

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Term II Examination, 2022
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.
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 (✓) 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 totalled 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 totalling 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 totalling on the title page.
 - Wrong totalling 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 totalling 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 totalled 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 : 58/5/2]

Maximum Marks: 40

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>‘Consumption function curve of an involuntary unemployed worker starts from some positive level on Y-axis at zero level of income.’ Justify the given statement. Consumption function curve of an unemployed person starts from some positive level on Y-axis, as Autonomous Consumption is independent of level of income. Autonomous Consumption signifies the minimum level of consumption which is essential for survival. (to be marked as a whole)</p>	2
2.	<p>‘Health is a yardstick of human well-being.’ Justify the given statement with valid explanation. Health is a state of complete physical, mental and social well-being. It is not merely the absence of disease. It also implies the ability to realize one’s potential. It is a holistic process related to overall growth and development of the nation. Thus, it can be said that health is a yardstick of human well-being. (to be marked as a whole)</p>	2
3. (a)	<p>“In an economy, the autonomous consumption is ₹ 100 and Marginal Propensity to Consume (MPC) is 0.6. If the equilibrium level of Income is ₹ 2,000, then the autonomous investment is ₹ 300.” Justify the statement with valid calculation. Given, Autonomous Consumption (\bar{C}) = ₹ 100 Marginal Propensity to Consume = 0.6 Equilibrium level of Income (Y) = ₹ 2,000 We know that at equilibrium level, $Y = C + I$; $Y = \bar{C} + MPC(Y) + \bar{I}$ $2,000 = 100 + 0.6 (2,000) + \bar{I}$ $2,000 = 1300 + \bar{I}$ $\bar{I} = ₹ 700$ Thus, it is proved that the given statement is false. Because the correct value of Autonomous Investment is ₹ 700. (any other alternative method to be awarded marks)</p>	1/2 1/2 1/2 1/2
	OR	2
(b)	<p>An Economy is in equilibrium, calculate the Marginal Propensity to Save (MPS) from the following: (i) National Income (Y) = ₹ 4,400 (ii) Autonomous Consumption (\bar{C}) = ₹ 1,000 (iii) Investment Expenditure (I) = ₹ 70 Given, National Income = ₹ 4,400 Autonomous Consumption = ₹ 1,000 Investment Expenditure = ₹ 70 We know that at equilibrium level, $Y = C + I$; $Y = \bar{C} + MPC(Y) + \bar{I}$ $4,400 = 1,000 + MPC(4,400) + 70$</p>	1/2 1/2

	$MPC = 0.76$ $MPS = 1 - 0.76 = 0.24$ (MPS = 1 - MPC) (any other valid calculation i.e., through saving function may also be awarded marks.)	$\frac{1}{2}$ $\frac{1}{2}$															
		2															
4.	Distinguish between Factor Cost and Market price.																
(a)	<p>Factor cost refers to all factor payments made by the production units to the factors of production for rendering their productive services.</p> <p>Whereas, market price is the price at which a commodity is sold in the market. Market price is sum total of factor cost and net indirect taxes.</p>	1															
		1															
	OR	2															
(b)	Distinguish between Factor Income and Transfer Income.																
	Factor income is the income received by the factors of production for rendering their services to the firms.	1															
	Whereas, transfer income is unilateral income received without rendering any goods and services.	1															
		2															
5.	'Ram is able to get work only for two hours in a day. Rest of the day, he is looking for work.' Is he unemployed? What kind of job could person like Ram be doing?																
(a)	<p>No, Ram is not unemployed. An unemployed person is defined as the one who is not able to get employment of even one hour in half a day. Persons like Ram could be doing some part time job.</p> <p style="text-align: right;">(to be marked as a whole)</p>	2															
	OR	2															
(b)	Compare and analyse the sector-wise trends in employment, based on following information:																
	Trends in Employment (Sector-wise)																
	<table border="1"> <thead> <tr> <th>Sector</th><th>1999-2000</th><th>2011-12</th></tr> </thead> <tbody> <tr> <td>Primary Sector</td><td>60.4</td><td>48.9</td></tr> <tr> <td>Secondary Sector</td><td>15.8</td><td>24.3</td></tr> <tr> <td>Tertiary Sector</td><td>23.8</td><td>26.8</td></tr> <tr> <td>Total</td><td>100</td><td>100</td></tr> </tbody> </table>	Sector	1999-2000	2011-12	Primary Sector	60.4	48.9	Secondary Sector	15.8	24.3	Tertiary Sector	23.8	26.8	Total	100	100	
Sector	1999-2000	2011-12															
Primary Sector	60.4	48.9															
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Total	100	100															
	The given schedule represents that:																
	<ul style="list-style-type: none"> The workforce engaged in primary sector has declined from 60% (1999–2000) to 49% (2011–12). It may be due to greater number of job opportunities available in the other two sectors. Secondary sector and Tertiary sector exhibit increase from 16% to 24% and from 24% to 27%, respectively. It may be because of rapid industrialisation and improvement of infrastructural facilities. 	1															
		1															
		2															
6.	'Infrastructure facilities boost production.' Do you agree? Explain.																
	Yes, infrastructure facilities boost production in the following ways:																
	(i) Agricultural production depends to a large extent on the adequate expansion of irrigation facilities.																
	(ii) Industrial output depends on services like power supply and transport and communication facilities.																
	(iii) The availability of adequate infrastructure facilities encourages investments.	3															
	(to be marked as a whole)																
	(any other valid explanation to be allotted marks)																

