

**Marking Scheme**  
**Strictly Confidential**  
**(For Internal and Restricted use only)**  
**Senior School Certificate Examination, 2025**  
**ECONOMICS (SUBJECT CODE – 030)**  
**(PAPER CODE – 58/1/2)**

**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.

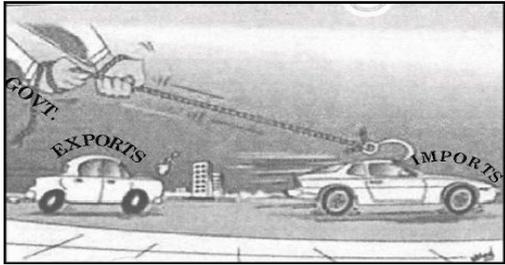


	<p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p> <p>(C) Assertion (A) is true, but Reason (R) is false.</p> <p>(D) Assertion (A) is false, but Reason (R) is true.</p> <p><b>Ans. (C) Assertion (A) is true, but Reason (R) is false.</b></p>	<b>1</b>										
<b>6.</b>	<p>Suppose, the saving curve of an economy makes an intercept at a negative value of ₹ 50 crores. In the economy, 20% of an increase in income is saved.</p> <p>In the light of above context, identify the value of investment multiplier (K):</p> <p><b>Options:</b></p> <p>(A) 2 (B) 5</p> <p>(C) 10 (D) ∞ (infinite)</p> <p><b>Ans. (B) 5</b></p>	<b>1</b>										
<b>7.</b>	<p>“Irfaan (a student) borrows ₹ 80,000 to finance his college fee. He plans to begin repaying the loan six months after his graduation, making payments over a span of ten years.”</p> <p>Based on above text, identify the indicated function of money.</p> <p style="text-align: right;">(Choose the correct option)</p> <p><b>Options:</b></p> <p>(A) Medium of Exchange (B) Unit of Account</p> <p>(C) Standard of Deferred Payments (D) Store of Value</p> <p><b>Ans. (C) Standard of Deferred Payments</b></p>	<b>1</b>										
<b>8.</b>	<p>Read the following statements carefully:</p> <p><b>Statement-1:</b> Managed floating exchange rate system is an amalgamation of fixed and flexible exchange rate system.</p> <p><b>Statement-2:</b> Managed floating exchange rate system is also known as ‘hybrid system’.</p> <p>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.</p> <p>(B) Statement 1 is false and Statement 2 is true.</p> <p>(C) Both Statements 1 and 2 are true.</p> <p>(D) Both Statements 1 and 2 are false.</p> <p><b>Ans. (C) Both Statements 1 and 2 are true.</b></p>	<b>1</b>										
<b>9.</b>	<p>From the items given in Column-I and Column-II, choose the correct pair.</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; width: 50%;"><b>Column-I</b></th> <th style="text-align: left; width: 50%;"><b>Column-II</b></th> </tr> </thead> <tbody> <tr> <td>(a) Income from Property</td> <td>(i) Old age pension</td> </tr> <tr> <td>(b) Income from Entrepreneurship</td> <td>(ii) Profit</td> </tr> <tr> <td>(c) Mixed Income</td> <td>(iii) Rent free accommodation from an employer</td> </tr> <tr> <td>(d) Compensation of Employees</td> <td>(iv) Interest from capital</td> </tr> </tbody> </table> <p><b>Options:</b></p> <p>(A) (a) – (i) (B) (b) – (ii)</p> <p>(C) (c) – (iii) (D) (d) – (iv)</p> <p><b>Ans. (B) (b) – (ii)</b></p>	<b>Column-I</b>	<b>Column-II</b>	(a) Income from Property	(i) Old age pension	(b) Income from Entrepreneurship	(ii) Profit	(c) Mixed Income	(iii) Rent free accommodation from an employer	(d) Compensation of Employees	(iv) Interest from capital	<b>1</b>
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<b>10.</b>	<p>In the context of Current Account transactions of Balance of Payment, identify the incorrect statement from the following:</p> <p style="text-align: right;">(Choose the correct option)</p> <p><b>Options:</b></p> <p>(A) Export of goods and services are recorded as credit items.</p> <p>(B) Import of goods and services are recorded as debit items.</p> <p>(C) All transfer payments are recorded as debit items.</p> <p>(D) All transfer receipts are recorded as debit items.</p> <p><b>Ans. (D) All transfer receipts are recorded as debit items.</b></p>	<b>1</b>										



