No. of printed pages: 16

CLASS - XII
POST MID-TERM EXAMINATION (2025-26)
ECONOMICS (030)
MARKING SCHEME
SET A1/A2

Time Allowed: 3 hours Max. Marks: 80

Q.NO. Set A1	Q.NO. Set A2	EXPECTED ANSWER / VALUE POINTS	MARKS
SECTION A: INTRODUCTORY MACROECONOMICS			
1	1	Set A1: Import of machinery by India will be recorded in the ______ account of BOP on the ________ side. (a) Current, debit (b) Current, credit (c) Capital, debit (d) Capital, credit **Answer: (a)** Set A2: Import of machinery by India will be recorded in the ______ account of BOP on the ________ side. (a) Current, credit (b) Current, debit (c) Capital, credit (d) Capital, debit **Answer: (b)**	1
2	2	Set A1: If legal reserve requirement is 10% and total deposits created are Rs. 3 lakhs, estimate the value of primary deposits. (a) Rs. 30 lakhs (b) Rs. 30,000 (c) Rs. 100 (d) Rs. 3.3 lakhs **Answer: (b)** Set A2: Under credit multiplier, deposit creation comes to an end when: (a) Legal reserve ratio becomes zero. (b) Money multiplier becomes zero. (c) Total reserves equal initial deposits. (d) Fresh deposits with banks become zero. **Answer: (c)**	1
3	3	Consider these statements: I. Grants given by the Centre to states for building schools are Revenue Expenditure. II. Grants received by the Centre from foreign countries for infrastructure projects are Revenue Receipts. Which of these is correct? (a) Only I (b) Only II (c) Both I and II (d) Neither I nor II **Answer: (c)**	1
4	4	Set A1: An increase in demand for foreign currency leads to: (a) Rise in exchange rate & appreciation of domestic currency (b) Fall in exchange rate & appreciation of domestic currency (c) Rise in exchange rate & depreciation of domestic currency	1

		(d) Fall in exchange rate & depreciation of domestic currency **Answer: (c)** Set A2: A decrease in demand for foreign currency leads to: (a) Rise in exchange rate & appreciation of domestic currency (b) Fall in exchange rate & appreciation of domestic currency (c) Rise in exchange rate & depreciation of domestic currency (d) Fall in exchange rate & depreciation of domestic currency **Answer: (b)**	
5	5	Set A1: In an economy, autonomous investment is Rs. 360 and the MPS is 0.3. If the equilibrium level of income is Rs. 1400, then find the value of autonomous consumption. Answer: S=I in equilibrium -c+0.3(1400)=360 **So, c = Rs. 60** Set A2: In an economy, autonomous investment is Rs. 390 and the MPS is 0.4. If the equilibrium level of income is Rs. 1400, then find the value of autonomous consumption. Answer: S=I in equilibrium -c+0.4(1400)=390 **So, c = Rs. 170**	1
6	6	Set A1: Under credit multiplier, deposit creation comes to an end when: (e) Fresh deposits with banks become zero. (f) Legal reserve ratio becomes zero. (g) Money multiplier becomes zero. (h) Total reserves equal initial deposits. **Answer: (d)** Set A2: If legal reserve requirement is 10% and total deposits created are Rs. 2 lakhs, estimate the value of primary deposits. (e) Rs. 20 lakhs (f) Rs. 20,000 (g) Rs. 100 (h) Rs. 1 lakh **Answer: (b)**	1
7	7	Set A1: The balance of trade shows a deficit of Rs. 1,200 lakh and the exports of merchandise are one-fourth of the imports of merchandise. Find the value of imports and exports. (a) M =1,600, X = 400 (b) M = 400, X = 1,600 (c) M =1,200, X = 800 (d) M = 800, X = 1,200 **Answer: (a)** Set A2: The balance of trade shows a deficit of Rs. 1,500 lakh and the exports of merchandise are half of the imports of merchandise. Find the value of imports and exports. (a) M = 2,000, X = 1,000 (b) M = 3,000, X = 1,500 (c) M = 1,500, X = 750 (d) M = 1,000, X = 500 **Answer: (b)**	1
8	8	Set A1: If revenue receipts of the government amount to Rs. 600 crores and its revenue expenditure is twice of its revenue receipts, calculate the revenue deficit. (a) Rs. 300 crores (b) Rs. 1,200 crores (c) Rs. 600 crores (d) Rs. 1,800 crores **Answer: (c)**	1

