

**SET****A/B/C**

**INDIAN SCHOOL MUSCAT**  
**HALF YEARLY EXAMINATION 2023**  
**ECONOMICS (030)**

CLASS: XII

Max. Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
<b>A</b>	<b>1</b>	₹50,000	1 mark
<b>B</b>	<b>1</b>	(c) Disposition	1 mark
<b>C</b>	<b>1</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>2</b>	(c) Assertion (A) is true but Reason (R) is false	1 mark
<b>B</b>	<b>2</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>2</b>	(c) Statement 1 is true and Statement 2 is false	1 mark

<b>A</b>	<b>3</b>	(c) Disposition	1 mark
<b>B</b>	<b>3</b>	(d) (D) – (iv)	1 mark
<b>C</b>	<b>3</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>4</b>	(a) Statement 1 is true and Statement 2 is false	1 mark
<b>B</b>	<b>4</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>4</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>5</b>	(d) Final goods are those which have crossed the boundary line of production	1 mark
<b>B</b>	<b>5</b>	False	1 mark

<b>C</b>	<b>5</b>	(d) (D) - (iv)	1 mark
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<b>A</b>	<b>6</b>	Depreciation = GDPmp – NDPmp = ₹50 crores - ₹40 crores = ₹10 crores	1 mark
<b>B</b>	<b>6</b>	Net indirect taxes = GDPmp – GDPfc = ₹150 crores - ₹130 crores = ₹20 crores	1 mark
<b>C</b>	<b>6</b>	NFIA = GNPmp – GDPmp = ₹525 – ₹535 = ₹(-) 10	1 mark

<b>A</b>	<b>7</b>	False: Final goods include only those goods which are consumed by the households and producers.	1 mark
<b>B</b>	<b>7</b>	(a) A measure of the average price level of goods and services produced in an economy	1 mark
<b>C</b>	<b>7</b>	False	1 mark

<b>A</b>	<b>8</b>	(b) (NNPmp = NNPfc) Market price includes Net Indirect Taxes	1 mark
<b>B</b>	<b>8</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>8</b>	<b>SAME AS SET – A</b>	1 mark

<b>A</b>	<b>9</b>	(a) A measure of the average price level of goods and services produced in an economy	1 mark
<b>B</b>	<b>9</b>	(d) Demand Deposit are also legal tenders	1 mark
<b>C</b>	<b>9</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>10</b>	(a) A - Government budget, B - Revenue receipts, C - Capital receipts	1 mark
<b>B</b>	<b>10</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>10</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>11</b>	(i) Corresponding to each real flow to one direction, there is money/income flow from the opposite direction. For example, corresponding to the flow of factor services (which is a real flow) from household to the producer sector, there is a flow of factor	1 x 3 = 3 marks
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		<p>payments (which is a money flow) from producer to the household sector.</p> <p>(ii) In a two sector economy, receipts of one sector are equal to payments to other sector. In case receipts are less than the payments (<b>or</b> payments are less than the receipts), circularity is bound to stop at one point or the other.</p> <p>(iii) Activities of production, income generation and expenditure never stop in the economy. They keep chasing one another in a circular manner.</p> <p style="text-align: center;"><b>OR</b></p> <p>(i) <b>Capital:</b> It is a man-made means of production. It is a stock because it is measured at a given point of time.</p> <p>(ii) <b>Saving:</b> It is the surplus of production over consumption. It is a flow as it is measured during a period of time.</p> <p>(iii) <b>Gross Domestic Product:</b> It is a flow as it is the market value of final goods and services produced within the domestic territory measured during a period of time.</p>	1 x 3 = 3 marks
<b>B</b>	<b>11</b>	<p>(i) True: when Revenue receipts fall short of Revenue expenditure, it will create revenue Deficit.</p> <p>(ii) True: Fiscal Deficit equals to Borrowings</p> <p>(iii) False: Primary Deficit is the difference between Fiscal Deficit and Interest payment</p>	1 x 3 = 3 marks
<b>C</b>	<b>11</b>	<b>SAME AS SET - B</b>	

