

HMJ/1

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

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/1/3

General Instructions: -

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

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

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

Q. NO.	SECTION- A (MACRO ECONOMICS)	Marks
	EXPECTED ANSWER	
1	<p>Question: Revenue Deficit can be estimated using the formula _____ (Fill in the blank with the correct formula)</p> <p>Answer: Revenue Expenditure – Revenue Receipts</p>	1
2	<p>Question: State whether the following statement is true or false: “As per Keynesian theory in an economy, full employment can never exist.”</p> <p>Answer: False</p>	1
3	<p>Question: According to the theory of Keynesian Economics, the value of average propensity to consume can never be _____ (Choose the correct alternative)</p> <p>a. Zero (B) Unity (C) More than one (D) Less than one</p> <p>Answer:(A) Zero</p>	1
4	<p>Question: State whether the following statement is true or false: “Expected obsolescence is included in depreciation.”</p> <p>Answer: True</p>	1
5	<p>Question: Effective demand is defined as _____ (Fill in the blank with the suitable definition)</p> <p>Answer: that level of output and employment where Aggregate Demand is equal to Aggregate supply.</p>	1
6	<p>Question: In order to control the money supply in the economy, the Central Bank may _____. (Choose the correct alternative)</p> <p>(A) Buy securities in the open market (B) Sell securities in the open market (C) Reduce cash reserve ratio (D) Reduce repo rate</p> <p>Answer: One mark to be allotted for any given option (A), (B), (C) or (D).</p>	1
7	<p>Question: State whether the following statement is true or false: “Government Budget is an important monetary policy instrument.”</p> <p>Answer- False</p> <p style="text-align: center;">OR</p> <p>Disinvestment is a _____ (capital/revenue) receipt of the government. (Choose the correct alternative)</p> <p>Answer: capital</p>	1 1
8	<p>Question: Two component of money supply are _____ and _____ (Fill in the blanks with the correct answers)</p> <p>Answer: (i) Currency held with public (ii) Demand deposits with commercial banks.</p>	½ ½

14	<p>Question: Using a hypothetical numerical example, explain the process of credit creation by a commercial bank.</p> <p>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.</p> <p>The credit creation by commercial banks is determined by :</p> <ol style="list-style-type: none"> 1. The amount of the initial deposit. 2. The Legal Reserve Ratio (LRR). <p>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.</p> <p>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.</p> <p>Total money creation = $Initial\ deposit \left(\frac{1}{LRR} \right) = 1000 \left(\frac{1}{10\%} \right) = ₹ 10,000$</p> <p>Hence, the initial deposit of ₹ 1000 has led to the total money supply of ₹ 10,000.</p> <p style="text-align: center;">(Explanation in tabular form should also be allotted marks)</p> <p style="text-align: center;">OR</p> <p>Question: “Central bank acts as the banker to the government”. Elaborate the given statement.</p> <p>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)</p>	<p style="text-align: center;">1</p> <p style="text-align: center;">½</p> <p style="text-align: center;">½</p> <p style="text-align: center;">2</p> <p style="text-align: center;">4</p>
15	<p>Question:(a)Distinguish between Capital Expenditure and Revenue Expenditure.</p> <p>Answer: (a) Capital Expenditure is the expenditure which either creates assets or reduces liabilities of the Government.</p> <p>Revenue Expenditure is the expenditure which neither creates assets nor reduces liabilities of the Government.</p> <p>Question: b. Define ‘Tax’.</p> <p>Answer: Tax is a compulsory payment imposed by the government on households and firms.</p>	<p style="text-align: center;">1 ½</p> <p style="text-align: center;">1 ½</p> <p style="text-align: center;">1</p>
16	<p>Question: Using a well – labelled diagram, show how Consumption curve can be derived from Saving curve.</p> <p>Answer: Steps</p> <ol style="list-style-type: none"> 1. Draw Saving curve from OS’ on the Y-axis. Take OC equal to OS’ on the Y-axis. This gives the starting point C of the consumption curve. 2. Draw 45° line from the origin. Draw perpendicular from point B’ intersecting the 45° line at B. 3. Join points C and B and extend upwards to obtain the consumption curve CBC <p style="text-align: center;">SUITABLE DIAGRAM WITH VALID EXPLANATION</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">3</p>

