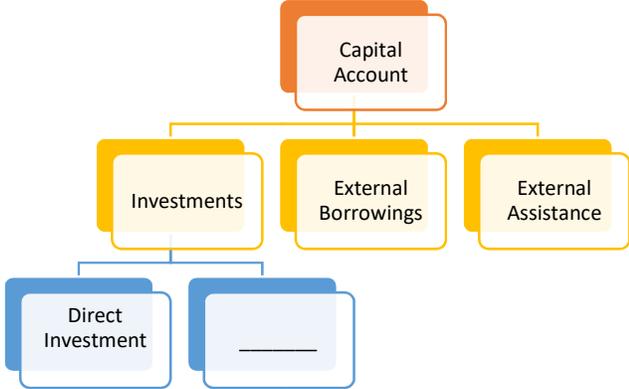


5	<p>“The value of all goods and services can be expressed in monetary units.” On the basis of the given statement, identify the function performed by money: a) Medium of exchange b) Store of Value c) Unit of account d) Means of standard of deferred payments</p>	1																								
6	<p>Find the missing figures and choose the correct alternative:</p> <table border="1" data-bbox="423 386 1232 831"> <thead> <tr> <th>Round</th> <th>Deposits</th> <th>Loans (80%)</th> <th>Reserve Ratio (20%)</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>1,000</td> <td>800</td> <td>200</td> </tr> <tr> <td>II</td> <td>800</td> <td>....(i)....</td> <td>160</td> </tr> <tr> <td></td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td></td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Total</td> <td>...(ii)...</td> <td>...(iii)...</td> <td>...(iv)...</td> </tr> </tbody> </table> <p>Alternatives: a) 640,1000,4000,5000 b) 960,5000,4000,1000 c) 640,4000,1000,5000 d) 640,5000,4000,1000</p>	Round	Deposits	Loans (80%)	Reserve Ratio (20%)	I	1,000	800	200	II	800(i)....	160		Total	...(ii)...	...(iii)...	...(iv)...	1
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Total	...(ii)...	...(iii)...	...(iv)...																							
7	<p>Graphically, Aggregate Demand function can be obtained by vertically adding the _____ and _____ function.(Choose the correct alternative to fill up the blanks) a) consumption, saving b) consumption, investment c) investment, saving d) aggregate supply, consumption</p>	1																								
8	<p>Identify the correct reason(s) that may affect the demand for foreign exchange in an economy. I. Imports of visibles II. Exports of invisibles III. Remittances by residents working abroad IV. Purchase of assets abroad</p> <p>Alternatives: a) I and II b) II and III c) III and IV d) I and IV</p>	1																								
9	<p>Suppose for a given economy, $S = -60 + 0.1Y$ $I = ₹ 4,000$ crore (Where S = Saving Function, Y = National Income and I = Investment Expenditure) Equilibrium level of Income would be ₹ _____ crore. (Choose the correct alternative to fill up the blank)</p>																									

