

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Term II Examination, 2022
Marking Scheme – ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/3/2)

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.
2. **“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under IPC.”**
3. 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. In class-XII, while evaluating two competency based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, marks should be awarded.**
4. 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.
5. 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.**
6. 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.
7. 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.
8. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
9. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
10. A full scale of marks 40 (example 0-40 marks as given in Question Paper) has to be used. Please do not hesitate to award full marks if the answer deserves it.

11. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 30 answer books per day in main subjects and 35 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
12. 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.
13. 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.
14. 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.
15. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
16. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly total and written in figures and words.
17. 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.

MARKING SCHEME
 Senior Secondary School Examination TERM–II, 2022
ECONOMICS (Subject Code–030)
 [Paper Code: 58/3/2]

Maximum Marks: 40

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks												
1.	On the basis of following schedule, answer the given questions:													
	<table><tr><td>Income (in ₹ crores)</td><td>0</td><td>50</td><td>100</td><td>150</td><td>200</td></tr><tr><td>Savings (in ₹ crores)</td><td>-20</td><td>-10</td><td>0</td><td>30</td><td>60</td></tr></table>	Income (in ₹ crores)	0	50	100	150	200	Savings (in ₹ crores)	-20	-10	0	30	60	
	Income (in ₹ crores)	0	50	100	150	200								
	Savings (in ₹ crores)	-20	-10	0	30	60								
	a) Calculate Marginal Propensity to Save (MPS) at 150 crores level of income.													
	b) What is the value of Autonomous Consumption?													
	(a) $MPS = \frac{\Delta S}{\Delta Y}$	1/2												
	$= \frac{30-0}{150-100} = \frac{30}{50} = 0.6$	1/2												
	(b) According to the question, at zero level of income S= (-) 20	1												
	Therefore, correspondingly the value of Autonomous Consumption (\bar{C}) would be 20													
	2													
OR														
In an economy 75 percent of the increase in income is spent on consumption. Investment increased by ₹ 1,000 crore.														
Calculate the total increase in income on the basis of given information.														
Given MPC = 0.75, ΔI = ₹1,000 crore														
Multiplier (K) = $\frac{1}{1-MPC}$	1/2													
$= \frac{1}{1-0.75} = 4$	1/2													
We know that; $K = \frac{\Delta Y}{\Delta I}$	1/2													
$4 = \frac{\Delta Y}{1,000}$														
$\Delta Y = ₹ 4,000 \text{ crore}$	1/2													
	2													

2	<p>State any two precautions that are taken while estimating National Income by Expenditure Method.</p> <p>Two precautions of Expenditure Method are:</p> <ol style="list-style-type: none"> Any expenditure on intermediate consumption should not be included, as it may lead to problem of double counting. Expenditure on transfer payments should not be included, as these do not lead to any value addition. <p>(any other valid precaution should be awarded marks accordingly)</p> <p style="text-align: center;">OR</p> <p>Distinguish between Gross Domestic Product at Market Price and Net Domestic Product at Market Price.</p> <p>Gross Domestic Product at Market Price refers to the money value of all the final goods and services produced within the domestic territory of the country within an accounting year, inclusive of depreciation.</p> <p>Whereas, Net Domestic Product at market price refers to the money value of all the final goods and services produced within the domestic territory of the country within one year, exclusive of depreciation.</p>	<p>1</p> <p>1</p> <p>2</p> <p>1</p> <p>1</p> <p>2</p>
3.	<p>"In India women participation rate is lower in urban areas than in the rural areas." Explain with valid arguments.</p> <p>The given statement is appropriate, as in the urban areas male workers are generally able to earn reasonably good income. Thus, urban families generally discourage females to work. Whereas, in the rural areas, due to poor economic conditions, more females are involved in farm and non-farm activities.</p> <p style="text-align: right;">(to be marked as a whole)</p> <p style="text-align: center;">OR</p> <p>"Infrastructure contributes directly to the economic development of a Country." Do you agree with the given statement? Explain.</p> <p>Yes, infrastructure contributes directly to the economic development of a country, as :</p> <ol style="list-style-type: none"> Infrastructure boosts productivity across different sectors of the economy. Infrastructure induces investment leading to increase in income. <p>(any other valid point/reason/argument should be awarded marks accordingly)</p>	<p>2</p> <p>2</p>
4.	<p>"Excess demand creates greater opportunities of employment in the economy. Defend or refute the given statement with valid explanation.</p> <p>The given statement is refuted. Excess demand is a situation when $AD > AS$ corresponding to full employment level in the economy. Under the situation of full employment there is no further possibility/scope of creating more employment opportunities. At full employment level, it is assumed that all the resources are already fully and efficiently employment. (to be marked as a whole)</p>	<p>2</p>
5	<p>"Despite women participation in family farm activities, they are not categorised as workers." Explain why?</p>	

