

MARKING SCHEME SECOND PRELIMINARY EXAMINATION 2020-21

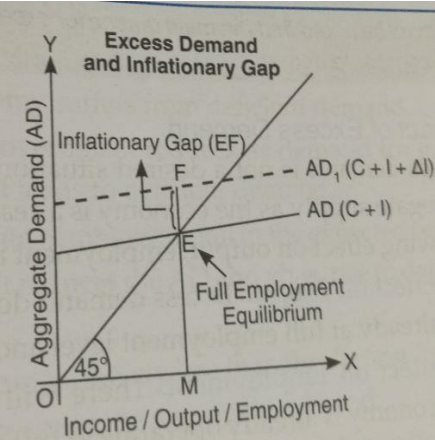
Class: XII

ECONOMICS (030)

M.M: 80

Q · N o	QUESTIONS	MA RK S
	PART A - MACRO ECONOMICS	
1	d. Scholarship given to the students. OR Micro-economics.	1
2	d. Total reserve equal initial deposits.	1
3	A. a) Both Assertion (A) and Reason are true and Reason is the correct explanation of the assertion	1
4	True as the value of perishable and durable goods can be stored in the form of money.	1
5	0.3 indicates that $MPS = 0.3$. So, $MPC = 1 - MPS = 1 - 0.30 = 0.70$	1
6	c. Both (a) and (b)	1
7	true	1
8	a. Capital receipts	1
9	In case of direct tax, the burden cannot be shifted, whereas, the burden of indirect tax can be shifted.	1
10	False, value of currency is determined by the market forces under flexible exchange rate system.	1
11	a. It refers to cycle of generation of income in the production process, its distribution among the factors of production and finally, its circulation from households to firms in the form of consumption expenditure on goods and services produced by them. b. Real flow refers to the flow of factor services from households to firms and the corresponding	3

	<p>flow of goods and services from firms to households – Physical flow.</p> <p>Money flow refers to the flow of factor payments from firms to households for their factor services and the corresponding flow of money, from households to forms, in the form of consumption expenditure on the purchase of goods and services produced by the firm – Nominal flow.</p> <p>c. True</p>	
<p>1 2</p>	<p>a. Invisible item refers to those items which cannot be seen, felt, touched or measured. For eg: services of shipping, banking, insurance etc.</p> <p style="padding-left: 40px;">i. Export of jute – visible item ii. Export of software services- invisible item.</p> <p>b. The current account of BOP records: export and imports of goods, exports and imports of services, income receipts and payments and transfer receipts and payment. On the other hand, Capital account records: Borrowings from and to abroad, investments from and to abroad and decrease and increase in foreign exchange reserves.</p> <p style="text-align: center;">OR</p> <p>a. Depreciation and Devaluation both imply a fall in external value of a currency. However, the term Depreciation is used under the floating exchange rate system- determined by market forces of demand and supply. The term Devaluation is used in a system of fixed exchange rates- the exchange value of a currency is decided by the government.</p> <p>b. Autonomous items refer to those international economic transactions, which take place due to some economic motive such as profit maximization.it takes place on both current and capital accounts. It is also called as above the line items.</p> <p>Accommodating items refer to transactions that are undertaken to cover deficit or surplus in autonomous transactions. It takes place only on capital account.it is also known as below the line items.</p>	<p>3</p>
<p>1 3</p>	<p>a. i. Currency authority: CB has the sole authority for issue of currency in the country. In India RBI has the sole right of issuing currency notes. It leads to uniformity in note circulation, it ensures public faith in the currency system. - explain any other related points.</p> <p>ii. Lender of last resort: when commercial banks fail to meet their financial requirements from other sources, they approach the central bank to give loans and advances as lender of the last resort. - explain any other related points.</p> <p>b. Opening more bank accounts means more bank deposits.</p> <p style="padding-left: 40px;">This increases lending capacity of the commercial banks.</p> <p style="padding-left: 40px;">More lending means more investment in the country.</p> <p style="padding-left: 40px;">More investment means more national income.</p>	<p>4</p>

