MARKING SCHEME

ECONOMICS (576)

SAMPLE PAPER

CLASS XII **SESSION 2026-27**

TIME : 3 HRS **M.M :80**

Q.NO.	EXPECTED ANSWER/ VALUE POINTS	MARKS
1.	D	**1**
2.	C	**1**
3.	C	**1**
4.	C	**1**
5.	B	**1**
6.	A	**1**
7.	BELOW	**1**
8.	DEMAND CURVE	**1**
9.	-VE	**1**
10.	C	**1**

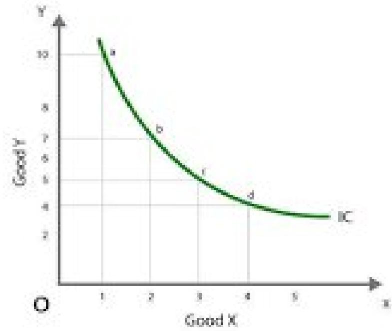
11.

Positive Economics	Normative Economics	
It deals with economics issues related to past and present.	It deals with opinion of economists related to economics problems.	**1**
It is related to " what was" "what is" "what will be"	It is related to " what ought to be"	**1**
It does not involve any value judgment.	It involves value judgments.	**1**

12. Indifference curve shows different combination of two goods which give equal level of satisfaction. **1**

combination	Good X	Good Y
A	1	10
B	2	7
C	3	5
D	4	4

1



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OR

Budget Line shows different combination of two goods that a consumer can purchased given his money income and prices of goods.

1

$$P_xX + P_yY = M$$

Let money income is 100 and Px is 20 and Py is 10.

Combination	Good X	Good Y
A	0	10
B	1	8
C	2	6
D	3	4
E	4	2
F	5	0

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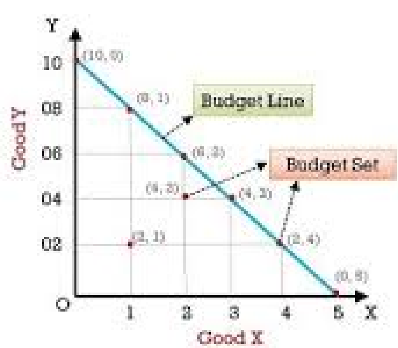

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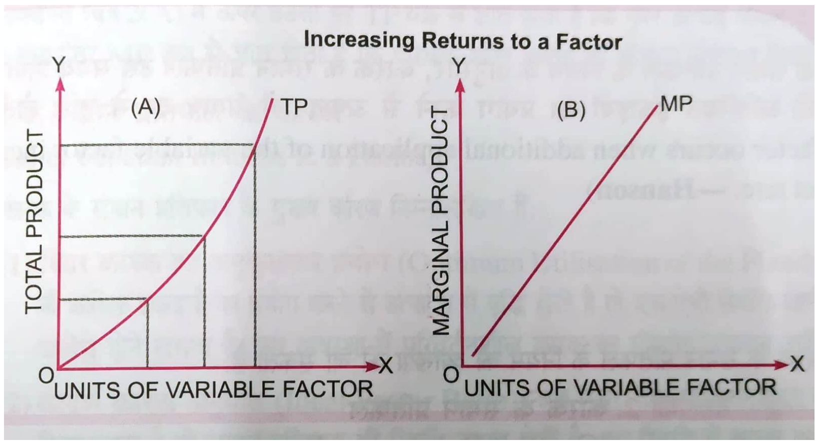
13.

Increasing Return to Factor : In the short run with fixed factors if we increase variable factors then total products increase at increasing rate and in this situation marginal product will increase and cost will decrease. **1**

Labours	1	2	3	4	5
Capitals	10	10	10	10	10
TP	5	12	22	34	50
MP	5	7	10	12	16

1



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14.

Average Cost curve is "U" shape because :

1. Law of Variable Proportions **1.5**
2. AC is combination of AFC and AVC **1.5**
3. economies and diseconomies of scale **1**

Explain above points.

