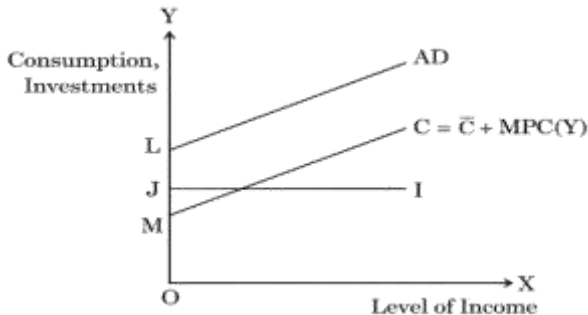


SOLUTIONS
Senior School Certificate Examination 2026
ECONOMICS (Subject Code-030)
[Paper Code: 58/5/1]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
SECTION A Macro Economics		
1.	“The Ministry of Statistics and Programme Implementation (MoSPI) is underway to revise the base year of Gross Domestic Product (GDP). The base year is revised periodically to better capture the structural changes happening in the economy. The proposed new base year for the GDP is 2022 – 23.” The step taken by the Government of India is for revision of ____ Gross Domestic Product (GDP), as it is measured at ____ prices. (Choose the correct option to fill in the blanks) (A) Real, constant (B) Nominal, current (C) Real, current (D) Nominal, constant Ans. (A) Real, constant	1
2.	With reference to the given diagram, OL indicates _____  (Choose the correct option to fill in the blank) (i) Autonomous Consumption (ii) Autonomous Investment (iii) Induced Consumption (iv) Induced Investment Options: (A) Only (i) (B) Only (ii) (C) Sum of (i) and (ii) (D) Sum of (i) and (iii) Ans. (C) Sum of (i) and (ii) Note: The following question is for Visually Impaired candidates only in lieu of Q. no. 2. _____ refers to that consumption, which is independent of the level of income. (Choose the correct option to fill in the blank) (A) Autonomous Consumption (B) Induced Consumption (C) Break-even level (D) Autonomous Investment and Consumption Ans. (A) Autonomous Consumption	1
3.	Money supply is a ____ variable, as it refers to the total volume of money held by the ____ at a particular point of time. (Choose the correct option to fill in the blanks) (A) stock, banks (B) flow, banks (C) stock, public (D) flow, public Ans. (C) stock, public	1

4.	Under the flexible exchange rate system, the exchange rate is determined by the _____. (i) Government (ii) Demand and supply (iii) Intervention of the Central Bank (Choose the correct option to fill in the blank) Options: (A) Only (i) (B) Only (ii) (C) Only (iii) (D) (ii) and (iii) Ans. (B) Only (ii)	1
5.	Following are the steps to measure National Income (NNP_{FC}) by Value Added method: (i) Calculate Domestic Income (NDP_{FC}) by subtracting Depreciation and Net Indirect Taxes from GDP_{MP}. (ii) Estimate GDP_{MP} by adding GVA of each firm. (iii) Estimate and add Net Factor Income from Abroad to NDP_{FC} to arrive at NNP_{FC}. (iv) Identify and classify the production units into primary, secondary and tertiary sector. The correct order of arrangement of steps would be: (Choose the correct option) Options: (A) (ii), (iii), (i), (iv) (B) (iv), (ii), (i), (iii) (C) (iv), (ii), (iii), (i) (D) (iii), (iv), (ii), (i) Ans. (B) (iv), (ii), (i), (iii)	1
6.	An economy may operate at a level below full employment due to a deficiency in Aggregate Demand (AD) leading to a/an _____ employment equilibrium. (i) Full (ii) Over (iii) Under (Choose the correct option to fill in the blank) Options: (A) Only (i) (B) Only (ii) (C) Only (iii) (D) (ii) and (iii) Ans. (C) Only (iii)	1
7.	Read the following statements carefully : <i>Statement I:</i> Positive externalities refer to the benefits a firm/an individual provides to another for which they are paid. <i>Statement II:</i> In case of positive externalities, Gross Domestic Product (GDP) of an economy might lead to an overestimation of the actual welfare. In the light of the given statements, choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statements I and II are true. (D) Both Statements I and II are false. Ans. (D) Both Statements I and II are false.	1
8.	Suppose, for a hypothetical economy, Reserve Ratio (RR) decreases from 25% to 20%, the total deposits would _____ to ₹ _____, if primary deposits are ₹ 1,000. (Choose the correct option to fill in the blanks) (A) increase, 5,000 (B) decrease, 5,000 (C) increase, 4,000 (D) decrease, 4,000 Ans. (A) increase, 5,000	1
9.	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:	

