

HMJ/1

Strictly Confidential: (For Internal and Restricted use only)
Senior School Certificate Examination - 2020

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/5/3

General Instructions: -

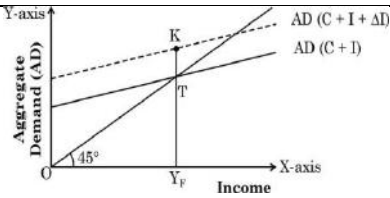
1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. **Evaluation is a 10-12 days mission for all of us. Hence, it is necessary that you put in your best efforts in this process.**
2. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them.**
3. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
4. Evaluators will mark(\checkmark) wherever answer is correct. For wrong answer 'X' be marked. Evaluators will not put right kind of mark while evaluating which gives an impression that answer is correct and no marks are awarded. **This is most common mistake which evaluators are committing.**
5. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
6. If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
7. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
8. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
9. A full scale of marks **0-80** has to be used. Please do not hesitate to award full marks if the answer deserves it.
10. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines).
11. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-

- Leaving answer or part thereof unassessed in an answer book.
 - Giving more marks for an answer than assigned to it.
 - Wrong totaling of marks awarded on a reply.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totaling on the title page.
 - Wrong totaling of marks of the two columns on the title page.
 - Wrong grand total.
 - Marks in words and figures not tallying.
 - Wrong transfer of marks from the answer book to online award list.
 - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.)
 - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
12. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks.
13. Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
14. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
15. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.

The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

Q. NO.	SECTION- A (MACRO ECONOMICS)	Marks
	EXPECTED ANSWER	
1	<p>Question- _____ deficit includes interest payment by the Government on the past loans. (Fill up the blanks with correct answer).</p> <p>Answer- Fiscal/ Revenue (both the answers are to be considered as correct)</p>	1
2	<p>Question- State, whether the following statement is true or false: 'Inventory is a stock variable'.</p> <p>Answer- True.</p>	1
3	<p>Question- To reduce credit availability in the economy, the Central Bank may _____ (Choose the correct alternative)</p> <p>(a) buy securities in the open market. (c) reduce reserve ratio. (b) sell securities in the open market. (d) reduce repo rate.</p> <p>Answer – (b) sell securities in the open market.</p>	1
4	<p>Question- In case of an underemployment equilibrium, which of the following alternative is not true? (Choose the correct alternative)</p> <p>(a) Aggregate demand is equal to Aggregate supply. (b) There exist excess production capacities in the economy. (c) Resources are not fully and efficiently utilized. (d) Resources are fully and efficiently utilized.</p> <p>Answer- d) resources are fully and efficiently utilized</p>	1
5	<p>Question- Which of the following is not a 'factor payment'? (Choose the correct alternative)</p> <p>(a) Free uniform to defence personnel. (c) Rent paid to the owner of a building. (b) Salaries to the Members of Parliament. (d) Scholarship given to the students.</p> <p>Answer- d) Scholarship given to the students.</p>	1
6	<p>Question- State, whether the following statement is true or false: 'Margin requirement is raised by the Central Bank to increase money supply'.</p> <p>Answer- False</p>	1
7	<p>Question- If Marginal Propensity to Save (MPS) is 0.25 and initial change in investment is ₹250 crores, then the final change in income would be _____. (Choose the correct alternative)</p> <p>(a) ₹ 1,000 crores (b) ₹ 1,200 crores (c) ₹ 500 crores (d) ₹ 3,500 crores</p> <p>Answer- a) ₹ 1000 crores.</p>	1

