

MARKING SCHEME

Senior Secondary School Examination 2023

ECONOMICS(Subject Code–030)

[Paper Code : 58/1/1]

Maximum Marks: 80

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Read the following statements carefully: Statement 1: Primary deposits are the cash deposits by general public with commercial banks. Statement 2: Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people. In light of the given statements, choose the correct alternative from the following: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false. Ans.(c) Both Statements 1 and 2 are true.</p>	1
2.(A)	<p>The difference between National Income at market price and National Income at factor cost is _____. (Choose the correct alternative to fill up the blank) (a) net indirect taxes (b) net factor income from abroad (c) consumption of fixed capital (d) market price Ans. (a) net indirect taxes</p>	1
(B)	<p style="text-align: center;">OR</p> <p>Identify which of the following represents only the real flow:</p> <div style="text-align: center;"> </div> <p>Ans: (b)</p> <div style="text-align: center;"> </div>	1

3.	<p>The rate at which commercial banks borrow from the Reserve Bank of India to meet their long-term requirements is known as _____ (Choose the correct alternative to fill up the blank)</p> <p>(a) Margin requirement (b) Bank rate (c) Repo rate (d) Reverse repo rate</p> <p>Ans. (b) Bank rate</p>	1
4.	<p>Read the following statements carefully:</p> <p>Statement 1: Borrowings by a nation from the World Bank to finance Balance of Payment (BOP) deficit will be recorded in the capital account.</p> <p>Statement 2: Autonomous transactions are independent of the condition of Balance of Payment (BOP) account.</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false.</p> <p>Ans. (c) Both Statements 1 and 2 are true.</p>	1
5.	<p>Read the following news report carefully:</p> <p>“The central bank has imposed fine on Hisar Urban Cooperative Bank Ltd. and Andaman and Nicobar State Cooperative Bank Ltd. for violation of banking norms”</p> <p>According to the given report, identify the function of the central bank.</p> <p>(a) Issue of currency (b) Banker to the public (c) Banker to the Government (d) Banker’s Bank</p> <p>Ans. (d) Banker’s Bank</p>	1
6.(A)	<p>If the value of investment multiplier = 4 and Dissavings = (-) 60, identify the correct Saving function from the following :</p> <p>(a) $S = (-) 60 + 0.25 Y$ (b) $S = (-) 60 + 0.75 Y$ (c) $S = (-) 60 + 0.20 Y$ (d) $S = (-) 60 + 0.60 Y$</p> <p>Ans. (a) $S = (-) 60 + 0.25 Y$</p> <p style="text-align: center;">OR</p> <p>(B) For the given Consumption function, $C = 205 + 0.9 Y$, the value of investment multiplier would be _____ (Choose the correct alternative to fill up the blank)</p> <p>(a) 0.09 (b) 10.0 (c) 0.9 (d) 9.0</p> <p>Ans. (b) 10.0</p>	1
7.	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below:</p> <p>Assertion (A): Before reaching the Break-Even level of income, the value of Average Propensity to Consume (APC) is greater than one.</p> <p>Reason (R): The Average Propensity to Consume (APC) is the ratio of the total consumption and total income.</p> <p>Alternatives:</p>	

	<p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is true and Reason (R) is false.</p> <p>(d) Assertion (A) is false and Reason (R) is true.</p> <p>Ans. (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p>	1
8.(A)	<p>Suppose that, the Balance of Trade of a nation exhibits a deficit of ₹ 50,000 crore. The import of visible items are five times of the exports of visible items. The value of exports of visible items would be ₹ _____ crore.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>(a) 20,000 (b) 10,000 (c) 12,500 (d) 20,300</p> <p>Ans. (c) 12,500</p>	1
(B)	<p>Gifts and remittances sent abroad are recorded on the _____ side of the _____ account in Balance of Payment. (Choose the correct alternative to fill up the blanks)</p> <p>(a) credit, capital (b) debit, capital (c) credit, current (d) debit, current</p> <p>Ans. (d) debit, current</p>	1
9.	<p>Identify which of the following equations is true. (Choose the correct alternative)</p> <p>(a) $MPC + MPS = 0$ (b) $MPC + MPS = 1$ (c) $MPC + MPS > 1$ (d) $MPC + MPS < 1$</p> <p>Ans. (b) $MPC + MPS = 1$</p>	1
10.	<p>A situation in which an able-bodied person is not willing to work at the existing wage rate, is referred to as _____ situation. (Choose the correct alternative to fill up the blank)</p> <p>(a) Full employment (b) Involuntary unemployment (c) Voluntary unemployment (d) Disguised unemployment</p> <p>Ans. (c) Voluntary unemployment</p>	1
11.	<p>Distinguish between 'Value Addition' and 'Final Value of Output'.</p> <p>(a) Ans. Value Addition refers to the excess of 'Value of Output' over the 'Value of Intermediate Consumption'.</p> <p style="text-align: center;">Value Addition = Value of Output – Value of Intermediate Consumption</p> <p style="text-align: center;">Whereas;</p> <p>Final Value of output refers to the total money value of goods and services produced during a given period of time.</p> <p style="text-align: center;">Final Value of output = (Number of units produced) x (Price per unit)</p> <p style="text-align: center;">OR</p>	1½
(b)	<p>Find the Value Added by Firm A, from the following information:</p>	1½

