

**CLASS
XII**

RKG INSTITUTE PRESENTS

ECONOMICS 10 PAPERS TERM - 2

PREPARE FOR 40/40

**BASED
ON
LATEST
CBSE PATTERN
2022 EXAMS**



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DEDICATED TO MY GRANDFATHER-

LATE SH. RAM KRISHAN GUPTA

RKG SAMPLE QUESTION PAPER – 1
ECONOMICS (030)
Class XII (TERM II) 2021-22

MM: 40

Time: 2 Hours

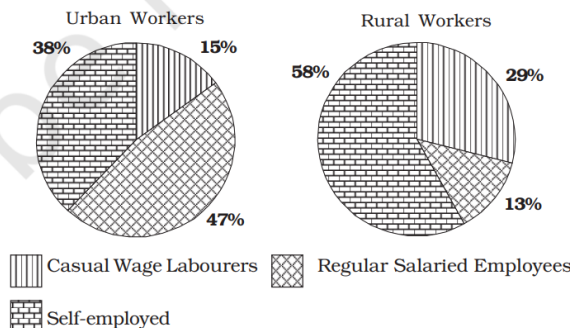
General Instructions:

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- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	How to classify goods as intermediate goods and final goods? Or 'The welfare from Positive externalities doesn't effect GDP.' Justify the given statement.	2 2
2	Calculate equilibrium level of income for a hypothetical economy, for which it is given that: a) Autonomous Investments = ₹ 1000 crores, and b) Consumption function, $C = 100 + 0.75Y$ Or Calculate Change in Income (ΔY) for a hypothetical economy. Given that: a) Marginal Propensity to Consume (MPC) = 0.9, and b) Change in Investment (ΔI) = ₹1,000 crores	2 2
3	'MPC falls with successive increase in income'. Justify the statement.	2
4	State and discuss any two ways that will help in providing basic human right – 'Health' to all sections of society. Or Compare and analyze the 'Regular salaried employed and self-employed' in Rural and Urban Areas based on following information:	2 2

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Chart 7.2 : Distribution of Employment by Region



5 “Economic and social Infrastructure together helps in the overall development of the country.” Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will not be included in estimation of National Income of India?

- a) Profits earned by an Indian bank from its branches in America.
- b) National debt interest / interest paid by household to the commercial bank.
- c) Free clothes given to workers by the employer.

3

Or

Estimate the value of Nominal Gross Domestic Product for a hypothetical economy, the value of Real Gross Domestic Product and Price Index are given as ₹700.0 crores and 200 respectively.

3

7 Study the following information and compare the Economies of India and Indonesia on the grounds of ‘Investment in infrastructure as a percentage of GDP’

Some Infrastructure in India and other Countries, 2018

Country	Investment* in Infrastructure as a % GDP	Percentage of people using safely managed		Mobile Subscribers/ 100 People	Consumption of energy (ml. tonnes of oil equivalent)
		Drinking Water Sources	Sanitation Services		
China	44	96	72	115	3274
Hong Kong	22	100	92	259	31
India	30	94	40	87	809
South Korea	31	98	100	130	301
Pakistan	16	35	64	73	85
Singapore	28	100	100	146	88
Indonesia	34	87	61	120	186

Sources: World Development Indicators 2019, World Bank website: www.worldbank.org.; BP Statistical Review of World Energy 2019, 69th Edition.

Note: (*) refers to Gross Capital Formation.

3

Read the following text carefully and answer question number 8 and 9 given below:

THE CHINA FACTOR IN INDIA'S ECONOMIC DIPLOMACY

The near collapse of frameworks for strategic relations with China and the newly protectionist impulse of the 'Make in India' initiative has placed new demands on New Delhi's economic diplomacy with Beijing. While India has for some time been wary of Chinese economic influence and practices, the recent military stand-off in the Ladakh sector of the border has resulted in swift policy decisions and sharp rhetoric on the feasibility of the current state of Chinese presence in the Indian economy. This is evident in India's refusal to join the China-dominated Regional Comprehensive Economic Partnership (RCEP), the blocking of Chinese apps in India and the intense discussions around decoupling from China-controlled supply chains. Strategic concerns over China's economic embrace and its tendency to use economic advantages to leverage its political and security objectives have emerged in the last decade. This means that India needs to develop policy and diplomatic processes to constrain negative strategic fallouts without bucking the trend of China's economic trajectory.

Many leading Indian companies with a presence in China also find the Chinese market lucrative and will also be hard hit by restrictions. Despite this, a relative shift from supply chains in China could help India access other markets and develop strengths in domestic manufacturing. But this will require a concerted effort by the government to implement reforms to support inward investment and manufacturing. The government has been cautiously optimistic that the country's economic recovery by mid-2021 may be faster than anticipated, even though a closer look at the performance of the economy over the last few years and especially during COVID-19 does not indicate a recovery, at least until 2023.

The reinvention of the 'Make in India' initiative as 'Atmanirbhar Bharat Abhiyan' could also provide the much needed financial and regulatory support that strategic sectors

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in the domestic economy need to grow. But these changes will not be sufficient to decouple completely from Chinese supply chains, given the already deep and extensive involvement of Chinese enterprises in many sectors in India and the fact that many potential partners outside China either have Chinese financing or have partnered with Chinese firms.

- 8 Outline and discuss any two economic implications on INDIA of moving away from Chinese supply chain. **3**
- 9 Analyse how the Indian economy benefits by the decoupling from China. What is the need for India to develop diplomatic processes? **3**
- 10 Explain how 'Inflation' impact the use of Gross Domestic Product as an index of economic welfare. **3**
- 11 'Expenditure policy and Revenue policy of the government which are part of fiscal policy can help to control the situation of excess and deficit demand'. State and discuss how these two-policy help in overcoming inflationary gap. **5**
- 12 a) From the following data calculate the value of national income: **3**

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Compensation of Employees	13,500
ii)	Wages in kind	800
iii)	Indirect Taxes	4000
iv)	Gross domestic fixed capital formation	6500
v)	Operating surplus	6600
vi)	Net exports	-(50)
vii)	Mixed income of self employed	18000
viii)	Net factor income from abroad	500

- b) Distinguish between 'Nominal National income' and 'Real National income'. **2**

Or

- a) Given the following data, find Net Value Added at Factor Cost by Ramesh (producer) producing goods:

	Items	(₹ in crore)
i)	Purchase of raw material from domestic market	700
ii)	Increase in unsold stock	50
iii)	Import of raw material	90
iv)	Domestic sales	5000
v)	Replacement of fixed capital	100
vi)	Exports	180
vii)	Power charges	50
viii)	Imports of machinery	30
ix)	Goods and services tax	15
x)	subsidy	40
xi)	Goods for self-consumption	8

3

b) State any two reasons for Depreciation of fixed assets.

2

13 a) 'India is hugely dependent on Thermal and hydro power plants to meet its power need but both these sources have adverse environmental impacts. ' In the light of the above statement, strategies to adopt to achieve sustainable development.

2

b) 'The higher the education level, the higher the chance to obtain formal employment; people who have completed secondary and tertiary education are less likely to be in informal sector.' Do you agree with the given statement? Discuss any two disadvantages of informalisation of the workforce in the light of the above statement.

3

RKG SAMPLE QUESTION PAPER – 2

ECONOMICS (030)

Class XII (TERM II) 2021-22

MM: 40

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Q.No.	QUESTIONS	MARKS
1	Distinguish between Factor income and Transfer income .	2
	Or	
	Distinguish between Domestic income and National income.	2
2	In an economy, an increase in investment leads to increase in national income which is four times more than the increase in investment. Calculate marginal propensity to consume.	2
	Or	
	Calculate Change in Income (ΔY) for a hypothetical economy. Given that:	
	a) Marginal Propensity to Consume (MPC) = $1/2$, and	
	b) Change in Investment (ΔI) = ₹800 crores	2
3	‘Over full employment equilibrium creates inflationary pressure’. Justify the given statement.	2
4	State and discuss three tier system of health infrastructure of India.	2
	Or	
	Compare and analyze the ‘Employment in primary sector’ in Rural and Urban areas based On the following information:	
		2

Distribution of Workforce by Industry, 2017-2018

Industrial Category	Place of Residence		Sex		Total
	Rural	Urban	Men	Female	
Primary Sector	59.8	6.6	40.7	57.1	44.6
Secondary Sector	20.4	34.3	26.5	17.7	24.4
Tertiary / Service Sector	19.8	59.1	32.8	25.2	31.0
Total	100.0	100.0	100.0	100.0	100.0

5 'Development of infrastructural facilities help to reduce unemployment in the economy' Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will be included in estimation of National Income of India? 3

- Payment of interest by a bank to an individual.
- Service charges paid to the dealer(broker) in exchange of second hand goods.
- Purchase of shares of a domestic firm.

Or

Estimate the value of GDP deflator for a hypothetical economy, Where the ratio of Nominal GDP to Real GDP is 3:4. 3

7 Study the following information and compare Health indicators of India and China on the grounds of health expenditure as % of GDP. 3

Indicators of Health in India in Comparison with other Countries, 2012

Indicators	India	China	USA	Sri Lanka
Infant Mortality Rate / 1,000 live births	44	12	6	8
Under-5 mortality / 1,000 live-births	56	14	7	10
Birth by skilled attendants (% of total)	67	96	99	99
Fully immunised	72	99	99	99
Health expenditure as % of GDP	3.9	5.1	17.7	3.3
Government health spending to total government spending (%)	8.2	12.5	20.3	6.5
Out of pocket expenditure as a % of private expenditure on health	86	79	22	83

3

Read the following text carefully and answer question number 8 and 9 given below:

The China-Pakistan Economic Corridor (CPEC)

The China-Pakistan Economic Corridor (CPEC) is by far one of the most ambitious and expensive components of China's Belt and Road Initiative (BRI). The economic corridor, a mix of transportation and energy infrastructure projects at an estimated cost of \$60 billion, has been implemented with full dedication and support from the Chinese government since it was officially launched in 2015. In recent years, CPEC has received more international attention and scrutiny than the BRI projects in any other country and for a good reason — if it is completed as envisioned, it can have significant consequences for China's geopolitical and economic interests.

Aside from its transformative impact on Pakistan, which has received extensive media coverage already, the global significance of CPEC is rooted in the construction of highways, railroads, and pipelines that will connect Pakistan's Gwadar port (on the Arabian Sea) with the city of Kashgar in western China. This transportation corridor will substantially increase the capacity for bilateral trade and investment between China and the Middle East. The latter has recently emerged as China's largest source of oil and natural gas imports. CPEC can also enhance China's naval presence in the Indian Ocean and the Persian Gulf if and when China decides to project military power in this region

The Middle East region is the largest supplier of crude oil and natural gas to China. At present these resources are transported mainly by sea routes to eastern China, where most of its industrial activities are located. Once the CPEC railways and pipelines are constructed, it will be economical to transport commodities, such as oil and natural gas, to the Gwadar port and, from there to western China. The project is also compatible with the Chinese government's Western China Development Strategy, which calls for relocating some energy-intensive industrial activities from the densely populated eastern regions to the western provinces (near Pakistan). The cost of transporting these energy products to China's western regions through CPEC will be smaller than using the current sea route through the Indian Ocean to the east coast of China, followed by a ground transfer (by pipe and railway) to the western regions.

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To the extent that CPEC will create a new channel for the flow of goods (and eventually people) in both directions between the Middle East and China, it will increase their economic and geopolitical interdependence. By facilitating this China-Middle East connectivity, CPEC will strengthen China's position relative to other industrial nations in the Middle Eastern economies.

- 8 Outline and discuss how CPEC will affect China's economic relations with middle Eastern countries. **3**
- 9 What is the global significance of CPEC and discuss it's one benefit accruing to China? **3**
- 10 Explain how 'Population growth' impact the use of Gross Domestic Product as an index of economic welfare. **3**
- 11 'Monetary measures offer a valid solution to the problem of Deflationary gap in an economy'. State and discuss any two Qualitative monetary measure instrument to justify the given statement. **5**
- 12 a) From the following data calculate the value of GDP @ Market price : **3**

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Government final consumption expenditure	7000
ii)	Private final consumption expenditure	4800
iii)	Gross domestic capital formation	1500
iv)	Net exports	1600
v)	Net factor income from abroad	400
vi)	Net indirect taxes	500
vii)	Subsidies	180
viii)	Change in stock	280
ix)	Consumption of fixed asset	190

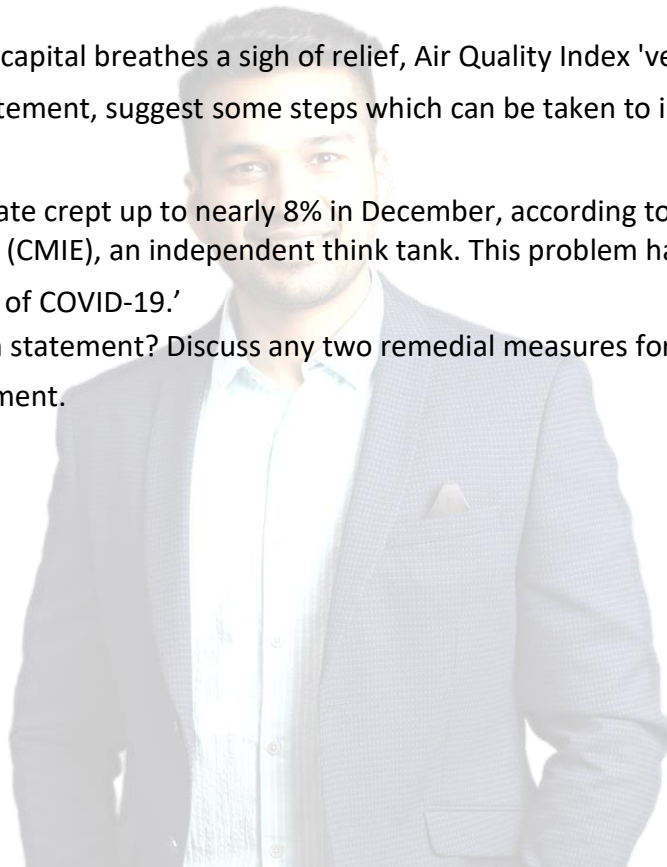
- b) Distinguish between 'Intermediate consumption' and 'Final consumption'. **2**
- a) Given the following data, find Net Value Added at Factor Cost by a firm **3**

	Items	(₹ in crore)
i)	Subsidy	70
ii)	Sales	1200
iii)	Depreciation	60
iv)	Exports	120
v)	Closing stock	60
vi)	Opening stock	90
vii)	Intermediate purchases	700
viii)	Purchases of machinery for own use	250
ix)	Import of raw material	80

b) State any two components of 'Net Indirect tax'. 2

13 a) "At wind's mercy, nation capital breathes a sigh of relief, Air Quality Index 'very poor' "
In the light of the above statement, suggest some steps which can be taken to improve air pollution. 2

b) 'India's unemployment rate crept up to nearly 8% in December, according to the Centre for Monitoring Indian Economy (CMIE), an independent think tank. This problem has only been aggravated by the outbreak of COVID-19.'
Do you agree with the given statement? Discuss any two remedial measures for unemployment in the light of the above statement. 3



RKG SAMPLE QUESTION PAPER – 3

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Q.No.	QUESTIONS	MARKS
1	Distinguish between Consumption goods and Capital Goods.	2
	Or	
	Distinguish between Net exports and Net factor income from abroad.	2
2	Calculate break-even level of income for a hypothetical economy, for which it is given that: a) Consumption function, $C = 60 + 0.8Y$	2
	Or	
	Derive the Consumption function for a hypothetical economy. Given that: a) Marginal Propensity to Consume (MPC) = $\frac{1}{3}$ MPS and b) Consumption at zero level of national income = ₹ 50 crores	2
3	'Economists are concerned about the rising marginal propensity to save (MPS) in an economy'. Justify the given statement.	2
4	State and discuss any two reasons for the sharp divide between the urban and rural healthcare in India.	2
	Or	
	Compare and analyze the 'Female and male working in primary sector' based on following information:	

Distribution of Workforce by Industry, 2017-2018

Industrial Category	Place of Residence		Sex		Total
	Rural	Urban	Men	Female	
Primary Sector	59.8	6.6	40.7	57.1	44.6
Secondary Sector	20.4	34.3	26.5	17.7	24.4
Tertiary / Service Sector	19.8	59.1	32.8	25.2	31.0
Total	100.0	100.0	100.0	100.0	100.0

- 5 'Energy crisis can be overcome with the use of renewable sources of energy.' 2
Justify the given statement with a valid argument.
- 6 Giving valid reasons explain which of the following will be included in estimation of Domestic Income of India? 3
- Compensation of employees to the residents of Japan working in Indian embassy in Japan.
 - Remittances from non-resident Indians to their families in India.
 - Rent received by an Indian resident from Russian embassy in India.

