

Strictly Confidential: (For Internal and Restricted use only)
Senior School Certificate Examination July 2019
Marking Scheme –ECONOMICS (030)
(PAPER CODE –58/1/1) SET 1

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 (✓) 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 / 25 answer books per day.
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 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 (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 totaled and written in figures and words.
16. 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.

rises whereas demand for inferior good falls.
 (b) The given statement is false. The demand curve in this situation will be downward sloping from left to right due to inverse relationship between price and its quantity demanded.
(no marks to be allotted if the reason is not given or wrongly given)

OR

$$E_d = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage Change in price}} \quad (\text{ignoring minus sign})$$

$$= \frac{100\%}{20\%}$$

$$= 5$$

Shape of demand curve is downward sloping from left to right.

2
1
1
1
1

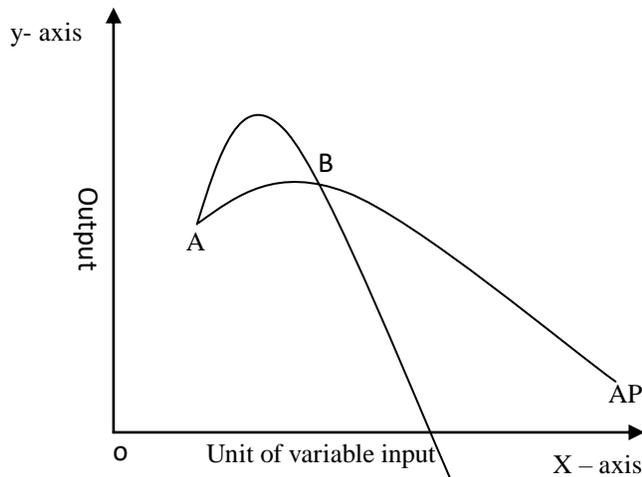
9

Output sold (in units)	Total Revenue (in ₹)	Average Revenue (in ₹)	Marginal Revenue (in ₹)
1	18	<u>18</u>	<u>18</u>
2	<u>32</u>	<u>16</u>	14
3	<u>42</u>	14	<u>10</u>
4	48	<u>12</u>	<u>6</u>

(½ × 8 = 4)

OR

Diagram:



2 ½

- When, MP is greater than AP; AP rises (from A to B).
- When, MP is equal to AP; AP is constant and maximum (At point B).
- When, MP is lesser than AP, AP falls (beyond B point).

1 ½

Schedule:

Units of variable factor	MP		AP
--------------------------	----	--	----

	<table border="1"> <thead> <tr> <th>(Labour)</th> <th>(in Units)</th> <th></th> <th>(in Units)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>10</td> <td>=</td> <td>10</td> </tr> <tr> <td>2</td> <td>20</td> <td>></td> <td>15</td> </tr> <tr> <td>3</td> <td>15</td> <td>=</td> <td>15</td> </tr> <tr> <td>4</td> <td>7</td> <td><</td> <td>13</td> </tr> <tr> <td>5</td> <td>0</td> <td><</td> <td>10.4</td> </tr> <tr> <td>6</td> <td>-4</td> <td><</td> <td>8</td> </tr> </tbody> </table>	(Labour)	(in Units)		(in Units)	1	10	=	10	2	20	>	15	3	15	=	15	4	7	<	13	5	0	<	10.4	6	-4	<	8	2 ½
(Labour)	(in Units)		(in Units)																											
1	10	=	10																											
2	20	>	15																											
3	15	=	15																											
4	7	<	13																											
5	0	<	10.4																											
6	-4	<	8																											
	<p style="text-align: center;">(any other relevant schedule with explanation)</p> <ul style="list-style-type: none"> • When, MP is greater than AP; AP rises (At 2nd unit of variable factor employed). • When, MP is equal to AP; AP is constant and maximum (At 3rd unit of variable factor employed). • When, MP is lesser than AP, AP falls (4th unit to 6th unit of variable factor employed). 	1 ½																												
10	<p>The market for a good is in equilibrium when demand for the commodity is equal to the supply of the commodity. Due to improvement in technology, the marginal cost (MC) falls which will lead to an increase in the total market supply of the commodity. This will create excess supply of the commodity in the market leading to competition among sellers to clear their unsold inventories.</p> <p>In such a situation, the supply will contract due to law of supply. The market (both demand and supply) will adjust itself to a lower equilibrium price. Thus, as a result the equilibrium price will fall and equilibrium quantity will rise.</p> <p style="text-align: center;">(to be marked as a whole) (Any other relevant explanation)</p>	6																												
11	<p>In case of two goods A and B, a consumer will at equilibrium when:</p> <ul style="list-style-type: none"> • $\frac{MU \text{ of Good A}}{\text{Price of Good A}} = \frac{MU \text{ of Good B}}{\text{Price of Good B}}$ • MU falls as consumption increases <p>If the price of Good B rises the per rupee Marginal Utility derived from the consumption of Good A will be more than the consumption of Good B. This will create a situation where:</p> $\frac{MU \text{ of Good A}}{\text{Price of Good A}} > \frac{MU \text{ of Good B}}{\text{Price of Good B}}$ <p>This will induce the consumer to reallocate his expenditure from Good B (less satisfying) to Good A (more satisfying). Therefore, consumer will buy more of Good A and less of Good B. As a result, MU derived from consumption of Good A decreases gradually while the MU derived from consumption of Good B increases. Eventually, this process will continue till</p> $\frac{MU \text{ of Good A}}{\text{Price of Good A}} = \frac{MU \text{ of Good B}}{\text{Price of Good B}}$ <p style="text-align: center;">OR</p>	1 1 1 3																												