OR

(b) Using a hypothetical numerical example, explain the effect of rise in Reserve Ratio on credit creation by the commercial banks.

Ans. Reserve ratio (RR) is the minimum reserves that a commercial bank must maintain as per the directions of the central bank. Credit creation is inversely related to the reserve ratio.

Example: Suppose the initial deposit is ₹1000

Case	Reserve Ratio (RR)	Credit Multiplier ($\frac{1}{RR}$)	Credit Creation (Initial Deposit x Credit Multiplier)
I	0.2	$\frac{1}{0.2} = 5$	$1,000 \times 5 = ₹5,000$
II	0.5	$\frac{1}{0.5} = 2$	$1000 \times 2 = ₹2,000$

The above example, depicts the effect of rise in Reserve Ratio on credit creation by the commercial banks. (To be marked as a whole)

(Any other valid example/explanation to be allotted marks)

4

16.(a) “National income is always greater than domestic income”. Do you agree with the given statement? Support your answer with a valid reason.

Ans. No. Net factor income from abroad (NFIA) is the component which depicts the difference between National income (NNP_{FC}) and Domestic income (NDP_{FC}). National income can be less than the domestic income in case of negative NFIA i.e. when, Factor Income from abroad < Factor Income to abroad.

(To be marked as a whole)

3

(b) In the estimation of Gross Domestic Product (GDP) using expenditure method, focus lies only on expenditure by the residents of the country.”

Do you agree with the given statement? Give valid reasons for your answer.

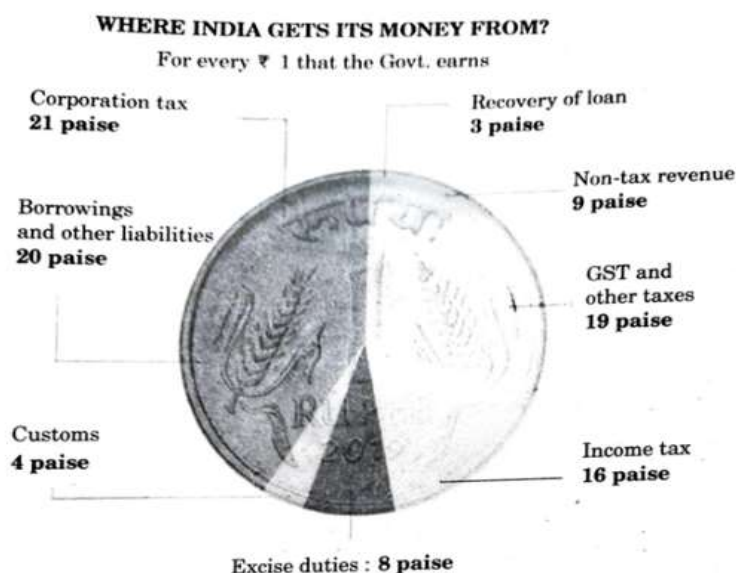
Ans. No. This is because Gross Domestic Product (GDP) by expenditure method takes into account the aggregate spending on all the final goods and services in the domestic territory, whether incurred by the residents or non-residents during a given period of time.

(To be marked as a whole)

3

6


17. (a) (i) From the information given in the diagram, categorize the items into revenue receipts and capital receipts, stating valid reasons.