A	12	<div>(i) True: when Revenue receipts fall short of Revenue expenditure, it will create revenue Deficit.</div> <div>(ii) True: Fiscal Deficit equals to Borrowings</div> <div>(iii) False: Primary Deficit is the difference between Fiscal Deficit and Interest payment</div>	1 x 3 = 3 marks								
B	12	<div>Income is a flow concept because it is measured per unit of time, viz., and income per month or per annum. Flow of income is circular because, stemming from the production of goods and services by the producing units, it translates into income of the households (as rewards for their factor services to the producing units), and income translates into expenditure on the goods and services produced in the economy. Thus, production (value addition), income generation and expenditure propel each other to form a circularity, which is called 'Circularity of Income'.</div> <div>OR</div> <table><tr><th>FACTOR INCOME</th><th>TRANSFER INCOME</th></tr><tr><td>It refers to the income received by factors of production for rendering their services in the production process.</td><td>It refers to the income received without rendering any productive services in return.</td></tr><tr><td>It is included in both National and Domestic Income.</td><td>It is neither included in National nor in Domestic Income.</td></tr><tr><td>Earning Concept.</td><td>Receipt concept.</td></tr></table>	FACTOR INCOME	TRANSFER INCOME	It refers to the income received by factors of production for rendering their services in the production process.	It refers to the income received without rendering any productive services in return.	It is included in both National and Domestic Income.	It is neither included in National nor in Domestic Income.	Earning Concept.	Receipt concept.	<div>3 marks for explanation</div> <div>1x 3 = 3 marks</div>
FACTOR INCOME	TRANSFER INCOME										
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Earning Concept.	Receipt concept.										

		Received by factors of production (Land, labour, Capital and Entrepreneur)	Generally received by household and government.		
<b>C</b>	<b>12</b>	<p>The productive power of physical capital of a country diminishes gradually due to normal wear and tear in the process of production. When capital stock becomes unproductive, it has to be replaced with new capital. Hence, a sum of money is set aside every year as depreciation provision and new capital is acquired utilising the accumulated depreciation amount. Therefore, depreciation is subtracted from GNP in order to get more accurate measure of the sustainable production of goods and services in a country in a given year.</p> <p style="text-align: center;"><b>OR</b></p> <p>(i) Net Indirect Taxes are a part of NDPmp as we add Net Indirect Taxes to NDPfc to get NDPmp</p> <p>(ii) Net Exports are part of NDPmp as when we calculate NDPmp by expenditure method, Net Exports are included</p> <p>(iii) Net factor income from abroad is not a part of NDPmp as it is income not generated in the domestic territory of the country.</p>			<p>3 marks for the explanation</p> <p>1 x 3 = 3 marks</p>

<b>A</b>	<b>13</b>	<p>(a) An increase in the repo rate will have a direct impact on the economy. Higher repo rate will lead to a decrease in liquidity in the market, as banks are less likely to lend out money. The RBI uses repo rate as an interest rate when lending money to commercial banks in order to control inflation rates.</p> <p>(b) It will lead to higher borrowing costs for businesses and individuals, resulting in reduced consumption spending and investment. This in turn will lead to slower economic growth, as business and consumers are less likely to take new debt. Additionally, it will also result to higher interest rates for loans.</p>			<p>2 marks each 2 + 2 = 4 marks</p>
<b>B</b>	<b>13</b>	<p><b>Banker to Government</b></p> <ul style="list-style-type: none"> <li>It serves the government in the same way that a commercial bank serves its customers.</li> <li>It accepts deposits and makes interbank transfers on behalf of the government</li> <li>It also manages government loans</li> <li>It manages national debt</li> <li>It advises government on matters related to the money market</li> <li>It advises government on matters related to the economic policy</li> </ul>			1 x 4 = 4 marks
<b>C</b>	<b>13</b>	<p>(A) – (b) – An electronic representation of money          (B) – (d) – Currency notes and demand deposits          (C) – (d) – All of the above          (D) – (a) – Financial Inclusion</p>			1 x 4 = 4 marks

<b>A</b>	<b>14</b>	<p><b>Banker to Government</b></p> <ul style="list-style-type: none"> <li>It serves the government in the same way that a commercial bank serves its customers.</li> </ul>			Any four functions of central bank as government's
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		<ul style="list-style-type: none"> <li>It accepts deposits and makes interbank transfers on behalf of the government</li> <li>It also manages government loans</li> <li>It manages national debt</li> <li>It advises government on matters related to the money market</li> <li>It advises government on matters related to the economic policy</li> </ul>	bank 1 X 4 = 4 marks
<b>B</b>	<b>14</b>	(a) Central bank is an apex body that controls, operates, regulates and directs the entire banking and monetary structure of the country. (b) Ministry of Finance. (c) False (d) Lender of last resort	1 x 4 = 4 marks
<b>C</b>	<b>14</b>	<b>SAME AS SET - A</b>	

