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SET B



**INDIAN SCHOOL MUSCAT
FIRST PRE - BOARD EXAMINATION
ECONOMICS (030)**

CLASS: XII

TERM 2

Max.Marks: 40

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
	1	<p>1. The development of infrastructure and economic development go hand in hand. Agricultural and industrial progress depends on the adequate and development of infrastructure.</p> <p>2. Infrastructure contributes to the economic development by increasing the productivity of factors of production and improving the quality of lives of its people.</p>	1+1=2
	2	<p>a) $MPC+MPS=1$ hence $MPC = 0.4$</p> <p>b) $1/1-MPC = 1/0.6 = 1.6$</p>	1+1=2
	3	<p>Consumption curve with 45 line where both meets is break even point.</p> <p style="text-align: center;">OR</p> <p>Saving curve in Saving = 0 is marked as breakeven point.</p>	2
	4	<p>When a worker is engaged by an enterprise and paid his wage on a regular basis, like monthly or quarterly is known as regular salaried employee.</p> <p>➤ Urban women are shy to work as hired workers.</p> <p>➤ Urban women are looking for a job after the higher education.</p> <p style="text-align: center;">OR</p> <p>It is the percentage of total population which is actually participating in productive activity. It is also called worker population ratio.</p> <p>Poverty in rural areas force the rural women to involve in farm and non-farm activities.</p>	1+1=2
	5	<p>Net addition to the existing stock of capital or total capital formation less depreciation.</p> <p>The two components of Gross domestic Investment are Gross fixed investment and Inventory Investment (changes in stock)</p> <p style="text-align: center;">OR</p> <p>Negative externalities are the harms that a production causes to the society but no market for it. Since they do not have market, its value never included in actual estimation of GDP and it leads to over estimation of GDP.</p>	1+1=2
	6	<p>Given, Consumption function(C)=$400+0.5Y$, Investment(I)=600, Level of income (Y)=1500</p>	3

		<p>At Equilibrium level $\square AD = AS$ $Y = C + I$ thus, $Y = (400 + 0.5Y) + 600$ $Y - 0.5 Y = 1000$ $Y = 1000/0.5 = ₹ 2000$ crores. The equilibrium level of income = ₹ 2000 crores. The given income (₹ 1500 crores) is greater than equilibrium level of income (₹ 2000 crores). Therefore, the economy is not in equilibrium</p>	
	7	<p>a) The components of compensation of employees are Compensation in cash, compensation in Kind and Employers contribution to social security.</p> <p>b) Compensation given to the victims of a cyclone is an example of a social welfare measure taken by the government. However, it is not included in estimation of national income as it is a transfer payment which does not lead to corresponding flow of goods and services.</p> <p style="text-align: center;">OR</p> <p>a) Real GDP is better indicator than nominal GDP as Real shows the variation in the quantity of output produced.</p> <p>b) $200\,000/120\,000 \times 100 = 166$</p>	1+2
	8	<p>The environment is able to perform its functions uninterruptedly so long as the demand for these functions is within the carrying capacity of the environment. This means that the resources are not extracted beyond the rate of their regeneration. If there is a disequilibrium (demand being more than supply), the environment fails to replenish itself and it will lead to environmental crisis. Thus, to maintain a healthy environment, the carrying capacity of the environment must be valued and respected.</p>	3
	9	<p>Factors that led to the rapid economic growth in China.</p> <ul style="list-style-type: none"> ➤ Early introduction of new economic reforms due to the failure of great leap forward campaign and great proletarian cultural revolution. ➤ Decentralised planning and existence of small enterprises. ➤ Liberalization of prices, fiscal decentralization, diversified banking system, development of stock markets and rapid growth of non-state industries. <p>Factors that led to the rapid economic growth in India.</p> <ul style="list-style-type: none"> ➤ Liberalization of prices, fiscal reforms, diversified banking system, development of stock markets and rapid growth of non-state industries 	3
	10	<p>Ageing population Lack of working population in future Increased government expenditure on social assistance</p>	3
	11	<p>The economy will be in full employment equilibrium only when planned AD is equal to the full employment level of output. If the actual AD is greater than the full employment level of output, then the situation of excess demand arises.</p> <p>ii) The excess demand causes demand pull Inflation in the economy. Therefore, the differences between excess of actual aggregate demand and planned aggregate demand is known as inflationary gap</p> <p style="text-align: center;">OR</p> <p>If actual aggregate demand, is for a level of output less than the full employment level then a situation of deficient demand exists. Deficient</p>	5

		<p>demand causes a deflationary gap which pushes the economy into under employment equilibrium.</p> <p>iii) The deflationary gap is the difference between actual aggregate demand and equilibrium level of output. If, actual aggregate demand is less than equilibrium level of output.</p>	
	12	<ol style="list-style-type: none"> 1. The poor health of Indian women is concerned both national and individual level. The women in India suffer many disadvantage as compared to men in the areas of education and economic activity due to inadequate health care facilities. 2. Poor health of Indian women affect the children who will be India's next generation and also it reduces productivity of labor force. 3. The low nutritional state of women and girls lead to the cycle of ill health in macro level. Improving women health is integral to social and economic development. <p>b) Informalization of work force is defined as a situation where the percentage of work force in the formal sector tends to decline and that in the informal sector tends to rise. This process led to poverty, fragmentation of social harmony and increased the vulnerability of workforce.</p>	3+2=5
	13	$NNP_{fc} = 800 + 150 + 450 + (-30) + (-20) - 120 = 1230$	5