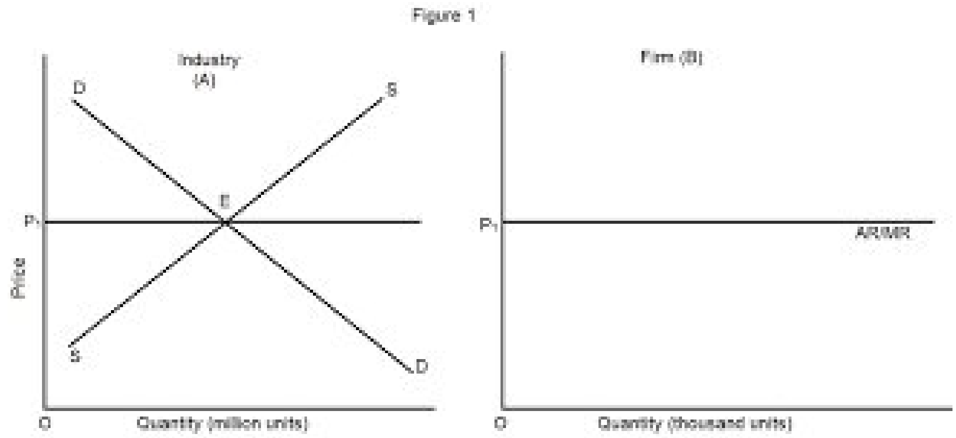
OR

Output	1	2	3	4	5	6
MC	9	7	2	4	8	12
TFC	10	10	10	10	10	10
TVC	9	16	18	22	30	42
TC	19	26	28	32	40	52
AC	19	13	9.33	8	8	8.67

2

2

15. For a perfectly competitive firm, both the Average Revenue (AR) and Marginal Revenue (MR) curves are represented by a **single, horizontal straight line**. Because the firm is a "price taker," it can sell any quantity at the constant market price, making AR, MR, and Price exactly equal. **2**



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Explain diagram.

OR

Qd= 200 -10 P and Qs= 50 + 15P
Qd=Qs
200-10P =50+15P
200-50 = 15P+10P
150 = 25P
150/25 =P
6=P **2**
Putting P=6 in any above Equations
Q = 200-10 (6)
Q = 200-60
Q = 140 **2**
Hence, equilibrium price is 6 and equilibrium quantity is 140.

16.

It shows how much total expenditure of a good change and in which direction due to change in the price of a good. **1**

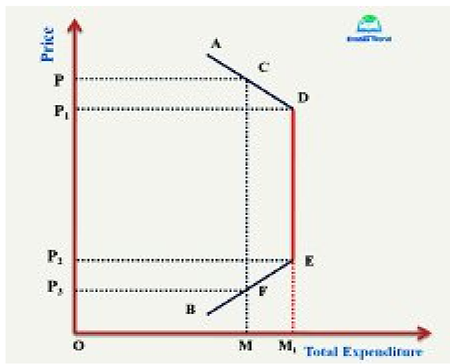
1) If price ↑ or ↓ and TE remain constant then Ed= 1

2) If price ↑ and TE ↓ or price ↓ and TE ↑ then Ed > 1

3) If price ↑ and TE ↑ or price ↓ and TE↓ then Ed < 1 **2**

Price	Quantity	Total Exp.	Ed
1 2	10 05	10 10	Unitary
1 2	10 04	10 08	Greater than unit
1 2	10 06	10 12	Less than unit

2



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Explain table and diagram.

OR

Law of Demand: Law of demand states that other things being equal, there is inverse relation between price and quantity demanded. **1**

The main causes of –ve law of demand are given below:

1. Law of Diminishing Marginal Utilities. **1**
2. Income Effects **1**
3. Substitution effects **1**
4. Size of consumers **1**
5. Different Uses. **1**

Explain above points in details.

17. Meaning of Perfect competition: -

Perfect competition is a market situation where large number of buyers and sellers are buying and selling homogenous products at equal price. **1**

Main features:-

1. Large no. of buyers and sellers
2. Homogenous products
3. AR=MR
4. Firms is price taker and industry is price maker
5. Perfect knowledge

6. Perfect mobility
7. Lack of transportation cost
8. Lack of advertisement cost

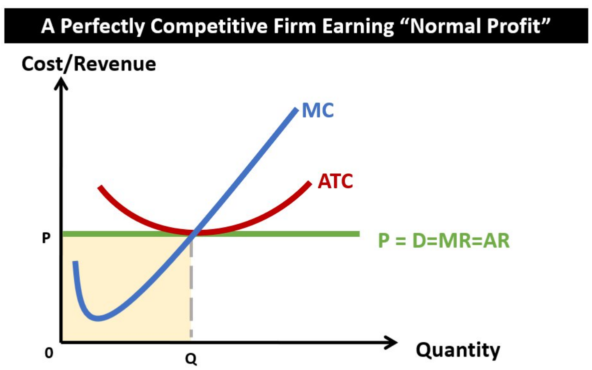
Explain any above 5 points which carry one marks each. **5**