	Assertion (A): Transfers from Abroad (remittances) are to be recorded on the credit side of capital account of Balance of Payments (BoP). Reason (R): All the transactions that lead to inflow of foreign currency from the rest of the world are recorded on the credit side of Balance of Payments (BoP). Options: (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. Ans. (D) Assertion (A) is false, but Reason (R) is true.	1																														
10.	Liabilities for any firm are its debt/what it owes to others. Contrary to that, for a bank _____ are the main liability. (Choose the correct option to fill in the blank) (A) loans (B) reserves (C) deposits (D) assets Ans. (C) deposits	1																														
11.	Estimate the value of 'Income from Property and Entrepreneurship' on the basis of the given data: <table border="1"> <thead> <tr> <th>S.No.</th><th>Items</th><th>Amount (in ₹ crore)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Wages and salaries</td><td>1,300</td></tr> <tr> <td>(ii)</td><td>Rent</td><td>700</td></tr> <tr> <td>(iii)</td><td>Employer's contribution to social security schemes</td><td>300</td></tr> <tr> <td>(iv)</td><td>Royalty</td><td>200</td></tr> <tr> <td>(v)</td><td>Corporate tax</td><td>100</td></tr> <tr> <td>(vi)</td><td>Interest</td><td>350</td></tr> <tr> <td>(vii)</td><td>Consumption of fixed capital</td><td>50</td></tr> <tr> <td>(viii)</td><td>Dividends</td><td>150</td></tr> <tr> <td>(ix)</td><td>Savings of private corporate sector</td><td>200</td></tr> </tbody> </table> Ans. Income from Property and Entrepreneurship = (ii) + (iv) + (vi) + (v) + (ix) + (viii) $= 700 + 200 + 350 + 100 + 200 + 150$ $= ₹ 1,700 \text{ crore}$	S.No.	Items	Amount (in ₹ crore)	(i)	Wages and salaries	1,300	(ii)	Rent	700	(iii)	Employer's contribution to social security schemes	300	(iv)	Royalty	200	(v)	Corporate tax	100	(vi)	Interest	350	(vii)	Consumption of fixed capital	50	(viii)	Dividends	150	(ix)	Savings of private corporate sector	200	1 ½ 1 ½ 3
S.No.	Items	Amount (in ₹ crore)																														
(i)	Wages and salaries	1,300																														
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(ix)	Savings of private corporate sector	200																														
12. (a)	"Repo Rate and Bank Rate are two different measures, but a change in either of them may have the similar implication on the money supply in an economy." Defend or refute the given statement, giving valid explanation in support of your answer. Ans. The given statement is defended. Repo Rate and Bank Rate are the rates at which the Central Bank lends money to the commercial banks, the key difference lies in terms of short-term and long-term needs. A change in either of them will have the similar implication on the money supply in the economy. A decrease in Repo/Bank Rate by the Central Bank will encourage the commercial banks to decrease their lending rates making the credit more affordable for the general public, thereby, encouraging the borrowings. Consequently, money supply will rise and vice versa. OR	3																														