8	<p>Question- Combined factor income, which can't be separated into various factor income components, is known as _____. (Fill up the blanks with correct answer).</p> <p>Answer- mixed income of self employed.</p>	1																		
9	<p>Question- Define the term 'Public Goods'.</p> <p>Answer- Public goods are those goods or services that are collectively consumed. It is not possible to exclude anyone from enjoying their benefits and one person's consumption does not reduce the availability to others. (any other valid definition to be allotted marks)</p>	1																		
10	<p>Question- Rent + Interest + Profit = _____. (Fill up the blank with correct answer.)</p> <p>Answer- Operating surplus</p> <p style="text-align: center;">OR</p> <p>Question- When Nominal Gross Domestic (GDP) is ₹ 850 crores and Price Index is 170, Real Gross Domestic Product (GDP) will be _____. (Fill up the blank with correct answer.)</p> <p>Answer- ₹ 500 crores</p>	1																		
11	<p>Question- 'Subsidies to the producers, should be treated as transfer payments.' Defend or refute the given statement with valid reason.</p> <p>Answer- The given statement is defended, as subsidy is a transfer payment. Subsidy is the financial assistance provided by the government to producers to fulfil its social welfare objectives. It does not contribute to the current flow of goods and services and hence do not contribute to any value addition. (no marks to be allotted if reason is not given or is wrongly given)</p> <p style="text-align: center;">OR</p> <p>Question- Explain Circular Flow of Income in a two sector economy.</p> <p>Answer- Two sector model consists of production sector and household sector. Households are the owners of factors of production and supply factor services to production sector. The production units in return make factor payment. Households spend the entire income on the purchase of goods and services produced by firms. Thus, consumption expenditure flows from households to firms, completing the circular flow of income. (to be marked as a whole)</p>	3																		
12	<p>Question- Calculate Net Domestic Product at factor cost</p> <table border="1" data-bbox="277 1381 1317 1661"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>(₹ in crores)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Interest</td> <td>700</td> </tr> <tr> <td>(ii)</td> <td>Compensation of Employees</td> <td>3,000</td> </tr> <tr> <td>(iii)</td> <td>Net Indirect Taxes</td> <td>500</td> </tr> <tr> <td>(iv)</td> <td>Rent and Profit</td> <td>700</td> </tr> <tr> <td>(v)</td> <td>Transfer Payments by Government</td> <td>10</td> </tr> </tbody> </table> <p>Answer- Net Domestic Product at factor cost = i + ii + iv = ₹ 700+3,000+700 = ₹ 1400 crores</p>	S. No.	Particulars	(₹ in crores)	(i)	Interest	700	(ii)	Compensation of Employees	3,000	(iii)	Net Indirect Taxes	500	(iv)	Rent and Profit	700	(v)	Transfer Payments by Government	10	1 ½ 1 ½
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13	<p>Question- In the given figure, what does the gap 'KT' represent? State and discuss any two fiscal measures to correct the situation.</p>																			



Answer- KT' represents inflationary gap

Two fiscal measures are –

- a) Increase in Taxes - To curb the inflationary gap the government may increase the taxes. This may reduce the purchasing power in the hands of the public which in turn may reduce the Aggregate Demand in the economy to bring it equal to the Aggregate Supply. 1
- b) Reduction in Government Expenditure- To curb the inflationary gap the government may reduce its non developmental expenditure. This may reduce the purchasing power in the hands of the people which in turn will reduce the Aggregate Demand in the economy to bring it equal to the Aggregate Supply. 1 ½

For visually Impaired Candidates: 1 ½

Question - What is meant by deflationary gap? State and discuss any two fiscal measures to correct the situation of deflationary gap.

Answer- Deflationary gap is that situation when Aggregate Demand is lesser than Aggregate Supply corresponding to full employment level. 1

Two fiscal measures are to control it are:

- a) Decrease in Taxes - To curb the deflationary gap the government may decrease the taxes. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply. 1 ½
- b) Increase in Government Expenditure- To curb the deflationary gap the government may increase its expenditure. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply. 1 ½

OR

Question- Explain, how the 'Reverse Repo Rate' helps in correcting Excess Demand in an economy?

Answer- Reverse Repo rate is the rate of interest at which commercial banks can park their surplus funds with the central bank, for a relatively shorter period of time. To deal with the situation of excess demand this rate may be increase by the central bank. It may encourage the commercial bank to park their surplus funds with Central Bank. As a result, the availability of creating credit with the commercial bank will be reduced. Consequently, consumption expenditure and investment expenditure may get reduced, implying reduction in Aggregate Demand. (To be marked as a whole) (any other valid explanation to be allotted marks) 4

