

HMJ/1

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**Senior School Certificate Examination - 2020**

**Marking Scheme – ECONOMICS**  
**SUBJECT CODE:030 PAPER CODE –58/5/2**

**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(  $\surd$  ) 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><b>Question-</b> _____ deficit includes interest payment by the Government on the past loans. (Fill up the blanks with correct answer).</p> <p><b>Answer-</b> Fiscal/ Revenue</p>	1
2	<p><b>Question-</b> To reduce credit availability in the economy, the Central Bank may _____ (Choose the correct alternative)</p> <p>(a) buy securities in the open market.                      (c) reduce reserve ratio. (b) sell securities in the open market.                      (d) reduce repo rate.</p> <p><b>Answer –</b> (b) sell securities in the open market.</p>	1
3	<p><b>Question-</b> State, whether the following statement is true or false: 'Purchase of machinery by a producer is an intermediate good.'</p> <p><b>Answer-</b> False</p>	1
4	<p><b>Question-</b> In case of an underemployment equilibrium, which of the following alternative is not true? (Choose the correct alternative)</p> <p>(a) Aggregate demand is equal to Aggregate supply. (b) There exist excess production capacities in the economy. (c) Resources are not fully and efficiently utilized. (d) Resources are fully and efficiently utilized.</p> <p><b>Answer-</b> d) resources are fully and efficiently utilized</p>	1
5	<p><b>Question-</b> Which of the following is not a 'factor payment'?                      (Choose the correct alternative)</p> <p>(a) Free uniform to defence personnel.                      (c) Rent paid to the owner of a building. (b) Salaries to the Members of Parliament.                      (d) Scholarship given to the students.</p> <p><b>Answer-</b> d) Scholarship given to the students.</p>	1
6	<p><b>Question-</b> combined factor income, which can't be separated into various factor income components, is known as _____. (Fill up the blanks with correct answer).</p> <p><b>Answer-</b> mixed income of self employed.</p>	1
7	<p><b>Question-</b> State, whether the following statement is true or false: 'All financial institutions are banking institutions'.</p> <p><b>Answer-</b> False.</p>	1
8	<p><b>Question -</b> Net Domestic Fixed Capital Formation + Change in Stock = _____. (Fill up the blank with correct answer)</p> <p><b>Answer -</b> Net Domestic Capital Formation</p>	



<b>12</b>	<b>Question-</b> Calculate Net Value Added at Factor cost from the following data:		
	<b>S. No.</b>	<b>Particulars</b>	<b>(₹ in lakh)</b>
	(i)	Durable Producer Goods(with a life span of 10 years)	10
	(ii)	Single use Producer Goods	5
	(iii)	Sales	20
	(iv)	Unsold Goods(Stock)	2
	(v)	Goods & Services Tax (GST)	1
	<b>Answer-</b> Net Value Added at factor cost = iii+iv-ii-v- Depreciation $= 20+2-5-1- 1$ $= ₹ 15 Lakhs$		1 1 ½
	Depreciation = $\frac{\text{cost of asset}}{\text{estimated life of assest}} = \frac{10 \text{ lakhs}}{10 \text{ years}} = 1 \text{ lakh}$		½
<b>13</b>	<b>Question-</b> In the given figure, what does the gap 'KT' represent? State and discuss any two fiscal measures to correct the situation.		
	<b>Answer-</b> KT' represents inflationary gap Two fiscal measures are –		1
	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.		1 ½
	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.		1 ½
	<b>For visually Impaired Candidates:</b> <b>Question</b> - What is meant by deflationary gap? State and discuss any two fiscal measures to correct the situation of deflationary gap.		
	<b>Answer-</b> Deflationary gap is that situation when Aggregate Demand is lesser than Aggregate Supply corresponding to full employment level.		1
	Two fiscal measures are to control it are:		
	a) Decrease in Taxes - To curb the deflationary gap the government may decrease the taxes.		

