Senior Secondary School Term II Examination, 2022

Marking Scheme – ECONOMICS (SUBJECT CODE – 030)

(PAPER CODE – 58/4/3)

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 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 totaled 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.

ECONOMICS   (Subject Code–030)

[Paper Code : 58/4/3]

Maximum Marks : 40

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	**(a) If the Gross Domestic Product at current prices is ₹ 6,600 crore and GDP deflator is 110, calculate the Real Gross Domestic Product.**	
	(a) Given;	
	GDP at current prices (Nominal GDP) = ₹ 6,600 crore	
	GDP deflator = 110	
	∴ Real GDP $= \dfrac{\text{Nomial GDP}}{\text{GDP deflator}} \times 100$	1
	$= \dfrac{6,600}{110} \times 100$	½
	= ₹ 6,000 crore	½
		2
	OR	
	(b) Giving valid reasons, classify the following into stock and flow variables:	
	(i) Value of inventories as on 31ˢᵗ March, 2021	
	(ii) Net Investments during the year 2020-21	
	(b) (i) Value of inventory as on 31ˢᵗ March, 2021 is a stock variable, as it is measured at a particular point of time.	1
	(ii) Net Investments during the year 2020-21 is a flow variable, as it is measured over a period of time.	1
		2
2.	**a) If planned savings exceed planned investments in an economy, state its likely impact on output and employment.**	
	When planned savings exceeds planned investments it means households are planning to consume less than what the firms expected. As a result, planned inventory would rise above the desired level. To manage the inventories at the desired level, producers may contract production, reducing the employment and income level. **(to be marked as whole)**	2
	OR	
	b) If planned savings fall short of planned investments in an economy, state its likely impact on output and employment.	
	When planned savings are less than the planned investments it means households are planning to consume more than what the firms expected. As a result, planned inventory would fall below the desired level. To bring back the	2

	inventories at the desired level, producers may expand production raising the level of employment and output.		
	(to be marked as whole)		
3.	**"Economic development in India has been accompanied by environmental concerns."** **Do you agree with the given statement? Give valid reasons in support of your answer.**		
	• The pressure on natural resources is increasing along with deforestation and wildlife extinction.	1	
	• Rapidly rising Industrial sector is leading to air pollution, water contamination, soil erosion etc.	1	
	(any other relevant point/reason/argument should be awarded marks accordingly)		
4.	**a) You are given the consumption function of an imaginary economy, C = 100 + 0.8Y, where C = Consumption and Y = Income.** **Calculate:** **(i) The value of Marginal Propensity to Save (MPS)** **(ii) The level of income at Break-Even Point**		
	(i) Given, $C = 100 + 0.8Y$		
	We know that, MPC + MPS = 1	½	
	$MPS = 1 - MPC$		
	$MPS = 1 - 0.8 = 0.2$	½	
	(ii) As we know, at break-even point; $Y = C$		
	Y = 100 + 0.8Y	½	
	0.2 Y = 100 Y= ₹ 500	½	
		2	
	OR **b) S = -60 + 0.1 Y is the saving function, where S is Saving and Y is National Income and Investment Expenditure (I) is ₹ 4,000 crore in an economy.** **Calculate the Equilibrium level of Income.**		
	(b) Given, $S = -60 + 0.1Y$		
	$I = ₹ 4,000$ crores	½	
	We know that, at equilibrium; $S = I$	½	
	$-60 + 0.1Y = 4,000$	½	
	$0.1Y = 4,060$		
	$Y = \dfrac{4,060}{0.1} \Rightarrow ₹ 40,600$ crores	½	
		2	
5.	**State the meaning of the following:** **(i) Global burden of disease** **(ii) Mortality Rate**		