OR

Normal Profit under PC:

A firm will be in the equilibrium if
1. MC =MR
2. MC curve cut MR curve from below. **2**

A firm will earned normal Profit if average revenue is equal to average cost. i.e. AR = AC. **2**



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SECTION - B

18	**C**	**1**
19	**A**	**1**
20	**D**	**1**
21	**B**	**1**
22	**D**	**1**
23	**B**	**1**
24	**INDIRECT**	**1**
25	**M1**	**1**
26	**PROBEM OF DOUBLE COUNTING**	**1**
27	**B**	**1**

28 BOP is a systematic record of all economic transactions between residence of one country and rest of the word during a given time period.

Features:-
1. systematic record **1**
2. economic transactions **1**
3. time period. **1**

4. double entry system
Explain any three points.

29 Determinants of aggregate demand
AD= C+I+G+NX

Consumption (C):- The expenditure made on goods and services for direct satisfaction by household is called consumption. 1

C = f (Y)

Investment (I):- Increase in stock of capital goods is called Investment.

1

Government Exp. (G):- The expenditures made by government on welfare and security are called Government Expenditure.

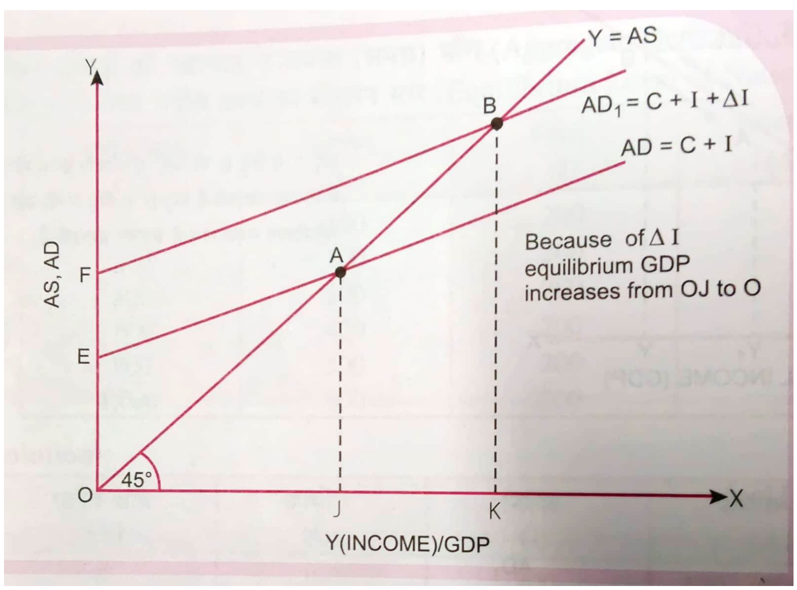
1

Net Export (NX) :- The difference between Export and Import is called net export .

Net Export (NX)= Export - Import

OR

Aggregate Demand: AD is the total value of final goods and services demanded in an economy in a year.
AD= C+I
As autonomous investment increase AD curve shift upward parallel to previous AD_1 curve. 1



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30

MICRO ECONOMICS	MACRO ECONOMICS
It studies with individual economics	It studies national economy as well

units	as its various aggregates	1
It primary deals with individual income , output, price of goods etc.	It is the study of aggregates such as national income , output and general price level.	1
It covers several issues like demand, supply, factor pricing, product pricing, economic welfare, production, consumption, and more.	It covers several issues like distribution, national income, employment, money, general price level, and more.	1
Its central issue is price determination.	Its central issue is determination of income, employment and output.	1

31

Investment Multiplier:- Investment multiplier is the ratio of an increase of income to given increase in investment.

K= change in income / change in investment 1

Multiplier process :-

Increase in investment	Increase in income	Increase in consumption	Increase in saving
2000	2000	1000	1000
	1000	500	500
	500	250	250
	-	-	-
	-	-	-
	4000	2000	2000

3

K=1/1-MPC =1/1-0.5 =1/0.5 =2

K=ΔY/ΔI =ΔY/2000 =2

ΔY=2000*2 =4000 crores

OR

Consumption equation is given as C = 500 + 0.75Y

(A) MPS = 1-0.75 =0.25 **1**

(B) Autonomous Consumption =500 **1**

(C) Multiplier = 1/1-MPC=1/.25 = 4 **1**

(D) Saving Function = -500 + 0.25Y 1

32 **Fiscal Deficit is the equal to the excess of total expenditure (capital and revenue) over the sum of revenue and capital receipts excluding borrowings.** 1

FD = (Revenue Expenditure + Capital Expenditure) – (Revenue Receipts + Capital Expenditure except Borrowings.