	<p>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 style="text-align: center;"><b>OR</b></p> <p><b>Question-</b> Explain, how the 'Reverse Repo Rate' helps in correcting Excess Demand in an economy?</p> <p><b>Answer-</b> Reverse Repo rate is the rate of interest at which commercial banks can park their surplus funds with the central bank, for a relatively shorter period of time. To deal with the situation of excess demand this rate may be increase by the central bank. It may encourage the commercial bank to park their surplus funds with Central Bank. As a result, the availability of creating credit with the commercial bank will be reduced. Consequently, consumption expenditure and investment expenditure may get reduced, implying reduction in Aggregate Demand. (To be marked as a whole) (any other valid explanation to be allotted marks)</p>	<p>1 ½</p> <p>1 ½</p> <p>4</p>
14	<p><b>Question –</b> 'Taxation is an effective tool to reduce the inequalities of income.' Justify the given statement with valid reasons.</p> <p><b>Answer-</b> The given statement is appropriate. The government may impose higher taxes (both direct and indirect taxes) on the richer class, reducing their purchasing power. Government may use the same tax revenue to provide goods and services (free or at subsidized price) to the poorer section of society to support them. (to be marked as a whole) <b>(No marks to be allotted if reason is not given or is wrongly given)</b></p>	4
15	<p><b>Question-</b> Explain the 'bank of note issue' function of Central Bank.</p> <p><b>Answer-</b> The Central Bank plays the role of the sole note issuing authority in an economy. The Central Bank undertakes this function of being a monopolist in issuing currency to maintain uniformity of currency across nation and to control money supply process at a centralised level. This function also builds faith in the currency system of the economy. (any other relevant explanation to be allotted marks accordingly) (To be marked as a whole)</p>	4
16	<p><b>Question-</b> Answer the following questions based on the data given below :</p> <p>(i) Planned Investments = ` 100 crore. (ii) <math>C = 50 + 0.50 Y</math></p> <p>(a) Determine the equilibrium level of income. (b) Calculate the value of Savings at equilibrium level of National Income. (c) Calculate the value of Investment Multiplier.</p> <p><b>Answer-</b> a) At Equilibrium <math>AD = Y = C+I</math></p> <p>Thus, <math>Y = (50 + 0.5Y) + 100</math></p> <p><math>Y - 0.5 Y = 150</math></p> <p><math>Y = 150/0.5 = ₹ 300</math> crores.</p> <p>So, equilibrium level of income = ₹ 300 crores.</p>	<p>½</p> <p>½</p> <p>½</p> <p>½</p>

	<p>b) Consumption at equilibrium level of income</p> $S = (-) c + (1-b)Y$ $S = (-)50 + (0.5)(300)$ <p>Savings = ₹ 100 crores (any other alternative correct method to be awarded marks)</p> <p>c) Investment Multiplier = <math>\frac{1}{1-MPC}</math></p> $= \frac{1}{1-0.5}$ $= 2$ <p style="text-align: center;">OR</p> <p><b>Question:</b> Discuss the working of the adjustment mechanism in the following situations:</p> <p>a) If Aggregate Demand is greater than Aggregate Supply</p> <p>b) If Ex-Ante Investments are less than Ex-Ante Savings</p> <p><b>Answer: a)</b> 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. 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> <p>b) If ex-ante investments are lesser than ex-ante savings, it means buyers are planning to buy less than what the producers are planning to produce. Thus, the un planned undesired inventories-in-hand of producers may rise. As a result, producers may plan to reduce output and employment. This mechanism will continue to operate till the two forces become equal.</p>	<p>1 ½ ½</p> <p>1 ½ ½</p> <p>3</p> <p>3</p>
17	<p><b>Question- a)</b> 'Recently Indian Rupee (₹) has depreciated significantly. This has lead to distress for Indian Importers.' Defend or refute the given statement with valid reasons.</p> <p><b>Answer- (a)</b> The given statement can be defended as depreciation of Indian currency (₹) means fall in the value of domestic currency in term of foreign currency (say \$). This means that Indian importers have to pay more units of Indian currency (₹) to by one unit of the foreign currency (\$) which will make Indian imports costlier. Thus, importers may feel distressed due to depreciation of Indian Rupee (₹). (To be marked as a whole)</p> <p style="text-align: center;">(any other relevant explanation to be allotted marks accordingly)</p> <p><b>Question-b)</b> Distinguish between 'trade deficit' and 'current account deficit'.</p> <p><b>Answer- (b)</b> Trade deficit implies the excess of total value of import of goods (visible only) over the total value of exports of goods (visibles only), whereas, Current Account deficit implies the excess of total value of import of goods (visible) and services (invisibles including current transfers) over the total value of exports of goods (visible) and services (invisibles including current transfers). (To be marked as a whole)</p> <p style="text-align: center;">(any other relevant explanation to be allotted marks accordingly)</p>	<p>3</p> <p>1 ½</p> <p>1 ½</p>
<b>Section B Indian Economic Development</b>		
18	<p><b>Question-</b> Define 'Quota'</p> <p><b>Answer-</b> Quota refers to non-tariff barriers imposed on the quantity of imports and exports.</p>	1



<p><b>29</b></p>	<p><b>Question-</b> Compare and analyse the given data of India and China with valid reasons :</p> <table border="1" data-bbox="207 260 1328 428"> <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><b>Answer-</b></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	<p>2</p> <p>1</p>
Country	Annual growth rate of population (2015)	Sex ratio (per thousand males)									
India	1.2%	929									
China	0.5%	941									
<p><b>30</b></p>	<p><b>Question-</b>Discuss briefly any two salient features of India's pre-independence occupational structure.</p> <p><b>Answer-</b> The occupational structure of India on the eve of independence had the following two main features:</p> <p>i) <b>Predominance of agriculture sector:</b> The agricultural sector accounted for the largest share of workforce with approximately three-fourth of the workforce depending on agriculture, directly or indirectly.</p> <p>ii) <b>Growing regional variation-</b> 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> <p style="text-align: center;"><b>(any other relevant argument to be allotted marks)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Discuss briefly, the rationale behind "equity with growth" as planning objectives for Indian Economy.</p> <p><b>Answer – Growth</b> refers to increase in country's capacity to produce the output of goods and services in an economy. <b>Equity</b> refers to reductions in inequality of income and wealth. When the objective of economic growth and equity are achieved, it may lead to development with social justice, which may increase the per capita availability of goods and services.</p> <p style="text-align: right;"><b>(To be marked as a whole)</b></p> <p style="text-align: center;"><b>(Marks to be awarded for any other relevant explanation)</b></p>	<p>2</p> <p>2</p> <p>4</p>									
<p><b>31</b></p>	<p><b>Question-</b> "Modernisation as a planning objective shows a dichotomy with employment generation". Justify the statement.</p> <p><b>Answer-</b> The given statement is appropriate. Modernisation implies use of advanced technology to enhance productivity at a faster pace. With application of modern technology, higher output is obtained at a relatively lower cost. However, in a labour</p>	<p>4</p>									