	<p><b>Ans. Given,</b></p> $C = 200 + 0.75 Y$ <p><b>Investment Expenditure = ₹ 4,000 crore</b></p> <p><b>As we know,</b></p> <p><b>(i) At equilibrium level of income, <math>Y = C + I</math></b></p> $Y = 200 + 0.75Y + 4,000$ $Y = ₹ 16,800 \text{ crore}$ <p><b>(ii) Total consumption expenditure at equilibrium level of income = <math>200 + 0.75 Y</math></b></p> $= 200 + 0.75 (16,800)$ $= ₹ 12,800 \text{ crore}$ <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Explain the adjustment mechanism in case ex-ante savings are greater than ex-ante investments.</b></p> <p><b>Ans. When ex-ante savings are greater than ex-ante investments, it means households are planning to consume less than what the firms expected them to consume. This will lead to unintended accumulation of inventories. To bring back the inventory to the desired level, producers may intend to decrease production in the economy. This mechanism will continue till the equilibrium is reinstated.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<p style="text-align: center;"><b>1 ½</b></p> <p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>½</b></p> <p style="text-align: center;"><b>½</b></p> <p style="text-align: center;"><b>½</b></p> <hr/> <p style="text-align: center;"><b>4</b></p> <hr/> <p style="text-align: center;"><b>4</b></p>
<p><b>15.</b></p>	<p>Suppose in an economy, primary deposits are ₹ 500, if the Reserve Ratio is 25%. Estimate the total deposits created and the total lending by the banking system.</p> <p><b>Ans. Given, Primary Deposits = ₹ 500</b></p> <p style="text-align: center;"><b>Reserve Ratio = 25%</b></p> $\text{Total deposits} = \text{Primary deposits} \times \frac{1}{\text{Reserve Ratio}}$ $= 500 \times \frac{1}{0.25}$ $= ₹ 2,000$ <p><b>Total lending = Total deposits – Primary deposits</b></p> $= 2,000 - 500$ $= ₹ 1,500$	<p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>½</b></p> <p style="text-align: center;"><b>½</b></p> <p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>½</b></p> <p style="text-align: center;"><b>½</b></p> <hr/> <p style="text-align: center;"><b>4</b></p>
<p><b>16.</b></p>	<p>Read the following text carefully:</p> <p>Union Food and Consumer Affairs Minister said that the Central Government has taken many proactive steps in the past few years to control retail prices of food items. He said that the government aims to keep inflation under control without compromising the country's economic growth. Retail inflation inched up to a three-month high of 5.55% in November 2023 driven by higher food prices. Inflation has been declining since August 2023, when it touched 6.83%. 140 new price monitoring centres had been set up by the Central Government to keep a close watch on wholesale and retail prices of essential commodities.</p> <p>The Government has banned the export of many food items like wheat, broken rice, non-basmati white rice, onions etc. It has also reduced import duties on edible oils and pulses to boost domestic supply and control price rise.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Mention the number of new price monitoring centres set up by government.</p> <p><b>Ans. 140 new price monitoring centres had been set up by the Central Government.</b></p> <p>(b) State any two proactive measures taken by government to boost domestic supply and reduction in prices.</p> <p><b>Ans. Two proactive measures taken by government to boost domestic supply and reduction in prices are:</b></p>	<p style="text-align: center;"><b>1</b></p>