Importance ;

1. barometer of a nation's financial health 1
2. Inflationary Pressure 1
3. Higher Public Debt 1

Explain above three points.

OR

Direct Tax	Indirect Tax	
1. These taxes are imposed on income and wealth.	1. These taxes are imposed on goods and services.	1
2. These taxes can not be shifted on others.	2. These taxes can be shifted on others.	1
3. These taxes are progressive in nature.	3. These taxes are often non-progressive in nature.	1
4. Examples:- Income Tax, Wealth Tax	4. Examples:- Sales Tax (GST) Excises Duty	1

33.

Money : A medium of exchange that is centralized, generally accepted, recognized, and facilitates transactions of goods and services, is known as money. 1

Functions of Money:

i) Medium of exchange:

- It means that money can be used to make payments for all the transactions of goods and services.
- A buyer can buy goods through money, and a seller can sell goods for money. 1
- It is an essential function of money.

ii) Measure of value:

- Money serves as a measure of value.
- The value of all goods and services is expressed in terms of money. **1**

iii) Standard of deferred payments:

- It means that money acts as a 'standard' for making future payments.
- It has made deferred payments much easier than before. **1**
- Example: When we borrow money from somebody, we have to return both the principal as well as the interest amount in the future.
- Money is a convenient mode of calculation and payment of interest amount to be paid in the future.
- This function has facilitated borrowing and lending.
- It has also led to the creation of financial institutions.

iv) Store of value:

- **A** store of value implies a store of wealth.
- Money can be easily stored for future use. **1**
- It is the most convenient and economical means to store earnings and wealth.

v) Transfer of value:

- Money also serves for transfer of value.
- It facilitates buying and selling of goods not only in the domestic country but also in other parts of the world. **1**

" Money is a matter of functions four .
A medium, a measure, standard and store.
It does not clear the picture,
We may add transferability more "

OR

Function of Commercial Banks:-

1. Primary Functions

- **Accepting Deposits:**
- **Advancing Loans and Credit:** **2**

2. Secondary (Utility) Functions

- **Payment and Transfer Services:** **2**

- **Foreign Exchange**
- **Safe Custody:**

3. Agency and Advisory Functions

- **Collection and Payments:**
- **Portfolio Management:** 2
- **Wealth & Tax Consultancy:**

34.

Product method primary objective is to calculate the national income by taking the value added to a product during the various stages of production into account.

1. **CLASSIFICATION OF PRODUCTIVE ENTERPRISES**
   i) Primary Sector
   ii) Secondary Sector
   iii) Tertiary Sector 2
2. **ESTIMATION OF VALUE ADDED**

Value Added (GDP at MP)= Value of Output - Intermediate Consumption

Here, Value Of Output = Sales + Change In Stocks

Change In Stocks = Closing Stocks - Opening Stocks

Intermediate Consumption:

It refers to value of all non-factors inputs. Mainly, it includes value of raw material used in production process. 2

3. **ESTIMATION OF NATION INCOME**

Value Added (GDP at MP)= Value of Output - Intermediate Consumption
- Depreciation
- Net Indirect Tax
+ Net Factor Income from Abroad(NFIA) 2

National Income (NNP at FC)

OR

(ii) Wages and salaries	1,800	
(x) Social security contribution by employers	200	
COMPENSATION OF EMPLOYEES		**2000**
(i) Rent and interest	6000	

(viii) Dividends	80		
(iii) Undistributed profit	400		
(vi) Corporation tax	120		
OPERATING PROFITS		**6600**	
(xi) MIXED INCOME		**1000**	
(vii) NET FACTOR INCOME FROM ABROAD		**70**	
NET NATIONAL PRODUCT AT FACTOR COST		**9670**	
+ **(iv) Net indirect taxes**		**100**	
(a) NET NATIONAL PRODUCT AT MARKET PRICE		***9770 Cr.***	**3**

NET NATIONAL PRODUCT AT FACTOR COST	**9670**	
+(ix) Consumption of fixed capital	**+50**	
-(vii) NET FACTOR INCOME FROM ABROAD	**-70**	
(b) GROSS DOMESTIC PRODUCT AT FACTOR COST	***9650 Cr.***	**3**