Or

Estimate the value of Real Gross Domestic Product for a hypothetical economy, the Ratio of Nominal GDP and Price index is 4:5. 3

- 7 Study the following information and compare the Economies of 'India' and 'Srilanka'.

TABLE 1.6 SOME DATA REGARDING INDIA AND ITS NEIGHBOURS FOR 2019

Country	Gross National Income (GNI) per capita (2011 PPP \$)	Life Expectancy at birth	Mean Years of Schooling of People aged 25 and above	HDI Rank in the world (2018)
Sri Lanka	12,707	77	10.6	73
India	6,681	69.7	6.5	130
Myanmar	4,961	67.1	5.0	148
Pakistan	5,005	67.3	5.2	154
Nepal	3,457	70.8	5.0	143
Bangladesh	4,976	72.6	6.2	134

Source : Human Development Report, 2020, United Nations Development Programme, New York.

3

Read the following text carefully and answer question number 8 and 9 given below:

PAKISTAN FACES DILEMMA OVER TRADE TIES WITH INDIA .

Pakistan's government put a hold on restarting limited imports of sugar, cotton and wheat from India until New Delhi reviews its 2019 decision to revoke the Kashmir region's special status.

It reversed the decision made earlier by Pakistan's Economic Coordination Committee (ECC) to give the green light for imports from India, which would have ended nearly 20 months of trade suspension between the rivals.

The government's decision came after sharp criticism from opposition parties. They slammed Prime Minister Imran Khan's administration for not consulting the parliament and trying to mend ties with New Delhi without first resolving the Kashmir dispute.

After the reversal, Khan stressed that trade with India would not be normalized until New Delhi resumed Kashmir's special constitutional status. Kashmir is a territory that is claimed by both India and Pakistan and partly controlled by each, with China also controlling the most remote segment of the region. India and Pakistan fought two of their three full-fledged wars over the Kashmir region.

Pakistan halted trade and diplomatic ties with India in 2019 after New Delhi imposed direct rule on the part of Kashmir it administers and imposed strict security controls there in anticipation of unrest at the decision. Anti-India sentiment runs deep in Pakistan, but experts say it does not help the struggling Pakistani economy.

"Anti-India sentiments have always been there in Pakistan, and those in power have successfully exploited them for their benefits,"

He pointed out that New Delhi's moves affecting Kashmir over the past two years have further strengthened anti-India forces in Pakistan, resulting in a total breakdown in trade and diplomatic ties.

"Cutting off such relations has been far from being practical as it puts a tremendous burden on the economically struggling Pakistan. Goods from India are always cheaper than from anywhere else," he said. Khurram Husain, a Pakistani business journalist, told DW that anti-India sentiment is rooted in geopolitics, nothing else. "It grows and diminishes with the

requirements of Pakistan's foreign policy," Husain said, 'Observers say the deep-seated animosity between the nuclear-armed neighbors is clouding rational policymaking on the part of some political leaders. "It's also being exploited by the opportunistic Pakistani opposition to try to make Imran Khan look soft on India. Throw in the mix Kashmir, and the government's options to try to open up a dialogue with India become very limited Pakistan's struggling economy needs help

Pakistan's economy is currently in the doldrums, a position made worse by a third wave of the coronavirus pandemic, which has seen the reintroduction of partial lockdowns across the country. The economy of the Muslim nation, with a population of 220 million people, has slid deeper into crisis since Khan took over as PM in 2018. In the 2 1/2 years of Khan's tenure, GDP growth fell from 5.6% to -0.4%. The country is in debt to the tune of nearly \$114 billion (€96.85 billion) — more than 85% of its gross domestic product. To boost growth and control spiraling inflation, Khan removed his finance minister last week and appointed a new one as part of a government shake-up. Given the fragile economic situation, Pakistan cannot afford hostility with India, experts say.

"Even limited trade with India will certainly help Pakistan's sluggish economy," Ranjan said. "By resuming economic ties, for instance, Pakistan can benefit from India-produced COVID vaccines, which are relatively cheaper but effective in the fight against the pandemic," he added. Husain, the journalist, has a similar view. "Opening up trade with India in specific commodities, like some food items and cotton, can help control food inflation pressures," he argued,'

- | | | |
|-----------|--|----------|
| 8 | Discuss how Anti - Indian sentiments exploited Pakistan economy. | 3 |
| 9 | In this covid- era, how Pakistan economy could benefit from India. Why Pakistan halted trade and diplomatic ties with India? | 3 |
| 10 | Explain how 'Distribution of GDP' impact the use of Gross Domestic Product as an index of economic welfare. | 3 |
| 11 | 'Government can influence the level of inflation in a country through its fiscal policy'. State and discuss any two fiscal policy measures to justify the given statement. | 5 |
| 12 | a) From the following data calculate the value of National Income: | 3 |

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S.No.	ITEMS	Amount (in ₹ Crores)
i)	Current transfer by government	50
ii)	Private final consumption expenditure	480
iii)	Net Indirect Taxes	70
iv)	Government final consumption expenditure	300
v)	Net factor income from abroad	-(30)
vi)	Net domestic capital formation	90
vii)	Consumption of fixed capital	90
viii)	Net exports	50

b) Distinguish between 'Final output method' and 'Value added method'.

2

Or

a) Given the following data, find Net Value Added at Factor Cost by TEXA Company :

	Items	(₹ in crore)
i)	Total sales by texas company	1800
ii)	Decrease in stock	80
iii)	Production used by Texa company	180
iv)	Purchase of raw material	400
v)	Exports	180
vi)	Electricity charges	90
vii)	Income tax	40
viii)	Goods and services tax	90
ix)	Subsidy	50

b) State any two components of 'Factor Income'.

2

13 a) 'Environment fails to perform its vital function of life sustenance and it leads to the situation of environmental crisis.'

In the light of the above statement, discuss any two reasons for environmental crisis.

2

b) 'Unemployment is confined not only to unskilled workers, rather a sizable number of skilled workers failed to get jobs for long periods. There are variety of ways by which an unemployed person is identified.' Discuss any two Sources of data on unemployment in the light of the above statement. 3

RKG SAMPLE QUESTION PAPER – 4

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Q.No.	QUESTIONS	MARKS
1	Distinguish between Depreciation and Capital loss.	2
	Or	
	Distinguish between Gross investment and Net investment.	2
2	Calculate the value of MPC and MPS for a hypothetical economy, for which it is given that: a) Consumption function, $C = 100 + 0.6Y$ b) Derive the saving function.	2
	Or	
	Calculate Change in Income (ΔY) for a hypothetical economy. Given that: a) Marginal Propensity to Consume (MPC) = 0.750, and b) Change in Investment (ΔI) = ₹125.00 crores	2
3	'There exists a direct relationship between MPC and the value of multiplier.' Justify the given statement.	2
4	State and discuss Indian system of medicines (ISM).	2
	Or	
	The following table which shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution.	2

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

- 5 'India on the brink of a power crisis due to coal shortage'. Discuss the major reforms need to be initiated to meet energy crisis. 2
- 6 Giving valid reasons explain which of the following will be included in estimation of Domestic Income of India? 3
- Profits of Tata Industries from its business in America.
 - Retained Earnings of foreign company from India.
 - Profits earned by a branch of Foreign Company in India.

Or

Estimate the value of Nominal Gross Domestic Product for a hypothetical economy, the value of Product of Real GDP and Price index is 34000.

- 7 Study the following information and compare the Economies of India, Nepal and Bangladesh on the grounds of 'Per capita income and life expectancy'.

Country	Gross National Income (GNI) per capita (2011 PPP \$)	Life Expectancy at birth	Mean Years of Schooling of People aged 25 and above	HDI Rank in the world (2018)
Sri Lanka	12,707	77	10.8	73
India	6,681	69.7	6.5	130
Myanmar	4,961	67.1	5.0	148
Pakistan	5,005	67.3	5.2	154
Nepal	3,457	70.8	5.0	143
Bangladesh	4,978	72.6	6.2	134

Source : Human Development Report, 2020, United Nations Development Programme, New York.

Read the following text carefully and answer question number 8 and 9 given below.

Over the years, India has had a trade surplus with Pakistan, with much less imports than exports. Pakistan was among India's top 50 trade partners in 2018-19, but was pushed out of the list in 2019-20. It had been anticipated that a trade ban between the countries would affect Pakistan more, since it relied heavily on India for key raw materials for its textiles and pharmaceuticals industries. After the ban, imports of these five products fell drastically to \$1

million to \$2 million between April 2020 and January 2021, while cotton imports stopped altogether. The only increase has been in pharmaceutical products – Pakistan has so far imported around \$67.26 million worth of drug products, and over \$115 million worth of organic chemicals to ensure sufficient supplies of medicines during the Covid-19 pandemic. Pakistan’s decision to suspend bilateral trade with India in August 2019 was a fallout of the constitutional changes in Jammu and Kashmir, which Pakistan said were “illegal”. However, an underlying reason for suspending trade was the 200 per cent tariff imposed by New Delhi on Pakistani imports earlier that year after India revoked Pakistan’s Most Favoured Nation (MFN) status in the aftermath of the Pulwama terrorist attack. Trade between the two countries suffered greatly – India’s exports to Pakistan dropped nearly 60.5 per cent to \$816.62 million, and its imports plummeting 97 per cent to \$13.97 million in 2019-20. The Pakistani decision to lift the ban on cotton imports comes in the backdrop of a shortage in raw material for Pakistan’s textile sector, which has reportedly suffered due to low domestic yields of cotton. Also, imports from countries like the US and Brazil are costlier and take longer to arrive.

- 8 Outline and discuss How trade ban between India and Pakistan affect Pakistan more. 3
- 9 Analyse why is Pakistan lifting it's ban on Indian imports. 3
- 10 Explain how ‘Green GNP reflect some index of economic welfare and sustainability.’ 3
- 11 ‘Fiscal policy measures can be adopted to correct the deficient demand.’. 5
State and discuss any two fiscal measures to justify the given statement.
- 12 a) From the following data calculate the value of National Income: 3

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Rent	80
ii)	Interest	50
iii)	Profit net of corporate profit tax	40
iv)	Corporate profit Tax	6
v)	Net Factor Income from Abroad	-4
vi)	Compensation of employees	700
vii)	Indirect taxes	94
viii)	Subsidies	16

ix)	Dividend	9
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b) Why do we measure National income at the prices of the Base year?. 2

Or

a) Given the following data, find Net Value Added at market price:

	Items	(₹ in crore)
i)	Sales	100
ii)	Closing stock	30
iii)	Opening stock	25
iv)	Indirect taxes	20
v)	Depreciation	25
vi)	Intermediate consumption	45
vii)	Purchase of raw material	20
viii)	Rent	7

b) State any two components of 'Final expenditure'. 2

13 a) 'The combination of major environmental change, like deforestation, and poverty can spark the fire of a global pandemic. 'In the light of the above statement, How deforestation impacting the environment. 2

b) 'Underemployment/Disguised unemployment in agriculture is another huge problem which exists in India and has its effects on economic growth.

Do you agree with the given statement? Discuss any two disadvantages of Disguised unemployment in the light of the above statement. 3

RKG SAMPLE QUESTION PAPER – 5

ECONOMICS (030)

Class XII (TERM II) 2021-22

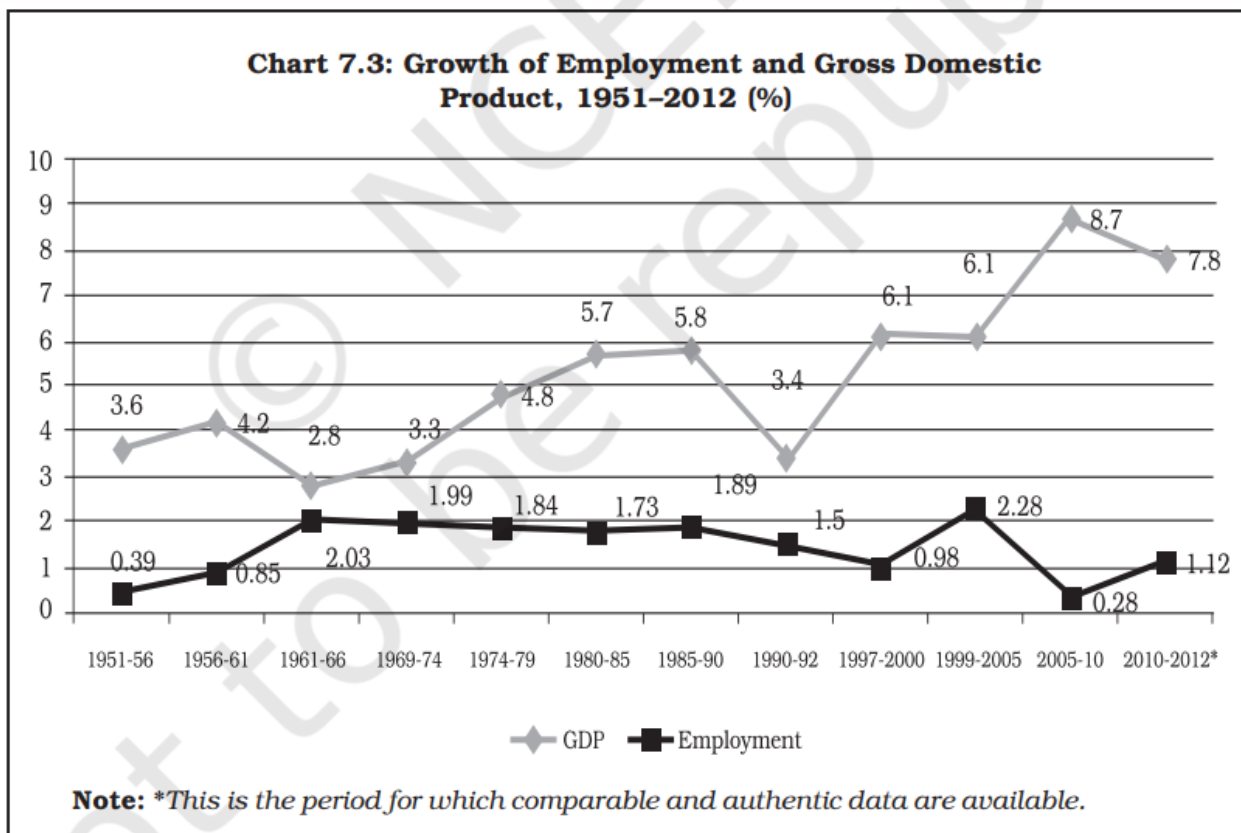
MM: 40

Time: 2 Hours

General Instructions:

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- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	Distinguish between Personal income and Private income.	2
	Or	
	Distinguish between National disposal income and National Income.	2
2	Calculate equilibrium level of income for a hypothetical economy, for which it is given that: a) Autonomous Investments = ₹ 700.0 crores, and b) Consumption function, $C = 100 + 0.65Y$	2
	Or	
	Calculate Change in Income (ΔY) for a hypothetical economy. Given that: a) Marginal Propensity to Consume (MPC) = 0.75, and b) Change in Investment (ΔI) = ₹780.00crores	2
3	'It is not essential that there will always be full employment at equilibrium level of income'. Justify the given statement.	2
4	State and discuss any two healthcare steps/ initiatives that help people towards a good quality of life.	2
	Or	
	On the basis of the graph, analyze the growth of GDP and Employment in India.	



5 'Infrastructure development is also crucial for the social development of a country.' Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will be included OR not in estimation of National Income of India? 3

- a) Firm incurred expenditure on medical treatment of employee's family
- b) Durable goods purchased by a household.
- c) Petrol used in police vehicles.

