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

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

### **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			
	Questionis the agent and adviser to the Government of India.			
1	(Fill in the blank with correct answer)			
	Answer- Reserve Bank of India (RBI)	1		
2	Question- State whether the following statement is true or false:			
	"To reduce inflation, the Central Bank should reduce Cash Reserve Ratio (CRR)."			
	Answer-False	1		
3	Question- Define Aggregate Demand.			
	<b>Answer-</b> Aggregate Demand is the planned expenditure on all the final goods and services in an economy in an accounting year.	1		
4	Question- Government expenditure incurred on defence items is a type ofexpenditure in the Government Budget. (Fill in the blank with correct answer)			
	Answer- capital/revenue (Both the answers to be considered correct)	1		
5	Question- A car purchased by a household is a (Choose the correct alternative)			
	(A) single use capital good (B) single use consumer good			
	(C) durable consumer good (D) semi-durable consumer good			
	Answer- (C) durable consumer good	1		
	OR			
	Question- GNP deflator is represented by which of the following? (Choose the correct alternative)			
	(A) Nominal GNP ×100  Real GNP (B) Real GNP ×100			
	(B) Real GNP ×100 Nominal GNP			
	(C) Real GNP ×100			
	Change in Rate of Inflation (D) Change in Rate of Inflation×100			
	Real GNP			
	Answer- (A) Nominal GNP × 100			
	Real GNP	1		

	<del>-</del>				
6	<b>Question</b> - If the Government establishes a new university, this expenditure incurred in the Government Budget will be a type of expenditure. (fill in the blank with correct answer)				
	Answer- capital				
7	<b>Question</b> - If the entire additional income of an economy is consumed, the value of investment multiplier will be(Choose the correct alternatives)				
	<ul> <li>(A) Zero (0)</li> <li>(B) not defined (∞)</li> <li>(C) one (1)</li> <li>(D) ten(10)</li> </ul>				
	Answer- (B) not defined (∞)	1			
8	<b>Question</b> - 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				
	(Choose the correct alternative)				
	(A) 0.8				
	(B) 0.4 (C) 1.0				
	(D) 0.6	1			
	Answer- (C)1.0	_			
9	Question- 'Charity from Abroad' will be recorded on(credit/debit)side of the balance of Payment accounts. (Fill in the blank with correct answer)				
	Answer- credit	1			
10	Question- Give any two examples of non-tax revenue receipts.	1			
	Answer - Fees, penalties (any other correct examples to be allotted marks)				
11	<b>Question</b> - "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.				
	<b>Answer-</b> The given statement can be defended on the following grounds, as GDP may not take into account:				
	(i) Non monetary exchanges like services of housewives.	1			
	(ii) Externalities (benefits/harms) caused by human activities.	1			
	(iii) Distribution of Income (GDP). (no marks to be allotted if no/wrong reason(s) are given)	1			

12	<b>Question</b> - Discuss the working of the adjustment mechanism if, Aggregate Supply is greater than Aggregate Demand.	
	Answer- Aggregate supply is greater than aggregate demand (AS>AD) means producers are planning to produce more goods and sevices than what buyers are planning to buy, this will lead to rise in inventories. The producers in turn will cut down production, which will lead to fall in income i.e. AS, till aggregate supply becomes equal to aggregate demand.  (To be marked as a whole)	3
	OR	
	Question: If in an economy:	
	Marginal propensity to save (MPS) = 0.2	
	Change in initial investment(ΔI)=₹ 2,000 crores	
	Find the value of the following:	
	<ul><li>(a) Investment multiplier (K)</li><li>(b) Final Change in income (ΔΥ)</li></ul>	
	<b>Answer- a)</b> Investment multiplier (K) = $\frac{1}{MPS}$	1/2
		1/2
	$K = \frac{1}{0.2}$ $K = 5 \text{ times}$ (i)	1/2
	in the second of	
	(b) Investment multiplier (K) = $\frac{\Delta Y}{\Delta I}$	1/2
	Substituting K= 5 from(i)	/2
	$5 = \frac{\Delta Y}{2000}$	1/
	<b>Δ</b> Y = ₹ 10,000 crores	1/2
		1/2
13	<b>Question</b> - How does the Central Bank control the credit with the help of 'Bank Rate'? Explain.	
	<b>Answer-</b> Bank Rate-It is the rate at which the Central Bank lends to the commercial banks for long term requirements. An increase in bank rate will force the commercial banks to increase their lending rates. It will make borrowings costlier to general public which may reduce the demand for loans in the market, thereby reducing the money supply in the economy.	4
	OR	
	Elaborate any two instruments of credit control, exercised by the Reserve Bank of India.	
	Answer Two instruments of credit control are:	