(b)	“The Reserve Bank of India (RBI) is the sole authority for issuing currency notes in India, with an exception of ₹1 denomination that is issued by the Ministry of Finance.” Do you agree with the given statement? Explain the rationale behind the monopoly enjoyed by the Reserve Bank of India (RBI) on this front. Ans. Yes. The Reserve Bank of India (RBI) is the sole authority for issuing currency in India, except for the ₹1 note and coins, which are issued by the Ministry of Finance. The monopoly of RBI ensures uniformity in note circulation and strengthens public faith in the currency system. Furthermore, it enables the RBI to effectively regulate the money supply and maintain the value of rupee (₹). (To be marked as a whole)	3
13.	(a) Define Balance of Payments (BoP) Account. Ans. The Balance of Payments (BoP) account records the transactions in goods, services and assets between residents of a country and the rest of the world for a specified time period typically, a year.	1
	(b) Differentiate between autonomous transactions and accommodating transactions in Balance of Payments (BoP). Ans. Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BoP). These transactions are generally undertaken with an ‘economic motive’. Such transactions are called ‘above the line’ items in the BoP account.	1½
	Whereas; Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments (BoP). These transactions are independent of any economic motive. Such transactions are called ‘below the line’ items in the BoP account.	1½
14.	(a) A company named Tech Info Ltd. manufactures printers. The company purchases machinery from Germany to manufacture printers. These printers are sold in the domestic and foreign markets to households and dealers. The machinery purchased and printers manufactured, both can be classified as final goods. Do you agree with the given statement? Give valid arguments in support of your answer. Ans. No. Final Goods: • Machinery purchased to manufacture printers • Printer Sold to Households Intermediate Good: • Printer Sold to Dealer Final goods refer to those goods which are used either for consumption purposes or for investment purpose. Whereas, Intermediate goods refer to those goods which are either used for production or resale purposes in the same year. OR	4
		1
		1
		1
	(b) (i) Define Gross Investments. Ans. Gross investments refer to addition to the capital stock which includes replacement for the wear and tear which the capital stock undergoes. (ii) Identify any two components of Gross Investments indicated in the given image.	1

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(i) Calculate the missing values in the given schedule.

Ans.

Income (Y)	Consumption (C)	Investment (I)	Aggregate Demand (AD)
0	40	20	60
100	120	20	140
200	200	20	220
300	280	20	300

(ii) Define the term 'Effective Demand'.

Ans. Effective Demand refers to that level of Aggregate Demand (AD) which can be met by the corresponding Aggregate Supply (AS) in the economy.

(iii) On the basis of the given data, it can be said that the equilibrium level of income is 200.

Do you agree? If not, explain the adjustment mechanism that may take place to attain equilibrium level of income.

Ans. No. At 200 level of Income (Y), Aggregate Demand (AD) is greater than the Aggregate Supply (AS).

When ex-ante Aggregate Demand is more than ex-ante Aggregate Supply, it means that the households and firms are planning to consume more than what the firms are planning to produce. Thus, the inventories with the producers will fall below the desired level. As a result, the producers may increase the output to restore the desired stock of inventories till the equilibrium level of output is attained.

(To be marked as a whole)

OR

(b) Suppose, in an economy, every ₹ 1 increase in investment expenditure leads to an increase of ₹ 4 in the National Income.

Calculate the following:

(i) Value of Investment Multiplier (K).

Ans. Given, Change in Investment Expenditure (ΔI) = ₹ 1

Change in National Income (ΔY) = ₹ 4

$$\text{Investment Multiplier (K)} = \frac{\Delta Y}{\Delta I} = \frac{4}{1} = 4$$

(ii) Change in consumption expenditure, if the income changes from ₹ 400 to ₹ 500.

