SAMPLE QUESTION PAPER (2025-26)

ECONOMICS (030) CLASS 12

TIME: 3 HOURS **M.M. – 80**

GENERAL INSTRUCTIONS:

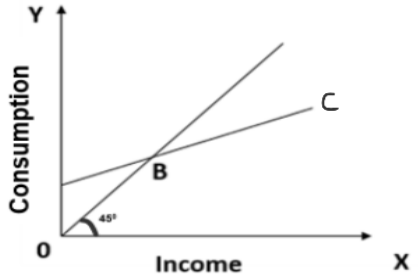
I. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development

II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.

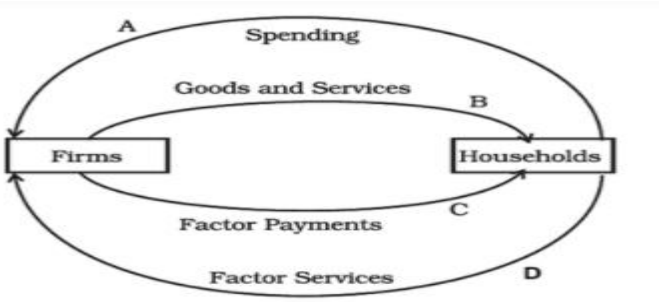
III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.

IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.

V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

S.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	With reference to the given diagram, which of the following is true at point B? (Choose the correct option)  A. Slope of Consumption Curve = 0 B. Average Propensity to Consume = 0 C. Slope of Saving Curve = 1 D. Average Propensity to Consume = 1 **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.1** Identify, which of the following is true at the Break-Even level of Income. (Choose the correct option) A. Slope of Consumption Curve = 0 B. Average Propensity to Consume = 0 C. Slope of Saving Curve = 1 D. Average Propensity to Consume = 1	**1** **1**
2	"Real Gross Domestic Product (GDP) is estimated to attain a level of ₹ 173.82 lakh crore in the year 2023-24. The corresponding Nominal GDP is estimated to stand at ₹ 295.36 lakh crore in the same year." **Source:**https://pib.gov.in/PressReleseDetailm.aspx?PRID=2022323&reg=3&lang=1 On the basis of the given data, the value of GDP deflator would be _____. (Choose the correct option to fill up the blank) A. 295.36 B. 58.85 C. 169.92 D. 173.82	**1**
3	"Money is non-perishable and is acceptable to anyone at any point of time." Identify, the function of money indicated in the aforesaid statement and choose the correct option. A. Store of Value B. Medium of Exchange C. Unit of Account D. Standard of Deferred Payments	**1**
4	Read the following statements carefully: **Statement 1:** Devaluation of currency is said to occur when the exchange rate is decreased under the Fixed Exchange Rate System.	**1**

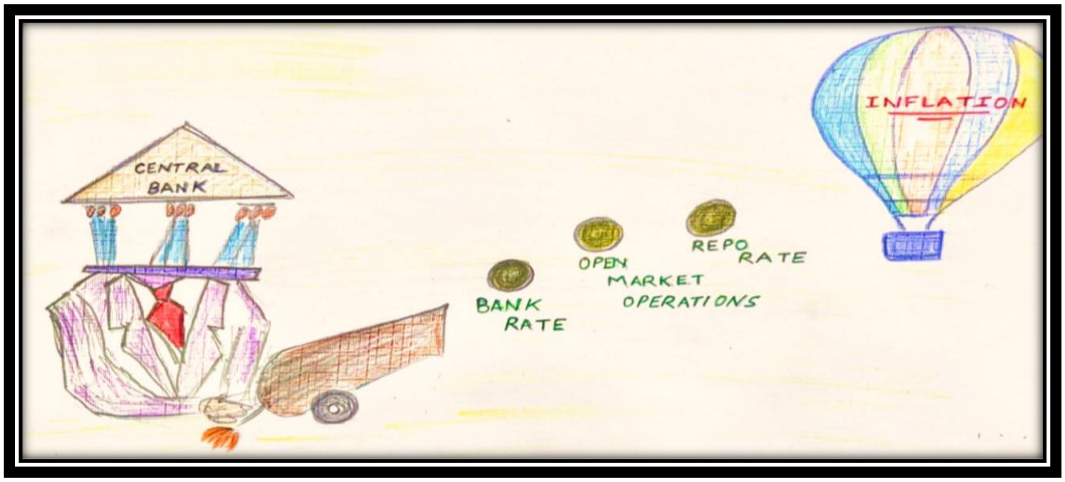
Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