<b>A</b>	<b>15</b>	<p> <math>\text{Sales} = \text{Output Sold} \times \text{Price Per Unit}</math>  <math>= 800 \times 20 = ₹16,000 \text{ crore}</math>  <math>\text{Value of Output} = \text{Sales} + \text{Change in Stock}</math>  <math>= [16,000 + (-500)] = ₹15,500 \text{ crore}</math>  <math>\text{GVAMP} = \text{Value of Output} - \text{Intermediate Cost}</math>  <math>= (15,500 - 8,000) = ₹7,500 \text{ crore}</math>  <math>\text{NVAMP} = \text{GVAMP} - \text{Depreciation}</math>  <math>= (7,500 - 1,000)</math>  <math>= ₹6,500 \text{ crore}</math> </p> <p style="text-align: center;"><b>OR</b></p> <p>Ans. “Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country.” This statement is defended because of the following reasons</p> <p>(i) <b>Distribution of GDP:</b> If the GDP of the country is rising; it is not necessary that the welfare will also rise. This is because with every increase in the level of GDP, it is not necessary that distribution of income is also equitable.</p> <p>(ii) <b>Non-Monetary Exchanges:</b> In rural economy, barter system of exchange still prevails to some extent. Payments for farm labour are often made in kind rather than in cash. All such transactions remain unrecorded which causes underestimation of GDP.</p> <p>(iii) <b>Externalities:</b> It refers to good and bad impact of an activity without paying the price or penalty for that activity. Impact of external entities are not accounted in the index of social welfare in terms of GDP.</p>	<p>           Sales = 1 mark            GVOMP = 1 mark            GVAMP = 1 mark            NVAMP = 1 mark         </p> <p>Any Two 2 marks each 2 + 2 = 4 marks</p>
<b>B</b>	<b>15</b>	<b>SAME AS SET - A</b>	
<b>C</b>	<b>15</b>	<b>SAME AS SET - A</b>	

<b>A</b>	<b>16</b>	(a) $\text{NNPmp} = (\text{Compensation of employees}) + (\text{Mixed income of self-employed}) + (\text{Profit}) + (\text{Interest}) + (\text{Rent}) + (\text{Net indirect taxes}) - (\text{Net factor income to abroad})$ $= 250 + 600 + 80 + 30 + 40 + 10 - (-10)$	(a) NNPmp = 4 marks (b) 1 mark each 4 + 2 = 6 marks
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		<p>= ₹1,020 thousand crores</p> <p>(b) (i) Free medical facilities by the employer are ‘part of employer’s contribution towards social security scheme’, which is a part of compensation of employees so it will be included in the estimation of NI.</p> <p>(ii) Any income arising out of the sale of shares, bonds etc. will not be included as the buying and selling of these shares/bonds is not directly related to the production of goods and services. (In case of any commission or brokerage charged by the agent, it should be treated as productive income, and thereby included in National Income.)</p> <p style="text-align: center;"><b>OR</b></p> <p>(a) National Income (NNPfc) = Wages and salaries in each + Rent + Interest + Profit + Mixed income + Net factor income from abroad = 1, 000 + 100 + 120 + 130 + 300 + (-) 20 = ₹1, 630 in crores</p> <p>(b) (i) It should be included in NI because it is a part of the compensation of employees (salary in kind). (ii) It is included in NI because it is a part of the final consumption expenditure on domestic product.</p>	<p>(a) NNPfc = 4 marks (b) 1 mark each 4 + 2 = 6 marks</p>
<b>B</b>	<b>16</b>	<p>The budgetary policy objective of redistribution of income and wealth uses the fiscal instruments of taxation and government expenditure for bringing out a fair distribution of income and wealth. By imposing taxes on rich and giving subsidies to the poor, the government redistributes income in favour of the poor. Progressive taxation focuses on equitable distribution of disposable income. Similarly, subsidies offered to BPL population is with the intention of raising the purchasing power of money income.</p> <p>To combat inflationary and deflationary tendencies in the economy, fiscal deficit is changed by lowering Government expenditure and raising government receipts.</p> <p>(a) <b>During Deflation</b>, government expenditure is raised (both investment expenditure and consumption expenditure) and revenue receipts are lowered by a moderate tax structure.</p> <p>(b) <b>During Inflation</b>, government expenditure is lowered (both investment expenditure and consumption expenditure) and revenue receipts are raised by moderate rise in taxation to increase Government Revenue.</p>	<p>4 marks for explanation of Redistribution function 1 mark each for Inflation and Deflation 4 + 2 = 6 marks</p>
<b>C</b>	<b>16</b>	<p>(a) <math>NNP_{mp} = (\text{Compensation of employees}) + (\text{Mixed income of self-employed}) + (\text{Profit}) + (\text{Interest}) + (\text{Rent}) + (\text{Net indirect taxes}) - (\text{Net factor income to abroad})</math> = 2500 + 6000 + 800 + 300 + 400 + 100 - (-100) = ₹10,200 thousand crores</p> <p>(b) (i) Free medical facilities by the employer are ‘part of employer’s contribution towards social security scheme’, which is a part of compensation of employees so it will be included in the estimation of NI.</p> <p>(ii) Any income arising out of the sale of shares, bonds etc. will not be included as the buying and selling of these shares/bonds is not</p>	<p>Numerical = 4 marks + 1 mark each for (b) 4 + 2 = 6 marks</p>