Ans. Given, Income (Y) changes from ₹ 400 to ₹ 500

Change in Income (ΔY) = 100

$$\text{Investment Multiplier (K)} = \frac{1}{1-MPC} \\ 4 = \frac{1}{1-MPC}$$

$$MPC = 0.75$$

$$\text{As we know, } MPC = \frac{\Delta C}{\Delta Y}$$

$$\text{Change in Consumption } (\Delta C) = 0.75 \times 100 \\ = ₹ 75$$

	(iii) “Sum of Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) is always equal to one.” Justify the given statement with the help of a suitable argument. Ans. We know that, Income earned may either be consumed or saved, i.e.; $Y = C + S$ Change in Income (ΔY) = Change in Consumption (ΔC) + Change in Savings (ΔS) $\Delta Y = \Delta C + \Delta S$ Dividing both sides of the above equation by ΔY $\frac{\Delta Y}{\Delta Y} = \frac{\Delta C}{\Delta Y} + \frac{\Delta S}{\Delta Y}$ $1 = MPC + MPS$ Thus, the sum of Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) is always equal to one.	$\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$
		6
17.	Read the following passage carefully: According to the Economic Survey 2024 – 25, the government’s budget projections for the fiscal year 2025 – 26 indicate that gross direct tax revenue will rise by 12.7%, while gross indirect tax collections are expected to grow by 8.3% relative to FY 2024 – 25. Direct taxes include income tax and corporate tax, reflecting earnings and profits of households and firms. It plays a key role in revenue growth of the government. Indirect taxes encompass Goods and Service Tax (GST), custom duties and other transaction-based levies. Higher growth rate projected for direct taxes suggests a push to enhance tax buoyancy through improved compliance and reforms. On the other hand, indirect taxes are expected to benefit from consumption trends and Goods and Services Tax (GST) administration improvements. The balance tax strategy aims to mobilise resources while supporting fiscal consolidation and sustainable economic growth. On the basis of the above passage and common understanding, answer the following questions: (i) Differentiate between the two types of taxes indicated in the above text, with suitable examples. Ans. The two types of taxes indicated in the above text are direct and indirect taxes. Direct taxes are those taxes whose impact and incidence lies on the same entity. In other words, the liability of paying direct taxes can’t be shifted. For example: Income tax etc. Whereas; Indirect taxes are those taxes whose impact and incidence may lie on different entities. In other words, the liability of paying indirect taxes can be shifted. For example: Goods and Services Tax (GST) etc. (Any other valid example to be awarded marks) (ii) Elaborate the likely consequences of the tax projections made by the government. Ans. The higher growth rate projected for direct taxes suggests a push to enhance tax buoyancy through improved tax compliance and reforms, while indirect taxes are expected to benefit from consumption trends and Goods and Services Tax (GST) administration improvements. (To be marked as a whole)	$1 \frac{1}{2}$ $\frac{1}{2}$ $1 \frac{1}{2}$ $\frac{1}{2}$ 2
		6

SECTION B								
Indian Economic Development								
18.	Working persons engaged in various industrial divisions can be classified into three major sectors — Primary sector, secondary sector and tertiary sector. Identify, which of the following option demonstrates the primary sector. (A) Agriculture (B) Agriculture, mining and quarrying (C) Agriculture, electricity, gas and water supply (D) Transport and storage Ans. (B) Agriculture, mining and quarrying	1						
19.	Read the following statements carefully: <i>Statement I:</i> The colonial government had dual objectives behind the systematic deindustrialization of India. <i>Statement II:</i> The British reduced India to a mere importer of raw materials for the its modern industries. In the light of the given statements, choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statements I and II are true. (D) Both Statements I and II are false. Ans. (A) Statement I is true and Statement II is false.	1						
20.	The following table shows the distribution of population and workers in a village: <table border="1"> <thead> <tr> <th>Total Population</th><th>Number of people who are willing and able to work</th><th>Number of people who are employed</th></tr> </thead> <tbody> <tr> <td>2000</td><td>1200</td><td>800</td></tr> </tbody> </table> The Worker – Population ratio for village would be _____. (Choose the correct option to fill in the blank) (A) 80 (B) 40 (C) 60 (D) 20 Ans. (B) 40	Total Population	Number of people who are willing and able to work	Number of people who are employed	2000	1200	800	1
Total Population	Number of people who are willing and able to work	Number of people who are employed						
2000	1200	800						
21.	Identify, which of the following is not a strategy of sustainable development. (Choose the correct option) (A) Use of Solar Panels (B) Use of Bio-Pests (C) Use of coal to produce electricity (D) Use of Mini-Hydel Plants Ans. (C) Use of coal to produce electricity	1						
22.	In the rural areas, diversification towards new areas such as livestock, fisheries and other non-agricultural activities is necessary to _____. (i) Reduce the risk from agricultural sector (ii) Provide unsustainable livelihood options (iii) Provide supplementary employment (Choose the correct option to fill in the blank) Options : (A) Only (i) (B) (i) and (ii) (C) (i) and (iii) (D) (i), (ii) and (iii) Ans. (C) (i) and (iii)	1						
23.	Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system as they _____. (Choose the correct option to fill in the blank) (A) Provide loan after obtaining suitable collateral							