	<ul style="list-style-type: none"> <li>• <b>Ban on the export of many food items.</b></li> <li>• <b>Reduction in import duties on edible oils and pulses.</b></li> </ul> <p>(c) Explain any one monetary measure used to control inflation.  <b>Ans. To deal with the situation of inflation, the Central Bank may increase the repo rate.</b>  <b>An increase in repo rate will force commercial banks to increase their lending rates making the credit costlier. Thereby, discouraging the borrowings by the general public and leading to a subsequent fall in the Aggregate Demand. Thus, controlling the problem of inflation in the economy.</b>  <b>(To be marked as a whole)</b>  <b>(Any other valid measure to be awarded marks)</b></p>	1 1  3  6
17.	(i) Explain any two precautions to be adopted while estimating National Income by Income method. <b>Ans. Two precautions to be adopted while estimating National Income by Income method are:</b> <ul style="list-style-type: none"> <li>• <b>Transfer Income should not be included as they are unilateral in nature.</b></li> <li>• <b>Income from sale of second-hand goods should not be included as it does not add to the flow of goods and services in the economy in the current year.</b></li> </ul> <b>(Any other valid precaution to be awarded marks)</b>	1 ½ 1 ½
	(ii) “Higher Gross Domestic Product (GDP) always means higher per capita availability of goods in the economy.” Defend or refute the given statement as the index of welfare of the people of that country. <b>Ans. The given statement is refuted. Gross Domestic Product (GDP) may not affect the welfare of all the sections of the society in the same dimension. This is because a given rise in GDP may not increase the per capita availability of goods due to concentration in a few hands. For the rest, the income may have fallen. In such a case, the welfare of the entire economy may not increase despite the increase in GDP.</b> <b>(To be marked as a whole)</b>	3
	<b>OR</b>	6
(b)	(i) Distinguish between factor income and transfer income with suitable examples. <b>Ans. Factor income is the income earned by the factors of production for rendering their services to the production units.</b> <b>Example: Salary received by an employee</b> <b>Whereas;</b> <b>Transfer income is unilateral income received without rendering any productive service in return.</b> <b>Example: Scholarship received by a student</b> <b>(Any other valid example to be awarded marks)</b>	1 ½ 1 ½
	(ii) Explain the components of ‘Profit’ as per Income Method of estimating National Income (NNP <sub>FC</sub> ). <b>Ans. The components of ‘Profit’ as per Income Method of estimating National Income (NNP<sub>FC</sub>):</b> <ul style="list-style-type: none"> <li>• <b>Corporate Tax: Taxes imposed on the income made by the corporations (or private sector firms).</b></li> <li>• <b>Undistributed Profits: Part of the profit earned by the private and government-owned firms which are not distributed among the factors of production.</b></li> </ul>	1 1

	<ul style="list-style-type: none"> <li>• <b>Dividend:</b> The residual profit which is distributed among the shareholders (owners of capital).</li> </ul>	1										
		6										
<b>SECTION – B</b> <b>(Indian Economic Development)</b>												
18.	India is <b>NOT</b> a member of which of the following regional/global economic grouping? (A) BRICS (B) SAARC (C) G-20 (D) G-7 <b>Ans. (D) G-7</b>	1										
19.	Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below: <b>Assertion (A):</b> Human capital formation increases the rate of participation of population to economic activities and leads to economic growth. <b>Reason (R):</b> Rate of participation of people refers to the percentage of people engaged in production process of a country. <b>Options:</b> (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. <b>Ans. (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</b>	1										
20.	From the following terms given in Column-I, match the correct pair of meaning given in Column-II: <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: center;">Column-I</th> <th style="text-align: center;">Column-II</th> </tr> </thead> <tbody> <tr> <td>(a) Human Development Indicator</td> <td>(i) Rule of Law</td> </tr> <tr> <td>(b) Demographic Indicator</td> <td>(ii) Constitutional Protection</td> </tr> <tr> <td>(c) Special Economic Zone</td> <td>(iii) Generation of additional economic activities</td> </tr> <tr> <td>(d) Commune System</td> <td>(iv) Collective industrialisation</td> </tr> </tbody> </table> <b>Options:</b> (A) (a) – (i) (B) (b) – (ii) (C) (c) – (iii) (D) (d) – (iv) <b>Ans. (C) (c) – (iii)</b>	Column-I	Column-II	(a) Human Development Indicator	(i) Rule of Law	(b) Demographic Indicator	(ii) Constitutional Protection	(c) Special Economic Zone	(iii) Generation of additional economic activities	(d) Commune System	(iv) Collective industrialisation	1
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21.	Study the following image carefully:  Identify, the trade practice that has successfully replaced foreign goods with domestic production. <b>Options:</b> (A) Export Promotion (B) Export Substitution (C) Import Proliferation (D) Import Substitution <b>Ans. (D) Import Substitution</b>	1										

