

Practice Questions – Marking Scheme
Session 2022-23
CLASS 12
ECONOMICS (030)

Q. No	SECTION A - MACRO ECONOMICS	MARKS
Q.1	B. Both statements are true.	1
Q.2	B. The loans aim to improve the living conditions in the country.	1
Q.3	B. Buying government bonds	1
Q.4	C. Both statements 1 and 2 are true	1
Q.5	C. determination of the consumer's equilibrium	1
	OR	1
	A. OR	
Q.6	B. decreases	1
	OR	
	B. 1.1	1
Q.7	B. only Q	1
Q.8	B. Oil India Limited (OIL) purchasing crude oil from Iraq.	1
	OR	1
	B. There is an inverse relationship between the current and the capital account.	
Q.9	C. Both statements 1 and 2 are true	1
Q.10	C. $Y = \frac{\bar{C} + \bar{I}}{1 - MPC}$	1
Q.11	NDP (factor cost) = 50+150+90+210+100+100+100+100 = Rs. 900	3
	National Income= Net National Product (factor cost) = Net Domestic Product (factor cost) + Net Factor Income from Abroad	
	NI= NNP (factor cost) = 900 + (-) 20= Rs. 880	

Q.15	<p>These initiatives affect the economy by</p> <ul style="list-style-type: none"> - increasing the total number of bank deposits - leading to more deposition of money - lending capacity of banks increases due to more accounts - easing of payments systems - availability of loans, investments increase - all these lead to more pumping of money into the economy leading to the overall growth in the National Income. <p>(to be assessed as a whole)</p> <p style="text-align: center;">OR</p> <p>a) because they create credit money through their lending operations. They accept deposits and advance loans. In this process, they create credit and lend more money than they have as cash deposits.</p> <p>Money creation is determined by</p> <ol style="list-style-type: none"> 1. The amount of the initial fresh deposits. 2. The Legal Reserve Ratio (LRR) 3. Money Multiplies = $1/LRR$ <p>Total Money Creation = Initial Deposits x $1/LRR$ e.g. Let the LRR be 20%</p> <p>Fresh deposits = ₹ 20000</p> <p>The amount required by the banks to keep = ₹ 4000 as cash suppose the banks lend the remaining amount of ₹ 16000. people who borrow, use this money for making payments, also all the transactions will be carried out through banks.</p> <p>Further, it is also assumed that for those who receive fresh deposits ₹ 16000, the banks again keep ₹3,200 as cash and lend ₹12,800, which is also 80% of the last deposit, the money again comes back to the banks leading to a fresh deposit of ₹12,800. In this way, the money goes on multiplying, and ultimately total money created is ₹100,000 Total money creation = $20,000 \times 1/20 \times 100 = ₹100,000$</p> <p>(to be assessed as a whole)</p>	4
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Q.16	<p>a) when the base year's prices are higher than the current year's prices. Base year and current year prices. Example of difference</p> <p>b) Real GDP = $Nominal\ GDP / Price\ Index \times 100$ i.e, $2200/110 \times 100 = 2000$ crores</p>	3
		3

Q.17	<p>(a)</p> <ul style="list-style-type: none"> - This statement is wrong. A national highway is a public good. - Even though money is collected from taxes, highways are non-rivalrous; one person consuming the service does not exclude another person from availing of its benefits. - Highways are also non-excludable. Even if there are citizens who do not pay, it is difficult to stop them from using it. <p>(to be assessed as a whole)</p> <p>(b)</p> <ul style="list-style-type: none"> - The government does this through its redistribution function. - By collecting taxes and making transfers, the government affects the personal disposable income of households. - This causes a redistribution of funds and is aimed at creating equality. <p>(to be assessed as a whole)</p> <p style="text-align: center;">OR</p> <p>a)</p> <ul style="list-style-type: none"> -promotion of social welfare -redistribution of income and wealth toward better causes -investment in human resources with regards to better education and health -comes under social justice for all which creates more productive resources <p>(to be assessed as a whole)</p> <p>(b)</p> <ul style="list-style-type: none"> i) Revenue receipts ii) Capital expenditure iii) Capital receipts 	<p>3</p> <p>3</p> <p>3</p> <p>3</p>
	SECTION B – INDIAN ECONOMIC DEVELOPMENT	
Q.18	C. scarcity of essential commodities	1
Q.19	<p>B. multinational corporations</p> <p style="text-align: center;">OR</p> <p>A. reduces gap between the rich and poor farmers</p>	<p>1</p> <p>1</p>
Q.20	<p>A. perishable food items</p> <p style="text-align: center;">OR</p> <p>B. denationalisation</p>	<p>1</p> <p>1</p>
Q.21	B. Jan-Dhan Yojana	1

