

MARKING SCHEME

खंड-‘अ’(SECTION-A)

व्यापक अर्थशास्त्र(MACRO ECONOMICS)

QN	Questions	M
1	(D) Capital	1
2	(B) decreases	1
3	(C) Both statements 1 and 2 are true.	1
4	(B) buying government bonds	1
5	(D) Decrease in money demand	1
6	(A) (i) 810 (ii) 10000 (iii) 9000 (iv) 1000	1
7	(C) Q and R	1
8	(B) 1.1	1
9	(A) OR	1
10	(C) Managed Floating Exchange Rate	1
11	The process of currency devaluation can have several effects on both Foreign Direct Investment (FDI) and Portfolio Investment. Here's how devaluation can impact these types of investments: (i) Trade: Currency devaluation can make a country's exports relatively cheaper in inter-national markets. This can lead to increased demand for domestic goods, potentially resulting in higher trade volumes and a trade or vloee surplus (exports exceeding imports). A trade surplus can attract FDI as foreign investors seek to capitalize on the country's competitive exports. (ii)Receipts and Payments: Devaluation can affect the balance of payments. A devalued currency means that receipts from exports will increase brwhe converted into the domestic currency. visnostAt the same time, payments for imports may [S] become more expensive. This can lead to a 1900 er positive impact on the balance of payments, loolis vloer attracting FDI and portfolio investment. (iii) Employment: Increased demand for domestic goods resulting from devaluation can lead to higher employment opportunities. As exports become more competitive, domestic businesses may need to expand their operations, hire more workers, and invest in scaling up production. Investments: Devaluation can make a country more attractive for investments. A devalued currency can enhance the competitiveness of Ho gruilse the country's exports, potentially increasing y3lom revenue for businesses. (iv) Market Competitiveness: Currency devaluation can make domestic goods more competitive in international markets. This can lead to a more competitive market environment, driving businesses to innovate, adopt advanced technologies, and optimize resource utilization to maintain or improve their market position	1 1 1

12	NDP (factor cost) = 50 + 150 + 90 + 210 + 100 + 100 + 100 + 100 = ₹ 900 National Income = Net National Product (factor cost) = Net Domestic Product (factor cost) + Net Factor Income from Abroad NI = NNP (factor cost) = ₹ 900 + (-) ₹ 20 = ₹ 880 OR (i) Value Addition: It is the excess of value of output over the value of intermediate consumption. (ii) Gross Domestic Product: It is the money value of all final goods and services produced in an economy during an accounting year. (iii) Flow Variables: Flow Variables are those economic variables which can be measured over a period of time, e.g., national income, money creation, etc.	
13	$Y = 3500$ $MPS = 0.3$ $\bar{c} = 500$ $Y = \bar{c} + bY + I$ $MPC = 1 - MPS$ $MPC = 1 - 0.3 = 0.7$ $3500 = 500 + 0.7 \times 3500 + I$ $I = 3500 - 500 - 2450$ $I = ₹ 550$	4
14	(i) An increase in Cash Reserve Ratio (CRR) may reduce the credit creation capacity of the commercial banks in the economy. This may lead to a fall in the borrowings from banks causing a fall in Aggregate Demand in the economy, and helps to correct the inflationary gap in the economy. (ii) Sale of Government Securities in the open market by the Central Bank will adversely affect the ability of the Commercial Banks to create credit in the economy. As a result, Aggregate Demand in the economy may fall and correct the inflationary gap in the economy. OR The given instance where, Reserve Bank of India has sold government securities in the secondary market indicates towards inflation as a possible cause behind the action taken by RBI. By selling off the government securities, RBI withdraws money from circulation and thereby reducing the lending capacity of the commercial banks. In this process, the economy will experience contraction of credit, leading to reduction in consumption and investment demand. Consequently, the inflationary pressure in the economy will get eased out.	
15	Bank rate is the rate of interest at which Central Bank lends money to Commercial Banks to meet their long-term needs. An increase in bank rate may force commercial banks to increase their lending rate. It will make borrowings costlier to general public. This leads to discouraging people to borrow and will thus restrict money supply in the economy or vice-versa.	
16	(A) (i) Revenue receipts = Revenue expenditure Revenue deficit = ₹ 11,000 - ₹ 6,000 = ₹ 5,000 (ii) Fiscal deficit = Revenue deficit + (Capital expenditure — Non debt creating capital receipts) = ₹ 6,000 + (₹ 14,000 - ₹ 8,000) = ₹ 6,000 + ₹ 6,000 = ₹ 12,000 (iii) Primary deficit Fiscal deficit — interest payments = ₹ 12,000 - ₹ 7,000 = ₹ 5,000	