21	<p>Intermediate consumption = (i)- (iv)-(Indirect tax – iii) – (ii)</p> $= 300 - 30 - (0-15) - 100$ $= 300 - 30 + 15 - 100$ $= ₹ 185 \text{ crores}$	<p>1½ 1½ ½ ½</p>																																			
22	<p>a) Wages received by an Indian working in British embassy in India is not a part of economic territory of India, as British Embassy is a part of Economic territory of Britain.</p> <p>b) Financial aid is a transfer income as no factor service is provided in return. Hence, it is not included while estimating the value of GDP.</p> <p>c) Purchase of second hand machinery from abroad is not included as the value of imports are deducted while estimation GDP of a country.</p> <p style="text-align: center;">Or</p> <p>Real National Income and Nominal National Income: When National Income (Product) of the current year is estimated on the basis of price prevailing in the current year, it is called Nominal National income</p> <p style="text-align: center;">whereas</p> <p>When nation income (product) of the current year is estimated on the basis of price prevailing in the base year, it is called Real National income.</p> <table border="1" data-bbox="181 869 1287 1262"> <thead> <tr> <th>Commodities</th> <th>Quantity of the Current Year (Q₁)</th> <th>Quantity of the Base (Q₀)</th> <th>Price of the Current Year (P₁)</th> <th>Price of the Base Year (P₀)</th> <th>P₀Q₁ (Real NI)</th> <th>P₁Q₁ (Nominal NI)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>10</td> <td>5</td> <td>20</td> <td>10</td> <td>100</td> <td>200</td> </tr> <tr> <td>B</td> <td>20</td> <td>10</td> <td>30</td> <td>20</td> <td>400</td> <td>600</td> </tr> <tr> <td>C</td> <td>5</td> <td>2</td> <td>50</td> <td>40</td> <td>200</td> <td>250</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td></td> <td>700</td> <td>1,050</td> </tr> </tbody> </table> <p>In the above example the Real NI ($\sum P_0 Q_1$) = ₹ 700 and Nominal NI ($\sum P_1 Q_1$) = ₹ 1,050</p>	Commodities	Quantity of the Current Year (Q ₁)	Quantity of the Base (Q ₀)	Price of the Current Year (P ₁)	Price of the Base Year (P ₀)	P ₀ Q ₁ (Real NI)	P ₁ Q ₁ (Nominal NI)	A	10	5	20	10	100	200	B	20	10	30	20	400	600	C	5	2	50	40	200	250	Total					700	1,050	<p>2 2 2 3 3</p>
Commodities	Quantity of the Current Year (Q ₁)	Quantity of the Base (Q ₀)	Price of the Current Year (P ₁)	Price of the Base Year (P ₀)	P ₀ Q ₁ (Real NI)	P ₁ Q ₁ (Nominal NI)																															
A	10	5	20	10	100	200																															
B	20	10	30	20	400	600																															
C	5	2	50	40	200	250																															
Total					700	1,050																															

<p>23</p>	<p>(a) Autonomous transactions are those international economic transactions which take place due to some economic motive such as profit maximisation. These transactions are independent of the state of country's BOP.</p> <p style="text-align: center;">Whereas;</p> <p>Accommodating transactions are those international economic transactions that occur to cover deficit/ surplus arising out of autonomous transactions. BOP transactions are influenced by the state of BOP.</p> <p>b) (i) Foreign Exchange Rate : It is the rate at which one currency can be converted into another currency.</p> <p>(ii) Foreign Currency : foreign currency is the currency other than domestic currency.</p> <p>(iii) Devaluation of currency: reduction in the value of domestic currency by the government with respect to a given foreign currency.</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>																								
<p>24</p>	<p>Effective demand refers to that level of output where ex-ante aggregate demand is equal to ex-ante aggregate supply.</p> <p>Example:</p> <table border="1" data-bbox="183 846 1286 1115"> <thead> <tr> <th>Income (Y) (₹ In Cr)</th> <th>Aggregate demand (AD) (₹ In Cr)</th> <th>Aggregate supply (AS) (₹ In Cr)</th> <th>Observation</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>400</td> <td>0</td> <td>AD > AS</td> </tr> <tr> <td>1000</td> <td>1200</td> <td>1000</td> <td>AD > AS</td> </tr> <tr> <td>2000</td> <td>2000</td> <td>2000</td> <td>AD = AS Effective demand</td> </tr> <tr> <td>3000</td> <td>2800</td> <td>3000</td> <td>AD < AS</td> </tr> <tr> <td>4000</td> <td>3600</td> <td>4000</td> <td>AD < AS</td> </tr> </tbody> </table> <p>At Y=0, and Y=1000; AD > AS. This causes unplanned decrease in inventories inducing producer to produce more output.</p> <p>At Y= 2000, AD =AS. This keeps the inventory level unchanged.</p> <p>At Y= 3000 and Y=4000, AD < AS. This causes unplanned increase in inventory of unsold goods inducing producer to produce less.</p>	Income (Y) (₹ In Cr)	Aggregate demand (AD) (₹ In Cr)	Aggregate supply (AS) (₹ In Cr)	Observation	0	400	0	AD > AS	1000	1200	1000	AD > AS	2000	2000	2000	AD = AS Effective demand	3000	2800	3000	AD < AS	4000	3600	4000	AD < AS	<p style="text-align: center;">2</p> <p style="text-align: center;">4</p>
Income (Y) (₹ In Cr)	Aggregate demand (AD) (₹ In Cr)	Aggregate supply (AS) (₹ In Cr)	Observation																							
0	400	0	AD > AS																							
1000	1200	1000	AD > AS																							
2000	2000	2000	AD = AS Effective demand																							
3000	2800	3000	AD < AS																							
4000	3600	4000	AD < AS																							