

HMJ/1

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

Marking Scheme – ECONOMICS
SUBJECT CODE:030 PAPER CODE –58/4/1

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: Two components of money supply are _____ and _____.</p> <p>(fill up the blank with correct answer)</p> <p>Answer: Two components of money supply are</p> <p>i) Currency with public ii) Demand deposits held by commercial banks</p> <p style="text-align: center;">Or</p> <p>Question: The main aim of monetary policy is _____. (Choose the correct alternative)</p> <p>(a) to bring price stability in the economy (b) employment generation in the country (c) to increase trade surplus (d) to generate greater tax revenue</p> <p>Answer:(a) to bring price stability in the economy</p>	½+ ½
	1	
2	<p>Question: State, whether the given statement is true or false:</p> <p>‘Unexpected obsolescence is a component of depreciation.’</p> <p>Answer: False</p>	1
3	<p>Question: ₹ 2,000 note lying in the wallet of Rohini, a student is an example of _____ (stock/flow) variable.</p> <p>(Fill up the blank with correct alternative)</p> <p>Answer: Stock</p>	1
4	<p>Question: Define intermediate consumption.</p> <p>Answer: Intermediate consumption refers to the value of goods and services used during the production process.</p>	1
5	<p>Question: Loans offered by commercial banks _____ (increase/ decrease) the money supply in the economy.</p> <p>(fill up the blank with correct alternative)</p> <p>Answer: increase</p>	1

6	<p>Question: The sum of factor payments is equal to _____.</p> <p>a) Domestic Income b) National Income c) Per Capita Real Income d) Per Capita Nominal Income</p> <p>Answer: a) Domestic Income b) National Income</p> <p style="text-align: right;">(both options should be allotted marks)</p>	1
7	<p>Question: State whether the given statement is true or false:</p> <p>‘Expenditure on Ujjwala Yojna launched by the Government is an example of capital Expenditure.’</p> <p>Answer: False</p>	1
8	<p>Question: Define full employment.</p> <p>Answer: Full employment refers to a situation where all those who are willing and able to work, at the prevailing wage rate get work.</p> <p style="text-align: right;">(any other valid definition to be allotted marks)</p>	1
9	<p>Question: If the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹ 4,000 crores, the value of savings will be _____. (Choose the correct alternative)</p> <p>a) ₹ 100 crores b) ₹ 200 crores c) ₹ 800 crores d) ₹ 500 crores</p> <p>Answer:c) ₹ 800 crores</p>	1
10	<p>Question: Give any one example of ‘debt creating capital receipts’ in the Government Budget.</p> <p>Answer: Borrowings.</p>	1
11	<p>Question: ‘Domestic services (Household Services) performed by a woman are not considered as an economic activity.’</p> <p>Defend or refute the given statement with valid reason.</p> <p>Answer: The given statement is defended. As the activities which are performed by a woman (homemaker) cannot be evaluated in monetary terms. Therefore these activities are not considered as an economic activity.</p> <p style="text-align: right;">(to be marked as whole)</p>	3

12

Question: Calculate Net Value added at Factor Cost (NVA_{FC}) from the following data:

S. No.	Particulars	Amount (in ₹ crores)
(i)	Value of Output	800
(ii)	Intermediate Consumption	200
(iii)	Indirect Taxes	30
(iv)	Depreciation	20
(v)	Subsidies	50
(vi)	Purchase of machinery	50

Answer: $NVA_{FC} = (i) - (ii) - (iv) - [(iii) - (v)]$

$$= 800 - 200 - 20 - [30 - 50]$$

$$= ₹ 600 \text{ crores}$$

Or

Question: State three components of Income from Property and Entrepreneurship.

Answer: Three components of Income from Property and Entrepreneurship are

- Rent / Royalty
- Interest
- Profit

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13

Question: Elaborate the objective of 'allocation of resources' in the Government Budget.

Answer: Allocation of resources: Government seeks to allocate resources with a view to balance the goals of all sections of the society. Production of goods and services which are injurious to health may be discouraged through taxation policy. Similarly, production of socially beneficial goods may be encouraged through subsidies. If private sector does not take initiative in certain activities (Public Goods) government may directly control them like water supply and sanitation etc.