Or

Estimate the value of Real Gross Domestic Product for a hypothetical economy, where Nominal GDP is quadruple of Price index. 3

7 Study the following information and compare the Economies of India and Sri Lanka on the grounds of 'health expenditure as a percentage of GDP' 3

TABLE 8.4

Indicators of Health in India in Comparison with other Countries, 2012

<i>Indicators</i>	<i>India</i>	<i>China</i>	<i>USA</i>	<i>Sri Lanka</i>
Infant Mortality Rate/1,000 live births	44	12	6	8
Under-5 mortality /1,000 live-births	56	14	7	10
Birth by skilled attendants (% of total)	67	96	99	99
Fully immunised	72	99	99	99
Health expenditure as % of GDP	3.9	5.1	17.7	3.3
Government health spending to total government spending (%)	8.2	12.5	20.3	6.5
Out of pocket expenditure as a % of private expenditure on health	86	79	22	83

Read the following text carefully and answer question number 8 and 9 given below:

India and China had similar per capita GDP in 1983. However, Chinese per capita GDP will be five times that of India's in 2022. Manufacturing and exports have played a significant role in the Chinese economy, transiting it from lower to higher per capita GDP. We were one of the largest consumers of mobile phones in 2014. In 2014-15, our mobile phone imports exceeded \$8 billion. Our electronics imports were threatening to exceed our oil imports. The government took many steps like 100 per cent automatic FDI, levy of import duties to protect local manufacturers, the Phased Manufacturing Plan (PMP), manufacturing clusters (EMC 2.0) and the Production Linked Incentive (PLI) scheme. Despite some execution challenges on the ground, these steps have developed our mobile phone manufacturing base. They have attracted investments, created lakhs of jobs, and have moved us from being a net importer to a net exporter. The next frontier for us is to boost exports and increase value addition. Our mobile phone exports are primarily limited to feature phones and low-value smartphones. India must aim for a significant increase in exports from the current \$4 billion. A judicious mix of protection (levy of import duty/banning of finished goods) and incentives (PMP, PLI scheme, 100 per cent FDI) has developed local manufacturing, created jobs, and turned a trade surplus. Imagine the opportunity to replicate this success across sectors like speciality steel, automobiles, auto components, toys, bulk drugs, technical textiles, food products, solar PV modules, and medical devices. Our value addition in mobile phone manufacturing is currently limited to 15-20 per cent versus more than 40 per cent in China. The scheme for

promoting the manufacturing of electronic components and semiconductors (SPECS) is a step in the right direction. Many parts like display panel assembly, camera modules, batteries, chargers, PCB assembly, etc, are being manufactured/proposed to be manufactured in India. This will increase the value-added to the Chinese level over the next few years. We must focus on setting up a fabrication plant to manufacture semiconductor chips to facilitate complete vertical integration. We should leverage our common interests with Taiwan, a global leader in chip manufacturing, for a head start. We missed the manufacturing/export bus in the 1980s. We did excel in services like software to become back office to the world. With China+1 becoming a geopolitical imperative, it is an opportune time for us to expand the manufacturing sector and improve our export market share. Many of our peers are ahead of us in ease of doing business, but none of them has a large domestic market like us. The automobile and generic pharma sector in the past and the mobile phone/RAC sectors recently have shown that we know the formulae.

- 8 From 1893 to 2022, State how Chinese per capita GDP growth become five times more than that of India. **3**
- 9 Discuss some initiatives taken by the Indian government to promote the manufacturing of electronic components. Can this step paves the direction to ' Aatma Nirbhar bharat ' . **3**
- 10 Explain how 'Externalities' impact the use of Gross Domestic Product as an index of economic welfare. **3**
- 11 'Government may choose to use fiscal policy to help reduce an Inflationary gap in an economy'. State and discuss any two monetary measures to justify the given statement. **5**
- 12 a) From the following data calculate the value of National Income: **3**

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Net domestic capital formation	200
ii)	Government final consumption expenditure	350
iii)	Net Factor Income from Abroad	-50
iv)	Private final consumption expenditure	780
v)	Depreciation	40

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vi)	Net exports	70
vii)	Net Indirect Taxes	94
viii)	Net current transfers from rest of the world	50

b) Distinguish between 'Real GDP' and 'Nominal GDP' .

2

Or

a) Given the following data, find Net Value Added at Factor Cost :

	Items	(₹ in crore)
i)	Purchase of intermediate goods	600
ii)	Sales	900
iii)	Import of raw material	70
iv)	Depreciation	80
v)	Net indirect taxes	120
vi)	Change in stock	-40
vii)	Exports	30

b) State any two components of 'Gross fixed capital formation'.

2

13 a) "India needs to immediately provide employment to the 7.9% who are in the unemployment rate or 35 million in December 2021 who were not employed and they were actively looking for employment," In the light of the above statement, what are the necessary steps should be taken by the government to generate employment.

2

b) 'Deforestation is a big side effect of agriculture that greatly impacts our planet and the environment'. Do you agree with the given statement? Discuss any two disadvantages of deforestation in the light of the above statement.

3

RKG SAMPLE QUESTION PAPER – 6

ECONOMICS (030)

Class XII (TERM II) 2021-22

MM: 40

Time: 2 Hours

General Instructions:

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- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	Distinguish between National disposal income and personal disposal income.	2
	Or	
	Distinguish between Money flow and Real flow.	2
2	Calculate level of income for a hypothetical economy, for which it is given that:	
	a) Average Propensity to Consume (APC) = 1	
	b) Consumption function, $C = 20 + 0.800Y$ (Amount in crores)	2
	Or	
	Calculate the value of multiplier for a hypothetical economy. Given that:	
	a) Increase in Income (ΔY) = Increase in Consumption (ΔC)	2
3	'Even at zero level of income, there is consumption'. Justify the given statement.	2
4	State and discuss any two factors of infrastructural development of a country.	2
	Or	
	Compare and analyze the 'Secondary sector composition' in Rural and Urban areas based on following information:	

Distribution of Workforce by Industry, 2017-2018

Industrial Category	Place of Residence		Sex		Total
	Rural	Urban	Men	Female	
Primary Sector	59.8	6.6	40.7	57.1	44.6
Secondary Sector	20.4	34.3	26.5	17.7	24.4
Tertiary / Service Sector	19.8	59.1	32.8	25.2	31.0
Total	100.0	100.0	100.0	100.0	100.0

2

5 'Development of infrastructural facilities help to reduce unemployment in the economy.'
Justify the given statement with a valid argument.

2

6 Giving valid reasons explain which of the following will be included in estimation of National Income of India?

- a) Rent-free house given to an employee by an employer
- b) Purchases by foreign tourists.
- c) Payment of fees to a lawyer engaged by a firm

3

Or

Estimate the value of GDP deflator for a hypothetical economy,
the ratio of Nominal Gross Domestic Product to Real Gross Domestic Product is 5:4.

3

7 Study the following information and compare the Economies of India and Singapore on the grounds of 'Percentage of people using safely managed'.

Some Infrastructure in India and other Countries, 2018

Country	Investment* in Infrastructure as a % GDP	Percentage of people using safely managed		Mobile Subscribers/100 People	Consumption of energy (ml. tonnes of oil equivalent)
		Drinking Water Sources	Sanitation Services		
China	44	96	72	115	3274
Hong Kong	22	100	92	259	31
India	30	94	40	87	809
South Korea	31	98	100	130	301
Pakistan	16	35	64	73	85
Singapore	28	100	100	146	88
Indonesia	34	87	61	120	186

Sources: World Development Indicators 2019, World Bank website: www.worldbank.org.; BP Statistical Review of World Energy 2019, 69th Edition.

Note: (*) refers to Gross Capital Formation.

3

Read the following text carefully and answer question number 8 and 9 given bellows :

Pakistan China Trade in Post 1971 Era:

The trade during this decade shows a sharp rising drift from US\$ 73.4 million in 1970 to US\$ 192.8 million at the end of this decade. The exports from China to Pakistan touched their peak with slight fluctuations, as high as US\$ 167.8 million. All were due to favorable China's export policy, and increasing consumer class with the oil boom in the Middle East. In contrast, Pakistan experienced an inconsistent trend though upward (Malik, 2017). Political circumstance and trade policy influence the upward or downward trend of foreign trade. China made a focus on export growth strategy while Pakistan was facing Afghan war on its western borders and hosting a continuous influx of Afghan refugees burdensome of Pakistan's already weak economy underwent the debacle of East Pakistan. All these factors combined contributed in the sharp decrease of Pakistani exports from 1984 to 1988. However, latter Pakistan adopted a prudent export policy that temporarily spiked exports to US\$ 169 in the FY 1989. On the contrary, China got an opportunity to bring its exports from US\$ 162 million to US\$ 337.5 million.(IMF) That gap widened the trade deficit to high as US\$ 270 million in FY 1988. (Ministry of Foreign Affairs, 2006).

The bulk of bilateral trade reached US\$ 424.6 million to US\$ 716.8 million in the decade of the 90s. However, the balance of trade remained in favor of China. Pakistan could hardly touch US\$54 million to US\$179 million. The declining was due to a dismal situation on the part of Pakistan as comparison to China. It was due to the political instability and lack of prudent export policy.

The decade observed a sharp rise in bilateral trade due to a number of trading initiatives. Noteworthy developments were preferential trade agreement (PTA), Free Trade Agreement (FTA) 2006, and Early Harvest Programed (EHP) 2005. Consequently, the trade increased from US\$ 722 million to US\$ 8.6 billion by 2009. For economic boost both states were reached on Free Trade Agreement on 2006. This is a three part agreement that covers trade in goods, investment and services. The first part was signed on 24 November 2006 and implemented on 7 July 2007. The second part was signed on 21st February 2009 and was made functional

since 10th October 2009. It was a comprehensive Free Trade Agreement was encompassing then trade in goods, services and investments (Ministry of Commerce, Government of Pakistan 2018).

This agreement was signed with the following goals:

To integrate Chinese and Pakistani economies for shared advantage., To establish investment regimes in services sector particularly in IT and related services, infrastructure, education, tourism, Research and Development, etc ,To prepare environment for transfer of technology, creation of new jobs, joint venture to build a capacity of domestic service suppliers.

- 8 Outline and discuss any two objectives of Free trade agreement between China and Pakistan. 3
- 9 Analyse how China’s exports to Pakistan touched their peak, as high as US\$ 167.8 million. 3
- 10 Explain how well GDP measures the well-being of society? 3
- 11 ‘Government may choose to use fiscal policy to help reduce a Deflationary gap’. State and discuss any two monetary measures to justify the given statement. 5
- 12 a) From the following data calculate the value of Net National Product at Market Price: 3

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Personal Taxes	2,000
ii)	Wages and Salaries	1800
iii)	Undistributed Profit	120
iv)	Rent	460
v)	Corporate Tax	100
vi)	Personal Income	20
vii)	Interest	940
viii)	Net Indirect Tax	300
ix)	Net Factor Income from Abroad	50
x)	Profit	200
xi)	Social Security Contribution by Employers	300

- b) Distinguish between ‘Personal Income and ‘Private income’. 2

Or

a) Given the following data, find Net Value Added at Factor Cost:

	Items	(₹ in crore)
i)	Sales	600
ii)	Change in Stock	(-)40
iii)	Intermediate consumption	400
iv)	Net indirect taxes	50
v)	Exports	70
vi)	Depreciation	30

3

b) State any two precautions taken while calculating National income by 'Expenditure method'. 2

- 13 a) 'Over the past two decades in particular, economic growth has come at the expense of the environment. Earth's natural resources have been used in ways that are environmentally inefficient and wasteful, with dangerous consequences such as decreased air quality and overall climate change. Sustainable development is a carefully planned strategy to embrace growth while using resources more efficiently'.

2

In the light of the above statement, suggest any four strategies for sustainable development.

- b) 'It is necessary to generate employment in the formal sector rather than in the informal sector', Do you agree with the given statement? Discuss any two advantages of formal sector

3

RKG SAMPLE QUESTION PAPER – 7

ECONOMICS (030)

Class XII (TERM II) 2021-22

MM: 40

Time: 2 Hours

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- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	Distinguish between Factor Cost and Market price .	2
	Or	
	Distinguish between 'Factor income to abroad' and Factor income from abroad'.	2
2	Calculate level of income for a hypothetical economy, for which it is given that:	
	a) Total savings are Rs. 3000 crore and	
	b) Ratio of Average Propensity to Save and Average Propensity to Consume is 2 : 7	2
	Or	
	Calculate Marginal Propensity to Consume for a hypothetical economy. Given that:	
	a) National Income rises to Rs. 400 crore and	
	b) Change in Investment (ΔI) = ₹ 80crores	2
3	'Real GDP is better than Nominal GDP as it truly reflects the growth of an economy'. Justify the given statement.	2
4	State and discuss any two health deficiencies of Indian health Infrastructure.	2
	Or	
	Compare and analyze the distribution of workforce in India for the year 1972-73 and give reasons for the nature of workforce distribution.	2

<i>Place of Residence</i>	<i>Workforce (in millions)</i>		
	<i>Male</i>	<i>Female</i>	<i>Total</i>
Rural	125	69	195
Urban	32	7	39

5 'Investment in infrastructure contributes to the economic development of a country.' Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will be included in estimation of National Income of India? 3

- Purchase of a machine by a factory.
- Earnings of a self-employed doctor having a clinic at his own residence.
- Growing vegetables in a kitchen garden of the house.

Or

Estimate the value of Nominal Gross Domestic Product for a hypothetical economy, the value of Real Gross Domestic Product and Price Index are given as ₹200 crores and 110 (with base=100) respectively. 3

7 Study the following information and compare India and china's sectoral composition towards GDP in 2003'

India and china's sectoral composition towards GDP in 2003

	<i>India</i>	<i>China</i>
Agriculture	23	15
Industry	26	53
Service	51	32
Total	100	100

3

Read the following text carefully and answer question number 8 and 9 given below:

Pakistan-China Bilateral Trade: 2010-14

The gradual upward increase of bilateral trade that started in 2004 continued with US\$ 9.2 Billion in 2010 to US\$ 17 billion by the year 2014. Pakistani exports increased from US\$ 1.5 billion in 2010 to US\$ 2.5 billion by the end of 2014. In contrast, Chinese exports to Pakistan spiked due to massive exports of Chinese traders from 7.6 billion to 14.5 billion. That caused a trade deficit of US\$ 12 billion which needs to be addressed for a balance. Foreign Trade Agreement (FTA) largely benefitted Chinese traders and Pakistani traders could not take the full benefit of FTA. Pakistani traders

could only utilize 3.3% of concessional tariffs agreed by China. China benefitted more from tariff concessions than Pakistan and the former became one of the largest exporters to Pakistan.

Chinese market was less accessible for Pakistani traders because China had already given tariff concessions to other several countries. It was also due to the absence of Pakistani businessmen in the negotiation. This consideration also be kept in attention. China, eventually, became a single largest importer and exporter of Pakistan and its significance became more important due to its status as a biggest non-energy import market of Pakistan. In the same way, China became the largest market for Pakistan's exports. (IMF, Direction of Trade Statistics, 2015, 2016) There are some causes that Pakistani trader could not get benefit from FTA properly.

Export of intermediate products and raw materials such as yarn, cotton, woven fabrics and grey fabric. Lack of export of value added products. On the other hand major products that Pakistan imports from China were, chemicals, synthetic textile fiber, machinery and its parts.

To improve the situation in Pakistan's favor, a round of negotiation was held in the Capital city Islamabad in 2016 but no agreement was concluded due to divergences on the issues. The trade deficit between 2010 and 2014 doubled from US\$ 6 billion to US\$ 12 billion. It was Pakistan's biggest trade deficit with any state. Consequently, Pakistan is remained reluctant to initiate the second phase of FTA, in which the market will transfer to 90% concessions. To cater the fears, Chinese traders will not be allowed for further concessions by the Commerce Ministry of Pakistan. The latter will be dealt at par with the Pakistani exporters while giving concessions to them at the CPEC industrial zone,

It is a need that Pakistan looks into overall global exports, capacity-building of its business class, up-gradation of technology, and duty draw-backs to improve its exports and reduce trade –deficit.

- 8 Outline and discuss any two economic advantages of Foreign Trade Agreement accruing to the economy of China. **3**
- 9 Analyse the implication of FTA on Pakistan vis-à-vis the Chinese economy. **3**
- 10 'GDP as an index of Welfare may understate or overstate welfare '. Explain the statement using examples of Non-monetary exchanges. **3**
- 11 'Monetary measures offer a valid solution to the problem of Deflationary gap in an economy'. State and discuss any two monetary measures to justify the given statement. **5**
- 12 a) From the following data calculate gross value added of factor cost:

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Units of output gold (units)	1500
ii)	Price per unit of output (Rs.)	30
iii)	Depreciation (Rs.)	1200
iv)	Intermediate cost (Rs.)	10000

v)	Closing stock (Rs.)	4000
vi)	Opening stock (Rs.)	3000
vii)	Excise (Rs.)	2800
viii)	Sales Tax	3500

3

b) Distinguish between 'Domestic Income' and 'National Income'.

Or

a) Given the following data, find Net National product at Market price.

	Items	(₹ in crore)
i)	Mixed Income of self employed	8600
ii)	Depreciation	500
iii)	Profit	1200
iv)	Rent	500
v)	Interest	800
vi)	Compensation of employees	4000
vii)	Net indirect tax	600
viii)	Net factor income to abroad	90
ix)	Net exports	(-)70
x)	Net current transfer to abroad	40

b) State any two methods of measuring National Income.