		Set A2: If revenue receipts of the government amount to Rs. 600 crores and its revenue expenditure is twice of its revenue receipts, calculate the revenue deficit. (a) Rs. 1,800 crores (b) Rs. 600 crores (c) Rs. 1,200 crores (d) Rs. 300 crores **Answer: (b)**	
9	9	Operating surplus = Income from _____ + Income from ______. Answer: property, entrepreneurship	1
10	10	Set A1: What will happen to the exchange rate when foreign institutional investors remain net sellers in the Indian capital markets? (a) Fall (b) Rise (c) Remain constant (d) First fall, then rise **Answer: (b)** Set A2: What will happen to the exchange rate when foreign institutional investors remain net sellers in the Indian capital markets? (a) Rise (b) Fall (c) Remain constant (d) First fall, then rise **Answer: (a)**	1
11	12	*"All paper notes in India carry the signature of the RBI Governor, assuring the public of their authenticity."* Identify the relevant function of RBI depicted in the above statement. Answer: Issuing Currency RBI has the sole authority to issue currency in India. 1. It brings about uniformity in note circulation. 2. It gives the central bank power to influence money supply. 3. It ensures public faith in the currency system.	3
12	11	In an economy, the equilibrium level of income falls short by ₹600 crores. (a) Calculate the additional investment required to achieve the equilibrium level of income if 75% of the increased income is spent on consumption. (b) Define aggregate demand. OR In an economy where households spend three-fourths of their additional income, autonomous consumption is ₹200 crores, planned investment is ₹120 crores, and the government undertakes a project that raises total investment by ₹80 crores. (a) Determine the initial equilibrium level of income before the government project. (b) Compute the rise in national income due to this change in investment. What is the value of the increased national income? Answer: (a) Change in Y = ₹600 crores. MPC = 0.75 So, k = 1/MPS = 4 Thus, change in I = 600/4 = ₹150 crores (b) Aggregate demand (AD) refers to the total value of final goods and services which all the sectors of an economy are planning to buy at a given level of income during a period of one accounting year. OR (a) MPC = 0.75 Change in I = ₹80 crores In equilibrium, C+I = Y 200+0.75Y+120 = Y So, equilibrium Y = ₹1,280 crores	2 1 1 2

		(b) Change in Y = k * Change in Y k = 1/0.25 = 4 So, change in Y = ₹320 crores Increased national income = ₹1,600 crores (Another way: Find the new equilibrium income first using equilibrium condition and then calculate change in Y)	
13	15	Set A1: *Govt. raises its expenditure on producing public goods.* Identify and explain the objective behind this government's budgetary policy. Answer: Reallocation of resources Govt. aims to reallocate resources in accordance with the economic (profit maximisation) and social (public welfare) priorities, through (i) Tax concessions or subsidies: To encourage investment, govt. can give tax concession, subsidies etc. to the producers. Govt. may impose heavy tax on goods of harmful consumption. Govt. may provide subsidies to promote the use of products like 'Khadi'. (ii) Directly producing goods and services: Govt. undertakes activities in public interest and for social welfare. They may be non-profitable for the private sector. Eg. – Water supply, sanitation etc. Set A2: *The govt. decides to give budgetary incentives to investors for making investments in the country.* Identify and explain the objective behind this government's budgetary policy. Answer: Economic Growth Budget can be an effective tool to ensure a sustainable increase in the real GDP of an economy by the following ways: (i) Govt. can provide tax rebates and other incentives for productive venture and projects to stimulate savings and investments. (ii) Spending on infrastructure enhances the production activity in different sectors. (iii) Govt. expenditure generates demand for different types of goods and services which induces growth in private sector too.	4
14	14	Set A1: Will the following be included in the national income of a country? Give reasons: (a) *Payment of bonus by a firm* (b) *Purchase of goods by foreign tourists* (c) *Subsidized lunch served to workers in a factory* (d) *Payment of interest on loan taken by an employee from his employer* OR In an economy, there are three firms – A, B and C. During the year, A sold goods worth ₹500 crore. B sold goods worth ₹600 crore, of which ₹200 crore were purchased from A. C sold goods worth ₹400 crore, of which ₹100 crore were purchased from B. Additionally, A has an unsold stock of ₹50 crore at the end of the year. Calculate: (a) Value added by each firm. (b) Gross Domestic Product at market prices Answer: (a) Yes, part of factor income (b) Yes, part of exports (c) Yes, part of COE (d) No, loan taken for consumption purposes OR	4 3 1