	Women participate actively in the family farm activities, however this participation is not recognized as productive activity. They are not paid wages for their services and thus are not categorized as workers.	2						
6	<p>If in an economy Bank rate is increased, how will it affect the demand for credit? Explain.</p> <p>Bank rate is the rate at which the Central Bank lends to commercial banks for long term requirements.</p> <p>Any increase in bank rate will force commercial banks to increase their lending rates. This will make borrowing to general public dearer, thereby reducing demand for credit in the economy.</p> <p style="text-align: right;">(to be marked as whole)</p>	3						
7	<p>Explain how the opportunity costs of negative environment impacts are high.</p> <p>Opportunity costs of negative environmental impacts are high as it leads to:</p> <ul style="list-style-type: none">Increased financial commitments of the government due to global warming and ozone depletion etc.Rise in expenditure on health due to decline in air and water quality. <p style="text-align: right;">(to be marked as a whole)</p>	3						
8.	<p>Compare and analyse the Annual Growth rate of population of India and China.</p> <table border="1"><tr><td>Country</td><td>Annual Growth rate of population(2015)</td></tr><tr><td>India</td><td>1.2%</td></tr><tr><td>China</td><td>0.5%</td></tr></table> <p>The given data shows that, India stands virtually more than double to China, in its annual population growth rate of 1.2% as compared to China's annual population growth rate of 0.5% p.a.</p> <p>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 was instrumental in controlling the growth of population in China.</p> <p style="text-align: right;">(to be marked as a whole)</p>	Country	Annual Growth rate of population(2015)	India	1.2%	China	0.5%	3
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9.	<p>Explain briefly the problems faced by Great Leap Forward campaign.</p> <p>Great Leap Forward campaign met with many problems like :</p> <ul style="list-style-type: none">A severe drought caused havoc in China killing about 30 million people.Russia withdrew its professionals from China. These experts were earlier sent to China to boost /support the industrialization process.	<div>1½</div> <div>1½</div> <div>3</div>						
10	<p>Giving valid reasons, explain how the following would be treated while estimating National income:</p> <p>(a) Payment of indirect taxes by a firm.</p> <p>(b) Purchase of goods by foreign tourists.</p>							