7.	Giving valid reasons, explain how the following would be treated while estimating domestic income? (i) Payment made by a Japanese tourist for goods purchased in India. (ii) Broker's commission on the sale of second-hand goods. (i) It will be included in domestic income as goods purchased by Japanese tourist is the expenditure made by him in India. It will be considered as exports. (ii) It will be included in domestic income because it is the income received by the broker in return for providing his factor services.	1½
		1½
		3
	OR (b) "Gross Domestic Product (GDP) as an indicator of welfare loses its significance if the distribution of income turns unequal." Justify the given statement with valid reason. A rise in Gross Domestic Product (GDP) may not benefit all the sections of the society in the same dimension. This is because a given rise in GDP may be concentrated in the hands of very few individuals or firms. For the rest, the income may not vary or may have fallen. In such a case, the welfare of the entire country may not increase despite the increase in GDP. (to be marked as a whole)	3
8.	Define 'liberty indicator' with the help of an example and state its importance. Liberty indicator may be defined as the measure of the extent of demographic participation in the social and political decision making. For example: Measure of the extent of the constitutional protection rights, given to citizens. It is important to include the liberty indicators. Without these the construction of a human development index may be said to be incomplete. (any other valid example/explanation to be allotted marks)	3
9.	"The Government has raised the exemption limit for the payment of Income tax from ₹2 lakh to ₹2.5 lakh." If the situation of deficient demand is prevailing in the economy, what will be the impact of this action taken by the Government? In the given situation of deficient demand, an increase in the exemption limit by the Government would lead to decrease in the tax burden on the households, resulting an increase in disposable income. Thus, Aggregate Demand (AD) will increase and deficient demand will be managed accordingly. (to be marked as a whole)	3
10.	Briefly explain any two similar developmental strategies opted by India and Pakistan for their respective developmental path. Two similar developmental strategies opted by India and Pakistan for their respective development are: (i) Both of them have followed the path of mixed economic structure involving the participation of both public as well as the private sector. (ii) Both India and Pakistan introduced import substitution policy in order to protect the domestic industries from foreign competition (any other valid strategy to be allotted marks)	1 ½
		1 ½
		3
11.	'Investment multiplier and Marginal Propensity to Save are indirectly related to each other.' Explain with the help of numerical example.	

