

MARKING SCHEME - SAMPLE QUESTION PAPER (2023-24)

ECONOMICS (030) CLASS XII

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	b) Statement 1 is true and Statement 2 is false.	1
2	a) GDP = GNP	1
3	b) Average Propensity to Consume	1
4	d) capital, debit	1
5	c) Unit of account	1
6	d) 640,5000,4000,1000	1
7	b) consumption, investment	1
8	d) I and IV	1
9	c) 40,600	1
10	c) Portfolio Investment	1
11	<p>Yes, the statement can be agreed upon.</p> <p>Since, in accounting sense; Current Account + Capital Account $\equiv 0$</p> <p>If an economy is facing the situation of current account deficit (CAD), the same must be financed through surplus in capital account.</p> <p>CAD may be setoff through net capital inflows. Transactions like selling off assets or borrowing from abroad, may be instrumental in balancing CAD in Balance of Payments account.</p>	3
12	<p>(A) Domestic Income (NDP at FC) = (i) + (v) + (ii) + (iii) + (v) – (viii) – (vi)</p> $= 600 + 200 + 200 + 40 + (-40) - 40 - 120$ $= ₹ 840 \text{ crore}$ <p style="text-align: center;">OR</p> <p>(B)</p> <p>(i) Externalities – Externalities refer to benefits (positive externalities)/ harms (negative externalities) which are caused by one entity to another without being paid/ penalised for it.</p> <p>(ii) Operating Surplus – Operating Surplus is the sum total of rent, royalties, interest and profits. It is also known as non-wage income.</p> <p>(iii) Consumption goods – Goods which are consumed by the ultimate consumers or meet the immediate need of the consumer are called consumption goods. It may include services as well.</p>	<p>1 ½</p> <p>1</p> <p>½</p> <p>1</p> <p>1</p> <p>1</p>

<p>13</p>	<p>Given, Change in Investment (ΔI) = ₹ 1,000 crore</p> <table border="1" data-bbox="285 233 1325 499"> <thead> <tr> <th data-bbox="285 233 630 373">MPS</th> <th data-bbox="630 233 979 373">Investment Multiplier $K = \frac{1}{MPS}$</th> <th data-bbox="979 233 1325 373">Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td data-bbox="285 373 630 432">0.25</td> <td data-bbox="630 373 979 432">$\frac{1}{0.25} = 4$</td> <td data-bbox="979 373 1325 432">4 x 1,000 = 4,000</td> </tr> <tr> <td data-bbox="285 432 630 499">0.10</td> <td data-bbox="630 432 979 499">$\frac{1}{0.10} = 10$</td> <td data-bbox="979 432 1325 499">10 x 1,000 = 10,000</td> </tr> </tbody> </table> <p>Increase in Income (ΔY) = 10,000 – 4,000 = ₹ 6,000 crore</p>	MPS	Investment Multiplier $K = \frac{1}{MPS}$	Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)	0.25	$\frac{1}{0.25} = 4$	4 x 1,000 = 4,000	0.10	$\frac{1}{0.10} = 10$	10 x 1,000 = 10,000	<p>1 ½ 1 ½ 1</p>
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<p>14</p>	<p>(A) When ex-ante Aggregate Demand is more than ex-ante Aggregate Supply, it means that households are planning to consume more than what the firms expect them to. This will lead to unintended fall in inventories. To restore the desired /intended level of inventories, producers may expand production. As a result, there may be an increase in the level of output, employment and income in the economy.</p> <p style="text-align: center;">OR</p> <p>(B) Reverse repo rate is the rate at which commercial banks may park their surplus funds with the Central Bank. In order to decrease inflation in an economy, Reserve Bank of India (RBI) may increase the reverse repo rate. With the increase in reverse repo rate, it becomes lucrative for commercial banks to park surplus funds with the central bank. Consequently, this may lead to reduction in their lending capacity. Thereby, fall in the Aggregate Demand curbs the level of inflation.</p>	<p>4 4</p>									
<p>15</p>	<p>Central bank accepts the deposits from commercial banks and also advances loans to them as and when required. It maintains reserves of all commercial banks and utilizes it to settle inter-bank claims. Being the supreme authority of the banking system, it acts as the financier of last recourse to the commercial banks. It forwards short-term credit to the commercial banks against approved securities. The Central Bank supervises, regulates and controls the commercial banks. The regulation of banks may be related to their licensing, branch expansion, liquidity of assets, management, amalgamation and liquidation.</p>	<p>4</p>									
<p>16</p>	<p>(A) (i) Fiscal Deficit = (iii) + (ii) – (iv) = 10 + 15 – (50/100 x 20) = ₹15 crore (ii) Primary Deficit = Fiscal Deficit – (v) = 15 – 4 = ₹11 crore (B) Two features of public goods are:</p> <ul style="list-style-type: none"> • Non- excludable • Non- rivalrous 	<p>1 1 ½ ½ 1 ½ ½ ½ ½</p>									

	OR	
	(C) 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. To stabilize the economy, under the state of inflation/deflation, Government may alter taxes/expenditure, accordingly.	3
	(D) Expenditure incurred by the government under Ayushman Bharat Scheme for providing free medicines to the economically backward section does not lead to any creation of assets or reduction in liabilities. Hence, it can be classified as revenue expenditure.	3
17	(a) (i) Yes, it will be included in domestic income as goods purchased by American tourist is the expenditure made by him in India and will be included as exports. (ii) No, it will not be included in domestic income because it is difficult to ascertain their market value. Moreover, such transactions are not undertaken for any monetary consideration. (b) No. Capital goods are those final goods which help in the production of other goods and services. A machine purchased by a firm will be a capital good when it is used for the production of other goods and services. However, if it is purchased by a firm for resale purposes in the same year, it will be considered as an intermediate good and not a capital good.	3 3
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18	d) Growth, Equity, Modernisation, Self-Reliance	1
19	c) Percentage of people below poverty line (National)	1
20	b) I, II, III	1
21	c) Horticulture	1
22	a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
23	c) Dual Pricing	1
24	d) (i), (ii) and (iii)	1
25	b) Liberty indicator	1
26	b) Statement 1 is false and Statement 2 is true.	1
27	c) C-III	1

- To counter the climate threat, India has committed to achieve net zero target by the year 2070. This will facilitate much needed decarbonization of Indian industries, reduce dependency on fossil fuel imports and to become a market leader in the sunrise industry.

2