<p>1 4</p>	<p>a. $C = 100 + 0.6Y$ So, $MPC = 0.6$ $MPS = 1 - MPC = 1 - 0.6 = 0.4$</p> <p>b. $S = -C + (1-b)Y$ $S = -100 + 0.4Y$</p> <p>c. What will be the value of the investment multiplier? 2.5</p> <p>d. What kind of relation exists between MPS and the investment multiplier? Inverse relation</p> <p style="text-align: center;">OR</p> <p>a. Excess demand, Inflationary gap b.</p>  <p>c. This leads to a rise in general price level of the economy.</p>	<p>4</p>
<p>1 5</p>	<p>i. Define a Government budget. Its an annual statement showing item-wise estimates of receipts and expenditure during a fiscal year.</p> <p>ii. Who presents the Government budget in the Indian parliament? Union Finance Minister</p> <p>iii. Through ujjwala yojana, government is trying to reduce gap between the rich and the poor. Government sells LPG gas at a higher rate to those who can afford it. Revenue so collected is used to provide LPG gas connection free of cost and also at subsidized rates to the families below poverty line. this reduces disposable income of the rich and increases that of the poor, reducing the gap between the two.</p>	<p>4</p>
<p>1 6</p>	<p>a. i. It is not a part of COE as it is paid for the benefit of business and not for the employee. In fact, it is intermediate consumption expenditure.</p>	<p>3</p>

	<p>ii. It is a part of COE as such contribution is for the benefit of employee and is paid for his productive services. 3</p> <p>iii. It is a part of COE as such expenditure is incurred by the firm in return of productive services of employee.</p> <p>b.</p> <p>i. No impact as transactions of second-hand goods are not part of NI. 2</p> <p>ii. No impact as it is not a transaction involving goods produced in the current year. 2</p> <p>iii. No impact as it involves a change of title only and does not contribute to any productive activity. 2</p> <p style="text-align: center;">OR</p> <p>a. Real GDP is better than nominal GDP as it truly reflects the growth of an economy. (Explain the points)</p> <p>b. 110</p> <p>c. Distribution of GDP.</p> <p>Change in prices.</p> <p>Non-monetary exchanges.</p> <p>Externalities.</p> <p>Rate of population growth.</p>	
1 7	<p>a.</p> <p>i. Through budgetary policy, govt aims to reallocate resources in accordance with economic and social priorities of the country. - Tax concessions or Subsidies. (Explain). 2</p> <p>ii. Economic stability means absence of large-scale fluctuation in prices. Such fluctuations create uncertainties in the economy. Govt can cntl these through taxes and expenditure. (Explain). 2</p> <p>b. i. True This expenditure has created assets.</p> <p>ii. True Fiscal deficit is, in fact, equal to borrowing. 2</p> <p>iii. False Government budget is a statement of expected receipts and expenditure of the government</p>	
	<u>PART B: INDIAN ECONOMIC DEVELOPMENT</u>	
1 8	<p>One of the following points about Indian economy is not true. Identify the false statement:</p> <p>a. Indian agriculture was flourishing before the advent of the British.</p> <p>b. British developed the railway system in India for their own benefits.</p> <p>c. India's foreign trade throughout the colonial period was marked by a large export surplus.</p> <p>d. India had a sound industrial base under the British.</p>	1

