

KENDRIYA VIDYALAYA SANGATHAN LUCKNOW REGION**FIRST PRE BOARD 2022-23****MARKING SCHEME****XII – Economics****General Instructions:**

(i) The answers given in the marking scheme are suggested answers. Thus the content is indicative. The candidates may express the content in various forms. But, for standardization of evaluation it is necessary to follow the marking scheme suggested here on the basis of expected content.

(ii) For mere arithmetical errors, there should be minimal deduction. Only $\frac{1}{2}$ mark can be deducted for such an error.

(iii) No mark is to be awarded if only the final answer is given in case of numerical question.

Q.No	Value points	Point marks	Total marks
1	(c) Both statements 1 and 2 are true		1
2	a) An Indian buying French Company.		1
3	(a) M1		1
4	(c) Both statements 1 and 2 are true		1
5	(b) Statement 1 is false and statement 2 is true OR (a) A - (i)		1
6	(c) ∞ OR (b) Public Borrowing		1
7	(d) D – (iv)		1
8	(b) Errors and Omission		1
9	(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)		1
10	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)		1
11.	Net value added at market price: (iii \times ii +iv –v – vii – i) (50 \times 800) + 10000 -8000 – 10000 – 1000 = Rs.31000 crores		3
12	Balance of trade = 1) It is the difference between exports and imports of goods of a country. 2) It is narrow concept 3) It is a component of BOP 4) It is a partial record Balance of Payment = 1) it is a statement of all economic transactions between the residents of the Country and rest of the world. 2) it is wider concept 3) It includes balance of Trade 4) It is a complete record Autonomous Items in BOP- i. these are undertaken for profit motive. ii. These items are called above the lines items. iii. These items are cause of BOP imbalance.etc e.g. exports of Tea to England ,imports of crude oil etc Accommodating Items in BOP- i. these are free. from consideration of profit ii. These items are called below the lines items. iii. These items are meant to restore balance in BOP. e. g to loan taken by India from IMF to cover deficit in BOP.		3
13.	Given Consumption Function is, $C=50+0.5Y$,Autonomous investment =7000 crores		4

	<p>We know at equilibrium level</p> $Y = C + I$ $Y = 50 + 0.5Y + 7000$ $Y - 0.5Y = 7050$ $0.5Y = 7050$ $Y = 7050 / 0.5$ $Y = 14100$ $C = 50 + 0.5 Y$ $C = 50 + 0.5 (14100)$ $C = 50 + 7050$ $C = 7100$		
14	Repo rate was reduced for maintaining the accommodative stance of monetary policy as long as necessary to revive growth, mitigate the impact of COVID-19, while ensuring that inflation remains within the target. It was an effort to ensure normal functioning of markets, nurture the impulses of growth and preserve financial stability.(to increase AD in the economy)		4
15	<p>Reserve deposit ratio is the minimum reserves that a commercial bank must maintain as per instructions of central bank. credit creation is inversely related with reserve deposit ratio.(show with example and prove)</p> <p style="text-align: center;">OR</p> <p>(i) Central bank offers loan to commercial bank, accepts deposits from them. It keeps cash balance of commercial banks. It also offers short term loan and accept also.etc</p> <p>(ii) As a lender of last resort ,the central bank stands as a guarantor to the commercial banks during financial emergencies and saves commercial banks from insolvency etc.</p>		4
16	<p>(a) Real GDP- Real GDP is the market value of final goods and services produced with in the domestic territory of the economy during an accounting year as using the Base year .price</p> <p>Nominal GDP - Nominal GDP is the market value of final goods and services produced with in the domestic territory of the economy during an accounting year as using the Current year .price (when nominal GDP rises, the flow of goods and services may or may not rise during an accounting year)</p> <p>GDP Welfare: Real GDP is considered as index of welfare of people.</p> <p>(b) (i) As the profits are earned in the domestic territory of India, Profits earned by a branch of foreign bank in India will be included in domestic income.</p> <p>(ii) Payments of salaries to its staff by an Embassy located in New Delhi will not be included in domestic income as it is not part of domestic territory of India.</p> <p style="text-align: center;">OR</p> <p>(a) Three phases of circular flow of income: (i)Firms hire factor services from households .</p> <p>(ii) Households receive factor income for rendering their services to the firms (iii) Households spend factor incomes earned on purchase of final goods and services produced by firms etc</p> <p>(b) Operating Surplus = (v)-(iii)-(i) = 650-100-300 = 250 crores</p>	<p>4</p> <p>1+1</p> <p>3</p> <p>3</p>	6
17	<p>(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. Whereas; Capital receipts are those receipts which either creates liabilities or causes reduction in the assets of the government. For example: borrowings, disinvestments etc.</p> <p>(b)Revenue expenditure are those expenditure which either creates any liabilities or causes any reduction in the assets of the government. For example: defence , wages and salaries, interest payment etc. Whereas; Capital expenditure are those expenditure which neither creates liabilities nor causes reduction in the assets of the government. For example construction of bridges, buildings , payment of loan etc.</p>	<p>1½</p> <p>1½</p> <p>1½</p> <p>1½</p>	6
18	c) Facilitate colonial exploitation of the Indian economy		1
19	(a) January 2015 OR (b) Institutional reforms		1
20	(a) 1921		1

