

Question Paper Solution

2023

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Marking Scheme

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Senior School Certificate Examination,2023

ECONOMICS (SUBJECT CODE – 030)

(PAPER CODE – 58/1/1)

General Instructions: -

1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	**"Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its' leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC."**
3	Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them. In class-X, while evaluating two competency-based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, due marks should be awarded.**
4	The Marking scheme carries only suggested value points for the answers These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after delibration and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark(√) wherever answer is correct. For wrong answer CROSS 'X" be marked. Evaluators will not put right **(✓)**while evaluating which gives an impression that answer is correct and no marks are awarded. **This is most common mistake which evaluators are committing.**
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.

8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note **"Extra Question"**.
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks _80_(example 0 to 80/70/60/50/40/30 marks as given in Question Paper) has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines).
13	Ensure that you do not make the following common types of errors committed by the Examiner in the past:- ● Leaving answer or part thereof unassessed in an answer book. ● Giving more marks for an answer than assigned to it. ● Wrong totaling of marks awarded on an answer. ● Wrong transfer of marks from the inside pages of the answer book to the title page. ● Wrong question wise totaling on the title page. ● Wrong totaling of marks of the two columns on the title page. ● Wrong grand total. ● Marks in words and figures not tallying/not same. ● Wrong transfer of marks from the answer book to online award list. ● Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks.
15	Any un assessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
16	The Examiners should acquaint themselves with the guidelines given in the "**Guidelines for spot Evaluation**" before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

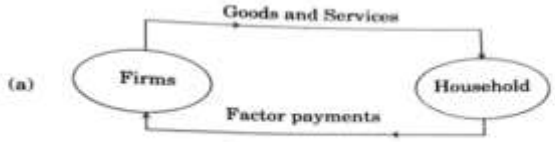
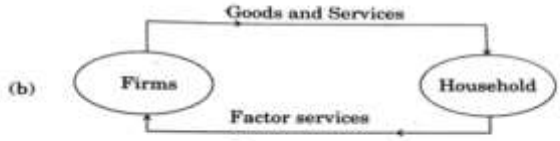
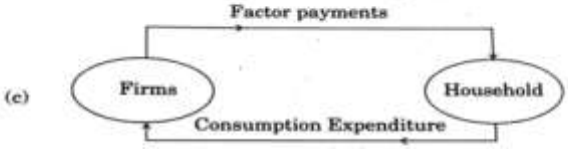
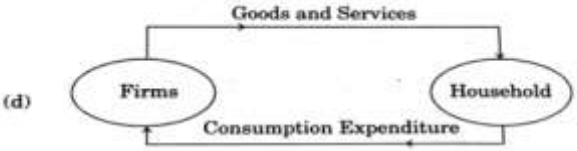
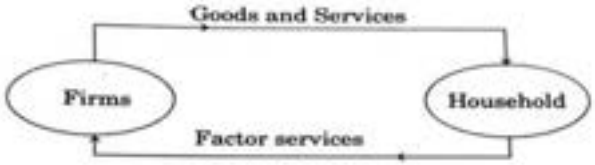
MARKING SCHEME

Senior Secondary School Examination 2023

ECONOMICS(Subject Code–030)

[Paper Code : 58/1/1]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	Read the following statements carefully: Statement 1: Primary deposits are the cash deposits by general public with commercial banks. Statement 2: Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people. In light of the given statements, choose the correct alternative 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. **Ans.(c) Both Statements 1 and 2 are true**.	**1**
2.(A)	The difference between National Income at market price and National Income at factor cost is _____. (Choose the correct alternative to fill up the blank) (a) net indirect taxes (b) net factor income from abroad (c) consumption of fixed capital (d) market price **Ans. (a) net indirect taxes**	**1**
	OR	
(B)	Identify which of the following represents only the real flow: (a)  (b)  (c)  (d)  **Ans: (b)** 	**1**