1 9	<p>During the initial stages of planning, special concessions were given to the industries producing goods to be used as substitutes for imported goods. This strategy was named as:</p> <p>a. Inward looking trade strategy b. Outward looking trade strategy c. Export promotion strategy d. None of these</p> <p style="text-align: center;">OR</p> <p>Define the term Marketed Surplus in the context of Indian agriculture.</p>	1								
2 0	<p>Match the following: A: i-c, ii-a, iii.-b, iv-d</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">i. Prime minister</td> <td style="width: 50%; padding: 5px;">a. The money value of all the final goods and services produced within a year.</td> </tr> <tr> <td style="padding: 5px;">ii. Gross domestic product</td> <td style="padding: 5px;">b. Adoption of new technology</td> </tr> <tr> <td style="padding: 5px;">iii. Modernization</td> <td style="padding: 5px;">c. Chairperson of the planning commission</td> </tr> <tr> <td style="padding: 5px;">iv. Self-sufficiency</td> <td style="padding: 5px;">d. Avoiding imports of those goods which could be produced in India itself.</td> </tr> </table>	i. Prime minister	a. The money value of all the final goods and services produced within a year.	ii. Gross domestic product	b. Adoption of new technology	iii. Modernization	c. Chairperson of the planning commission	iv. Self-sufficiency	d. Avoiding imports of those goods which could be produced in India itself.	1
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2 1	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>A. Assertion: Diversification of crops shifted from single cropping system to multiple cropping. Reason: It increases the risk of market loss due to price fluctuation.</p> <p>Alternatives:</p> <p>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 and 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.</p>	1								

2 2	<p>A monopoly firm decides to introduce a new ERP system. It trains its employees with basic skills of how to use it practically. This is which source of human capital formation?</p> <ol style="list-style-type: none"> Study Programme for Adults Expenditure on Information On the job training Investment in education 	1																											
2 3	<p>Form the Correct pairs from Column A and Column B:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Column A</th> <th colspan="2" style="text-align: center;">Column B</th> </tr> </thead> <tbody> <tr> <td style="width: 5%;"></td> <td style="width: 45%;">a. Introduction of economic reforms in China</td> <td style="width: 5%;"></td> <td style="width: 45%;">i. 1949</td> </tr> <tr> <td></td> <td>b. Establishment of people’s Republic of China</td> <td></td> <td>ii. 1953</td> </tr> <tr> <td></td> <td>c. China announced its first five-year plan</td> <td></td> <td>iii. 1958</td> </tr> <tr> <td></td> <td>d. The great leap forward campaign initiated in China</td> <td></td> <td>iv. 1978</td> </tr> </tbody> </table>	Column A		Column B			a. Introduction of economic reforms in China		i. 1949		b. Establishment of people’s Republic of China		ii. 1953		c. China announced its first five-year plan		iii. 1958		d. The great leap forward campaign initiated in China		iv. 1978	1							
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	<div style="border: 1px solid black; padding: 10px; background-color: #e0f0e0;"> <p style="text-align: center;">Incidence of Poverty, by Social Groups, 1993–4 and 2004–5 (per cent)</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3">Rural</th> <th colspan="3">Urban</th> </tr> <tr> <th>SC</th> <th>ST</th> <th>All</th> <th>SC</th> <th>ST</th> <th>All</th> </tr> </thead> <tbody> <tr> <td>1993–4</td> <td>48.3</td> <td>52.0</td> <td>37.3</td> <td>48.8</td> <td>40.1</td> <td>32.4</td> </tr> <tr> <td>2004–5</td> <td>36.8</td> <td>47.7</td> <td>28.3</td> <td>39.8</td> <td>33.9</td> <td>25.7</td> </tr> </tbody> </table> <p>Source: India Human Development Report 2011, p. 116.</p> </div>	Year	Rural			Urban			SC	ST	All	SC	ST	All	1993–4	48.3	52.0	37.3	48.8	40.1	32.4	2004–5	36.8	47.7	28.3	39.8	33.9	25.7	
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2 4	<p>For which social group incidence of poverty was higher than the national average in rural areas in 1993-</p>	1																											
2 5	<p>During 1993-94 to 2004-05, which social group in urban area experienced higher reduction in poverty</p>	1																											

