

**CLASS-XII**

**MID TERM EXAMINATION 2023-24**

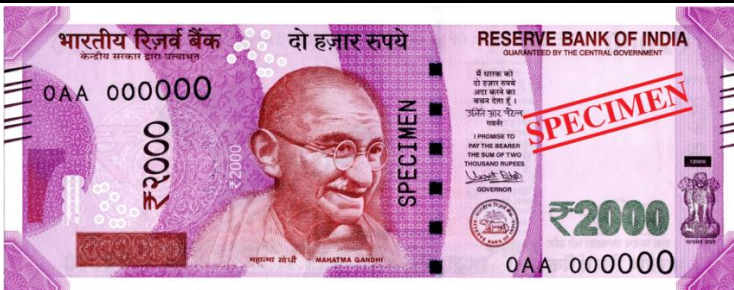
**SUBJECT: ECONOMICS**

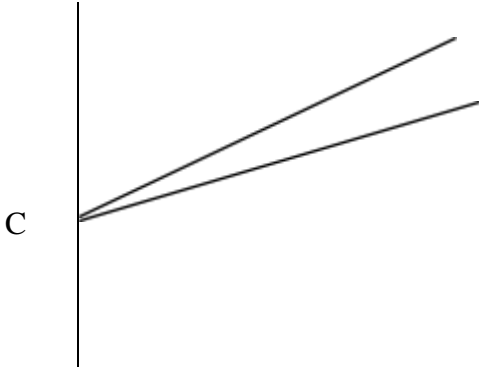
**SET-C1/ C2 MARKING SCHEME**

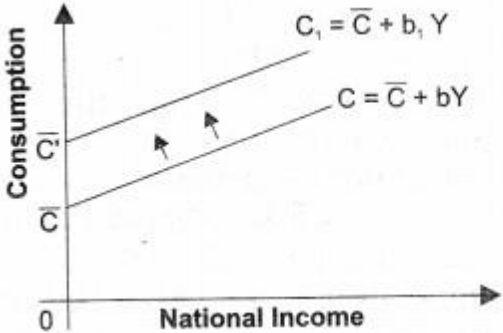
<b>Q.no</b>	<b>SECTION A – MACRO ECONOMICS</b>	<b>Marks</b>
1. A1	Induced investment varies_____with the change in the level of income.  (a) Indirectly    (b) <b>Directly</b> (c) Both (a)&(b)    (d) None of the above  Ans: (b) <b>Directly</b>	1
A2	Autonomous investment varies_____with the change in the level of income.  (a) Indirectly    (b) Directly    (c) Both (a)&(b) <b>(d) None of the above</b>  <b>Ans : (d) None of the above</b>	
2. A1	Propensity to save curve can be derived from :  (a) <b>Propensity to consume curve</b> (b) Propensity to save the schedule  (c) Propensity to consume schedule    (d) All of the above  Ans: (a) <b>Propensity to consume curve</b>	1
A2	Propensity to save curve can be derived from :  (a) Propensity to consume schedule <b>(c) Propensity to consume curve</b>  (b) Propensity to save the schedule    (d) All of the above  Ans: (c) <b>Propensity to consume curve</b>	

3. A1	<p>_____ is the total amount of goods and services that people buy in an economy.</p> <p>(a) <b>Effective demand</b> (b) Aggregate demand</p> <p>(c) Actual aggregate demand (d) All of the above</p> <p>Ans: (a) <b>Effective demand</b></p>	1
A2	<p>_____ is the total amount of goods and services that the sellers are willing to produce and sell in an economy.</p> <p>(a) Effective demand (c) <b>National Income</b></p> <p>(b) Aggregate demand (d) All of the above</p> <p>Ans: (c) <b>National Income</b></p>	
4.A1	<p>Whenever the central bank offers securities in the open market, the credit creation capability of the banking industry is expected to_____.</p> <p>a) <b>Fall (Ans)</b> b) Rise c) No effect d) May rise or fall</p>	1
A2	<p>Whenever the central bank offers securities in the open market, the credit creation capability of the banking industry is expected to_____.</p> <p>a) Fall b) <b>Rise(Ans)</b> c) No effect d) May rise or fall</p>	
5. A1	<p>Given CRR = 4% and SLR = 16%, the value of the money multiplier is:</p> <p>a) 5 b) 25 c) 8.33 d) 6.25</p> <p>Ans: a) 5</p>	1
A2	<p>Set – A2</p> <p>Suppose in an economy, the initial deposits of ₹ 400 crores lead to the creation of total deposits worth ₹ 4000 crores. Under the given situation the value of reserve requirements would be_____.</p> <p>(Fill up the blank with correct alternative)</p> <p>a) 0.01 b) 1 c) 0.1 d) 0.4</p>	



