

SAMPLE PAPER 1: 2022- 23

CLASS: XII

SUBJECT: ECONOMICS (ANSWERING KEY)

Q NO	VALUE POINT	<u>MAR KS</u>
1	a) Statement 1 is true and statement 2 is false	1
2	a)Rs.1000 Crore (or) b) 2	1
3	d) Rs. 12000/ and Rs.5000/	1
4	c) (iii)	1
5	a)Visible items	1
6	a) Both the statements are true.	1
7	(a))Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.	1
8	a) 1 and 2 only	1
9	a)Statement 1 is true and statement 2 is false	1
10	a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion. (or) c)Assertion is true but Reason is false.	1
11	Value of output of firm B=Rs. 145 crores Value added by Firm B = Rs. 65 crores..	3
12	Goods and Services Tax(GST)- Indirect tax, Income tax- Direct Tax By raising GST on luxury items will discourage the consumption of luxury goods by richer sections,by exempting necessary items without taxing will encourage consumption by poor people. By raising income tax on individual earning will reduce the gap between the rich and poor people. (or) (i) Expenditure on construction of Metro; Capital expenditure as it icreases asset of the Government (ii)Pension paid to retired Government Employees:Revenue Expenditure as it neither create any asset nor reduces any liability of the Government.	3
13	RBI can use the instrument CRR to raise the investment level in economy which	4

	<p>will help to boost the economic growth. If RBI lower CRR, then it will raise the lending capacity of commercial abnks. As a result, borrowing from banks will increase, which will lead to rise in demand for investment funds. As investment increase, it will definitely boost up the rate of economic growth.</p> <p style="text-align: center;">(or)</p> <p>Reserve Deposit Ratio or Legal Reserve Ratio(LRR) is the minimum reserve that a commercial bank must maintain as per the instruction of the Central Bank. Credit creation is inversely related to the reserve deposit ratio. Example: Suppose LRR is 0.2 and initial deposit is Rs. 1000/ Then total credit created =$1/LRR \times \text{Initial deposit} = 1/0.2 \times \text{Rs.}1000 = \text{Rs.}5000$</p> <p>Whereas, suppose LRR is 0.5 and initial deposit Rs 1000/ Then total credit created =$1/LRR \times \text{Initial deposit} = 1/0.5 \times \text{Rs.}1000 = \text{Rs.}2000/$ Thus increase in LRR will decrease the credit creation power of the Banking system.</p>	
14	<p>Investment multiplier – 5 Change in income=2500</p>	4
15	<p>When price of foreign exchange rises, import becomes costlier, demand for import will fall. As a result demand for foreign currency falls. When price of foreign exchange rises, domestic goods become cheaper for foreign buyers, because they can buy more from one unit of foreign currency. As a result demand for export rise, leading to increase in supply of foreign exchange.</p>	4
16	<p>(a). National Income by Income method = Compensation of employees + Rent, Interest and Profit +Mixed Income of the self-employed + Net factor Income from abroad. =2500 + 960 + 2930 + (-) 50 = Rs 6340</p> <p>(b) National Income by Expenditure Method = Private Final Consumption Expenditure + Government Final Consumption Expenditure + Export of goods and services – Import of goods and services+ Gross Fixed Capital Formation + Change in Stock – Consumption of fixed capital – Indirect taxes +subsidies + Net factor income from abroad = 5220 + 790 + 480 – 570 + 1330 + 320 – 410 – 880 + 110 +(-) 50 = Rs 6340</p> <p style="text-align: center;">(or)</p> <p>(a).GVA at factor cost = Sales-Purchase of raw material + Closing Stock – Opening Stock _ Indirect Taxes + Subsidies</p>	3+3