	FIRM A	FIRM B	FIRM C
SALES	500	600	400
CH. IN STOCK	50	0	0
IC	0	200	100

VA	550	400	300

GDP at MP = Sum of VA of all firms = ₹1,250 crores

Set A2: Will the following be included in the national income of a country? Give reasons: 4

(a) *Payment of bonus by a firm*
(b) *Purchase of goods by foreign tourists*
(c) *Subsidized lunch served to workers in a factory*
(d) *Payment of interest on loan taken by an employee from his employer*

OR

In an economy, there are three firms – X, Y, and Z. During the year, X sold goods worth ₹700 crore. Y sold goods worth ₹500 crore, of which ₹250 crore were purchased from X. Z sold goods worth ₹600 crore, of which ₹150 crore were purchased from Y. Additionally, X has an unsold stock of ₹80 crore at the end of the year.

Calculate:

(a) Value added by each firm. 3
(b) Gross Domestic Product at market prices 1

Answer: (a) Yes, part of factor income
(b) Yes, part of exports
(c) Yes, part of COE
(d) No, loan taken for consumption purposes

OR

	FIRM X	FIRM Y	FIRM Z
SALES	700	500	600
CH. IN STOCK	80	0	0
IC	0	250	150
VA	780	250	450

GDP at MP = Sum of VA of all firms = ₹1,480 crores

15 13 The Finance Ministry of India is reviewing the country's finances for the current year. The economy's GDP stands at ₹1,00,000 crore. Officials report that the government is spending more on current operations than it earns in revenue, the excess amounting to 1.5% of GDP, largely due to rising expenditure on welfare schemes and subsidies.

At the same time, the government plans to spend ₹20,000 crores to build infrastructure like roads, bridges and public utilities. Funds from disinvestment of public sector companies provide ₹6,000 crores, while repayments of earlier loans and sale of government assets add another ₹4,000 crores. Since this is insufficient, the government has to rely on borrowings to complete its projects.

Another concern is interest payments on existing debt, which amount to 40% of the shortfall between current expenditure and receipts. The Finance Ministry wants to understand the overall fiscal position of the government and its implications for borrowing and future expenditure.

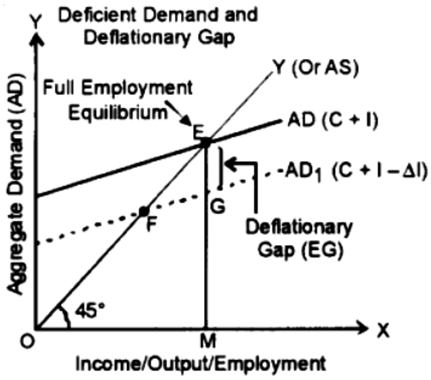
Based on the above, answer the following questions:

(a) "Officials report that the government is spending more on current operations than it earns in revenue" represents __________ (revenue/fiscal) deficit. 1
(b) Measure the primary deficit of the economy. 3

Answer: (a) revenue
(b) Primary deficit = Fiscal deficit – Interest payments
Interest payments = 40% of revenue deficit = ₹600 crores
(RD = 1.5% of GDP = ₹1500 crores)

<table>
<tr><td></td><td></td><td>FD = Revenue deficit + (Capital exp – Capital receipts net of borrowings)
FD = 1500 + (20000 – 6000 – 4000) = ₹11,500 crores

So, Primary deficit = 11500 – 600 = ₹10,900 crores</td><td></td></tr>
<tr><td>16</td><td>17</td><td>Set A1: Discuss the concept of deficient demand with the help of a graph. Mention its reasons, impacts and the fiscal measures to correct it.
OR
Answer the following questions:
(a) State how RBI can use the tools of repo rate and legal reserve ratio in order to control inflationary tendencies in an economy.
(b) What is frictional unemployment? Why does it arise?

