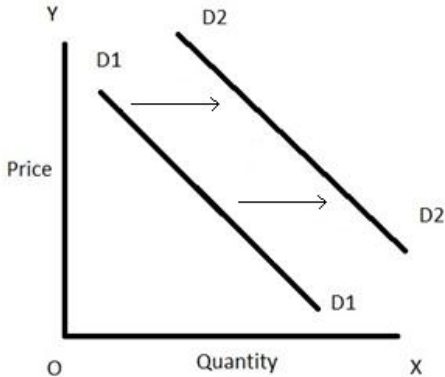
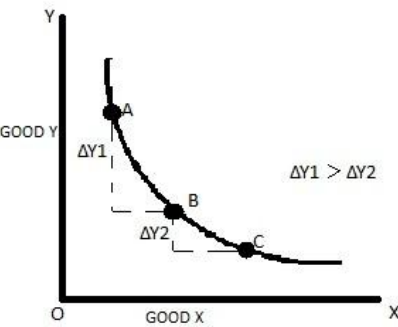
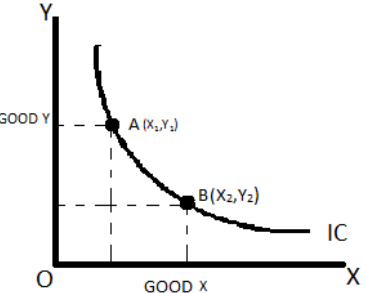


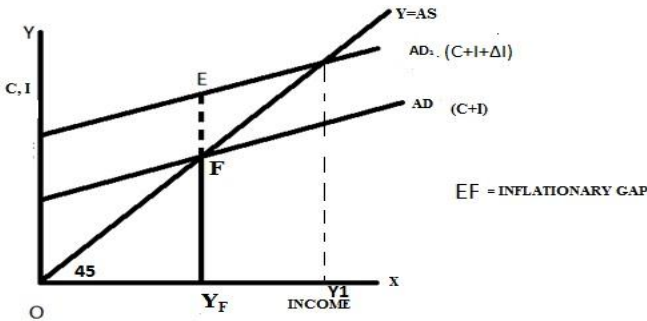
Strictly Confidential: (For Internal and Restricted use only)**Senior School Certificate Examination****March 2019****Marking Scheme – ECONOMICS (030)****PAPER CODE – 58/3/1, 58/3/2, 58/3/3****General Instructions: -**

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. 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 totalled up and written in the left-hand margin and encircled.
5. If a question does not have any parts, marks must be awarded in the left hand margin and encircled.
6. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
7. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
8. A full scale of marks **0-80** has to be used. Please do not hesitate to award full marks if the answer deserves it.
9. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 25 answer books per day.
10. 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 transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totalling on the title page.
 - Wrong totalling 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.
11. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as (X) and awarded zero (0) Marks.
12. 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.
13. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
14. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
15. In case of numerical questions, no marks should be awarded if only the final answer has been given, even if it is correct.
16. There should be no effort at 'moderation' of the marks by the evaluating teachers. The actual total marks obtained by the candidate may be of no concern to the evaluators.
17. Higher order thinking ability questions are for assessing a student's understanding / analytical ability.
18. For mere arithmetical errors, there should be minimal deduction. Only ½mark should be deducted for such an error.
19. 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.