Q.22	D. information technology	1
Q.23	C. Both statements 1 and 2 are true	1
Q.24	D. Both statements 1 and 2 are false	1
Q.25	B. absorptive OR C. thermal power	1 1
Q.26	C.Both statements 1 and 2 are true	1
Q.27	C. Both statements 1 and 2 are true	1
Q.28	(a) Sustainable development is the development that meets the needs of the present generation without compromising the needs of the future generations. (b) - Sustainable development requires the redistribution of resources to ensure that basic needs of all are met. - We all are morally obliged to protect the environment for the future generations and this can only be achieved using the route of sustainable development.	3
Q.29	- generates more employment and job opportunities - increases the overall GDP of the country - leads to the formalisation of the employment sector - limits the availability of social security measures for the workers -any other relevant point (any three to be assessed) OR - There may be problems with marketing produce. - Organic farming provides low yields. - Produce might have shorter shelf life and blemishes. - Off-season crops are limited and hence restrict choice. - Inadequate infrastructure and more labour required. (any three to be assessed)	3 3
Q.30	- China has a lower fertility rate than its neighbours which can be attributed to its one-child policy -Low fertility rate has resulted in an increased ratio of ageing population in China accompanied with a very low growth rate -India would overtake China as the most populous nation in the coming years	4

	<p>-a greater percentage of population in China would have access to urban amenities such as well-developed social infrastructure, improved transport and communication networks</p> <p>-Both India and Pakistan has a relatively larger population that is probably engaged in agricultural activities</p> <p>(to be assessed as a whole)</p>	
Q.31	<p>(a)</p> <p>- Capitalist system - This is a system dependent on market forces. Goods are produced based on demand and can be obtained only by those who have purchasing power.</p> <p>- Socialist system - Goods and services are provided by the government based on the needs of the society and not on who can purchase them. There is strictly no private property and everything is owned by the state.</p> <p>(b)</p> <p>- India follows a mixed economy.</p> <p>- The market will produce what it can, and market forces will be in play. But the government will provide what the market fails to do, and to those who cannot afford it.</p> <p style="text-align: center;">OR</p> <p>- Farmers using HYV needed reliable irrigation facilities, pesticides and fertilisers.</p> <p>- The small farmers would not have been able to reap the benefits of HYV if not for the State.</p> <p>- The government provided cheap credit, and subsidies on fertilisers and pesticides.</p> <p>- Research institutions provided new information and services to create varieties that were resistant to pest attacks, which reduced the risks for small farmers.</p>	<p>4</p> <p>4</p>
Q.32	<p>(a)</p> <p>- Migration takes place when people move to new places in search of opportunities, which involves a high cost.</p> <p>- The benefits of the migration, outweigh the expenditure and hence can be called an investment in human capital formation.</p> <p>(b)</p> <p>- Social medicine involves spreading health literacy amongst people. This creates healthy people and more productive labour.</p> <p>- Investments in social medicine directly lead to the increase of human</p>	<p>2</p> <p>2</p>

	capital in the labour market and hence can be called an investment in human capital formation.	
Q.33	<ol style="list-style-type: none"> 1. Poor women or women who do not have any collateral, were excluded from formal institutions of credit. 2. With Self-Help Groups, women are able to avail credit, with reasonable repayment plans. 3. Further, SHGs also receive funds as Community Investment Support Funds, to create self-employment 4. SHGs not only make credit accessible to poor women, but provide them with opportunities to generate their own income and make decisions. 5. SHGs foster a sense of community since the credit is disbursed from a pool of money contributed by all. This also holds them accountable to the group. 6. SHGs allow rural women to be financially empowered. (any other relevant point) <p style="text-align: center;">OR</p> <p>(a) The government wanted to increase the production of goods and services through new methods with the help of technology. But they also, through its various policies, simultaneously ensured that this progress in a socialist economy should be assessed in accordance with the –</p> <ol style="list-style-type: none"> 1. Equality of opportunities between men and women 2. Bridging the gap between the haves and have-nots. 3. Availability of basic infrastructural facilities to all. 4. Optimum utilization and distribution of resources -any other relevant point (any three points to be assessed) <p>(b) Following are some economic costs of unemployment:</p> <ol style="list-style-type: none"> 1. low production of goods and services 2. decreasing GDP 3. fall in government revenue 4. reduced demand for goods and services 5. stalled economic growth (any three points to be assessed) 	<p>6</p> <p>3</p> <p>3</p>

Q.34	<p>(a)</p> <ul style="list-style-type: none"> - modernization: encouraging new techniques, methodologies, social outlook and policies. Example: modernisation of informal sector enterprises and provision of social security, measures to informal sector workers. - self-reliance: avoiding import of goods that could be produced in India itself, optimum utilization of nation's own resources, encouraging indigenous industries. - equity: encouraging policies revolving around providing food, a decent house, education and health care so that the inequality in the distribution of wealth could be reduced. - growth: aiming to increase the country's capacity to produce the output of goods and services within the country by either stimulating a larger stock of productive capital, or a larger size of supporting services etc. <p>(to be assessed as a whole)</p>	3
	<p>(b)</p> <ul style="list-style-type: none"> - Recession is the slowdown or a temporary economic decline in an economy wherein production activities are at the lowest. - Employment is directly proportional to growth. - In the 1980s, when India recorded one of its lowest growth. As a result of this recession, India encountered a decline in economic activities which lead to decreasing output. Hence employment opportunities decreased leading to unemployment. <p>(to be assessed as a whole)</p>	3