Answer: Concept: Deficient Demand is the situation where Aggregate demand falls short of Aggregate Supply at Full Employment level.
The difference between Aggregate Demand and Aggregate Supply at Full Employment level is called Deflationary Gap.
Reasons: fall in MPC, rise in imports etc.
Impacts: fall in output, employment and prices
Fiscal measures: fall in taxes, rise in govt. expenditure
Graph:


OR
(a) Repo rate: rate at which RBI lensd money to commercial banks for short term needs. During excess demand/inflation, central bank increases the repo rate, which raises the cost of borrowings from the central bank. As a result, the commercial banks increase their lending rates, which discourages borrowers from taking loans. This reduces the availability of credit in the economy and helps to correct inflation.

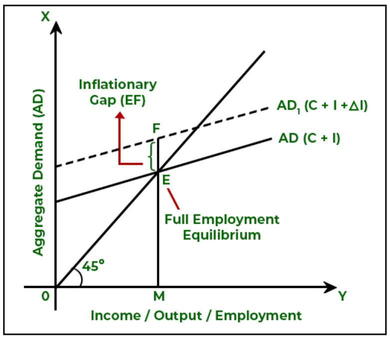
Legal reserve ratio: the min, fraction of deposits that banks have to maintain as reserves. During excess demand/inflation, central bank increases LRR. It reduces the amount of effective cash resources of commercial banks and limits their credit creating power. This reduces the availability of credit in the economy and helps to correct inflation.

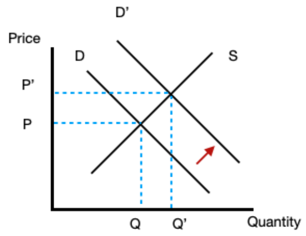
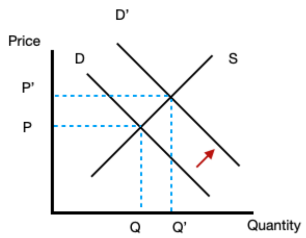
(b) It refers to temporary unemployment, which exists during the period wherein workers leave one job and join some other. It arises due to labour market imperfections such as lack of market information about availability of jobs and lack of perfect mobility on the part of workers. Introduction of new machines, nationalization in production process or breakdown of plant may also lead to frictional unemployment.

Set A2: Discuss the concept of excess demand with the help of a graph. Mention its reasons, impacts and the fiscal measures to correct it.
OR
Answer the following questions:</td><td>6

4
2

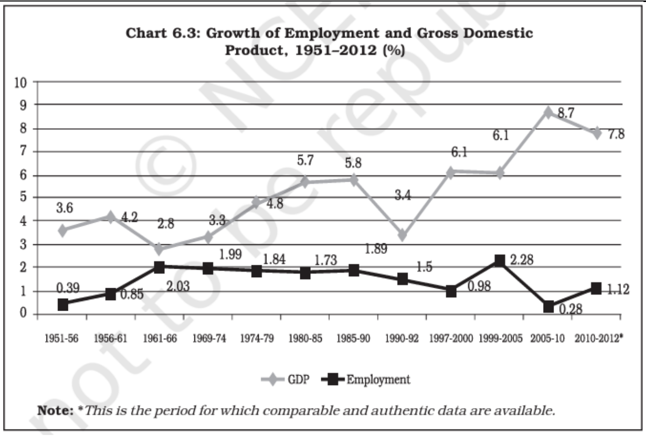
6</td></tr>
</table>

		(a) State how RBI can use the tools of repo rate and legal reserve ratio in order to control deflationary tendencies in an economy. (b) What is frictional unemployment? Why does it arise? Answer: <u>Concept:</u> Excess Demand is the situation where Aggregate demand is more than Aggregate Supply at Full Employment level. The difference between Aggregate Demand and Aggregate Supply at Full Employment level is called inflationary Gap. <u>Reasons:</u> rise in MPC, rise in exports etc. <u>Impacts:</u> no change in output and employment, rise in prices <u>Fiscal measures:</u> rise in taxes, fall in govt. expenditure <u>Graph:</u>  OR (a) **Repo rate:** rate at which RBI lensd money to commercial banks for short term needs. During excess demand/inflation, central bank increases the repo rate, which raises the cost of borrowings from the central bank. As a result, the commercial banks increase their lending rates, which discourages borrowers from taking loans. This reduces the availability of credit in the economy and helps to correct inflation. **Legal reserve ratio:** the min, fraction of deposits that banks have to maintain as reserves. During excess demand/inflation, central bank increases LRR. It reduces the amount of effective cash resources of commercial banks and limits their credit creating power. This reduces the availability of credit in the economy and helps to correct inflation. (b) It refers to temporary unemployment, which exists during the period wherein workers leave one job and join some other. It arises due to labour market imperfections such as lack of market information about availability of jobs and lack of perfect mobility on the part of workers. Introduction of new machines, nationalization in production process or breakdown of plant may also lead to frictional unemployment.	4 2
17	16	Answer the following questions: (a) State true or false, giving reason - A current account surplus means that the country has a favourable trade balance. (b) Examine how the exchange rate might respond when domestic investors suddenly move a significant portion of their funds abroad to seek higher returns. Give reasons and illustrate with a diagram. OR Answer the following questions: (a) State true or false, giving reason - Disequilibrium in BOP may be caused by either autonomous or accommodating transactions. (b) Analyze the likely effect on the exchange rate when interest payments on the country's foreign loans increase sharply. Give reasons and illustrate with a diagram. Answer: (a) False, a country can have a current account surplus even if the trade balance in goods is unfavourable, due to greater surplus in services and transfers.	2 4 2 4

