

Cl. 12th Eco.
 HYE (2023-24)
 MARKING SCHEME.

pg ①

SECTION A

1. b) Customs Duty (1)
2. a) I is true, II is false (1)
3. b) Mobile by a showroom (1)
4. c) I and II (1)
5. d) Buy Govt. securities (1)
6. b) Std. for deferred payments (1)
7. b) Both (A) & (R) are true, but (R) is not the correct Expln of (A) (1)
8. d) Both are false (1)
9. b) Real GDP = $(\text{Nominal GDP} / \text{Price Index}) \times 100$ (1)
10. c) (A) is true, but (R) is false (1)

11. Intermediate Gds: (3)
- i) Used up in prodn. or meant for resale.
 - ii) Not included in NY
 - iii) e.g. Cotton used in Cotton text. Mill
- Final gds:
- i) Meant for cons. or investment (1)
 - ii) Included (1)
 - iii) E.g. Vehicle (1)

OR

Fac. Y

- i) Y recd. in return of prodve. services.
 - ii) Bilateral concept
 - iii) e.g. - Wages
- (Any other relevant pt.)

Trnfr Y

- i) Y recd. without rendering prodve. services (1)
- ii) Unilateral concept (1)
- iii) E.g. donation (1)

12. Industrialisation:
- a) Increases GDP - as more gds. are produced (1½)
 - b) Negative Externality - Smoke emitted by the factory ↓ ses. welfare (1½)
13. (4)
- i) GST - not included, compulsory trnfr. paymt. (1)
 - ii) Electricity bill - not incld., intumed. expense of sch. (1)
 - iii) Rent - Not incld. as the bldg. is in US & its not a part of India's D.T. (1)
 - iv) Int. of pub. debt - Not incld., a loan taken for collective consumption (1)

14. a) Fiscal Def. = Rev. Deficit + Capital Exp - Non-debt K repts (1)
 = 12000 + (35000 - 25000)] (1)
 = ₹ 22000 cr.

b) Primary Def. = Fiscal Def - Interest payment (1)
 22000 - 7000 = ₹ 15000 cr. (1)

OR

a) Total Exp. = Rev. Exp. + Capital Exp.

Rev. Exp. = Rev. Def + Rev. Repts] (1)
 Rev. Exp = 9000 + 6000 = ₹ 15000 cr.

Fiscal Def = Rev. Def + (Capital Exp - Nondebt Capital repts)] (1)
 12000 = 9000 + (Capital Exp - 10000)
 ⇒ Capital exp. = ₹ 13000 cr

∴ Total Exp = 13000 + 15000 = Rs. 28000 cr. — (1)

[b) part on pg. 3] →

15 a) V.A Method :

GDP_{MP} = [(iv) + v) + vi)] - [(i) + ii) + iii)] — (1)
 = 2600 - 1200 = Rs. 1400 cr. — (1)

b) Income Method :

NDP_{FC} = vii) + viii) + ix) + xi) + xiv)] — (1)
 = 10 + 950 + 285 + 5 + 100
 = 1350

GDP_{MP} = NDP_{FC} + Dep(xii) + (xiii)] (1)
 = 1350 + 40 + 10 = Rs. 1400 cr.

16. a) * Increase in GST by govt. helps achieve the objective of Allocation of resources. Increased GST on alcohol means govt. wants to decrease the prdn. of this undesirable item. (2)

* ↑ in tax on pvt. corp. sector's profit — Redistribution of Y or reduction in inequalities is the objective. Higher tax on rich & using these funds for the welfare of poor. (2)

16 b) i) Subsidy - Rev. Expre. as it neither creates assets nor ↓
Subsidies liability. (1)

ii) Repayment of Loan by Central Govt. - Capital exp., as it
decreases govt's liability. (1)

Q-14. (OR part) b) Interest = Fiscal Def - Prim. Def — (1/2)
⇒ Interest = 12000 - 5000 = Rs. 7000 cr. (1/2)

17. Credit creation by Comm. bks. is based on the following
Assmpns. : a) Entire banking sector is a single entity] (1)
b) All transactions are routed through banks.] (1)

When Mr. A will deposit Rs 1000 in a bk, the bk will
keep 20% as reserves which is LRR & give the rest
of Rs 800 as loan to someone. The borrower spends
the money which comes back to the bank, as transcrs. (1/2)
are routed thr. banks. It keeps 160 as reserves &
lends Rs. 640. The process continues till Initial deposit
becomes = LRR.

