

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior School Certificate Examination, 2025
ECONOMICS (SUBJECT CODE – 030)
(PAPER CODE – 58/1/3)

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 various rules of the Board and 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 due marks be awarded to them. In Class XII, while evaluating 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, due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers. These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	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. If there is any variation, the same should be zero after deliberation and discussion. 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.
6	Evaluators will mark(✓) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (✓) while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	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.

8	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.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 80 has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Evaluation Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	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 an answer. • 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/not same. • 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.
14	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.
15	Any un assessed 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.
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	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.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

MARKING SCHEME
Senior School Certificate Examination 2025
ECONOMICS (Subject Code-030)
[Paper Code: 58/1/3]

Maximum Marks: 80

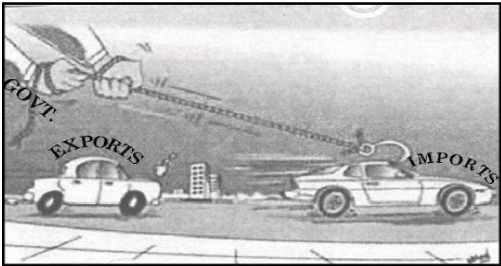
Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks										
SECTION -A (Macro Economics)												
1.	Suppose, the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹ 4,000 crores, the value of saving would be ₹ _____ crores. (Choose the correct option to fill up the blank) Options: (A) 100 (B) 200 (C) 500 (D) 800 Ans. (D) 800	1										
2.	Suppose, the saving curve of an economy makes an intercept at a negative value of ₹ 50 crores. In the economy, 20% of an increase in income is saved. In the light of above context, identify the value of investment multiplier (K): Options: (A) 2 (B) 5 (C) 10 (D) ∞ (infinite) Ans. (B) 5	1										
3.	In the context of the Commercial Banks, which of the following statements are correct? (Choose the correct option) (I) Deposits received are liabilities for Commercial Banks. (II) They are creator of credit in the economy. (III) They accept deposits from general public. (IV) They accept deposits on behalf of Reserve Bank of India. Options: (A) (I), (II), and (III) (B) (II) and (III) (C) (I) and (II) (D) (I) and (IV) Ans. (A) (I), (II) and (III)	1										
4.	If a country exports goods worth of ₹ 600 crores and imports goods worth of ₹ 450 crores, the value of Balance of Trade of the country would be _____ of ₹ _____ crores. (A) deficit, 150 (B) surplus, 150 (C) deficit, 1,050 (D) surplus, 1,050 Ans. (B) surplus, 150	1										
5.	From the set of terms given in Column-I and Column-II, choose the correct pair: <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>(a) Non-tax Revenue</td><td>(i) Goods and Services Tax</td></tr><tr><td>(b) Indirect Tax</td><td>(ii) Free-rider</td></tr><tr><td>(c) Capital expenditure</td><td>(iii) Borrowings</td></tr><tr><td>(d) Private goods</td><td>(iv) Rivalrous in nature</td></tr></table> Options: (A) (a) - (i) (B) (b) - (ii) (C) (c) - (iii) (D) (d) - (iv) Ans. (D) (d) – (iv)	Column-I	Column-II	(a) Non-tax Revenue	(i) Goods and Services Tax	(b) Indirect Tax	(ii) Free-rider	(c) Capital expenditure	(iii) Borrowings	(d) Private goods	(iv) Rivalrous in nature	1
Column-I	Column-II											
(a) Non-tax Revenue	(i) Goods and Services Tax											
(b) Indirect Tax	(ii) Free-rider											
(c) Capital expenditure	(iii) Borrowings											
(d) Private goods	(iv) Rivalrous in nature											