	<p>Ans. Revenue receipts: Corporation tax, Customs, Income tax, Non-tax revenue, GST and other taxes, Excise duties.</p> <p>Reason: Revenue receipts neither leads to decrease in assets nor increase in liabilities.</p> <p>Capital receipts: Borrowing and other liabilities, Recovery of loan.</p> <p>Reason: Capital receipts either leads to decrease in assets or increase in liabilities. (To be marked as a whole)</p>	4																		
(ii)	<p>Distinguish between Revenue deficit and Fiscal deficit.</p> <p>Ans. The revenue deficit refers to the excess of estimated revenue expenditure over the estimated revenue receipts of the government, during a fiscal year.</p> <p style="text-align: center;">Whereas;</p> <p>Fiscal deficit is the excess of the total estimated expenditure over its total estimated receipts excluding borrowings of the government, during a fiscal year.</p>	1																		
	OR	1																		
(b)(i)	<p>From the following data, calculate the primary deficit.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>SNo.</th> <th>Particulars</th> <th>Amount (in ₹ crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Revenue deficit</td> <td>40</td> </tr> <tr> <td>(ii)</td> <td>Non-debt creating capital receipts</td> <td>190</td> </tr> <tr> <td>(iii)</td> <td>Tax revenue</td> <td>125</td> </tr> <tr> <td>(iv)</td> <td>Capital expenditure</td> <td>220</td> </tr> <tr> <td>(v)</td> <td>Interest payments</td> <td>20</td> </tr> </tbody> </table> <p>Ans. Primary deficit = {(i) + (iv) – (ii)} – (v) = {40+220-190} – 20 = ₹ 50 crore.</p>	SNo.	Particulars	Amount (in ₹ crore)	(i)	Revenue deficit	40	(ii)	Non-debt creating capital receipts	190	(iii)	Tax revenue	125	(iv)	Capital expenditure	220	(v)	Interest payments	20	1 ½ 1 ½
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(ii)	<p>Elaborate ‘Economic stability’ function of the Government Budget.</p> <p>Ans. The government may need to correct the fluctuations (income, employment and prices) in the economy. These may depend upon the level of Aggregate Demand, which in turn depends upon the spending decision of households and firms.</p> <p>To stabilize the economy, under the state of inflation/deflation, Government may alter taxes/expenditure, accordingly. (To be marked as a whole)</p>	3																		
		6																		
SECTION B																				
Indian Economic Development																				
18.	<p>Read the following statements carefully:</p> <p>Statement 1: Commercialization of agriculture under the British rule was responsible for frequent famines between 1875 and 1900.</p> <p>Statement 2: During British rule, India began to export food grains.</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.</p> <p>(b) Statement 1 is false and Statement 2 is true.</p> <p>(c) Both Statements 1 and 2 are true.</p> <p>(d) Both Statements 1 and 2 are false.</p> <p>Ans. (c) Both Statements 1 and 2 are true.</p>	1																		

<p>19. (A)</p>	<p>Read the following statements carefully: Statement 1: The purchase of food grains made by the Government on the Minimum Support Price (MSP) is maintained as buffer stock. Statement 2: Minimum Support Price safeguards the farmers against any sharp fall in farm product prices. In light of the given statements, choose the correct alternative from the following: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false. Ans. (c) Both Statements 1 and 2 are true.</p> <p style="text-align: center;">OR</p> <p>(B) Identify the incorrect statement from the following: (a) Import substitution was the strategy used to save foreign exchange. (b) License policy ensured regional equality. (c) Russian economic model was the base for the Indian economic system. (d) Small Scale Industries are one of the essential tools for employment generation. Ans. (c) Russian economic model was the base for the Indian economic system.</p>	<p style="text-align: center;">1</p>
<p>20.</p>	<p>Mini-hydel plants are good for the environment because: (i) they generate electricity only for local areas. (ii) they do not change the land use pattern. (iii) they rely on the perennial streams. (Choose the correct alternative) Alternatives: (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) only (d) (i) and (ii) Ans. (a) (i), (ii) and (iii)</p>	<p style="text-align: center;">1</p>
<p>21.(A)</p>	<p>The Great Leap Forward (GLF) campaign in China focused on _____. (Choose the correct alternative to fill up the blank) (a) Widespread industrialisation (b) New agricultural strategy (c) Privatisation (d) Economic reforms Ans. (a) Widespread industrialisation</p> <p style="text-align: center;">OR</p> <p>(B) India is not a member of which of the following regional / global economic groups? (a) European Union (b) BRICS (c) G20 (d) SAARC Ans. (a) European Union</p>	<p style="text-align: center;">1</p>
<p>22.</p>	<p>“Skill India” programme launched by the Government is not an attempt to increase _____ in India. (Choose the correct alternative to fill up the blank) (a) human capital formation (b) efficient utilisation of inputs (c) increase in GDP growth (d) inadequate spread of vocational education Ans. (d) inadequate spread of vocational education</p>	<p style="text-align: center;">1</p>