2

13 a) 'India's environmental problems poses a dichotomy, they are poverty induced and at the same time, due to affluence in living standards.' Is it true, do you agree with the given statement. Highlight any two adverse environment consequences of development in India.

b) 'Formal workers enjoy social security benefits and earn more than those in the informal sector'. Do you agree with the given statement? Discuss any two disadvantages of working in unorganized sector in the light of the above statement.

RKG SAMPLE QUESTION PAPER – 8

ECONOMICS (030)

Class XII (TERM II) 2021-22

MM: 40

Time: 2 Hours

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Q.No.	QUESTIONS	MARKS
1	Distinguish between Leakages and Injections.	2
	Or	
	Distinguish between Distributed profits and Undistributed Profits.	2
2	Calculate Marginal Propensity to Consume from the following data about an economy which is in equilibrium National Income = ₹2000 Autonomous Consumption Expenditure = ₹150 Investment Expenditure = ₹80	2
	Or	
	Calculate equilibrium level of national income for a hypothetical economy. a) $C = 100 + 0.75Y$ b) Investment expenditure = ₹6,000 crores.	2
3	“Multiplier works in the forward direction as well as in the backward direction”. Justify the given statement.	2
4	State and discuss any two Important points about health and health infrastructure.	2
	Or	
	Compare and analyze the ‘Rural Worker Population Ratio’ for the year 1972-73 in Rural and Urban areas based on following information:	

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

5 'Infrastructure contributes to the economic development of a country.' Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will be included or not in estimation of National Income of India.

- Expenditure on education of children by a family.
- Payment of electricity bill by a school.
- Payment of interest on borrowings by general government.

Or

Estimate the value of GDP deflator for a hypothetical economy, when the value of Real GDP is one fifth of Nominal GDP 3

7 Study the following information and compare the Economies of India and Pakistan on the grounds of 'Agricultural share of GDP and employment

Sectoral Share of Employment and GVA (%) in 2018–2019

Sector	Contribution to GVA			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	100	100	100	100	100	100

Source: Human Development Report 2019 ; Key Indicators of Asia and Pacific 2019.

Read the following text carefully and answer question number 8 and 9 given below :

India-China Trade Relations

During the first decade of 21st century, the presence of Chinese products in Indian market has grown profoundly and exponentially. During 2001-2016, India's imports from China jumped to a whopping 33 times, from USD 1.83 billion to USD 60.48 billion. Astoundingly, India's trade deficit with China expanded 57 times during the same period. India's trade deficit with China narrowed marginally to USD 51.57 billion in 2016-17 from USD 52.69 billion in 2015-16. However, the magnitude of trade deficit is exorbitant. In 2016, India was the 7th

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largest export destination for Chinese products, and the 27th largest exporter to China. India - China trade in the first four months of 2017 increased by 19.92% year-on-year to USD 26.02 billion. India's exports to China increased by 45.29% year-on-year to USD 5.57 billion while India's imports from China saw a year-on-year growth of 14.48% to USD 20.45 billion. The Indian trade deficit with China has further increased by 6.07% year-on-year to USD 14.883 billion during the same period. With industrialization gaining pace, India's import pattern with China has shifted dramatically from intermediate goods to capital goods. India's import share of capital goods from China jumped from 47% in 2011 to 57% in 2016 whereas share of intermediate goods fell from 37% to 29% during the same period. China has been able to enhance its footprint in India to a greater extent. The intensity of Chinese products in Indian market has been continuously rising since 2009. Conversely, Indian products have a weak intensity in China's market and have been consistently falling over the years.

On the diversification front, China's basket of exports to India is highly concentrated and intensive towards fewer selected products. This enhances the situation of high volatility due to higher reliance on fewer products.

Total FDI inflows from China to India between April 2000 and September 2017 stood at USD 1.738 billion wherein China's share was roughly 0.49% which rightfully indicates that China is not a significant and substantial investor in India as compared to Singapore, Mauritius and Switzerland.

Conversely, in recent years, China has invested heavily in billions of dollars in various countries.

Unlike trade, levels of investment between China and India remain relatively low. Though an estimated 100 companies from each country have offices in the other, cumulative bilateral FDI is less than USD 500 million. Cross-border investment remains low because Chinese and Indian companies are still in the early stages of learning how to operate and succeed in each other's economies.

Due to cheap labour and economies of scale, china offers low-priced imports such as textiles and clothing, electronic devices, machinery, etc. Further, exploiting the huge Indian market to dump their products and indirectly killing Indian units. Chinese products are affecting our

manufacturing units and many of them have had to shut their shops. There are so many Chinese toys in the market that Indian toy industry is finding very hard to survive. In the last 5 years, many of the Indian toy companies have been shut down. Going ahead, with the shift in taste and preferences for Chinese products coupled with growing and competitive Indian production capabilities and shift in the consumption patterns of Indian consumers, the fame of Chinese products in Indian market will further witness a decline in the coming years.

- 8 Outline and discuss trade with China exploited Indian Market. 3
- 9 Analyse how Indian Industrialization and diversification impacted India - China trade . 3
- 10 Explain how increase in inequalities in distribution of income affect the welfare of society. 3
- 11 'Decrease in money supply leads to the situation of deficient demand, money supply in the economy can be easily regulated by central bank.'
State and discuss any two measures taken by central bank to ensure the easy availability of credit to justify the given statement. 5
- 12 a) From the following data calculate the value of Domestic Income:

Net current transfers from the rest of the world	20
Private final consumption expenditure	550
National debt interest	18
Net exports	-33
Current transfers from the government	15
Net domestic product at factor cost accruing to the government	30
Government final consumption expenditure	150
Net indirect tax	35

Net domestic capital formation	78
Net factor income from abroad	15

3

b)

Distinguish between 'Current transfers' and 'capital transfers'.

2

Or

a) Given the following data, calculate net value added at the market price of a firm

2

Items	Amount
Sale	500
Change in stock	-25.0
Depreciation	35
Net indirect taxes	40
Purchase of machinery	200
Purchase of an intermediate product	350

b) State any two components of Gross Domestic capital Formation.

13 a) 'Environmental degradation has become a "common concern" for humankind over the past few decades. The distinctive nature of the present environmental problems is that they are caused more by anthropogenic than natural phenomena.'

2

In the light of the above statement, discuss any Causes of environmental degradation

b) 'In recent times the Indian Economy has experienced the problem of Casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19.'

3

Do you agree with the given statement? Discuss any two reasons for casualisation of the workforce in the light of the above statement.

RKG SAMPLE QUESTION PAPER – 9

ECONOMICS (030)

Class XII (TERM II) 2021-22

MM: 40

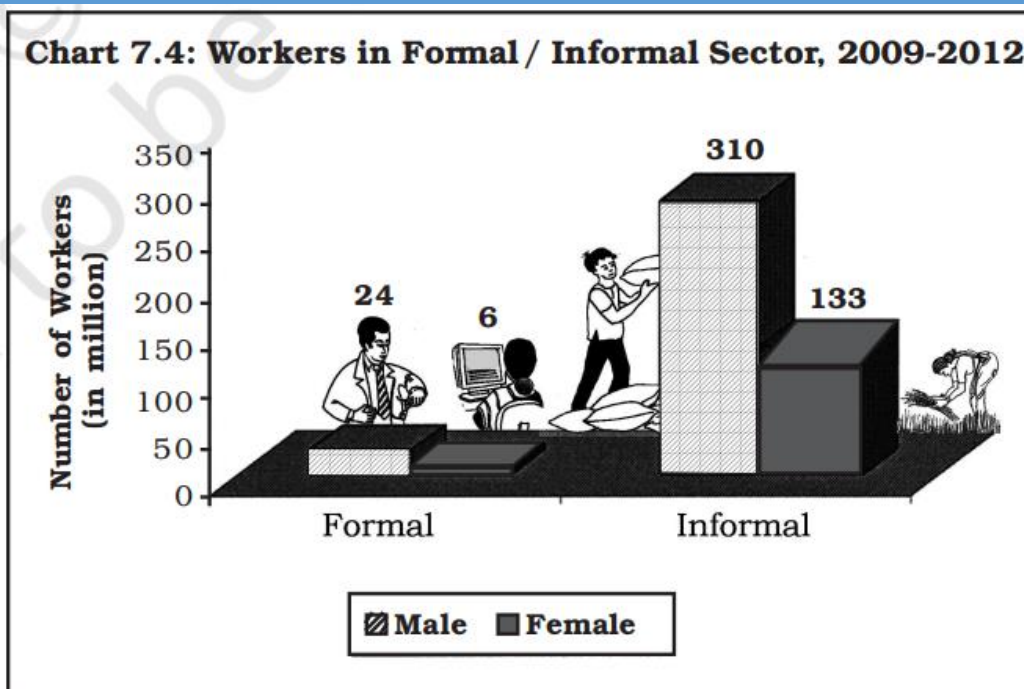
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- 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
- 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	Distinguish between Gross investment and Net investment.	2
	Or	
	Distinguish between Profit and Mixed Income.	2
2	Calculate Autonomous Consumption for a hypothetical economy, for which it is given that: National Income (Y) = Rs 1,200 Investment Expenditure (I) = Rs 100, Marginal Propensity to Save (MPS) = 0.20	2
	Or	
	Calculate MPS for a hypothetical economy. Given that: a) Investment increases by ₹1,000 lakhs to ₹1,200 lakhs b) Total income raises by ₹800 lakhs.	2
3	“Personal savings can be detrimental to overall economic growth”. Justify the given statement.	2
4	State any two measures to meet power crisis.	2
	Or	
	Compare and analyze the ‘Worker Population Ratio’ in formal and informal sector based on following information:	

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- 5 'The rates of consumption of energy and economic growth are connected with each other ' 2
Justify the given statement with a valid argument.
- 6 Giving valid reasons explain which of the following will be included in estimation of National Income of India? 3
- Interest on a car loan paid by an individual.
 - Interest on a car loan paid by a government owned company.
 - Pension paid after retirement.

Or

Estimate the value of Price Index for a hypothetical economy, where the Nominal Gross Domestic Product is thrice of Real Gross Domestic Product = ₹240 crores. 3

- 7 Study the following information and compare the Economies of India, China and Pakistan on the grounds of 'Secondary sector share of GDP and employment'

Sectoral Share of Employment and GVA (%) in 2018–2019

Sector	Contribution to GVA			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	100	100	100	100	100	100

Source: Human Development Report 2019 ; Key Indicators of Asia and Pacific 2019.

3

Read the following text carefully and answer question number 8 and 9 given below:

Given their tumultuous relationship, trade between the neighbours has always been linked to politics. So, India's exports to Pakistan fell around 16 per cent to \$1.82 billion in 2016-17 from \$2.17 billion in 2015-16 after relations deteriorated in the aftermath of the Uri terror attack and the Indian Army's surgical strikes on militant launchpads in Pakistan-occupied Kashmir in 2016. Despite continuing tensions, trade between the two countries grew marginally in subsequent years; Indian exports rose nearly 6 per cent to \$1.92 billion in 2017-18, and then by around 7 per cent to \$2.07 billion in 2018-19. Imports from Pakistan, though much less in volume, also increased by 7.5 per cent to \$488.56 million in 2017-18 from \$454.49 million in 2016-17. India's major imports from Pakistan in 2018-19 were mineral fuels and oils (\$131.29 million), edible fruits and nuts (\$103.27 million), salt, sulphur, stone and plastering materials (\$92.84 million), ores, slag and ash (\$17.18 million) and raw hides and leather (\$16.27 million).

The country imported these products in substantially higher volumes from other countries – \$25.51 billion worth of mineral fuels and oils from Saudi Arabia; \$840.80 million in edible fruits and nuts from the US; \$566.52 million in salt, sulphur and plastering materials from the UAE; \$862.00 million in ores, slag and ash from Chile; and \$83.36 million in raw hides, skin and leather from Italy. Growth of imports from Pakistan slowed to around \$494.87 million in 2018-19 — an increase of around 1 per cent — before political relations entered a deep freeze in 2019. Over the years, India has had a trade surplus with Pakistan, with much less imports than exports. Pakistan was among India's top 50 trade partners in 2018-19, but was pushed out of the list in 2019-20. Pakistan's decision to suspend bilateral trade with India in August 2019 was a fallout of the constitutional changes in Jammu and Kashmir, which Pakistan said were "illegal". However, an underlying reason for suspending trade was the 200 per cent tariff imposed by New Delhi on Pakistani imports earlier that year after India revoked Pakistan's Most Favoured Nation (MFN) status in the aftermath of the Pulwama terrorist attack. Trade between the two countries suffered greatly – India's exports to Pakistan dropped nearly 60.5 per cent to \$816.62 million, and its imports plummeting 97 per cent to \$13.97 million in 2019-20. The Pakistani decision to lift the ban on cotton imports comes in the backdrop of a

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shortage in raw material for Pakistan’s textile sector, which has reportedly suffered due to low domestic yields of cotton. Also, imports from countries like the US and Brazil are costlier and take longer to arrive.

- 8 Outline and discuss any two reasons why Pakistan is lifting ban on Indian imports . **3**
- 9 Analyse the Indo- Pakistan trade relation before the ban on Imports . **3**
- 10 Explain how 'Increase in per capita income 'doesn't necessarily mean rise in the welfare of the people of the country. **3**
- 11 ‘Central government through its various policies can easily correct the situation of excess demand in the economy.’
State and discuss any two measures taken by central government to correct excess demand. **5**
- 12 a) From the following data calculate the value of Net National Product at Market Price **3**

(i)	Mixed income of self-employed	8,900
(ii)	Depreciation	200
(iii)	Profit	1,300
(iv)	Rent	680
(v)	Interest	730
(vi)	Compensation of employees	3,500
(vii)	Net indirect taxes	500
(viii)	Net factor income to abroad	60
(ix)	Net exports	(-) 50
(x)	Net current transfers to abroad	20

- b) Distinguish between ‘Nominal National Income and Real national income’. **2**

Or

a) Given the following data, find Net Value Added at Market price

	Items	(₹ in lakhs)
i)	Fixed capital good with a life span of 3 years	21
ii)	Raw material	8
iii)	Sales	36
iv)	Net change in stock	-5
v)	Taxes on production	1.5

3

b) State any two components of Two components of Operating surplus.

2

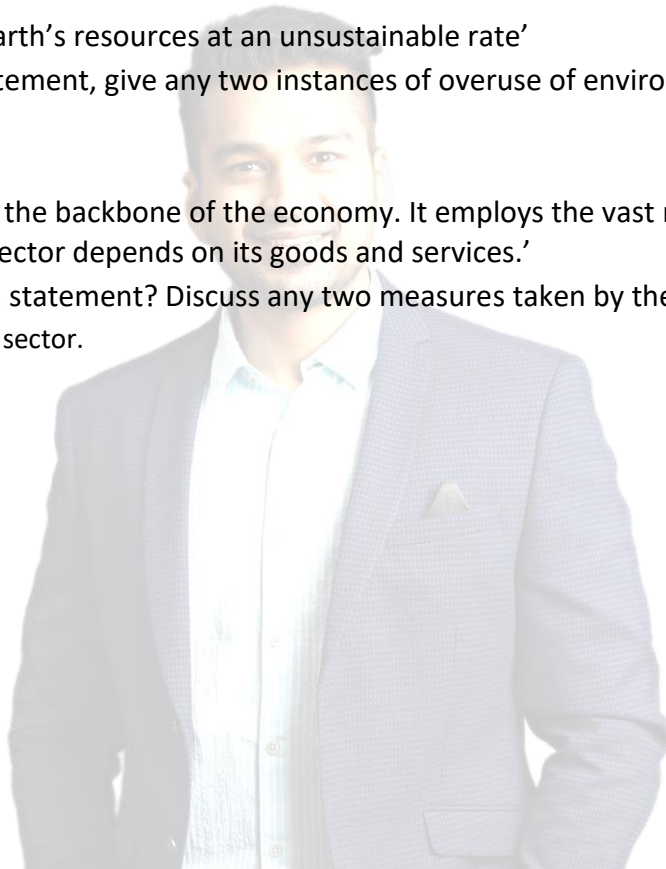
13 a) 'We're gobbling up the Earth's resources at an unsustainable rate' 2

In the light of the above statement, give any two instances of overuse of environmental resources.

b) 'India's informal sector is the backbone of the economy. It employs the vast majority of the workforce, and the formal sector depends on its goods and services.'

Do you agree with the given statement? Discuss any two measures taken by the Indian government to grow informal sector.