3.	The rate at which commercial banks borrow from the Reserve Bank of India to meet their long-term requirements is known as _____ (Choose the correct alternative to fill up the blank) (a) Margin requirement (b) Bank rate (c) Repo rate (d) Reverse repo rate **Ans. (b) Bank rate**	**1**
4.	Read the following statements carefully: Statement 1: Borrowings by a nation from the World Bank to finance Balance of Payment (BOP) deficit will be recorded in the capital account. Statement 2: Autonomous transactions are independent of the condition of Balance of Payment (BOP) account. In light of the given statements, choose the correct alternative 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. **Ans. (c) Both Statements 1 and 2 are true.**	**1**
5.	Read the following news report carefully: "The central bank has imposed fine on Hisar Urban Cooperative Bank Ltd. and Andaman and Nicobar State Cooperative Bank Ltd. for violation of banking norms" According to the given report, identify the function of the central bank. (a) Issue of currency (b) Banker to the public (c) Banker to the Government (d) Banker's Bank **Ans. (d) Banker's Bank**	**1**
6.(A)	If the value of investment multiplier = 4 and Dissavings = (-) 60, identify the correct Saving function from the following : (a) S = (-) 60 + 0·25 Y (b) S = (-) 60 + 0·75 Y (c) S = (-) 60 + 0·20 Y (d) S = (-) 60 + 0·60 Y **Ans. (a) S = (-) 60 + 0·25 Y**	**1**
	OR	
(B)	For the given Consumption function, C = 205 + 0·9 Y, the value of investment multiplier would be _____ (Choose the correct alternative to fill up the blank) (a) 0·09 (b) 10·0 (c) 0·9 (d) 9·0 **Ans. (b) 10·0**	**1**
7.	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): Before reaching the Break-Even level of income, the value of Average Propensity to Consume (APC) is greater than one. Reason (R): The Average Propensity to Consume (APC) is the ratio of the total consumption and total income. Alternatives:	

	(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 and Reason (R) is false. (d) Assertion (A) is false and Reason (R) is true. **Ans. (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).**	**1**
8.(A)	Suppose that, the Balance of Trade of a nation exhibits a deficit of ₹ 50,000 crore. The import of visible items are five times of the exports of visible items. The value of exports of visible items would be ₹_____ crore. (Choose the correct alternative to fill up the blank) (a) 20,000 (b) 10,000 (c) 12,500 (d) 20,300 **Ans. (c) 12,500**	**1**
	OR	
(B)	Gifts and remittances sent abroad are recorded on the _____ side of the _____ account in Balance of Payment. (Choose the correct alternative to fill up the blanks) (a) credit, capital (b) debit, capital (c) credit, current (d) debit, current **Ans. (d) debit, current**	**1**
9.	Identify which of the following equations is true. (Choose the correct alternative) (a) MPC + MPS = 0 (b) MPC + MPS = 1 (c) MPC + MPS > 1 (d) MPC + MPS < 1 **Ans. (b) MPC + MPS = 1**	**1**
10.	A situation in which an able-bodied person is not willing to work at the existing wage rate, is referred to as _____ situation. (Choose the correct alternative to fill up the blank) (a) Full employment (b) Involuntary unemployment (c) Voluntary unemployment (d) Disguised unemployment **Ans. (c) Voluntary unemployment**	**1**
11.	Distinguish between 'Value Addition' and 'Final Value of Output'**.**	
(a)	**Ans. Value Addition refers to the excess of 'Value of Output' over the 'Value of Intermediate Consumption'.** **Value Addition = Value of Output – Value of Intermediate Consumption**	**1½**
	Whereas; **Final Value of output refers to the total money value of goods and services produced during a given period of time.**	**1½**
	Final Value of output = (Number of units produced) x (Price per unit)	
	OR	
(b)	Find the Value Added by Firm A, from the following information**:**	

S.No.	Particulars	Amount (in ₹ crore)
(i)	Purchase of factor inputs by Firm A	5
(ii)	Purchase of non-factor inputs by Firm A	2
(iii)	Sales by Firm A to other firms in the domestic economy	10
(iv)	Import of raw materials by firm A from rest of the world	50
(v)	Excess of opening stock over closing stock	3