	Statement 2: Under the Floating Exchange Rate System, competent authorities do not maintain foreign exchange reserves. In light of the given statements, choose the correct option from the following: A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.	
5	Refer to the given diagram carefully:  The arrows C and D represent _____ Market. (Choose the correct option to fill up the blank) A. Factor B. Goods C. Stock D. Financial **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.5** In a simplified economy, the flow of Factor Services from Households to Firms and Factor Payments from Firms to Households represents _____ Market. (Choose the correct option to fill up the blank) A. Factor B. Goods C. Stock D. Financial	**1** **1**
6	Deflationary Gap refers to the gap by which _____ falls short of the Aggregate Demand required to establish full employment equilibrium. (Choose the correct option to fill up the blank) A. ex-ante Aggregate Demand B. ex-post Aggregate Demand C. ex-ante Aggregate Supply D. ex-post Aggregate Supply	**1**
7	Read the following statements carefully: **Statement 1:** Final Goods do not undergo any further transformation at the hands of any producer. **Statement 2:** Final goods may get transformed during their consumption by the ultimate purchaser. In light of the given statements, choose the correct option from the following: A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.	**1**
8	On the basis of the given information, Money Supply (M1) would be ₹ _____ crore. (Choose the correct option) **S.No.** / **Components** / **Amount** (in ₹ crore) (i) Currency held by the Public — 320 (ii) Net Demand Deposits with Commercial Banks — 260 (iii) Net Time Deposits with Commercial Banks — 200 Options: A. 580 B. 780 C. 675 D. 875	**1**

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

<table>
<tr><td>9</td><td>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:
Assertion (A): External Assistance is recorded in the Current Account of the Balance of Payments of a nation.
Reason (R): External Assistance includes bilateral and multilateral loans received/extended by a nation.
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.</td><td>1</td></tr>
<tr><td>10</td><td>Reserve Bank of India (RBI) was established in the year _____.
(Choose the correct option to fill up the blank)
A. 1934 B. 1935
C. 1936 D. 1937</td><td>1</td></tr>
<tr><td>11</td><td>For a hypothetical economy, assuming there are only two firms (A and B) with equal Gross Value Added (GVA).
On the basis of the following data, estimate the value of Domestic Sales of Firm A:
<table>
<tr><th>S. No.</th><th>Items</th><th>Amount
(in ₹ crore)</th></tr>
<tr><td>(i)</td><td>Value of Output of Firm B</td><td>1,000</td></tr>
<tr><td>(ii)</td><td>Purchases by Firm A from Firm B</td><td>300</td></tr>
<tr><td>(iii)</td><td>Exports by Firm A</td><td>200</td></tr>
<tr><td>(iv)</td><td>Purchases by Firm B from Firm A</td><td>250</td></tr>
<tr><td>(v)</td><td>Additions to stock of Firm A</td><td>150</td></tr>
</table></td><td>3</td></tr>
<tr><td>12
(A)</td><td>“The statutory requirement of the Reserve Ratio (RR) acts as a limit to the amount of credit that banks can create.”
Justify the given statement with the valid explanation.
OR</td><td>3</td></tr>
<tr><td>12
(B)</td><td>“The Reserve Bank of India (RBI) provides several banking services to the Government.”
Do you agree with the given statement? Give valid explanation in support of your answer.</td><td>3</td></tr>
<tr><td>13
(A)</td><td>Ms. Sarika is a retired government employee. Every month, she earns rental income from a property she owns. She has also invested in fixed deposit, which provide her with interest income. Occasionally, she receives cash transfers from her family members abroad.
Classify, Ms. Sarika’s income as factor income or transfer income, giving valid reasons in support of your answer.
OR</td><td>4</td></tr>
<tr><td>13
(B)</td><td>“Under the Expenditure Method, the value of Gross Domestic Product (GDP) can be estimated by adding the final expenditure incurred by all the sectors of an economy.”
In the light of the given statement, explain the expenditure incurred by any two sectors.</td><td>4</td></tr>
<tr><td>14</td><td>“Mr. Spector, a normal resident of XYZ country, took a $1 million loan from an overseas bank to expand his manufacturing business. During the same year, the Government of XYZ country borrowed $5 billion from an international financial institution to cover the Balance of Payments (BoP) deficit prevailing in the country.”</td><td>4</td></tr>
</table>