3



RKG SAMPLE QUESTION PAPER – 10
ECONOMICS (030)
Class XII (TERM II) 2021-22

MM: 40

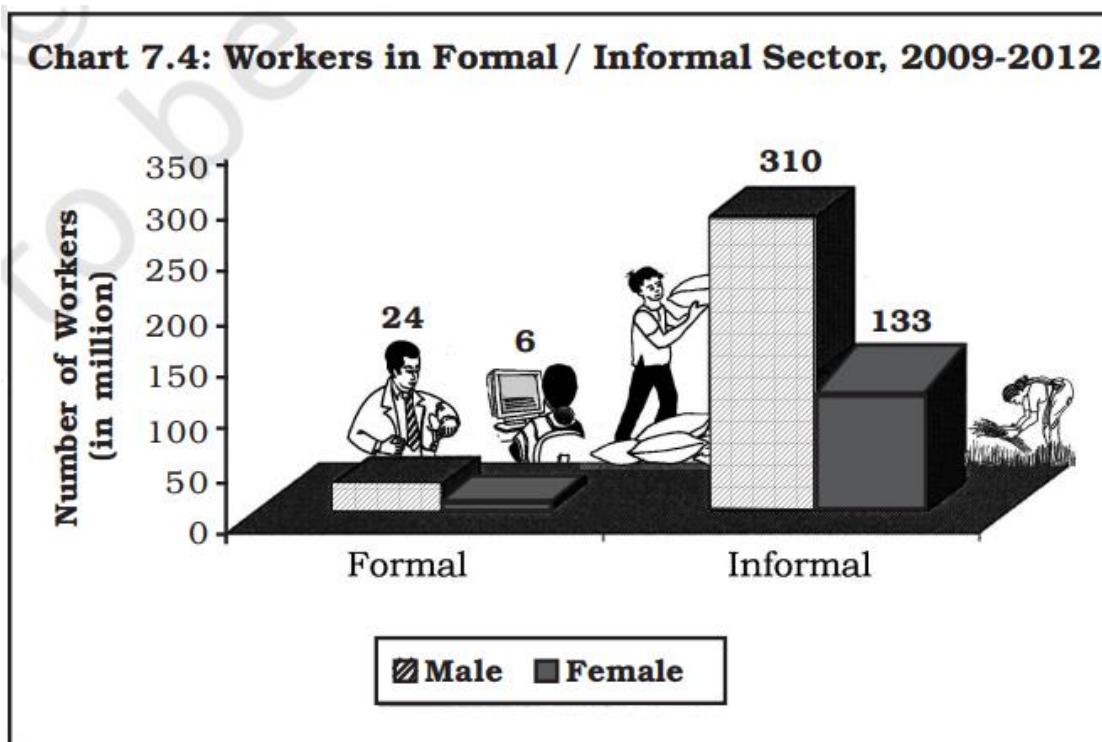
Time: 2 Hours

General Instructions:

- This is a Subjective Question Paper containing 13 questions.
- This paper contains 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
- 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
- 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
- 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
- This question paper contains Case/Source Based Questions.

Q.No.	QUESTIONS	MARKS
1	Distinguish between Final Goods and Intermediate Goods.	2
	Or	
	Distinguish between positive externalities and negative externalities.	2
2	In an economy 75 percent of the increase in income is spent on consumption. Investment is increased by Rs 1,000 crore. Calculate Total increase in income .	2
	Or	
	$C = 50 + 0.5Y$ is the consumption function of an economy, where C is consumption expenditure and Y is National Income and investment expenditure is Rs. 2000 in an economy. Calculate (i) Equilibrium level of National Income.	2
3	“Effective demand is referred to as the point of equilibrium where aggregate demand equals aggregate supply”. Justify the given statement.	2
4	State and discuss any two indicators of deficient health infrastructure.	2
	Or	
	Compare and analyze the ‘Worker Population Ratio on the basis of gender’ in formal and informal sector based on following information:	

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5 " Infrastructural requirements change with development level of countries.' Justify the given statement with a valid argument. 2

6 Giving valid reasons explain which of the following will be included in estimation of National Income of India? 3

- Payment of interest by a firm to a bank.
- Payment of interest by a bank to an individual.
- Payment of interest by an individual to a bank.

Or

Estimate the value of nominal GDP, when the product of Real GDP and price index is 30,000 for a hypothetical economy. 3

7 Study the following information and compare the Economies of India and Pakistan on The grounds of 'proportion of workforce engaged in service sector and its contribution to the GDP' 3

Sectoral Share of Employment and GVA (%) in 2018–2019

Sector	Contribution to GVA			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	100	100	100	100	100	100

Source: Human Development Report 2019 ; Key Indicators of Asia and Pacific 2019.

Read the following text carefully and answer question number 8 and 9 given below:

India-China economic ties: Impact of Galwan

In recent years, the India-China bilateral relationship has been characterised by historical animosities and border disputes. Nevertheless, the economic ties have grown since the early 2000s and have been at the forefront of this relationship. Trade and investment have provided a cushion to this otherwise tricky relationship. China forms an integral part of the global supply chain, and India too is heavily dependent on Chinese imports, ranging from a variety of raw materials to critical components. There has also been an effort to reduce India's dependence on Chinese goods. The Indian Railways, for instance, cancelled an INR 471 Crore deal with a Chinese firm. Similarly, state-owned telecom firm BSNL was instructed not to use gear from Chinese firm Huawei for a network upgrade. The government has mandated all products to have the Country of Origin tag for products on the Government e-Marketplace in an effort to identify Chinese-origin goods. In early July 2020, the Ministry of Power restricted power supply systems and networks import from China citing cyber and security threats, which constitute about 30% of the total imports from China. In the last 10 years, 12,540 MW out of 22,420 MW of the supercritical power plants were built using Chinese equipment. India also extended safeguard taxes on imports of solar cells and modules as well as imposed anti-dumping duty on several goods. In July, India placed colour television sets imports under the restricted category, thus requiring a licence to import; and air conditioners under the prohibited category. The effects of these moves cannot be measured immediately. But the Indian economy is deeply intertwined with Chinese exports. China's share in Indian imports for intermediate goods, capital goods, and final consumer goods is 12%, 30%, and 26%

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respectively. India depends on China in many key industries from electrical machinery and appliances to pharmaceutical drug API. In recent years, there have been certain mobile companies shifting their assembly lines to India, which is a step in the right direction but still, all the key high-end manufacturing components like the display, chipset, and memory are being imported from China. India has banned key imports in the electrical machinery sector citing the availability of technology in India but what needs to be seen is how competitive it is, quality and cost-wise.

Cost is a vital reason why Chinese products dominate markets across sectors. Products such as fertilisers are 76% cheaper, electronic circuits 23%, and data processing units around 10% cheaper if made in China. It will be hard to substitute or compete with those prices. Since the pandemic, there are calls to diversify the supply chain. The Indo-American Chamber of Commerce said that around 1,000 firms were planning to leave China but only 300 of them were serious about investing in India.

The current trade scenario suggests that the nationalistic notions of bringing China to its knees by boycotting Chinese goods has been a flop. The simple example that even a good as small as LEDs are still cheaper than Indian alternatives by almost 50% despite a 40% hike in prices of the Chinese goods is indicative of that. This indicates that India needs to undertake a series of reforms like land and labour reforms to foster growth and investment. India also needs to scale up domestic production in key sectors including electrical machinery and pharmaceuticals to replace those imports. Without any of these key reforms, the Prime Minister's call for 'Aatma Nirbhar Bharat' will remain a mere slogan as it currently appears to be now and that is why we see a booming trade relationship between India and China after the Galwan Valley incident and will continue to see a significant dependence on China for the foreseeable future.

- | | | |
|-----------|--|----------|
| 8 | Outline and discuss any two reasons for the setback of nationalistic notions of bringing China to its knees. | 3 |
| 9 | Analyse the implication of the Galwan Valley incident on Indo-China trade ties. | 3 |
| 10 | Explain how Ban on consumption of Cigarette impacts the GDP and welfare of the people. | 3 |

- 11 'Central banks can easily combat the situation of excess demand in the economy.'
State and discuss any two measures taken by central bank to correct excess demand. 5

- 12 a) From the following data calculate the value of Domestic Income 3

S.No.	Items	Amount (in ₹ Crores)
i)	Net current transfer from rest of world	10
ii)	Private final consumption expenditure	600
iii)	National debt interest	15
iv)	Net exports	-20
v)	Net domestic capital formation	70
vi)	Government final consumption expenditure	100
vii)	Net indirect tax	30
viii)	Net factor income from abroad	10

- b) Distinguish between Rent and Royalty . 2

Or

- a) Given the following data, find Intermediate consumption:

	Items	(₹ in lakh)
i)	Value of output	200
ii)	Net Value Added at Factor Cost	80
iii)	Sale tax	15
iv)	Subsidy	5
v)	Expenditure on the maintenance of existing capital stock	20

- b) State any two components of 'Net Factor Income from Abroad'. 2

- 13 a) "World is facing a natural resources crisis worse than financial crunch '
In the light of the above statement, suggest any two instances of misuse of environment resources. 2

b) 'Unemployment adversely affects the disposable income of families, erodes purchasing power, diminishes employee morale, and reduces an economy's output.'

Do you agree with the given statement? Discuss any two causes of unemployment in light of the above statement. 3

3	It happens because as an economy becomes richer, it has tendency to consume smaller percentage of each increment to it's income. Rich people spend a smaller proportion as they already enjoy a high standard of living.	2
4	<p>Two ways that will help in providing basic health facilities to all sections:</p> <p>a) All citizens can get better health facilities if Public Health Services are decentralised.</p> <p>b) Success in long term Battle against diseases depends on education and efficient health infrastructure. So, it is important to create awareness on health and hygiene and provide efficient systems.</p> <p style="text-align: center;">Or</p> <p>In urban areas regular salaried employees are comparatively high than employees in rural areas as the nature of work in urban areas is different. In rural areas majority of people depends on farming who owns plots of land and cultivate independently, so the share of self-employed is greater in rural areas than in urban areas.</p>	<p>1</p> <p>1</p> <p>2</p>
5	<p>The given statement is true; both economic and social infrastructure are crucial for the development of the country.</p> <ul style="list-style-type: none"> • Economic infrastructure Improves productivity levels in productive sectors such as agriculture and industry, by providing support services such as energy, transport, communication, etc. . • Social infrastructure improves human productivity and efficiency through facilities of education, health, housing, etc. Hence, both are supplementary and complementary to each other. 	2
6	<p>a. Yes, it will be included in the national income as they are a part of the factor income from abroad.</p> <p>b. No it will not be included in the national income as interest paid on the Loans taken for consumption purposes is not included.</p> <p>c. Yes it will be included as these are a part of the compensation given to employees for their productive services.</p> <p style="text-align: center;">Or</p>	<p>1 ½</p> <p>1 ½</p>

	<p>Nominal GDP = Real GDP × price index/ 100</p> <p>=700 ×200 / 100</p> <p>= ₹1400 crores</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 34% for Indonesia.</p> <p>Considering the vast geography of India this is a much lower proportion in comparison to Indonesia. If India wants to grow at a faster rate, she must concentrate on higher judicious investment on development of infrastructure.</p>	3
8	<p>Two economic implications on INDIA of moving away from Chinese supply chain. are:</p> <ol style="list-style-type: none"> Many leading Indian companies with a presence in China also find the Chinese market lucrative and will also be hard hit by restrictions. The government has been cautiously optimistic that the country’s economic recovery by mid-2021 may be faster than anticipated, even though a closer look at the performance of the economy over the last few years and especially during COVID19 does not indicate a recovery, at least until 2023. 	<p>1 ½</p> <p>1 ½</p>
9	<p>A relative shift from supply chains in China could help India access other markets and develop strengths in domestic manufacturing.</p> <p>The reinvention of the ‘Make in India’ initiative as ‘Atmanirbhar Bharat Abhiyan’ could also provide the much needed financial and regulatory support that strategic sectors in the domestic economy need to grow</p> <p>India needs to develop policy and diplomatic processes to constrain negative strategic fallouts without bucking the trend of China’s economic trajectory.</p>	3
10	<p>If the rise in Gross domestic product is due to rise in prices and not due to increase in physical output, then it will not be a reliable index of economic welfare.</p>	3
11	<p>Expenditure policy of the Government- Decrease in government spending will reduce the level of aggregate demand in the economy and helps to correct inflationary pressure in the economy.</p> <p>Revenue policy of the government- Increase in taxes or introducing new taxes leads to decrease in the level of the aggregate expenditure in the economy and helps to control the situation of excess demand which corrects inflationary pressures in the economy</p>	<p>2 ½</p> <p>2 ½</p>

3	Over full employment equilibrium signifies that planned expenditure is equal to planned output at a level higher than full employment. However ,in reality, actual output cannot increase beyond this level as economy is already at full employment and there is no idle capacity so any increase in AD beyond the full employment output, will lead to increase in general price level (i.e. inflation)and there will be no real increase in output.	2
4	<p>India's health infrastructure and health care is made up of three tier system Primary secondary and tertiary</p> <p>1- Primary Health Care:- Primary Health Care includes education concerning problems and methods of identifying preventing and controlling them.</p> <p>2- Secondary Health Care:- Hospitals which have better facilities for surgery, electrocardiogram (ECG) are called secondary Health Care institutions</p> <p>3- Tertiary healthcare :- Hospitals which have advanced level equipment and medicine and undertake all the complicated health problems which could not be managed by primary and secondary comes under the tertiary healthcare.</p> <p style="text-align: center;">Or</p> <p>In case of urban areas , primary sector has the least share with 6.6%.so activities like agriculture or mining are not the major sources of employment in urban areas whereas in rural areas 59.8% of the workforce are engaged in primary sector (agriculture and mining and quarrying).</p>	<p>1</p> <p>1</p> <p>2</p>
5	The given statement is correct infrastructure helps in generating employment .Many people get employment in infrastructural projects like construction and maintenance of roads Railways electricity plants etc. Many more are able to find employment in industry and trade after the development of strong infrastructure..	2
6	<p>a. Payment of interest by bank to an individual is a factor payment, therefore included in national income</p> <p>b. It is included because it is factor income earned by broker for rendering his service.</p> <p>c. No it is not included as it is a merely financial transaction which does not help in production.</p> <p style="text-align: center;">OR</p> <p>GDP Deflator (price index) = $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$</p> <p style="text-align: center;">= $\frac{3}{4} \times 100$</p> <p style="text-align: center;">= ₹75</p>	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>1</p>

7	<p>'Investment in infrastruc 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.</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>CPEC will create a new channel for the flow of goods (and eventually people) in both directions between the Middle East and China, it will increase their economic and geopolitical interdependence. By facilitating this China-Middle East connectivity, CPEC will strengthen China's position relative to other industrial nations in the Middle Eastern economies.</p>	<p>1 ½</p> <p>1 ½</p>
9	<p>The global significance of CPEC is rooted in the construction of highways, railroads, and pipelines that will connect Pakistan's Gwadar port (on the Arabian Sea) with the city of Kashgar in western China. This transportation corridor will substantially increase the capacity for bilateral trade and investment between China and the Middle East.</p> <p>The cost of transporting these energy products to China's western regions through CPEC will be smaller than using the current sea route through the Indian Ocean to the east coast of China, followed by a ground transfer (by pipe and railway) to the western regions.</p>	3
10	<p>GDP does not consider the changes in the population of a country. If rate of population growth is higher than the rate of growth of GDP, then it will decrease the per capita availability of goods and services, which will adversely affect the economic welfare.</p>	3

11	<p>Two qualitative measures which may be used to solve the problem of deflation are:</p> <p>a) Decrease in margin requirement: Margin requirement refers to difference between market value of security offered and the value of amount lent. During deficient demand, Central Bank reduces the margin, which enhances the credit creating power of banks. With the decrease in margin, commercial banks can grant more loans than before, against the same amount of security. It encourages the borrowers to borrow more money and raises the level of aggregate demand.</p> <p>b) Selective credit controls: - It refers to a method in which central bank gives direction to other banks to give or not to give credit for certain purposes to particular sector . During deficient demand, the central bank withdraws rationing of credit and make efforts to encourage credit.</p>	<p>2 ½</p> <p>2 ½</p>
12	<p>a) GDP@MP = (ii)+(i)+(iii)+(iv) = ₹4800+₹7000+₹1500+₹400 =₹ 13700 crore</p> <p>b) Intermediate consumption refers to the expenditure incurred by a production unit on purchasing those goods and services from other production units which are meant for resale or using up completely during the same year whereas Final consumption refers to the expenditure on goods and services meant for final consumption and investment.</p> <p>. Or</p> <p>a) Net Value Added at Factor Cost (NVA @ FC) = (ii)+(v)-(vi)-(vii)-(iii)+ (i) = ₹1200+₹60-₹90-₹700 - ₹60 +₹70 = ₹480crore</p> <p>b) i)- Indirect taxes refers to those taxes which are imposed by the government on production and sale of goods and services for example - Goods and services tax</p> <p>ii)- Subsidies are the 'economic assistance' given by the government to the firms and households with a motive of general welfare. In India LPG cylinder is sold at subsidized rate.</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>1</p> <p>2</p>
13	<p>a) i) Promotion of public transport like use of Delhi metro instead of private vehicles. Steps should be taken for effective traffic planning and management.</p> <p>ii) Promotion of cleaner fuels in vehicles, like use of CNG instead of petrol and diesel.</p>	2

b)-

Reform of educational system:- The present system of educational system should be made more vocational and work oriented . Education facilities should be more diversified and a sustained programme of training is necessary, to develop skills among among the educated unemployed through special training or apprenticeship courses.

