

HMJ/1

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

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/2/1

General Instructions: -

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

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

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

Q. No.	SECTION- A (MACRO ECONOMICS)	Marks Allocation
	EXPECTED ANSWER	
1	<p>Question- If the entire additional income of an economy is consumed, the value of investment multiplier will be _____ . (Choose the correct alternative)</p> <p>(A) Zero (0) (B) not defined (∞) (C) one (1) (D) ten(10)</p> <p>Answer- (B) not defined (∞)</p>	1
2	<p>Question- A car purchased by a household is a _____. (Choose the correct alternative)</p> <p>(A) single use capital good (B) single use consumer good (C) durable consumer good (D) semi-durable consumer good</p> <p>Answer- (C) durable consumer good</p> <p style="text-align: center;">OR</p> <p>Question- GNP deflator is represented by which of the following formulae? (Choose the correct alternative)</p> <p>(A) $\frac{\text{Nominal GNP} \times 100}{\text{Real GNP}}$ (B) $\frac{\text{Real GNP} \times 100}{\text{Nominal GNP}}$ (C) $\frac{\text{Real GNP} \times 100}{\text{Change in Rate of Inflation}}$ (D) $\frac{\text{Change in Rate of Inflation} \times 100}{\text{Real GNP}}$</p> <p>Answer- (A) $\frac{\text{Nominal GNP} \times 100}{\text{Real GNP}}$</p>	1
3	<p>Question-Name the two components of Aggregate Demand in a closed economy.</p> <p>Answer- Consumption Expenditure (C) and Investment Expenditure (I)</p>	$\frac{1}{2} + \frac{1}{2}$
4	<p>Question- _____ is the agent and adviser to the Government of India. (Fill in the blank with correct answer)</p> <p>Answer- Reserve Bank of India (RBI)</p>	1
5	<p>Question- State whether the following statement is true or false:</p>	

	<p>“To reduce inflation, the Central Bank should reduce Cash Reserve Ratio (CRR).”</p> <p>Answer-False</p>	1
6	<p>Question- Government expenditure incurred on defence items is a type of _____expenditure in the Government Budget. (Fill in the blank with correct answer)</p> <p>Answer- capital/revenue (Both the answers to be considered correct)</p>	1
7	<p>Question- State whether the following statement is true or false:</p> <p>“Under a managed floating exchange rate system, the Government directly controls the exchange rate.”</p> <p>Answer-False</p>	1
8	<p>Question- ‘Charity from Abroad’ will be recorded on _____(credit/debit)side of the balance of Payment accounts. (Fill in the blank with correct answer)</p> <p>Answer- credit</p>	1
9	<p>Question- Give any two examples of non-tax revenue receipts.</p> <p>Answer- Fees, penalties (any other correct examples to be allotted marks)</p>	$\frac{1}{2} + \frac{1}{2}$
10	<p>Question- Suppose in a hypothetical economy, the income rises from ₹ 500 crores to ₹600 crores. As a result, the consumption expenditure rises from ₹400 crores to ₹500 crores. Marginal propensity to consume in such a case would be _____.</p> <p>(Choose the correct alternative)</p> <p>(A) 0.8 (B) 0.4 (C) 1.0 (D) 0.6</p> <p>Answer- (C)1.0</p>	1
11	<p>Question- “Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country.”Defend or refute the given statement with valid reasons.</p> <p>Answer- The given statement can be defended on the following grounds, as GDP may not take into account:</p> <p>(i) Non monetary exchanges like services of housewives. (ii) Externalities (benefits/harms) caused by human activities. (iii) Distribution of Income (GDP).</p> <p>(no marks to be allotted if no/wrong reason(s) are given)</p>	1×3=3

	<p>Question- Elaborate any two instruments of credit control, exercised by the Reserve Bank of India.</p> <p>Answer- Two instruments of credit control are</p> <ul style="list-style-type: none"> • Repo rate – It is the rate of interest at which central bank lends to commercial banks for their short term requirements. An increase in repo rate will force commercial banks to increase their lending rates. It will make borrowings costlier to general public. • Open market operations- It refers to buying and selling of government securities by the central bank from and to the general public. When central bank sells its securities, it reduces liquidity (deposits) with commercial banks and adversely affects credit creating power of banks. <p style="text-align: center;">(any other instrument/explanation to be allotted marks)</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p>
<p>14</p>	<p>Question- “US dollar has recorded a jump of 0.75 paise per dollar (p/\$) in the last one month; this situation might bring smiles and sorrows to different types of traders (exporters and importers).” Justify the given statement.</p> <p>Answer- The given condition indicates to the situation of depreciation of home currency (₹) vis-a-vis foreign currency (US \$). This implies that more units of Indian currency (₹) is to be paid to buy one unit of foreign currency (US \$). This may lead to sorrows for importers, as they have to pay higher amount for their imports. Also, this may bring smiles for exporters, as they would be getting higher earnings for their exports.</p> <p style="text-align: center;">(any other valid explanation to be allotted marks)</p>	<p style="text-align: center;">1</p> <p style="text-align: center;">1 ½</p> <p style="text-align: center;">1 ½</p>
<p>15</p>	<p>Question- “The Government Budget of a country cannot have fiscal deficit without the existence of revenue deficit.” Defend or refute the given statement.</p> <p>Answer- The given statement can be refuted as the fiscal deficit can exist without revenue deficit, if:</p> <ol style="list-style-type: none"> Capital Budget is in deficit ($CE > CR$) with balanced Revenue Budget ($RE = RR$). Capital Budget is in deficit ($CE > CR$) in greater proportion to Surplus Revenue Budget (RE) 	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p>
<p>16</p>	<p>Question- 16 (a) “Circular flow of income in a two- sector economy is based on the axiom that one’s expenditure is other’s income.” Support your answer with valid reasons.</p> <p>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)</p> <p>Question- 16 (b) Distinguish between ‘value of output’ and ‘value added’.</p> <p>Value of output is the estimated money value of all the goods and services, inclusive of change in stock and production for self consumption. Whereas;</p> <p>Value added is the excess of value of output over the value of intermediate consumption.</p> <p style="text-align: center;">OR</p>	<p style="text-align: center;">4</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>

