SET	A

INDIAN SCHOOL MUSCAT FINAL EXAMINATION 2022 SUBJECT WITH SUBJECT CODE

CLASS:XII Max. Marks: 80

MARKING SCHEME

QN.	VALUE POINTS	MARKS
No		SPLIT UP
1	D) Subsidy	1
2	C) It reduces the asset of the government.	1
3	D) Statement 2 is true and statement 1 is false	1
4	C) Intermediate good	1
5	C) Assertion A is true and reason R is false	1
6	B) 0.25	1
7	B) between the point a and b on the consumption curve there will be negative saving	1
8	C) 525 crore	1
9	D) Net Investment	1
10	Assertion A is false Reason R is true	1
11	The investment which is constant at all levels of Income. It is welfare oriented and the investment curve is parallel to X axis. The invest increase with increase in the level of income. It is private investment so profit oriented. The Investment curve is upward sloping. OR	3 points 3marks
	The functional relationship between income and consumption is called saving function. As Income increases saving also increases, saving can be negative, zero and positive.	Diagram 1 mark explanation 2
	S = -a + (1-b)Y .So Saving curve is upward sloping straight-line starting from the – ve side of Y axis.	-
12	The final good are the good which do not undergo further process of production or no value addition. The producers goods are either durable or non-durable. The durable producer good are capital good and does not undergo further process so it is final. But non-durable producer's goods undergo processing and they are intermediate good. Hence I agree this statement.	3

13	When commercial banks need more funds in order to be able to create more credit, they may go to market for such funds or go to the Central Bank. Central bank provides them funds through various instruments. 'Lender of Last Resort' refers to the role of the Central Bank (RBI), of being ready to lend to banks, especially when a bank is faced with unanticipated severe financial crises, and due to this central bank is said to be the 'lender of last resort'. If the central bank refuses to extend this help, there is no option for the bank but to shut down. OR Absence of double coincidence means meeting two people demand at the same time which was very difficult to happen always under barter system. Money as a medium of exchange it has overcome this issue. With money we can satisfy our need at any time .Money is accepted anywhere at any time.					4
14	The value of APC falls as	income increase b	pecause rate	of change in C is 1	ess than	1+3
	rate of change in income. C= 100 +0.8y and Y values	are 0.100,200, 30	00 400. (Anv	income value can h	e used)	
	Inco					
	(1	-	-cry		
	10	00 180	1.8	1		
	20		1.6			
	30		1.17			
	40	00 420	1.03	0		
1.7	Hence it is proved	00 25 100 200	2 422.1	11		4
15	Net value Added at FC = 6 Till GVAmp = 3 marks	00+25+100 – 300	+2 = 423 1	akns		4
16	a) i) It is not included expenses and tre ii) It is not included in factor service is b) The value of output nominal GDP. The or constant price is The nominal GDP shows variation in comparing the print of the prin	eated as intermedian national income. rendered. It measured in terrivalue of output measured shows variation in quantity only. The property of the property o	ms of prevaile asured on the P. Real GDP 2000 3000	nd leads to double cas transfer payment ling market price is basis of a base you limited whereas results and the second whereas results are second with the se	t and no is called ear price eal GDP	2+4
17	a) Direct Tax: When			•		
	burden of that tax (direct tax.	Incidence of tax),	falls on the s	ame person, it is to	ermed as	3
	Indirect Tax: When (a) liability to pay a tax (Impact of tax) is on one person; and (b) the burden of that tax (Incidence of tax), falls on the other person, it is termed as indirect tax.					
	b) Allocation function	s: It means reallo	ocation of re	sources by govern	ment in	