		(i) Global Burden of Disease (GBD) is an indicator of the number of people dying prematurely due to a particular disease, as well as the number of years spent by them in a state of 'disability' owing to the disease.	1
		(ii) Mortality Rate is defined as the number of deaths per thousand people in a year.	1
			2
6.		**"In the late 1970s China's population growth rate had sharply declined as compared to India." Elucidate the reason and impact of this situation.** A sharp decline in population growth rate in China as compared to India in late 1970's was mainly due to implementation of 'one child policy'. As a result, China has witnessed a decline in the growth rate of population. Consequently, the proportion of elderly people has risen in comparison to younger ones. **(any other relevant point/reason/argument should be awarded marks accordingly) (to be marked as a whole)**	3
7.		**Explain the concept of 'Dual Pricing' adopted by China.** Dual pricing means fixing the prices in two ways, i.e., farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government all rest were purchase and sell at market prices. **(to be marked as a whole)**	3
8.		**a) Briefly explain the different phases of circular flow of income.** Three phases of circular flow of Income: • Firms hire factor services from the households (owner of factor services). • Households receive factor income for rendering their services to the firms. • Households spend factor income earned on purchase of final goods and services produced by firms, thereby completing the circular flow.	1 1 1
			3
		OR	
		b) In an economy, if the Real Gross Domestic Product (GDP) is ₹ 300 crore and Price Index (with base = 100) is 110, calculate the Nominal Gross Domestic Product. $$\text{Real GDP} = \frac{\text{Nominal GDP}}{\text{Price Index}} \times 100$$ $$300 = \frac{\text{Nominal GDP}}{110} \times 100$$ $$Nominal\ GDP = \frac{300}{100} \times 110$$ Nominal GDP = ₹ 330 crores	1 1 ½ ½
			3

9.	**Discuss briefly the working process of investment multiplier (K), assuming that Change in Investment (ΔI) is ₹ 4,000 crore and Marginal Propensity to Consume (MPC) is 0.5.**	
	The working of multiplier is based on the fact 'one's expenditure is other's income'.	½
	Given, the increase in investment is ₹ 4,000 crores and Marginal Propensity to Consume is 0·5:	

Rounds	ΔI	ΔY	ΔC	ΔS
1	4000	4000	2000	2000
2		2000	1000	1000
3		1000	500	500
—		—	—	—
Total	4000	8000	4000	4000

1½

The above table shows that an increase in investment of ₹ 4,000 crores leads to a total increase of ₹ 8,000 crores

1

(any alternative presentation/explanation should also be awarded marks)

Working Note: **(marks not to be deducted if working note is not given)**

$$K = \frac{1}{1-MPC} = \frac{1}{1-0.5} = \frac{1}{0.5} = 2$$

$$K = \frac{\Delta Y}{\Delta I}$$

$$2 = \frac{\Delta Y}{4,000}$$

$$\Delta Y = ₹\ 8,000\ crore$$

3

10.	**'Out of 30 million formal sector workers, only about 21% are women found in regular salaried employment." Elucidate**	
	Out of 30 million formal sector workers in India, only about 21% are women found in regular salaried employment because of following reasons:	
	(i) Lack of mobility among women due to social constraints.	
	(ii) Regular salaried employment requires job skills.	
	(iii) Low level of education amongst women.	3
	(any other relevant point/reason/argument should be awarded marks accordingly) **(to be marked as a whole)**	

11.	**a) From the following data, show that the National Income will be same from both Income Method and Expenditure Method:**	

S. No.	Items	Amount (in ₹ crore)
(i)	**Net Exports**	**(-) 60**

(ii)	Net Indirect Taxes	150	
(iii)	Operating Surplus	740	
(iv)	Compensation of Employees	1,400	
(v)	Net Factor Income from Abroad	40	
(vi)	Mixed Income of Self- Employed	1,000	
(vii)	Net Domestic Fixed Capital Formation	500	
(viii)	Change in Stock	(-) 100	
(ix)	Depreciation	100	
(x)	Private Final Consumption Expenditure	2,000	
(xi)	Government Final Consumption Expenditure	1,000	