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

	Mishika, an economics student, read the above information and identified both the transactions cited, as autonomous transactions in the BoP account of XYZ country. Do you agree with Mishka's identification of the underlying concept? Give valid arguments in support of your answer.	
15	Refer to the given image carefully:  Explain any two indicated measures taken by the Central Bank to control the highlighted macroeconomic issue.	**4**
	Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.15 State and explain any two measures that can be taken by the Central Bank to control the situation of inflation.	**4**
16 (A)	(I) Suppose in an economy, the Marginal Propensity to Consume (MPC) is 0.8. The government introduced an investment project of ₹ 1,000 crore which led to a manyfold increase in National Income (Y) and Consumption Expenditure (C). Estimate: (a) Value of Investment Multiplier (k) (b) Missing Values of (i) and (ii)	**3**

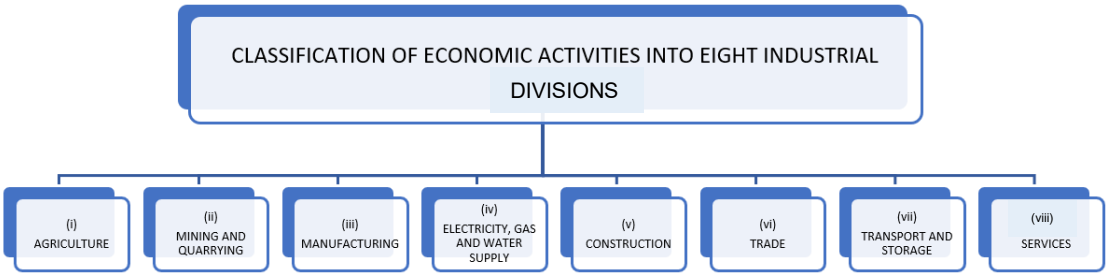
Rounds	**Change in Investment (ΔI)**	**Change in Income (ΔY)**	**Change in Consumption (ΔC)**	**Change in Savings (ΔS)**
I	1,000	1,000	800	200
II		800	640	160
…		…	…	…
…		…	…	…
		(i)	**(ii)**	1,000

	(II) "Sum of the Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one." Justify the given statement with the help of a suitable argument.	**3**
	OR	
16 (B)	(I) Suppose in a hypothetical economy, people save 20% of their additional income. Ex-Ante Investments equals ₹ 100 and the equilibrium level of income stands at ₹ 700. Calculate dissavings at zero level of income.	**2**
	(II) Define Effective Demand. Explain the adjustment mechanism to attain the level of Effective Demand, if ex-ante Aggregate Demand is more than ex-ante Aggregate Supply.	**4**
17	Refer to the given text carefully: Revenue receipts of the Union Government of India, consisting of tax revenue and non-tax revenue increased year-on-year by 14.5% in the financial year 2023-24, with robust growth in both tax and non-tax revenues.	