23.	<p>Identify the correct alternative with reference to the following statement: “Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China.”</p> <p>(a) Commune System (b) Great Leap Forward (c) Open Door Policy (d) Great Proletarian Cultural Revolution</p> <p>Ans. (d) Great Proletarian Cultural Revolution</p>	1
24.	<p>Read the following statements carefully: Statement 1: In both India and Pakistan, the service sector has been emerging as a major source of development. Statement 2: Amongst the neighbours of India, China has the highest life expectancy rate.</p> <p>In light of the given statements, choose the correct alternative from the following: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true. (c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false.</p> <p>Ans. (c) Both Statements 1 and 2 are true.</p>	1
25. (A)	<p>Workers who are on the permanent pay-roll of their employer are called _____ workers. (Choose the correct alternative to fill up the blank)</p> <p>(a) self-employed (b) casual (c) regular (d) hired</p> <p>Ans. (c) regular</p> <p style="text-align: center;">OR</p> <p>(B) Jobless growth leads to unemployment because _____. (Choose the correct alternative to fill up the blank)</p> <p>(a) Labour refuses to migrate (b) Labour is very expensive (c) Growth rate is low (d) Growth is due to technological development</p> <p>Ans. (d) Growth is due to technological development.</p>	1
26.	<p>Production of diverse varieties of crops rather than one specialized crop is called _____. (Choose the correct alternative to fill up the blank)</p> <p>(a) diversification of crops (b) diversification of agricultural production (c) diversification in sectors (d) diversification of employment</p> <p>Ans. (a) diversification of crops</p>	1
27.	<p>Read the following statements carefully: Statement 1: India announced its First Five Year Plan in 1951. Statement 2: India, Pakistan and China adopted economic planning as the core development strategy.</p> <p>In light of the given statements, choose the correct alternative from the following: (a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true.</p>	

	<p>(c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false. Ans. (c) Both Statements 1 and 2 are true.</p>	1
28.	<p>Interpret the given picture, on account of current environmental challenges:</p>  <p>Ans. Deforestation is defined as large scale cutting down of trees for executing developmental projects. It is a serious environmental concern, since it can result in the loss of biodiversity, damage of natural habitats, disturbances in the water cycle, soil erosion etc. Deforestation is also the main contributor to the environmental problems like climate change and global warming.</p> <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;">(Any other valid explanation to be allotted marks)</p> <p>Note: The following question is for the Visually Impaired Candidates only, in lieu of Q. No. 28: Explain any one current environmental challenge.</p> <p>Ans. Deforestation is defined as large scale cutting down of trees for executing developmental projects. It is a serious environmental concern, since it can result in the loss of biodiversity, damage of natural habitats, disturbances in the water cycle, soil erosion etc. Deforestation is also the main contributor to the environmental problems like climate change and global warming.</p> <p style="text-align: right;">(Any other valid argument/point/explanation to be allotted marks)</p>	3
29. (a)	<p>Critically evaluate the role of rural banking system in the process of rural development in India.</p> <p>Ans. Rapid expansion of the banking system had positive effect on rural farm and non-farm output, income and employment. However, following problems have been faced in the rural banking :</p> <ul style="list-style-type: none"> • The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the nation. • Less attention has been given on the credit requirements of small and marginal farmers and the problems of overdues in agricultural credit. <p style="text-align: right;">(To be marked as a whole)</p> <p style="text-align: center;">(Any other valid argument to be allotted marks)</p> <p style="text-align: center;">OR</p>	3
(b)	<p>Dr. Khurana, a dentist, ran his clinic in an economically backward area. He was earning a comparatively low income. So, he decided to move to a city and spent a huge amount for the same." Identify and explain the type of expenditure incurred by Dr. Khurana, which directly contributed to the process of human capital formation.</p> <p>Ans. The expenditure incurred by Dr. Khurana on shifting his clinic from economically backward area to the city comes under the category of "Expenditure on migration".</p>	1