	consideration with social & economic welfare therefore the allocation	
	functions deal with the problem of adjustment in resource allocation. To attain	
	allocation function govt. budgets helps to divert resources from private to	3
	public sectors. if private firms do not find profitable to produce public goods	
	like parks, dams, bridges etc. then govt. must produce & provide such goods	
	to public through its expenditure policy. If private sector provides undesirable	
	goods like cigarettes and alcohol and govt. imposes tax like excise duty to	
	discourage its consumption and thereby increasing the welfare of people.	
	OR	
	c) Revenue Deficit: Revenue deficit refers to the excess of revenue expenditure	
	of the government over its revenue receipts. Fiscal deficit: It is defined as	
	excess of total expenditure over total receipts (revenue and capital receipts)	
	excluding borrowing. Fiscal deficit indicates capacity of a country to borrow	
	in relation to what it produces. In other words, it shows the extent of	
	government dependence on borrowing to meet its budget expenditure. Fiscal	
	deficit arises even without revenue deficit.	3
	deficit diffee even without revenue deficit.	5
	d) Distribution Function – It refers to the distribution and redistribution of	
	income and wealth among individuals in the society. It is the responsibility of	
	the govt. to redistribute the income in order to alter the degree of inequality	
	prevailing in the society. In order to bring equality budgetary instruments of	
	taxation & public expenditure are used govt. increases taxes like income tax &	
	thereby reduces the income of rich people at the same time the collected	
	income is in the form of taxes. Government uses to provide subsidies,	3
	unemployment allowances, old.	3
18	C) COVID awareness caller tunes	1
19	A) A(ii) B (iii) C (i) D (iv)	1
•		
20	D) Assertion (A) is false but Reason (R) is true	1
21	B) Greater possibilities of Imports	1
	b) creater possionates of imports	1
22	A) Both the statements are true	1
23	A) B-ii	1
24	A) a) A mositive impact on the against true sector as it disconsists in C	1
24	A) a) A positive impact on the agriculture sector as it disseminates information regarding emerging technologies and its applications, prices, weather and soil	1
	conditions for growing different crops.	
25	C) Work participation rate	1
26	B) Inward looking strategy	1

27	B) Seventeen		1					
28	The main causes are: 1. introduction of zamindari system 2. lack of investment in irrigation and mechanization							
	3. commercialization of agriculture							
	OR							
	During the British period India generated huge	export surplus because India became						
	the exporter of raw materials.	1 1						
	This export surplus made excess foreign exchan	ge in the country						
	This surplus did not benefit the Indian economy		3					
	to maintain their army, payment of salary to the							
•	war purpose. Hence there was drain of Indian w							
29	Carrying capacity of the environment means. t	the capacity to extract and regenerate	1					
	the resources and waste assimilation capacity. Consequences are:							
	Poverty induced and affluent demand env	ironmental impacts such as Global						
	warming, land degradation, pollution waste a							
	extinction of flora and fauna.							
30	The decision to develop the Indian economy on	socialist lines led to the policy of the	1+3					
	state controlling the commanding heights of	· · · · · · · · · · · · · · · · · · ·						
	government would have complete control of the	hose industries that were vital for the						
	economy.							
	The Industrial Policy Resolution, 1956 classified							
	The first category comprised industries which	would be exclusively owned by the						
	state. The second category consisted of industries	in which the private sector could						
	The second category consisted of industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility							
	for starting new units.							
	The third category consisted of the remaining	g industries which were to be in the						
	Private Sector.							
	Although there was a category of industries							
	sector was kept under state control through a sys							
	No new industry was allowed unless a license w	vas obtained from the government.						
31	Human capital Hur	man development	4x1=4					
	T. 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	1 10						
	1 1	neans human welfare						
	Labor.	a broader concept						
	-	he human development						
		spective human beings are the						
		s themselves.						
		cation						
	education and health as a means and	health is considered as						
	to increase labor productivity.	egral to human well-being.						
			4x1=4					
32								
	Regulation of markets to create transparent market conditions. This policy benefitted							
	both farmers and consumers.	frontructural facilities like mailways						
	The second component is provision of inf	nasulucturai raciniles like ranways,						