	<p>Investment multiplier (K) and Marginal Propensity to Save (MPS) are inversely related.</p> <p>Suppose, the value of MPS = 0.2</p> <p>Then, the value of $K = \frac{1}{MPS}$</p> $= \frac{1}{0.2} = 5$ <p>Suppose, the value of MPS = 0.4</p> <p>Then, the value of $K = \frac{1}{0.4} = 2.5$</p> <p>Thus, it is clear from illustration mentioned above that there exists inverse relationship between MPS and investment multiplier. As MPS rises, the value of investment multiplier falls.</p> <p>(any other valid point/reason/argument/example should be awarded marks accordingly)</p>	<p>1</p> <p>1 ½</p> <p>1 ½</p> <p>1</p> <p>5</p>																					
12.	<p>From the following data, calculate the value of operating surplus:</p> <table border="1"> <thead> <tr> <th>S. No.</th><th>Items</th><th>Amount in (₹ crore)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Royalty</td><td>10</td></tr> <tr> <td>(ii)</td><td>Rent</td><td>70</td></tr> <tr> <td>(iii)</td><td>Interest</td><td>25</td></tr> <tr> <td>(iv)</td><td>Net domestic product at factor cost</td><td>500</td></tr> <tr> <td>(v)</td><td>Profit</td><td>50</td></tr> <tr> <td>(vi)</td><td>Dividends</td><td>20</td></tr> </tbody> </table> <p>Operating Surplus = (i) + (ii) + (iii) + (v)</p> $= 10 + 70 + 25 + 50$ $= ₹ 155 \text{ crore}$	S. No.	Items	Amount in (₹ crore)	(i)	Royalty	10	(ii)	Rent	70	(iii)	Interest	25	(iv)	Net domestic product at factor cost	500	(v)	Profit	50	(vi)	Dividends	20	<p>1 ½</p> <p>1</p> <p>½</p>
S. No.	Items	Amount in (₹ crore)																					
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(vi)	Dividends	20																					
(a)	<p>Distinguish between ‘Fixed investment’ and ‘Inventory Investment’</p> <p>Fixed investment refers to addition to the stock of fixed assets in the hands of producers during an accounting year.</p> <p>Whereas, inventory investment is addition to the stock of inventory (unsold finished goods, semi-finished goods, raw material) with the producers during an accounting year.</p>	<p>1</p> <p>1</p>																					
(I)	<p style="text-align: center;">OR</p> <p>From the following data, calculate the value of Compensation of Employees (COE):</p> <table border="1"> <thead> <tr> <th>S. No.</th><th>Items</th><th>Amount in (₹ crore)</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Old age pension</td><td>1,250</td></tr> <tr> <td>(ii)</td><td>Wages and salaries in cash</td><td>49,500</td></tr> <tr> <td>(iii)</td><td>Rent free accommodation to employees</td><td>13,500</td></tr> <tr> <td>(iv)</td><td>Employer’s contribution to provident fund</td><td>8,900</td></tr> <tr> <td>(v)</td><td>Payment of life insurance premium by the employees</td><td>3,000</td></tr> <tr> <td>(vi)</td><td>Contribution to provident fund by employees</td><td>35,600</td></tr> </tbody> </table> <p>Compensation of Employees (COE) = (ii) + (iii) + (iv)</p> $= 49,500 + 13,500 + 8,900$ $= ₹ 71,900 \text{ crore}$	S. No.	Items	Amount in (₹ crore)	(i)	Old age pension	1,250	(ii)	Wages and salaries in cash	49,500	(iii)	Rent free accommodation to employees	13,500	(iv)	Employer’s contribution to provident fund	8,900	(v)	Payment of life insurance premium by the employees	3,000	(vi)	Contribution to provident fund by employees	35,600	<p>5</p> <p>1 ½</p> <p>1</p> <p>½</p>
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(II)	<p>Distinguish between Real Gross Domestic Product (GDP) and Nominal Gross Domestic Product (GDP).</p>																						

	Real Gross Domestic Product refers to the money value of all the final goods and services produced in the domestic territory of a country during an accounting year measured at base year prices.	1
	Nominal Gross Domestic Product refers to the money value of all the final goods and services produced in the domestic territory of a country during an accounting year measured at current year prices.	1
		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>Green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change. India has pledged to seek solutions for the future.</p> <p>Government schemes and policies such as Swachh Bharat Mission, Pradhan Mantri Awas Yojana, Smart Cities, Deen Dayal Upadhyay Gram Jyoti Yojana among other, all contribute towards achieving sustainable development goals.</p> <p>The government has contributed to maintain economic growth by introducing and implementing various policies and measures relating to sustainable development, climate change, energy efficiency and air pollution. Pradhan Mantri Ujjwala Yojana Scheme, has actively contributed to cleaner air. It has resulted in drastic reduction of respiratory diseases and ultimately death as per recent medical report.</p> <p>The Jal Jeevan Mission was launched with the objective of achieving water security. We have seen 68 per cent decline in the size of population of various animal species and amphibian over the last 60 years. The issue of greenhouse gases and rising temperature of the earth are a global concern. India is one of those countries that will be affected by the over 2 degree Celsius rise in global temperature.</p> <p>'India has already taken a lot of steps in the area of innovation and development of different production methodologies which are environmentally friendly in the long run.'</p> <p style="text-align: right;">Source: The Economic Times; Oct. 27, 2021</p> <p>(a) State and discuss any two steps involved in attaining sustainable development in India.</p> <p>Two steps involved in attaining sustainable development in India are:</p> <p>(i) Pradhan Mantri Ujjwala Yojana Scheme has contributed to cleaner air and resulted in a drastic reduction of respiratory diseases.</p> <p>(ii) Government schemes such as Swachh Bharat Mission, Pradhan Mantri Awas Yojana, Smart Cities, etc. are all contributing towards achieving sustainable development goals.</p> <p style="text-align: right;">(any other valid strategy to be allotted marks)</p> <p>(b) From the given text, state any two factors which challenged the carrying capacity of the environment.</p> <p>Two factors which challenged the carrying capacity of the environment are:</p> <p>(i) Rise in the temperature of the earth.</p> <p>(ii) Issue of greenhouse gases</p> <p>(iii) Decline in the size of the population of various animal species and amphibian</p> <p style="text-align: right;">(Any two)</p> <p style="text-align: right;">(any other valid explanation to be allotted marks)</p>	<p>1 ½</p> <p>1 ½</p> <p>1</p> <p>1</p> <p>5</p>
