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.	SECTION- A (MACRO ECONOMICS)						
NO.	EXPECTED ANSWER						
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)						
	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						
	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)						
	Answer: Total Expenditure – Total Receipts except borrowing	1					
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	1 1					
0	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					
L							

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	3
	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.	1/2
	2. The Legal Reserve Ratio (LRR).	1/2
	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.	
	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 = $Initial\ deposit\left(\frac{1}{IBR}\right) = 1000\left(\frac{1}{100\%}\right) = ₹ 10,000$	
	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)	

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. It may also advise the government on policy matters; if solicited. (to be marked as a whole) 14 Question: "India is taking huge leaps in the index of Ease of doing Business; as a result many MNCs are shifting their production base to India." In the light of the above statement, comment upon the flow of foreign exchange and its likely impact on the Indian Economy. Answer: India, with greater ease of doing business, may attract many more MNC's to shift their production base to India, thereby increasing the inflow of foreign exchange (say \$) to the Indian economy. This increase in foreign direct investments (FDI) by MNCs will lead to increase in the supply of foreign exchange in India leading to a fall in the rate of foreign exchange, i.e. Indian Rupee (\$) may appreciate. Increase in FDI will result in increase in production and hence may also generate employment opportunities in the Indian economy. 15 Question: (a) Define 'Revenue Expenditure'. Answer: (a) Revenue Expenditures are those expenditures of the government that neither create any assets nor reduce any liabilities of the government. 1 Question: (b) Distinguish between Direct tax and Indirect Tax Answer: (b) Distinguish between Direct tax and Indirect Tax Answer: (a) Revenue Expenditures are those expenditures of the government. 1 Question: (a) Calculate the value of "Change in Stock" from the following data: S.NO		OR				
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Question: (b). Define Real Gross Domestic Product. 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						1½
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		` '				1/2
goods and services produced in an economy during the year estimated at some given						
- - - - - - - - - -		·				
						2

			OR			
	Question: (a) Discuss briefly the three components of 'Income from Property and					
	Entrepreneurship.'					
	Answer: (a) Income from property and entrepreneurship (operating surplus) includes:					
	` '	/Royalties	•		. ,	1
	ii. Inter	•				1
	iii. Profi			(Brief explanatio	n of each pointer)	1
) What are 'externalition	es'? State its types	•		
	,	Externalities refer to t			•	
	, ,	neral, without being pe	·			1
	, ,	o types of externalities				
		ositive externalities – S		saving of time/fue	l with	
		onstruction of better re		. saving or time, rac		1/2 + 1/2
		legative externalities -	•	xample pollution ca	used by stubble	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
		urning in some states of				1/2 + 1/2
17		n an economy, if initial				72 . 72
		of investment multipli		•		
	_	working of investmen				
		is another's income.	t martiplier is base	d on the principle	indi one 3	
	-	investment = ₹ 100 cro	ores and MPC = 0.8	2		
	Round	Change in	Change in	Change in	Change in	
	Nound	Investment(₹ in	Income(₹ in	Consumption(₹	Saving(₹ in	
		crores)	crores)	in crores)	crores)	
		100	100	80	20	
		-	80	64	16	
			64	51.2	12.8	2
			04			_
		-	-	-	100	
			500	400	100	
		, 1	(V	alid explanation of the	table is required)	1
		$K = \frac{1-mpc}{1-mpc}$				1
		$=\frac{1}{0.2}=5$				1/2
		ΔY= K x Δ I				1/2
		= 5 x 100				1
		= ₹ 500 crores	(Valid explanation in	naragraph form should a	ilso he allotted marks)	_
	= ₹ 500 crores (Valid explanation in paragraph form should also be allotted marks). SECTION- B (INDIAN ECONOMIC DEVELOPMENT)					
18	Question: During India's first seven five- year plans, the Government of India adopted					
	policy to protect domestic industries. (Fill in the blank with the correct answer)					
	Answer: Import Substitution (or any other relevant term)					1
19						
	Answer: Safe and Healthy food (or any other valid advantage)				valid advantage)	1
20		State whether the state	ment is true or false		<u> </u>	
	"In the past f	ew decades, primary se	ctor has created m	aximum jobs in Indi	a"	1
	Answer:	False		-		
-						•