godowns, warehouses, cold storages and processing. The third aspect of the govt. is the initiative to establish cooperative marketing in order to ensure fair price to their products. The fourth element is the policy of instruments like assurance of minimum support price, maintenance of buffer stock and distribution system. However these measures were insufficient because many periodic markets still not regulated, storage facility is inadequate and 10% of products are becoming waste, many farmers are not getting the benefit of cooperatives and MSP due to false financial records and political interference. OR Steps taken to develop rural markets 1. Regulation of agricultural markets	
2. cooperative marketing	
3. development of infrastructure like ware house	
4. Direct marketing channels.	
a) The people who are casually engaged by the farm and factories and paid daily or hourly is knowns casual workers. When worker is engaged by someone and paid his or her salary regularly like monthly is called regular salaried employee. b) According to PLF survey there is an improvement in labor force participation. As per the report female work participation increases. Among the male work force, there is decrease in casual wage laborer in 202-21 because of pandemic or lock down. However, there is increase in regular salaried employment and self-employment. This is mainly happened due to growth of IT and service sector. (Reason must state from the common understanding.) c) The public sector and private sector establishment which employ 10 or more hired workers and entitled to get all employee benefit is called organized sector.	1+3+1
During 1989-1990, Indian economy faced severe economic crisis. In order to overcome the economic crisis India approached IMF (International Monetary Fund) and World Bank for financial assistance. These international institutions compelled the government of India to introduce new economic reforms. The main reasons for economic crisis are discussed below: 1. The govt. was not able to make interest payments and repayments of its borrowings from abroad. 2. Our foreign exchange through external borrowings was spent only for consumption needs, i.e., there was no creation of assets. 3. Imports grew at a very high rate without matching the growth of exports. 4. Govt was not able to generate sufficient revenue from its taxation policy. Moreover, the continuous developing spending program did not generate additional revenue. 5. Foreign exchange reserve was very low in such a way that it was not for another 14 days. 6 The prices of essential commodities were continuously rising. OR Reforms in Agriculture The reforms have not been able to benefit agriculture where the agricultural growth rate has been declining and contribution from the agricultural sector to GDP also declined.	6
☐ Govt. investment in agricultural sector specially for irrigation power and research	

has been reduced during the reform period.		3+3
☐ The removal of fertilizer subsidy has led to increase in the cost of	production	
which has affected small and marginal farmers.		
☐ Indian farmers faced severe international competition due to the r minimum support price and reduction in import duties on agricultural production. The appearance or extend converts have forward the production of each property.	icts.	
☐ The exports oriented growth has favored the production of cash crops food crops. This puts pressure on the prices of food grains which finally		
inflation.	results in	
Reforms in Industry		
1. Decrease in demand for domestic industrial products due to cheaper in	mports and	
free movement of goods.		
2. There were inadequate investment in infrastructural facilities like training and newer symply.	nsportation	
and power supply.	111	
3. A developing country like India still does not have access to markets of countries because of high non-tariff barriers imposed by the developed countries because of high non-tariff barriers imposed by the developed countries because of high non-tariff barriers imposed by the developed countries are the countries of the countries are the countries are the countries of the countries are		
4. Globalization adversely affected the local industries and employment op		
in these countries.	portunities	

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CLASS:XII Max. Marks: 80

MARKING SCHEME

QN.	VALUE POINTS	MARKS
No		SPLIT
		UP
1	B) It creates the liability of the government.	1
2	D) Subsidy	1
3	A) Both statements are true	1
4	C) Assertion A is true and reason R is false	1
5	C) Intermediate good	1
6	D) 0.5	1
7	B) between the point a and b on the consumption curve there will be negative saving	1
8	Assertion A is false Reason R is true	1
9	C) 525 crore	1
10	D) Net Investment	1
11	The investment which is constant at all levels of Income. It is welfare oriented and the investment curve is parallel to X axis. The invest increase with increase in the level of income. It is private investment so profit oriented. The Investment curve is upward sloping. OR	3 points 3marks
	The functional relationship between income and consumption is called saving function. As	Diagram
	Income increases saving also increases. saving can be negative, zero and positive.	1 mark explanat
	S = -a + (1-b)Y .So Saving curve is upward sloping straight-line starting from the –ve side of Y axis.	ion 2
12	The Intermediate good are the good which undergo further process of production or there is	3
	value addition. The producers goods are either durable or non-durable. The non-durable	
	producer good are intermediate good and undergoes further process so it is intermediate.	
	But -durable producers goods are final good.	
	Zat datable producers goods are that good.	