Manpower planning :- The future requirements of educated man power should be forecasted and accordingly, intake in two different professional courses should be determined . As a result excess manpower in market of educated labour will be eliminated

3



RKG SAMPLE QUESTION PAPER – 3

ECONOMICS (030)

Class XII (TERM II) 2021-22

MARKING SCHEME

Q.No.	ANSWERS	MARKS
1	<p>Consumption goods refers to those goods which satisfy human wants directly Whereas capital goods are those final goods which help in production of other goods and services.</p> <p style="text-align: center;">Or</p> <p>Net exports refers to difference between exports and imports of goods and services</p> <p>Whereas Net factor income from abroad refers to difference between factor income received from abroad and factor income paid abroad.</p>	<p style="text-align: right;">2</p> <p style="text-align: right;">2</p>
2	<p>We know that at break-even level of income . Putting $Y=C$ in the consumption function ($C = 60 + 0.8Y$), we get : $Y= 60 + 0.8Y$ $Y-0.8Y = 60$ $0.2Y= 60$ $Y = 300$ $Y=$ Break-even level of income = 300</p> <p style="text-align: center;">Or</p> <p>$MPC = 1/3$ MPS We know : $MPC + MPS = 1$ Putting value of MPC from (1) in (2) , we get : $\frac{1}{3}MPS + MPS = 1$ $MPS = \frac{3}{4} = 0.75$ $MPC = \frac{1}{3} \times 0.75 = 0.25$</p> <p>Consumption function is given as : $C = c + b(Y)$ Autonomous consumption (c) = 50 crores and b or $MPC = 0.25$ Putting the value of b and c in the consumption function, we get : $C= 50 + 0.25 (Y)$</p>	<p style="text-align: right;">$\frac{1}{2}$</p> <p style="text-align: right;">$\frac{1}{2}$</p> <p style="text-align: right;">$\frac{1}{2}$</p> <p style="text-align: right;">$\frac{1}{2}$</p> <p style="text-align: right;">$\frac{1}{2}$</p> <p style="text-align: right;">$\frac{1}{2}$</p>
3	<p>Since the sum of MPC and MPS is unity , any increase in marginal propensity to save (MPS) would directly lead to decrease in Marginal propensity to consume (MPC). This means that lesser proportion of additional income is going to consumption, which is vital factor of aggregate demand / expenditure. This may further lead to fall in equilibrium level of income in the income..</p>	<p style="text-align: right;">2</p>

4	<p>a) People living in rural areas do not have sufficient health infrastructure. This had led to differences in the health status of people. 70% of India’s population live in rural areas, but only 20% of total hospitals and 50% of total dispensaries are located in rural areas.</p> <p>b) The PHCs located in rural areas do not even offer X-ray or blood testing facilities, which constituted basic healthcare.</p> <p style="text-align: center;">Or</p> <p>Though both men and women workers are concentrated in the primary sector, women workers ‘concentration is very high there. About 57 per cent of the female workforce is employed in the primary sector whereas less than half of males work in that sector.</p>	<p>1</p> <p>1</p> <p>2</p>
5	<p>The given statement is true; Being a tropical country, India has unlimited potential for renewable energy sources (solar energy , wind energy, geothermal energy, bio-gas and tidal power). These sources do not rely on fossil fuel and avoid carbon emissions and provide additional supply of electricity.</p> <p>India is facing serious power crisis as power generation is still insufficient in comparison to it's requirement. Greater reliance on such renewable energy resources offers enormous economic, social and environmental benefits and helps to fight with power crisis.</p>	2
6	<p>Following will not be included in estimation of National Income of India:</p> <p>a. Yes it will be included in domestic income of India. As Indian Embassy is a part of domestic territory of India.</p> <p>b. No it would not be included in Domestic income of India as it is a current transfer from abroad . Transfer payment does not lead to value addition. Hence not included.</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> $\text{Real GDP} = \frac{\text{Nominal GDP}}{\text{PRICE INDEX}} \times 100$ $\text{Real GDP} = \frac{4}{5} \times 100$ <p>Real GDP = Rs. 80 crores</p>	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>1</p>

7	Considering the vast geography of India , a small country in our neighbourhood, Sri Lanka, is much ahead of India in every respect and a big country like ours has such a low rank in the world. If India wants to grow at a faster rate, she must concentrate on higher judicious investment on development of infrastructure.	3
8	Anti-India sentiment runs deep in Pakistan, but experts say it does not help the struggling Pakistani economy. Pakistan halted trade and diplomatic ties with India in 2019 after New Delhi imposed direct rule on the part of Kashmir it administers and imposed strict security controls there in anticipation of unrest at the decision. Cutting off such relations has been far from being practical as it puts a tremendous burden on the economically struggling Pakistan. Goods from India are always cheaper than from anywhere else.	1 ½ 1 ½
9	Even limited trade with India will certainly help Pakistan's sluggish economy. By resuming economic ties, for instance, Pakistan can benefit from India-produced COVID vaccines, which are relatively cheaper but effective in the fight against the pandemic. Opening up trade with India in specific commodities, like some food items and cotton, can help control food inflation pressures. Pakistan halted trade and diplomatic ties with India in 2019 after New Delhi imposed direct rule on the part of Kashmir it administers and imposed strict security controls there in anticipation of unrest at the decision.	3
10	It is possible that with rise in GDP, inequalities in the distribution of income may also increase, i.e. the gap between rich and poor increases. GDP does not take into account changes in inequalities in the distribution of income. So, Welfare of the people may not rise as much as the rise in GDP. —	3
11	a) PUBLICLY BORROWINGS:- Government borrows money from public in the form of public deposits. During excess demand, government borrows money from the public to withdraw excess money held by them. It helps to reduce the money supply in the economy and, ultimately, aggregates demand falls and corrects the inflationary pressure in the economy. b) DEFICIT FINANCING :- Deficit financing, i.e. Printing of currency increases the supply of money in the economy. During excess demand, government avoids deficit financing to prevent increase of money supply..	2 ½ 2 ½

<p>12</p>	<p>a) National Income = (ii)+(iv)+(vi)+(viii)-(iii)+(v) = ₹ 480+₹ 300+₹ 90+₹ 50-₹ 70+ (-)30 = ₹ 820 crore</p> <p>b) According to Final output method method value of only final goods should be added to determine the national income. According to Value added method method sum total of the value added by each producing unit should be added in the national income.</p> <p>Or</p> <p>a) Net Value Added at Factor Cost (NVA @ FC) = (i)+(iii)-(ii)-(iv)-(vi)- (viii – ix) = ₹1800+₹180-₹80 -₹400-₹90-₹90 +₹50 = ₹1,370 crore</p> <p>b) Component of factor income are:</p> <p>i. Compensation of employees:- COE refers to amount paid to employees by employer for rendering productive services. It includes all the payments and benefits, which the employer receive, directly or indirectly, from the employer.</p> <p>ii. Interest:- Interest refers to amount received for lending funds to a productive unit.</p>	<p>1 1 1 1 1 1 1 1 2</p>
<p>13</p>	<p>a) i) Due to affluent consumption and production standards of the developed World, the wastes generated are beyond the absorptive capacity of the environment.</p> <p>ii) The expenditure on health is also rising. Global environmental issues such as global warming and ozone depletion also contribute to the increased financial commitments for the government.</p> <p>b)</p> <p>1- Reports of census of India - Population census collects information on the economic activities of people.</p> <p>2- National sample survey organisation :- The NSSO collects data through sample surveys and gives annual estimate of employment and unemployment.</p>	<p>2 3</p>

RKG SAMPLE QUESTION PAPER – 4

ECONOMICS (030)

Class XII (TERM II) 2021-22

MARKING SCHEME

Q.No.	ANSWERS	MARKS
1	<p>Depreciation refers to fall in the value of fixed assets due to normal wear and Tear passage of time or expected obsolescence whereas capital loss refers to loss in value of the fixed due to unforeseen obsolescence, natural calamities, thefts accidents,etc.</p> <p style="text-align: center;">Or</p> <p>Gross investment is addition to the stock of capital before making allowance for depreciation</p> <p>whereas</p> <p>The actual addition made to the capital stock of the economy in a given period is termed as Net investment.</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p>
2	<p>$C = 100 + 0.6Y$ So, $MPC = 0.6$ $MPS = 1 - MPC = 1 - 0.6 = 0.4$ $S = -C + (1 - b)Y$ $= -100 + 0.4Y$</p> <p style="text-align: center;">Or</p> <p>Multiplier (k) = $\frac{\text{Change in Income}}{\text{Change in Investment}} = \frac{1}{1 - MPC}$ $= \frac{1}{1 - 0.75} = \frac{1}{0.25} = 4$</p> <p>$4 = \frac{\text{Change in Income}}{\text{Change in Investment}}$</p> <p>$4 = \frac{\text{Change in Income}}{125.00} = 500$</p> <p>Change in Income = Rs. 500 crores</p>	<p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p>

3	<p>Higher the MPC, more will be the value of multiplier, and vice versa.</p> <p>The concept of multiplier is based on the fact that one person's expenditure is another person's income. When investment is increased, it also increases the income of the people, people spend a part of this increased income on consumption. However, the amount of increased income spent on consumption depends on the value of MPC . Thus, the value of multiplier depends upon the MPC.</p>	2
4	<p>a) India has its own well developed alternative system of healthcare, namely AYUSH , consisting of six systems – Ayurveda , Yoga , Unani , Sidha , Naturopathy and Homeopathy, ISM has huge potential and can solve a large part of our health care problems because they are effective, safe and inexpensive.</p> <p style="text-align: center;">Or</p> <p>a) In 1972-73, out of total workforce of 234 million, 195 million was in rural areas and 39 million in urban areas. It shows 83% workforce lived in rural areas. Gender differences were also observed. In rural areas, males accounted for 125 million workforce and women 70 million of workforce. In urban areas, 32 million males formed the workforce whereas women workforce was only 7 million. In the country only 77 million female workers were there as compared to 157 million male workers. In other words, 32% of female workers were there and 68% male workers were there in the country in 1972-73. The data shows: (a) pre dominance of agriculture. (b) more male workers both in urban and rural areas. (c) less female workers in both rural and urban areas. Also, female workers were much lesser in urban areas.</p>	1 1 2
5	<p>a) Use of Renewable:- uses of Renewable Sources ensures additional supply of electricity India is the world 5th largest producer of wind power. b) Control of transmission and distribution losses :- To solve the power crisis, serious steps are being taken to control transmission and distribution losses</p>	2
6	<p>a. It will not be included in the Domestic Income as Tata Industries is located outside the domestic territory of India. However, it will be included in the national income as it is a part of factor income from abroad.</p> <p>b. It will be included in the Domestic Income as retained earnings have accrued within the domestic territory of India.</p> <p>c. It will be included in the Domestic Income as profits are earned within the domestic territory of India..</p>	1 1 1

	<p style="text-align: center;">Or</p> $\text{Nominal GDP} = \frac{\text{Real GDP} \times \text{Price index}}{100}$ $\text{Nominal GDP} = \frac{34000}{100} = 340$	<p style="text-align: right;">1 ½</p> <p style="text-align: right;">1 ½</p>
7	<p>Life Expectancy at birth denotes, as the name suggests, average expected length of life of a person at the time of birth.</p> <p>Per capita income is a measure of the amount of money earned per person in a nation or geographic region.</p> <p>According to the given data Nepal and Bangladesh have low per capita income than that of India, yet they are better than India in life expectancy.</p> <p>.If India wants to grow at a faster rate, she must concentrate on higher judicious investment on development of health infrastructure.</p>	3
8	<p>i. A trade ban between the countries would affect Pakistan more, since it relied heavily on India for key raw materials for its textiles and pharmaceuticals industries</p> <p>ii. Imports from countries like the US and Brazil are costlier than that of India.</p>	1 ½
		1 ½
9	<p>The Pakistani decision to lift the ban on cotton imports comes in the backdrop of a shortage in raw material for Pakistan's textile sector, which has reportedly suffered due to low domestic yields of cotton. Also, imports from countries like the US and Brazil are costlier and take longer to arrive. Pakistan has so far imported around \$67.26 million worth of drug products, and over \$115 million worth of organic chemicals to ensure sufficient supplies of medicines during the Covid-19 pandemic.</p>	3

10	<p>Green GNP measures national income or output adjusted for the depletion of natural resources and degradation of the environment. It will help to attain a sustainable use of natural environment and equitable distribution of benefits of developments. A larger number signifies greater sustainability. Hence it reflects some index of economic welfare and greater sustainability.</p>	3
11	<p>1) Increase in government spending: - Government incurs expenditure on infrastructural and administrative activities. During deficient demand, the government should increase expenditure on public works like construction of roads, flyovers, buildings, etc with a view to provide additional income to people. This will increase the aggregate demand and will help to correct the situation of deficient demand.</p> <p>2) Decrease in Taxes: - During deficient demand government reduces the rates of taxes and even abolishes some of the Taxes. It raises the purchasing power of people. Due to increase in disposable income, people are able to spend more on consumption and investment. It raises the level of aggregate demand and helps to control the situation of deficient demand.</p>	2 ½ 2 ½
12	<p>a) National Income $= (i) + (ii) + (iii) + (iv) + (vi) + (v)$ $= ₹80 + ₹50 + ₹40 + ₹6 + ₹700 + (-₹4)$ $= ₹872$ crore</p> <p>b) The need for estimating National Income at constant prices arises because national income at current prices may give a misleading picture of economic performance if the prices are continuously rising or falling. With high rate of inflation in India nominal income may create a false sense of economic growth..</p> <p>Or</p> <p>a) Net Value Added at Factor Cost (NVA @ MP) $= (i) + (ii - iii) - (vi) - (v)$ $= ₹100 + (₹30 - ₹25) - ₹45 - ₹25$ $= ₹35$ crore</p> <p>b)</p> <p>Private final consumption expenditure :- It refers to expenditure incurred by households and private non-profit institutions serving households on all types of consumer goods i.e. durable , non-durable goods and services .</p> <p>Government final consumption expenditure:- It refers to expenditure incurred by general government on various administrative Services like defense law and order education etc.</p>	1 1 1 1 1 1 1 1 2

13	<p>a) Deforestation is rising at such a rapid skill that it has totally disturbed the ecological balance of the environment. There are very serious and dangerous consequences of forest depletion like chances of more floods, soil erosion, heavy siltation of dams, changes in climate, land Degradation, biodiversity loss ,air pollution etc.</p> <p>b) It is the type of unemployment which is disguised or hidden because it doesn't affect the output or productivity.</p> <p>b) The main problem of disguised unemployment is that apparently all seem to be employed, but marginal productivity of the surplus labour is zero, i.e. contribution of extra workforce is zero.</p>	<p>2</p> <p>3</p>
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RKG SAMPLE QUESTION PAPER – 5

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

MARKING SCHEME

Q.No.	ANSWERS	MARKS
1	<p>Personal income is the sum total of earned and transfer incomes received by the individuals from the income sources involved within and outside the nation. Whereas Private income can be contemplated as the factor and transfer of the income received from all the private sources within and outside the country.</p> <p style="text-align: center;">Or</p> <p>National disposal Income includes factor incomes as well as transfer incomes whereas national income includes only factor incomes.</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p>
2	<p>Given Consumption function is, $C=100+0.65 Y$ Autonomous investments= 700 crores We know, at equilibrium level</p> <p>$Y = C+ I$ $Y= 100+0.65Y +700$ $Y - 0.65Y = 700$ $0.35Y= 700$ $Y = 700/0.35$ $Y = ₹ 2,000$ crores</p> <p style="text-align: center;">Or</p> <p>Given $\Delta I = ₹780$ crores $MPC = 0.75$ As we know, $Multiplier(K)= \frac{1}{1-MPC} = 1/0.25 = 4$</p> <p>WE know that , $4 = \frac{\text{Change in income}}{780}$ = Rs. 3,120 crores</p>	<p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p>