	<p><b>Answer: (b )A closed economy is a type of economy where neither exports nor imports take place</b></p>	
9. A1/ A2	<p>Which of the following is not needed while considering the Gross National Product?</p> <ul style="list-style-type: none"> <li>a. The net investment made by foreigners within a given period</li> <li>b. The total of private investments made within a given period</li> <li>c. The total purchase of goods made by the government within a given period</li> <li>d. The total per capita income of the citizens of a country within a given period</li> </ul> <p><b>Answer: d The total per capita income of the citizens of a country within a given period.</b></p>	1
10. A1/ A2	 <p>The above shown note lying in the wallet of Rohini, a student , is an example of _____(stock/flow).</p> <p><b>Ans: stock</b></p>	1
11.	<p>What are other deposit measures of <math>M_1</math>? [1 Mark]</p> <p>Ans: Other deposits are the deposits held by the RBI of all economic units except the government and banks. OD includes demand deposits of semi-government public financial institutions (like IDBI, IFCI, etc.), foreign central banks and governments, the International Monetary Fund, the World Bank, etc.</p> <p>Why post office saving are less liquid than demand deposits? [1 Mark]</p> <p>Ans: Post office saving banks are not as liquid as demand deposits with the banks (commercial or cooperative) as they are not chequeable account. However, saving deposits with post offices are more liquid than time deposits with the banks.</p>	(3)

	<p>Define high-powered money. [ 1 Mark]</p> <p>Ans: High-powered money is money produced by the RBI and the government. It consists of two things:</p> <ol style="list-style-type: none"> <li>1. Currency held by the public and</li> <li>2. Cash reserves with the banks.</li> </ol> <p>Or,</p> <p>i) <math>M_1</math> includes time deposits of commercial banks. [ 1 Mark]</p> <p>Ans: False. <math>M_1</math> includes currency notes and coins, demand deposits of commercial and cooperative banks and other deposits. Time deposit is a component of <math>M_3</math>.</p> <p>ii) Money supply does not include money held by government and banking system. [ 1 Mark]</p> <p>Ans: True. As money held by them do not come into actual circulation in the country.</p> <p>iii) Lack of double coincidence of wants exists in barter exchange and is the difficulty in simultaneous fulfilment of mutual wants of buyers and sellers. (1)</p> <p>Ans: True. It exists under barter exchange because of difficulty in simultaneous fulfilment of mutual wants of buyers and sellers.</p>	
12.	<p>What do you understand by “<i>parametric shift of a line</i>”?</p> <p>How does a line shift when its :</p> <p>(i) slope decreases                      (ii) its intercept increases.</p> <p>(Draw necessary diagrams)</p> <p>Ans: Parametric shift of a line means change in the consumption curve due to change in its slope.</p> <p>(i) When slope decreases, consumption curve moves downwards as shown below.</p> 	1+1+1 (3)