Hence I	disagree t	his statement	t.					
The valu	e of APC	falls as incor	ne increase b	ecause rate	of change	e in C is less than rate	e of	1+3
change in income.								
C= 100 +0.8y and Y values are 0,100 ,200, 300 400, (Any income value can be used)								
		Incor	ne consu	mption	APC=c/y			
		0	1	00	-			
		100) 1	80	1.8			
		200) 2	60	1.6			
		300) 3	40	1.12			
		400) 4:	20	1.05			
Hence it	is proved							
The Cent	ral Bank i	s the sole au	thority for the	e issue of cu	irrency in	the country. It prom	otes	4
efficienc	y in the fir	nancial system	m. Firstly, be	ecause this le	eads to un	iformity in the issue	of	
currency	. Secondly	, because it g	gives Central	Bank direct	t control o	over money supply.		
				OR				
	=			_		= -		
					nents suc	h as rent, interest etc		
			25+100-300) + 2 = 423	3 lakhs			4
Till GV	mp = 3 m	narks						
a)								2+4
i) It					-	-	es and	
			-			-		
		-		-	_	-		
			_			asis of a base year p	rice or	
	-							
					-	and quantity wherea	as real	
n	ational inc	come shows v	variation in q				,	
	year	price	quantity					
	2020	100	20				-	
					_			
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· ·		` '	• •	,	-	* * *	den of	
I	ndirect Ta	ax: When (a)	liability to 1	pay a tax (Iı	mpact of	tax) is on one perso	n; and	3
			• •	•	-	•		
			,	,,				
11	direct tax	•						
			It means r	eallocation	of reso	urces by governme	ent in	
b) A	llocation	functions:				urces by governme		
	Hence it The Center of the Currency of the Cur	The value of APC change in income. C= 100 +0.8y and Hence it is proved The Central Bank is efficiency in the fin currency. Secondly Under barter system But money has own means it promotes Net value Added a Till GVAmp = 3 mm a) i) It is not incompared to treated in the incompared incompared in the incompared in	The value of APC falls as incorchange in income. C= 100 +0.8y and Y values are Incording 100 200 300 400 Hence it is proved The Central Bank is the sole autefficiency in the financial system currency. Secondly, because it goes a sum of the second system of the sys	change in income. C= 100 +0.8y and Y values are 0,100 ,200, 3 Income consu 0	The value of APC falls as income increase because rate change in income. C= 100 +0.8y and Y values are 0,100 ,200, 300 400, (A) Income	The value of APC falls as income increase because rate of change change in income. C= 100 +0.8y and Y values are 0,100,200, 300 400, (Any income	The value of APC falls as income increase because rate of change in C is less than rate change in income. C= 100 +0.8y and Y values are 0,100 ,200, 300 400, (Any income value can be used) Income	The value of APC falls as income increase because rate of change in C is less than rate of change in income. C= 100+0.8y and Y values are 0,100,200, 300 400, (Any income value can be used) Income consumption APC=c/y