	<p><b>Note: The following question is for the visually impaired candidates only, in lieu of Q. No. 21.</b></p> <p>_____ refers to a trade policy aimed at reducing reliance on imported goods by encouraging domestic production.</p> <p><b>Options:</b></p> <p>(A) Export Promotion (B) Export Substitution (C) Import Substitution (D) Import Proliferation</p> <p><b>Ans. (C) Import Substitution</b></p>	<b>1</b>										
<b>22.</b>	<p>Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p><b>Assertion (A):</b> Prior to economic reforms, public investment in social infrastructure by China resulted in better Human Development Indicators (HDI).</p> <p><b>Reason (R):</b> China is ahead of India and Pakistan on many Human Development Indicators (HDI).</p> <p><b>Options:</b></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><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>23.</b>	<p>“It is short-term unemployment occurring, as people transit between jobs.”</p> <p>On the basis of the given definition, identify the type of unemployment indicated. (Choose the correct option)</p> <p><b>Options:</b></p> <p>(A) Disguised Unemployment (B) Seasonal Unemployment (C) Open Unemployment (D) Frictional Unemployment</p> <p><b>Ans. (D) Frictional Unemployment</b></p>	<b>1</b>										
<b>24.</b>	<p>From the terms given below in Column-I and Column-II, choose the correct pair of statements:</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><b>Column-I</b></td> <td style="text-align: center;"><b>Column-II</b></td> </tr> <tr> <td>(i) Subsidies</td> <td>(a) Maximum quantity of goods that can be imported</td> </tr> <tr> <td>(ii) Land ceiling</td> <td>(b) Element of IPR 1956</td> </tr> <tr> <td>(iii) Small Scale Industries</td> <td>(c) Land to the tiller</td> </tr> <tr> <td>(iv) Modernisation as a goal of five year plan</td> <td>(d) Change in social outlook</td> </tr> </table> <p><b>Options:</b></p> <p>(A) (i) – (a) (B) (ii) – (b) (C) (iii) – (c) (D) (iv) – (d)</p> <p><b>Ans. (D) (iv) – (d)</b></p>	<b>Column-I</b>	<b>Column-II</b>	(i) Subsidies	(a) Maximum quantity of goods that can be imported	(ii) Land ceiling	(b) Element of IPR 1956	(iii) Small Scale Industries	(c) Land to the tiller	(iv) Modernisation as a goal of five year plan	(d) Change in social outlook	<b>1</b>
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<b>25.</b>	<p>Read the following statements carefully:</p> <p><b>Statement-1:</b> Hired workers may be regular salaried workers or casual workers.</p> <p><b>Statement-2:</b> Regular salaried employment is a major source of employment in rural areas in India.</p>											

	<p>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.          (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><b>Ans. (A) Statement 1 is true and Statement 2 is false.</b></p>	<b>1</b>
<b>26.</b>	<p>_____ sector was the primary focus of the Great Leap Forward in China.          (Fill up the blank with correct option)</p> <p><b>Options:</b></p> <p>(A) Tax (B) Industrial          (C) Financial (D) Educational</p> <p><b>Ans. (B) Industrial</b></p>	<b>1</b>
<b>27.</b>	<p>Study the following picture:</p>  <p>Identify and select, the recent phenomenon in which demand for resources surpasses their supply.</p> <p><b>Options:</b></p> <p>(A) Economic growth (B) Environmental crisis          (C) Technological advancement (D) Cultural evolution</p> <p><b>Ans. (B) Environmental crisis</b></p> <p><b>Note: The following question is for the visually impaired candidates only, in lieu of Q. No. 27.</b></p> <p>Identify, which of the following is <b>NOT</b> one of the strategies for Sustainable Development.</p> <p><b>Options:</b></p> <p>(A) Use of non-conventional sources of energy          (B) Use of fossil fuel for transportation          (C) Use of traditional knowledge          (D) Use of organic compost manure</p> <p><b>Ans. (B) Use of fossil fuel for transportation</b></p>	<b>1</b>
<b>28.</b>	<p>“Cooperatives have received a setback during the recent past.”</p> <p><b>(a)</b> Justify the given statement with valid explanation.  <b>Ans. Cooperative marketing has supported farmers in obtaining fair prices for their produce in the market. However, in recent times, they have encountered several challenges, including:</b></p> <ul style="list-style-type: none"> <li>• inadequate coverage of farmer members</li> <li>• insufficient connection between marketing and processing cooperatives</li> <li>• inefficient financial management</li> </ul> <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b)</b> Explain the reasons behind less number of regular salaried employees in rural areas as compared to urban areas.</p>	<b>3</b>

