

MARKING SCHEME - SAMPLE QUESTION PAPER (2022-23)

ECONOMICS (030) CLASS 12

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS																
1	c) Both statements 1 and 2 are true	1																
2	d) Outflow of US Dollars from India will rise.	1																
3	a) Commercial Banks	1																
4	c) Both statements 1 and 2 are true	1																
5	d) Both statements 1 and 2 are false OR c) Output, Disposition	1 1																
6	a) $C=30+0.75 Y$ OR d) Equal to zero	1 1																
7	a) 1,2 and 3 are correct	1																
8	a) Improvement in balance of trade OR b) surplus,5	1 1																
9	d) Assertion (A) is false but Reason (R) is true.	1																
10	b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)	1																
11	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center">Value of Output (in ₹)</th> <th align="center">Intermediate Consumption (in ₹)</th> <th align="center">Value Addition (in ₹)</th> </tr> </thead> <tbody> <tr> <td align="center">A</td> <td align="center">2,000 (to B)</td> <td align="center">1,000 (Purchases)</td> <td align="center">1,000</td> </tr> <tr> <td align="center">B</td> <td align="center">2,500 (exports) 1,500(domestic sales)</td> <td align="center">2,000</td> <td align="center">2,000</td> </tr> <tr> <td align="center">Total</td> <td align="center">6,000</td> <td align="center">3,000</td> <td align="center">3,000</td> </tr> </tbody> </table> <p>Net Domestic Product at MP = Gross Domestic Product at Market price – Consumption of Fixed Capital $= 3,000 - 200 = ₹ 2,800$</p>		Value of Output (in ₹)	Intermediate Consumption (in ₹)	Value Addition (in ₹)	A	2,000 (to B)	1,000 (Purchases)	1,000	B	2,500 (exports) 1,500(domestic sales)	2,000	2,000	Total	6,000	3,000	3,000	2 ½ ½
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A	2,000 (to B)	1,000 (Purchases)	1,000															
B	2,500 (exports) 1,500(domestic sales)	2,000	2,000															
Total	6,000	3,000	3,000															
12	<p>Equilibrium rate of exchange is established at a point where the quantity demanded and quantity supplied of foreign exchange are equal. In the foreign exchange market, if disequilibrium occurs, it may lead to a situation of excess demand or excess supply. The market mechanism will drive the exchange rate back to the equilibrium level. This implies that the free market forces of demand and supply will operate in such a manner that the equilibrium rate of exchange is automatically restored.</p> <p align="center">OR</p> <p>Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BOP). These transactions generally take place with 'economic motive'. These transactions are called 'above the line' transactions in the Balance of Payments account.</p> <p align="center">Whereas;</p>	3 1½																