produce public goods like parks, dams, provide such goods to public through its ides undesirable goods like cigarettes and e duty to discourage its consumption and the three	
cal deficit: It is defined as excess of total and capital receipts) excluding borrowing.	
cal deficit: It is defined as excess of total and capital receipts) excluding borrowing.	
cal deficit: It is defined as excess of total and capital receipts) excluding borrowing.	
e extent of government dependence on Fiscal deficit arises even without revenue	
tribution and redistribution of income and at the temperature of the govt. The the degree of inequality prevailing in the getary instruments of taxation & public as like income tax & thereby reduces the exploration come is in the form of taxes. The tribution and redistribution of income and the govt. The government allowance is income and the govt. The government allowance is in the form of taxes.	
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capacity to extract and regenerate the 1 Intal impacts such as Global warming, land excits of resources, extinction of flora and	
	tribution and redistribution of income and and and and and and the degree of inequality prevailing in the getary instruments of taxation & public as like income tax & thereby reduces the expectation come is in the form of taxes. The angle of the provided and the form of taxes are public as like income and and angle of taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation and taxation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation & public as like income tax & thereby reduces the expectation &

fauna.		
1. They converted India as a sprawling market for finished page 2. They destroyed traditional handicraft industries 3. They created new demand in the industrial products 4. There was no capital good industries 5. Lack of Public investment in industries OR		
During the British period the direction, composition and changed.	d volume of foreign trade has 3	
India's trading partners changed. India's foreign trade we colonies like Ceylon and Burma The composition had changed in such a way that India be products like Indigo. cotton etc. and importer of some Bretterms of volume India generated huge export surplus.	pecame the exporter of primary	
The Industrial Policy Resolution, 1956 classified industries The first category comprised industries which would be exc The second category consisted of industries in which the the efforts of the state sector, with the state taking the solunits. The third category consisted of the remaining industries v Sector. Although there was a category of industries left to the private	lusively owned by the state. private sector could supplement e responsibility for starting new which were to be in the Private	
kept under state control through a system of licenses . No new industry was allowed unless a license was obtained Reservation of small scale industries Promotion of backward area development.	from the government.	
The various measures taken by government are: Regulation of markets to create transparent market conditi farmers and consumers. The second component is provision of infrastructural farwarehouses, cold storages and processing. The third aspect of the govt. is the initiative to establish coensure fair price to their products. The fourth element is the policy of instruments like assurance of buffer stock and distribution system.	cilities like railways, godowns, poperative marketing in order to ance of minimum support price,	-4
However these measures were insufficient because mare regulated, storage facility is inadequate and 10% of production farmers are not getting the benefit of cooperatives and MS and political interference. OR	acts are becoming waste, many	
Steps taken to develop rural markets		

	1. Regulation of agricultural markets					
	2. cooperative marketing					
	3. development of infrastructure like ware house					
	-	marketing channels.				
32					4x1 = 4	
		Human capital	Human development			
		It means productive and skilled Labor.	It means human welfare			
		As a narrow concept	It is a broader concept			
		It treats human beings as a means to an end.	In the human development perspective human beings are the ends themselves.			
		it considers education and health as a means to increase labor productivity.	education and health is considered as Integral to human well-being.			
33	During 19	989-1990, Indian economy faced sev	vere economic crisis. In order to over	come the	6	
	economic	crisis India approached IMF (Intern	national Monetary Fund) and World	Bank for		
	financial	assistance. These international instit	tutions compelled the government of	f India to		
	introduce	new economic reforms. The main	n reasons for economic crisis are	discussed		
	below:					
	1.The gov	vt. was not able to make interest pay	ments and repayments of its borrowi	ings from		
	abroad.		-	_		
	2.Our foreign exchange through external borrowings was spent only for consumption needs, i.e., there was no creation of assets.					
	-		atching the growth of exports			
	3. Imports grew at a very high rate without matching the growth of exports.4.Govt was not able to generate sufficient revenue from its taxation policy. Moreover, the					
		is developing spending program did	_			
	5. Foreign exchange reserve was very low in such a way that it was not for another 14 days.					
	6The prices of essential commodities were continuously rising.					
		O	R			
	Reforms	in Agriculture				
	The reforms have not been able to benefit agriculture where the agricultural growth rate has					
	been declining and contribution from the agricultural sector to GDP also declined.					
	☐ Govt investment in agricultural sector specially for irrigation power and research has					
	been reduced during the reform period.					
	☐ The removal of fertilizer subsidy has led to increase in the cost of production which has					
	affected small and marginal farmers.					
	☐ Indian farmers faced severe international competition due to the removal of minimum					
	support price and reduction in import duties on agricultural products.					
	☐ The exports oriented growth has favored the production of cash crops rather that food					
	crops. This puts pressure on the prices of food grains which finally results in inflation.					
	Reforms in Industry					
	1. Decrease in demand for domestic industrial products due to cheaper imports and free					