	<p>For Visually Impaired Candidates:</p> <p>Question: (a) If the Saving function is $S = (-) 10 + 0.2 Y$, how can Consumption function be derived from the given saving function?</p> <p>Answer:(a) As we know $Y = C + S$ $\therefore C = Y - S$ $C = Y - (-10 + 0.2 Y)$ $\therefore C = 10 + 0.8 Y$</p> <p>Question: (b) Distinguish between Average Propensity to save and Marginal Propensity to save</p> <p>Answer: (b) Average Propensity to Save (APS) is the ratio of total savings and total income in an economy.</p> $APS = \frac{\text{Total Saving}}{\text{Total Income}} = \frac{S}{Y}$ <p>Marginal Propensity to Save (MPS) is the ratio of change in total savings and change in total income in an economy.</p> $MPS = \frac{\text{Change in Saving}}{\text{Change in Income}} = \frac{\Delta S}{\Delta Y}$	<p>1</p> <p>1 ½</p> <p>½</p> <p>1 ½</p> <p>1 ½</p>																					
17	<p>Question: (a) Calculate the value of "Change in Stock" from the following data:</p> <table border="1" data-bbox="357 882 1258 1207"> <thead> <tr> <th>S.NO</th> <th>Items</th> <th>Amount (in ₹Crores)</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Sales</td> <td>400</td> </tr> <tr> <td>ii</td> <td>Net Value Added at Factor cost (NVA_{FC})</td> <td>200</td> </tr> <tr> <td>iii</td> <td>Subsidies</td> <td>10</td> </tr> <tr> <td>iv</td> <td>Change in Stock</td> <td>?</td> </tr> <tr> <td>v</td> <td>Depreciation</td> <td>40</td> </tr> <tr> <td>vi</td> <td>Intermediate Consumption</td> <td>100</td> </tr> </tbody> </table> <p>Answer: Change in stock = (ii) +(vi)+(v)-(iii)-(i) = 200+100+40-10-400 = (-) ₹70 Crores.</p> <p>Question: (b). Define Real Gross Domestic Product.</p> <p>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 base year's prices.</p> <p style="text-align: center;">OR</p> <p>Question: (a) Discuss briefly the three components of 'Income from Property and Entrepreneurship.'</p> <p>Answer: (a) Income from property and entrepreneurship (operating surplus) includes:</p> <ol style="list-style-type: none"> i. Rent/Royalties ii. Interest iii. Profit <p style="text-align: right;">(Brief explanation of each pointer)</p> <p>Question: (b) What are 'externalities'? State its types with suitable examples.</p> <p>Answer: (b) Externalities refer to the benefits/harms caused by a firm/individual to the society in general, without being penalised.</p> <p>There are two types of externalities :-</p>	S.NO	Items	Amount (in ₹Crores)	i.	Sales	400	ii	Net Value Added at Factor cost (NVA _{FC})	200	iii	Subsidies	10	iv	Change in Stock	?	v	Depreciation	40	vi	Intermediate Consumption	100	<p>2</p> <p>1½</p> <p>½</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
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	(i) Positive externalities – Social benefits. E.g. saving of time/fuel with construction of better roads in a country	½ + ½
	(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)	½ + ½
SECTION- B (INDIAN ECONOMIC DEVELOPMENT)		
18	<p>Question: Arrange the following events in chronological order and choose the correct answer from the given alternatives:</p> <p>(i) Establishment of People’s Republic of China (ii) Creation of Pakistan (iii) First Five-Year Plan of India (iv) First Five-Year Plan of China</p> <p>Alternatives :</p> <p>(A) (i), (iv), (ii), (iii) (B) (iii), (ii), (i), (iv) (C) (ii), (i), (iii),(iv) (D) (iv), (iii), (ii), (i)</p> <p>Answer: (C) (ii), (i), (iii),(iv)</p>	1
19	<p>Question: The main aim of ‘Great Leap Forward’ was to ensure rapid increase in _____ (primary/secondary/tertiary) sector in China. (Choose the correct alternative)</p> <p>Answer: secondary</p>	1
20	<p>Question: India is not a member of which of the following regional/global economic grouping? (Choose the correct alternative)</p> <p>(A) European Union (C) G-20 (B) BRICS (D) SAARC</p> <p>Answer – (A) European Union</p> <p style="text-align: center;">OR</p> <p>Pakistan introduced its economic reforms in the year _____</p> <p>(A) 1974 (C) 1978 (B) 1976 (D) 1988</p> <p>Answer – (D) 1988</p>	1
21	<p>Question: State whether the statement is true or false. “In the past few decades, primary sector has created maximum jobs in India”</p> <p>Answer: False</p>	1
22	<p>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)</p> <p>Answer: Import Substitution (or any other relevant term)</p>	1
23	<p>Question: State the meaning of ‘Golden Revolution’.</p> <p>Answer: Golden Revolution refers to the period in which there was a tremendous rise in the production of horticultural products like fruits vegetables etc.</p>	1

