B K BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
SENIOR SECONDARY CO-ED DAY CUM BOYS' RESIDENTIAL SCHOOL
PRE BOARD– I (2025-26)
ECONOMICS (030)
CLASS XII
MARKING SCHEME

Class: XII | **Duration: 3 Hrs**
Date: 10/11/2025 | **Max. Marks: 80**
Admission No: | **Exam No.**

SECTION A – MACRO ECONOMICS (40 MARKS)

1 A- Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). 1)
2 D- Reducing regional disparities 1)
3 B- Net exports 1)
4 C-Remittance to relative staying abroad-Debit side of current account 1)
5 B- Average Propensity to Consume 1)
6 B- is the difference between total expenditure and total receipts of the government 1)
7 C- Statement 1 is true, and Statement 2 is false. 1)
8 A- Lower the bank rate and purchase of securities in the open market 1)
9 D- Statement 1 is false and statement 2 is true 1)
10 D- Fixed exchange rates are declared by the government 1)

11. (A) 3)

1. GDPMP = (i) + (iii) + (v) – (ix)
   = 900 + 400 + 250 – 30
   = **₹1520 crore**
2. NNPFC = GDPMP – (viii) + (vii) – (iv)
   = 1520 – 20 + (–40) – 100
   = 1520 – 20 – 40 – 100
   = **₹1360 crore**

(B) NDP at FC = COE + OS + MI
COE= Compensation of Employees
It is the total amount of remuneration in cash, in kind and in the form of social security contributions, an employee receives from his employer in exchange for his/her factor services provided during an accounting period
Operating Surplus = Rent & Royalty + Interest + Profit
Mixed income= Income earned by self-employed person
National Income or NNP at FC = NDP at FC + NFIA = National Income

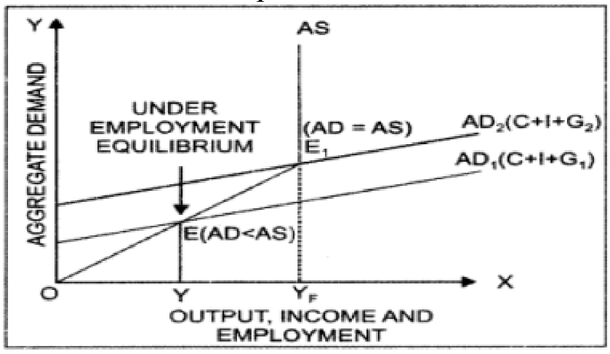
12. Govt; aims to reallocate resources in accordance with economic and social priorities of the country. Govt; can influence allocation through 3)
a. Tax concessions
b. Directly producing goods and services (explain)

13. (I)
a. Increase in the supply of foreign exchange causing improvement in the BOP 1)
b. Out flow of foreign exchange causing adverse effect on the BOP 1)
(II)
Exports and import of goods 2)
Export and import of services
Unilateral transfers to and abroad
Income receipts and payments to and from abroad

14. Yes, all the given values are correct: 4)
S= -50+0.2Y
⇒ S= -50+0.2(2000) =-50 +400 = ₹ 350 crores
At equilibrium level of income:
Y = C + S
⇒ 2,000 = C + 350
⇒ C = 2000 – 350 = 1,650 (in ₹ crores)
MPC + MPS = 1
⇒ MPC + 0.2 = 1
⇒ MPC = 1-0.2 = 0.8

OR

An economy is said to be operating at under employment equilibrium level, if the planned aggregate expenditure falls short of available output in the economy, corresponding to the full employment level. It results in excess of output available over the anticipated aggregate demand at full employment level. 4)



To tackle such a situation the aggregate demand has to be increased up to the level that the stocks can be cleared. The following measures may be taken for the same:
• **Decrease in taxes**: The government under its fiscal policy may decrease the rate of taxes (both direct and indirect taxes). This will ensure greater purchasing power in the hands of the general public. This will help to increase aggregate demand and remove the deflationary gap.
• **Increase in money supply**: Central bank through its expansionary monetary policy can increase the money supply in the economy. Central banks can use tools like bank rates, cash reserve ratios, repo and reverse repo rates etc. to ensure greater money in the hands of the general public which would in turn increase the aggregate demand in the economy and be helpful in reducing/removing the deflationary gap.