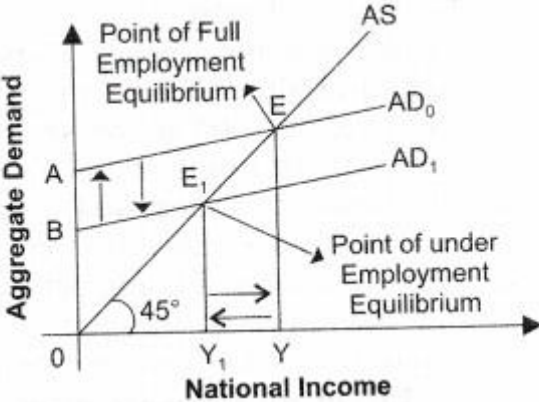
	<p style="text-align: center;">Income</p> <p>(ii) When intercept increases, there will be a parallel shift in the consumption curve due to increase in autonomous consumption as shown below.</p> 	
13.	<p>a) Define GDP Deflator. What is the importance of calculating GDP Deflator?</p> <p>Ans: It is a tool used to eliminate the effect of price fluctuations in an economy and to determine the real change in physical output of the current year. It helps in comparison of the growth rate of the economy.</p> <p>b) Estimate the value of Nominal Gross Domestic Product for a hypothetical economy, the value of Real Gross Domestic Product and Price Index are given as Rs. 500 and Rs. 125 respectively, and interpret the results.</p> <p>Nominal GDP= Real GDP× price index/ 100 =500×125/100 =₹ 625 crores  Nominal GDP measures aggregate output (meaning the value of all of the final goods and services produced) using current prices and hence reflects inflationary pressures in the economy.</p> <p>Or,</p> <p>i) Explain how ‘Non-Monetary Exchanges’ impact the use of Gross Domestic Product as an index of economic welfare.  ii)</p> <p><b>Ans: (i) Non-Monetary Exchange</b> <span style="float: right;">(any two points)</span></p> <p>1. The Non-Monetary Exchange is not quantified in monetary terms. For instance, women are not compensated for the domestic activities they do at home</p>	<p>2+2</p> <p>2+2</p>