2 p 3	movement of goods. 2. There were inadequate investment in infrastructural facilities like transportation as power supply. 3. A developing country like India still does not have access to markets of developed countries because of high non-tariff barriers imposed by the developed countries.						
	4. Globalization adversely affected the local industries and employment opportunities in hese countries.						
34	 a) The people who are casually engaged by the farm and factories and paid daily hourly is knowns casual workers. When worker is engaged by someone and paid or her salary regularly like monthly is called regular salaried employee. b) According to PLF survey there is an improvement in labor force participation. per the report female work participation increases. Among the male work for there is decrease in casual wage laborer in 2022-21 because of pandemic or loadown. However, there is increase in regular salaried employment and see employment. This is mainly happened due to growth of IT and service sect (Reason must state from the common understanding.) c) The public sector and private sector establishment which employ 10 or more him workers and entitled to get all employee benefit is called organized sector. 						

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		UP
1	C) It reduces the asset of the government.	1
2	A) Both the Statement are true	1
3	D) Subsidy	1
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5	C) Intermediate good	1
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10	C) 525 crore	1
11	The investment which is constant at all levels of Income. It is welfare oriented and the investment curve is parallel to X axis. The invest increase with increase in the level of income. It is private investment so profit oriented. The Investment curve is upward sloping. OR The functional relationship between income and consumption is called saving function. As Income increases saving also increases. saving can be negative, zero and positive.	3 points 3marks Diagra m 1 mark explana
	S = -a + (1-b)Y. So Saving curve is upward sloping straight-line starting from the –ve side of Y axis.	tion 2
12	The final good are the good which do not undergo further process of production or no value addition. The producer's goods are either durable or non-durable. The durable producer good are capital good and does not undergo further process so it is final. But non-durable producer's goods undergo processing and they are intermediate good. Hence I disagree this statement.	3