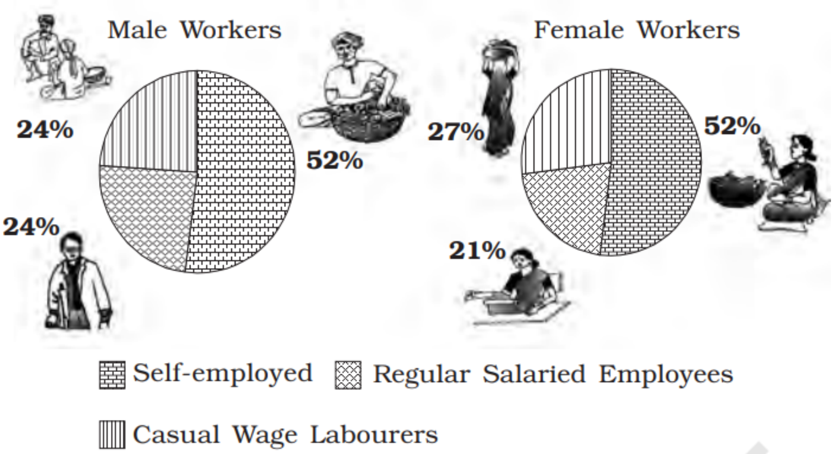
		(b) When domestic investors suddenly move a significant portion of their funds abroad to seek higher returns, it leads to increase in demand for forex in India. Thus, demand curve shifts to the right. This leads to excess demand for forex, leading to a rise in exchange rate. Rupee depreciates.  OR (a) False. Disequilibrium in the balance of payments is caused by autonomous transactions only, not by accommodating transactions, which occur to correct the disequilibrium. (b) When interest payments on the country's foreign loans increase sharply, it leads to increase in demand for forex in India. Thus, demand curve shifts to the right. This leads to excess demand for forex, leading to a rise in exchange rate. Rupee depreciates.  	
		SECTION B: INDIAN ECONOMIC DEVELOPMENT	
18	18	Set A1: Which of these programs were initiated by the Government of India for rural development? (a) National Rural Livelihood Mission (b) Mahatma Gandhi National Rural Employment Guarantee Act (c) Pradhan Mantri Gram Sadak Yojna (d) All of the above **Answer: (d)** Set A2: Operation Flood is related to _________. (a) Milk cooperatives (b) Fruits cooperatives (c) Cereals cooperatives (d) None of the above **Answer: (a)**	1
19	19	Set A1: On the eve of independence, what was the actual growth rate of the per capita income? (a) 0.28% (b) 0.7% (c) 0.5% (d) 1.8% **Answer: (c)** Set A2: Who was the economist who took the action for calculating the national income of India before independence? (a) Surendra Nath Banerjee	1