	(B) Lend at a high rate of interest (C) Promote thrift in larger proportions (D) Generally provide collateral-free credit to their members Ans. (D) Generally provide collateral-free credit to their members	1
24.	_____ was set up by the Government of India in 1950 to formulate plans for the most effective and balanced utilisation of resources. (Choose the correct option to fill in the blank) (A) NITI Aayog (B) Planning Commission (C) Karve Committee (D) World Trade Organisation Ans. (B) Planning Commission	1
25.	The export surplus during the colonial rule was used by the Britishers to _____. (i) Bring gold and silver to India (ii) Incur expenses on war (iii) Import invisible items (Choose the correct option to fill in the blank) Options: (A) Only (i) (B) (i) and (ii) (C) (i) and (iii) (D) (ii) and (iii) Ans. (D) (ii) and (iii)	1
26.	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: <i>Assertion (A):</i> India is a member of various regional and economic groupings such as BRICS, G20, etc. <i>Reason (R):</i> Membership of economic and regional groupings helps a nation to understand their strengths and weaknesses in comparison to other nations. Options: (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true. Ans. (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).	1
27.	In 2009, the Government of India came up with the _____ to make free education, a fundamental right for all children in the age group of 6 – 14 years. (Choose the correct option to fill in the blank) (A) Mid-Day Meal Scheme (B) Jan Dhan Yojana (C) Tapas Majumdar Committee (D) Right to Education Act Ans. (D) Right to Education Act	1
28.	Explain the Planning objective of “Growth with Equity”. Ans. Growth refers to an increase in a country’s capacity to produce goods and services, whereas; equity refers to reducing inequality of income and wealth. Thus, growth with equity ensures that the benefits of economic development are enjoyed by all the sections of society. Economists believe that rise in Gross Domestic Product and equitable distribution of income are equally important. Thus, ensuring equitable growth was taken up as an important objective of Indian economic planning. (To be marked as a whole)	3
29. (a)	“At the time of independence, both India and Pakistan inherited similar colonial economic structures. Both the nations adopted many similar economic planning strategies.”	

	Explain any two such similarities in the developmental path of India and Pakistan. Ans. Two similar developmental strategies adopted by India and Pakistan are: • Both the nations have followed the path of mixed economic system involving the public as well as the private sector. • Both India and Pakistan adopted import substitution policy in order to protect their domestic industries from foreign competition. (Any other valid strategy to be awarded marks) OR (b) “In 1958, China launched the Great Leap Forward (GLF) campaign with a definite aim.” (i) State the rationale behind the introduction of the Great Leap Forward (GLF) campaign. Ans. The rationale behind the introduction of Great Leap Forward (GLF) campaign was to promote industrialization in China on a massive scale. People were encouraged to set up industries in their backyards. (ii) State any two failures of the Great Leap Forward (GLF) campaign. Ans. The two failures of the Great Leap Forward (GLF) campaign were: • A severe drought caused havoc in China. • Russia had conflicts with China and it withdrew its professionals.	1½ 1½ 3 2 ½ ½ 3
30.	Study the following image carefully: Interpret the given image and comment upon the phenomenon of environmental crisis as a result of changed production and consumption patterns. Ans. Owing to rapid population explosion and advent of industrial revolution the demand of resources for both the production and consumption went beyond the rate of regeneration of resources. Consequently, the pressure on the absorptive capacity of the environment increased tremendously. Thus, as indicated in the image above, issues like climate change, biodiversity loss and pollution have intensified, leading to a serious environmental crisis. (To be marked as a whole) Note : The following question is for <i>Visually Impaired candidates</i> only in lieu of Q. no. 30. “Environmental crisis is a recent phenomenon, which is a result of changing production and consumption patterns.” Justify the statement giving valid arguments. Ans. Environmental crisis is a recent phenomenon as with the population explosion and advent of industrial revolution the demand of resources for both the production and consumption went beyond the rate of regeneration of resources. Consequently, the pressure on the absorptive capacity of the environment increased tremendously leading to environmental issues like climate change and pollution. (To be marked as a whole)	4 4