		<p>directly related to the production of goods and services. (In case of any commission or brokerage charged by the agent, it should be treated as productive income, and thereby included in National Income.)</p> <p style="text-align: center;"><b>OR</b></p> <p>(a) Gross National Product at market price (GNP<sub>mp</sub>) = Wages and salaries in each + Rent + Interest + Profit + Mixed income + Net factor income from abroad + Consumption of fixed capital + Net Indirect Taxes  <math>= 1,000 + 100 + 120 + 130 + 300 + (-) 20 + 50 + (100 - 75)</math>  <math>= 1,000 + 100 + 120 + 130 + 300 - 20 + 50 + 25</math>  <math>= ₹1,705</math> in crores</p> <p>(b)            (i) It should be included in NI because it is a part of the compensation of employees (salary in kind).            (ii) It is included in NI because it is a part of the final consumption expenditure on domestic product.</p>	<p>Numerical = 4 marks</p> <p>+ 1 mark each for (b)</p> <p>4 + 2 = 6 marks</p>
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<b>A</b>	<b>17</b>	<p>The budgetary policy objective of redistribution of income and wealth uses the fiscal instruments of taxation and government expenditure for bringing out a fair distribution of income and wealth. By imposing taxes on rich and giving subsidies to the poor, the government redistributes income in favour of the poor. Progressive taxation focuses on equitable distribution of disposable income. Similarly, subsidies offered to BPL population is with the intention of raising the purchasing power of money income.</p> <p>To combat inflationary and deflationary tendencies in the economy, fiscal deficit is changed by lowering Government expenditure and raising government receipts.</p> <p>(c) <b>During Deflation</b>, government expenditure is raised (both investment expenditure and consumption expenditure) and revenue receipts are lowered by a moderate tax structure.</p> <p>(d) <b>During Inflation</b>, government expenditure is lowered (both investment expenditure and consumption expenditure) and revenue receipts are raised by moderate rise in taxation to increase Government Revenue.</p>	<p>3 + 3 = 6 marks</p>
<b>B</b>	<b>17</b>	<p>(a) GNP<sub>fc</sub> = Compensation of employees + Mixed income of self-employed + Profit + Interest + Rent + Net factor income to abroad + Consumption of fixed capital  <math>= 250 + 600 + 80 + 30 + 40 + 20 - (-10)</math>  <math>= 250 + 600 + 80 + 30 + 40 + 20 + 10</math>  <math>= ₹1,030</math> thousand crores</p> <p>(b)            (a) No, because it is not related with current flow of goods and services            (b) Yes, It is included in NI since it is paid for rendering productive services.</p> <p style="text-align: center;"><b>OR</b></p> <p>(a) NNP<sub>mp</sub> = Wages and salaries in each + Rent + Interest + Profit + Mixed income + Net factor income from abroad + Net indirect taxes  <math>= 1,000 + 100 + 120 + 130 + 300 + (-) 20 + (100 - 75)</math></p>	<p>Numerical = 4 marks</p> <p>+ 1 mark each for (b)</p> <p>4 + 2 = 6 marks</p> <p>Numerical = 4</p>