6.	Read the following statements carefully: Statement-1: Managed floating exchange rate system is an amalgamation of fixed and flexible exchange rate system. Statement-2: Managed floating exchange rate system is also known as ‘hybrid system’. In the light of the given statements, choose the correct option 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.	1										
7.	From the items given in Column-I and Column-II, choose the correct pair. <table><thead><tr><th>Column-I</th><th>Column-II</th></tr></thead><tbody><tr><td>(a) Income from Property</td><td>(i) Old age pension</td></tr><tr><td>(b) Income from Entrepreneurship</td><td>(ii) Profit</td></tr><tr><td>(c) Mixed Income</td><td>(iii) Rent free accommodation from an employer</td></tr><tr><td>(d) Compensation of Employees</td><td>(iv) Interest from capital</td></tr></tbody></table> Options: (A) (a) – (i) (B) (b) – (ii) (C) (c) – (iii) (D) (d) – (iv) Ans. (B) (b) – (ii)	Column-I	Column-II	(a) Income from Property	(i) Old age pension	(b) Income from Entrepreneurship	(ii) Profit	(c) Mixed Income	(iii) Rent free accommodation from an employer	(d) Compensation of Employees	(iv) Interest from capital	1
Column-I	Column-II											
(a) Income from Property	(i) Old age pension											
(b) Income from Entrepreneurship	(ii) Profit											
(c) Mixed Income	(iii) Rent free accommodation from an employer											
(d) Compensation of Employees	(iv) Interest from capital											
8.	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Public goods are those goods that are collectively consumed by the public. Reason (R): Public goods are excludable and rivalrous in nature. Options: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true. Ans. (C) Assertion (A) is true, but Reason (R) is false.	1										
9.	In the context of Current Account transactions of Balance of Payment, identify the incorrect statement from the following: (Choose the correct option) Options: (A) Export of goods and services are recorded as credit items. (B) Import of goods and services are recorded as debit items. (C) All transfer payments are recorded as debit items. (D) All transfer receipts are recorded as debit items. Ans. (D) All transfer receipts are recorded as debit items.	1										
10.	“Irfaan (a student) borrows ₹ 80,000 to finance his college fee. He plans to begin repaying the loan six months after his graduation, making payments over a span of ten years.” Based on above text, identify the indicated function of money. (Choose the correct option) Options: (A) Medium of Exchange (B) Unit of Account (C) Standard of Deferred Payments (D) Store of Value Ans. (C) Standard of Deferred Payments	1										

11.	(a)	Calculate the value of Net Value Added at Factor Cost (NVA _{FC}):			
		S. No.	Particulars	Amount (In ₹ crore)	
		(i)	Operating Surplus	3,740	
		(ii)	Increase in unsold stock	600	
		(iii)	Sales	10,625	
		(iv)	Purchase of raw materials	2,625	
		(v)	Consumption of fixed capital	500	
		(vi)	Subsidies	400	
	(vii)	Indirect taxes	1,200		
	Ans.				
	Net Value Added at Factor Cost (NVA _{FC}) = (iii) + (ii) – (iv) – (v) – {(vii) – (vi)} = 10,625 + 600 – 2,625 – 500 – {1,200 – 400} = ₹ 7,300 crore				1 ½ 1 ½
OR				3	
(b)	Distinguish between Net Factor Income from Abroad (NFIA) and Net Exports (X - M).				
	Ans. Net Factor Income from Abroad (NFIA) is the difference between factor income received from the rest of the world and factor income paid to the rest of the world.				1 ½
	Whereas;				
	Net Exports (X – M) is the difference between the value of exports of goods and services and the value of imports of goods and services.				1 ½
					3
12.	“All consumption goods are durable in nature.” Defend or refute the given statement with the help of a suitable example. Ans. The given statement is refuted. Consumption goods can be categorised as durable and non-durable. Non-durable consumption goods, such as food, have a shorter lifespan. Whereas durable consumption goods, like cars and home appliances, can be used over an extended period usually more than one year. Hence, not all consumption goods are durable in nature. (To be marked as a whole)				3
13.	“In the recent Budget the Government allocated funds for construction of new metro lines in smart cities to improve public transportation and reduce pollution.” Identify the nature of government expenditure & its objective. Ans. The highlighted statement exhibits the Capital Expenditure as it leads to the creation of assets of the government. The indicated objective of the government budget is the ‘Allocation Function’. With the allocation of funds for the construction of new metro lines in smart cities, the government seeks to improve public transport/infrastructure, reduce environmental pollution, and promote sustainable urban development, thus contributing to overall economic growth and social welfare. (To be marked as a whole)				4
14.	Suppose in an economy, primary deposits are ₹ 500, if the Reserve Ratio is 25%. Estimate the total deposits created and the total lending by the banking system. Ans. Given, Primary Deposits = ₹ 500 Reserve Ratio = 25% Total deposits = Primary deposits x $\frac{1}{\text{Reserve Ratio}}$ = 500 x $\frac{1}{0.25}$ = ₹ 2,000				1 ½ ½