	<p>Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments. These transactions are independent of any economic motive and are called ‘below the line’ transactions in the Balance of Payments account.</p>	1½												
13	<p>Given, MPC = 0.75, $\Delta Y = ₹ 2,000$ Crore</p> $K = \frac{1}{1-MPC} = \frac{1}{1-0.75} = \frac{1}{0.25} = 4$ <p>According to the question:</p> $K = \frac{\Delta Y}{\Delta I}$ $4 = \frac{2000}{\Delta I}$ $\Delta I = \frac{2000}{4} = ₹ 500 \text{ Crore}$ <p>Therefore, increase in investment (ΔI) required = ₹ 500 Crore</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p>												
14	<p>The given instance where, Reserve Bank of India has sold government securities in the secondary market indicates towards inflation as a possible cause behind the action taken by RBI.</p> <p>By selling off the government securities, RBI withdraws money from circulation and thereby reducing the lending capacity of the commercial banks. In this process, the economy will experience contraction of credit, leading to reduction in consumption and investment demand. Consequently, the inflationary pressure in the economy will get eased out.</p>	<p>1</p> <p>3</p>												
15	<p>The given text indicates the ‘supervisory function’ of the Central Bank, under which the Reserve Bank of India (RBI) regulates and supervises routine functioning of the commercial banks.</p> <p>Under this function, the RBI may exercise periodic inspections/audits of commercial banks, filing of reports by commercial banks and other statutory compliances. Central bank may take necessary corrective and punitive actions against the banks owing to deficiencies in regulatory compliances.</p> <p style="text-align: center;">OR</p> <p>Yes, there exists an inverse relation between Reserve Ratio and Credit Creation in the economy.</p> <p>We know that:</p> $\text{Money Multiplier} = \frac{1}{\text{Reserve Ratio}}$ <p>Credit Creation = Initial Deposits x Money Multiplier</p> <p>Assuming that the value of initial deposits is ₹ 10,000 crore. (All figure in ₹ crore)</p> <table border="1" data-bbox="339 1352 1273 1520"> <thead> <tr> <th>Reserve Ratio</th> <th>Money Multiplier</th> <th>Initial Deposits</th> <th>Credit Creation (Initial Deposits x Money Multiplier)</th> </tr> </thead> <tbody> <tr> <td>10%</td> <td>$\frac{1}{0.1} = 10$</td> <td>10,000</td> <td>1,00,000</td> </tr> <tr> <td>25%</td> <td>$\frac{1}{0.25} = 4$</td> <td>10,000</td> <td>40,000</td> </tr> </tbody> </table> <p>From the above calculation, we can conclude that higher the reserve Ratio, lesser credit will be created by Commercial Banks in the economy.</p>	Reserve Ratio	Money Multiplier	Initial Deposits	Credit Creation (Initial Deposits x Money Multiplier)	10%	$\frac{1}{0.1} = 10$	10,000	1,00,000	25%	$\frac{1}{0.25} = 4$	10,000	40,000	<p>4</p> <p>½</p> <p>½</p> <p>3</p>
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10%	$\frac{1}{0.1} = 10$	10,000	1,00,000											
25%	$\frac{1}{0.25} = 4$	10,000	40,000											
16	<p>a) GDP Deflator is the ratio of Nominal to Real GDP. It is a tool which is used to eliminate the effect of price fluctuations in the economy and to determine the real change in physical output of current year. GDP deflator helps in comparison of growth rate of the economy.</p> <p>b) i) Expenditure on second hand goods is not to be included in the final consumption expenditure as the production of these goods might not be attributed to the current year. ii) Expenditure on ‘intermediate goods’ are not to be taken into account, to avoid the problem of double counting of value of goods and services.</p>	<p>3</p> <p>1½</p> <p>1½</p>												
17	<p>a) Considering the data represented in the given diagram, trend of year-on-year deficit (reporting for April to November) may be stated as follows:</p> <p>(i) Fiscal Deficit in 2020 increased to 10.8 lakh crore from 8.1 lakh crore in 2019. In 2021 it has gone down to 7 lakh crore.</p>	1												

	(ii) Primary Deficit in 2020 increased to 6.9 lakh crore from 4.7 lakh crore in 2019. In 2021 it has gone down to 2.4 lakh crore.	1
	(iii) Fiscal Deficit in 2020 increased to 135.1% of Budget Expenditure from 114.8% in 2019. In year 2021, it is 46.2% of Budget Expenditure.	1
	b) Government seeks to allocate resources with a view to balance the goals of all sections of the society. Production of goods and services which are injurious to health may be discouraged through taxation policy. Similarly, production of goods of socially beneficial nature may be encouraged through subsidies. If the private sector does not take initiative in certain activities (Public Goods), the government may directly control them like water supply and sanitation etc.	3
	OR	
	a) Revenue receipts are those receipts which neither creates any liabilities nor causes any reduction in the assets of the government. For example: taxes, dividends received from public enterprises etc.	1½
	Whereas;	
	Capital receipts are those receipts which either creates liabilities or causes reduction in the assets of the government. For example: borrowings, disinvestments etc.	1½
	b) Direct taxes are those taxes whose impact and incidence lies on the same entity. In other words, the liability of paying direct taxes can't be shifted. For example: income tax.	1½
	Whereas;	
	Indirect taxes are those taxes whose impact and incidence may lie on different entities. In other words, the liability of paying indirect taxes can be shifted. For example: GST.	1½

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18	b) Change in composition of India's foreign trade	1
19	a) Karve Or b) 1948	1 1
20	a) I and II Or c) Great leap forward	1 1
21	c) Money Lenders	1
22	b) ii – B	1
23	c). Both statements 1 and 2 are true	1
24	d). Both statements 1 and 2 are false	1
25	d). Guarding green cover Or c) Use of thermal power	1 1
26	c) Assertion (A) is true but Reason (R) is false.	1
27	d) Assertion (A) is false but Reason (R) is true.	1
28	The given image indicates towards the environmental challenge of 'global warming'. Global warming is a gradual increase in the average temperature of the earth's lower atmosphere as a result in the increase in greenhouse gases.	3