	<p>2. In undeveloped nations, where many isolated locations remain impoverished, the transaction occurs via barter, which is not recorded as business growth. The Non-Monetary Exchange is an instance of GDP underestimate</p> <p>3. Non-monetary exchanges are those in which commodities and services are produced but not traded for money, such as the household services provided by close relatives to one another</p> <p>4. The Non-monetary exchange may be shown by different associations trading a fixed asset for yet another permanent one. Other non-monetary exchanges include those which include the transfer of business, technology, and material.</p> <p><b>(ii) Externalities</b> <span style="float: right;"><i>(any two points)</i></span></p> <p>1. Externalities are an accounting word that alludes to the advantages (or damage) a corporation or Externalities provides to the next for that they're not compensated (or punished) (or penalized)</p> <p>2. In those other terms, Externalities may be described as the indirect impacts that influence the manufacturing and consumption possibilities of others</p> <p>3. Pollution is a typical example of environmental factors. The manufacturer of the product concentrates on the performance and financial performance and Externalities do not pay more attention to the hidden costs to those that are hurt by contamination</p> <p>4. Environmental costs are one of the chief factors for which the authorities act in the market economy.</p>																																		
14.A1	a) From the following data calculate the value of Domestic Income:	2																																	
15.A2	<table border="1"> <thead> <tr> <th>S.no</th><th>Items</th><th>Amount (in ₹ Crores)</th></tr> </thead> <tbody> <tr> <td>a)</td><td>Compensation of Employees</td><td>2000</td></tr> <tr> <td>b)</td><td>Rent and Interest</td><td>800</td></tr> <tr> <td>c)</td><td>Indirect taxes</td><td>120</td></tr> <tr> <td>d)</td><td>Corporate Tax</td><td>460</td></tr> <tr> <td>e)</td><td>Consumption of Fixed Capital</td><td>100</td></tr> <tr> <td>f)</td><td>Subsidies</td><td>20</td></tr> <tr> <td>g)</td><td>Dividend</td><td>940</td></tr> <tr> <td>h)</td><td>Undistributed profits</td><td>300</td></tr> <tr> <td>i)</td><td>Net Factor Income from Abroad</td><td>150</td></tr> <tr> <td>j)</td><td>Mixed income of self employed</td><td>200</td></tr> </tbody> </table> <p>b) Distinguish between 'Value of Output' and 'Value Added'.</p> <p style="text-align: center;">Or</p>	S.no	Items	Amount (in ₹ Crores)	a)	Compensation of Employees	2000	b)	Rent and Interest	800	c)	Indirect taxes	120	d)	Corporate Tax	460	e)	Consumption of Fixed Capital	100	f)	Subsidies	20	g)	Dividend	940	h)	Undistributed profits	300	i)	Net Factor Income from Abroad	150	j)	Mixed income of self employed	200	2
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	<p>a) Given the following data, find Net Value Added at Factor Cost:</p> <table border="1"> <thead> <tr> <th>S.no</th><th>Items</th><th>Amount (in ₹ Crores)</th></tr> </thead> <tbody> <tr> <td>i)</td><td>Sale of wheat by the farmer in the local market</td><td>6800</td></tr> <tr> <td>ii)</td><td>Purchase of Tractor</td><td>5000</td></tr> <tr> <td>iii)</td><td>Procurement of wheat by the Government from the farmer</td><td>200</td></tr> <tr> <td>iv)</td><td>Consumption of wheat by the farming family during the Year</td><td>50</td></tr> <tr> <td>v)</td><td>Expenditure on the maintenance of existing capital stock</td><td>100</td></tr> <tr> <td>vi)</td><td>Subsidy</td><td>20</td></tr> </tbody> </table> <p>b) Define any two components of 'Net Factor Income from Abroad'.</p> <p>Ans: a) Domestic Income (NDP@fc) = (i)+(ii)+(iv)+(vii)+(viii)+(x)  = ₹2000+₹800+₹460+₹940+₹300+₹200 = ₹4,700 crore</p> <p>b) Value of output is the estimated money value of all the goods and services, inclusive of change in stock and production for self-consumption. Whereas, Value added is the excess of value of output over the value of intermediate consumption.</p> <p>Or</p> <p>a) Net Value Added at Factor Cost (NVA @ FC) = (i)+(iii)+(iv)+(vi)-(v)  = ₹6800+₹200+₹50+₹20-₹100 = ₹6,970 crore</p> <p>b) Component of net factor income from abroad are:</p> <ol style="list-style-type: none"> <li>Net compensation of employees</li> <li>Net income from property and entrepreneurship</li> <li>Net retained earnings of resident companies abroad (any two)</li> </ol>	S.no	Items	Amount (in ₹ Crores)	i)	Sale of wheat by the farmer in the local market	6800	ii)	Purchase of Tractor	5000	iii)	Procurement of wheat by the Government from the farmer	200	iv)	Consumption of wheat by the farming family during the Year	50	v)	Expenditure on the maintenance of existing capital stock	100	vi)	Subsidy	20	<p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p>
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15.A1 14.A2	<p>(i) Calculate equilibrium level of national income from the following data:</p> <ol style="list-style-type: none"> <li>Autonomous Investments = Rs. 500 cr.</li> <li>Consumption function : <math>C = 100 + 0.7Y</math></li> </ol> <p>(ii) Calculate Change in Income (<math>\Delta Y</math>) for a hypothetical economy, given that:</p> <ol style="list-style-type: none"> <li>Marginal Propensity to consume (MPC) = 0.9</li> <li>Change in Investment (<math>\Delta I</math>) = Rs. 1000 cr.</li> </ol> <p>Ans: Given Consumption function is, <math>C = 100 + 0.7 Y</math>  Autonomous investments = 500 crores  We know, at equilibrium level <math>Y = C + I</math>  <math>Y = 100 + 0.7Y + 500</math>  <math>Y - 0.7Y = 600</math>  <math>0.3 Y = 600</math>                      hence, <b><math>Y = ₹ 2,000</math> crores</b></p>	<p>2</p> <p>2</p>																					