Ans. Value added = Value of output - Intermediate consumption — **1½**

Value added by firm A = (iii)- (v) – (ii + iv) — **1½**

= 10 - 3 –(2+50)

(No marks to be deducted for negative value in the answer)

3

12. "There exists a positive relation between foreign exchange rate and supply of foreign exchange." Do you agree with the given statement? Justify your answer with valid arguments. — **3**

Ans. Yes. When foreign exchange rate rises, the goods in domestic market become relatively cheaper for the buyers of the rest of the world. Thereby increasing the international competitiveness of Indian exports. This raises demand for exports, which in turn may lead to increase in supply of foreign exchange and vice-versa.

(Any other valid reason to be allotted marks)

13. Describe the adjustment mechanism, if ex-ante savings are less than ex-ante investments. — **4**

Ans. If ex-ante savings are less than ex-ante investments, it means that the buyers are intending to buy more than what the producers are intending to produce. Thus, the inventories will fall below the desired level. To restore the desired level of inventories, producers may intend to increase output and employment in the economy. This mechanism will continue till the equilibrium is reinstated.

(To be marked as a whole)

14. Read the following news published on September 26, 2022:
"The central bank has increased the benchmark lending rate by 140 basis points"
Identify the likely cause and consequences behind this action taken by the Reserve Bank of India.

Ans. Inflation in the economy may be the cause behind the rise in the benchmark lending rate by the Central bank. — **1**

This step may force the commercial banks to increase the cost of borrowing for the general public. It may discourage the general public from taking loans. As a result, it may lead to fall in Aggregate Demand and subsequent fall in inflation. — **3**

(Any other valid explanation to be allotted marks)

4

15.(a) Explain the 'Government's Bank' function of the central bank. — **4**

Ans. The central bank acts as a banker to the Government. It maintains the banking accounts of the government for the purpose of receiving/making payments on its behalf. It provides loans to the government, as per its requirements. The central bank also purchases/ sells government securities in the open market on behalf of the government. (To be marked as a whole)

OR

(b) Using a hypothetical numerical example, explain the effect of rise in Reserve Ratio on credit creation by the commercial banks.

Ans. Reserve ratio (RR) is the minimum reserves that a commercial bank must maintain as per the directions of the central bank. Credit creation is inversely related to the reserve ratio.

Example: Suppose the initial deposit is ₹1000

Case	Reserve Ratio (RR)	Credit Multiplier $(\frac{1}{RR})$	Credit Creation (Initial Deposit x Credit Multiplier)
I	0.2	$\frac{1}{0.2} = 5$	1,000 x 5 = ₹5,000
II	0.5	$\frac{1}{0.5} = 2$	1000 x 2 = ₹2,000

The above example, depicts the effect of rise in Reserve Ratio on credit creation by the commercial banks. (To be marked as a whole)

(Any other valid example/explanation to be allotted marks) — **4**

16.(a) "National income is always greater than domestic income". Do you agree with the given statement? Support your answer with a valid reason.

Ans. No. Net factor income from abroad (NFIA) is the component which depicts the difference between National income (NNP_{FC}) and Domestic income (NDP_{FC}). National income can be less than the domestic income in case of negative NFIA i.e. when, Factor Income from abroad < Factor Income to abroad.

(To be marked as a whole) — **3**

(b) In the estimation of Gross Domestic Product (GDP) using expenditure method, focus lies only on expenditure by the residents of the country."

Do you agree with the given statement? Give valid reasons for your answer.

Ans. No. This is because Gross Domestic Product (GDP) by expenditure method takes into account the aggregate spending on all the final goods and services in the domestic territory, whether incurred by the residents or non-residents during a given period of time. (To be marked as a whole) — **3**

6

17. (a) (i) From the information given in the diagram, categorize the items into revenue receipts and capital receipts, stating valid reasons.