	(a) Payment of indirect taxes by a firm will not be included in national income as it is a transfer payment, occurring without any corresponding value addition.	1 ½																					
	(b) Purchase of goods by foreign tourists will be included in the national income as it is considered as exports of goods.	1 ½																					
	(no marks to be awarded if no / wrong reason(s) given)	3																					
	OR																						
	Using the following information, calculate and analyse the value of Gross Domestic Product (GDP) deflator :																						
	<table border="1"> <tr> <th>Year</th><th>2014-15</th><th>2016-17</th></tr> <tr> <td>Nominal GDP</td><td>6.5</td><td>9</td></tr> <tr> <td>Real GDP</td><td>6.5</td><td>7.2</td></tr> </table>	Year	2014-15	2016-17	Nominal GDP	6.5	9	Real GDP	6.5	7.2													
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	Thus, we may say that the value of GDP deflator/price level has risen by 25% (125-100) over the given period of time.	1																					
		3																					
11	<p>(a) (i) From the following data, calculate Net Value Added at Factor Cost (NVA_{FC}):</p> <table border="1"> <tr> <th>S.NO</th><th>Particulars</th><th>Amount in (₹ crore)</th></tr> <tr> <td>(i)</td><td>Price per unit of output</td><td>20</td></tr> <tr> <td>(ii)</td><td>Output sold (units)</td><td>1250 units</td></tr> <tr> <td>(iii)</td><td>Excise duty</td><td>5,000</td></tr> <tr> <td>(iv)</td><td>Consumption of fixed capital</td><td>1,000</td></tr> <tr> <td>(v)</td><td>Change in stock</td><td>(-)500</td></tr> <tr> <td>(vi)</td><td>Single use producer goods</td><td>6,000</td></tr> </table> <p>(ii) Why there is a need to make distinction between final and intermediate goods?</p>	S.NO	Particulars	Amount in (₹ crore)	(i)	Price per unit of output	20	(ii)	Output sold (units)	1250 units	(iii)	Excise duty	5,000	(iv)	Consumption of fixed capital	1,000	(v)	Change in stock	(-)500	(vi)	Single use producer goods	6,000	
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	(a) (i) $NVA_{FC} = (i \times ii) + (v) - (vi) - (iv) - (iii)$ $NVA_{FC} = (20 \times 1,250) + (-500) - 6,000 - 1,000 - 5,000$ $NVA_{FC} = 25,000 - 12,500$ $NVA_{FC} = ₹ 12,500$ crore	1½
	(ii) The distinction between final and intermediate goods is required to estimate the correct value of Gross Domestic Product (GDP). In the absence of this distinction, GDP may be over-estimated and may lead to problem of double counting.	½
		½
		½
	(to be marked as a whole)	2
	OR	5
	(b) (i) Discuss briefly the concept of Externalities', with suitable example.	
	(ii) Export are not a part of 'Net Factor Income from abroad'.	
	Elaborate the reason behind the given statement.	
	(b) (i) Externalities refers to benefits (positive externalities) / harms (negative externalities) which are caused by one entity to another without being paid/penalised for it. For example: A new park developed by Municipal Corporation raises the welfare of the locality is the example of positive externalities. In case the same park is used by people for anti-social activities, this will lead to insecurity among the residents is an example of negative externalities.	2
	(ii) Net Factor Income from Abroad is the difference between factor incomes earned from Rest Of the World (ROW) and factor incomes paid to Rest Of the World (ROW). Whereas, Exports refers to sale of goods and services by the country to the rest of the world, thus exports are not a part of Net Factor Income from Abroad.	1
		2
		5
12	Explain the role of Legal reserve ratio and Bank rate in correcting inflationary gap in an economy.	
	To correct the situation of inflationary gap, the Central Bank may raise Legal Reserve Ratio, which may lead to lesser availability of funds with commercial banks for lending. Consequently, this may reduce the credit creation capacity of the commercial banks leading to reduction in Aggregate Demand and helps to manage inflationary gap.	2 ½
	To correct the situation of inflationary gap, Bank Rate may be raised by the Central Bank. An increase in Bank Rate will force commercial banks to increase their lending rates. It will make borrowing costlier to general public. Consequently, Aggregate Demand may get reduced, implying reduction in inflationary gap.	2 ½
		5

13	<p>CASE STUDY</p> <p>Read the following text carefully and answer question number 13(a) and 13(b) given below:</p> <p>The centre's PM Gati Shakti Scheme will give much needed push to infrastructure development and logistic across India. This scheme will drive the economic growth by giving boost to industries such as steel and cement. Greater connectivity is expected to improve economic opportunities for small farmers and small and medium enterprises through new roads, cargo terminals etc.</p> <p>The Gati Shakti Scheme features at the centre stage of Budget 2022-23, highlighting the importance of quality multi-modal transport in achieving overall cost competitiveness.</p> <p>Under Gati Shakti Scheme, the railways will develop new products and services targeted at small farmers and businesses to help them become a part of layer supply chain.</p> <p style="text-align: right;">Source: The Economic Times, Feb. 2, 2022 (Modified)</p> <p>(a) State the meaning of infrastructure.</p> <p>(b) Explain any two objectives of PM Gati Shakti Scheme.</p> <p>(a) Infrastructure refers to those supporting structures which provide services to the main areas of agriculture, industrial production, trade and commerce etc.</p> <p>(b) Two objectives of PM Gati Shakti Scheme are :</p> <p>(i) Driving economic growth and giving boost to industries</p> <p>(ii) Greater connectivity to improve economic opportunities for small farmers and small and medium enterprises through new roads, cargo terminals etc.</p>	<div>2</div> <div>1 ½</div> <div>1 ½</div> <div>5</div>
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