24	<p>Question: _____ was the predecessor organisation to World Trade Organisation. (Choose the correct alternative)</p> <p>(A) International Bank for Reconstruction and Development (IBRD) (B) International Monetary Fund (IMF) (C) Reserve Bank of India (RBI) (D) General Agreement on Tariffs and Trade (GATT)</p> <p>Answer- (D) General Agreement on Tariffs and Trade (GATT)</p>	1									
25	<p>Question: State whether the statement is true or false. "Self- Help Groups (SHGs) are an example of a microcredit organisation."</p> <p>Answer: True</p>	1									
26	<p>Question: State any one outcome of implementation of Economic Reforms in India in 1991</p> <p>Answer: Greater inflow of investment. (or any other relevant outcome to be allotted marks)</p>	1									
27	<p>Question: Mention any one advantage of Organic farming.</p> <p>Answer: Safe and Healthy food (or any other valid advantage)</p>	1									
28	<p>Question- Compare and analyse the given data of India and China with valid reasons :</p> <table border="1" data-bbox="181 844 1133 1041"> <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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29	<p>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.</p> <p>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.</p> <p>Investment in education creates ability to adopt newer technologies, facilitates invention and innovation since educated workforce generally adapts to modern technologies and innovation.</p> <p>(any other valid argument to be allotted marks) (to be marked as whole)</p> <p style="text-align: center;">OR</p>	3									

	<p>Critically evaluate the role of rural banking system in the process of rural development in India.</p> <p>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-</p> <ul style="list-style-type: none"> ➤ 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. <p style="text-align: center;">(any other valid argument to be allotted marks)</p>	<p>1 ½</p> <p>1 ½</p>
30	<p>Question: Define any two of the following:</p> <p>(a) Absorptive capacity of environment (b) Carrying capacity of environment (C) Poverty Line (in terms of calorific value).</p> <p>Answers- (Any two of the following)</p> <p>(a) Absorptive capacity of the environment- It means the ability of the environment to absorb degradation without causing environmental damage.</p> <p>(b) Carrying capacity of environment – It implies that the resources extraction is not above the rate of regeneration of the resources and wastes generated are within the assimilating capacity of the environment.</p> <p>(c) Poverty Line is the cut off point which divides the population of the country as poor and the non-poor. It can be determined in terms of calorie intake and monthly per capita expenditure (MPCE). According to this a minimum intake of 2400 calories per person per day in rural areas and 2100 calories person per day in urban areas is needed.</p> <p style="text-align: center;">(any other relevant definitions should be allotted marks)</p>	2+2
31	<p>Question- India is often called the ‘Outsourcing Destination’ of the World. Discuss the prime reasons for this name given to India.</p> <p>Answer- Reasons for India as outsourcing destination-</p> <ul style="list-style-type: none"> (i) Availability of skilled manpower- India has vast skilled manpower which enhances the faith of MNCs. (ii) Favourable Government policies- MNCs get various types of lucrative offers from the Indian government such as tax holidays, tax concessions etc. <p style="text-align: center;">(any other valid argument should be allotted marks)</p> <p style="text-align: center;">OR</p> <p>Question: State the meaning of import substitution Explain how import substitution can protect the domestic industries.</p> <p>Answer: Import substitution refers to a policy of replacement or substitution of imports by domestic production.</p> <p>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</p>	<p>2</p> <p>2</p> <p>1</p>