	$= 100 - 50 + 10 - 15 - 10 + 2$ $= \mathbf{37 \text{ Lakhs}}$ <p>(b)</p> <p>(i). Profit earned by a foreign company in India is a part of domestic product of India because the company is within the domestic territory of India. Hence it is included in domestic product of India.</p> <p>(ii). Salary of Indian residents working in Russian Embassy in Indian is not included in domestic product in India because Russian Embassy is not a part of domestic product of India.</p>	
17	<p>AD-AS Approach Diagram</p> <p>a) When $AD > AS$</p> <p>b) b) When $AD < AS$</p>	6
	SECTION B - INDIAN ECONOMIC DEVELOPMENT	
18	(c) India had a sound industrial base under the British	1
19	<p>c) (iii),(ii),(iv),(i)</p> <p>(or)</p> <p>d) All of these</p>	1
20	(a) (A),(i)	1
21	c) Migration of work force from agriculture to other sectors	1
22	a) Both the statements are true	1
23	d) Both (a) and (c)	1
24	a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1
25	<p>e) A computer science graduate who works at a call centre</p> <p>(or)</p> <p>c) Fall in standard of living of the population of the nation over the years</p>	1
26	Statement 1 is true and Statement 2 is false	1
27	c) Assertion (A) is true but Reason (R) is false.	1
28	<p>GST is the "single comprehensive indirect tax" on supply of goods And services right from manufacturer or service provider to the consumer. The system of GST as compared to the old tax system.</p> <ol style="list-style-type: none"> 1. It has simplified the multiplicity of taxes on goods and services. 2. The laws, procedures and rates of taxes across the country are also now standardized. 3. It has also facilitated the freedom of movement of goods and services. 4. It has created a common market in the country. The two categories of GST are CGST and SGST <p>(or)</p> <p>Yes, outsourcing is good for India. The following points justify this:</p> <p>(i) Employment: It provides employment to a large number of unemployed Indians.</p> <p>(ii) Exchange of technical know-how: Outsourcing enables the exchange of ideas and</p>	3

	<p>technical know-how of sophisticated and advanced technology. However , developed countries oppose outsourcing to India because of the following reasons.</p> <p>(I)Outsourcing leads to outflow of funds from the developed countries to India, which reduces the income disparities between two countries.</p> <p>(II)Outsourcing reduces the employment generation and creates job insecurity in the developed countries.</p>													
29	<p>All the three countries contributes maximum through service sector in the GDP. In Pakistan agriculture & industry contribution is almost identical in GDP. In China contribution of industry & services are almost same towards GDP (1x3 =3 for any 3 comparison)</p>	3												
30	<p>i).India and Pakistan follows the mixed economy model. (ii).Both countries introduced a variety of regulated policy framework (for import substitution). (iii).The introduction of green revolution and increase in public investment in infrastructure in selected areas. (iv). Nationalisation of capital goods industries. (b)- Liberty indicator is an index used to measure the participation of the people in taking decisions. Some examples of liberty indicators are the measure of the extent of the constitutional protection rights given to the citizens and the extent of independence of the Judiciary and Rule of Law. (or)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">India</th> <th style="text-align: left;">China</th> <th style="text-align: left;">Pakistan</th> </tr> </thead> <tbody> <tr> <td>Mixed economy</td> <td>One-child norm</td> <td>Mixed economy</td> </tr> <tr> <td>High density of population</td> <td>Low fertility rate</td> <td>Very high fertility rate</td> </tr> <tr> <td>Growth due to service sector</td> <td>Growth due to manufacturing sector</td> <td>Large population</td> </tr> </tbody> </table>	India	China	Pakistan	Mixed economy	One-child norm	Mixed economy	High density of population	Low fertility rate	Very high fertility rate	Growth due to service sector	Growth due to manufacturing sector	Large population	4
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31	<p>Organic farming is the form of agriculture that relies on technique such as crop rotation,green manures, compost and biological pest control. It is the process of producing safe and healthy food without leaving any adverse impact on the environment. This method avoids the use of synthetical chemical fertilisers and genetically modified organism.It means organic farming promotes sustainable development.</p>	4												
32	<p>Education is considered an important inputs for the development of a nation. 1. Education confers higher earning capacity of people</p>	4												