	<p>Or</p> <p>Given <math>\Delta I = ₹1,000</math> crores    <math>MPC = 0.9</math></p> <p>As we know, Multiplier (K) = <math>1/1-MPC = 1/1-0.9 = 1/0.1 = 10</math> times</p> <p>We know    <math>K = \Delta Y / \Delta I</math>                      <math>10 = \Delta Y / 1000</math>    <math>\Delta Y = ₹ 10,000</math> crores</p>	
16.	<p>1) Giving valid reasons explain which of the following will be included or not included in estimation of National Income of India?</p> <p>a) Purchase of shares of X. Ltd. by an investor in the National Stock Exchange.</p> <p>b) Salaries paid by the Japanese housekeeping department to Indians working in the Japanese embassy in USA.</p> <p>c) Compensation paid by the Government of India to victims of floods.</p> <p>2) Explain the term “ Compensation of Employees” and its components.</p> <p>Ans: 1. Following will be included/ not be included in estimation of National Income of India:</p> <p>a. As such transactions are mere paper claims and do not lead to any value addition, hence not included</p> <p>b. Included in the estimation of national income and treated as a part of NFIA.</p> <p>c. Compensation paid by the Government of India is mere transfer payment and does not lead to any flow of goods and services in an economy, hence not included.</p> <p>2. Compensation of employees refers to the factor income earned by labour in exchange of their factor services. Its components are Wages and Salaries in cash , Wages and Salaries in kind and Employers’ contribution to social security.</p> <p>(i) Wages and Salaries in cash: Factor payments received by employees in the form of basic, DA, bonus, commission, HRA, perquisites, etc.</p> <p>(ii) Wages and Salaries in kind: medical facilities, transportation etc.</p> <p>(iii) Employers’ contribution of social security: Amount deposited by the employer in Provident Fund, insurance schemes, etc. of the employees.</p>	<p>3</p> <p>3</p>

17.	<p>Explain the concept of under-employment equilibrium with the help of a diagram. What should be the additional investment expenditure that is required to reach full employment level? Elaborate giving reasons for fall in the aggregate demand.</p> <p>1. Ans: Underemployment equilibrium refers to a situation when equilibrium is attained i.e., aggregate demand is equal to aggregate supply below full employment level or when resources are not fully employed.</p>  <p>2. In the above diagram full employment level of national income is attained at point E, but due to deficient demand, aggregate demand shifts downward from AD to AD<sub>0</sub> and new equilibrium is attained at point E<sub>1</sub>; which is below full employment level.</p> <p>3. The aggregate demand shifts downward because of the following reasons.</p> <ul style="list-style-type: none"> <li>(i) Decrease in household consumption demand due to fall in propensity to consume.</li> <li>(ii) Decrease in private investment demand because of fall in credit facilities.</li> <li>(iii) Decrease in public (government) expenditure.</li> <li>(iv) Decrease in export demand.</li> <li>(v) Decrease in money supply or decrease in disposable income.</li> </ul> <p>In order to achieve full employment equilibrium deficiency of demand must be corrected through additional investment expenditure. In the diagram deficiency of AD = AB. Thus, AB amount of additional investment is required to reach the level of full employment.</p>	3+3
Q.no	<b>SECTION B – INDIAN ECONOMIC DEVELOPMENT</b>	<b>Marks</b>
	Read the following statements. Assertion (A) and Reason (R). Choose one of the correct alternatives given below and answer Q.18, 19, 20 & 21.	

	<p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are True and 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>	
18.A1 19.A2	<p>Assertion (A): After the New Economic Policy announced in 1991, domestic competition has increased.</p> <p>Reason (R): Industrial sector reforms abolished industrial licensing for all the projects, except for a short list of industries.</p> <p>Ans: (a)</p>	1
19.A1 20.A2	<p>Assertion (A): Many public sector undertakings incurred huge losses due to operational inefficiencies.</p> <p>Reason (R): Red-tapism was one of the reasons for continuation of such enterprises.</p> <p>Ans: (a)</p>	1
20.A1 21.A2	<p>Assertion (A) : During the British rule, India saw huge drain of wealth.</p> <p>Reasoning (R) : India generated a large export surplus during the period.</p> <p>Ans: (b)</p>	1
21.A1 18.A2	<p>Assertion (A): On-the-Job-Training is a source of human capital formation.</p> <p>Reason (R): After on-the-job training of employees, firm insist that the workers should work for a specific period of time</p> <p>Ans: (c)</p>	1
22. A1 /A2	<p>State true or false with appropriate reason: "Zamindari system of land revenue gave incentives to tillers of soil to increase their productivity."</p> <p>Ans: False, under the zamindari system tillers were reduced to the status of landless laborers who merely got subsistence wages. As a result, the tillers of the soil had no interest in improving the agriculture.</p>	1
23. A1 /A2	<p>Identify the correct statement from the following: (Choose the correct alternative)</p> <p>a) Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.</p> <p>b) Effective trade policies of commodity production, trade and tariff pursued by the colonial government favorably affected the structure, composition and volume of India's foreign trade.</p> <p>c) Liberal policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.</p> <p>d) Restrictive policies of commodity production, trade and tariff pursued by the colonial government favorably affected the structure, composition and volume of India's foreign trade.</p>	1

