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

Marking Scheme – ECONOMICS Subject Code: 030 PAPER CODE –58/1/1

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($\sqrt{\ }$) 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.				
1	Question: In order to control the money supply in the economy, the Central Bank may			
	(Choose the correct alternative)			
	(A) Buy securities in the open market			
	(B) Sell securities in the open market			
	(C) Reduce cash reserve ratio			
	(D)Reduce repo rate	_		
	Answer: One mark to be allotted for any given option (A), (B), (C) or (D).	1		
2	Question: State whether the following statement is true or false:			
	"Government Budget is an important monetary policy instrument."			
	Answer- False	1		
	OR			
	Disinvestment is a (capital/revenue) receipt of the government.			
	(Choose the correct alternative)	4		
2	Answer: capital	1		
3	Question: Effective demand is defined as (Fill in the blank with the suitable definition)			
	Answer: that level of output and employment where Aggregate Demand is equal to	1		
	Aggregate supply.	1		
4	Question: Two component of money supply are and			
	(Fill in the blanks with the correct answers)			
	Answer: (i) Currency held with public	1/2		
	(ii) Demand deposits with commercial banks.	1/2		
	Question: State whether the following statement is true or false:			
5	"Expected obsolescence is included in depreciation."			
	Answer: True	1		
6	Question: Fiscal deficit can be estimated using the formula			
	(Fill in the blank with the correct formula)	1		
	Answer: Total Expenditure – Total Receipts except borrowing			
7	(or any other correct answer to be allotted marks) Question: According to the theory of Keynesian Economics, the value of average			
′	propensity to consume can never be (Choose the correct alternative)			
	(A) Zero (B) Unity (C) More than one (D) Less than one			
	Answer:(A) Zero	1		
8	Question: is one of the most important sources of demand for foreign	_		
	currency. (Fill in the blank with the correct answer)			
	Answer: Import of goods and services (or any other correct answer to be allotted marks)	1		
9	Question: State whether the following statement is true or false:			
	"As per Keynesian theory in an economy, full employment can never exist."			
	Answer: False	1		

		1
10	Question: Define "Trade Surplus" Answer: Trade Surplus refers to the excess of the receipts of exports of visible items over the value of payments for imports of visible items.	1
11	Question: "Final goods include only those goods which are consumed by the households". Defend or refute the given statement with valid reason. Answer: The given statement is refuted as final goods include those goods which are either consumed by the households or purchased by a producer for investment purposes. (to be marked as a whole) (No marks are to be allotted if reason is not/wrongly given) OR Question: "Circular flow principle is based on the assumption that one's expenditure will	3
	become other's income." Explain the given statement.	
	Answer- In a two sector economy households and firms exist to run the economy. Households render factor services to the firms and earn factor incomes from them. Whereas; firms produce and sell goods and services to households and earn their income by an equal magnitude. Thus, in a circular income mode, the axiom that one's expenditure is other's income holds true. (to be marked as a whole) (Diagram not mandatory)	3
12	Question: Justify the following statement with valid reason. "Ex- ante Aggregate Demand is always equal to Ex- ante Aggregate Supply." Answer: Ex-ante Aggregate Demand is equal to Ex-ante Aggregate Supply only when the economy is in equilibrium. At under-employment equilibrium level, when Ex-ante Aggregate Demand falls short of Ex-ante Aggregate Supply, it will lead to accumulation of	
	unplanned inventories. Hence the producer will reduce employment leading to reduction in output and income till the two forces becomes equal to each other and vice versa. (to be marked as a whole)	3
13	Question: Using a hypothetical numerical example, explain the process of credit creation by a commercial bank.	
	Answer: Credit multiplier measures the amount of money that the banks are able to create in the form of deposits with every initial deposit. The credit creation is inversely related to LRR. Higher the credit multiplier, higher will be the total credit created and vice - versa.	1
	The credit creation by commercial banks is determined by : 1. The amount of the initial deposit. 2. The Legal Reserve Ratio (LRR).	½ ½
	Suppose the initial deposits are ₹ 1000 and LRR is 10%, the banks will keep 10% of the deposits i.e. ₹ 100 as reserves and will lend the remaining amount of ₹ 900. Those who borrow will spend the money for making payments.	/2
	It is assumed that the entire ₹ 900 comes back as secondary deposits to the banking system. Now the banks will again keep 10% of ₹900 i.e. ₹ 90 as reserve and lend out ₹ 810. This process continues till total reserves become equal to initial reserves.	2
	Total money creation = $Initial\ deposit\left(\frac{1}{LRR}\right) = 1000\left(\frac{1}{10\%}\right) = ₹10,000$	
	Hence, the initial deposit of ₹ 1000 has led to the total money supply of ₹ 10,000. (Explanation in tabular form should also be allotted marks)	