Ans. Revenue receipts: Corporation tax, Customs, Income tax, Non-tax revenue, GST and other taxes, Excise duties.
Reason: Revenue receipts neither leads to decrease in assets nor increase in liabilities. **4**
Capital receipts: Borrowing and other liabilities, Recovery of loan.
Reason: Capital receipts either leads to decrease in assets or increase in liabilities. (To be marked as a whole)

(ii) Distinguish between Revenue deficit and Fiscal deficit.

Ans. The revenue deficit refers to the excess of estimated revenue expenditure over the estimated revenue receipts of the government, during a fiscal year. **1**

Whereas;

Fiscal deficit is the excess of the total estimated expenditure over its total estimated receipts excluding borrowings of the government, during a fiscal year. **1**

OR

(b)(i) From the following data, calculate the primary deficit.

SNo.	Particulars	Amount (in ₹ crore)
(i)	Revenue deficit	40
(ii)	Non-debt creating capital receipts	190
(iii)	Tax revenue	125
(iv)	Capital expenditure	220
(v)	Interest payments	20

Ans. Primary deficit = {(i) + (iv) – (ii)} – (v) **1 ½**
= {40+220-190} – 20 **1**
= ₹ 50 crore. **½**

(ii) Elaborate 'Economic stability' function of the Government Budget**.**

Ans. The government may need to correct the fluctuations (income, employment and prices) in the economy. These may depend upon the level of Aggregate Demand, which in turn depends upon the spending decision of households and firms. **3**

To stabilize the economy, under the state of inflation/deflation, Government may alter taxes/expenditure, accordingly. (To be marked as a whole)

6

SECTION B
Indian Economic Development

18. Read the following statements carefully:
Statement 1: Commercialization of agriculture under the British rule was responsible for frequent famines between 1875 and 1900.
Statement 2: During British rule, India began to export food grains.
In light of the given statements, choose the correct alternative 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.
Ans. (c) Both Statements 1 and 2 are true. **1**

19.	Read the following statements carefully:	
(A)	Statement 1: The purchase of food grains made by the Government on the Minimum Support Price (MSP) is maintained as buffer stock. Statement 2: Minimum Support Price safeguards the farmers against any sharp fall in farm product prices. In light of the given statements, choose the correct alternative 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. **Ans. (c) Both Statements 1 and 2 are true.**	**1**
	OR	
(B)	Identify the **incorrect** statement from the following: (a) Import substitution was the strategy used to save foreign exchange. (b) License policy ensured regional equality. (c) Russian economic model was the base for the Indian economic system. (d) Small Scale Industries are one of the essential tools for employment generation. **Ans. (c) Russian economic model was the base for the Indian economic system.**	**1**
20.	Mini-hydel plants are good for the environment because: (i) they generate electricity only for local areas. (ii) they do not change the land use pattern. (iii) they rely on the perennial streams. (Choose the correct alternative) Alternatives: (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) only (d) (i) and (ii) **Ans. (a) (i), (ii) and (iii)**	**1**
21.(A)	The Great Leap Forward (GLF) campaign in China focused on _____. (Choose the correct alternative to fill up the blank) (a) Widespread industrialisation (b) New agricultural strategy (c) Privatisation (d) Economic reforms **Ans. (a) Widespread industrialisation**	**1**
	OR	
(B)	India is not a member of which of the following regional / global economic groups? (a) European Union (b) BRICS (c) G20 (d) SAARC **Ans. (a) European Union**	**1**
22.	"Skill India" programme launched by the Government is not an attempt to increase _____ in India. (Choose the correct alternative to fill up the blank) (a) human capital formation (b) efficient utilisation of inputs (c) increase in GDP growth (d) inadequate spread of vocational education **Ans. (d) inadequate spread of vocational education**	**1**