	<p>Alternatives: a) 4,000 b) 40,000 c) 40,600 d) 60,400</p>	1																											
10	<p>Read the following chart carefully and choose the correct alternative:</p>  <pre> graph TD CA[Capital Account] --> I[Investments] CA --> EB[External Borrowings] CA --> EA[External Assistance] I --> DI[Direct Investment] I --> Box[] </pre> <p>Alternatives: a) Interest received on loans b) Multilateral Loans c) Portfolio Investment d) Government Aid</p>	1																											
11	<p>‘Current account deficit in an economy must be financed by a corresponding capital account surplus’. Do you agree with the given statement? Give valid reason(s) in support of your answer.</p>	3																											
12	<p>(A) On the basis of the given data, estimate the value of Domestic Income:</p> <table border="1" data-bbox="269 1102 1373 1493"> <thead> <tr> <th>S. No.</th> <th>Items</th> <th>Amount (₹in crore)</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Household Consumption Expenditure</td> <td>600</td> </tr> <tr> <td>ii.</td> <td>Gross Fixed Capital Formation</td> <td>200</td> </tr> <tr> <td>iii.</td> <td>Change in stock</td> <td>40</td> </tr> <tr> <td>iv.</td> <td>Government Final Consumption Expenditure</td> <td>200</td> </tr> <tr> <td>v.</td> <td>Net Exports</td> <td>(-)40</td> </tr> <tr> <td>vi.</td> <td>Net Indirect Taxes</td> <td>120</td> </tr> <tr> <td>vii.</td> <td>Net Factor Income From Abroad</td> <td>20</td> </tr> <tr> <td>viii.</td> <td>Consumption of Fixed Capital</td> <td>40</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>(B) State the meanings of the following: (i) Externalities (ii) Operating Surplus (iii) Consumption Goods</p>	S. No.	Items	Amount (₹in crore)	i.	Household Consumption Expenditure	600	ii.	Gross Fixed Capital Formation	200	iii.	Change in stock	40	iv.	Government Final Consumption Expenditure	200	v.	Net Exports	(-)40	vi.	Net Indirect Taxes	120	vii.	Net Factor Income From Abroad	20	viii.	Consumption of Fixed Capital	40	3
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13	<p>For a hypothetical economy, the government incurs an investment expenditure of ₹ 1,000 crore. If the value of Marginal Propensity to Save (MPS) falls from 0.25 to 0.10. Calculate the value of increase in income due to change in the value of Marginal Propensity to Save (MPS).</p>	4																											

14	<p>(A) "In an economy, ex-ante Aggregate Demand is more than ex-ante Aggregate Supply." Elaborate the possible impact of the same, on the level of output, income and employment.</p> <p style="text-align: center;">OR</p> <p>(B) "With an objective to reduce inflation, Reserve Bank of India may promote the commercial banks to park their surplus funds with it." Discuss the rationale behind the step taken by the Reserve Bank of India.</p>	4 4																		
15	Elaborate the 'Banker's Bank and Supervisor' function performed by the Reserve Bank of India.	4																		
16	<p>(A) On the basis of the given information, calculate the value of:</p> <p>(i) Fiscal deficit</p> <p>(ii) Primary deficit</p> <table border="1" data-bbox="402 636 1255 940"> <thead> <tr> <th>S.No.</th> <th>Items</th> <th>2021-22 (₹in crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Revenue Receipts</td> <td>20</td> </tr> <tr> <td>(ii)</td> <td>Capital Expenditure</td> <td>15</td> </tr> <tr> <td>(iii)</td> <td>Revenue Deficit</td> <td>10</td> </tr> <tr> <td>(iv)</td> <td>Non-debt creating capital receipts</td> <td>50% of revenue receipts</td> </tr> <tr> <td>(v)</td> <td>Interest Payments</td> <td>4</td> </tr> </tbody> </table> <p>(B) State any two features of public goods.</p> <p style="text-align: center;">OR</p> <p>(C) Explain the economic stability objective of Government Budget.</p> <p>(D) 'Under the <i>Ayushman Bharat</i> Scheme, the Government provides free medicines to the economically backward section of the society'. Identify and discuss the nature of the government expenditure indicated in the given statement.</p>	S.No.	Items	2021-22 (₹in crore)	(i)	Revenue Receipts	20	(ii)	Capital Expenditure	15	(iii)	Revenue Deficit	10	(iv)	Non-debt creating capital receipts	50% of revenue receipts	(v)	Interest Payments	4	3 2 1 3 3
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17	<p>(a) Giving valid reasons, explain how the following would be treated while estimating domestic income?</p> <p>(i) Payment made by American tourist for goods purchased in India.</p> <p>(ii) Tomatoes grown by Ms. Puja in her kitchen garden.</p> <p>(b) "Machine purchased by a firm is always a capital good." Do you agree with the given statement? Give valid reasons for your answer.</p>	3 3																		
SECTION B – INDIAN ECONOMIC DEVELOPMENT																				
18	<p>Identify the correct combination of the 'Goals of Indian Five Year Plans':</p> <p>a) Growth, Equality, Modernisation, Self-Reliance</p> <p>b) Development, Equality, Modernisation, Sustainability</p> <p>c) Good Health, Education, Modernisation, Sustainability</p> <p>d) Growth, Equity, Modernisation, Self-Reliance</p>	1																		