		$= 1,000 + 100 + 120 + 130 + 300 - 20 + 25$ $= ₹1,655$ in crores (b) (a) Old age pensions are not a part of domestic income because no factor service is rendered in return. (b) A salary to Indian residents working in Russian Embassy is not a part of domestic product of India because Russian embassy is a part of Russian economic territory. It is factor income from abroad.	marks + 1 mark each for (b) 4 + 2 = 6 marks
<b>C</b>	<b>17</b>	<b>SAME AS SET - A</b>	

### **Section B: Indian Economic Development**

<b>MARKING SCHEME</b>			
<b>SET</b>	<b>QN.NO</b>	<b>VALUE POINTS</b>	<b>MARKS SPLIT UP</b>
<b>A</b>	<b>18</b>	(a) The British made India an exporter of cotton from exporter of cloth that led to large scale unemployment	1 mark
<b>B</b>	<b>18</b>	(c) On the eve of independence, capital goods industries were developed in India.	1 mark
<b>C</b>	<b>18</b>	(d) V. K. R. V. Rao	1 mark

<b>A</b>	<b>19</b>	(a) Both Assertion(A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1 mark
<b>B</b>	<b>19</b>	(b) A - (iii), B - (i), C - (iv), D - (ii)	1 mark
<b>C</b>	<b>19</b>	(c) Assertion (A) is true but Reason (R) is false	1 mark

<b>A</b>	<b>20</b>	(c) On the eve of independence, capital goods industries were developed in India.	1 mark
<b>B</b>	<b>20</b>	(d) Assertion (A) is False but Reason (R) is true	1 mark
<b>C</b>	<b>20</b>	(c) On the eve of independence, capital goods industries were developed in India.	1 mark

<b>A</b>	<b>21</b>	(c) Statement 1 is true and Statement 2 is false	1 mark
<b>B</b>	<b>21</b>	(c) Statement 1 is true and Statement 2 is false	1 mark
<b>C</b>	<b>21</b>	<b>SAME AS SET - B</b>	1 mark

<b>A</b>	<b>22</b>	(b) A - (iii), B - (i), C - (iv), D - (ii)	1 mark
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<b>B</b>	<b>22</b>	(b) Agriculture has gone up., industrial sector reported fluctuation, and service sector has declined	1 mark
<b>C</b>	<b>22</b>	(b) A - (iii), B - (i), C - (iv), D - (ii)	1 mark

<b>A</b>	<b>23</b>	(a) Both the statements are true.	1 mark
<b>B</b>	<b>23</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>23</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>24</b>	(b) Fiscal Policy	1 mark
<b>B</b>	<b>24</b>	(a) The British made India an exporter of cotton from exporter of cloth that led to large scale unemployment	1 mark
<b>C</b>	<b>24</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>25</b>	(c) Regulator to Facilitator	1 mark
<b>B</b>	<b>25</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>25</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>26</b>	(a) Agriculture has declined, industrial sector reported fluctuation, and service sector has gone up.	1 mark
<b>B</b>	<b>26</b>	(c) Statement 1 true but statement 2 is false	1 mark
<b>C</b>	<b>26</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>27</b>	(b) Multinational corporations and even small companies are outsourcing their services to India	1 mark
<b>B</b>	<b>27</b>	<b>SAME AS SET - A</b>	1 mark
<b>C</b>	<b>27</b>	<b>SAME AS SET - A</b>	1 mark