	(B) Expenditure on payment of salaries to government employees is a revenue expenditure as it neither creates any liability nor it reduces the assets. OR (A) The given statement that "National highway is a private good because it is funded by taxes" is incorrect. National highways are considered public goods rather than private goods. Public goods, such as national highways, are characterized by non-excludability and non-rivalry in consumption. They are accessible to all individuals and their use by one person does not diminish their availability for others. National highways are funded by taxes and serve the general public by facilitating transportation, trade, and economic development. They are not owned or controlled by private entities and cannot be restricted to certain individuals. Therefore, national highways do not possess the characteristics of a private good and are correctly classified as public goods. (B) Budgetary policy can be utilized to address income inequalities by implementing progressive taxation policies. Under this approach, individuals with higher incomes are subject to higher tax rates, while those with lower incomes face lower rates or no direct taxes at all. The revenue generated from these welfare programs, subsidies, and free public services like healthcare and education, primarily benefiting lower-income groups. By redistributing wealth through taxation and targeted spending, budgetary policy can help narrow income gaps and promote a more equitable distribution of resources within society.	
17	"Higher Gross Domestic Product (GDP) means greater per capita availability of goods in the economy." This statement is not true. (i) If the rate of population growth is more than the rate of growth of GDP, the per capita availability of goods and services will fall. (ii) GDP doesn't account for changes in inequalities in distribution of income. If the rising GDP is concentrated in a few hands, per capita availability of goods in the economy might not increase. B (i) Ban on consumption of tobacco will bring down the production of tobacco. Since it is counted in GDP, it will fall. (ii) The ban will improve the health in general. It will thus, increase welfare.	
खंड- 'ब' (SECTION-B) भारतीय आर्थिक विकास (INDIAN ECONOMIC DEVELOPMENT)		
18	(C) only (ii) and (iii)	1
19	(B) India	1
20	(D) (iii), (iv), (ii), (i)	1
21	(B) Informal sector	1
22	(C) Assertion (A) is true, but Reason (R) is false.	1
23	(B) industries	1
24	(C) Ensures gender equity	1
25	(C) Objective of investment in new agricultural avenues (non-farm activities) increases financial risks for the rural population.	1
26	(C) Both Statements 1 and 2 are true.	1
27	(C) 3-(c)	1
28	(i) Land Tenure System (ii) Outdated Agricultural Practices (iii) Lack of Infrastructure and Technology OR The given statement is appropriate. Modernisation implies use of advanced technology to enhance .Explanation: By providing on-the job training to the productivity at a faster pace. With application of workers, it leads to addition to human capital by modern technology, higher output is obtained at a relatively lower cost. However, in a labour abundant country	3