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

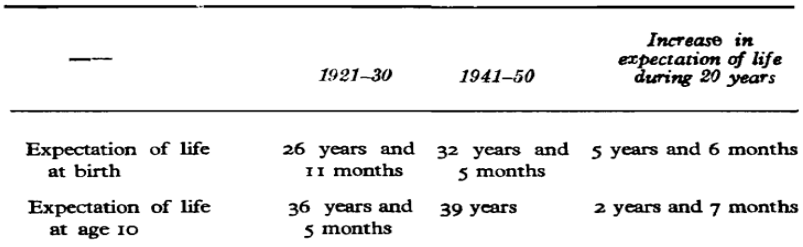
	In spite of the global trend of widening fiscal deficit and increasing debt burden, India has remained on the course of fiscal consolidation. In the post-covid period, significant fiscal consolidation could be achieved largely due to buoyant government revenues. The favourable fiscal performance in the financial year 2022-23, emerged as the cornerstone of India's macroeconomic stability. The fiscal deficit of the Union Government has been brought down from 6.4% of Gross Domestic Product (GDP) in the financial year 2022-23 to 5.6% of GDP in the financial year 2023-24, according to the data released by the Office of Controller General of Accounts (CGA). Strong growth in direct and indirect taxes on account of resilient economic activities and increased compliance meant that the tax revenues generated exceeded the budgetary estimates. Additionally, higher-than-budgeted non-tax revenue in the form of dividends from the Reserve Bank of India (RBI) has buffeted revenue receipts. In combination with restrained revenue expenditure, these buoyant revenues ensured lower deficits. A decomposition of the fiscal deficit over the past few years reveals that with a narrowing revenue deficit, a larger share of the fiscal deficit is being accounted for by capital outlay. This suggests that the productivity of borrowed resources has improved. **Source:** Economic Survey 2023-24 On the basis of the given text and common understanding, answer the following questions: (I) Differentiate between the two types of revenue receipts as indicated in the above text. (II) Elaborate the reasons behind reduction in fiscal deficit of India for the financial year 2023-24.	 **3** **3**
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18	Read the given text carefully: "The Government has now decided to further promote the development of mutual funds by throwing the field open to the private sector and joint sector mutual funds. In order to safeguard the interests of the investing public, and to encourage a healthy growth of the capital markets, a comprehensive set of guidelines is being evolved for the operation of all mutual funds." **Source:** https://www.indiabudget.gov.in/doc/bspeech/bs199192.pdf (Budget 1991-92 Speech of Shri Manmohan Singh Minister of Finance) Identify the sector under which the aforesaid reform was introduced and choose the correct option. A. Industrial B. Financial C. Tax D. Foreign Trade	**1**
19	_____ maintained a monopoly control over India's exports and imports, while the rest was allowed with a few other countries. (Choose the correct option to fill up the blank) A. China B. Ceylon (Sri Lanka) C. Britain D. Persia (Iran)	**1**
20	Human capital is _____. (i) intangible in nature (ii) imperfectly mobile (iii) inseparable from its owner (Choose the correct option to fill up the blank) Options: A. (i) and (ii) B. (i) and (iii) C. (ii) and (iii) D. (i), (ii) and (iii)	**1**

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

21	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A):** Indian rural credit system was significantly transformed with the implementation of technological reforms in agriculture sector. **Reason (R):** Green Revolution led to the diversification of the portfolio of rural credit towards production-oriented lending. 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.	**1**
22	Owing to the efforts of the _____, the Indian government initiated modernisation of informal sector enterprises. (Choose the correct option to fill up the blank) A. World Trade Organisation B. International Labour Organisation C. Central Statistical Office D. International Monetary Fund	**1**
23	Read the following text carefully: All economic activities can be categorized into eight different industrial divisions as:  For simplicity, all the working persons engaged in these divisions can be clubbed into three major sectors primary, secondary and tertiary sector. In the light of the given text, primary sector includes _____. (Choose the correct option to fill up the blank) Options: A. Only (i) B. (i) and (ii) C. (iii), (iv) and (v) D. (vi), (vii) and (viii)	**1**
24	The population explosion and advent of Industrial Revolution led to the ____. (Choose the correct option to fill up the blank) A. reversal of supply-demand relationship of environmental resources B. decrease in demand for environmental resources C. decrease in the average temperature of the earth's lower atmosphere D. increase in the environmental quality	**1**
25	From the set of terms given in Column I and corresponding facts given in Column II, choose the correct pair of statements:	**1**

