

HMJ/1

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

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/5/1

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:-

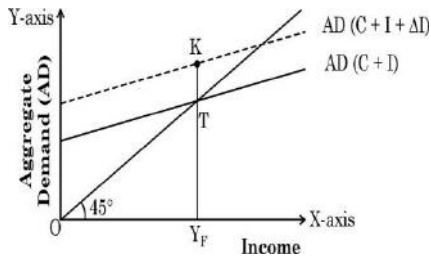
- Leaving answer or part thereof unassessed in an answer book.
 - Giving more marks for an answer than assigned to it.
 - Wrong totaling of marks awarded on a reply.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totaling on the title page.
 - 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- 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
2	<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</p>	1
3	<p>Question- State, whether the following statement is true or false: 'Inventory is a stock variable'.</p> <p>Answer- True.</p>	1
4	<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
5	<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
6	<p>Question- State, whether the following statement is true or false: 'All financial institutions are banking institutions'.</p> <p>Answer- False.</p>	1
7	<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
8	<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

14

Question-In the given figure, what does the gap 'KT' represent? State and discuss any two fiscal measures to correct the situation.



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.
- 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.

For visually Impaired Candidates:

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.

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.
- 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.

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)

15	<p>Question- Discuss the function of Central Bank as 'Banker, Agent and Advisor' to the Government.</p> <p>Answer: As the Government's banker, the Central bank accepts receipts and makes payments on behalf of the government. It lends loans to the government for varied purposes. As the agent and advisor to the government, it manages public debt on behalf of the government and also advices on policy matters. (to be marked as a whole)</p>	4
16	<p>Question- (a) Differentiate between the concepts of 'demand for domestic goods and services' and 'domestic demand for goods and services'.</p> <p>Answer- a) The demand for domestic goods and services is the sum total of demand for goods and services by both the domestic and foreign countries; whereas, domestic demand for goods and services is the sum total of domestic demand for domestic as well as foreign goods.</p> <p>Question (b) Distinguish between 'Current Account Deficit' and 'Current Account Surplus'</p> <p>Answer- b) Current Account Deficit (CAD) refers to excess of payments for value of import of visible items, invisible items and unilateral transfers over the receipts from value of export of visible items, invisible items and unilateral transfers. Whereas;</p> <p>Current Account Surplus (CAS) refers to excess of the receipts from value of export of visible items, invisible items and unilateral transfers over the payments for value of import of visible items, invisible items and unilateral transfers over.</p>	<p>1 ½</p> <p>1 ½</p> <p>1 ½</p> <p>1 ½</p>
17	<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> <p>$S = (-) c + (1-b)Y$ —</p> <p>$S = (-)50 + (0.5)(300)$</p> <p>Savings = ₹ 100 crores (any other alternative correct method to be awarded marks)</p> <p>c) Investment Multiplier = $\frac{1}{1-MPC}$</p> <p>$= \frac{1}{1-0.5}$</p> <p>$= 2$</p> <p style="text-align: center;">OR</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>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), 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
	SECTION- B INDIAN ECONOMIC DEVELOPMENT	
18	<p>Question- Policy of 'Import Substitution' was targeted to protect _____ industries. (Fill up the blank with correct answer)</p> <p>Answer- domestic</p>	1
19	<p>Question- Which of the following is not used as a strategy for Sustainable Development ? (Choose the correct alternative)</p> <p>a) Use of bio-gas b) Use of solar power c) Use of thermal power d) Use of hydel power</p> <p>Answer- c) Use of thermal power</p>	1
20	<p>Question- Maternal Mortality Rate is high in _____(China/Pakistan). (Fill up the blank with correct alternative)</p> <p>Answer-Pakistan</p>	1
21	<p>Question- State the meaning of 'Marketed Surplus'.</p> <p>Answer- The portion of agricultural produce which is sold in the market by the farmers is called marketed surplus.</p> <p style="text-align: center;">OR</p> <p>Question: State the meaning of 'Subsidy'.</p> <p>Answer-Subsidy is the financial assistance provided by the government to producers to fulfil its social welfare objectives.</p>	1
22	<p>Question- State, whether the following statement is true or false :</p> <p>"As per the Human Development Report, 2018, India was ranked at 180th position."</p> <p>Answer- False</p>	1
23	<p>Question- If a construction site Manager hires two workers on daily wages basis, such a situation is covered under _____(formal/informal) sector. (Fill up the blank with correct alternative)</p> <p>Answer- informal</p>	1
24	<p>Question- Which of the following countries initiated its process of Economic Reforms in the year 1991 ? (Choose the correct alternative)</p> <p>a) Pakistan (b)India c) Russia (d) China</p> <p>Answer- (b) India</p>	1
25	<p>Question- Greater proportion of women workers are found in ____ (urban/rural) areas as a component of Indian work force. (Choose the correct alternative)</p> <p>Answer- rural</p>	1