			OR			
	Question: "Central bank acts as the banker to the government". Elaborate the given					
	statement.					
	Answer: The central bank acts as the banker to the Government, maintain accounts of					
	government for the purpose of accepting deposits and advancing loans. The central bank					
	purchases and sells government securities in the open market on behalf of the government.					
	•	_	government on policy matters, if solicited.	(to be marked as a whole)	4	
14			king huge leaps in the index of Ease of d			
			ting their production base to India." Ir	•		
	•		upon the flow of foreign exchange and	_		
	Indian Econom		apen and non-or release enemands and			
		•	reater ease of doing business, may attra	act many more MNC's to		
	-	_	base to India, thereby increasing the in	•		
	•		conomy. This increase in foreign direct in	-		
	· · ·		the supply of foreign exchange in India I			
			i.e. Indian Rupee (₹) may appreciate. Inc	•		
	_	_	n and hence may also generate employr		4	
	Indian econom		and the general empreys	(to be marked as a whole)	-	
15		•	Revenue Expenditure'.	,		
			Expenditures are those expenditures of the	e government that	1	
			ets nor reduce any liabilities of the goverr	<u>-</u>		
		•	,			
	Question: (b) D	istingu	ish between Direct tax and Indirect Tax			
		_	es are those taxes in which the impact and	incidence of the tax lie	1 ½	
	on the same er	ntities. 1	The burden of direct taxes cannot be shifte	ed on any other entity like		
	Income tax.		Where as,			
	Indirect taxes a	re thos	e taxes in which the impact and incidence	of the tax lie on different	1 ½	
	entities. The bu	ırden o	f indirect taxes can be shifted on other en	tities like GST.		
16	Question: (a)C	alculate	e the value of "Change in Stock" from the	following data:		
		S.NO	Items	Amount (in		
				₹Crores)		
	i	i.	Sales	400		
		ii	Net Value Added at Factor cost (NVA _{FC})	200		
		iii	Subsidies	10		
		iv	Change in Stock	3		
	v Depreciation 40					
	Ţ	vi	Intermediate Consumption	100		
	Answer: Change in stock = (ii) +(vi)+(v)-(iii)-(i)					
	= 200+100+40-10-400				2	
	= (-) ₹70 Crores.				1½	
	Question: (b). Define Real Gross Domestic Product.				1/2	
	Answer: Real Gross Domestic product is the sum total of the money value of all final					
	goods and services produced in an economy during the year estimated at some given				2	
	base year's prices.					

Question: (a) Discuss briefly the three components of 'Income from Property and Entrepreneurship.' Answer: (a) Income from property and entrepreneurship (operating surplus) includes: i. Rent/Royalties 1				OR			
Entrepreneurship.' Answer: (a) Income from property and entrepreneurship (operating surplus) includes: i. Rent/Royalties ii. Interest iii. Profit Question: (b) What are 'externalities'? State its types with suitable examples. Answer: (b) Externalities refer to the benefits/harms caused by a firm/individual to the society in general, without being penalised. There are two types of externalities - (i) Positive externalities - Social benefits. E.g. saving of time/fuel with construction of better roads in a country (ii) Negative externalities - Social harms for example pollution caused by stubble burning in some states of India. (any other suitable definition/example to be allotted marks) 7/ + ½ Question: In an economy, if initial investments are increased by ₹ 100 crores, discuss the working of investment multiplier presuming marginal propensity to consume is 0.8 Answer: The working of investment multiplier is based on the principle that one's expenditure is another's income. Given initial investment = ₹ 100 crores and MPC = 0.8 Round Change in Change in Change in Consumption(₹ Saving(₹ in crores) Income(₹		Question: (a) Discuss briefly the thi	ree components of	f 'Income from Pro	perty and	
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19 Question: Mention any one advantage of Organic farming. Answer: Safe and Healthy food (or any other valid advantage) 1 20 Question: State whether the statement is true or false. "In the past few decades, primary sector has created maximum jobs in India" 1		policy to protect domestic industries. (Fill in the blank with the correct answer)					
Answer: Safe and Healthy food (or any other valid advantage) 1 20 Question: State whether the statement is true or false. "In the past few decades, primary sector has created maximum jobs in India" 1		Answer: Import Substitution (or any other relevant term)				1	
Question: State whether the statement is true or false. "In the past few decades, primary sector has created maximum jobs in India" 1	19	Question: Mention any one advantage of Organic farming.					
"In the past few decades, primary sector has created maximum jobs in India"		Answer: Saf	e and Healthy food	_	(or any other v	valid advantage)	1
	20	Question:	State whether the stater	ment is true or false	2.		
Answer: False		"In the past f	ew decades, primary se	ctor has created m	aximum jobs in Indi	a"	1
		Answer:	False				