	like India modernisation may lead to an increase in unemployment as modern technology require lesser labour per unit of output.	
29	Non-farm activities (agro-processing industries, poultry, craft, handloom) provide alternative avenues for sustainable livelihood and may raise the level of income as the risks due to fluctuations in production and market prices is generally less. Agriculture in India is mainly a seasonal occupation, however, during off seasons, it becomes difficult to find employment and stabilize farmer's income. Thus, Prime Minister has urged appropriately in the best interest of the farmers of the rural India.	3
30	The statement that one out of every six persons living in the world is an Indian and another is Chinese can be justified based on population statistics. India and China are the two most populous countries globally, with a combined population of over 2.7 billion To verify the statement, we can compare this combined population with the estimated global population of around 7.9 billion. When we divide the global population by six, we get approximately 1.32 billion. This aligns with the claim that one out of every six individuals in the world is an Indian, and another is Chinese. The large populations of India and China contribute significantly to their representation in the globalisation. Moreover, their substantial size gives them a notable impact on various aspects, including economics, politics, and culture. The demographics of these two countries shape global trends and influence international relations. In summary, the high populations of India and China support the statement that out of every six persons living in the world, one is an Indian and another is Chinese. Their demographic weight plays a crucial role in the global population distribution and has far-reaching implications for various global dynamics.	4
31	When the rate of resource extraction exceeds the rate of regeneration, it reduces the carrying capacity of the environment. This is due to resource depletion, ecological imbalance, and environmental degradation. Firstly, excessive extraction without sufficient regeneration depletes resources. For instance, overfishing leads to reduced fish stocks, limiting the availability of this resource. Such depletion reduces the environment's ability to sustain the same level of productivity and diversity. Secondly, overexploitation disrupts ecological balance. Resources within an ecosystem are interconnected, and the overuse of one resource affects another. This disrupts species interactions in the ecosystem. Consequently, the carrying capacity of the environment is diminished. Lastly, unsustainable extraction practices cause environmental degradation. Activities like mining result in soil erosion, water pollution, and habitat destruction. These negative impacts degrade the environment's quality, making it less capable of supporting life and reducing carrying capacity. To summarize, exceeding the rate of resource regeneration leads to resource depletion, ecological imbalance, and environmental degradation. As a result, the carrying capacity of the environment is reduced. To ensure sustainability, it is essential to adopt practices that promote regeneration, maintain ecological balance, and prevent environmental degradation. OR (A) Human development encompasses a wider range of factors than human capital. While human capital focuses on the economic aspects of individuals, such as their skills and productivity, human development takes a more comprehensive approach. It considers aspects like education, healthcare, social wellbeing, and opportunities for individuals to lead fulfilling lives. Human development recognizes that people's overall well-being and progress are influenced by various dimensions beyond just economic productivity, highlighting the broader scope of this concept compared to the narrower focus of human capital. (B) Investment in human capital contributes to the growth of an economy by enhancing the skills, knowledge, and productivity of individuals. When resources are allocated to education, training, and healthcare, individuals acquire valuable human capital. This leads to a more skilled and productive workforce, which can drive innovation, increase efficiency, and stimulate economic growth. Investing in human capital improves the quality of the	4

	labour force, increases the adaptability to technological advancements, and fosters a competitive advantage. Ultimately, the development of human capital strengthens the foundation for sustained economic growth and prosperity.	
32	Disguised unemployment refers to a situation where more people are engaged in a particular activity or occupation than necessary, resulting in underutilization of labour. It is commonly found in the agricultural sector where individuals appear to be employed but their contribution to production is minimal or redundant. Several factors can contribute to disguised unemployment: (i) Technological limitations (ii) Limited alternative employment opportunities. (iii) Fragmented landholdings (iv) Lack of skill development and education (v) Insufficient infrastructure and market link (vi) Cultural and social factors	4
33	(A)(i) Balance of Payments Crisis (ii) Opening upto Global Markets (iii) Encouraging FDI (B)(i) Efficiency and cost Reduction (ii) Enhanced Competitive Position (iii) Strengthening Public Sector Telecom OR (A)(i) Shift in Govt priorities (ii) Reduced Govt Support (iii) Increased Global Competition (B)(i) Cost Effectiveness (ii) Skilled Workforce (iii) Govt Support and infrastructure	3 3 3 3
34	(A) The concept of sustainable development refers to meeting the present needs of society without compromising the ability of future generations to meet their own needs. It is considered crucial in the current global scenario due to several reasons. Firstly, as economies continue to grow, there is a growing concern about the long-term viability of development practices that heavily rely on finite resources and cause environmental degradation. Sustainable development aims to ensure that economic progress is achieved while minimizing negative impacts on the environment. Secondly, with the increasing recognition of climate change and its potential consequences, there is a need to transition towards sustainable practices that reduce greenhouse gas emissions and promote resilience to environmental challenges. Lastly, sustainable development recognizes the interconnectedness between economic, environmental, and social aspects, emphasizing the need to address social issues such as poverty, inequality, and access to basic services. Overall, sustainable development is crucial for ensuring a prosperous and resilient future for both current and future generations. (B) One of the main challenges faced in achieving sustainable development is striking a balance between economic growth and environmental conservation. Traditional development models often prioritize economic growth without considering the long-term environmental consequences. However, this approach is increasingly recognized as unsustainable. Balancing economic growth with environmental conservation involves adopting sustainable practices that minimize resource depletion, reduce pollution, and mitigate climate change impacts. This requires a shift towards renewable energy sources, efficient resource management, and the promotion of clean technologies. Another challenge is the need to address social aspects to achieve sustainable development. This includes ensuring equitable distribution of development benefits, addressing poverty and inequality, and providing access to basic services for all members of society. Economic growth alone is insufficient because it	3 3

	may exacerbate social inequalities, result in environmental degradation, and lead to the depletion of resources, ultimately undermining the prospects for long-term development.	
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