	Column I		**Column II**
(a)	Animal Husbandry	i	Instability in income
(b)	Fisheries	ii	Mixed crop-livestock farming system
(c)	Horticulture	iii	India is the second-largest producer of fruits and vegetables in the world
(d)	Agro-processing industry	iv	Iron and steel industry

Options:
A. (a)-i B. (b)-ii
C. (c)-iii D. (d)-iv

26	_____ is the measure being taken to create orderly and transparent marketing conditions. (Choose the correct option to fill up the blank) Options: A. Cooperative marketing B. Assurance of Minimum Support Price (MSP) C. Provision of infrastructural development D. Regulation of markets	**1**
27	Read the following statements carefully: **Statement 1:** Great Leap Forward (GLF) campaign met with many problems like severe drought, conflict with Russia etc. **Statement 2:** Under agricultural reforms, commune lands were allocated to individual households for ownership, who were allowed to keep all post-tax income. In light of the given statements, choose the correct option from the following: A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.	**1**
28	"Pakistan was maintaining a healthy economic growth momentum of 6.3% till 1990s, however it lost its track of economic growth falling to 5.3% between 2015-17." Do you agree with the given statement? Justify your answer with valid arguments.	**3**
29 (A)	"Edward Barbier defined Sustainable Development as a strategy which is directly concerned with increasing the material standard of living of the poor at the grass root level." Elaborate the given statement. **OR**	**3**
29 (B)	Distinguish between self-employed and hired workers with the help of a suitable example.	**3**
30 (A)	"The introduction of Railways affected the structure of the Indian economy in two important ways." Justify the given statement, with valid explanation. **OR**	**4**
30 (B)	Refer to the given information carefully:  **Source: Census of India 1951** Answer the following questions on the basis of the given information and common understanding: (I) Identify and define the demographic indicator given in the above table. (II) List any two such demographic indicators. (III) State the stage of demographic transition India entered in 1921.	**2** **1** **1**
31	(I) "India has been a part of many regional and global economic groupings such as G20, SAARC, BRICS etc." In the light of the given statement, briefly explain the importance of regional and global economic groupings. (II) Define 'Special Economic Zone'.	**3** **1**

	1921–30	*1941–50*	*Increase in expectation of life during 20 years*
Expectation of life at birth	26 years and 11 months	32 years and 5 months	5 years and 6 months
Expectation of life at age 10	36 years and 5 months	39 years	2 years and 7 months

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

32	Refer to the given image carefully:  Answer the following questions on the basis of the given image: (I) Identify the type of farming in Panel A and Panel B. (II) Explain any one advantage and disadvantage of the type of farming in Panel B over Panel A. **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.32** Explain any one advantage and disadvantage of a whole system of farming that restores, maintains and enhances the ecological balance over conventional farming.	**1** **3** **4**
33 (A)	(I) "Government made a fresh statement of policy on the 30th April, 1956 which will help speeding up industrialisation and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing co-operative sector". **Source:** http://164.100.161.239/plans/planrel/fiveyr/index2.html (Planning Commission) In the light of the given text and common understanding, comment upon the classification of industries under the revised policy. (II) "The implementation of land ceiling legislation in India encountered several challenges that hindered its effectiveness." Do you agree with the given statement? Give valid reasons in support of your answer. **OR**	**3** **3**
33 (B)	(I) "The process of globalisation through liberalisation and privatisation has produced positive, as well as, negative results for India." Do you agree with the given statement? Give valid explanation in support of your answer. (II) "The Government of India was compelled to introduce the economic reforms of 1991." State any two reasons behind the introduction of Economic Reforms of 1991.	**4** **2**
34	Read the following text carefully: The National Education Policy (NEP) 2020, asserts that education is fundamental for achieving full human potential, providing universal access to quality education and leadership on the global stage in terms of economic growth, social justice and equality. Thus, it presents the best way forward for developing and optimising India's resources. To attain the goals of education, NEP 2020 unequivocally endorses a substantial increase in public investment in education by both the Central government and all State governments. This is considered extremely critical for achieving the high-quality and equitable public education system that is truly needed for India's future progress and growth. To achieve this, they need to	