	<p>Briefly outline and discuss such steps taken by the government to promote import substitution policy.</p> <p style="text-align: center;">OR</p> <p>(C) “In India, after 1947 land reforms were introduced on a large scale.” In the light of the given statement, discuss any one such land reform.</p> <p>(D) “In the post-reform period, the Government of India decided to retain profit-making Public Sector Undertakings (PSUs). It provided a special status to PSUs to enable them to expand in the global market.” Do you agree with the given statement? Give valid reasons in support of your answer.</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">3</p>
<p>34</p>	<p>Read the following text carefully: Sustainable development is the development that meets the needs of the present, without compromising the ability of future generations to meet their own needs. India is critical in determining the success in a pursuit to achieve sustainable development. The Union Budget 2023 presented by Finance Minister Nirmala Sitharaman builds on India’s commitment to lead the global action against climate change, preserve biodiversity and support sustainable development. The government has accelerated the pace of Green Growth as India is facing the grave reality of depleting natural resources, limited supply of water, minerals, and fossil fuels. In a bid to counter the climate threat, India has committed to achieving net zero by 2070; released a low-carbon development strategy; and introduced the concept of ‘LiFE’ (Lifestyle for Environment) to promote responsible consumption. The Green Growth actions include several pointed measures that would facilitate the much-needed steady decarbonization of Indian industries, reduce dependency on fossil fuel imports and establish technology and market leadership in this sunrise sector. For instance: The allocation of Rs 35,000 crore of priority capital investment towards achieving net zero by 2070 and clean energy transition ensures the country’s energy security. The outlay of Rs 19,700 crore for the Green Hydrogen Mission will mobilise a green hydrogen production capacity of 5 metric million tonnes by 2030. Moreover, to encourage the optimal use of wetlands, enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities, the Amrit Dharohar scheme will be implemented over three years.</p> <p>Source: https://economictimes.indiatimes.com/industry/renewables/view-budget-2023-ensured-india-is-primed-for-green-growth</p> <p>On the basis of the given text and common understanding, answer the following questions: (i) Define sustainable development. (ii) Briefly elaborate, any two reasons behind the objective of Green Growth being set up by the Indian Government.</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">4</p>

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. Since, in accounting sense; Current Account + Capital Account \equiv 0 If an economy is facing the situation of current account deficit (CAD), the same must be financed through surplus in capital account. 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) $= 600 + 200 + 200 + 40 + (-40) - 40 - 120$ $= ₹ 840$ crore</p> <p 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>

13	Given, Change in Investment (ΔI) = ₹ 1,000 crore	1 ½										
	<table border="1"> <thead> <tr> <th>MPS</th> <th>Investment Multiplier $K = \frac{1}{MPS}$</th> <th>Change in Income (ΔY) $\Delta Y = K \times \Delta I$ (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>0.25</td> <td>$\frac{1}{0.25} = 4$</td> <td>4 x 1,000 = 4,000</td> </tr> <tr> <td>0.10</td> <td>$\frac{1}{0.10} = 10$</td> <td>10 x 1,000 = 10,000</td> </tr> </tbody> </table>		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	1 ½
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Increase in Income (ΔY) = 10,000 – 4,000 = ₹ 6,000 crore	1											
14	<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>	4										
15	<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.</p> <p>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.</p> <p>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>	4										
16	<p>(A) (i) Fiscal Deficit = (iii) + (ii) – (iv) = 10 + 15 – (50/100 x 20) = ₹15 crore</p> <p>(ii) Primary Deficit = Fiscal Deficit – (v) = 15 – 4 = ₹11 crore</p> <p>(B) Two features of public goods are:</p> <ul style="list-style-type: none"> • Non- excludable • Non- rivalrous 	1 1 ½ ½ 1 ½ ½ ½ ½										

	OR	
	<p>(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.</p>	3
	<p>(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.</p>	3
17	<p>(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.</p> <p>(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.</p> <p>(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.</p>	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