<b>A</b>	<b>28</b>	(i) The British followed a typical colonial pattern of trade in India, where it was made to serve their interest. (ii) India exported raw materials to the home country of the British for	1 X 3 = 3 marks Brief explanation is required
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		<p>their expanding industries.</p> <p>(iii) India was also developed as a market for the finished goods of the British industries.</p> <p>Thus, India was reduced to being a source of food for the British, a supplier of raw materials for the British industries and a market for their finished products. (Any other valid point)</p> <p style="text-align: center;"><b>OR</b></p> <p>Under the British rule, basic infrastructure such as railways, ports, water – transport, postage &amp; telegraph developed, but the objective behind the development of infrastructure was not to provide basic amenities o the people but to cater to their colonial interests.</p> <p>The objective of the Britishers behind the development of infrastructure were</p> <p>(i) Roads were developed for the purpose of mobilizing army &amp; transporting raw materials to the nearest railway station and port.</p> <p>(ii) Railways were developed to encourage commercialization of agriculture</p> <p>(iii) Postage &amp; telegraph were introduced to enable them to control the large sub- continent.</p>	<p>1 X 3 = 3 marks</p> <p>Brief explanation is required</p>
<b>B</b>	<b>28</b>	<b>SAME AS SET - A</b>	
<b>C</b>	<b>28</b>	<p>(i) The British followed a typical colonial pattern of trade in India, where it was made to serve their interest.</p> <p>(ii) India exported raw materials to the home country of the British for their expanding industries.</p> <p>(iii) India was also developed as a market for the finished goods of the British industries.</p> <p>Thus, India was reduced to being a source of food for the British, a supplier of raw materials for the British industries and a market for their finished products. (Any other valid point)</p> <p style="text-align: center;"><b>OR</b></p> <p>1. Agriculture –the principal source of occupation (About 72.7% of working population was engaged in agriculture)</p> <p>2. Industry – An insignificant source of occupation Nearly 9.0% of working population was engaged in manufacturing industries)</p> <p>3. Unbalanced growth</p> <p>(Any other valid point)</p>	

<b>A</b>	<b>29</b>	<ol style="list-style-type: none"> <li>Public enterprises were played a central role in the process of Industrialization</li> <li>Private enterprises were to play only a secondary role in the process of industrialization. It means private sector were to obtain a license for their industrial establishments and to produce goods within the prescribed limits of production capacity.</li> <li>Domestic industries were given protection from foreign competition and it was done through: - (i) Heavy duty in imports (ii) Large – scale industry was to be developed with a view to build an infrastructural base in country.</li> <li>Major thrust was given to import substitution. It means production of such goods were to be accorded high priority which were</li> </ol>	<p>Any three</p> <p>1 X 3 = 3 marks</p>
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		<p>were made to develop basic infrastructure like roads, railways, ports, water transports, posts and telegraphs. The basic objective of British Government to develop infrastructure was not to provide basic amenities to the people, but to serve their own colonial interest.</p> <ol style="list-style-type: none"> <li><b>The Roads</b> were built for mobilizing the army within India and for drawing out raw materials from the countryside to the nearest railway station or port and to send these to England or other lucrative foreign destinations.</li> <li><b>Railways</b> were developed by the Britishers mainly for three reasons: <ol style="list-style-type: none"> <li>To have effective control and administration over the vast Indian territory;</li> <li>To make profits through foreign trade by linking railways with major ports;</li> <li>To make profitable investment of British funds in India.</li> </ol> </li> <li><b>Electric Telegraph</b> was introduced at a high cost to serve the purpose of maintaining law and order.</li> </ol>	<p>1 mark + 1 x 3 = 3 marks 1 + 3 = 4 marks Introduction note required</p>
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<b>A</b>	<b>31</b>	<p>(A) (d) All of these (B) (a) Devalued (C) (d) Bharat Sanchar Nigam Limited (D) (d) None of these</p>	1 x 4 = 4 marks
<b>B</b>	<b>31</b>	<p>(A) (c) Globalization (B) (b) Export Oriented (C) (a) Encouraging (D) (b) Atomic energy</p>	1 x 4 = 4 marks
<b>C</b>	<b>31</b>	<b>SAME AS SET - A</b>	

<b>A</b>	<b>32</b>	<p>(i) It will introduce efficiency and profitability in the Public Sector Undertakings (ii) It promotes consumer's sovereignty, which implies wider choice and better quality of goods and services (iii) It will reduce budgetary deficits which result from expenditure on loss making PSUs (iv) It promotes diversification of production as invariably private sector generates high profits. (Any other valid point)</p>	1 x 4 = 4 marks
<b>B</b>	<b>32</b>	<p>(i) It will introduce efficiency and profitability in the Public Sector Undertakings (ii) It promotes consumer's sovereignty, which implies wider choice and better quality of goods and services (iii) It will reduce budgetary deficits which result from expenditure on loss making PSUs (iv) It promotes diversification of production as invariably private sector generates high profits. (Any other valid point)</p> <p style="text-align: center;"><b>OR</b></p> <p>In outsourcing, a company hires regular service from external sources, mostly from other countries, which was previously provided internally or</p>	1 x 4 = 4 marks