21						
	Question: was the predecessor organisation to World Trade Organisation.					
	(Choose the correct alterna					
	(A) International Bank for Reconstruction and Development(IBRD) (B) International Monetary Fund(IMD)					
	(C) Reserve Bank of India(RBI)					
	(D) General Agreement on Tariffs and Trade(GATT)					
	Answer- (D) General Agreement on Tariffs and Trade(GATT)	1				
22	Question: India is not a member of which of the following regional/global economic					
	grouping? (Choose the correct alternative)					
	(A) European Union (C) G-20					
	(B) BRICS (D) SAARC					
	Answer – (A) European Union					
	OR	1				
	Pakistan introduced its economic reforms in the year					
	(A) 1974 (C) 1978					
	(B) 1976 (D) 1988					
	Answer – (D) 1988	1				
23	Question: State whether the statement is true or false.					
	"Self- Help Groups (SHGs) are an example of a microcredit organisation."					
	Answer: True	1				
24	Question: The main aim of 'Great Leap Forward' was to ensure rapid increase in					
	(primary/secondary/tertiary) sector in China. (Choose the correct alternative)					
	Answer: secondary	1				
25	, '					
	1991					
	Answer: Greater inflow of investment. (or any other relevant outcome to be allotted marks)	1				
26	Question: Arrange the following events in chronological order and choose					
	the correct answer from the given alternatives:					
	(i) Establishment of People's Republic ofChina					
	(ii) Creation of Pakistan					
	(iii) First Five-Year Plan ofIndia					
	(iv) First Five-Year Plan ofChina					
	Alternatives:					
	(A) (i), (iv), (ii), (iii)					
	(B) (iii), (i), (iv)					
	(C) (ii), (i), (iii), (iv)					
	(D) (iv), (iii), (i)					
	Answer: (C) (ii), (i), (iii),(iv)	1				

27	Question: First Industrial Policy Resolution of Independent India was announced in the year (Fill in the blank with the correct alternative) (A) 1947 (B) 1948 (C) 1951 (D) 1956 Answer:(B) 1948					
28	Question: 'Human Capital Formation gives birth to innovation, invention and technological improvements." Do you agree with the given statement? Support your answer with valid arguments.					
	Answer: The given statement is correct. Human Capital Formation not only increases the productivity of available human resources but also stimulates innovation and creates ability to adopt new technologies. Investment in education creates ability to adopt newer technologies, facilitates invention and innovation since educated workforce generally adapts to modern technologies and innovation. (any other valid argument to be allotted marks) (to be marked as whole)					
	OR Critically evaluate the role of rural banking system in the process of rural development in India. Answer- Rapid expansion of the banking system had positive effect on rural farm and non farm output, income and employment. In spite of it, following problems have been faced in the rural banking such as-					
	 The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the entire rural farmers of the country. Less attention has been given on the credit requirements of needy (small and marginal farmers) and the problem of overdue in agricultural credit continues. (any other valid argument to be allotted marks) 					
29	Question-	Compare and analyse the given data of Ind				
	Country	Annual growth rate of population (2015)	Sex ratio (per thousand males)			
	India	1.2%	929			
	China 0.5% 941					
	Source: World Development Indicators, 2015					
	Answer- 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.					

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32	Question: Define any two of the following: (a) Absorptive capacity of environment					
	(b) Carrying capacity of environment					
	(C) Poverty Line (in terms of calorific value).					
	Answers- (Any two of the following)					
			nt- It means the ab environmental dan	ility of the environment to nage.		
		regeneration of th	ne resources and w	resources extraction is not astes generated are within		
	per capita expen- calories per perso	It can be determi diture (MPCE). Ao on per day in rura	ned in terms of calc ccording to this a al areas and 2100	· ·		
33	Question- (a) Why are le			•		
	• • •		_	d employment in India, as	1 ½	
	such jobs requir	e skills and high le	vel of literacy.		1 ½	
	(ii) Lack of	mobility among w	omen in India due t	o social constraints.		
		loyment Pattern (Sector wise), 1983	-2012(in %)		
	Sector	1993-94	1999-2000	2011-2012		
	Primary	64	60.4	24.3		
	Secondary	16	15.8	24.3		
	Services	20	23.8	26.8		
	` ,		•	period, the proportion of		
	-	=		, the employment share of ased. While the share of		
	secondary sector has gon					
	for services sector has go		•	be marked as a whole)		
34				ural India." State any three		
				stribution scheme (Ujjwala		
	Yojana).					
	Answer-					
	(a) 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. The three conventional fuels targeted under Ujjawala Yojana are:					
		waste and dried dur		aic.		
	(ii) Firewood		J			
	(iii) Coal		(or a	any other valid example)	1x3 = 3	

Question: b) "The Indian Health System needs a stronger does of public expenditure to cure itself." Justify the given statements with valid arguments.

Answer: (b) The statement is defended as the improvement in the health system in India has been unreasonably slow since independence. Indian health system has been a victim of a relatively low public expenditure.

The health expenditure as a percentage of GDP is abysmally low as compared to some of the major developing countries. It stood at around 4.7% of the total GDP in the year 2014-15. Thus, actually Indian health system needs the increased dose of public expenditure to cure itself. (to be marked as a whole) (any other relevant point is to be marked) (data is only indicative/to support the argument, marks should not be deducted if data is not provided)

OR

Question- Critically examine the results of Poverty Alleviation Programmes implemented in India since independence.

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:

- 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.

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)

58/1/1 Page | 11

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6