13	As the banker to the commercial banks, the Central Bank holds surplus cash reserves of commercial banks.					
	It also gives loans to the commercial banks when they are in need of funds. The Central Bank also provides a large number of routine banking functions to the					
	commercial banks, like	-	_		nking functions to the	
		-	•		It makes rules regarding	
	<u> </u>	-			(merging of banks) and	
	_	-		_	by periodic inspection of	
	banks and the returns fil		,, etc. The contro	or is energiaed	by periodic inspection of	
			OR			
	Absence of double coir	ncidence mean	ns meeting two	people demand	at the same time which	
	was very difficult to hap					
	Money as a medium of					
	With money we can sati			ney is accepted a	anywhere at any time.	
14	Net value Added at FC	= 800+50+15	50 - 350 + 3 =	647 lakhs		4
	Till $GVAmp = 3 marks$					
15		as income in	ncrease because	rate of change	in C is less than rate of	1+3
	change in income.		• • • • • • • • • • • • • • • • • • • •			
	C = 100 + 0.8y and Y val	lues are 0,100	,200, 300 400, (Any income va	lue can be used)	
		Income	consumption	APC=c/y		
		0	100	-		
		100	180	1.8		
		200	260	1.6		
		300	340	1.12		
		400	420	1.05		
	Hence it is proved					
16	a) Direct Tax: Wh	en (a) liability	y to pay a tax (In	npact of Tax), a	nd (b) the burden of that	
	tax (Incidence or	f tax), falls on	the same persor	n, it is termed as	s direct tax.	
			• • •	-	s on one person; and (b)	
		nat tax (Incid	ence of tax), fal	lls on the other	person, it is termed as	3
	indirect tax.					
	b) Allocation functions: It means reallocation of resources by government in					
	consideration with social & economic welfare therefore the allocation functions deal					
	with the problem of adjustment in resource allocation. To attain allocation function					
	govt. budgets helps to divert resources from private to public sectors. if private firms					
	do not find profitable to produce public goods like parks, dams, bridges etc. then govt. must produce & provide such goods to public through its expenditure policy. If					
	private sector provides undesirable goods like cigarettes and alcohol and govt.					
	imposes tax like excise duty to discourage its consumption and thereby increasing the					
	welfare of people.					
	OR					
	c) Revenue Deficit	: Revenue de	eficit refers to th	e excess of rev	enue expenditure of the	
					efined as excess of total	3
	_		_		s) excluding borrowing.	
		-	•		tion to what it produces.	
					ce on borrowing to meet	
	its budget expen	diture. Fiscal	deficit arises eve	en without rever	nue deficit.	
	d) Distribution Fur	nction – It ref	ers to the distrib	oution and redis	stribution of income and	3
	· · · · · · · · · · · · · · · · · · ·					
	wealth among individuals in the society. It is the responsibility of the govt. to					

	society. I expenditu income of	n order to re are used rich people	bring equalit govt. increase at the same t	y budgetary instrumes taxes like income	inequality prevailing intents of taxation & properties tax & thereby reduce ome is in the form of the towances, old	oublic es the	
17	 a) i) It is not included in national income. It is an example of administrative expenses and treated as intermediate expense and leads to double counting ii) It is included in national income. It is treated as factor payment. b) The value of output measured in terms of prevailing market price is called nominal national income. The value of output measured on the basis of a base year price or constant price is known as Real national income. The nominal national income shows variation in price and quantity whereas real national income shows variation in quantity only. 					minal ice or	2+4
	year	price	quantity	Real National	Nominal national		
		•	1	income	income		
	2020	100	20	2000	2000		
10	2021	150	30	3000	4500		1
18	B) Greater possib	oilities of im	ports				1
19	A) A(ii) B (iii) C	C (i) D (iv)					1
20	D) assertion (A) is false e and Reason (R) is true					1	
21	C) COVID awareness caller tunes					1	
22	A) B-ii						1
23	A) Both the states	nents are tru	e				1
24	A)						1
25	C) Work participation rate						1
26	B) Inward looking strategy					1	
27	B) Seventeen					1	
28	The main features are 1. introduction of zamindari system 2. lack of investment in irrigation and mechanization 3. commercialization of agriculture 4. major part of population depended on Agriculture. 5. low agricultural productivity OR				3		
	During the Briti changed.	sh period tl	he direction,	=	lume of foreign trade	e has	3