31.	On the basis of the given data, comment upon the annual growth of Gross Domestic Product (GDP) of India and China. <table><tr><th colspan="4">Annual Growth of Gross Domestic Product (%), 1980 – 2017</th></tr><tr><th>Country</th><th>1980-90</th><th>2015-17</th><th>2022</th></tr><tr><td>India</td><td>5.7</td><td>7.3</td><td>7.0</td></tr><tr><td>China</td><td>10.3</td><td>6.8</td><td>3.0</td></tr><tr><td>Pakistan</td><td>6.3</td><td>5.3</td><td>4.8</td></tr></table> Ans. The given data indicates that China gained economic strength after the reforms initiated in late 1970's. When many developed countries were finding it difficult to maintain a growth rate of even 5%, China was able to maintain near double-digit growth during the decade of 1980s. The growth rate of China has decelerated to 6.8% in 2015-17 and further to 3.0% in 2022. Whereas; India had maintained a reasonable growth rate of 5.7% in the decade of 1980's, it has shown remarkable progress by registering an annual growth of Gross Domestic Product of 7.3% and 7.0% respectively in 2015-17 and 2022. (To be marked as a whole)	Annual Growth of Gross Domestic Product (%), 1980 – 2017				Country	1980-90	2015-17	2022	India	5.7	7.3	7.0	China	10.3	6.8	3.0	Pakistan	6.3	5.3	4.8	4
Annual Growth of Gross Domestic Product (%), 1980 – 2017																						
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32. (a)	Rayansh works as a teacher in a school. He receives a fixed monthly salary, social security benefits, paid leave and medical allowances. His friend Mohan works at a small toy shop. He has very little income, he does not have access to provident fund, paid leave or health insurance. Classify the types of sectors Rayansh and Mohan are working in and highlight the distinction between the two sectors. Ans. Rayansh is working in the formal sector. On the other hand; Mohan is working in the informal sector. Formal sector includes all the public sector establishments and those private sector establishments which employ 10 hired workers or more. Formal sector workers are entitled to fair wages and other social security measures such as pension, provident fund, etc. Additionally, they get paid leaves and medical allowances. Whereas; Informal sector includes those private sector establishments which employ less than 10 hired workers. Workers in the informal sector do not get regular income and social security benefits. They can be dismissed without any compensation. Additionally, they may not get paid leaves and medical allowances. OR	$\frac{1}{2}$ $\frac{1}{2}$ 1½ 1½																				
(b)	(i) Define 'Human Capital Formation'. Ans. Human Capital Formation refers to the addition to the stock of human capital over a given period of time. (ii) Explain 'Expenditure on migration' as a source of human capital formation. Ans. People migrate in search of job opportunities that fetch them higher earnings. Technically qualified persons like engineers and doctors, migrate to other areas because of higher incomes and better opportunities. Migration also involves transportation costs, higher cost of living and psychic costs of change in socio- cultural setup. However, the enhanced earnings at the new place outweighs the costs of migration; hence, expenditure on migration is the source of human capital formation. (To be marked as a whole)	4 1 3 4																				
33. (a)	(i) "The Industrial Policy Resolution (IPR), 1956 classified all the industries based on state ownership and control in various categories." Do you agree with the above statement ? Give valid reasons in support of your answer. Ans. Yes. The Industrial Policy Resolution 1956 classified industries into three categories:																					