Income Method

$$\text{NNP}_{FC} = (iv) + (iii) + (vi) + (v)$$

$$= 1,400 + 740 + 1,000 + 40$$

$$= ₹ 3,180 \text{ crores}$$

1½

1

½

Expenditure Method

(ii) $\text{NNP}_{FC} = (x) + (xi) + [(vii + viii)] + (i) + (v) – (ii)$

$$= 2,000 + 1,000 + [500 + (–100)] + (–60) + 40 – 150$$

$$= ₹ 3,230 \text{ crores}$$

1

1

5

(MARKS ARE TO BE AWARDED EVEN IF THE VALUES OF NATIONAL INCOME ARE DIFFERENT)

OR

b) (i) Calculate the operating surplus from the following data:

S.No.	Items	Amount (in ₹ Crore)
(i)	Compensation of Employees	300
(ii)	Indirect Taxes	200
(iii)	Consumption of Fixed Capital	100
(iv)	Subsidies	50
(v)	Gross Domestic Product at Factor Cost (GDPfc)	650

1

(i) Operating surplus = (v) – (iii) – (i)

$$= 650 - 100 - 300$$

Operating surplus = ₹ 250 crore

½

½

(ii) State and discuss briefly the three main components of Net Factor Income from Abroad .

(ii) Components of net factor income from abroad are as follows:

- Net compensation of employees
- Net Income from property and entrepreneurship
- Net retained earnings   **(with valid explanations)**

1

1

1

5

12.	**Explain the concept of excess demand. How can government spending policy be helpful in correcting the situation of excess demand?**	
	Excess demand refers to a situation when aggregate demand exceeds aggregate supply corresponding to full employment level of output in an economy.	2
	To correct excess demand, government should reduce its spending. It leads to fall in the income in the hands of public and consequently the purchasing power reduces. Thus, it will help to correct the situation of excess demand.	3
	(to be marked as a whole)	

13.	**Case/ Source Based Question**
	Read the following text carefully. Answer questions number 13 (a) and 13 (b) on the basis of the given text and common understanding:
	The NITI Aayog Index developed in collaboration with German cooperation, ranks 56 urban areas on 77 Sustainable Development Goals (SDGs) indicators. In its journey of localization of the Sustainable Development Goals (SDGs) and creating SDG's progress monitoring system at all levels, the NITI Aayog has developed the SDG Urban Index and Dashboard in 2021-22.
	The index will strengthen SDG localisation and institute monitoring at the various cities level. According to the NITI Aayog, this index highlights the strengths and gaps of data monitoring and reporting systems. The tools used in the index will contribute to the creation of an ecological system in which all stakeholders will be equipped to adopt and implement data-driven decision-making.
	The NITI Aayog is of the view that this transformative change is quite essential, given the increasing prominence of our cities and urban areas in charting the future of development in India. Out of 56 urban areas ranked in the index, 44 are with population above one million.
	As per the NITI Aayog, for each SDG the urban areas are ranked on the scale of 0-100. A score of 100 implies that the urban area has achieved the targets set for 2030. A zero score implies that it is the farthest from achieving the target among the selected urban areas. The areas with score between 0 and 49 have been ranked as aspirants, those with 50-64 are termed as performers, 66-99 are called front runners and the ones with perfect score are called achievers. Source: The Economic Times; November 3, 2021 (Modified)
	    (a) **Outline any two steps involved by the NITI Aayog index in attaining sustainable development.**
	    (b) **"Urban areas are ranked on the scale of 0-100."**
	        Elucidate the ranking system adopted by NITI Aayog	

	(a) Two steps involved in NITI Aayog index are as follows:	
	(i) Localisation of Sustainable Development	1
	(ii) monitoring progress in Sustainable Developmental Goals at all possible levels	1
	b) Urban areas are ranked on the scale of 0-100. Ranking system adopted by NITI Aayog is as follows	
	(i) The areas with ranking between 0–49 have been ranked, as aspirants.	1
		1

	(ii) Those with 50–64 are termed as performers, 66–99 are called front runners.	1	
	(iii) Score of 100 implies the urban area has achieved the target set for 2030.		
	(any other relevant point/reason/argument should be awarded marks accordingly)		
			5

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