	Ans: (a) Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.																					
24.	<p>Match the situations given in Column I with their respective implications given in Column II: (<i>Choose the correct alternative</i>)</p> <table><tr><td></td><td>Column I</td><td></td><td>Column II</td></tr><tr><td>A</td><td>Migration</td><td>i)</td><td>reduced in per capita economic growth</td></tr><tr><td>B</td><td>Low level of academic standards</td><td>ii)</td><td>Imbalance between demand and supply of human resource</td></tr><tr><td>C</td><td>Population-High growth</td><td>iii)</td><td>Brain Drain</td></tr><tr><td>D</td><td>Lack of proper man power planning</td><td>iv)</td><td>Mismatch between required skill and academic standards</td></tr></table> <p><b>Alternatives:</b> a) A-ii; B-iii; C-iv; D-i b) A-iii; B-iv; C-i; D-ii c) A-i; B-ii; C-iii; D-iv d) A-ii; B-iv, C-i; D-iii</p> <p><b>Ans: b) A-iii; B-iv; C-i; D-ii</b> <b>Ans: d) A-iii; B-iv; C-i; D-ii</b></p>		Column I		Column II	A	Migration	i)	reduced in per capita economic growth	B	Low level of academic standards	ii)	Imbalance between demand and supply of human resource	C	Population-High growth	iii)	Brain Drain	D	Lack of proper man power planning	iv)	Mismatch between required skill and academic standards	1
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25. A1/ A2	<p>In the light of the given text and common knowledge, identify the incorrect statement: - a) A severe balance of payments problem triggered an acute economic crisis in 1991. b) In 1991, the economic and political leadership launched a multipronged reforms agenda to repair the macroeconomic situation of the nation. c) In post 1991 situation, the state was given the role of primary regulator of the economy. d) Post pandemic, individual sectors should be looked closely. Sectors that need reforms should be identified and corrective action should be taken.</p> <p><b>Ans: c) In post 1991 situation, the state was given the role of primary regulator of the economy.</b></p>	1																				
26. A1/ A2	<p>Prior to India's independence, the stagnation in the agricultural sector was mainly caused by_____.</p> <p><b>(Fill up the blank with correct alternative)</b></p>	1																				

	<p>a) investment in technology c) advanced infrastructural facilities</p> <p>b) investment in agriculture facilities d) land settlement system</p> <p><b>Ans: d) land settlement system</b></p>	
27. A1/ A2	<p>Industrial Policy Resolution (IPR) 1956 formed the basis of the_____Five Year Plan. <i>(Fill up the blank with correct alternative)</i></p> <p>a) First      b) Fourth      c) Second      a) Third</p> <p><b>Ans: c) Second</b></p>	1
28.A1 29.A2	<p>Justify the direct participation of the state in industrial development of the country after Independence.</p> <p>Or,</p> <p>“Economic reforms have restricted the role of Public Sector Units (PSUs) in the country.” Discuss.</p> <p>Ans: After Independence the industrial development of the country could not be left to the market forces of demand and supply. It needed direct participation of the govt because:</p> <ol style="list-style-type: none"> <li>1. The industrial development needed a big push of investment, which the entrepreneurs could not afford.</li> <li>2. There was low inducement to invest, owing to the limited size of the market</li> <li>3. The growth process placed high priority on socialistic pattern of the society (growth with social justice)</li> </ol> <p>Or,</p> <p>Ans: Economic reforms have definitely reduced the role of public sector in the Indian economy. Privatisation was the major component of economic reforms programme. Privatisation means a greater role for private capital and enterprise. The main objective of economic reforms is to make use of privately owned resources for collective welfare of the people.</p> <p>It has restricted the areas of public sector to the following areas</p> <ol style="list-style-type: none"> <li>(i) Essential manufactured goods</li> <li>(ii) Exploration and exploitation of oil and mineral resources.</li> <li>(iii) Strategic areas, i.e. defence equipment’s etc.</li> </ol>	3
29.A1 28.A2	<p>“British intended to achieve some objectives through their policies of infrastructure.” Explain the given statement.</p> <p>Ans: This is true statement. British intended to achieve the following objectives through their policies of infrastructure.</p> <ol style="list-style-type: none"> <li>(i) Expansion of Indian market for the British products through the railways expansion.</li> </ol>	3