Question- Using the following data of an imaginary economy, calculate and compare the Real Gross Domestic Product (GDP) for the given years :

Year	2015-16	2016-17
Nominal GDP Rate	8.4%	9%
GDP deflator	140	125

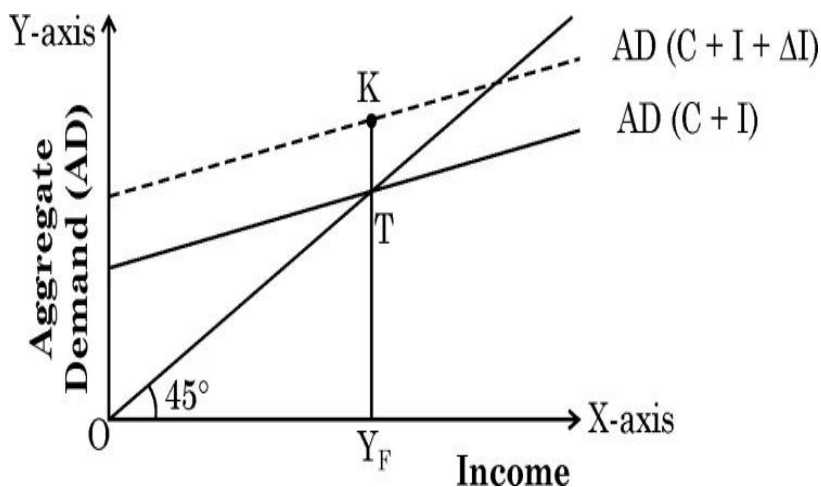
Answer - GDP Deflator = $\frac{NOMINAL\ GDP}{REAL\ GDP} \times 100$

	2014-15	2015-16	2016-17
Nominal GDP =	10,000 (Assume)	10,840	11,815
Real GDP =	10,000 (Assume)	7742 (approx)	9452 (approx)

(any other answer provided by student should be allotted marks)

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



Answer- KT' represents inflationary gap

Two fiscal measures to correct the situation of inflationary gap are –

- a) Increase in Taxes - To curb the inflationary gap the government may increase the taxes. This may reduce the purchasing power in the hands of the public which in turn may reduce the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.
- b) Reduction in Government Expenditure- To curb the inflationary gap the government may reduce its non developmental expenditure. This may reduce the purchasing power in the hands of the people which in turn will reduce the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.