	increase the public investment in Education sector to reach 6% of GDP at the earliest. One of the primary goals of the schooling system must be to ensure that children are enrolled in and are attending school. As per the 75th round household survey by NSSO in 2017-18, the number of out of school children in the age group of 6 to 17 years is 3.22 crore. With a goal to achieve 100% Gross Enrolment Ratio in preschool to secondary level by 2030, it will be a top priority to bring these children back into the educational fold as early as possible, and to prevent further students from dropping out. For the same, two initiatives that will be undertaken are to provide: • effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12. • regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support. **Source:** https://www.education.gov.in/sites/upload_files/mhrd/files/NEP_Final_English.pdf (adapted and modified) On the basis of the given text and common understanding, answer the following questions: (I) "Education is considered fundamental for achieving full human potential". Justify the given statement with valid arguments. (II) Discuss the importance of increasing public expenditure in education. (III) State any two main initiatives that may be implemented to tackle school dropouts and avert additional students from leaving school.	**2** **2** **2**

MARKING SCHEME (2025-26)

ECONOMICS (030) CLASS 12

S.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	D. Average Propensity to Consume = 1 **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.1** D. Average Propensity to Consume = 1	**1** **1**
2	C. 169.92	**1**
3	A. Store of Value	**1**
4	B. Statement 1 is false and Statement 2 is true.	**1**
5	A. Factor **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.5** A. Factor	**1**
6	B. ex-post Aggregate Demand	**1**
7	C. Both Statements 1 and 2 are true.	**1**
8	A. 580	**1**
9	D. Assertion (A) is false, but Reason (R) is true.	**1**
10	B. 1935	**1**
11	Gross Value Added of Firm B = (i) – (iv) = 1,000 – 250 = ₹ 750 crore Gross Value Added of Firm A = Gross Value Added of Firm B = ₹ 750 crore Domestic Sales of Firm A = Gross Value Added of Firm A – (iii) – (v) + (ii) = 750 – 200 – 150 + 300 = ₹ 700 crore	½ ½ **1** ½ ½
12 (A)	Reserve Ratio is the percentage of deposits that every commercial bank must keep as reserves and rest of the deposits can be used to give loans. Reserve Ratio is fixed by the Central Bank to avoid 'over lending' by commercial banks. This is legally binding to all commercial banks. Hence, the statutory requirement of the Reserve Ratio acts as a limit to the amount of credit that banks can create.	**3**
	OR	
12 (B)	Yes. The Reserve Bank of India (RBI) serves as the Government's banker, managing its accounts, receiving deposits, and processing payments. Exchanges, remittances and various banking operations are facilitated by the RBI on behalf of the government. In addition to this, during any financial crisis, RBI provides credit to the government to ensure its smooth functioning and to support the state in managing its obligations effectively.	**3**
13 (A)	The income earned by Ms. Sarika in the form of rent and interest can be classified as factor income, as it is the income earned by the factors of production for rendering their services. Whereas; Cash transfers received by Ms. Sarika from her family members abroad can be classified as transfer income as it is the income received without rendering any productive service in return.	**2** **2**

	OR	
13 (B)	The final expenditure incurred by the sectors of an economy can be: • **Private Final Consumption Expenditure:** It is the expenditure incurred by households and non-profit institutions serving households on final consumption of goods and services. • **Net Exports**: It refers to the excess of value of exports of goods and services over the value of imports of goods and services, during an accounting year.	**2** **2**
14	No. The loan taken by Mr. Spector, can be classified as an autonomous transaction. Such international economic transactions are independent of the state of Balance of Payments (BoP) and generally take place with an economic motive. However, loan taken by the Government in this case can be classified as an accommodating transaction. Such transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in BoP and are independent of any economic motive.	**2** **2**
15	To deal with the situation of highlighted macroeconomic issue i.e. inflation, the Central Bank may use the following measures: • **Repo Rate:** A rise in repo rate will force the commercial banks to increase the lending rates, making the credit dearer for the general public, discouraging the borrowings. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. • **Open Market Operations:** The Central Bank can sell government securities in the open market, thereby, reducing the availability of funds with the commercial banks for lending. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.15** To deal with the situation of inflation, the Central Bank may use the following measures: • **Repo Rate:** A rise in repo rate will force the commercial banks to increase the lending rates making the credit dearer for the general public, discouraging the borrowings. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. • **Open Market Operations:** The Central Bank can sell government securities in the open market, thereby, reducing the availability of funds with the commercial banks for lending. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy.	**2** **2** **½ + 1 ½** **½ + 1 ½**
16 (A) (I)	(a) Investment Multiplier (k) = $\frac{1}{1-\text{MPC}}$ = $\frac{1}{1-0.8}$ = 5 (b) **(i)** Change in Income (ΔY) = k x ΔI = 5 x 1,000 = ₹ 5,000 crore **(ii)** Change in Consumption (ΔC) = MPC x ΔY = 0.8 x 5,000 = ₹ 4,000 crore	½ ½ ½ ½ ½ ½

