ECONOMICS (030) CLASS 12

MARKING SCHEME (2026-27)

S.NO.	SECTION A – MACROECONOMICS	MARKS
1	(B) (ii) and (iv)	1
2	(C) Both Statements 1 and 2 are true.	1
3	(D) (iii), (ii), (i)	1
4	(A) 10,000	1
5	(A) Allocation Function	1
6	(D) 0.75 **Note: The following answer is for the candidates with visual impairment only, in lieu of Ans.6.** (D) 0.75	1 1
7	(D) Assertion (A) is false, but Reason (R) is true.	1
8	(B) credit, current	1
9	(C) Medium of exchange and standard of deferred payments	1
10	(C) 1, infinity	1
11 A 11 B	Value-Added Method: Gross Domestic Product at Market Price = (ii) - (viii) = 1,900 – 330 = ₹ 1,570 crore Expenditure Method: Gross Domestic Product at Market Price = (i) + (iii) + (iv) + (vii) = 500 + 400 + 600 + 70 = ₹ 1,570 crore **OR** (I) Two factors of production and their respective remunerations earned are: • Land - Rent • Capital - Interest (II) The remuneration earned by the Land can be defined as: Rent: Income earned by the owner of the land (natural resources).	 ½ ½ ½ ½ ½ ½ ½ + ½ ½ + ½ 1
12	The introduction of Goods and Service Tax (GST) has simplified the tax structure by subsuming a variety of indirect taxes like VAT, excise duty, service tax etc. across the country. It has reduced the cost of business operations and cascading effect of various taxes on consumers. Moreover, with the implementation of GST the overall cost of production has reduced, making Indian products/services more competitive in the domestic and international markets. It has ensured higher transparency in the taxation system thereby enhancing the ease of doing business. **Note: The following question is for the candidates with visual impairment only, in lieu of Ans.12.** Direct taxes are those taxes whose impact and incidence lies on the same entity. For example: Income Tax. Whereas; Indirect taxes are those taxes whose impact and incidence may lie on different entities. For example: GST.	3 1 ½ 1 ½
13 A	The highlighted function fulfilled by the Reserve Bank of India is Banker's Bank. Reserve Bank of India (RBI) accepts the deposits from commercial banks and also advances loans to them as and when required. It maintains reserves of all commercial banks and utilizes it to settle inter-bank claims. As the highest	1 3

	authority in the banking system, it also supports banks during financial distress by acting as the lender of last resort and provides short-term credit to the commercial banks against approved securities. **OR**	
13 B	(I) Cash Reserve Ratio refers to certain minimum percentage of net demand and time liabilities which banks are required to keep with the Central Bank in the form of cash. (II) The total amount of credit creation in an economy depends upon the amount of initial deposits and Cash Reserve Ratio (CRR). Keeping primary deposits constant, a decrease in the CRR by the Reserve Bank of India may lead to greater availability of funds with commercial banks. This may increase the lending capacity of commercial banks. Thus, increasing the total credit creation in the economy.	**1** **3**
14	(I) Assuming all other factors remain unchanged, a rise in Foreign Direct Investment (FDI) inflows will increase the supply of foreign exchange (US dollars) in Bopia. The increased inflow of foreign exchange strengthens the overall Balance of Payments (BoP) position, may lead to a surplus in the BoP. (II) In the absence of any intervention by the competent authority (Central Bank/government), the flexible exchange rate system is prevailing in Bopia. Under flexible exchange rate system there is no need for the Central Bank/ government to maintain huge foreign exchange reserves.	**2** **1** **1**
15	Given, Consumption function, C = 150 + 0.8 Y Autonomous Investment (I_o) = 250 Full employment level of income (Y_f) =1,600 (I) At equilibrium level of income, Y = C + I Y = 150 + 0.8Y + 250 0.2Y = 400 Y = 2,000 (II) The economy is facing the problem of excess demand as equilibrium level of income (2,000) is greater than the given full employment level of income (1,600). The situation of Excess Demand will lead to an increase in General Price Level in the economy with no change in the level of output and employment.	**1** **½** **½** **1** **1**
16	(I) Gross Domestic Product (GDP) refers to the market value of final goods and services produced in the domestic territory of an economy during a given period of time. (II) Real Gross Domestic Product refers to the market value of final goods and services produced in the domestic territory of an economy during a given period of time, measured at constant prices, i.e., adjusted for inflation. Hence, the projection represents Real GDP. Real GDP is a better indicator of economic growth as it is affected by only physical output and it eliminates the effect of price change. (III) India holds a strong global position and is moving towards becoming the third largest economy by 2030. This strength is driven by decisive policymaking and structural reforms, resilient domestic demand, moderating inflation, higher labour force participation, revival of domestic investment, strong investor confidence and deeper global integration, leading to broad-based and sustained economic growth.	**1** **1** **1** **3**
17 A	(I) Two components of Consumption Function are: • Autonomous Consumption: It refers to the minimum level of consumption that takes place even when income is zero.	**½ + 1** **½ + 1**