	The statement given, ' <i>we are running out of time, act now before it's too late</i> ' represents the urgency of actions to be taken to control the situation. Various studies have shown that global warming is causing rise in sea level, loss of coastal land, increase risks of floods etc.	
29	<p>The given statement is true. Disguised unemployment is a situation where the marginal productivity of labour is zero. In India, this situation is often witnessed, as farming is more of a family affair in rural areas and most of the members are generally engaged on the farms without any direct contribution to the production process. This problem persists in rural India due to lesser availability of jobs.</p> <p style="text-align: center;">Or</p> <p>Rapid expansion of the banking system had positive effect on rural farm and non-farm output, income and employment. In spite of it, following problems have been faced in the rural banking such as-</p> <ul style="list-style-type: none"> ➤ The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the entire rural farmers of the country. ➤ Less attention has been given on the credit requirements of needy (small and marginal farmers) and the problem of overdue in agricultural credit continues. 	<p style="text-align: right;">3</p> <p style="text-align: right;">1½</p> <p style="text-align: right;">1½</p>
30	<p>The above table shows that during the given periods the Exports from India to Pakistan have increased at an annualized rate of 3.7 % while the same with China shows 2.6% of growth. On the other hand, India's import from China accounted for a massive 10.3 %. The corresponding figure with Pakistan witnessed an average of 5.1% respectively.</p> <p>The situation indicates that Indian imports from China are too high in comparison to the exports to China. This shows that Indian economy was over-dependent on Chinese economy for goods and services, over the given period of time. Whereas, in case of Pakistan gap is quite narrow, which may be due to various reasons.</p>	4
31	<p>a) Indian Oil Corporation Limited.</p> <p>b) Land ceiling means fixing the maximum size of land which could be owned by an individual, beyond which it would be taken over by the government and would be allotted to landless and small farmers. The purpose of land ceiling was to reduce the concentration of land ownership in few hands and promote equity.</p> <p style="text-align: center;">OR</p> <p>After independence the government of India took several institutional/land reforms to ensure transformation of Indian agriculture, such as:</p> <ul style="list-style-type: none"> i) Land ceiling – It ensured reduction of concentration of land ownership in few hands. ii) Abolition of Zamindari system – It focused on elimination of farmers' exploitation and promotion of agricultural growth. <p>These reforms have led to stability of farming as an occupation and promoted equity.</p>	<p style="text-align: right;">1</p> <p style="text-align: right;">3</p> <p style="text-align: right;">2</p> <p style="text-align: right;">2</p>
32	<p>a) The given statement is not true to perfection. These two may sound similar but are not exactly same. Whereas, human capital considers education and health as a means to increase labour productivity, human development is based on the idea that education and health are integral to human wellbeing.</p> <p>b) The given statement is not true. India has a rich stock of scientific and technical manpower in the world. Also, India has taken a number of steps to improve it qualitatively and ensure that they are optimally utilized.</p>	<p style="text-align: right;">2</p> <p style="text-align: right;">2</p>
33	<p>a) Agriculture marketing is a process that involves the assembling, storage, processing, transportation, packaging grading and distribution of different agricultural commodities across the country</p> <p>b) Self-help groups (SHG's) have emerged to fill the gap in the formal credit system in India as its delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development. It came up as the micro finance program .Focus of</p>	<p style="text-align: right;">2</p> <p style="text-align: right;">2</p>

	<p>SHGs is on those rural people, small and marginal farmers, agricultural and non-agricultural laborers who do not have sustainable access to formal banking system.</p> <p>c) i) Inadequate infrastructure and marketing ii) Compared to conventional farm products, organic products have more shorter shelf life span OR</p> <p>a) The given statement is appropriate. Over the years India has not been able to raise the educational standards to the desired level. Education Commission of 1964-66 had recommended that at least 6 % of GDP should be spent on education so as to make a noticeable rate of growth in educational achievements. However, the current expenditure level has been quite inadequate. Thus, necessary steps must be taken by the government in this direction.</p> <p>b) The given statement is refuted. In rural areas, non-farm job opportunities are limited. People generally do not show preference to acquire skill and training for non-farm occupation .They prefer to stay on family farms and fields as self-employed.</p>	<p>1 1 3</p>
34	<p>a) Green revolution was implemented in India to overcome the shortage of food-grain availability in the post-independence period. Green revolution has increased the production and productivity in the agriculture sector which was otherwise very low. It helped in improving the income of the farmers by creating marketable surplus, increased employment and output.</p> <p>b) The given statement is appropriate as the Green Revolution helped government to procure and preserve more food grains through agencies like Food Corporation of India. Increase in food grain production has been so substantial that India not only started maintaining buffer stocks of food grains but also became a dominant player in food grain exports market.</p>	<p>3 3</p>