	(any other answer provided by student should be allotted marks)						
	Real GDP =	10,000 (Assu	ıme)	7267 (approx)	7358(approx)		4
	Nominal GDP =	10,000 (Assu	ime)	10,900	11,772		4
		2014-15		2015-16	2016-17		
	Answer - GDP Deflator = $\frac{NOMINAL\ GDP}{REAL\ GDP} \times 100$					2	
	GDP deflator	150	160				
	Nominal GDP Rat	e 9%	8%				
	Year	2015-16	2016	-17			
16	<b>Question-</b> Using the Domestic Product	_			economy,calculat	e and compare the Real Gross	
	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. (any other valid explanation to be allotted marks)					1 1½ 1½	
15	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.						
14	Answer- The given statement can be refuted as the fiscal deficit can exist without revenue deficit, if:  i) Capital Budget is in deficit (CE > CR) with balanced Revenue Budget (RE = RR).  ii) Capital Budget is in deficit (CE > CR) in greater proportion to Surplus Revenue Budget (RE)						2
	<b>Question</b> - "The existence of reve		_	=	•	e fiscal deficit without the ent.	
	<ul> <li>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. (any other instrument with relevant explanation)</li> </ul>						2
	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.						2

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**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.

**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.

# (Diagram not mandatory)

4

1

1

1

2 1/2

2 ½

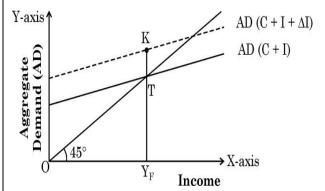
Question- 16 (b) Distinguish between 'value of output' and 'value added'.

(to be marked as a whole)

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;

Value added is the excess of value of output over the value of intermediate consumption.

**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 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.

### For visually Impaired Candidates:

**Question** - What is meant by deflationary gap? State and discuss any two fiscal measures to correct the situation of deflationary gap.

**Answer-** Deflationary gap is that situation when Aggregate Demand is lesser than Aggregate Supply corresponding to full employment level.

1

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	Two fiscal measure	s are to control it are:				
	taxes. This in turn may in Aggregate S b) Increase in may increase of the peop	Taxes - To curb the deflationary gap the government may decrease the may increase the purchasing power in the hands of the people which in acrease the Aggregate Demand in the economy to bring it equal to the supply.  Government Expenditure- To curb the deflationary gap the government se its expenditure. This may increase the purchasing power in the hands le which in turn may increase the Aggregate Demand in the economy to all to the Aggregate Supply.	2 ½			
	S	ECTION- A INDIAN ECONOMIC DEVELOPMENT				
18	(A) Cheap inputs	the following is not an advantage of organic farming?(Choose the correct alternative)  (B)Attractive returns on investment  bilities for import  (D) High nutritional value  possibilities for import	1			
19	Question- Name the apex institution for rural financing in India.  Answer-NABARD					
20						
20	Question is an example of a commercial source of energy. (Choose the correct alternative)					
	(A) Firewood (C) Agricultural	(B) Coal waste (D) Dried dung cakes				
	(C) Agricultural waste (D) Dried dung cakes  Answer-(B) Coal					
21	Question- Identify and match the correct sequence of alternatives of organisations given in Column I with the respective functions in column II:					
	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.				
	(d) IBRD	(iv) is the Central Bank of India.				
	Choose the correct alternative from the following:					
	(A) a-(ii),b-(i),c-(i (B) a-(ii),b-(iv),c- (C) a-(ii),b-(iii),c- (D) a-(ii),b-(iv),c-	(iii),d-(i) (iv),d-(i)	1			
	<b>Answer- (D)</b> a-(ii),b-(	iv),c-(i),d-(iii)	•			