	• The first category comprised industries to be exclusively owned by the government. • The second category consisted of industries in which the private sector could supplement the efforts of the public sector, with the government taking the sole responsibility for starting new units. • The third category consisted of the remaining industries which were to be in the private sector. However, these industries were kept under state control through the system of licenses.	1
		1
		1
	(ii) “The economic reforms of 1991 adversely affected the Indian agriculture sector.” Do you agree with the above statement? Give valid reasons in support of your answer. Ans. Yes. The agricultural sector was adversely affected by the reform process due to: • fall in the public investment in agriculture sector especially in infrastructure like irrigation, power etc. • reduction of fertilizer subsidy has increased the cost of production, thereby affecting the small and marginal farmers • increased international competitiveness owing to liberalisation and reduction of import duties. (Any other valid reason to be awarded marks)	1
		1
		1
	OR	6
(b)	(i) “The Government of India may further divest its stake in Life Insurance Corporation (LIC) in the current financial year.” In the light of economic reforms since 1991, identify the policy and define the step taken by the government. Ans. The government has implemented the policy of disinvestment in case of Life Insurance Corporation (LIC). Disinvestment is referred to the privatization of public sector enterprises (PSEs) by selling off part of the equity of PSEs to the public.	1
		1
	(ii) “India adopted an inward-looking trade strategy during the planning period.” (I) State any two reasons behind the adoption of this policy. Ans. Inward- looking trade strategy aimed at: • replacing imports with domestic production. • saving foreign exchange. (Any other valid reason to be awarded marks)	½
		½
	(II) Briefly describe any two ways in which the government implemented this policy. Ans. The government implemented this policy through tariffs and quotas: • Tariffs are a tax on the imported goods. They make imported goods more expensive and discourage their usage. • Quotas specify the quantity of goods which can be imported. These are imposed to restrict imports and therefore protect domestic firms from foreign competition.	1 ½
		1 ½
		6
34.	Read the following passage carefully: Paramparagat Krishi Vikas Yojana (PKVY) Paramparagat Krishi Vikas Yojana (PKVY) aims at promoting organic farming, in turn resulting in improvement of soil health. It promotes Participatory Guarantee System – India (PGS – India), a simple certification system, where farmers and consumers participate directly in the process.	

	The scheme proposes to cover additional 6,00,000 hectare area under organic farming till 2025 – 26. The objective is to produce agricultural products free from chemicals and pesticide residues by adopting eco-friendly, low-cost technologies. Key focus areas of Paramparagat Krishi Vikas Yojana (PKVY) : • Promote natural resource based integrated and climate resilient sustainable farming systems that ensure maintenance and increase of soil fertility, natural resource conservation, on farm nutrients recycling and minimising dependence on external inputs. • Reduce farming costs and increase farmers' income through sustainable organic practices. • Chemical-free and nutritious food for human consumption. • Protect the environment by using low-cost, traditional and farmer-friendly technologies. • Help farmers become entrepreneurs through direct market linkages with local and national markets. On the basis of the above passage and common understanding, answer the following questions: (i) Define Organic Farming. Explain any two merits of organic farming. Ans. Organic farming is a system of farming that restores, maintains and enhances the ecological balance. Two merits of Organic Farming: • Organically grown food has more nutritional value than chemical farming. • Organic farming offers a means to substitute costlier agricultural inputs with locally produced organic inputs that are cheaper. (Any other valid merit to be awarded marks) (ii) Explain any two thrust areas of Paramparagat Krishi Vikas Yojana (PKVY) in organic farming. Ans. The two thrust areas of Paramparagat Krishi Vikas Yojana (PKVY) are: • Reduce farming costs and increase farmers' income through sustainable organic practices. • Chemical-free and nutritious food for human consumption. (Any other valid thrust area to be awarded marks)	1 1 1 1½ 1½ 6
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