15. I. If Aggregate demand is greater than Aggregate supply. 2)
Planned inventory would fall below the desired level-to bring back the inventory to the desired level. The firms would increase output until AD=AS and employment also will increase.
II. If Ex-ante savins are less than Ex-ante Investments 2)
This means households are consuming more and saving less. As a result, planned inventory would fall below the desired level. To bring back the inventory to desired level firms would plan to increase production till saving and investment become equal.

16. I. Lower interest rates can stimulate the overall economy. Businesses are more likely to borrow and invest when the cost of borrowing is lower. This increased investment leads to job creation, higher productivity, and ultimately, economic growth. 2)

II. Money supply can be regulated through Open Market operations, Legal reserve requirements etc. (any two instruments can be discussed) 2)

III. As the banker to the banks, central bank functions in three capacities. 2)

Custodian of Cash reserve
Lender of the Last resort
Clearing house

17. (A) **2)**

(I) Real GDP = $\frac{\textit{Nominal GDP}}{\textit{Price Index}}$ x 100

Real GDP = $\frac{4400}{110}$ x100 = 4000 crore (Answer)

(II) Not correct because of the following reasons 4)

Distribution of income
Externalities,
Rate of population growth
Composition of GDP. (explain each briefly)

OR

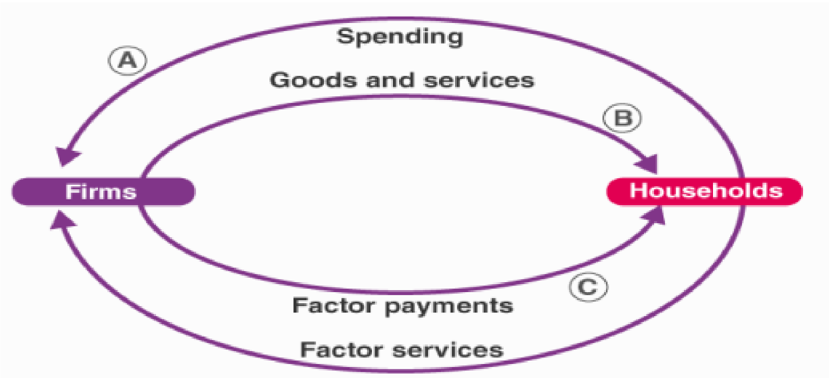
(B)

(I) a. Yes,it is included as it is a part of wages in kind 3)

b. No, because it is a part of the intermediate expenditure of the firm

c. Yes,as it is a part of factor income from abroad.

(II) Yes, the given statement is correct. In a two-sector economy the firms produce goods and services and make factors payments to the households. The factor income earned by the households will be used to buy the goods and services which would be equal to income of firms. 3)



SECTION-B-INDIAN ECONOMIC DEVELOPMENT (40 MARKS)

18 C- Use of thermal power 1)

19 D- Statement 1 is false and statement 2 is true 1)

20 B- Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A) 1)

21 A- Karve committee 1)

22 B-Jan-Dhan Yojana 1)

23 D- Both (a) and (c) 1)

24 B-(iv), (iii), (ii), (i) 1)

25 B- Generation of wastes exceeds the absorptive capacity of environment 1)

26 B- Multinational corporations 1)
27 D- Disguised Unemployment 1)

28. (A) 3)
1. Export surplus was being used to finance the war or in colonial expansion.
2. Forced commercialisation of agriculture resulted in vested move of raw materials from India.
3. Systematic de-industrialisation and decline of world-famous handicrafts made people unemployed and pushed them into poverty. Railway facilitated turning India into a large market for finished items imported from Britain.