		(b) Jawaharlal Nehru (c) Mahatma Gandhi (d) Dadabhai Naoroji **Answer: (d)**	
20	20	Set A1: Which of the following is false regarding disguised unemployment? (a) Mounting pressure of population in rural areas with no alternative employment (b) Marginal productivity of worker is high (c) Feature of agrarian economy (d) More people are engaged than required **Answer: (b)** Set A2: Female worker participation rate is? (a) Higher in rural areas than urban areas (b) Lower in rural areas than urban areas (c) Lower in both the areas (d) Higher in both the areas **Answer: (a)**	1
21	21	State the year in which NABARD was established. **Answer: 1982**	1
22	22	Set A1: Import substitution could be justified due to which of the following reasons: 1. Indian industries were at an infant stage and needed protection. 2. Indian policy makers were cautious about sovereignty and economic independence of the nation. 3. We already had a strong industrial base and there was no need of imports. 4. Indian industries were not in a position to compete with technologically advanced countries. ***Options:*** (a) Only 1 (b) 1,2 and 3 only (c) 1,2 and 4 only (d) 1 and 4 only **Answer: (c)** Set A1: Import substitution could be justified due to which of the following reasons: 1. Indian industries were at an infant stage and needed protection. 2. Indian policy makers were cautious about sovereignty and economic independence of the nation. 3. Indian industries were not in a position to compete with technologically advanced countries. 4. We already had a strong industrial base and there was no need of imports. ***Options:*** (a) Only 1 (b) 1,2 and 3 only (c) 1,2 and 4 only (d) 1 and 4 only **Answer: (b)**	1
23	23	Set A1: Which agency is responsible for implementing the rules and regulations for technical education? **Answer: AICTE** Set A2: Which agency is responsible for implementing the rules and regulations for school education curriculum? **Answer: NCERT**	1

24	24	Set A1: Arrange the marketing processes in order: 1. Grading the produce as per quality 2. Gathering the produce after harvesting 3. Processing the produce 4. Packing the produce (a) 1,2,3,4 (b) 2,3,1,4 (c) 1,3,2,4 (d) 3,1,2,4 **Answer: (b)** Set A2: Arrange the marketing processes in order: 1. Packing the produce 2. Grading the produce as per quality 3. Processing the produce 4. Gathering the produce after harvesting (a) 4,3,2,1 (b) 2,3,1,4 (c) 1,3,2,4 (d) 3,1,2,4 **Answer: (a)**	1
25	25	Set A1: Read the following two statements and choose the correct alternative from below: **Assertion (A):** After the New Economic Policy announced in 1991, domestic competition has increased. **Reason (R):** Industrial sector reforms abolished industrial licensing for all the projects, except for a short list of industries. (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 and Reason (R) is false. (d) Assertion (A) is false and Reason (R) is true. **Answer: (a)** Set A2: Read the following two statements and choose the correct alternative from below: **Assertion (A):** Under the Financial Sector Reforms, financial sector was allowed to take decisions after consulting RBI. **Reason (R):** The role of RBI was reduced from regulator to facilitator of financial sector. (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 and Reason (R) is false. (d) Assertion (A) is false and Reason (R) is true. **Answer: (d)**	1
26	26	The graph depicts ____________ growth in India from 1990s characterized by the widening gap between growth rates of GDP and employment. *(one word answer)*	1

		 **Chart 6.3: Growth of Employment and Gross Domestic Product, 1951–2012 (%)** **Note:** **This is the period for which comparable and authentic data are available.* **Answer: jobless**	
27	27	Which approach was adopted by India in 1969 to meet the needs of rural credit? (a) Social banking (b) Multi-agency (c) Both a and b (d) None of these **Answer: (c)**	1
28	29	Set A1: Explain any three industrial sector reforms that were undertaken as part of economic reforms in India. OR Explain industrial policy resolution of 1956. Answer: Any three with explanation: 1. Decrease in the role of public sector from 17 to 3 industries 2. Reduction in industrial licensing to 5 industries 3. De-reservation of small-scale industries OR IPR 1956 was a clear declaration by the govt. to play a leading role in industrial development. It had a three-fold classification of industries: Schedule A: exclusively under public sector Schedule B: progressively under public sector Schedule C: Private sector had to obtain a license for operating and expanding industries. Licenses were introduced to ensure optimal use of resources and reduce regional disparities. Set A2: Explain any three trade sector reforms that were undertaken as part of economic reforms in India. OR Discuss the significance of inward-looking trade strategy adopted in India post-independence. How was it implemented? Answer: Any three with explanation: 1. Removal of quantitative restrictions on imports and exports 2. Reduction in import and export tariffs 3. Removal of import licensing procedures (except for hazardous and environmentally sensitive products) OR India adopted import substitution policy after independence. This policy aimed at replacing or substituting imports with domestic production. Reasons: • The policy of protection was based on the notion that industries of developing countries were not in a position to compete against the goods produced by more developed economies. • Our planners also feared the possibility of foreign exchange being spent on import of luxury goods if no restrictions were placed on imports. Protection from imports took two forms: **tariffs and quotas.**	3

