase in the generation of income which further enhances quality of life.</p> <p>(c) Yes, India should focus more on renewable sources of energy as this generates following benefits-</p> <ul style="list-style-type: none"> (i) Environment friendly (ii) Cheap etc. <p>(Explanation)</p>	
34.	<p>(i) Distribution of workforce by industrial sector shows substantial shift from farm work to non-farm work. In 1972-73, about 74 percent of workforce was engaged in primary sector and in 2011-12, this proportion has declined to about 50 percent. Secondary and Service sectors are showing promising future for the Indian workforce. The shares of these sectors have increased from 11 to 24 percent and 15 to 27 percent respectively. The different indicates that over the last four decades (1972-2012), shift from self-employment and higher salaried employment to casual wage work. Yet, self-employment continues to be the major employment provider.</p>	6

	<p>(ii)The person of moving from self-employment to regular salaried employment to casual wage work as casualization of workers.</p> <p>(iii) Yes, casualization of workers has make the situation more vulnerable. (Explanation)</p>	
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