Question: was the predecessor organisation to World Trade Organisation (Choose the correct alternated (A) International Bank for Reconstruction and Development(IBRD) (B) International Monetary Fund(IMD) (C) Reserve Bank of India(RBI)					
(A) International Bank for Reconstruction and Development(IBRD) (B) International Monetary Fund(IMD)					
(B) International Monetary Fund(IMD)					
(C) Reserve Bank of mala(RBI)					
(D)General Agreement on Tariffs and Trade(GATT)					
Answer- (D) General Agreement on Tariffs and Trade(GATT)					
	1				
Question: India is not a member of which of the following regional/global economic					
grouping? (Choose the correct alternat	tive)				
(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 23 Question: State whether the statement is true or false.	1				
Question: State whether the statement is true or false.					
"Self- Help Groups (SHGs) are an example of a microcredit organisation."					
Answer: True	1				
Question: The main aim of 'Great Leap Forward' was to ensure rapid increase in					
(primary/secondary/tertiary) sector in China. (Choose the correct alternation	,				
Answer: secondary	1				
25 Question: State any one outcome of implementation of Economic Reforms in India in	י				
1991 Answer: Creater inflow of investment (as any other relevant extreme to be elletted as	arks) 1				
Answer: Greater inflow of investment. (or any other relevant outcome to be allotted made 26 Question: Arrange the following events in chronological order and choose	arks) 1				
the correct answer from the given alternatives:					
(i) Establishment of People's Republic of China					
(ii) Creation of Pakistan					
(iii) First Five-Year Plan ofIndia					
(iv) First Five-Year Plan ofChina					
Alternatives:					
(A) (i), (iv), (ii), (iii)					
(B) (iii), (ii), (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	technologi	'Human Capital Formation gives birtl cal improvements." Do you agree with t th valid arguments.					
	productivit ability to a	The given statement is correct. Human Capity of available human resources but also dopt new technologies. t in education creates ability to adopt new	stimulates innovation and creates				
	and innovation	ation since educated workforce generally and a control of the cont	marks) (to be marked as whole)	3			
	India. Answer - R	valuate the role of rural banking system in apid expansion of the banking system had put income and employment. In spite of it is	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 Indi	ia and China with valid reasons :				
	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						
	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.						

		П			
	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.	1			
30	Question- India is often called the 'Outsourcing Destination' of the World. Discuss the				
	prime reasons for this name given to India.				
	Answer- Reasons for India as outsourcing destination-				
	(i) Availability of skilled manpower- India has vast skilled manpower which enhances the faith of MNCs.	2			
	(ii) Favourable Government policies- MNCs get various types of lucrative offers	2			
	from the Indian government such as tax holidays, tax concessions etc.				
	(any other valid argument should be allotted marks)				
	OR				
	Question: State the meaning of import substitution Explain how import				
	substitution can protect the domestic industries.				
	Answer: Import substitution refers to a policy of replacement or substitution of imports	1			
	by domestic production.				
	The domestic industries of India were not in a position to compete against the goods				
	produced by developed economies. So, the policy of import substitution helped in				
	protecting them in two ways:	4.1/			
	i. The tariff on imported goods, and	1 ½			
	ii. Fixation of quotas helped in restricting the level of imports.	1 ½			
	As a result, the domestic firms could expand without fear of competition from the foreign				
21	market. (Students may also discuss infant industry argument, to be allotted marks).				
31	Question: (a) State any one positive contribution made by the British in India. Answer: (a) Introduction of Railways (any other valid positive contribution).	1			
	Answer: (a) Introduction of Railways (any other valid positive contribution).	1			
	Question: (b) Indicate the volume and direction of foreign trade of India at the				
	time of Independence.				
	Answer: (b) The restrictive policies of commodity production, trade and tariff pursued by				
	the colonial rule adversely affected the volume and direction of India's foreign trade, as:				
	i. British maintained monopoly control over India's exports and imports.				
	ii. More than half of India's foreign trade was restricted to Britain while while the	1			
	rest was allowed with a few other countries like China, Ceylon(Sri Lanka) and	1			
	Persia (Iran)				
	iii. India had huge export surplus during the colonial rule.	1			
	(any other valid argument to be allotted marks)				
	(data is only indicative, no marks should be deducted if not data not given by student)				

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	e following)				
	' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '		- It means the abil environmental dam	ity of the environment to age.		
	above the rate of		e resources and wa	esources extraction is not stes generated are within		
	per capita expend calories per perso	It can be determin diture (MPCE). Aco on per day in rural	ed in terms of calor cording to this a i areas and 2100 c	· · · · · · · · · · · · · · · · · · ·	2+2	
33	Question- (a) Why are le					
	· · · ·		_	employment in India, as	1 ½	
		e skills and high lev	•	,	1 ½	
	1	_	men in India due to	social constraints.		
	•	loyment Pattern (S	ector wise), 1983-2	2012(in %)		
	Sector	1993-94	1999-2000	2011-2012		
	Primary	64	60.4	24.3		
	Secondary	16 20	15.8	24.3		
	Services		23.8	26.8		
	, , ,			period, the proportion of		
	I	-		the employment share of sed. While the share of	3	
	•					
	secondary sector has gone up by approximately 9% recently, the corresponding figure for services sector has gone up by approximately 7%. (to be marked as a whole)					
34				•		
	Question: a) "Ujjwala Yojana has been a game changer for rural India." State any three conventional fuels being targeted under the LPG cylinder distribution 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 convention			re:		
	(i) Agricultural (ii) Firewood	waste and dried dung	5			
	(ii) Filewood (iii) Coal		(or a	ny other valid example)	1x3 = 3	
	1		,	,	1	

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)

6

3