

ECONOMICS (030)
Class XII - TERM II (2021-22)
MARKING SCHEME

Q.No.	ANSWERS	MARKS
1	<p>Final goods refer to those goods which are used either for final consumption or for investment purposes. Whereas Intermediate goods refer to those goods which are used either for resale or for further production purposes.</p> <p style="text-align: center;">Or</p> <p>Positive externalities refer to benefits caused by one entity to another, without being paid for it. Whereas Negative externalities refer to the harms caused by one entity to another without being penalized for it.</p>	2 2
2	<p>Given Consumption function is, $C=100+0.8 Y$ Autonomous investments=500 crores</p> <p>We know, at equilibrium level $Y=C+I$ $Y=100+0.8 Y+500$ $Y-0.8Y=600$ $0.2 Y =600$ $Y= ₹ 3,000$ crores</p> <p style="text-align: center;">Or</p> <p>Given $\Delta I = ₹1,000$ crores $MPC = 0.8$ As we know, Multiplier (K) = $\frac{1}{1-MPC} = \frac{1}{1-0.8} = \frac{1}{0.2} = 5$ times</p> <p>We know $K = \frac{\Delta Y}{\Delta I}$ $5 = \frac{\Delta Y}{1000}$ $\Delta Y = ₹ 5,000$ crores</p>	½ ½ ½ ½ ½ ½ ½ ½
3	<p>At a lower level of income, a consumer spends a larger proportion of his/her income on consumption expenditure (basic survival requirements). As the income increases, owing to the psychological behavior of a consumer (rational), people tend to consume less and save more for future uncertainty.</p>	2
4	<p>Two indicators that help to measure the health status of a country are:</p> <p>a) Infant Mortality Rate - Infant Mortality Rate (or IMR) indicates the number of children that survive first year of their life.</p> <p>b) Literacy Rate – Literacy rate measures the proportion of literate population in the age</p>	1 1

	<p>group of seven years or above.</p> <p style="text-align: center;">Or</p> <p>The data in the given table reveals that:</p> <p>a) Women constitute 16.5% of the total worker population in the economy.</p> <p>b) The number of women workers in rural areas (17.5%) are relatively higher than the women workers in urban areas (14.2%). Due to the abject poverty in rural areas, rural women are compelled to work more than their urban counterparts.</p>	2
5	<p>The given statement is true; infrastructural development in an economy increases productivity, induces higher investment, facilitates employment, and generates more income. With the rise in income the quality of life of the people improves. Thus, conclusively we may say that infrastructure contributes to the economic development of a country.</p>	2
6	<p>Following will not be included in estimation of National Income of India:</p> <p>a. As such transactions are mere paper claims and do not lead to any value addition.</p> <p>c. Compensation paid by the Government of India is mere transfer payment and does not lead to any flow of goods and services in an economy.</p> <p style="text-align: center;">Or</p> <p>Nominal GDP= Real GDP× $\frac{\text{price index}}{100}$</p> <p style="text-align: center;">$=500 \times \frac{125}{100}$</p> <p style="text-align: center;">$=₹ 625 \text{ crores}$</p>	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>1</p>
7	<p>‘Investment in infrastructure as a percentage of GDP’ is that proportion of Gross Domestic Product which is invested for the development of infrastructural facilities in a country.</p> <p>According to the given data it is evident that India is contributing 30% of its total GDP on infrastructural progress, which is just a notch above the corresponding figure of 28% for Singapore.</p> <p>Considering the vast geography of India this is a relatively lower proportion in this direction. If India wants to grow at a faster rate, she must concentrate on higher judicious investment on development of infrastructure.</p>	3
8	<p>Economic advantages of China Pakistan Economic Corridor (CPEC) to the economy of Pakistan are:</p> <p>i. China provided financial and technical expertise to help Pakistan build its road infrastructure, supporting employment and income in the economy</p> <p>ii. CPCE has led to a massive increase in power generation capacity of Pakistan. It has brought an end to supply-side constraints in the nation, which had made blackouts a regular phenomenon across the country.</p>	<p>1 ½</p> <p>1 ½</p>
9	<p>China has become famous for its ‘Debt Trap Diplomacy’ in recent times. Under this</p>	3

	<p>China provides financial and technical expertise/assistance to help various nations to bring them under its direct or indirect influence.</p> <p>The first and the foremost implication of the diplomacy is that Beijing has now become Islamabad's largest creditor. According to documents released by Pakistan's finance ministry, its total public external debt stood at \$44.35 billion in June 2013, just 9.3 percent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 percent —\$24.7 billion — of its total external debt to China, according to the IMF.</p>	
10	<p>Non-monetary exchange transactions are not included in the estimation of Gross Domestic Product on account of practical difficulties like non-availability of reliable data. Although these activities enhance public welfare which may lead to under-estimation of GDP.</p> <p>For example: kitchen gardening, services of homemaker etc.</p>	3
11	<p>Two measures which may be used to solve the problem of inflation are:</p> <p>a) An increase in Cash Reserve Ratio (CRR) may reduce the credit creation capacity of the commercial banks in the economy. This may lead to a fall in the borrowings from banks causing a fall in Aggregate Demand in the economy, and helps to correct the inflationary gap in the economy.</p> <p>b) Sale of Government Securities in the open market by the Central Bank will adversely affect the ability of the Commercial Banks to create credit in the economy. As a result Aggregate Demand in the economy may fall and correct the inflationary gap in the economy.</p>	<p>2 ½</p> <p>2 ½</p>
12	<p>a) Domestic Income (NDP@fc) = (i)+(ii)+(iv)+(vii)+(viii)+(x) = ₹2000+₹800+₹460+₹940+₹300+₹200 = ₹4,700 crore</p> <p>b) Value of output is the estimated money value of all the goods and services, inclusive of change in stock and production for self-consumption. Whereas, Value added is the excess of value of output over the value of intermediate consumption.</p> <p>Or</p> <p>a) Net Value Added at Factor Cost (NVA @ FC) = (i)+(iii)+(iv)+(vi)-(v) = ₹6800+₹200+₹50+₹20-₹100 = ₹6,970 crore</p> <p>b) Component of net factor income from abroad are:</p> <ol style="list-style-type: none"> Net compensation of employees Net income from property and entrepreneurship Net retained earnings of resident companies abroad (any two) 	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p>
13	<p>a) The traditional practices can help in controlling contamination without the use of chemical</p>	2

	<p>fertilizers, as follows:</p> <ul style="list-style-type: none"> i. i. Neem trees and its by products are a natural pest-controller, which has been used since ages in India. Recently, the government promoted the sale Neem coated urea as a measure of natural pest control. ii. Large variety of birds should be allowed to dwell around the agricultural areas, they can clear large varieties of pests including insects <p>b) The given statement is quite appropriate with reference to the ‘casualisation of labour’ in India.</p> <ul style="list-style-type: none"> i) For casual workers, the rights of the labour are not properly protected by labour laws. Particularly, during pandemic times, as demand for goods and services fell the casual workers were left jobless, without any compensation or support. i. ii) During the COVID-19 lockdown millions of casual workers lost their jobs, raising the question of their survival. Also, additional health expenditure added to their troubles. Had such workers been working under the formal sector, it would have given them some respite in their difficult times. 	<p>3</p>
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