(II)	Income is either consumed or saved, i.e.; $Y = C + S$ -------- (i) Dividing both sides of the equation (i) by Y $\frac{Y}{Y} = \frac{C}{Y} + \frac{S}{Y}$ $1 = APC + APS$ Thus, sum of the Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one.	**3**
	OR	
16 (B) (I)	Given, Marginal Propensity to Save (MPS) = 20% = 0.2 Ex-Ante Investments (I) = ₹ 100 Equilibrium level of Income (Y)= ₹ 700 As we know, at Equilibrium level of Income; S = I $-\bar{C} + (MPS)\ Y = I$ $-\bar{C} + (0.2)\ 700 = 100$ $-\bar{C} = -40$ Thus, dissavings at zero level of income = ₹ 40	½ ½ ½ ½
(II)	Effective Demand refers to that level of Aggregate Demand, which can be met by the corresponding Aggregate Supply in the economy. If 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 intend to produce. Thus, the inventories will fall below the desired level. To restore the desired level of inventories, producers may increase output and employment in the economy. This mechanism will continue till the equilibrium is reinstated and effective demand can be restored.	**1** **3**
17 (I)	**Tax revenue** receipts refer to the receipts of the government through taxes. These are the compulsory transfer payments imposed by the government on individuals, corporations, and other entities. Whereas; **Non-tax revenue** receipts refers to those revenue receipts of the government from sources other than taxes. These mainly consist of interest, dividends, fees etc.	**1 ½** **1 ½**
(II)	The fiscal deficit declined due to robust growth in direct and indirect taxes, driven by resilient economic activities and improved tax compliance. Furthermore, higher-than-anticipated non-tax revenue, particularly dividends from the RBI, boosted overall revenue receipts. In addition to this, controlled revenue expenditure also contributed to the reduction in the fiscal deficit.	**3**
SECTION B - INDIAN ECONOMIC DEVELOPMENT		
18	B. Financial	**1**
19	C. Britain	**1**
20	D. (i), (ii) and (iii)	**1**
21	A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	**1**
22	B. International Labour Organisation	**1**
23	B. (i) and (ii)	**1**
24	A. reversal of supply-demand relationship of environmental resources	**1**