3	<p>Yes an economy can be in equilibrium when there is unemployment in the economy when the aggregate demand= aggregate supply in the economy. It refers to a situation when aggregate demand is equal to the aggregate supply at a level where the resources are not fully employed.</p>	2
4	<p>Two healthcare initiatives to be integrated to help people move towards a good quality of life are:</p> <p>a) The effectiveness of healthcare programmes rests on primary healthcare . So, serious steps should be taken to improve them.</p> <p>b) All citizens can get better health facilities if public health services are decentralized.</p> <p style="text-align: center;">Or</p> <p>The information from the given graph reveals that:</p> <p>a) During 1950-2010 , GDP of India grew positively and was higher than the employment growth.</p> <p>b) There was always fluctuation in the growth of GDP, but employment grew at the rate of not more than 2%.</p> <p>c) During these years the gap between the growth of GDP and employment was widening .</p> <p style="text-align: right;">(any two)</p>	<p>1</p> <p>1</p> <p>2</p>
5	<p>Social infrastructure plays an important role in both the economic development of a nation and the development of society's quality of life. Social infrastructure enhances social wellbeing and furthers economic growth by providing basic services and facilities which allow businesses to develop and flourish. Infrastructure investments can affect social welfare by potentially improving the quality of life of those living in the invested area. For example, public parks, water systems, and other facilities can improve social welfare without having any effect on residents' incomes.</p>	2
6	<p>a) Yes, it is a part of the compensation of employees and, therefore, it will be included in the national income</p> <p>b) Yes, it will be included in the national income as it is a part of the private final consumption expenditure.</p> <p>c) No, it will not be included in national income as petrol is an intermediate good in this case. It is used for the provision of the final product (maintenance of law and order by the police).</p> <p style="text-align: center;">Or</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p>

	$\text{Real GDP} = \frac{\text{Nominal GDP}}{\text{Price Index}} \times 100$ $\text{Real GDP} = \frac{4}{1} \times 100$ <p>Real GDP = Rs. 400 crores</p>	<p>1</p> <p>1</p>
7	<p>'Health expenditure as a percentage of GDP' is that proportion of Gross Domestic Product which is spent or invested for providing healthcare facilities/ for the development of health infrastructural facilities in a country.</p> <p>According to the given data it is evident that India is contributing 3.9% of its total GDP on health expenses, which is just a notch above the corresponding figure of 3.3 for Sri Lanka. Considering the vast geography of India and the alarming health status 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 health infrastructure.</p>	3
8	<p>i) India and China had similar per capita GDP in 1983. However, Chinese per capita GDP will be five times that of India's in 2022. Manufacturing and exports have played a significant role in the Chinese economy, transiting it from lower to higher per capita GDP.</p> <p>ii) Our value addition in mobile phone manufacturing is currently limited to 15-20 per cent versus more than 40 per cent in China.</p>	<p>1 ½</p> <p>1 ½</p>
9	<p>i) The government took many steps like 100 per cent automatic FDI, levy of import duties to protect local manufacturers, the Phased Manufacturing Plan (PMP), manufacturing clusters (EMC 2.0) and the Production Linked Incentive (PLI) scheme.</p> <p>ii) The scheme for promoting the manufacturing of electronic components and semiconductors (SPECS) is a step in the right direction. Many parts like display panel assembly, camera modules, batteries, chargers, PCB assembly, etc, are being manufactured/proposed to be manufactured in India. This will increase the value-added to the Chinese level over the next few years.</p> <p>Yes ,this is one of the right step towards creating self-reliant India .(Aatmanirbhar Bharat)</p>	3
10	<p>Externalities refer to benefits or harms of an activity caused by a firm or an individual, for which they are not paid or penalised. Externalities impacts the welfare of the society but Such external effects do not form part of market transactions . GDP does not take into account externalities, positive or negative.</p>	3
11	<p>During inflationary situation the govt. can take two fiscal policy measures to reduce excess</p>	

	<p>demand:</p> <p>a) An increase in Taxes :- Government levies new taxes and enhances the rate of prevailing ones. It reduce the disposal income of the people , and therefore , the aggregate demand is reduced.</p> <p>b) Surplus budget policy : Government’s expenditure should remain less than its income to control the excess demand.</p>	<p>2 ½</p> <p>2 ½</p>
12	<p>a) National Income (NNPFC)</p> <p>= Government Final Consumption Expenditure + Private Final Consumption Expenditure + Net Domestic Capital Formation + Net Exports – NIT + NFIA</p> <p>= 350 + 780 +200 + 70 -94 + (-50)</p> <p>= Rs. 1,256 crore</p> <p>b) Real GDP refers to production of goods and services valued at constant prices. Whereas Nominal GDP refers to production of goods and services valued at constant prices.</p> <p style="text-align: center;">Or</p> <p>a) Net Value Added at Factor Cost (NVAFC) = Value of Output (Sales + Change in Stock) – Purchase of Intermediate Goods – Depreciation – Net Indirect Taxes</p> <p>= 900+ (-40)-600-80-120</p> <p>= Rs. 60 crore</p> <p>b) Component of Gross fixed capital formation are:</p> <ol style="list-style-type: none"> i. Gross business Fixed Investment. ii. Gross Residential construction Investment. iii. Gross public Investment (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) i) Encouragement to small-scale enterprises :- The small-scale sector needs to be encouraged through multiple initiatives like liberal finance, technical training , supply of raw material, infrastructural facilities and marketing of their products.</p> <p>ii) Improvement in Infrastructure:- The infrastructural facilities like health , education ,irrigation , electricity , roads , etc are critical for overall development of the economy. Better infrastructural facilities enable agriculture and industry sector to produce to their full capacity .This will generate more employment.</p>	3
	<p>b) The given statement is quite appropriate with reference to the ‘Deforestation’ in the world.</p> <p>i) Deforestation leads to land Degradation ,biodiversity loss ,air pollution leading to a disturbed ecological balance.</p> <p>ii) There are very serious and dangerous consequences of forest depletion , like chances of more floods, soil erosion , heavy siltation of dams and changes in climate.</p>	3



3	There is minimum consumption , known as autonomous consumption even at zero level of national income because survival needs consumption. This consumption is done by utilising previous savings (dissaving) .	2
4	<p>a) Energy – Energy is an important input most of the production processes and consumption activities. There exists a positive correlation between economic growth and demand for energy.</p> <p>b) Power – Power or electricity is a critical component of infrastructure, which is often identified with progress in modern civilization.</p> <p style="text-align: center;">Or</p> <p>The data in the given table reveals that:</p> <p>a) About 20 per cent of rural workers are working in manufacturing industries, construction and other industrial activities (secondary sector) whereas it is about 34% of urban workers in urban areas .</p> <p>b) Secondary sector is able to provide more employment in urban areas than in rural areas Due to the better infrastructural facilities in Urban areas .</p>	<p>1</p> <p>1</p> <p>2</p>
5	The given statement is true; Infrastructure helps in generating employment. Many people get employment in infrastructural projects like construction and maintenance of roads , railways , electricity, plants etc. Many more people are able to find employment in industry and trade, after the development of strong infrastructure.	2
6	<p>a. Yes, it is included in the national income by Income Method since it is a part of ‘wages in kind’ paid to employees.</p> <p>b) Yes, purchases by foreign tourists are ‘exports’ and, therefore, they are included in the national income through the Expenditure Method</p> <p>c) It is an intermediate expenditure for the firm because it involves purchase of services by one production unit (firm) from another production unit (lawyer). So, it is deducted from the value of output of the firm to arrive at the value added. So, it is not included in national income.</p> <p style="text-align: center;">Or</p> <p>GDP deflator = $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$</p> <p>GDP deflator = $\frac{5}{4} \times 100$</p> <p>GDP deflator = 125</p>	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>1</p>

7	<p>'Percentage of people using safely managed' is the proportion of people having proper safe drinking water facilities as well as sanitation facilities in the country. According to the given data it is evident that in India , still some people are not getting proper drinking water and sanitation facilities which is a major setback to our infrastructural development, as it directly impacts the health of the people whereas in Singapore there 100% availability of safe drinking water and sanitation facilities to all the people.</p> <p>If India wants to grow at a faster rate and to achieve better infrastructural status , she must concentrate on higher judicious investment on development of infrastructure.</p>	3
8	<p>The objective of free trade agreement between China and Pakistan are :</p> <ol style="list-style-type: none"> i. To integrate Chinese and Pakistani economies for shared advantage and to establish investment regimes in services sector particularly in IT and related services, infrastructure, education, tourism, Research and Development, etc ii. To prepare environment for transfer of technology, creation of new jobs, joint venture to build a capacity of domestic service suppliers. 	1 ½ 1 ½
9	<p>The exports from China to Pakistan touched their peak due to favorable China's export policy, and increasing consumer class with the oil boom in the Middle East. China made a focus on export growth strategy while Pakistan was facing Afghan war on its western borders and hosting a continuous influx of Afghan refugees burdensome of Pakistan's already weak economy underwent the debacle of East Pakistan. On the contrary, China got an opportunity to bring its exports from US\$ 162 million to US\$ 337.5 million.(IMF)That gap widened the trade deficit to high as US\$ 270 million in FY 1988. (Ministry of Foreign Affairs, 2006). The bulk of bilateral trade reached US\$ 424.6 million to US\$ 716.8 million in the decade of the 90s. However, the balance of trade remained in favor of China.</p>	3
10	<p>GDP is an indicator of a society's standard of living, but it is only a rough indicator because it does not directly account for leisure, environmental quality, levels of health and education, activities conducted outside the market, changes in inequality of income, increases in variety, increases in technology, or the—positive or negative—value that society may place on certain types of output.</p> <p>The standard of living is all elements that affect people's happiness, whether these elements are bought and sold in the market or not.</p>	3
11	<p>Two measures which may be used to solve the problem of deflation are:</p> <ol style="list-style-type: none"> a) Increase in Government spending -Government incurs expenditure on infrastructural and administrative activities. During deficient demand, the 	2 ½

	<p>government should increase expenditure on public works like construction of roads, etc. with a view to provide additional income to people . This will increase the aggregate demand and will help to correct the situation of deficient demand.</p> <p>b) Decrease in Taxes – During Deficient demand , government reduces the rate of taxes and even abolishes some of the taxes. It raises the level of aggregate demand and helps to control the situation of deficient demand.</p>	2 ½
12	<p>a) Net National Product at Market Price is calculated as:</p> <p>NNPmp = Wages and Salaries + Social Security Contribution by Employers + Rent + Interest + Profit + Net Factor Income from Abroad + Net Indirect Tax.</p> <p>= 1,800 + 300 + 460 + 940 + 200 + 50 + 300 = Rs. 4,050 crores.</p> <p>To get a national product, we add net factor income from abroad and to get the national product at market prices we add net indirect taxes.</p> <p>b) Personal income refers to income actually received by household from all sources . Whereas, Private income refers to the income which accrues to private sector from all sources.</p> <p style="text-align: center;">Or</p> <p>a) Value of output = Sales value + Change in stock = Rs. 600 – Rs. 40 = Rs. 560 crore</p> <p>GVAmP = Value of Output – Intermediate Consumption = Rs. 560 – Rs. 400 = Rs. 160 crore</p> <p>NVAfc = GVAmP – Depreciation – Net indirect taxes = Rs. 160 – Rs. 30 – Rs.50 = Rs. 80 crore</p> <p>b) The precautions to be taken while using expenditure method are :</p> <ol style="list-style-type: none"> i. Expenditure on Intermediate goods will not be included in the national income. ii. Purchase of second-hand goods will not be included. 	<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>1</p> <p>1</p> <p>1</p> <p>2</p>
13	<p>a) Strategies for Sustainable Development.</p> <ol style="list-style-type: none"> (i) Use of non-conventional sources of energy. (ii) Use of cleaner fuels: LPG, Gobargas in rural areas and CNG in Urban areas. (iii) Use of Solar energy and wind power. (iv) Shift to organic farming. <p>b) Yes I agree with the given statement.</p> <p>1- Formal sector is the organised of the economy, which includes all the public Enterprises and private establishments that hire 10 or more workers. workers of the formal sector enjoy social security benefits and they remain protected by the labour laws.</p> <p>2- On the other hand people engaged in informal sector do not enjoy any social security benefits and do not have any protection or regulation from the government.</p>	<p>2</p> <p>3</p>

	<p>= 220 =₹ 220 crores</p>	
7	<p>'Contribution of primary sector : The contribution of agriculture to GDP was 15% in case of China whereas , it was 23% in case of India.</p> <p>'Contribution of Secondary sector : The Secondary sector contributed highest to China's GDP at 53% whereas in India , the share was 26%.</p> <p>'Contribution of Service sector : The Service sector contributed highest to India's GDP at 51% whereas in China , the share was 32%.</p>	3
8	<p>Economic advantages of Foreign Trade Agreement to the economy of Pakistan are:</p> <ol style="list-style-type: none"> i. China benefitted more from tariff concessions than Pakistan and the former became one of the largest exporters to Pakistan. China became the largest market for Pakistan's exports. ii. China, eventually, became a single largest importer and exporter of Pakistan and its significance became more important due to its status as a biggest non-energy import market of Pakistan. 	<p>1 ½</p> <p>1 ½</p>
9	<p>Foreign Trade Agreement (FTA) largely benefitted Chinese traders and Pakistani traders could not take the full benefit of FTA. Pakistani traders could only utilize 3.3% of concessional tariffs agreed by China. China benefitted more from tariff concessions than Pakistan and the former became one be largest exporters to Pakistan. Chinese market was less accessible for Pakistani traders because China had already given tariff concessions to other several countries. It was also due to the absence of Pakistani businessmen in the negotiation.</p>	3
10	<p>GDP doesn't account for Non-monetary Exchanges.</p> <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 deflation are:</p> <ol style="list-style-type: none"> a) Decrease in bank rate : Bank rate is the rate at which the central bank lends money to commercial banks to meet their long-term needs. During deficient 	2 ½

13	<p>a) i)- Deforestation :- In India, forest coverage is being reduced at such a rapid scale that it has totally disturbed the ecological balance of the country. There are very serious and dangerous consequences of forest depletion, like chances of more floods, soil erosion, heavy siltation of dams and changes in climate.</p> <p>ii) Air pollution:- In India, air pollution is widespread in urban areas where vehicle are the major contributors.</p> <p>Air pollution results in health problems and causes severe damage to environment. Air pollution has resulted in ozone depletion, which is leading climate change.</p> <p>b) i) Workers in the informal sector do not get regular income. They do not have any protection or regulation from the government .</p> <p>ii) Such workers have the risk of being dismissed without any compensation .</p>	<p>2</p> <p>3</p>
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RKG SAMPLE QUESTION PAPER – 8
ECONOMICS (030)
Class XII (TERM II) 2021-22

MARKING SCHEME

Q.No.	ANSWERS	MARKS
1	<p>Leakages refer to withdrawal of money from the circular flow. Whereas Injections refers to the introduction of income into the circular flow.</p> <p style="text-align: center;">Or</p> <p>Distributed profits refer to that part of profit , which is paid to the shareholders in the ratio of their shareholding, it is also known as dividend. Whereas Undistributed Profits refer to that part of profit , which is kept as reserve to meet unexpected contingencies or for business expansion, it is also known as retained earnings.</p>	<p>2</p> <p>2</p>
2	<p>Given, Y= Rs. 2000 , \bar{c} = Rs.150 , I = Rs. 80</p> <p>We know, $Y = C + I$, $C = \bar{c} + by$</p> <p>$Y = \bar{c} + by + I$, $b = MPC$</p> <p>For the calculation MPC, We use this equation $Y = \bar{c} + by + I$</p> <p>$2000 = 150 + 2000b + 80$</p> <p>$b = \frac{2000-230}{2000}$</p> <p>$b = \frac{1770}{2000}$</p> <p>$b = 0.885$</p> <p>MPC = 0.885</p> <p style="text-align: center;">Or</p> <p>The consumption function and investment are given as</p> <p>$C = 100 + 0.75Y$... (1)</p> <p>$I = 6,000$... (2)</p> <p>Equilibrium level of National Income is determined as:</p> <p>$Y = C + I$... (3)</p> <p>Substituting appropriate values in (3); we get</p>	<p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p>