14	<p>Question – ‘Taxation is an effective tool to reduce the inequalities of income.’ Justify the given statement with valid reasons.</p> <p>Answer- The given statement is appropriate. The government may impose higher taxes (both direct and indirect taxes) on the richer class, reducing their purchasing power. Government may use the same tax revenue to provide goods and services (free or at subsidized price) to the poorer section of society to support them.</p> <p>(to be marked as a whole) (No marks to be allotted if reason is not given or is wrongly given)</p>	4
15	<p>Question- Explain the function of Central Bank as ‘Banker’s Bank and Supervisor.</p> <p>Answer- Central Bank, as the Banker’s bank, accepts deposits from the commercial banks and offers them loans as and when required. Central Bank also provides clearing house facility to the commercial banks. In its supervisory role, it ensures that the commercial bank follow all the rules and instructions for the smooth functioning of the banking system.</p> <p>(To be marked as a whole) (any other valid explanation to be allotted marks)</p>	4
16	<p>Question- Answer the following questions based on the data given below :</p> <p>(i) Planned Investments = ` 100 crore.</p> <p>(ii) $C = 50 + 0.50 Y$</p> <p>(a) Determine the equilibrium level of income.</p> <p>(b) Calculate the value of Savings at equilibrium level of National Income.</p> <p>(c) Calculate the value of Investment Multiplier.</p> <p>Answer- a) At Equilibrium</p> <p>$AD = Y = C+I$</p> <p>thus, $Y = (50 + 0.5Y) + 100$</p> <p>$Y - 0.5 Y = 150$</p> <p>$Y = 150/0.5 = ₹ 300$ crores.</p> <p>So, equilibrium level of income = ₹ 300 crores.</p> <p>b) Consumption at equilibrium level of income</p> $S = (-) \bar{C} + (1-b)Y$ $= (-)50 + (0.5)(300)$ $= ₹ 100$ crores <p>(any other alternative correct method to be awarded marks)</p> <p>c) Investment Multiplier = $\frac{1}{1-MPC}$</p> $= \frac{1}{1-0.5}$ $= 2$ <p style="text-align: center;">OR</p> <p>Question: Discuss the working of the adjustment mechanism in the following situations:</p> <p>a) If Aggregate Demand is greater than Aggregate Supply</p> <p>b) If Ex-Ante Investments are less than Ex-Ante Savings</p> <p>Answer: a) If ex-ante Aggregate Demand (AD) is more than ex-ante Aggregate Supply (AS),</p>	<p>½</p> <p>½</p> <p>½</p> <p>½</p> <p>1</p> <p>½</p> <p>½</p> <p>1</p> <p>½</p> <p>½</p>

	<p>it means buyers are planning to buy more than what the producers are planning to produce. Thus, the inventories-in-hand of producers may fall. As a result, producers may plan to raise output and employment. This mechanism will continue to operate till the two forces become equal.</p> <p>b) If ex-ante investments are lesser than ex-ante savings, it means buyers are planning to buy less than what the producers are planning to produce. Thus, the un planned undesired inventories-in-hand of producers may rise. As a result, producers may plan to reduce output and employment. This mechanism will continue to operate till the two forces become equal.</p>	3
	<p>b) If ex-ante investments are lesser than ex-ante savings, it means buyers are planning to buy less than what the producers are planning to produce. Thus, the un planned undesired inventories-in-hand of producers may rise. As a result, producers may plan to reduce output and employment. This mechanism will continue to operate till the two forces become equal.</p>	3
17	<p>Question- (a) Explain the relationship between fall in price of a US Dollar (\$) and its demand.</p> <p>Answer: (a) Any fall in price of a US Dollar (\$) is a situation where lesser units of India rupee (₹) are required to buy a unit of US Dollar (\$). It may also be called as ‘appreciation of Indian Rupee’ or ‘depreciation of US \$’. It may lead to rise in demand for foreign goods and services. As a result, the demands for US Dollars (\$) tends to rise.</p> <p>Question- (b) Distinguish between Autonomous items and Accommodating items.</p> <p>Answer: (b) Autonomous items, refers to those Balance of Payment (BOP) transactions which are undertaken for profit. Autonomous items are cause of BOP imbalance (BOP surplus or deficit). These transactions are also classed as “above the line items” in the BOP, whereas;</p> <p>Accommodating items refers to those Balance of Payment (BOP) transactions which are free from the considerations of profit. Accommodating items are meant to restore BOP balance. These transactions are also classed as as “below the line items” in the BOP.</p>	3
		1 ½
		1 ½
SECTION- B INDIAN ECONOMIC DEVELOPMENT		
18	<p>Question- ‘GLF’ with respect to the People’s Republic of China referred to as_____.</p> <p style="text-align: center;">(Choose the correct alternative).</p> <p>(a) Giant Leap Forward (b) Great Lead Forum</p> <p>(c) Great Leap Forward (d) Giant Lead Forum</p> <p>Answer- (c) Great Leap Forward</p>	1
19	<p>Question- State, whether the following statement is true or false :</p> <p>“GATT was established in 1923 with 48 member countries.”</p> <p>Answer-False</p>	1
20	<p>Question- Which of the following countries initiated its process of Economic Reforms in the year 1991?</p> <p style="text-align: center;">(Choose the correct alternative)</p> <p>a) Pakistan (b)India c) Russia (d) China</p> <p>Answer- (b) India</p>	1
21	<p>Question-Policy of ‘Import Substitution’ was targeted to protect _____industries.</p> <p style="text-align: center;">(Fill up the blank with correct answer)</p> <p>Answer- domestic</p>	1
22	<p>Question- Which of the following is not used as a strategy for Sustainable Development ?</p> <p style="text-align: center;">(Choose the correct alternative)</p>	

