MARKING SCHEME
Senior Secondary School Compartment Examination TERM–II, 2022
ECONOMICS (Subject Code — 030)
[Paper Code — 58/6/3]

Maximum Marks: 40

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	**Estimate the value of ex-ante Aggregate Demand (AD), if autonomous investment and consumption expenditure $(\overline{A})$ is ₹ 60 crore, Marginal Propensity to Consume (MPC) is 0.8 and level of income is ₹ 500 crore.** Given, MPC=0.8 and $\overline{A}$ $(\overline{c}+\overline{I})$= ₹ 60 crore $AD = \overline{A}+ MPC(Y)$ $AD = 60+0.8(500)$ $AD = ₹ 460$ crore	1 ½ ½
		2
2.	**(a) What is the state of rural infrastructure in India?** In spite of technical progress elsewhere, rural women still use crop residue, dung/ fuel wood for energy requirements. Women need to travel a long distance to fetch water. Medical facilities are insufficient. Thus, India must boost its infrastructure for a better standard of living in rural areas. **(To be marked as a whole)**	2
	OR	
	(b) Explain the two categories into which infrastructure is divided. Infrastructure is divided into: 1. Economic Infrastructure includes those services which directly support the economic system such as energy, transportation, and communication. 2. Social Infrastructure includes those services which indirectly support the economic system such as education, health, and housing.	1 1
		2
3.	**(a) Distinguish between Consumption goods and Capital goods.** Consumption goods refer to those final goods which directly satisfy the wants of the end user/consumer. Whereas; Capital goods are those final goods which help in the production of other goods and services.	1 1
	OR	2
	b) "National income includes income earned by factors of production, within the domestic territory only." **Defend or refute the given statement with valid reasons.** The given statement is refuted, as national income is the factor income earned by the normal residents of a country, irrespective of whether earned within or outside the domestic territory. **(To be marked as a whole)**	2
		2

4.	**(a) State the meaning of 'Worker Population Ratio'.**
	Worker Population Ratio is defined as total number of workers in a country divided by population. (In percentage).
	(any other relevant point/definition to be allotted marks)
	OR
	(b) Mention any two emerging challenges in health infrastructure.
	Two emerging challenges in health infrastructure are:
	    (i) to create a sufficient public health care system in rural India.
	    (ii) to ensure access to improved medical facilities for women.
	(any other relevant point/argument to be allotted marks)
		2
		
		1
		1
		
		2

5.	**In a hypothetical economy, when savings are zero, it is given that:**
	    (a) the level of Income = ₹ 100 crore, and
	    (b) Autonomous Consumption ($\bar{c}$) = ₹ 40 crore
	Calculate the value of Marginal Propensity to Consume (MPC) in the economy.
	Given; Y = ₹ 100 crore and $\bar{c}$ = ₹ 40 crore
	When S=0; C=Y (break-even point)
	Hence, C= ₹ 100 crore
	We know, C= $\bar{c}$ + MPC(Y)
	100 = 40 + MPC (100)
	MPC = 60/100 = 0.6
		
		½
		
		½
		½
		½
		
		2

6.	**On the basis of the following information, compare and analyse the population growth rate among the given countries:** | Country	Estimated Population (in million)	Annual Growth of Population (in %) | |---|---|---| | China | 1371 | 0.5 | | Pakistan | 188 | 2.1 | **Source: World Development Indicators, 2017** The given data shows that, on annual population growth rate front, Pakistan (2.1%) stands virtually more than four times China (0.5%). China could arrest its annual population growth rate, with the implementation of some stringent measures in the late 1970s, like the introduction of the 'One Child Norm'. **(To be marked as a whole)**	3

7.	(a) On the basis of the following data, calculate the value of Gross Value Added (GVA) at Market Price:		

S. No.	Particulars	Amount (₹ in lakh)
(i)	Depreciation	20
(ii)	Domestic Sales	200
(iii)	Change in stock	(-) 10
(iv)	Exports	10
(v)	Single Use Producer Goods	120

GVAmp = (ii) + (iii) + (iv) – (v)

= 200 + (-10) + 10 -120

= ₹ 80 lakh

1 ½
1
½

3

OR

(b) Explain any two precautions that should be taken into account, while estimating National Income by Expenditure method.

Two precautions of Expenditure Method are:

(i) Any expenditure on intermediate consumption should not be included, as it may lead to problem of double counting.

(ii) Expenditure on transfer payments should not be included, as these are unilateral in nature. **(any other valid precaution to be allotted marks)**

1 ½

1 ½

3

8.	(a) "The value of Average Propensity to Save (APS) can be zero." Defend or refute the given statement with valid explanation.	

The given statement is defended as APS can be zero. At the break-even point, income is equal to consumption implying savings are zero. Thus, APS which is the ratio of savings to income will be zero.