OR

(B)
1. These industries are labour intensive and generate more employment.
2. These Industries make use of local resources thus better and proper utilization takes place.
3. These industries are helpful in reducing regional imbalances in industrialisation.
4. It also supplements the income of those people who do not get sufficient income from agriculture and allied activities. (any other relevant points)

29. a) Agricultural growth and food supply situation was based on good harvest and not on institutional process of technical change. 3)
b) Foreign exchange earnings came from remittances from Pakistani workers abroad, not from exports
c) Increased dependence on foreign loans and debts.
d) Political instability

30. Pre reforms period **4)**
Commune system-there was more equitable distribution of food grains
Despite the land reforms, collectivisation, Great Leap Forward movement the per capita grain output in 1978 was same as it was in 1950's.

Post reform period
Economic reforms were introduced in 1978-led to rapid growth in China
Development of infrastructural facilities in the areas of education and health, land reforms, decentralised planning and existence of small enterprises helped positively in improving the social and income indicators.
Agricultural reforms brought prosperity.

31. (A) 2)
(I). Global warming, caused by an increase in greenhouse gas emissions, leads to rising global temperatures, melting ice caps, sea-level rise, and extreme weather conditions. It serves as a critical warning to humanity to take immediate action to protect the environment by reducing emissions, adopting renewable energy, and conserving natural resources. The urgency of these measures' highlights global warming as a clear wake-up call to prioritize environmental sustainability

(II) Check on population growth in India will lead to Reduced Pressure on Resources: 2)
Slower population growth allows for more sustainable use of resources.
Better Waste Management: Fewer people mean less waste generation and improved waste treatment capacity.
Conservation of Ecosystems: Controlled population growth reduces deforestation and habitat destruction, preserving biodiversity.

OR

(B)

Problems : 2)

Manipulation of big traders

Lack of market information, Lack of infrastructural facilities etc.

Policy Instruments 2)

Minimum support price

Maintenance of Buffer stock

Public Distribution system

32. Rural development includes Development of Human resources 4)

Development of Infra structure

Land reforms

Alleviation of poverty

Development of productive resources

Availability of credit

Marketing facility

Modern technology

Sustainable development (any 4 valid points can be explained)

33. (I) Employment for Secondary and above level has increased from 43.2% in 2017-18 to 52.1% in 2023-24 2)

WPR for Postgraduate and above level has increased from 57.9% 2017-18 to 62.2% in 2023-24.

Similarly, employment for Graduates has also increased from 49.7% in 2017-18 to 57.5% in 2023-24

(II) Availability of Job Opportunities: Urban areas have a higher concentration of businesses, industries, and service sectors that require salaried employees. 2)

Education and Skill Development: Urban centres tend to have better access to educational institutions and vocational training, leading to a workforce that is more skilled and qualified for salaried jobs. Rural areas may have limited access to such opportunities, leading to a larger share of informal or agricultural employment.

(III). Economic Growth: As economies recover and grow, businesses expand, leading to higher demand for skilled workers, especially those with higher education. 2)

Technological Advancements: The rise of new industries, particularly in tech, healthcare, and digital sectors, has created jobs that require educated professionals, increasing employment opportunities.

34. (A) 3)

(I) Shortage of Capital with private sector

Lack of incentive for private sector

Objective of social welfare (can be explained)

(II) Change in role of RBI 3)

Origin of Private Banks

Increase in limit of foreign investment

OR

(B)

(I) Modernisation was chosen as a planning objective to raise the standard of living of the people. 3)

It includes Adoption of new technology

Change in social outlook

Shift in sectoral composition of production and diversification activities.

(II) High birth rate and Death rate 3)

Extremely low literacy rates

High infant mortality rates

Low life expectancy

Poor health facilities

Widespread poverty (any three can be explained)

********************************ALL THE BEST************************************