26	<p>Question- State, whether the following statement is true or false : "GATT was established in 1923 with 48 member countries."</p> <p>Answer-False</p>	1									
27	<p>Question- 'GLF' with respect to the People's Republic of China referred to as _____. (Choose the correct alternative).</p> <p>(a) Giant Leap Forward (b) Great Lead Forum (c) Great Leap Forward (d) Giant Lead Forum</p> <p>Answer- (c) Great Leap Forward</p>	1									
28	<p>Question- Discuss briefly the concept of 'Informalisation of workforce' in India.</p> <p>Answer – In the recent years India has witnessed an unprecedented shift of the workforce from the formal sector to informal sector. This process whereby, the proportion of informal worker in the total workforce increases is known as informalisation of workforce. The government has initiated the modernization of the informal sector and provision of social security of measure to the worker in the informal sector. (to be marked as a whole)</p> <p style="text-align: center;">OR</p> <p>State any three challenges facing rural development in India.</p> <p>Answer – Three challenges faced by rural development in India are:</p> <p>a) development of human resource. b) development of infrastructure c) Measures for alleviation of poverty (any other valid point to be allotted marks)</p>	3 1 1 1									
29	<p>Question- Compare and analyse the given data of India and China with valid reasons :</p> <table border="1" data-bbox="207 909 1328 1077"> <thead> <tr> <th>Country</th> <th>Annual growth rate of population (2015)</th> <th>Sex ratio (per thousand males)</th> </tr> </thead> <tbody> <tr> <td>India</td> <td>1.2%</td> <td>929</td> </tr> <tr> <td>China</td> <td>0.5%</td> <td>941</td> </tr> </tbody> </table> <p>Source: World Development Indicators, 2015</p> <p>Answer-</p> <p>a) The given data shows that China could arrest its annual population growth rate with the implementation of some stringent measure in late 1970's like the introduction of one child norm. This step has been instrumental in controlling the growth of population in China. India stands virtually more than double to China at its annual population growth rate of 1.2% as compared to China's annual population growth rate of 0.5% pa.</p> <p>b) The social dynamics of both the countries are similar to each other; sex ratio is low and biased in both the countries due to preference for male child. Whereas, India stands at 929 females per 1000 males, China is not far ahead at 941 females per 1000 males.</p>	Country	Annual growth rate of population (2015)	Sex ratio (per thousand males)	India	1.2%	929	China	0.5%	941	2 1
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India	1.2%	929									
China	0.5%	941									
30	<p>Question- Discuss briefly any two major steps taken by the Government of India on 'Financial Sector' front under the Economic Reforms of 1991.</p> <p>Answer – Two steps taken by the government of India on financial sector under the Economic Reforms of 1991 were:</p> <p>a. Change in the role of Reserve Bank of India (RBI): The role of RBI was reduced from regulator to facilitator of financial sector. This means that financial sector was given greater autonomy (to take decisions) on many matters independent of RBI.</p>	2									

	<p>b. Origin of Private Banks: The reform process led to establishment of private sector banks of Indian as well as foreign origin. (marks to be awarded for any other relevant measure)</p>	2
31	<p>Question- Discuss briefly any two salient features of India's pre-independence occupational structure.</p> <p>Answer- The occupational structure of India on the eve of independence had the following two main features:</p> <p>i) <u>Predominance of agriculture sector:</u> The agricultural sector accounted for the largest share of workforce with approximately three-fourth of the workforce depending on agriculture, directly or indirectly.</p> <p>ii) <u>Growing regional variation-</u> Due to rise of manufacturing and services sector in some parts of India (like the then Madras, Bombay and Bengal Presidencies) the dependency ratio of workforce on agricultural sector declined.</p> <p style="text-align: center;">(any other relevant argument to be allotted marks)</p> <p style="text-align: center;">OR</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 style="text-align: center;">(To be marked as a whole)</p> <p style="text-align: center;">(Marks to be awarded for any other relevant explanation)</p>	2 2 4
32	<p>Question- State and discuss any two problems faced by power sector in India.</p> <p>Answer- Major challenges faced by power sector in India are, as follows:</p> <p>(i) India's installed capacity to generate electricity is not sufficient. Even the installed capacity is underutilized because power plants are not running properly.</p> <p>(ii) State Electricity Board which distribute electricity are incurring losses due to obsolete transmission and distribution system and wrong pricing.</p> <p style="text-align: center;">(Marks to be awarded for any other relevant answer)</p>	2 2
33	<p>Question- (a) Explain, how does 'Investment in Human Capital' contributes to growth of an economy.</p> <p>Answer –a). Investment in Human Capital may contribute to growth of economy in the following ways:</p> <p>I. Generally, the productivity of an educated, skilled and healthy workforce is relatively higher than an uneducated, unskilled and unhealthy worker. Such investment may increase the productivity of the economy as a whole.</p> <p>II. Human Capital Formation may promote inventions, innovations and technological improvements. This may create the ability to adopt new technologies which increase the production and productivity in the economy.</p> <p style="text-align: right;">(Any two points)</p> <p>Question (b) State the meaning of 'Agricultural Marketing'.</p> <p>Answer: Agricultural marketing is a process that involves assembling storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.</p>	2 2 2

<p>34</p>	<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) (any other relevant answer should be allotted marks) 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> <p>Answer: The conventional sources of energy causes environmental pollution therefore the government have introduced the ‘Ujjawala 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> <ul style="list-style-type: none"> (i) Agricultural waste and dried dung (ii) Firewood (iii) Coal <p style="text-align: right;">(or any other valid example)</p> <p>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 style="text-align: center;">6</p> <p style="text-align: center;">1 1 1</p> <p style="text-align: center;">3</p>
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