	<p>(ii) To handle export of raw material to Britain and import of finished goods from Britain through the development of ports.</p> <p>(iii) To increase administrative efficiency through the development of post and telegraphs.</p> <p>(iv) To facilitate transportation of raw material from different parts of the country to the ports through the developments of roads.</p>	
30. A1/ A2	<p>Case study:</p> <p>Human capital formation increases the efficiency of physical capital. How? This happens in two ways:</p> <p>(a) Human capital formation leads to higher level of skills and expertise. Accordingly, labor force is better equipped to handle plant and machinery (physical capital). This raises the efficiency of physical capital by way of higher output per unit of input.</p> <p>(b) Human capital formation leads to innovations implying new way of doing things or doing things better than before. Accordingly, efficiency/productivity rises.</p> <p>(a) Explain the need of on-the-job-training for an individual. Ans: (a) Due to the following reasons on-the-job training is required for an individual :</p> <p>(i) It enhances individual's productivity and therefore, will help in getting higher wages as well as increases firm's profit.</p> <p>(ii) It enhances the individual's skills and make them ready to get the new and higher opportunities in the organization whenever required.</p> <p>(iii) It also enhance the morale of employees and reduces the absenteeism and employee's turnover.</p>	2+2
31. A1/ A2	<p><b><i>“India could not develop a sound industrial base under the British colonial rule. Even as the country's world famous handicraft industries declined, no corresponding modern industrial base was allowed to come up to take pride of place so long enjoyed by the former.”</i></b></p> <p>In the light of the above statement, critically appraise some of the shortfalls of the industrial policy pursued by the British.</p> <p>Ans: Some shortfalls of the industrial policy pursued by the British colonial administration are as follows: <span style="float: right;">(Any 4)</span></p> <p>1. Industrial development remained very slow.</p> <ul style="list-style-type: none"> <li>Initially, this development was confined to the setting up of cotton and jute textile mills.</li> </ul>	4

	<p>• Subsequently, the iron and steel industries began coming up in the beginning of 20<sup>th</sup> century, eg TISCO was incorporated in 1907. A few other industries in the field of sugar, cement, paper etc. came up after the second world war.</p> <p>2. There was hardly any capital goods industry to help promote further industrialization in India. The establishment of a few manufacturing units here and there was no substitute to the wholesale displacement of the country's traditional handicraft industries.</p> <p>3. Low growth rate – the growth rate of the new industrial sector and its contribution to GDP remained very small.</p> <p>4. Very limited area of operation of the public sector – Public sector remained confined only to the railways, power generation, ports and some other departmental undertakings.</p>	
32. A1/ A2	<p>Define a plan. Explain how import substitution can protect domestic industry.</p> <p>Ans: A plan spells out how the resources of a nation should be put to use. It should have some general goals as well as specific objectives which are to be achieved within a specified period of time.</p> <p>In this policy the government protected the domestic industries from foreign competition. Protection from imports took two forms: tariffs and quotas. 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.</p> <p>1. The effect of tariffs and quotas is that they restrict imports and, therefore, protect the domestic firms from foreign competition.</p> <p>2. The policy of protection is based on the notion that industries of developing countries are not in a position to compete against the goods produced by more developed economies.</p> <p>3. It is assumed that if the domestic industries are protected they will learn to compete in the course of time.</p> <p>4. Our planners also feared the possibility of foreign exchange being spent on import of luxury goods if no restrictions were placed on imports.</p> <p><i>(any 3 points to be elaborated/ any other valid answer may be marked accordingly)</i></p>	1+3