At break-even level of income,

APS = S/Y = 0/Y = 0   **(To be marked as a whole)**

3

OR

(b) In an economy, if there is a rise in Bank Rate, how would it affect the demand for credit? Explain.

Rise in the bank rate (by the Central Bank), may lead to an increase in the lending rates by the commercial banks. Consequently, loans available at higher rates may discourage the general public to borrow less. This may result in a decrease in the demand for credit in the economy. **(To be marked as a whole)**

3

9.	(a) "If the rate of resource extraction exceeds the rate of regeneration, it leads to a reduction in carrying capacity of the environment." **Highlight any two consequences, stated in the given statement.** Two consequences of such a situation are:	
	(i) global warming which may lead to the melting of polar ice and an eventual rise in sea level.	1 ½
	(ii) other environmental problems like Ozone depletion may cause serious threats to living organisms (sustenance of life).	1 ½
	(any other relevant point/argument to be allotted marks)	
	OR	3
	(b) Explain any two advantages of use of Non-Conventional Sources of Energy. Two advantages of the use of non-conventional sources of energy are:	
	(i) **Cleaner energy** – Such sources of energy are eco-friendly in nature.	1 ½
	(ii) **Cost-effective** – Energy generation from such sources has lower maintenance costs.	1 ½
	(any other relevant point/argument to be allotted marks)	
		3
10.	**State any two reasons for slow economic growth and re-emergence of poverty in Pakistan.** The reasons for the slowdown of growth and re-emergence of poverty in Pakistan's economy were:	
	(i) Volatile performance of the agriculture sector due to lack of institutionalised process of technical change.	1 ½
	(ii) Over-dependence on remittances and foreign aid.	1 ½
	(any other relevant point/argument to be allotted marks)	
		3
11.	**(a) "Health is one of the most important sources for human capital formation. Health furnishes the complete state of well-being desired for a nation to grow with its people." Elaborate the given statement.** The given statement is appropriate, as health is a state of complete physical, mental and social well-being of a person and not the mere absence of disease. It is a yardstick of one's well-being. Healthy manpower contributes more to the growth and development of the nation. **(To be marked as a whole)**	2
	(b) What is 'global burden of disease (GBD)'? 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.	3
		5
12.	**Explain any two fiscal measures to correct the situation of deficient demand.** Two fiscal measures which may be used to solve the problem of deficient demand are:	
	(i) **Decrease in taxes** may lead to an increase in the money at the disposal of the public. In turn, this may push the consumption and investment expenditure in the economy, thereby correcting the deficient demand.	2 ½

	(ii)	**Increase in government expenditure** may increase the purchasing power in the hands of the public. This may increase the aggregate expenditure in the economy, thereby correcting the deficient demand.	2 ½
			5

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:* **As for the first advance estimates of annual national income released by the National Statistical Office (NSO), India's Real GDP is estimated to grow by 9.2% in 2021-22, as compared to a contraction of 7.3% of 2020-21.** **According to NSO, investment and exports have achieved more than full recovery of the corresponding pre-pandemic 2019-20 levels. Similarly, private consumption has also improved to recover 97.1% of the corresponding pre-pandemic level and stands fully recovered in the second half of the financial year 2021-22. Private consumption expenditure is estimated to grow at 6.9% in 2021-22 as against a contraction of 9.1% in 2020-21.** **Fixed investment in Indian economy is estimated to grow by 15% in 2021-22, as against a contraction of 10.8% in 2020-21. In 2021-22, exports and imports of goods and services are estimated to grow 16.5% and 29.4% (at constant prices), respectively.** **Source: The Economic Times; 1st February, 2022** **(a) Using the following data, calculate the percentage change in Real GDP: (Assume 2020-21 as base year)**	

Year	2020-21	2021-22
Estimated Real GDP	**7.3**	**9.2**

Percentage change in Real GDP = $\dfrac{\text{Change in Real GDP}}{\text{Real GDP}} \times 100$ — 1

$= \dfrac{(9.2 - 7.3)}{7.3} \times 100$ — ½

$= 26.02 \%$ — ½

(b) (i) State any two economic variables which have shown positive sign after the pandemic period.

Two economic variables which have shown positive sign after the pandemic period are:

1. India's real GDP is estimated to grow by 9.2 % in 2021-22 as compared to the corresponding figure of 7.3% in 2020-21.   — 1

2. Private consumption has also improved to recover approximately 97% of the corresponding pre-pandemic level and stands fully recovered in the second half of the financial year 2021-22.   — 1

(ii) Define Real Gross Domestic Product.

Real Gross Domestic Product (GDP) is defined as the money value of all the final goods and services produced within the domestic territory of an economy, measured at base year prices.   — 1

	5

These answers are meant to be used by evaluators