	(c) Explain any one monetary measure used to control inflation. Ans. To deal with the situation of inflation, the Central Bank may increase the repo rate. An increase in repo rate will force commercial banks to increase their lending rates making the credit costlier. Thereby, discouraging the borrowings by the general public and leading to a subsequent fall in the Aggregate Demand. Thus, controlling the problem of inflation in the economy. (To be marked as a whole) (Any other valid measure to be awarded marks)	3	6
17.	(i) Explain any two precautions to be adopted while estimating National Income by Value-added method. Ans. Two precautions to be adopted while estimating National Income by Value added method are: • Value of intermediate goods should not be included as it leads to the problem of double counting. • Sale and purchase of second-hand goods should not be included as it does not add to the flow of goods and services in the economy in the current year. (Any other valid precaution to be awarded marks) (ii) “Higher Gross Domestic Product (GDP) always means higher per capita availability of goods in the economy.” Defend or refute the given statement as the index of welfare of the people of that country. Ans. The given statement is refuted. Gross Domestic Product (GDP) may not affect the welfare of all the sections of the society in the same dimension. This is because a given rise in GDP may not increase the per capita availability of goods due to concentration in a few hands. For the rest, the income may have fallen. In such a case, the welfare of the entire economy may not increase despite the increase in GDP. (To be marked as a whole) OR	1 ½	1 ½
(a)		3	6
(b)	(i) Distinguish between Stock and flow variables, using suitable examples. Ans. Stock variables refer to those variables which are measured at a particular point of time. Example: National Wealth Flow variables refer to those variables which are measured over a period of time. Example: National Income (Any other valid example to be awarded marks) (ii) Explain the components of ‘Profit’ as per Income Method of estimating National Income (NNP_{FC}). Ans. The components of ‘Profit’ as per Income Method of estimating National Income (NNP_{FC}): • Corporate Tax: Taxes imposed on the income made by the corporations (or private sector firms). • Undistributed Profits: Part of the profit earned by the private and government-owned firms which are not distributed among the factors of production. • Dividend: The residual profit which is distributed among the shareholders (owners of capital).	1	½
		1	½
		1	6

SECTION – B
(Indian Economic Development)

18.	“It is short-term unemployment occurring, as people transit between jobs.” On the basis of the given definition, identify the type of unemployment indicated. (Choose the correct option) Options: (A) Disguised Unemployment (B) Seasonal Unemployment (C) Open Unemployment (D) Frictional Unemployment Ans. (D) Frictional Unemployment	1
19.	Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Prior to economic reforms, public investment in social infrastructure by China resulted in better Human Development Indicators (HDI). Reason (R): China is ahead of India and Pakistan on many Human Development Indicators (HDI). Options: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true. Ans. (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
20.	Study the following image carefully:  Identify, the trade practice that has successfully replaced foreign goods with domestic production. Options: (A) Export Promotion (B) Export Substitution (C) Import Proliferation (D) Import Substitution Ans. (D) Import Substitution Note: The following question is for the visually impaired candidates only, in lieu of Q. No. 20. _____ refers to a trade policy aimed at reducing reliance on imported goods by encouraging domestic production. Options: (A) Export Promotion (B) Export Substitution (C) Import Substitution (D) Import Proliferation Ans. (C) Import Substitution	1

	(A) Economic growth (C) Technological advancement Ans. (B) Environmental crisis	(B) Environmental crisis (D) Cultural evolution	1										
	Note: The following question is for the visually impaired candidates only, in lieu of Q. No. 25. Identify, which of the following is NOT one of the strategies for Sustainable Development. Options: (A) Use of non-conventional sources of energy (B) Use of fossil fuel for transportation (C) Use of traditional knowledge (D) Use of organic compost manure Ans. (B) Use of fossil fuel for transportation		1										
26.	Read the following statements carefully: Statement-1: Hired workers may be regular salaried workers or casual workers. Statement-2: Regular salaried employment is a major source of employment in rural areas in India. In the light of the given statements, choose the correct option 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. (A) Statement 1 is true and Statement 2 is false.		1										
27.	From the terms given below in Column-I and Column-II, choose the correct pair of statements: <table><tr><td>Column-I</td><td>Column-II</td></tr><tr><td>(i) Subsidies</td><td>(a) Maximum quantity of goods that can be imported</td></tr><tr><td>(ii) Land ceiling</td><td>(b) Element of IPR 1956</td></tr><tr><td>(iii) Small Scale Industries</td><td>(c) Land to the tiller</td></tr><tr><td>(iv) Modernisation as a goal of five year plan</td><td>(d) Change in social outlook</td></tr></table> Options: (A) (i) – (a) (B) (ii) – (b) (C) (iii) – (c) (D) (iv) – (d) Ans. (D) (iv) – (d)		Column-I	Column-II	(i) Subsidies	(a) Maximum quantity of goods that can be imported	(ii) Land ceiling	(b) Element of IPR 1956	(iii) Small Scale Industries	(c) Land to the tiller	(iv) Modernisation as a goal of five year plan	(d) Change in social outlook	1
Column-I	Column-II												
(i) Subsidies	(a) Maximum quantity of goods that can be imported												
(ii) Land ceiling	(b) Element of IPR 1956												
(iii) Small Scale Industries	(c) Land to the tiller												
(iv) Modernisation as a goal of five year plan	(d) Change in social outlook												
28.	Distinguish between Physical Capital and Human Capital. Ans. 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. Whereas; 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.		1½ 1½										
			3										
29. (a)	“Cooperatives have received a setback during the recent past.” Justify the given statement with valid explanation. Ans. Cooperative marketing has supported farmers in obtaining fair prices for their produce in the market. However, in recent times, they have encountered several challenges, including:		3										