SET 1	SET 2	SET 3	Expected Answer / Value Points	MARKS DISTRIBUTION
			SECTION A – MICRO ECONOMICS	
1	3	4	a) Increasing OR b) A_1 to A_2	1
2	4	3	b) an inverse 'U' shaped curve	1
3	1	2	d) $E_s > 1$	1
4	2	1	₹ 240 OR Cost of raw materials, wages of temporary workers (any other relevant example)	1 $\frac{1}{2} + \frac{1}{2}$
5	-	-	The problem of 'what to produce' relates to the choice of goods for production. For example choice between capital goods and consumer goods, between war time goods and peace time goods and the like. The actual quantity of two possible goods would ultimately depend upon the market conditions of demand and supply for each of the goods. (to be marked as a whole)	3
6	6	6	a) $(P_x)(Q_x) + (P_y)(P_y) = M$ $4(Q_x) + 5(Q_y) = 40$ b) Slope = $-\frac{P_x}{P_y}$ $= -\frac{4}{5}$ OR When $\frac{MU_x}{P_x} < \frac{MU_y}{P_y}$, the consumer is obtaining greater marginal utility per rupee in case of good Y as compared to good X. Therefore, he would prefer to buy more units of good Y and lesser units of good X. This will lead to a decline in MU_y and rise in MU_x . The consumer will continue to buy more of Y till he attains equilibrium at a point where $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$. (To be marked as a whole)	$\frac{1}{2}$ $\frac{1}{2}$ 1 1 3

7	-	-	<table border="1"> <thead> <tr> <th>Quantity (in units)</th> <th>Price =AR (in ₹)</th> <th>TR (in ₹)</th> <th>TC (in ₹)</th> <th>MR (in ₹)</th> <th></th> <th>MC (in ₹)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>20</td> <td>0</td> <td>10</td> <td>-</td> <td></td> <td>-</td> </tr> <tr> <td>1</td> <td>20</td> <td>20</td> <td>50</td> <td>20</td> <td><</td> <td>40</td> </tr> <tr> <td>2</td> <td>20</td> <td>40</td> <td>80</td> <td>20</td> <td><</td> <td>30</td> </tr> <tr> <td>3</td> <td>20</td> <td>60</td> <td>100</td> <td>20</td> <td>=</td> <td>20</td> </tr> <tr> <td>4</td> <td>20</td> <td>80</td> <td>105</td> <td>20</td> <td>></td> <td>5</td> </tr> <tr> <td>5</td> <td>20</td> <td>10</td> <td>125</td> <td>20</td> <td>=</td> <td>20</td> </tr> <tr> <td>6</td> <td>20</td> <td>120</td> <td>150</td> <td>20</td> <td>></td> <td>25</td> </tr> </tbody> </table>	Quantity (in units)	Price =AR (in ₹)	TR (in ₹)	TC (in ₹)	MR (in ₹)		MC (in ₹)	0	20	0	10	-		-	1	20	20	50	20	<	40	2	20	40	80	20	<	30	3	20	60	100	20	=	20	4	20	80	105	20	>	5	5	20	10	125	20	=	20	6	20	120	150	20	>	25	2
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8	9	9	<p>Price floor: Price fixed by the government at a higher level than the equilibrium price to support the interest of the producers.</p> <p>Example:-Minimum support price on agricultural commodities is an example of price floor.</p> <p style="text-align: right;">(or any other relevant example)</p> <p style="text-align: center;">OR</p> <p>The government may impose upper limit on the price to be charged for a good or service. This maximum price is called 'price ceiling'. It is normally fixed below the equilibrium price, for the benefits of the consumers.</p> <p>Example :-Price ceiling is generally imposed on necessity goods like wheat, rice, sugar etc.</p> <p style="text-align: right;">(or any other relevant example)</p>	3																																																								
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9	8	8	<p>$E_d = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in Price}}$ (ignoring minus sign)</p> <p>Percentage change in quantity demanded ($\% \Delta Q$) = $\frac{10}{40} \times 100 = 25\%$ (fall)</p> <p style="text-align: center;">Ed = $\frac{25\%}{10\%}$</p> <p style="text-align: center;">Ed = 2.5</p> <p>Demand is more elastic as $E_d > 1$</p> <p style="text-align: center;">OR</p> 	1																																																								
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			<p>With increase in level of air pollution market demand for air purifiers will increase. D1D1 is the market demand curve of air purifier at a given level of air pollution. It will shift rightwards to D2D2 due to change in preference for air purifiers, as the pollution level rises.</p>	2																																																								