22	Question- In the year the Indian Government made eduction free and compulsory for all children between 6 – 14 years. (Choose the correct alternative)			
	(A) 2001 (B) 2009 (C) 2003 (D) 2007			
	<b>Answer-</b> (B) 2009	1		
	OR			
	Question- Which one of the following organisations regulates the health sector in India?			
	(Choose the correct alternative)			
	(A) ICMR (B) UGC (C) AICTE (D) RBI	1		
	Answer-(A) ICMR	_		
23	Question- State whether the following statement is true or false:			
	"Land ceiling means fixing the minimum limit of land holding for an individual."			
	Answer- False.	1		
24	Questionpolicy was implemented in the first seven five-year plans of India, to protect domestic industries. (Fill in the blank with correct answer)			
	Answer- Import substitution /inward looking trade.	1		
25	Question- State whether the following statement is true or false:			
	"Proportion of people living below poverty line is more in India as compared to Pakistan."			
	Answer- True	1		
	Question- Name any one Navratan company.	_		
26	Answer- Mahanagar Telephone Nigam Ltd. (Or any other relevant example)	1		
27	Question- Mao initiated the 'Great Leap Forward' in the year			
	(A) 1951 (B) 1955 (C) 1958 (D) 1962			
	<b>Answer-</b> (C) 1958	1		
28	<b>Question-</b> "Recently the Government of India has decided to merge MTNL and BSNL on account of rising losses." Justify the step taken by the Government of India.			
	<b>Answer-</b> The decision taken by the Government of India to merge BSNL and MTNL is quite appropriate. The Government has merged the two loss incurring businesses, with a motive to:			
	<ul> <li>i) achieve higher economic and functional efficiency.</li> <li>ii) minimise possible losses (any other relevant reason to be allotted marks)</li> </ul>	3		

**Question-** "Power sector in India has major challenges to face." Discuss the given statement with valid reasons.

**Answer-** Major challenges faced by power sector in India are, as follows:

- (I) India's installed capacity to generate electricity is not sufficient. Even the installed capacity is underutilized because power plants are not running properly.
- (ii) State Electricity Board which distribute electricity are incurring losses due to obsolete transmission and distribution system and wrong pricing.
- (iii) Thermal power plants are facing shortage of raw material and coal supplies.

OR

1x3=3

( Any other relevant point)

**Question-** "India has failed to implement the recommendations of Education Commission of 1964 -66." Give valid arguments in support of the given statement.

Answer- The given statement is appropriate. Over the years India has not been able to raise the educational standards to the desired level. Education Commission of 1964-66 had recommended that at least 6 % of GDP should be spent on education so as to make a noticeable rate of growth in educational achievements. However, the current expenditure level has been quite inadequate. Thus, necessary steps must be taken by the government in this direction.

(To be marked as a whole)

3

**30** | **Question**- Compare and analyse the given data of India 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

### 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.

2

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. 2

31	Question- Comment upon any two salient features of demographic conditions of India on				
	the eve of Independence.				
	Answer- Features of demographic condition of India:	2			
	<ul> <li>i. High Birth Rate and High Death Rate</li> <li>ii. High Infant mortality rate (with valid explanation) (any other valid feature to be allotted marks)</li> </ul>	2			
	II. Thigh find the fact (with valid explanation) (any other valid leature to be anotted marks)				
32	<b>Question</b> - Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.				
	<b>Answer-</b> After independence the government of India took several institutional/land reforms to ensure transformation of Indian agriculture, such as:				
	<ul> <li>i) Land ceiling – It ensured reduction of concentration of land ownership in few hands.</li> <li>ii) Abolition of Zamindari system – It focused on elimination of farmers' exploitation and promotion of agricultural growth. (any other relevant argument to be allotted marks)</li> </ul>	2			
	These reforms have led to stability of farming as an occupation and promoted equity.				
	OR				
	<b>Question</b> - "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.				
	<ul> <li>Answer- The given statement is appropriate as the policy aimed at: <ol> <li>i) Protecting the domestic industries from foreign competition by substituting imports with home production.</li> <li>ii) Saving scarce foreign exchange by restricting the volume of imports.</li> </ol> </li> <li>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)</li> </ul>	2			
33	Question- Define the following :				
33	<ul> <li>(a) Poverty line</li> <li>Answer- Poverty line is the per capita expenditure on minimum needs of a person including average minimum calories in take of 2400 calories per person per day in rural areas and 2100 calories per person per day in urban areas.</li> <li>(b) Human Capital</li> </ul>	1 ½			
	Answer- Human capital refers to the skills which a person acquires through education, training and/or experience, adding to his/her value to the production process.  (c) Self-Help Groups	1 ½			
	<b>Answer</b> - Self help groups are microfinance groups of people which promote thrift in small proportions by a minimum contribution from each member. <b>(d) Green Revolution</b>	1 ½			
	Answer- Green Revolution refers to the large increase in production of food grains resulting from the use of high yielding variety seeds especially for wheat and rice.  (any other relevant definition to be allotted marks)	1 ½			

## 34 Question- (a) Comment upon the informalisation of labour force in India.

**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.

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.

**Question-** (b ) Define the worker- population ratio.

**Answer -** Worker Population Ratio refers to the ratio of total number of workers to the total population. It is generally expressed in percentage.

Worker population = 
$$\frac{Total\ number\ of\ workers}{Total\ population} \times 100$$

#### 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)

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