		Tariffs are a tax on imported goods; they make imported goods more expensive and discourage their use. Quotas specify the quantity of goods which can be imported.	
29	28	*Public investment in health and education is essential for human capital formation and economic growth.* Do you agree? Give reasons. Answer: Yes, I agree because: 1. The expenditures on education and health make substantial long-term impact and they cannot be easily reversed. 2. Individual consumers of these services do not have complete information about the quality of services and their costs. 3. The providers of education and health services may acquire monopoly power and may get involved in exploitation.	3
30	32	After 1949, China adopted a centrally planned system under Mao Zedong. The government controlled all resources, industries and agriculture. In 1958, Mao launched a policy to rapidly transform China from an agrarian economy into an industrial one. The policy emphasized collective farming through communes, large-scale production and rural industrialization. However, poor planning, forced collectivization and natural calamities caused massive economic and social problems. During the Great Proletarian Cultural Revolution, Mao attempted to remove capitalist and traditional influences. Schools and universities were closed, intellectuals faced persecution and political turmoil disrupted economic progress. After Mao's death in 1976, Deng Xiaoping introduced market-oriented reforms. Private enterprise was permitted, Special Economic Zones (SEZs) were created, and agriculture was decentralized through the Household Responsibility System. China gradually moved toward a mixed economy, achieving rapid growth while maintaining political control. Based on the above, answer the following questions: (a) Name the policy discussed above that was implemented in 1958. (b) In which year was the Great Proletarian Cultural Revolution implemented? (c) *Economic reforms in China were introduced in phases.* State any two reforms that were implemented in the later phases. Answer: (a) Great Leap Forward Campaign (b) 1966 (c) In the later phases: 1. Reforms were introduced in industrial sector - Private sector firms and village enterprises were allowed to set up manufacturing units and produce goods that were earlier reserved for state-owned enterprises. 2. To attract foreign investment, Special Economic Zones (SEZs) were set up. 3. A dual pricing system was introduced. Under this system, prices were fixed in two ways: Farmers and industrial units were required to buy and sell fixed quantities of inputs (raw material) and outputs based on prices fixed by the government. The rest were purchased and sold at market prices in the open market. *(any two)*	1 1 2
31	31	Interpret the given picture on account of current environmental challenges.	4

		 Answer: Global warming The melting Earth represents rising global temperatures, melting glaciers, and environmental degradation. It symbolizes global warming which refers to the rise in the average temperature of the earth's surface. It is caused by industrial pollution, deforestation, overuse of natural resource, release of green-house gases from animal waste, burning of fossil fuels etc. Its impacts include: melting of ice, natural disasters, tropical diseases, climate change, extinction of a few species etc.	
32	30	Set A1: Is it necessary to generate employment in the formal sector rather than in the informal sector? Why? OR Analyze the distribution of employment by gender as given below.  Answer: Yes, because formal sector has many advantages over informal sector: 1. Under government regulation, hence less exploitation of workers 2. Better working conditions with social security provisions 3. Job stability and higher incomes 4. Right to form trade unions and raise a voice OR 1. Self-employment is the major source of livelihood for both men and women as this category accounts for more than 50 per cent of the workforce. Since majority of those depending on farming own plots of land and cultivate independently, the share of self-employed is greater. 2. Casual wage work is the second major source for both men and women, a little more so for the latter (27%). 3. In regular salaried employment, men are found to be so engaged in greater proportion (24%) than women (21%). This is because: • Regular salaried jobs require skills and a higher level of literacy • Lack of mobility among women due to social constraints Set A2: Analyze the distribution of workforce in rural and urban areas by industry as given below.	4

Industrial Category	Place of Residence	
	Rural	Urban
Primary Sector	59.8	6.6
Secondary Sector	20.4	34.3
Tertiary / Service Sector	19.8	59.1
Total	**100.0**	**100.0**

OR

You are residing in a village. If you are asked to advise the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment?

Answer: 1. Rural Areas: Major source of employment is primary sector (60%). This could be because:

- Lack of non-farm job opportunities in rural areas
- Lack of mobility among rural workers
- Lack of skills and qualification to acquire jobs in secondary and tertiary sectors.

2. Urban areas: Major source of livelihood is tertiary sector, which is developing even faster than secondary sector. This could be because globalisation has positively affected the provision of services in urban areas. Urban people are more conscious about the quality of their lives; hence they invest in services like tourism, banking etc.