	India's trading partners changed. India's foreign trade was restricted to Britain and its colonies like Ceylon and Burma					
	The composition had changed in such a way that India became the exporter of primary					
	products like Indigo. cotton etc. and importer of some British manufactured products.					
	In terms of volume India generated huge export surplus					
29	Carrying capacity of the environment means. the capacity to extract and regenerate the	1				
	resources and waste assimilation capacity.					
	Consequences are: Poverty induced and affluent demand environmental impacts such as Global warming, land					
	degradation, pollution waste accumulation and scarcity of resources, extinction of flora and					
	fauna.					
30	The Industrial Policy Resolution, 1956 classified industries into three categories:	1+3				
	The first category comprised industries which would be exclusively owned by the state.					
	The second category consisted of industries in which the private sector could supplement the					
	efforts of the state sector, with the state taking the sole responsibility for starting new units. The third category consisted of the remaining industries which were to be in the Private					
	Sector.					
	Although there was a category of industries left to the private sector, the private sector was					
	kept under state control through a system of licenses.					
	No new industry was allowed unless a license was obtained from the government.					
	Reservation of small scale industries					
2.1	Promotion of backward area development	4x1=4				
31	The various measures taken by government are: Regulation of markets to create transparent market conditions. This policy benefitted both	4X1=4				
	farmers and consumers.					
	The second component is provision of infrastructural facilities like railways, godowns,					
	warehouses, cold storages and processing.					
	The third aspect of the govt. is the initiative to establish cooperative marketing in order to					
	ensure fair price to their products.					
	The fourth element is the policy of instruments like assurance of minimum support price, maintenance of buffer stock and distribution system.					
	maintenance of buffer stock and distribution system.					
	However, these measures were insufficient because many periodic markets still not					
	regulated, storage facility is inadequate and 10% of products are becoming waste, many					
	farmers are not getting the benefit of cooperatives and MSP due to false financial records and					
	political interference.					
	OR Steps taken to develop rural markets					
	1. Regulation of agricultural markets					
	2. cooperative marketing					
	3. development of infrastructure like ware house					
	4. Direct marketing channels.					
31	The Indian education pyramid is steep indicating lesser and lesser number of people reaching	4				
	higher levels of education. Moreover, the unemployment rate among educated youth goes on increasing therefore government should increase allocation of resources for higher education					
	increasing therefore government should increase allocation of resources for higher education and improving the standards of higher education.					
	and improving the standards of higher education.					
33	a) The people who are casually engaged by the farm and factories and paid daily or	1+3+1				
	hourly is knowns casual workers. When worker is engaged by someone and paid his					
	or her salary regularly like monthly is called regular salaried employee.					

b) According to PLF survey there is an improvement in labor force participation. As per the report female work participation increases. Among the male work force, there is decrease in casual wage laborer in 202-21 because of pandemic or lock down. However, there is increase in regular salaried employment and self-employment. This is mainly happened due to growth of IT and service sector. (Reason must state from the common understanding.) c) The public sector and private sector establishment which employ 10 or more hired workers and entitled to get all employee benefit is called organized sector. 34 During 1989-1990, Indian economy faced severe economic crisis. In order to overcome the economic crisis India approached IMF (International Monetary Fund) and World Bank for financial assistance. These international institutions compelled the government of India to introduce new economic reforms. The main reasons for economic crisis are discussed below: 1. The govt was not able to make interest payments and repayments of its borrowings from abroad. 2.Our foreign exchange through external borrowings was spent only for consumption needs, i.e, there was no creation of assets. 3. Imports grew at a very high rate without matching the growth of exports. 4.Govt was not able to generate sufficient revenue from its taxation policy. Moreover, the continuous developing spending program did not generate additional revenue. 5. Foreign exchange reserve was very low in such a way that it was not for another 14 days. 6The prices of essential commodities were continuously rising. Reforms in Agriculture The reforms have not been able to benefit agriculture where the agricultural growth rate has been declining and contribution from the agricultural sector to GDP also declined. Govt investment in agricultural sector especially for irrigation power and research has 3 + 3been reduced during the reform period. ☐ The removal of fertilizer subsidy has led to increase in the cost of production which has affected small and marginal farmers. ☐ Indian farmers faced severe international competition due to the removal of minimum support price and reduction in import duties on agricultural products. ☐ The exports oriented growth has favored the production of cash crops rather that food crops. This puts pressure on the prices of food grains which finally results in inflation. Reforms in Industry 1. Decrease in demand for domestic industrial products due to cheaper imports and free movement of goods. 2. There were inadequate investment in infrastructural facilities like transportation and power 3. A developing country like India still does not have access to markets of developed countries because of high non-tariff barriers imposed by the developed countries. 4. Globalization adversely affected the local industries and employment opportunities in these countries.