23.	Identify the correct alternative with reference to the following statement: "Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China." (a) Commune System (b) Great Leap Forward (c) Open Door Policy (d) Great Proletarian Cultural Revolution **Ans. (d) Great Proletarian Cultural Revolution**	**1**
24.	Read the following statements carefully: Statement 1: In both India and Pakistan, the service sector has been emerging as a major source of development. Statement 2: Amongst the neighbours of India, China has the highest life expectancy rate. In light of the given statements, choose the correct alternative 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. **Ans. (c) Both Statements 1 and 2 are true.**	**1**
25. **(A)**	Workers who are on the permanent pay-roll of their employer are called _____ workers. (Choose the correct alternative to fill up the blank) (a) self-employed (b) casual (c) regular (d) hired **Ans. (c) regular**	**1**
	OR	
(B)	Jobless growth leads to unemployment because _____ . (Choose the correct alternative to fill up the blank) (a) Labour refuses to migrate (b) Labour is very expensive (c) Growth rate is low (d) Growth is due to technological development **Ans. (d) Growth is due to technological development.**	**1**
26.	Production of diverse varieties of crops rather than one specialized crop is called _____. (Choose the correct alternative to fill up the blank) (a) diversification of crops (b) diversification of agricultural production (c) diversification in sectors (d) diversification of employment **Ans. (a) diversification of crops**	**1**
27.	Read the following statements carefully: Statement 1: India announced its First Five Year Plan in 1951. Statement 2: India, Pakistan and China adopted economic planning as the core development strategy. In light of the given statements, choose the correct alternative 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. **Ans. (c) Both Statements 1 and 2 are true.**	**1**
28.	Interpret the given picture, on account of current environmental challenges:  **Ans. Deforestation is defined as large scale cutting down of trees for executing developmental projects. It is a serious environmental concern, since it can result in the loss of biodiversity, damage of natural habitats, disturbances in the water cycle, soil erosion etc. Deforestation is also the main contributor to the environmental problems like climate change and global warming.** **(To be marked as a whole)** **(Any other valid explanation to be allotted marks)** Note: The following question is for the Visually Impaired Candidates only, in lieu of Q. No. 28: Explain any one current environmental challenge. **Ans. Deforestation is defined as large scale cutting down of trees for executing developmental projects. It is a serious environmental concern, since it can result in the loss of biodiversity, damage of natural habitats, disturbances in the water cycle, soil erosion etc. Deforestation is also the main contributor to the environmental problems like climate change and global warming.** **(Any other valid argument/point/explanation to be allotted marks)**	**3** **3**
29. (a)	Critically evaluate the role of rural banking system in the process of rural development in India. **Ans. Rapid expansion of the banking system had positive effect on rural farm and non-farm output, income and employment. However, following problems have been faced in the rural banking :** • **The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the nation.** • **Less attention has been given on the credit requirements of small and marginal farmers and the problems of overdues in agricultural credit.** **(To be marked as a whole)** **(Any other valid argument to be allotted marks)**	**3**
	OR	
(b)	Dr. Khurana, a dentist, ran his clinic in an economically backward area. He was earning a comparatively low income. So, he decided to move to a city and spent a huge amount for the same." Identify and explain the type of expenditure incurred by Dr. Khurana, which directly contributed to the process of human capital formation. **Ans. The expenditure incurred by Dr. Khurana on shifting his clinic from economically backward area to the city comes under the category of "Expenditure on migration".**	**1**