(to be marked as a whole)

4

14	<p>Question: Define effective demand. Discuss how, effective demand can be restored, if ex-ante Aggregate Demand (AD) is more than ex-ante Aggregate Supply (AS).</p> <p>Answer: Effective Demand refers to that level of employment where Aggregate Demand is equal to Aggregate Supply.</p> <p>If ex-ante Aggregate Demand (AD) is more than ex-ante Aggregate Supply (AS), it means buyers are planning to buy more than what the producers are planning to produce.</p> <p>Thus, the inventories-in-hand of producers may fall. As a result, producers may plan to raise output and employment. This mechanism will continue to operate till the two forces become equal.</p>	1 3
15	<p>Question: Explain the function of central bank as ‘Banker, Agent and Advisor’ of the government.</p> <p>Answer: As the Government’s banker, the Central bank accepts receipts and makes payments on behalf of the government. It lends loans to the government for varied purposes. As the agent and advisor to the government, it manages public debt on behalf of the government and also advices on policy matters. (to be marked as a whole)</p> <p style="text-align: center;">Or</p> <p>Question: Elaborate how a Central Bank stabilizes money supply through ‘Bank rate’.</p> <p>Answer: Bank rate is the rate of interest at which central bank lends money to commercial banks to meet their long term needs. An increase in bank rate may force commercial banks to increase their lending rate. It will make borrowings costlier to general public. This leads to discouraging people to borrow and will thus restrict money supply in the economy or vice-versa. (to be marked as a whole)</p>	4 4
16	<p>Question: State, giving valid reasons whether following statements are true or false:</p> <ul style="list-style-type: none"> (i) Trade deficit is always a great cause of worry for an economy. (ii) Depreciation of currency has same effect on exports as devaluation of currency. (iii) ‘Indians investing in assets abroad’ will be recorded under debit side of capital account in Balance of Payments. <p>Answer:</p> <ul style="list-style-type: none"> (i) False, trade deficit is a lesser cause of worry if it reflects a rise in investment which will build the capital stock and increase the future output in an economy. (ii) True, both depreciation and devaluation have same effect on exports of an economy. The two terms, although synonymous, are used in different context. The term devaluation is used in a fixed exchange rate system whereas depreciation is under the flexible exchange rate system. (iii) True, Indians investing in assets abroad will lead to an outflow of foreign currency, it will be recorded under debit side of capital account of balance of payment. 	2 2 2

Or

Question:

- a. Explain what can be the likely impact of depreciation of the home currency on imports to the country.
- b. Distinguish between Current Account Deficit (CAD) and Current Account Surplus (CAS).

Answer:

a. Depreciation of home currency results in a fall in the value of domestic currency (say ₹) in terms of foreign currency (say \$). Consequently foreign goods may become dearer in terms of the domestic currency, leading to losses for importers. Hence, imports of the economy may tend to fall.

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b. Current Account Deficit (CAD) refers to excess of payments for value of imports of visible items, invisible items and unilateral transfers over the receipts from value of export of visible items, invisible items and unilateral transfers. Whereas;

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Current Account Surplus (CAS) refers to excess of receipts from value of exports of visible items, invisible items and unilateral transfers over payments for value of import of visible items, invisible items and unilateral transfers.

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Question:

- a) On the basis of following information, identify whether the economy is in equilibrium or not:

Sr. No.	Particulars	Amount
(i)	Autonomous Consumption and Investment Expenditure (\bar{A})	₹ 500 crores
(ii)	Marginal Propensity to Save (MPS)	0.2
(iii)	National Income	₹ 4,000 crores

Answer:The economy is in equilibrium when $AD = AS (Y)$

$$AD = \bar{A} + MPC (Y)$$

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$$AD = 500 + 0.8 (4,000) \quad (\text{Given } Y = ₹4,000)$$

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$$AD = 500 + 3200$$

½

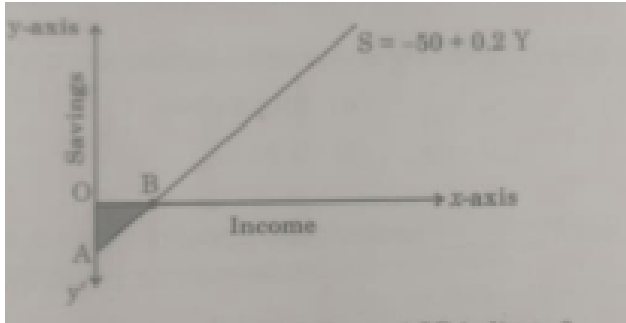
$$AD = ₹ 3,700 \text{ crores}$$

½

Therefore, $AD (₹ 3,700 \text{ crores}) < AS (₹ 4,000 \text{ crores})$, the economy is not in equilibrium

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Question: Answer the following questions on the basis of given figure



- (i) What does the shaded area AOB indicate?
- (ii) What is the significance of point B?