	<p>them in two ways:</p> <ol style="list-style-type: none"> The tariff on imported goods, and fixation of quotas helped in restricting the level of imports. <p>As a result, the domestic firms could expand without fear of competition from the foreign market. (Students may also discuss infant industry argument, to be allotted marks).</p>	<p>1 ½</p> <p>1 ½</p>																
32	<p>Question: (a) Name any one prominent economist who estimated India's National Income during the Colonial period.</p> <p>Answer: V.K.R.V.Rao (or other correct name)</p> <p>Question:(b)Discuss any two causes of India's agricultural stagnation during the Colonial period.</p> <p>Answer:(b)Two causes of India's agricultural stagnation during the Colonial period were :</p> <ol style="list-style-type: none"> The system of land settlement that was introduced by the colonial government particularly the zamindari system. Lack of irrigation facilities. (with valid explanation) 	<p>1</p> <p>1 ½</p> <p>1 ½</p>																
33	<p>Question: a. State the names of six Indian Systems of Medicines (ISM) under AYUSH scheme of Government of India.</p> <p>Answer: The six Indian Systems of Medicines (ISM) under AYUSH scheme of Government of India includes: Ayurveda, Yoga, Unani, Siddha, Naturopathy and Homeopathy.</p> <p>Question- (b) Analyse the recent trends in sectoral distribution of workforce in India:</p> <p style="text-align: center;">Trends in Employment Pattern (Sector wise), 1983-2012(in %)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Sector</th> <th>1993-94</th> <th>1999-2000</th> <th>2011-2012</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>64</td> <td>60.4</td> <td>48.9</td> </tr> <tr> <td>Secondary</td> <td>16</td> <td>15.8</td> <td>24.3</td> </tr> <tr> <td>Services</td> <td>20</td> <td>23.8</td> <td>26.8</td> </tr> </tbody> </table> <p>Answer- (b) The given data indicates that over the given period, the proportion of workforce in primary sector has gone down rapidly. Whereas, the employment share of both secondary sector and the services sector has increased. While the share of 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)</p>	Sector	1993-94	1999-2000	2011-2012	Primary	64	60.4	48.9	Secondary	16	15.8	24.3	Services	20	23.8	26.8	<p>½ x 6 = 3</p> <p>3</p>
Sector	1993-94	1999-2000	2011-2012															
Primary	64	60.4	48.9															
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Services	20	23.8	26.8															
34	<p>Question: (a)What is meant by 'Global Burden of Disease'?</p> <p>Answer: (a) 'Global Burden of Disease' is an indicator used by experts to gauge the number of people dying prematurely due to a particular disease, as well as, the number of years spent by them in a state of disability owing to the disease.</p> <p>Question (b) Discuss any two problems faced by power sector in India.</p> <p>Answer: (b) 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. (Any other relevant point)</p>	<p>2</p> <p>2</p> <p>2</p>																

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.

(any other relevant answer should be allotted marks)

(to be marked as a whole)

6