

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

Q.No.	ANSWERS	MARKS
1	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. Or 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.	2 2
2	Given Consumption function is, $C=100+0.8 Y$ Autonomous investments=500 crores 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 Or 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 We know $K = \frac{\Delta Y}{\Delta I}$ $5 = \frac{\Delta Y}{1000}$ $\Delta Y = ₹ 5,000$ crores	$\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$
3	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.	2
4	Two indicators that help to measure the health status of a country are: a) Infant Mortality Rate - Infant Mortality Rate (or IMR) indicates the number of children that survive first year of their life. b) Literacy Rate – Literacy rate measures the proportion of literate population in the age	1 1

	group of seven years or above. Or The data in the given table reveals that: a) Women constitute 16.5% of the total worker population in the economy. 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.	2
5	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.	2
6	Following will not be included in estimation of National Income of India: a. As such transactions are mere paper claims and do not lead to any value addition. 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. Or Nominal GDP= Real GDP× $\frac{\text{price index}}{100}$ $=500 \times \frac{125}{100}$ $=₹ 625 \text{ crores}$	1 ½ 1 ½ 1 1 1
7	‘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. 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. 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.	3
8	Economic advantages of China Pakistan Economic Corridor (CPEC) to the economy of Pakistan are: i. China provided financial and technical expertise to help Pakistan build its road infrastructure, supporting employment and income in the economy 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.	1 ½ 1 ½
9	China has become famous for its ‘Debt Trap Diplomacy’ in recent times. Under this	3

	fertilizers, as follows: 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 b) The given statement is quite appropriate with reference to the ‘casualisation of labour’ in India. 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.	3
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