	<p><b>Ans. In India, rural areas have lesser number of regular salaried employees compared to the urban areas, as:</b></p> <ul style="list-style-type: none"> <li>• <b>most of the rural workforce is involved directly/indirectly in their farm and other allied activities.</b></li> <li>• <b>regular salaried employment opportunities require skills and qualifications, which are generally not accessible to the rural population.</b></li> </ul> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>3</b>
<b>29.</b>	<p>Trace the relationship between Human capital and Economic growth.</p> <p><b>Ans. Human capital and economic growth of a nation are positively correlated. Human capital refers to the stock of knowledge and skill set of population of a nation. Investing in human capital improves efficiency and abilities of the human resource of the country.</b></p> <p><b>Technical skills gained through various sources of human capital formation (education, health, training etc.) contribute to increased productivity and output. Additionally, human capital fosters innovation and enhances the capacity to adopt new technologies, leading to economic growth.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>3</b>
<b>30.</b>	<p>Describe the path of developmental initiatives taken by Pakistan for its economic development.</p> <p><b>Ans. Pakistan adopted a mixed economy model with the co-existence of public and private sectors. A variety of regulated policy frameworks were initiated to ensure import substitution-based industrialisation.</b></p> <p><b>The introduction of Green Revolution led to the mechanisation of agricultural procedures. An increase in public investment in infrastructure changed the agrarian structure drastically. Pakistan also nationalised its capital goods industries. Later on, economic reforms were initiated to encourage privatisation.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>4</b>
<b>31.</b>	<p>(a) “In the mountainous regions, mini-hydel plants prove to be cost effective as well as eco-friendly.”</p> <p>Justify above statement with valid arguments.</p> <p><b>Ans. In mountainous regions, most of the streams are perennial. Mini-hydel plants channelise the energy of such streams to move small turbines which generate electricity that can be used locally. Furthermore, such power plants are more or less environment-friendly as they do not change the land use pattern. In addition to this, they also do away with the need for large-scale transmission towers and cables. Thus, avoiding transmission loss and prove to be cost effective.</b></p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>3</b>
	<p>(b) Define Absorptive capacity.</p> <p><b>Ans. Absorptive capacity means the ability of the environment to absorb degradation.</b></p>	<b>1</b>
		<b>4</b>
<b>32.</b> <b>(a)</b>	<p>Describe briefly the rationale behind choosing ‘Self-reliance’ as a planning objective for the Indian economy.</p> <p><b>Ans. ‘Self-reliance’ was adopted as a central planning objective in India’s development strategy by the policymakers due to the following reasons:</b></p> <ul style="list-style-type: none"> <li>• <b>To reduce the dependence on foreign nations, the stress was laid on mobilising domestic resources.</b></li> <li>• <b>It was feared that the dependence on imported food supplies, foreign technology, and foreign capital may increase foreign interference in our policies.</b></li> </ul> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>4</b>
<b>OR</b>		



<b>(b)</b>	(iii) Economic growth with regional disparity was the main goal of planning in India. <b>Ans. False. Economic growth with regional equality was the main goal of planning in India. The aim was to promote industries in backward regions to reduce regional disparities.</b>	<b>2</b>
	<b>OR</b>	<b>6</b>
	(i) Distinguish between: (1) Tariff and non-tariff barriers <b>Ans. Tariff barriers refer to the restrictions on imports by a government in the form of taxes. Whereas, non-tariff barriers are the restrictions on imports by a government in the form other than taxes mainly including restrictions on the quantity and quality of goods imported.</b>	<b>1 ½</b>
	(2) Bilateral and multilateral trade <b>Ans. Bilateral trade refers to the exchange of goods or services between two countries. Whereas, multilateral trade is the trade by a country with more than two nations to exchange goods and services.</b>	<b>1 ½</b>
	(ii) “Small-Scale Industries require a shield against large scale industries.” In the light of the given statement, elaborate the steps initiated by the government in this direction. <b>Ans. The steps initiated by government to shield the small-scale industries (SSIs) were:</b> <ul style="list-style-type: none"> <li>• <b>The production of several products was reserved for SSIs, depending upon their ability to manufacture these goods.</b></li> <li>• <b>They were given concession such as lower excise duty and bank loans at lower interest rates.</b></li> </ul> <p style="text-align: right;"><b>(To be marked as a whole)</b></p>	<b>3</b>
		<b>6</b>

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