2 6	Enumerate whether decline in poverty at all India level has been higher in rural area or in urban area?	1
2 7	To reduce poverty, on which social group, the Government should pay more attention.	1
2 8	<p>Which world organization said that India should transform to a “Knowledge Economy” and why?</p> <p>A: * World Bank said that India should transform to a “Knowledge Economy”</p> <ul style="list-style-type: none"> • Growth of software industries in india • Extensive use of IT by entrepreneurs, bureaucrats, political readers • Even in villages emails r used and e governance is projected as a way of future. • The use of IT is going to stimulate human dev, particularly eco dev at large. <p style="text-align: center;">OR</p> <p>Explain the role of human capital formation in promoting the growth of an economy.</p> <p>A: * HCF, by way of education, health along with other indicators like on-job-trg, job market information, migration wl definitely enhance an individual’s inc earning capacity.</p> <ul style="list-style-type: none"> • This in turn contributes to increased productivity, wh stimulates innovation and creation ability so that new technologies to be adopted. 	3
2 9	<p>a. What is morbidity?</p> <p>A: It refers to proneness to fall ill.</p> <p>b. Expand the term GBD.</p> <p>A: Global burden of diseases</p> <p>c. What does GBD indicate about state of public health in India?</p> <p>A: GBD is an indicator used by experts to gauge the no of people dying prematurely due to a particular disease and as well as no of years spent by them in a state of disability owing to the disease.</p> <p>d. India bears a frightening 20% of GBD.</p> <p>e. In India, more than half of GBD is accounted for by communicable diseases like diarrhea, malaria, tuberculosis.</p> <p>f. Every year five lac children die prematurely due to water-borne diseases.</p> <p>g. This reveals the poor state of health infrastructure, its insufficiency to serve bulk of the population, its ineffectiveness to provide sanitation and hygiene.</p>	3
3 0	<p>a. Explain the term infrastructure.</p> <p>A: A system which provides support services in the main area of agri, ind, domestic and foreign trade n commerce.</p> <p>b. How has women’s health become a matter of concern?</p> <p>A: Women in india suffer from serious health neglect. More than 50% of women in India in the age gp 15-49 years suffer from anaemia, female foeticide has been a common practice, causing a decline in the sex ratio.</p>	1+1 +2

	<p>c. Name the six systems of Indian medicine. A: ISM includes Ayurveda, yoga, Unani, Siddha, Naturopathy, homeopathy (AYUSH)</p> <p>d. How can ISM solve healthcare problems in India? A: Bcos they r effective, safe and inexpensive.</p>	
3 1	<p>a. Distinguish between bi-lateral and multi-lateral trade. A: Bilateral – 2 countries Multilateral – trade betn many countries.</p> <p>b. The benefit of being a member of WTO is limited to countries like India. Do you agree? Give reasons in support of your answer. A: * major volume of trade happens betn deved nations. Benefits to deving nations r limited.</p> <ul style="list-style-type: none"> • Deving nations r forced to open up their economies to the deved ones, But they r denied access to the eco of the deved nations. • Deving nations face access to the markets of dev ed countries. • While lib in trade of manufactured goods hv increased, deved countries have refused to open market for agri goods which deving nations trade. <p style="text-align: center;">OR</p> <p>a. What do you understand by the term ‘demonetization’? A: Withdrawing notes of certain denominations.</p> <p>b. In which year did the last demonetization happen in the Indian economy? Nov 2016</p> <p>c. Why did the Indian Government resort to the act of demonetization? A: To curb corruption, counterfeiting, terrorism, remove black money. EXPLAIN</p>	2+2 1+ 1+ 2
3 2	<p>a. Bring out clearly the need for diversification in Indian agriculture. A: * reduce the risks in agri.</p> <ul style="list-style-type: none"> • Provide productive sustainable livelihood • Provide gainful emp <p>b. In this context discuss the need for agro-processing industries. A: * They provide huge emp gen potential</p> <ul style="list-style-type: none"> • They create agri linkages 	2+2