25	C. (c)-iii	**1**
26	D. Regulation of markets	**1**
27	A. Statement 1 is true and Statement 2 is false.	**1**
28	Yes. Pakistan maintained healthy growth rate till 1990s owing to the introduction of various policies such as Green Revolution and import substitution-based industrialisation. However, later it faced slowdown to the magnitude of 5.3 % between 2015-17, due to several interconnected factors such as agricultural growth and food supply which were largely dependent on favourable harvest rather than a systematic process of technological advancement. Moreover, political instability, excessive reliance on remittances, and dependence on foreign aid, significantly hindered Pakistan's economic progress.	**3**
29 (A)	Sustainable Development, seeks to meet the basic needs of the present generation without compromising the needs of the future generations. As per Edward Barbier, it must be used to increase the standard of living of the poor through measurable increase in income, educational and health services, sanitation, etc. The aim of Sustainable Development should be to reduce absolute poverty by creating livelihoods while minimizing resource depletion, environmental harm, cultural disruption, and social instability.	**3**
	OR	
29 (B)	People, who own and operate an enterprise to earn their livelihood are known as self-employed workers. For example, a cement shop owner. Whereas; A hired worker is someone who is employed by another person/organization and receives compensation in the form of a salary/wage. For example, an employee working as a graphic designer at a marketing agency.	**1 + ½** **1 + ½**
30 (A)	The introduction of railways affected the structure of the Indian economy in two important ways: • It enabled people to undertake long distance travel and thereby breaking geographical and cultural barriers. • It fostered commercialisation of Indian agriculture which adversely affected the self-sufficiency of the village economies in India.	**2** **2**
	OR	
30 (B)(I)	The demographic indicator given in the table is Life Expectancy. Life Expectancy refers to the average number of years a person is expected to live.	**1** **1**
(II)	Two demographic indicators are: • Infant Mortality Rate • Literacy Rate	**½** **½**
(III)	India entered the second stage of demographic transition in 1921.	**1**
31 (I)	Regional and global economic groupings like G-20, SAARC, BRICS etc., play a vital role for developing nations like India as they help them to understand the developmental processes pursued by their neighbouring nations to better comprehend their own strengths and weaknesses vis-à-vis their neighbours.	**3**

	Moreover, in the unfolding process of globalisation, as developing nations face competition not only from developed nations but also amongst themselves such groupings help them to flourish well in a shared environment.	
(II)	Special Economic Zone is a geographical region that has economic laws different from a country's typical economic laws.	**1**
32 (I)	The type of farming indicated in Panel A is Conventional Farming, whereas, the type of farming in Panel B is Organic Farming.	**½ + ½**
(II)	Advantage of Organic Farming over Conventional Farming: • Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as organic manures and composts. Its chemical free nature helps in soil conservation.	**1 ½**
	Disadvantage of Organic Farming over Conventional Farming: • Yields from organic farming are lesser than the conventional farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production.	**1 ½**
	Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.32 Advantage of Organic Farming over Conventional Farming: • Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as organic manures and composts. Its chemical free nature helps in soil conservation.	**2**
	Disadvantage of Organic Farming over Conventional Farming: • Yields from organic farming are lesser than the conventional farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production.	**2**
33 (A) (I)	The industries were classified under three heads as per Industrial Policy Resolution 1956: • The **first category**, comprised industries which would be exclusively owned by the government.	**1**
	• The **second category**, private sector could supplement the efforts of the public sector, with the government taking the sole responsibility for starting new units.	**1**
	• The **third category** consisted of the remaining industries which were left in the hands of private sector.	**1**
(II)	Yes. A few former Zamindars, used legislative loopholes to continue to own large areas of land. Tenants were evicted and the landowners claimed to be self-cultivators. The big landlords delayed its implementation; by challenging it in the courts. They used this delay to register their lands in the name of close relatives, thereby escaping from the legislation. Consequently, creating hindrances in the successful implementation of land ceiling reforms.	**3**
	OR	
33 (B) (I)	Yes, the process of globalisation has yielded both positive, as well as, negative results for India. It is argued that globalization serves as an opportunity for	**4**

	developing countries like India to access the capital and technology of the global markets. However, some critics argue that globalisation primarily benefits developed nations, and undermines the welfare of people in underdeveloped countries thereby exacerbating economic disparities. In the context of India, the reforms of the 1990's mainly benefited high-income groups and select service sectors instead of crucial areas like agriculture and industry.	
(II)	Two reasons behind the introduction of Economic Reforms of 1991 were: • High rate of inflation • Huge Balance of Payments Deficit	**1** **1**
34 **(I)**	The education is fundamental for achieving full human potential providing universal access to quality education and leadership on the global stage in terms of economic growth, social justice and equality. Thus, it presents the best way forward for developing and optimising India's resources.	**2**
(II)	To create a high-quality and equitable public education system essential for India's future development and growth, it is imperative to boost the public investment in education sector to 6% of GDP at the earliest.	**2**
(III)	Two main initiatives which will be implemented to tackle school dropouts and avert additional students from leaving school are to provide: • effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12. • regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support.	**1** **1**