	<p>Discuss briefly, the rationale behind “equity with growth” as planning objectives for Indian Economy.</p> <p>Answer – Growth refers to increase in country’s capacity to produce the output of goods and services in an economy. Equity refers to reductions in inequality of income and wealth. When the objective of economic growth and equity are achieved, it may lead to development with social justice, which may increase the per capita availability of goods and services.</p> <p>(To be marked as a whole) (Marks to be awarded for any other relevant explanation/argument)</p>	4
33	<p>Question: (a) Distinguish between ‘Green Revolution’ and ‘Golden Revolution’.</p> <p>(b) How has women’s health become a matter of great concern in India? Explain.</p> <p>Answer: (a) Green Revolution refers to the large increase in production of food grain resulting from the use of high yield variety (HYV) seeds of food crops (like wheat and rice) and supportive technology during mid 1960s to mid 70s. Whereas,</p> <p>Golden Revolution refers to the process where India has emerged as a leader in producing a variety of horticulture crops.</p> <p>(b) Women constitute approximately half of Indian’s total population, but they suffer from many disadvantages in health care. Traditionally, women health care had been on the back burner in India due to social considerations prevailing in the country. Gender ratio in the country is declining. The growing rate of female foeticide in the country is also a cause of concern. Most of the married women suffer from anaemia and nutritional anaemia leading to maternal deaths.</p> <p>(To be marked as a whole) (Marks to be awarded for any other relevant explanation/argument)</p>	1 ½ ½ 4
34	<p>Question- Critically examine the results of Poverty Alleviation Programmes implemented in India since independence.</p> <p>Answer- Poverty Alleviation Programmes are the designated programmes to target reduction in/removal of poverty in a country. India, which inherited poverty from British rule, tried her level best to eradicate poverty through various Poverty Alleviation Programmes over the years. As a result, the percentage of absolute poor in some states has fallen well below the national average of poverty. However, the problems of malnourishment, hunger and illiteracy continue to be a common feature in many parts of India, because of the following reasons:</p> <ul style="list-style-type: none"> • There has been no radical change in the ownership of assets. • Due to unequal distribution of land and other assets, benefits from such programmes have been appropriated by the non-poor. • Inadequate resource allocation for these programmes. • The Government officials responsible for implementing these programmes were ill motivated and inadequately trained. <p>To conclude we may say that poverty alleviation programmes were a great step but could not achieve desired results due to improper implementation. (to be marked as a whole)</p> <p style="text-align: center;">(any other relevant answer should be allotted marks)</p> <p style="text-align: center;">OR</p> <p>a) “Ujjawala Yojana has been a game changer for rural India.” State any three conventional fuels being targeted under the Ujjawala Yojana.</p>	6

	<p>Answer: The conventional sources of energy causes environmental pollution therefore the government have introduced the 'Ujjwala Yojna' as a game changer for rural India by providing free LPG gas cylinders (cleaner fuel) to rural households.</p> <p>The three conventional fuels targeted under Ujjawala Yojana are:</p> <p>(i) Agricultural waste and dried dung</p> <p>(ii) Firewood</p> <p>(iii) Coal (or any other valid example)</p> <p>Answer- b) "Economists believe that India should spend at least 6% of its GDP on Education for achieving desired results." Justify the statement with valid reason.</p> <p>Answer: The given statement is appropriate as it was recommended by the Education Commission of 1964-64. The government is spending 4 percent (approx.) of GDP on education, which is quite inadequate. Education is an important component of human capital formation as it helps in increasing the availability of skilled and educated labour force in the country which may result in greater production and economic growth. (to be marked as a whole) (any other relevant argument should be marked) (data is only supportive, marks should not be deducted is not given)</p>	<p>1</p> <p>1</p> <p>1</p> <p>3</p>
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