	• inadequate coverage of farmer members • insufficient connection between marketing and processing cooperatives • inefficient financial management (To be marked as a whole) OR (b) Explain the reasons behind less number of regular salaried employees in rural areas as compared to urban areas. Ans. In India, rural areas have lesser number of regular salaried employees compared to the urban areas, as: • most of the rural workforce is involved directly/indirectly in their farm and other allied activities. • regular salaried employment opportunities require skills and qualifications, which are generally not accessible to the rural population. (To be marked as a whole)	3
30.	Describe briefly the rationale behind choosing 'Self-reliance' as a planning objective for the Indian economy. Ans. 'Self-reliance' was adopted as a central planning objective in India's development strategy by the policymakers due to the following reasons:	4
(a)	• To reduce the dependence on foreign nations, the stress was laid on mobilising domestic resources. • It was feared that the dependence on imported food supplies, foreign technology, and foreign capital may increase foreign interference in our policies. (To be marked as a whole) OR (b) Explain how, the Goods and Services Tax (GST) has simplified the multiplicity of taxes on goods and services. Ans. Goods and Service Tax (GST) is the single comprehensive indirect tax. Under GST, tax is imposed on the basis of value addition at each stage of the movement of goods and services. It has replaced large number of indirect taxes levied on production/sale of goods or provision of service. Thus, GST ensures uniformity, reduces tax burden, prevents cascading effects, and enhances ease of doing business across the country. (To be marked as a whole)	4
31.	(a) "In the mountainous regions, mini-hydel plants prove to be cost effective as well as eco-friendly." Justify above statement with valid arguments. Ans. In mountainous regions, most of the streams are perennial. Mini-hydel plants channelise the energy of such streams to move small turbines which generate electricity that can be used locally. Furthermore, such power plants are more or less environment-friendly as they do not change the land use pattern. In addition to this, they also do away with the need for large-scale transmission towers and cables. Thus, avoiding transmission loss and prove to be cost effective. (To be marked as a whole) (b) Define Carrying Capacity. Carrying Capacity implies that the rate of resource extraction should remain below the rate of regeneration and the generation of waste should remain within the absorptive capacity of the environment.	3
		1
		4
32.	Describe the path of developmental initiatives taken by Pakistan for its economic development.	

(b)	(iii) Economic growth with regional disparity was the main goal of planning in India. Ans. False. Economic growth with regional equality was the main goal of planning in India. The aim was to promote industry in backward regions to reduce regional disparities.	2
	OR	6
	(i) Distinguish between: (1) Tariff and non-tariff barriers Ans. Tariff barriers refer to the restrictions on imports by a government in the form of taxes. Whereas, non-tariff barriers are the restrictions on imports by a government in the form other than taxes mainly including restrictions on the quantity and quality of goods imported.	1 ½
	(2) Bilateral and multilateral trade Ans. Bilateral trade refers to the exchange of goods or services between two countries. Whereas, multilateral trade is the trade by a country with more than two nations to exchange goods and services.	1 ½
	(ii) “Small-Scale Industries require a shield against large scale industries.” In the light of the given statement, elaborate the steps initiated by the government in this direction. Ans. The steps initiated by government to shield the small-scale industries (SSIs) were: • The production of several products was reserved for SSIs, depending upon their ability to manufacture these goods. • They were given concession such as lower excise duty and bank loans at lower interest rates. (To be marked as a whole)	3
		6

* * *