33. A1/ A2	<p>a) Study the following table and answer the question:</p> <p style="text-align: center;"><b>TABLE 3.1</b> <b>Growth of GDP and Major Sectors (in %)</b></p> <table><tr><th rowspan="2">Sector</th><th rowspan="2">1980-1991</th><th rowspan="2">1992-2001</th><th rowspan="2">2002-2007</th><th rowspan="2">2007-2012</th><th colspan="2">2012-2017 XII Plan</th></tr><tr><th>Target I</th><th>Target II</th></tr><tr><td>Agriculture</td><td>3.6</td><td>3.3</td><td>2.3</td><td>3.2</td><td>4.0</td><td>4.2</td></tr><tr><td>Industry</td><td>7.1</td><td>6.5</td><td>9.4</td><td>7.4</td><td>9.6</td><td>10.9</td></tr><tr><td>Services</td><td>6.7</td><td>8.2</td><td>7.8</td><td>10.0</td><td>10.0</td><td>10.0</td></tr><tr><td><b>Total</b></td><td><b>5.6</b></td><td><b>6.4</b></td><td><b>7.8</b></td><td><b>8.2</b></td><td><b>9.0</b></td><td><b>9.5</b></td></tr></table> <p><b>Sources:</b> Tenth Five Year Plan; Faster, sustainable and more inclusive growth: An Approach to the 12th Five Year Plan, Planning Commission, Government of India, 2011.</p> <p>During the reforms, what has been the trend in the growth of agriculture sector? Give reasons.</p> <p>Ans : During the reform period, the growth of agriculture sector has declined because of the following reasons:</p> <ol style="list-style-type: none"><li>1. Public investment in agriculture sector especially in infrastructure (irrigation, power, roads etc) has fallen in the reform period.</li><li>2. The removal of fertilizer subsidy has led to increase in the cost of production which has severely affected the small and marginal farmers.</li><li>3. Increased international competition faced by Indian farmer due to a number of policy changes such as reduction in import duties on agricultural products, removal of minimum support price and lifting of quantitative restrictions on agricultural products.</li><li>4. Because of export oriented policy strategies in agriculture, there has been a shift from production for their domestic markets towards production for the export market focusing on cash crops in lieu of production of food crops. this puts pressure on prices of food grains.</li></ol> <p>b)Why were reforms introduced in India?</p>	Sector	1980-1991	1992-2001	2002-2007	2007-2012	2012-2017 XII Plan		Target I	Target II	Agriculture	3.6	3.3	2.3	3.2	4.0	4.2	Industry	7.1	6.5	9.4	7.4	9.6	10.9	Services	6.7	8.2	7.8	10.0	10.0	10.0	<b>Total</b>	<b>5.6</b>	<b>6.4</b>	<b>7.8</b>	<b>8.2</b>	<b>9.0</b>	<b>9.5</b>	3+3
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34. A1/ A2	<p>a) Look at the picture given below and explain the caption given below it.</p>	3																																					





**Fig. 5.5** Investment in educational infrastructure is inevitable

Ans: Education is an important source of human capital formation. Investment in education stimulates economic development in the following ways:

1. Raises production. Knowledgeable and skilled workers can make better use of resources at their disposal. It will increase production in the economy. An educated and trained person can apply his knowledge and skill at farm, factory and office to increase production.
2. Raises efficiency and productivity. Investment in education increases efficiency and productivity, and hence yields higher income to the people.
3. Brings positive changes in outlook and attitudes. Knowledgeable and skilled people have modern outlook and attitudes, that they make rational choice in respect of places and jobs.
4. Improves quality of life. Education improves quality of life as it provides better job, high income and improves health. It results in better standard of living.

*( any other valid answer may be marked accordingly)*

**b) Discuss the need for promoting women's education in India.**

**Answer.** Women Education Council has been set up to provide technical education to the women. It has set up many women polytechnics. It is essential to promote women's education in India to:

1. Improve women's economic independence and their social status.
2. make a favourable impact on fertility rate and health care of women and children.