21	(b) NABARD		1
22	(b) 1995		1
23	(c) Both statements 1 and 2 are true		1
24	(c) Both statements 1 and 2 are true		1
25	(d) D – (iv) OR (b) Commercial Banks		1
26	(d) Assertion (A) is false but Reason (R) is true		1
27	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)		1
28	When people of one country shift to another country in search of better job opportunities it is known as brain drain. The count of the Indian Diaspora has increased 10% from 15.9 million in 2015, making it the largest in the world, according to the UN's International Migrant Stock 2019. The United Arab Emirates (UAE) was the top destination of Indian migrants followed by the US, Saudi Arabia, Pakistan and Oman, as per the data set compiled by the UN Department of Economic and Social Affairs Division OR (any 2 points related with reason of brain drain In India)	3	3
29	The following factors became the reason for economic reforms to be introduced in India (i) High Fiscal Deficit, Debt Trap and Low Foreign Exchange Reserves Government expenditure exceeded the revenue, from various sources such as taxation, earning from public sector enterprises etc due to high spending on social sector.	1+1+1	3
30	Benefits of organic farming ;(i) Eco-friendly technique (ii) sustains soil fertility (iii) healthier and tastier food (iv) Inexpensive technology for small and marginal farmers etc OR A jobless recovery or jobless growth is an economic phenomenon in which a macro economy experiences growth while maintaining or decreasing its level of employment Jobless growth is a situation where level of output in the economy tends to rise due to innovative technology without any substantial increase in employment. Unfortunately Indian economy is experiencing GDP growth more through technology only not by labour. (any 3 points showing this trend in India)	1x4	4
31	Main features of IPR 1956 (i) threefold classification of industries (ii) Industrial licensing (iii) Industrial concessions (iv) Reliance on Public sector etc (any 4 points)	1x 4	4
32	(a) False Education and literacy are not identical terms. Education is much wider concept than literacy which is merely an ability to read and right. (b) False Physical capital does not include human capital . In fact human capital is the cause behind physical capital.	2 2	4
33	The statement is supported through following observation : (i) nearly 70 % population live in rural areas more than half of population. (ii) rural population offers huge demand potential for growth .(iii) it is important factor for AD in the economy and growth and national income (iv) India can achieve self-sufficiency in food grain only through rural development etc (any 6 points showing relevance of rural development) OR (a) Informalisation of workforce : The shifting of the workforce from the formal sector to informal sector is known as informalisation. It may be good from employer point of view to hire and fire workers as when needed but it is extremely bad for the workers as they fail to get social securities benefits. The trend is showing that India has witnessed an unprecedented shift of the workforce from formal to informal sector. (b) (i) percentage of workforce in primary sector declined from 74.3% to 48.9%. (ii) it has risen in secondary sector as well as in tertiary sector .it is a good sign for the economy however Indian economy is still viewed as agrarian economy.	1x6 3 3	6
34	(a) Modernisation leads to the advancement of technology which increases the demand in the market. This leads to rising in employment opportunities. Hence, both modernization and employment generation go hand in hand. It is the modernization through technology has made India self reliant in food grains.etc (b) No modernisation as a planning objective does not create contradiction in the light of employment generation rather both share a positive correlation in the long run. In fact both as goals of planning are complimentary not contradictory to each other	3 3	6

	as....modernisation leads to rise in productivity which leads to rise in income as a result aggregate demand will rise leading to more employment opportunities.		
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