17 B	• Induced Consumption: It refers to that part of consumption which varies directly with the level of income. (II) The Reserve Bank of India (RBI) announced on December 23, 2025, that it would carry out Open Market Operations (OMO) purchase auctions of Government of India securities worth ₹2,00,000 crore to address the situation of deflation. By purchasing government securities in the open market, the RBI aims to infuse more liquidity, which increases the availability of funds with the commercial banks for lending. As a result, this may lead to increase in Aggregate Demand. **OR** (I) (a) True. At the break-even level of income, consumption is equal to income and savings are zero. Average Propensity to Consume (APC) is consumption per unit of income (APC = C/Y). Therefore, at the break-even level of income when C = Y, APC becomes 1. (b) False. When ex-ante savings exceeds ex-ante investments it means households are planning to consume less than what the firms expected them to consume. This will lead to unintended accumulation of inventories. (II) The given statement is defended. The vertical distance between the Aggregate Demand (AD) curve and the Investment curve is represented by consumption. With the increase in income as the investment remains constant, whereas, induced consumption increases. Thereby, Aggregate Demand curve becomes distant from the Investment Curve.	1 2 2 2 2
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18	(C) Both Statements 1 and 2 are true.	1
19	(D) (p)-iii, (q)-i, (r)-ii	1
20	(C) Assertion (A) is true, but Reason (R) is false.	1
21	(D) (i), (ii) and (iii)	1
22	(B) Prasanta Chandra Mahalanobis **Answer to the question for the candidates with visual impairment only, in lieu of Ans.22.** (B) Prasanta Chandra Mahalanobis	1 1
23	(A) (ii) → (iii) → (i) → (iv)	1
24	(C) Foreign Exchange	1
25	(C) Formulating and implementing monetary policy.	1
26	(B) (i),(ii) and (iii)	1
27	(B) Statement 1 is false and Statement 2 is true	1
28	(I) The policy highlighted in the given text is Privatisation. (II) Government companies are converted into private companies in two ways: • By withdrawal of the government from the ownership and management of the public sector companies. • By outright sale of public sector companies to the private sector.	1 1 1
29 A 29 B	Two initiatives that can enhance livestock productivity are quoted as follows: • Encouraging improved animals breeds and use of modern technology to increase efficiency. • Establishing veterinary clinics with improved facilities for better health of livestock. **OR** (I) Mehak is employed in the informal sector whereas, Sehaj is working with the formal sector. (II) Two differences between formal and informal sector are:	1½ 1½ ½ + ½ 1

	• Workers in the informal sector do not have any job-protection, whereas; the workers in the formal sector enjoy job-security. • Workers in informal sector generally do not have regular income, whereas; workers in the formal sector earn a regular income along with social security benefits.	**1**
30	(I) The Karve Committee (1955) played an important role in promoting rural development as it focussed on the development of village and small-scale industries. These industries are labour-intensive and therefore generate more employment. (II) Britain maintained a monopoly control over India's exports and imports as more than half of India's foreign trade was restricted to Britain only, while rest was allowed to only a few other nations. Furthermore, the opening of Suez Canal in 1869 further intensified British control over India's foreign trade.	**2** **2**
31	Government of India has played an important role in generating employment directly /indirectly in two ways: • Direct Employment: The government directly provides jobs by recruiting people in administrative departments, public sector industries and government run organisations. • Indirect Employment: When government enterprises increase production, related private sector businesses also expand, creating additional job opportunities in the private sector.	**2** **2**
32 A **32 B**	Keha's enrolment in yoga classes highlights her emphasis on 'expenditure on health'. Maintaining good physical health improves efficiency, learning ability and long-term work performance. It not only improves potential well-being but also contribute to robust and efficient future labour force. In contrast, Mandeep's expenditure on internet data, online job portals and career counselling can be considered as an expenditure on information. By gaining knowledge and professional guidance, he improves his employability and overall productivity. This, in turn, enhances his earning potential and contributes to human capital formation. **OR** Avyaan's initiative closely reflects the concept of human development, which focuses on expanding an individual's choices and improving overall well-being rather than merely increasing income. His education enables him to make informed decisions about health and finances, thereby enhancing his quality of life. On the other hand, Amyra's technical training is aimed at upgrading her skills and efficiency to boost output. This represents human capital formation, as it is mainly directed towards economic benefits and increased productivity.	**½ + 1 ½** **½ + 1 ½** **4**
33 A	(I) (a) One key indicator of income is Gross National Income per Capita (PPP US$), while a significant health indicator is Maternal Mortality Rate (per 1 lakh births). (b) According to the given data: Maternal Mortality Rate is very high in India as compared to China. For every 1 lakh births 23 women lose their lives in China, whereas this figure stands at 103 for India. Access to basic drinking water is relatively fair in both the countries, China leads with 97% coverage, followed by India at 93% coverage. This shows that a significant progress has been made in providing basic amenities by these nations. (II) Special Economic Zone (SEZ) is a geographical region that has economic laws different from a country's typical economic laws. SEZs play crucial role in the economic strategies by promoting investment, fostering development and facilitating trade.	**½ + ½** **1½** **1½** **1** **1**

33 B	**OR** (I) The given image depicts the consequence of one child norm that was introduced by China in late 1970s.This measure was adopted by the Chinese government to control population growth. This policy resulted in a decline in the sex ratio and created demographic imbalance. As a consequence, the elderly population of China is expected to surpass the younger population. (II) Two challenges faced in the effective implementation of Great Leap Forward Campaign were: • A severe drought caused havoc in China killing about 30 million people. • When Russia had conflicts with China, it withdrew its professionals who had earlier been sent to China to help in the industrialisation process.	**3** **1½** **1½**
34	(I) Global warming is a gradual increase in the average temperature of the earth's lower atmosphere as a result of the increase in greenhouse gases. (II) Two major government initiatives are: • National Nuclear Mission • Green Hydrogen Mission (III) Two strategies adopted by India to ensure sustainable development are: • Use of wind energy: In areas where speed of wind is usually high, windmills can be used to generate electricity without any adverse impact on the environment. Although the initial cost is high but the benefits are such that the high cost gets easily absorbed. • Use of solar energy: With the help of photovoltaic cells/solar panels, solar energy can be converted into electricity. This technology is extremely useful for remote areas and for places where supply of power through grid or power lines is either not possible or proves very costly. This technique is free from pollution.	**1** **½** **½** **2** **2**

***