Table — (2)

$m = \frac{1}{LRR}$. In this e.g. $m = \frac{100}{20} = 5$. (1)

Thus banks create credit 5 times the initial dep.] (1/2)
Here, the total deposits = ₹ 5000.
OR

- a) RBI increase CRR because there was inflation (1)
in the economy
CRR is the proportion of deposits which commcl. (1)
bks. have to keep with central govt.
↑ in CRR leaves less money with banks hence (1)
they can give lesser loans, this lowers inflation (1)
- b) Reverse Repo rate - rate recd. by commcl. bks. when (1)
they park their surplus funds with RBI

In deflation the reverse repo rate is decreased. This discourages bks. to keep their surplus funds with Central bk., thereby increasing their lending capacity. More loans are given, which increases money supply in the economy. People's purchasing power rises & reduces the deflation. (2)

SECTION B.

- 18. c) C - D - A - B (1)
- 19. b) I & III (1)
- 20. a) 16% (1)
- 21. b) Inefficient (1)
- 22. d) D - iv) (1)
- 23. c) Lead to --- in a few hands (1)
- 24. d) Seventh (1)
- 25. c) UGC (1)
- 26. c) To boost enrolment --- children in sch. (1)
- 27. b) II & III (1)
- 28. Indst. Policy (1950-90) :
 - a) Major role given to public sector + (1-2 line Expln.) (1)
 - b) Areas reserved for SSIs. + Expln. (1)
 - c) Indst. sector diversified (electronics, cars, steel etc. produced) (1)[or Any other valid pt.]
OR
 - a) The fear of colonial past + Expl. (1)
 - b) To protect dom. inds + Expl. (1)
 - c) To avoid import of luxury items resulting in outflow of FE - poor nation (1)[Any other relevant pt.]
- 29. Benefits of GST :
 - a) One nation one tax - facilitates free movement of gds - & services across the nation, creates a common market in the country (1)

- b) Eliminates cascading effect (tax on tax) & lowers the cost for businesses, as it gives an input tax credit. (1)
- c) Reduction in cost of prodn., makes our gds. competitive in international mkt. (1)

(Any other relevant pt.)

30. The pic. shows "On-the-job-Training" (1)
- * On Campus/off Campus (1)
 - * Raises productivity (Benefit to Company > Cost) (1)
 - * Co. insists that the trained worker works with it for a specified time pd. after training. (1)

31. * Need for land reforms:

- a) Bring about equality in land ownership in agei (1)
 - b) Prevent exploitation of landless lab. & small farmers by landlords (1)
- or
- Motivate the tillers to increase farm prodvty. by making them owners

- * Types of land reforms:
- a) Abolition of intermed. + Expl. (1)
 - b) Land Ceiling + Expl. (1)

- * GR:
- a) Farm prodvty & total opp of foodgr. increased (1)
 - b) India became self suff. + maintains a buffer stock of food grains (1)

- * Risks of GR:
- a) Inequality b/w rich & poor farmers increased (1)
 - b) chemical fertilizers used in GR made land infertile (1)

[Any other valid pt.]

32. Agree
- a) Fertilizer ^{& other} subsidies were removed - farmers cd. not buy farm inputs (1)
 - b) Lack of investmt. in infrastr. like transport, irrigation etc. by govt. (1)
 - c) Import of foreign agrical. items posed competition for Indian farmers. (1)
 - d) Export of Indian agri. prodts, spcly cash crops led to ↓ in prodn. of food gr. & hence ↑ in their prices. (1)

33. Eco. Reforms: [(1½) Mark each - or any other valid pt] Pg 6

- a) ↑d. the gap b/w the rich & poor. Most items prod. by MNCs. are expensive & branded, which can be afforded only by the rich.
- b) Globalisation benefitted the developed nations more than developing, because orgs. like WTO are headed by developed nations & they tend to favour them.
- c) Decreased role of public sec has resulted in less expenditure on welfare activities, Neglect of agriculture & rural areas. Rural-Urban divide is more visible.
- d) Small prodg. units have been shut down as they cd. not face competition from MNCs. Lab. of these units has lost jobs, while there are more jobs for educated & skilled lab. in IT sector, call centres etc.

OR

- a) Indst. licensing was a hinderance in dev. as it led to shortages & slowed down indst. prodn. Thus deregulation was introduced as a meas. of liberalisation. Indst. licensing was abolished for all prodts. except a few (like explosives, alcohol etc.), 3 areas reserved for pub. sec., areas reserved for SSI's. were deserved (2)
- b) To overcome the prob of tax evasion tax reforms were introduced. Reduction in Dir. & indirect tax rates, some gds. were exempted from tax. Procedure to file tax returns was simplified (2)
- c) There was a huge deficit in B.O.P. Devaluation of rupee was done to correct the situation - ↑ exports & ↓ imports. Deregulation of F-E rate. The exchange rate cd. be freely detd. in FE market (2)

34.1 a) Mobilise the army (1) b) Movement of raw-mats. from villages to nearest railway stations/ports to be exported to England (1)

34.2 Railways - 1850 (1)

a) Broke cultural & Geogr. barriers - enabled people to travel long distances (1)

b) Led to commercialism of agri - broke the self sufficiency of villages. It resulted in export of raw materials from India to Britain (2)