OR

Suggested activities for the improvement of villages:

- Promote small-scale and cottage industries to create employment and support the industrial sector by utilizing their production as raw material.
- Enhance productivity by providing technical training to rural workers
- Raise awareness about birth control measures to control population growth, reducing unemployment and poverty in rural areas.
- Improve education and health facilities in rural areas.

(any other valid point)

33 | 34

Set A1:

(a) What is agricultural marketing? 1

(b) State any two problems facing the above system. 2

(c) Explain the role of cooperative marketing in agricultural marketing system. 3

Answer: (a) Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.

(b) 1. Prior to independence, farmers, while selling their produce to traders, suffered from faulty weighing and manipulation of accounts.

2. Farmers who did not have the required information on prices prevailing in markets were often forced to sell at low prices.

(c) Cooperative marketing is a system in which the farmers can pool their marketable surplus of crops and distribute the sale proceeds on the basis of each individual share. Its aim is to realize fair price for their produce. Under this, societies are formed to sell output collectively to take advantage of collective bargaining.

Benefits:

- Improves bargaining power of farmers since they sell together
- Provide storage facilities
- Benefits of bulk transportation

Set A2:

		(a) What is agricultural diversification? (b) State any two benefits of agricultural diversification. (c) State any three problems associated with the fishing community of India. Answer: (a) Agricultural diversification refers to either a change in cropping pattern or the farmers opting for other non-farm employment options like poultry farming, animal husbandry etc. (b) *Any two:* 1. To provide supplementary gainful employment 2. To minimize the risk associated with failure of monsoons 3. To enable farmers to earn higher and more stable incomes (c) Problems faced in Fishing: A large share of fish worker families is poor. Some of the major problems faced by these communities include: o Widespread Underemployment o Low per capita earnings o Absence of mobility of labor to other sectors o High Illiteracy rate and indebtedness *(any three)*	1 2 3
34	33	Answer the following questions: (a) *"India, China and Pakistan have travelled more than seven decades of developmental path with varied results."* Explain the given statement with valid arguments. (b) Why are regional and economic groupings like SAARC, BRICS etc. formed by countries? OR Answer the following questions: (a) What similar development strategies have India and Pakistan followed for their respective developmental paths? (b) Compare and contrast the development of India, China and Pakistan with respect to some human development indicators. Answer: (a) "India, China and Pakistan have travelled more than seven decades of developmental path with varied results." Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. (i) Indian economy performed moderately, but majority of the population depends on agriculture and 1/4th of the population lives below poverty line. (ii) Pakistan economy has slowed down because of political instability, over dependence on remittances and foreign aid along with volatile performance of agriculture sector. (iii) China used the market system without losing political commitment and succeeded in raising the level of growth along with alleviation of poverty. Public intervention in providing social infrastructure bought positive results in human development indicators in China. (b) Regional and global economic groupings like G-20, SAARC, BRICS etc., play a vital role for developing nations like India as they help them to understand the developmental processes pursued by their neighbouring nations. Moreover, as developing nations face competition not only from developed nations but also amongst themselves such groupings help them to flourish well in a shared environment. They also help to increase trade and economic cooperation, which helps member countries strengthen their economies, gain a better understanding of each other's development strategies and increase their collective bargaining power on a global stage. OR (a) <u>Similarities:</u>	 3 3 3 3

		1. Economic planning and five-year plans: Both nations initiated their development process with economic planning soon after gaining independence in 1947, creating five-year plans to guide their growth. 2. Mixed economy: A mixed economic structure was adopted, allowing for both public and private sector participation. Initially, both countries relied heavily on the public sector to drive growth. 3. Import Substitution: Both countries focused on reducing dependence on imported goods by implementing policies to protect and promote domestic industries. (b) 1. China ranks the highest in terms of HDI, then comes India and Pakistan ranks the lowest. This shows the level of growth and development in a country. 2. China has outperformed India and Pakistan in most areas of human development. This is true for many indicators, including per capita GDP and the proportion of the population living in poverty, as well as health indicators such as mortality rates, access to sanitation, literacy, life expectancy and malnourishment. 3. India outperforms Pakistan in the education and health-care sectors, except for undernourishment, where in India, 37.9% children are undernourished and the figure is 37.6% in Pakistan.	