	$Y = 100 + 0.75Y + 6000,$ $6100 = 0.25Y$ $Y = 24,400$ <p>Thus, the equilibrium level of National Income is ₹ 24,400</p>	
3	<p>If the investment decreases, the multiplier operates in the backward direction. A reduction in investment leads to contraction in the income and consumption. It will lead to a cumulative decline in the income and consumption level till the total contraction in income is the product of value of multiplier and the initial decrease in investment.</p> <p>Higher the MPC, greater the value of multiplier and greater the cumulative decline in Income. The multiplier is, thus symmetric and works in both directions (forward and backward), i.e. , it is a double edged weapon..</p>	2
4	<p>Two Important points about health and health infrastructure are :</p> <p>a) Health is holistic process related to the overall growth and development of the nation. b) Development of health infrastructure ensures a country of healthy manpower for production of goods and services.</p> <p style="text-align: center;">Or</p> <p>The data in the given table reveals that: The total workforce in India in the year 1972-73 was 234 million , out of which major portion 83% belonged to rural population and the rest 17% (39 million) belonged to the urban population . It happened because a majority of rural population was engaged in agricultural and allied sectors.</p>	1 1 2
5	<p>Development of infrastructure and economic growth development go hand in hand .</p> <ul style="list-style-type: none"> • Agriculture depends on the adequate expansion and development of irrigation facilities. • Industrial progress depends on the development of power and electricity generation, transport and Communications. Infrastructure contributes to economic development of a country both by increasing the productivity of the factors of production and improving the quality of life of its people. 	2
6	<p>a. Expenditure on education of children by a family is 'included' in the estimation of National Income as it is a part of final consumption expenditure by the household. b. Payment of electricity bill by a school is 'included' in the estimation of National Income as it is a part of final consumption expenditure. c. Payment of interest on borrowings by general government should 'not' be included in</p>	1 ½ 1 ½

	<p>the estimation of National Income as it is not mentioned and not clear whether the government has borrowed for consumption or production.</p> <p style="text-align: center;">Or</p> $\text{GDP deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ <p>Let nominal GDP be x then , the real GDP will be $\frac{x}{5}$</p> $\text{GDP deflator} = \frac{x}{\frac{x}{5}} \times 100$ $\text{GDP deflator} = 5 \times 100$ $\text{GDP deflator} = 500$	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>
7	<p>In India the contribution of agriculture to GDP was 17% . The proportion of workforce engaged in agriculture was 50% whereas in Pakistan the contribution of agricultural sector to GDP was same at 25% , but proportion of workforce engaged in agriculture was 43% as compared to India 50%. In India half of the population depends on agriculture for their livelihood. Among all three countries India is witnessing large dependence on agriculture for livelihood.</p>	<p style="text-align: center;">3</p>
8	<p>i) Due to cheap labour and economies of scale, china offers low-priced imports such as textiles and clothing, electronic devices, machinery, etc. Further, exploiting the huge Indian market to dump their products and indirectly killing Indian units.</p> <p>ii) Chinese products are affecting our manufacturing units and many of them have had to shut their shops. There are so many Chinese toys in the market that Indian toy industry is finding very hard to survive.</p>	<p style="text-align: center;">1 ½</p> <p style="text-align: center;">1 ½</p>
9	<p>With industrialization gaining pace, India's import pattern with China has shifted dramatically from intermediate goods to capital goods. India's import share of capital goods from China jumped from 47% in 2011 to 57% in 2016 whereas share of intermediate goods fell from 37% to 29% during the same period. China has been able to enhance its footprint in India to a greater extent. The intensity of Chinese products in</p>	

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	<p>Gross value added at MP = Value of output – Purchase of an intermediate product = 475– 350 = 125/-</p> <p>Net value added at MP = Gross value added at MP – Depreciation = 125 – 35 = 90/-</p> <p>Thus, the final answer = ₹ 90/-</p> <p>b) Components of Gross Domestic capital Formation:</p> <p>i. Gross fixed capital formation :- It refers to the expenditure incurred on purchase of fixed assets</p> <p>ii. Inventory Investment:- It refers to physical change in the stock of raw materials semi- finished goods and finished goods lying with the producers.</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p>
13	<p>a)</p> <p>i. Industrial pollution: In India ,unplanned and uncontrolled growth of industries is creating huge atmospheric pollution regularly. Moreover ,industrial wastage of various factories are constantly being discharged in rivers, lakes and seas creating huge health hazards .</p> <p>ii) Vehicular pollution :- The transport system in India is based on the intensive use of Petroleum products. It has immensely increased the air pollution. Increased road traffic and their sound has also resulted in noise pollution.</p> <p>b) The given statement is quite appropriate with reference to the ‘casualisation of labour’ in India.</p> <p>i) Self employed and small marginal farmers are becoming casual workers due to low scope of earnings in agricultural activities.</p> <p>ii) Slow growth of slow growth of employment in the organised sector is also reason for workers taking up casual jobs.</p>	<p>2</p> <p>3</p>

	$MPS = \frac{1}{4}$ <p>MPS = 0.25 Therefore, the value of MPS is 0.25.</p>	
3	<p>This situation refers Paradox of thrift in which people tend to save more money, thereby leading to a fall in the savings of the economy as a whole. In other words, when everyone increases his/her saving-income proportion i.e. MPS (s), then, the aggregate demand will fall as consumption decreases. This will further lead to a decrease in Employment and income level and finally this will reduce the total savings of the economy. It will gradually lead to the slowdown of the economy.</p>	2
4	<p>Two indicators to meet power crisis are:</p> <ol style="list-style-type: none"> Improvement in Plant Load Factor (PLF) Control of Transmission and distribution losses Development of Hydro potential. (any 2) <p style="text-align: center;">Or</p> <p>The data in the given table reveals that:</p> <ol style="list-style-type: none"> 30 million workers are in the formal sector and the remaining 443 million are employed in the informal sector. 6% of the total workforce is employed in formal sector and the rest 94% is employed in informal sector , which shows the great failure of formal sector in generating jobs. 	<p>1</p> <p>1</p> <p>2</p>
5	<p>The given statement is true; Energy is an important input for most of the production processes and consumption activities. It plays a crucial role in the development of an economy.</p> <ul style="list-style-type: none"> There exist a positive correlation between economic growth and demand for energy . It happens because growth is an index of increasing productive activity ,which requires a larger quantity of energy In India energy is used on a large scale in agriculture and related areas like production and transportation of fertilizers, pesticides and farm equipment. <p>So it can be said that consumption of energy rises with Economic growth .</p>	2
6	<p>Following will not be included in estimation of National Income of India:</p> <ol style="list-style-type: none"> Interest on a car loan paid by an individual should not be 'included' while estimating National Income as the loan is taken for consumption purpose. Interest on a car loan paid by a government owned company should included while estimating National Income as it is a part of government final consumption expenditure. 	<p>1 ½</p> <p>1 ½</p>

	<p>c) Pension paid after retirement is 'not' included in the estimation of National Income as it is a kind of deferred payment to employees.</p> <p>.</p> <p style="text-align: center;">Or</p> $\text{Price Index} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ <p>Nominal Gross Domestic Product = 3 × 240 = 720</p> $\text{Price Index} = \frac{720}{240} \times 100$ <p>Price Index = 300</p>	<p>1 1 1</p>
7	<p>In china secondary sector contributed 43% to China's GDP , whereas in India and Pakistan , the share of secondary sector was 30% and 21% respectively. The proportion of workforce engaged in manufacturing sector , in India and Pakistan in 2014-15 , was low at 21% and 23% respectively, whereas 29% of population was engaged in China.</p>	3
8	<p>i) Cheaper Imports from India: Cotton and sugar imports from countries like the USA and Brazil are costlier and take longer to arrive. High Domestic Demand and Prices: The decision on sugar was dictated by high demand and high domestic prices. The decision to import from India is a measure to stabilize the market prices..</p> <p>ii) Shortage in Raw Material: Pakistan decided to lift the ban on cotton imports as there is a shortage in raw material for Pakistan's textile sector, which has suffered due to low domestic yields of cotton.</p>	<p>1 ½ 1 ½</p>

9	<p>Over the years, India has had a trade surplus with Pakistan, with much less imports than exports and trade has always been linked to politics.</p> <p>Despite continuing tensions, trade between the two countries grew marginally in subsequent years.</p> <p>Indian exports rose nearly 6% to USD 1.92 billion in 2017-18, and then by around 7% in 2018-19.</p> <p>Imports from Pakistan, though much less in volume, also increased by 7.5% to USD 488.56 million in 2017-18 as compared to 2016-17.</p>	3
10	<p>Increase in per capita availability of goods and services does raise the standard of living and consequently welfare. But it may not necessary always be so. For example, manufacturing etc. does raise output but at the same time also leads to water and air pollution which reduces Welfare of the people .such a reduction in welfare may outweigh the increase in welfare and thus to overall reduction in welfare.</p>	3
11	<p>Two fiscal measures which may be used to solve the problem of inflation are:</p> <p>a) PUBLICLY BORROWINGS:- Government borrows money from public in the form of public deposits. During excess demand, government borrows money from the public to withdraw excess money held by them. It helps to reduce the money supply in the economy and, ultimately, aggregates demand falls and corrects the inflationary pressure in the economy.</p> <p>b) DEFICIT FINANCING :- Deficit financing, i.e. Printing of currency increases the supply of money in the economy. During excess demand, government avoids deficit financing to prevent increase of money supply.</p>	2 ½

12	<p>a) Net Domestic Product at Factor Cost (NDP_{FC}) = Compensation of Employees + Rent + Interest + Profit + Mixed Income of Self Employed = 3,500 + 680 + 730 + 1,300 + 8,900 = Rs. 15,110 crores Net National Product at Market Price (NNP_{MP}) = NDP_{fc} – Net Factor Income to Abroad + Net Indirect Taxes = 15,110 – 60 + 500 = Rs. 15,550 crores</p> <p>b) Nominal national income refers to money value of final goods and services produced by normal residents of a Country in a year measured at current prices whereas Real national income refers to money value of final goods and services produced by normal residents of a country in a year , measured at prices of base year..</p> <p style="text-align: center;">Or</p> <p>a) Value of output = sales + change in stock Value of output = iii + iv = 36 + (-5) = 31 Gross value added at MP = value of output – Intermediate consumption = GVA at MP = ₹31 - ₹8 = ₹23 Net value added at MP = GVA at MP – consumption of fixed asset consumption of fixed asset = Total value of fixed capital/lifespan = 21/3= ₹7 lakh NVA at MP = ₹23 - ₹7 = ₹16</p> <p>b) Component of net factor income from abroad are:</p> <ol style="list-style-type: none"> i. Interest - Interest refers to amount received for lending funds to a production unit. It includes both actual interest as well as imputed interest of funds provided by the entrepreneur. Net retained earnings of resident companies abroad. ii. Profit- Profit is the reward to the entrepreneur for his contribution to the production of goods and services. 	<p>1 1 1</p> <p>1 1</p> <p>1 1 1</p> <p>2</p>
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RKG SAMPLE QUESTION PAPER – 10

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>	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p>
2	<p>MPC = -3/4, MPS = -1/4 K= 4</p> <p>$\Delta Y = \Delta I \times K$</p> <p>= 1,000 x 4</p> <p>= Rs 4,000 Crore</p> <p style="text-align: center;">Or</p> <p>$Y = C + I$ Given, $C = 50 + 0.5Y$ $I = \text{Rs. } 2000$ Equilibrium level of National Income $Y = C + I$ $Y = 50 + 0.5y + 2000$ $0.5 Y = 50 + 2000 = 2050 / 0.5$ $Y = \text{Rs. } 4100$ (therefore, National Income =Rs. 4100)</p>	<p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p>
3	<p>Effective demand is the demand for product or a service when purchasers become constrained in a market. It also refers to their ability and willingness to purchase goods at different levels. According to the macroeconomic theory by Keynes, effective demand is referred to as the point of equilibrium where aggregate demand equals aggregate supply.</p>	<p style="text-align: center;">2</p>

4	<p>Two indicators of deficient health infrastructure are:</p> <p>a) Malnutrition b) Poor sanitation facilities.</p> <p style="text-align: center;">Or</p> <p>The data in the given table reveals that:</p> <p>a) In the formal sector , out of 30 million workers , 24 million are male workers and only 6 million are female workers. In informal sector, out of 443 million , male workers account for 310 million and the remaining 133 million are women.</p>	<p>1</p> <p>1</p> <p>2</p>
5	<p>The given statement is true; In any country , as the income rises, the composition of infrastructure requirements changes significantly.</p> <ul style="list-style-type: none"> • For low-income countries, basic infrastructure services like irrigation, transport and power are more important. • As economies mature and most of their basic consumption demands are met, the share of agriculture in the economy shrinks and more services related infrastructure is required. This is why the share of power and telecommunication infrastructure is greater in high income countries. 	2
6	<p>a) Payment of interest by a firm to a bank: It will be 'included' in the estimation of National Income, as it is a factor income. Also, firms take loans for investment purposes.</p> <p>b) Payment of interest by a bank to an individual: It will be 'included' in the estimation of National Income as it is a factor income.</p> <p>c) Payment of interest by an individual to a bank: It will 'not be included' in the estimation of National Income as consumer takes a loan for consumption purposes.</p> <p style="text-align: center;">Or</p> $\text{Nominal GDP} = \frac{\text{Real GDP} \times \text{Price index}}{100}$ $\text{Nominal GDP} = \frac{30,000}{100}$	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p>

	<p>= 300</p> <p>=₹ 330 crores</p>	1
7	<p>In both India and Pakistan , the service sector is emerging as a major player of development. Service sector contributes the highest to their GDP , with contribution of 53% in case of India and 54% in case of Pakistan. The contribution to GDP is similar of both the countries but there is a difference in the workforce engaged in service sector , In Pakistan more people are employed in this sector .</p>	3
8	<p>i) Cost is a vital reason why Chinese products dominate markets across sectors. Products such as fertilizers are 76% cheaper, electronic circuits 23%, and data processing units around 10% cheaper if made in China. It will be hard to substitute or compete with those prices</p> <p>ii) The Indian economy is deeply intertwined with Chinese exports. China's share in Indian imports for intermediate goods, capital goods, and final consumer goods is 12%, 30%, and 26% respectively.</p>	<p>1 ½</p> <p>1 ½</p>
9	<p>After the incident, There has also been an effort to reduce India's dependence on Chinese goods. The Indian Railways, for instance, cancelled an INR 471 Crore deal with a Chinese firm. Similarly, state-owned telecom firm BSNL was instructed not to use gear from Chinese firm Huawei for a network upgrade. The government has mandated all products to have the Country of Origin tag for products on the Government e-Marketplace in an effort to identify Chinese-origin goods. India has banned key imports in the electrical machinery sector citing the availability of technology in India but what needs to be seen is how competitive it is, quality and cost-wise.</p>	3
10	<p>Ban on consumption of cigarette will bring down production of Cigarette. Since it is counted in GDP, GDP will fall but the ban will improve the health in general leading to increase in welfare.</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) National Income (NNP_{FC}) = Private Final Consumption Expenditure + Government Final Consumption Expenditure + Net Domestic Capital Formation + Net Exports + Net Factor Income from Abroad- Net Indirect Taxes $= 600+100 +70+(-20)+ 10-30 = 780-50$ $= \text{Rs. } 730 \text{ crore}$</p> <p>b) Rent is that part of national income which arises from ownership of land and building whereas royalty refers to income received for granting leasing rights of sub-soil assets.</p> <p style="text-align: center;">Or</p> <p>a) Intermediate Consumption = Value of Output – Net Value Added at Factor Cost (NVA_{FC})+ Depreciation + (Sales Tax-Subsidy) $= 200-[80+ 20+ (15 -5)]$ $= \text{Rs. } 90 \text{ lakh}$</p> <p>b) Component of net factor income from abroad are:</p> <ol style="list-style-type: none"> i. Net compensation of employees ii. Net income from property and entrepreneurship iii. 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>2</p>
13	<p>a) Two instances of misuse of environment resources fertilizers, as follows:</p>	<p>2</p>

	<p>i. Water contamination ; Discharge of domestic and industrial waste pollutes the water and makes it unfit for use..</p> <p>ii. Ozone depletion : use of chlorofluorocarbons (CFCs) in AC and refrigerators has led to ozone depletion.</p> <p>b) The given statement is quite appropriate .</p> <p>i) Population explosion:- The Rapid rate of population growth has been another cause of increase in unemployment in the country it has not been possible to generate so many employment opportunities to observe the large growing labour force.</p> <p>ii) Defective educational system :- The prevailing education system in India is full of defects at as it fails to make any provision for imparting technical and vocational education as a result educated people are unable to meet the requirements of the firm.</p>	3
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