			<p>For visually impaired</p> <p>Demand for air purifiers increases because of the increase in the level of air pollution. The demand curve will shift rightwards due to change in preferences in favour of air purifiers.</p> <p style="text-align: right;">(to be marked as a whole)</p>	4
10	-	-	<p>With the employment of more and more units of the variable factor along with the given fixed factor, MP increases and hence TP increases at an increasing rate. This is called Increasing returns to a factor.</p> <p>Reasons for the Increasing returns to a variable factor are:-</p> <ol style="list-style-type: none"> 1. Fuller utilisation of the fixed factor: Certain factors of production are indivisible. They can put to their best use only when they are fully employed. 2. Division of labour and specialisation: When a large number of labour units are employed, it is possible to divide a job in different stages. It results in specialisation implies higher efficiency and more production. <p style="text-align: right;">(any two reasons with explanation)</p>	2 2 2
11	12	11	<p>a) An Indifference curve is convex to the origin due to Diminishing Marginal Rate of Substitution ($\frac{\Delta y}{\Delta x}$).</p>  <p>In the above diagram the consumer is willing to sacrifice lesser and lesser units of good Y to gain one additional units of good X.</p> <p>b) An Indifference curve is downward sloping – means that the indifference curve is negatively sloped.</p>  <p>This property signifies that to remain on the same level of satisfaction the consumer must forego units of one good if he wishes to consume more units of the other good.</p> <p>FOR VISUALLY IMPAIRED</p> <p>a) An Indifference curve is convex to the origin due to Diminishing Marginal rate of substitution, the consumer is willing to sacrifice lesser and lesser units of good Y to gain additional units of good X.</p>	1 1 1 1 1 3

17	-	-	<p>MPS = 20% = 0.2 and $\bar{c} = ₹100$ crore</p> <p>MPC = 1-MPS= 0.8</p> <p>$C = \bar{c} + MPC(Y)$</p> <p>$C = 100 + 0.8Y$</p>	<p>1</p> <p>1</p> <p>1</p>
18	18	17	<p>Final goods are the goods which are used either for final consumption or for investment.</p> <p>For example. purchase of food products by household</p> <p style="text-align: right;">(any other relevant example)</p> <p>Intermediate goods are those goods which are either for further production or for resale.</p> <p>For example. Milk purchased by a tea seller.</p> <p style="text-align: right;">(any other relevant example)</p> <p style="text-align: center;">(OR)</p> <p>The park in neighbourhood can be a source of positive externality as it helps in reducing pollution and thereby improving health and efficiency.</p> <p>The park in neighbourhood can be a source of negative externality if it is used by anti-social elements. This can increase crime and lead to insecurity.</p> <p style="text-align: right;">(or any other relevant example)</p>	<p>1</p> <p>½</p> <p>1</p> <p>½</p> <p>1 ½</p> <p>1 ½</p>
19	21	20	<p>Depreciation of Indian rupee means a fall in the purchasing power of Indian rupee in terms of US dollar. This makes foreign goods expensive in India and therefore results in a fall in the demand for imports of goods and services.</p> <p style="text-align: right;">(to be marked as a whole)</p> <p style="text-align: center;">(OR)</p> <p>No, trade deficit occurs when value of goods/visibles imported is more than the value of goods/ visibles exported.</p> <p style="text-align: center;">Trade deficit = Value of imports(Vm) < Value of exports (Vx)</p> <p>Trade Surplus in this situation will arise when the deficit on trade account is less than the surplus on account of invisibles.</p>	<p>4</p> <p>2</p> <p>2</p>
20	19	21	 <p>Inflationary gap represents the situation where the actual obtained aggregate demand exceeds the aggregate demand required to maintain full employment level.</p> <p>Fiscal measures to correct it</p> <ol style="list-style-type: none"> i) Reduction in Govt. expenditure ii) Increase in Taxes <p style="text-align: right;">(with relevant explanation)</p> <p>For Visually impaired: (Diagram not required)</p> <p>Inflationary gap represents the situation where the actual obtained aggregate demand exceeds the aggregate demand required to maintain full employment level.</p> <p>Fiscal measures to correct it</p>	<p>2</p> <p>2</p> <p>2</p>