	Expenditure on migration is the source of human capital formation. People migrate in search of jobs that fetch them higher salaries. Technically qualified persons like engineers and doctors, migrate to other areas because of higher incomes and better opportunities.	**2**
		3
30.	Explain valid reasons for the slow growth and re-emergence of poverty in Pakistan. **Ans. The reasons for the slow growth and re-emergence of poverty in Pakistan are:** • **Agricultural growth and food supply situation were not based on institutional process of technical change but on good harvest. Hence, Pakistan faced a volatile performance in the agriculture sector.** • **Overdependence on remittances and foreign aid on the one hand and increasing difficulty in paying back the loans on the other.** **(To be marked as a whole)** **(Any other valid argument to be allotted marks)**	**4**
31. **(a)**	Explain briefly the rationale behind the 'License Raj' under the Industrial Policy Resolution, 1956. **Ans. The aim of License Raj under the Industrial Policy Resolution 1956, was to keep the private sector under control. No new industry was allowed unless a license was obtained from the Government. This policy was used for ensuring regional equality.**	**3**
(b)	Define Multilateral trade. **Ans. Multilateral trade refers to exchange of goods and services between more than two nations.**	**1**
		4
32. **(a)**	State and elaborate whether the following statement is true or false, with valid arguments: "Indian economy has showed satisfactory progress towards formalization of workforce in the recent past." **Ans. False. As in the recent years, India has witnessed an unprecedented shift of the workforce from the formal sector to informal sector. This may be primarily due to decline in job opportunities in formal (both public and private) sector.** **(To be marked as a whole)** **(Any other valid argument with suitable explanation)**	**4**
	OR	
(b)	"In India, the self-employed constitute around 60% employees. The possible incidence of under employment is the highest among the self-employed." As an economist, suggest and elaborate any two measures that may be taken to ensure more productive employment for the self-employed. Ans. **Two measures to ensure more productive employment for the self-employed are:** i. **Skill development - Skill development and training will provide people with the required expertise and skills to undertake new ventures.** **½ + 1½** ii. **Financial and technical support by Government - Financial and technical support by government agencies, along with fulfilling the capital requirements will also enhance the productivity of the new production units.** **½ + 1½**	**4**

33.	Why are less women found in regular salaried employment?	
(a)(i)	**Ans. Less women are found in regular salaried employment in India as such jobs require skills and a higher level of literacy. Moreover, due to a lot of social constraints, mobility of women is generally restricted.** **(To be marked as a whole)** **(Any other valid argument to be allotted marks)**	**3**
(ii)	Distinguish between human capital and physical capital**.**	
	Ans. Human capital refers to the stock of knowledge, skill and ability imbibed in the owner of the same, i.e., human capital is inseparable from its owner. It cannot be sold in the market, only its services can be sold in the market.	**1 ½**
	Whereas;	
	Physical capital are the assets (plant and machinery, building etc.), which are tangible in nature. It is separable from its owner. It can be transacted in the market.	**1 ½**
	OR	
(b)(i)	State and discuss any one strategy involved in attaining sustainable development in India.	
	Ans. Mini-hydel Plants- In mountainous regions, streams can be found almost everywhere. A large percentage of such streams are perennial. Mini-hydel plants use the energy of such streams to move small turbines. The turbines generate electricity which can be used locally. Such power plants are more or less environment-friendly as they do not change the land use pattern. **(any other valid strategy of sustainable development)**	**½ + 2 ½**
(ii)	Discuss briefly the importance of micro credit programme in rural India**.**	
	Ans. Micro-credit programmes have emerged to fill the gap in the formal credit system. The formal credit delivery mechanism has not been fully integrated into the rural social structure. Since, some collateral is required, vast proportion of poor rural households go out of the credit network. Micro-credit system has brought these poor households in the ambit of formal credit system by providing them loans at the concessional rate of interest. (To be marked as whole)	**3**
		6
34.	Read the following text carefully: According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog, in its report titled "Digital Banks: A Proposal for Licensing and Regulatory Regime for India", offers a template and roadmap for a digital bank licensing and regulatory regime for a country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money. On the basis of the given text and common understanding, answer the following questions:	

(a)	Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog? **Ans. Planning Commission has been replaced by NITI Aayog.** **Prime minister is the ex-officio Chairman of NITI Aayog.**	 **1** **1**
(b)	State and discuss any two main advantages of digital banking**.** **Ans: Two main advantages of digital banking are:** **(i) Cashless Society: By promoting a cashless society, digital banking restricts the circulation of black money. Since all transactions are routed through banks, it eliminates the use of unaccounted money.** **(ii) Convenience: It enable users to set up automatic payments for regular utility bills. Thus, it provides a convenient method for customers to settle payments.**	 **½ + 1½** **½ + 1½**
		6