Answer (b): (i) The shaded area AOB represents the dis-savings.
(ii) Point B indicates break-even level of income where Consumption(C) is equal to Income (Y) or Savings (S) are zero.

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For Visually Impaired candidates only

- Question: (b)** i) Define Saving Function.
ii) What is the significance of dis-savings?

Answer: b) i. Saving function : Saving function refers to the functional relationship between Savings (S) and Income (Y)
ii) Dis-savings occur when Consumption (C) is greater than Income (Y). This signifies that spending for basic needs which are necessary for survival is financed by past savings and borrowings.

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Section B Indian Economic Development

18 **Question:** _____ policy followed in first seven five year plans of India, aimed at substituting imports with domestic production. (Fill up the blanks with correct answer)

Answer: Import substitution

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19	<p>Question: Which of the following is not a benefit of organic farming?</p> <p>a. Cheaper inputs b. Attractive returns on investment c. Greater import possibilities d. Higher nutritional value</p> <p>Answer: c) Greater import possibilities</p>	1
20	<p>Question: Define mixed economy.</p> <p>Answer: Mixed economy is a market system will provide whatever goods and services it can provide well, and the government will provide essential goods and services which the market fails to do. (any other correct definition to be allotted marks)</p>	1
21	<p>Question: World Trade Organisation (WTO) was established in 1995, as a successor organisation to _____. (Fill up the blank with correct answer)</p> <p>Answer: General Agreement on Trade and Tariff (GATT)</p>	1
22	<p>Question: India is not a member of which of the following regional/global economic grouping?</p> <p>a) SAARC b) BRICS c) G-7 d) G- 20</p> <p>Answer: c) G-7</p>	1
23	<p>Question: In the past few decades _____ (primary/ secondary/ tertiary) sector has created maximum job opportunities in India. (Fill up the blanks with correct alternative)</p> <p>Answer: tertiary</p>	1
24	<p>Question: The main aim of ‘Great Leap Forward’ (GLF) in China was to ensure rapid increase of _____. (Choose correct alternative)</p> <p>a. agriculture b. industries c. services d. exports</p> <p>Answer: b) industries</p>	1
25	<p>Question: Define disguised unemployment.</p> <p>Answer: Disguised unemployment is a situation where in the number of workers engaged in a work is more than actually/optimally required.</p>	1

34

Question:

(a) Define Worker- Population ratio. What does it signifies?

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

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

This ratio signifies the proportion of population that is actively contributing to the production of goods and services of a country

Question:

(b) Analyse the trends in sectoral distribution of workforce in India on the basis of data

Trends in Employment Pattern (Sector-wise), 1972 – 2012 (in %)

Sector	1972-73	1983	1993-94	1999-2000	2011-2012
Primary	74.3	68.6	64	60.4	48.9
Secondary	10.9	11.5	16	15.8	24.3
Services	14.8	16.9	20	23.8	26.8
Total:	100.0	100.0	100.0	100.0	100.0

b) Answer: 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 (between 1993-94 and 2011-12) has gone up by approximately 9%, the corresponding figure for services sector has gone up by approximately 7%.

(to be marked as a whole)**(any other relevant explanation to be awarded marks)**

Or

Question: (a) "The Prime Minister urged to increase the rural income by increasing non-farm activities".

Explain how non-farm activities can lead to rise in income of people of rural sector.

Answer: a. Non-farm activities (agro-processing industries, poultry, craft, handloom) provide alternative avenues for sustainable livelihood and may raise the level of income as the risks due to fluctuations in production and market prices is generally less. Agriculture in India is mainly a seasonal occupation, however, during off seasons, it becomes difficult to find employment and stabilize farmer's income. Thus, the Prime Minister has urged appropriately in the best interest of the farmers of the rural India.

(to be marked as whole)

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<p>Question:</p> <p>(b) “Indian health system needs the increased dose of public expenditure to cure itself.”</p> <p>Defend or refute the given statement with valid arguments.</p> <p>Answer:</p> <p>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, along with other reasons. 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 Gross Domestic Product (GDP) in the year 2014-15. Thus, actually Indian health system needs the increased dose of public expenditure to cure itself.</p> <p>(data is only to support the argument, marks should not be deducted if data not provided)</p> <p>(to be marked as a whole)</p>	<p>3</p>
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