			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%;">Deposits</th> <th style="width: 25%;">Loans</th> <th style="width: 35%;">Legal Reserves</th> </tr> </thead> <tbody> <tr> <td>New</td> <td>10,000</td> <td>9,000</td> <td>1,000</td> </tr> <tr> <td>Next round</td> <td>9,000</td> <td>8,100</td> <td>900</td> </tr> <tr> <td>Next round</td> <td>8,100</td> <td>7,290</td> <td>810</td> </tr> <tr> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">1,00,000</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">90,000</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">10,000</td> </tr> </tbody> </table> <p>Since LRR is 10%, banks keep ₹ 1,000 as reserves and give loans of ₹ 9000 which ultimately comes back to bank as deposits. Out of these ₹ 9000 banks keep 10% i.e. ₹900 crore as reserves and gives loans worth ₹8100. In this way in every round 80% of the loans are converted into deposits totalling to ₹100000. The rule is:</p> <p style="text-align: center;"> Total deposit creation = New deposits($\frac{1}{LRR}$) = 10,000($\frac{1}{10\%}$) =1,00,000 </p> <p style="text-align: right;">(To be marked as a whole) (any other example will be marked)</p>		Deposits	Loans	Legal Reserves	New	10,000	9,000	1,000	Next round	9,000	8,100	900	Next round	8,100	7,290	810	-	-	-	-	-	-	-	-	-	-	-	-		1,00,000	90,000	10,000	6																
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24	-	-	<p>Government final Consumption Expenditure= i-iii - vii -xi + v + viii – vi</p> <p style="text-align: right;">= 7100-1000-4000-500+200+300-100</p> <p style="text-align: right;">= ₹2,000crores</p> <p>Mixed Income of Self Employed = i - x – xii – vi</p> <p style="text-align: right;">= 7100 – 1500 – 3000 – 100</p> <p style="text-align: right;">= ₹2500 crores</p>	$\frac{1}{2}$ 1 $\frac{1}{2}$ $\frac{1}{2}$ 1 $\frac{1}{2}$																																																
SET 2 – UNCOMMON QUESTION																																																				
-	5	-	<p>How to produce: Due to the relative scarcity of resources, every economy has to face this problem, which deals with the choice of technique of production, i.e. labour intensive or capital intensive techniques. This problem is concerned with the efficient use of resource (labour or capital) so as to maximise the output at minimum possible cost.</p> <p style="text-align: right;">(to be marked as a whole)</p>	3																																																
-	7	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Quantity in units</th> <th style="width: 10%;">Price=AR</th> <th style="width: 10%;">TR</th> <th style="width: 10%;">TC</th> <th style="width: 10%;">MR</th> <th style="width: 10%;">MC</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>15</td> <td>0</td> <td>10</td> <td>-</td> <td>-</td> </tr> <tr> <td>1</td> <td>15</td> <td>15</td> <td>30</td> <td>15 <</td> <td>20</td> </tr> <tr> <td>2</td> <td>15</td> <td>30</td> <td>45</td> <td>15 =</td> <td>15</td> </tr> <tr> <td>3</td> <td>15</td> <td>45</td> <td>55</td> <td>15 ></td> <td>10</td> </tr> <tr> <td>4</td> <td>15</td> <td>60</td> <td>70</td> <td>15 =</td> <td>15</td> </tr> <tr> <td>5</td> <td>15</td> <td>75</td> <td>95</td> <td>15 <</td> <td>25</td> </tr> <tr> <td>6</td> <td>15</td> <td>90</td> <td>140</td> <td>15 <</td> <td>45</td> </tr> </tbody> </table>	Quantity in units	Price=AR	TR	TC	MR	MC	0	15	0	10	-	-	1	15	15	30	15 <	20	2	15	30	45	15 =	15	3	15	45	55	15 >	10	4	15	60	70	15 =	15	5	15	75	95	15 <	25	6	15	90	140	15 <	45	2
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			The firm will be in equilibrium at 4 units of output as at this level of output both the conditions of firm's equilibrium are satisfied, i.e. i) MR is equal to MC (₹15) ii) MC is increasing at the point of equilibrium	1 1