	<p>For visually Impaired Candidates:</p> <p>Question - What is meant by deflationary gap? State and discuss any two fiscal measures to correct the situation of deflationary gap.</p> <p>Answer- Deflationary gap is that situation when Aggregate Demand is lesser than Aggregate Supply corresponding to full employment level.</p> <p>Two fiscal measures are to control it are:</p> <p>a) Decrease in Taxes - To curb the deflationary gap the government may decrease the taxes. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.</p> <p>b) Increase in Government Expenditure- To curb the deflationary gap the government may increase its expenditure. This may increase the purchasing power in the hands of the people which in turn may increase the Aggregate Demand in the economy to bring it equal to the Aggregate Supply.</p>	<p>1</p> <p>2 ½</p> <p>2 ½</p>								
SECTION- B (INDIAN ECONOMIC DEVELOPMENT)										
<p>18</p>	<p>Question- In the year _____ the Indian Government made education free and compulsory for all children between 6 – 14 years. (Choose the correct alternative)</p> <p>(A) 2001 (B) 2009 (C) 2003 (D) 2007</p> <p>Answer- (B) 2009</p> <p style="text-align: center;">OR</p> <p>Question- Which one of the following organisations regulates the health sector in India? (Choose the correct alternative)</p> <p>(A) ICMR (B) UGC (C) AICTE (D) RBI</p> <p>Answer-(A) ICMR</p>	<p>1</p> <p>1</p>								
<p>19</p>	<p>Question- State whether the following statement is true or false:</p> <p>“Land ceiling means fixing the minimum limit of land holding for an individual.”</p> <p>Answer- False.</p>	<p>1</p>								
<p>20</p>	<p>Question- Identify and match the correct sequence of alternatives of organisations given in Column I with the respective functions in column II:</p> <table border="1" data-bbox="183 1686 1360 1911"> <thead> <tr> <th>Column I</th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>(a) WTO</td> <td>(i) provides short –term loans to Balance of Payments problem.</td> </tr> <tr> <td>(b) RBI</td> <td>(ii) is a multilateral trade negotiating body.</td> </tr> <tr> <td>(c) IMF</td> <td>(iii) facilitates lending for reconstruction and development.</td> </tr> </tbody> </table>	Column I	Column II	(a) WTO	(i) provides short –term loans to Balance of Payments problem.	(b) RBI	(ii) is a multilateral trade negotiating body.	(c) IMF	(iii) facilitates lending for reconstruction and development.	
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	<p>These reforms have led to stability of farming as an occupation and promoted equity.</p> <p style="text-align: center;">(any other relevant argument/explanation to be allotted marks)</p> <p style="text-align: center;">OR</p> <p>Question- “Import restrictions were imposed in India with the dual objective to save foreign exchange reserves and to be self- sufficient.” Justify the given statement with valid arguments.</p> <p>Answer- The given statement is appropriate as the policy aimed at:</p> <ul style="list-style-type: none"> i) Protecting the domestic industries from foreign competition by substituting imports with domestic production. ii) Saving scarce foreign exchange by restricting the volume of imports. <p>Thus, in the early post-independence era the dual objectives helped India to move towards the goal of self-reliance. (any other relevant argument to be allotted marks)</p>	2+2									
31	<p>Question- Comment upon any two salient features of occupational structure of India on the eve of Independence.</p> <p>Answer-The occupational structure of India on the eve of independence had the following two main features:</p> <ul style="list-style-type: none"> i) <u>Predominance of agriculture sector:</u> The agricultural sector accounted for the largest share of workforce with approximately three-fourth of the workforce depending on agriculture, directly or indirectly. ii) <u>Growing regional variation-</u> Due to rise of manufacturing and services sector in some parts of India (like the then Madras, Bombay and Bengal Presidencies) the dependency ratio of workforce on agricultural sector declined. <p style="text-align: center;">(any other relevant argument to be allotted marks)</p>	2 2									
32	<p>Question- Compare and analyse the given data of India and China with valid reasons :</p> <table border="1" data-bbox="185 1234 1305 1451" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Country</th> <th style="width: 40%;">Annual growth rate of population (2015)</th> <th style="width: 45%;">Sex ratio (per thousand males)</th> </tr> </thead> <tbody> <tr> <td>India</td> <td style="text-align: center;">1.2%</td> <td style="text-align: center;">929</td> </tr> <tr> <td>China</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">941</td> </tr> </tbody> </table> <p>Source: World Development Indicators, 2015</p> <p>Answer-</p> <ul style="list-style-type: none"> 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. 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 	Country	Annual growth rate of population (2015)	Sex ratio (per thousand males)	India	1.2%	929	China	0.5%	941	2
Country	Annual growth rate of population (2015)	Sex ratio (per thousand males)									
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	stands at 929 females per 1000 males, China is not far ahead at 941 females per 1000 males.	2
33	<p>Question- Define the following :</p> <p>(a) Carrying capacity of environment 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>(b) Bio- composting Bio composting - It refers to the process of converting organic waste of various types into natural manure.</p> <p>(c) Sustainable Development Sustainable development - It refers to the development process that meets the needs of present generation without compromising on the ability of the future generations to meet their respective needs.</p> <p>(d) Absorptive capacity of the environment Absorptive capacity of the environment- It means the ability of the environment to absorb degradation without causing environmental damage. (any other relevant definitions should be allotted marks)</p>	1 ½ x 4 = 6
34	<p>Question- (a) Comment upon the informalisation of labour force in India.</p> <p>Answer- In the recent years India has witnessed an unprecedented growth of informal sector or unorganised sector. In India almost the entire agricultural sector and a very large number of industrial and service sector units fall in informal sector. Those employed under this sector, generally, are not entitled to get regular salary and other social security benefits.</p> <p>Thus, Informalisation of labour force refers to a situation where by the proportion of workforce in the informal sector to total workforce increases. Keeping in view the growth of this sector and disadvantages attached to it, the Indian government, in recent times, has initiated the modernisation of this sector and provision of social security measures to the workers in this sector.</p> <p>Question- (b) Define the worker- population ratio.</p> <p>Answer - Worker Population Ratio refers to the ratio of total number of workers to the total population. It is generally expressed in percentage.</p> $\text{Worker population} = \frac{\text{Total number of workers}}{\text{Total population}} \times 100$ <p style="text-align: center;">OR</p>	4 2

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)**

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