		(i) It has been concentrated towards development only in urban areas (ii) It has resulted in the spread of consumerism The policy has encouraged economic dominance of developed nations over developing nations. (Any other valid point) 5.	1 x 4 marks  2 marks + 4 marks = 6 marks
<b>C</b>	<b>33</b>	The important role played by small scale industries in the economy are: (i) Generate employment opportunities (ii) Favourable capital employment ratio (iii) Promotes self-employment (iv) Less capital required for establishment of small scale Industries (v) Promotes production of goods for export (vi) Promotes the development of handicraft industries (vii) Helps in fulfilling the needs of the Medium and Large Scale industries (viii) Investment output ratio is a par with large scale Industries. (Any six with brief explanation)	1 X 6 = 6 marks Explanation of each point required

<b>A</b>	<b>34</b>	The given statement is true to its character. <b>Some scholars argue that globalisation should be seen as an opportunity in terms of:</b> (i) Greater access to global markets, (ii) High technology and, (iii) Increased possibilities of large industries of developing countries to become important players in the international arena. <b>On the contrary, the critics argue that</b> (i) Globalisation is a strategy of the developed countries to expand their markets in other countries. According to them, it has compromised the welfare and identity of people belonging to poor countries. (ii) Market-driven globalisation has widened the economic disparities among nations. It has increased the income and quality of further consumption of only high-income groups (iii) The growth has been concentrated only in some select areas in the service sector such as telecommunication, IT, finance, entertainment, travel and hospitality services, real estate and trade rather than vital sectors such as agriculture and industry which provide livelihoods to millions of people in the country.	1 x 3 = 3 marks for in favor of the statement.  1 x 3 = 3 marks for against the statement.  3 + 3 = 6 marks
<b>B</b>	<b>34</b>	The important role played by small scale industries in the economy are: (i) Generate employment opportunities (ii) Favourable capital employment ratio (iii) Promotes self-employment (iv) Less capital required for establishment of small scale Industries (v) Promotes production of goods for export (vi) Promotes the development of handicraft industries (vii) Helps in fulfilling the needs of the Medium and Large Scale industries (viii) Investment output ratio is a par with large scale Industries. (Any six with brief explanation) <b>OR</b>	1 X 6 = 6 marks Explanation of each point required

		<p>(i) Small-scale industries are more 'labour intensive' i.e., they use more labour than the large-scale industries and, therefore, generate more employment.</p> <p>(ii) These industries cannot compete with the big industrial firms; it is obvious that development of small-scale industry requires them to be shielded from the large firms.</p> <p>(iii) The production of a number of products was reserved for the small-scale industry; the criterion of reservation being the ability of these units to manufacture the goods. They were also given concessions such as lower excise duty and bank loans at lower interest rates.</p>	<p>2 x 3 = 6 marks Explanation is required</p>
C	34	<p><b>SAME AS – SET – A</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Critics have raised a series of criticism against the New Economic Reforms, especially in the areas of employment, agriculture, industry, infrastructure development and fiscal management. The new economic policy has neglected the agricultural sector as compared to industry, trade and services sector.</p> <p>(a) <b>Reduction of public investment:</b> Public investment in agriculture sector, especially in infrastructure, which includes irrigation, power, roads market linkages and research and extension (which played a crucial role in the Green Revolution), has been reduced in the reform period.</p> <p>(b) <b>Removal of subsidy:</b> Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.</p> <p>(c) <b>Liberalisation and reduction in import duties:</b> After the commencement of WTO, a number of policy changes were made; (a) Reduction in import duties on agricultural products; (b) Removal of minimum support price; (c) lifting of quantitative restrictions on agricultural products. All these policies adversely affected the Indian farmers as they have to face increased international competition.</p> <p>(d) <b>Shift towards cash crops:</b> Due to Export-oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains (Any three valid reasons)</p>	<p>2 x 3 = 6 marks for valid explanation</p>