-	10	-	Diminishing returns to a variable input referred to a stage in production when with the employment of more and more units of variable factor with the given fixed factor, marginal product (MP) decreases and total product (TP) increases at diminishing rate. Reasons for the decreasing returns to a variable factor are: i) <u>Over-utilisation of the fixed factor</u> As we keep on increasing the variable factor along with the fixed factor eventually a position comes when the fixed factor has its limits and starts yielding diminishing returns. ii) <u>Improper coordination between Fixed and Variable factors</u> After a certain level of employment, the production process becomes too crowded with the variable input and factor proportion tends to become less and less suitable for the production.	2 2 2
-	17	-	MPS= 10% or 0.1 and $\bar{c} = ₹ 200$ crore MPC= 1-MPS = 0.9 C= $\bar{C} + MPC(Y)$ C = 200+0.9Y	1 1 1
-	20	-	a) The given statement is false, as ex-ante savings are those which all the households plan to make at different level of income during a period, whereas ex-post savings are the actual amount of savings made in the economy during a period. So, the two may or may not be equal. b) The given statement is false, even at zero level of income there is still some minimum consumption (autonomous consumption) in the economy, as it is essential for survival.	2 2
-	22	-	Operating surplus = iii – xii – ii – iv = 12000 – 6000 – 1500 – 200 = ₹ 4300 Crores. GDPCF = iii+ x + viii – iv – i – vii – ix = 12000+ 600 + 700– 200 -2000-6000 – 1800 = ₹ 3300 crores.	$\frac{1}{2}$ 1 $\frac{1}{2}$ $\frac{1}{2}$ 1 $\frac{1}{2}$
			SET 3 – UNCOMMON QUESTION	
-	-	5	The central problem of ' for whom to produce ' relates to the distribution of income among the different factor inputs. Goods and services are produced for those who have the capacity to pay. Capacity of the people to pay for goods depends upon their level of income which, in turn, depends on the market conditions of demand and supply of the factor inputs. (to be marked on the whole)	3

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6	10	60	100	10 <	30																																															
-	-	10	<p>Negative returns to a factor states that if more and more units of variable factor are employed with fixed factor, beyond a certain level of output marginal product of the variable factor become negative and total product will fall.</p> <p>Reasons for the Negative returns to a variable factor are:</p> <p>1) Limitation of fixed factor: Any increase in variable factor along with fixed factor, beyond a certain level of output may lead to negative marginal product and hence total product will fall. 2</p> <p>2) Poor co-ordination between variable and fixed factor: Exceeding the optimum capacity of fixed and variable factors, the work relationship between the factors may get disturb, therefore, marginal product may become negative and hence total product will fall. 2</p> <p style="text-align: center;">(or any other two relevant reason with explanation)</p>	2																																																
-	-	18	<p>MPC = 80% or 0.8 $\bar{c} = ₹ 400$ crores</p> <p>$C = \bar{C} + MPC(Y)$</p> <p>$C = 400 + 0.8 Y$</p>	1 1 1																																																
-	-	19	<p>a) The given statement is false, according to Keynesian theory of employment the state of under employment can exist. This may occur at that level of income where equilibrium between AD and AS happens at less than full employment level. 2</p> <p>b) The given statement is false, because when income is zero, autonomous consumption may exist in economy for survival, thus APC (C/Y) will not be zero. 2</p>	2																																																
-	-	23	<p>Operating Surplus = vi – viii – i – ii</p> <p style="padding-left: 20px;">= 5000-2200-700-150</p> <p style="padding-left: 20px;">= ₹ 1950 crores</p> <p>Net exports = vi + v – ii + xi - iii - x – vii</p> <p style="padding-left: 20px;">= 5000+150-150+200-2200-1300-1100</p> <p style="padding-left: 20px;">= ₹ 600 crores</p>	$1\frac{1}{2}$ 1 $\frac{1}{2}$ $1\frac{1}{2}$ 1 $\frac{1}{2}$																																																