	<ul style="list-style-type: none"> • They reduce agri wastage • They r a source of supplementary income. 	
	<p><i>Geography has made us neighbours. History has made us friends. Economics has made us partners, and necessity has made us allies. Those whom God has so joined together, let no man put asunder.</i></p> <p style="text-align: right;"><i>John F. Kennedy</i></p> <p><i>Over the last two decades or so, the economic transformation that is taking place in different countries across the world, partly because of the process of globalisation, has both short as well as long-term implications for each country, including India. Nations have been primarily trying to adopt various means which will strengthen their own domestic economies. To this effect, they are forming regional and global economic groupings such as the SAARC, European Union, ASEAN, G-8, G-20, BRICS etc. In addition, there is also an increasing eagerness on the parts of various nations to try and understand the developmental processes pursued by their neighbouring nations as it allows them to better comprehend their own strengths and weaknesses vis-à-vis their neighbours. In the unfolding process of globalisation, this is particularly considered essential by developing countries as they face competition not only from developed nations but also amongst themselves in the relatively limited economic space enjoyed by the developing world. Besides, an understanding of the other economies in our neighbourhood is also required as all major common economic activities in the region impinge on overall human development in a shared environment.</i></p> <p>Source: Pg 82, NCERT Text, Indian Economic Development</p>	2+2 +2
3	a. Name any four neighboring countries of India.	1+1
3	A: Pak, China, Bangladesh, Srilanka	+2+
	b. Define the term ‘globalization’.	2
	A: Integrating the domestic economy with the world.	
	c. What are the various means by which countries are trying to strengthen their domestic economies?	
	A: * they r forming regional and eco gpings.	
	<ul style="list-style-type: none"> • An increasing awareness on part of the various nations to join hands together, to know the strength n weakness of its neighbours. 	
	d. Which neighbouring country of India has recorded a significantly rapid growth in economic development in the context of the whole world and why?	
	A: * It used mkt mechanism to create addtnl social n eco opportunities.	
	<ul style="list-style-type: none"> • By retaining collective ownership of land n allowing individuals to cultivate land, China has ensured social security in rural areas. 	

	<ul style="list-style-type: none"> • Pub intervention in providing social infrastructure, even prior to reforms, has brought about positive results in human dev indicators in China. 	
3	<p>a. What is worker population ratio and why is it calculated?</p> <p>A: Workforce/ Total population X 100</p> <p>It is calculated to find out % of popn that is actively engaged in prodn of g n s.</p>	2+2
4	<p>b. In India male workers constitute a higher percentage than the female workers. Why?</p> <p>c. Do you think that in the last 50 years, employment generated in india is commensurate with the growth of GDP in India? Why?</p> <p>A: * No bcos in the period 1950-2010 GDP of india grew positively and was higher than the emp growth.</p> <ul style="list-style-type: none"> • During this period, emp grw at less than 2%, however there was always fluctuation in the growth of GDP. • There has been a widening gap between growth of emp n growth of GDP • Without generating emp, we hv been able to produce more g n s. (Jobless growth). <p style="text-align: center;">OR</p> <p>Explain how the following three elements promote sustainable development:</p> <p>a. Wind Power</p> <p>A: * wind is a clean fuel and doesn't produce air or water pollution.</p> <ul style="list-style-type: none"> • A renewable resource and does not deplete our natural resources. <p>b. Bio-pest Control</p> <p>A: * A natural way of controlling pests that harm plants n crops.</p> <ul style="list-style-type: none"> • Can reduce the use of pesticides n eliminate overuse of chemicals. • It is long-lasting n inexpensive. <p>c. Bio-composting</p> <p>A: * It is a process of converting all bio-degradable items into organic manures.</p> <ul style="list-style-type: none"> • It offers the benefits of resource efficiency by creating a useful product from organic waste. • It reduces or eliminates the need for chemical fertilizers. 	+2