	Expenditure on migration is the source of human capital formation. People migrate in search of jobs that fetch them higher salaries. Technically qualified persons like engineers and doctors, migrate to other areas because of higher incomes and better opportunities.	2
		3
30.	<p>Explain valid reasons for the slow growth and re-emergence of poverty in Pakistan. Ans. The reasons for the slow growth and re-emergence of poverty in Pakistan are:</p> <ul style="list-style-type: none"> • Agricultural growth and food supply situation were not based on institutional process of technical change but on good harvest. Hence, Pakistan faced a volatile performance in the agriculture sector. • Overdependence on remittances and foreign aid on the one hand and increasing difficulty in paying back the loans on the other. <p style="text-align: right;">(To be marked as a whole) (Any other valid argument to be allotted marks)</p>	4
31. (a)	<p>Explain briefly the rationale behind the 'License Raj' under the Industrial Policy Resolution, 1956. Ans. The aim of License Raj under the Industrial Policy Resolution 1956, was to keep the private sector under control. No new industry was allowed unless a license was obtained from the Government. This policy was used for ensuring regional equality.</p>	3
(b)	<p>Define Multilateral trade. Ans. Multilateral trade refers to exchange of goods and services between more than two nations.</p>	1
		4
32. (a)	<p>State and elaborate whether the following statement is true or false, with valid arguments: "Indian economy has showed satisfactory progress towards formalization of workforce in the recent past." Ans. False. As in the recent years, India has witnessed an unprecedented shift of the workforce from the formal sector to informal sector. This may be primarily due to decline in job opportunities in formal (both public and private) sector.</p> <p style="text-align: right;">(To be marked as a whole) (Any other valid argument with suitable explanation) OR</p>	4
(b)	<p>"In India, the self-employed constitute around 60% employees. The possible incidence of under employment is the highest among the self-employed." As an economist, suggest and elaborate any two measures that may be taken to ensure more productive employment for the self-employed. Ans. Two measures to ensure more productive employment for the self-employed are:</p> <ol style="list-style-type: none"> i. Skill development - Skill development and training will provide people with the required expertise and skills to undertake new ventures. ii. Financial and technical support by Government - Financial and technical support by government agencies, along with fulfilling the capital requirements will also enhance the productivity of the new production units. 	<p>$\frac{1}{2} + 1\frac{1}{2}$</p> <p>$\frac{1}{2} + 1\frac{1}{2}$</p>
		4

<p>33. (a)(i)</p> <p>(ii)</p> <p>(b)(i)</p> <p>(ii)</p>	<p>Why are less women found in regular salaried employment? Ans. Less women are found in regular salaried employment in India as such jobs require skills and a higher level of literacy. Moreover, due to a lot of social constraints, mobility of women is generally restricted.</p> <p style="text-align: right;">(To be marked as a whole) (Any other valid argument to be allotted marks)</p> <p>Distinguish between human capital and physical capital. Ans. Human capital refers to the stock of knowledge, skill and ability imbibed in the owner of the same, i.e., human capital is inseparable from its owner. It cannot be sold in the market, only its services can be sold in the market.</p> <p style="text-align: center;">Whereas;</p> <p>Physical capital are the assets (plant and machinery, building etc.), which are tangible in nature. It is separable from its owner. It can be transacted in the market.</p> <p style="text-align: center;">OR</p> <p>State and discuss any one strategy involved in attaining sustainable development in India. Ans. Mini-hydel Plants- In mountainous regions, streams can be found almost everywhere. A large percentage of such streams are perennial. Mini-hydel plants use the energy of such streams to move small turbines. The turbines generate electricity which can be used locally. Such power plants are more or less environment-friendly as they do not change the land use pattern.</p> <p style="text-align: center;">(any other valid strategy of sustainable development)</p> <p>Discuss briefly the importance of micro credit programme in rural India. Ans. Micro-credit programmes have emerged to fill the gap in the formal credit system. The formal credit delivery mechanism has not been fully integrated into the rural social structure. Since, some collateral is required, vast proportion of poor rural households go out of the credit network. Micro-credit system has brought these poor households in the ambit of formal credit system by providing them loans at the concessional rate of interest.</p> <p style="text-align: right;">(To be marked as whole)</p>	<p>3</p> <p>1 ½</p> <p>1 ½</p> <p>½ + 2 ½</p> <p>3</p>
<p>34.</p>	<p>Read the following text carefully:</p> <p>According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog, in its report titled "Digital Banks: A Proposal for Licensing and Regulatory Regime for India", offers a template and roadmap for a digital bank licensing and regulatory regime for a country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money. On the basis of the given text and common understanding, answer the following questions:</p>	<p>6</p>

(a)	<p>Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog?</p> <p>Ans. Planning Commission has been replaced by NITI Aayog. Prime minister is the ex-officio Chairman of NITI Aayog.</p>	<p>1</p> <p>1</p>
(b)	<p>State and discuss any two main advantages of digital banking.</p> <p>Ans: Two main advantages of digital banking are:</p> <p>(i) Cashless Society: By promoting a cashless society, digital banking restricts the circulation of black money. Since all transactions are routed through banks, it eliminates the use of unaccounted money.</p> <p>(ii) Convenience: It enable users to set up automatic payments for regular utility bills. Thus, it provides a convenient method for customers to settle payments.</p>	<p>$\frac{1}{2} + 1\frac{1}{2}$</p> <p>$\frac{1}{2} + 1\frac{1}{2}$</p> <hr/> <p>6</p>