	<p>abundant country like India modernisation may lead to an increase in unemployment as modern technology requires lesser labour per unit of output. <b>(to be marked as a whole)</b>  <b>(any other valid argument to be allotted marks)</b>  <b>OR</b></p> <p><b>Question-</b>State the two –fold motive for the systematic destabilisation of indigenous Indian industries in the British era.</p> <p><b>Answer-</b> Two fold motive behind systematic destabilisation of indigenous Indian industries in the British era was: -</p> <ul style="list-style-type: none"> <li>-To get raw material from India at cheaper rates to be used for upcoming modern industries in Britain.</li> <li>-To sell finished product produced by the British industries in Indian market at higher prices.</li> </ul>	<p>2</p> <p>2</p>
<p><b>32</b></p>	<p><b>Question-</b> State and discuss any two problems faced by power sector in India.</p> <p><b>Answer-</b> Major challenges faced by power sector in India are, as follows:</p> <ul style="list-style-type: none"> <li>(i) India’s installed capacity to generate electricity is not sufficient. Even the installed capacity is underutilized because power plants are not running properly.</li> <li>(ii) State Electricity Board which distribute electricity are incurring losses due to obsolete transmission and distribution system and wrong pricing.</li> </ul> <p><b>(Marks to be awarded for any other relevant answer)</b></p>	<p>2</p> <p>2</p>
<p><b>33</b></p>	<p><b>Question-</b> Critically examine the results of Poverty Alleviation Programmes implemented in India since independence.</p> <p><b>Answer-</b> 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:</p> <ul style="list-style-type: none"> <li>• There has been no radical change in the ownership of assets.</li> <li>• Due to unequal distribution of land and other assets, benefits from such programmes have been appropriated by the non-poor.</li> <li>• Inadequate resource allocation for these programmes.</li> <li>• The Government officials responsible for implementing these programmes were ill motivated and inadequately trained.</li> </ul> <p>To conclude we may say that poverty alleviation programmes were a great step but could not achieve desired results due to improper implementation. <b>(to be marked as a whole)</b>  <b>(any other relevant answer should be allotted marks)</b>  <b>OR</b></p> <p>a) “Ujjawala Yojana has been a game changer for rural India.” State any three conventional fuels being targeted under the Ujjawala Yojana.</p> <p><b>Answer:</b> The conventional sources of energy causes environmental pollution therefore the government have introduced the ‘Ujjawala Yojna’ as a game changer for rural India by providing free LPG gas cylinders (cleaner fuel) to rural households.</p> <p>The three conventional fuels targeted under Ujjawala Yojana are:</p>	<p>6</p>

	<p>(i) Agricultural waste and dried dung  (ii) Firewood  (iii) Coal (or any other valid example)</p> <p>b) "Economists believe that India should spend at least 6% of its GDP on Education for achieving desired results." Justify the statement with valid reason.  <b>Answer:</b> The given statement is appropriate as it was recommended by the Education Commission of 1964-64. The government is spending 4 percent (approx.) of GDP on education, which is quite inadequate. Education is an important component of human capital formation as it helps in increasing the availability of skilled and educated labour force in the country which may result in greater production and economic growth. <b>(to be marked as a whole)</b>  <b>(any other relevant argument should be marked)</b>  <b>(data is only supportive, marks should not be deducted is not given)</b></p>	<p>3</p> <p>3</p>
<p>34</p>	<p><b>Question (a)</b> Discuss the need for on –the –job training for an employee.  <b>Answer-</b> (a) Employers use on the job training methods for its employees to target an overall increase in the skills and efficiencies of the workers. On the job trainings leads to an increase in productivity of labour and production of goods. Such trainings keep the employees updated with the latest changes in their field of working.  <b>(to be marked as a whole) (any other relevant argument should be marked)</b></p> <p><b>Question (b)</b> Discuss the role played by horticulture in the direction of rural development in India.  <b>Answer-</b> (b) In rural India, horticulture plays a vital role in providing food and nutrition to the rural population. It also addresses the problem of unemployment (particularly disguised and seasonal unemployment) in the villages. Various horticultural activities in Indian villages have improved the economic condition of many farmers. Such activities have become a lucrative source of livelihood for many women in the rural India.  <b>(to be marked as a whole) (any other relevant argument should be marked)</b></p>	<p>3</p> <p>3</p>