

MARKING SCHEME SAMPLE QUESTION PAPER 1

Q.NO.	ANSWER	MARKS
1	C	1
2	A	1
3	B OR Exchange rate determined by demand -supply forces in foreign exchange market.	1
4	C	1
5	D	1
6	C	1
7	B	1
8	C	1
9	Quantity of total money held by public at point of time	1
10	Either create liabilities or reduce assets.	1
11	<ol style="list-style-type: none"> 1. Included, because Indian embassy in Japan is the part of India's domestic territory. 2. Not included, because Russian embassy in Delhi is not the part of India's domestic territory. <p>Not included, because branch of SBI in England is the part of NFIA. it is not the part of India's domestic territory.</p>	1+1+1
12	<p>Derive saving curve from consumption curve by following steps:-</p> <ul style="list-style-type: none"> • Autonomous consumption is equal to autonomous saving when income is equal to zero. • When income is equal to consumption or break-even point then saving is equal to zero. • Draw line joining above two points and get saving curve from consumption curve. • $MPS = 1 - MPC$ slope of saving curve. 	3
13	Any two difference between current account of BOP & capital account of BOP. Any two difference between current account of balance of trade & balance of payment.	2+2
14	Explanation of both functions.	
15	<ol style="list-style-type: none"> 1. Subsidies-Revenue Expenditure, Neither creates any assets nor reduce any Liability 2. Grants given to state government- Revenue Expenditure, Neither creates any assets nor reduce any liability 3. Repayment of loans-Capital Expenditure, Neither creates any assets nor reduce any liability 4. Salary Payments- Revenue Expenditure, Either creates any assets or reduce any liability <p>OR</p> <p>Increasing the tax rate on the higher income group implies that the government is following progressive tax policy. This would reduce the inequalities in the distribution of income. The purchasing power of higher income people would fall while it would remain the same for low income people. This would reduce the gap between these two groups. Also the revenue of government is likely to increase by increasing the tax on higher income people, which can be used in developmental programs of the economy.</p>	1X4
16	<p>Income method</p> $NNP_{mp} = C + O + E + OS + MIXED INCOME + NIT + NFIA$ $NNP_{mp} = 500 + 100 + 150 + 350 + 400 + 100 + (-)20 = 1580$ <p>Expenditure method</p> $NNP_{mp} = PFCE + GFCE + NDCF + NET EXPORT + NFIA$	3+3

	NNPmp = 900 + 450 + 280 + (-30) + (-20) = 1580	
17	Defination = 1 mark Measures to correct deficient demand = 2+2 mark Diagram = 1 mark OR At equilibrium S=I (i) $-100 + 0.6Y = 1100$ $Y = 2000$ correct solution 3 marks (ii) $Y = C + S$ $C = Y - S = 2000 - 1100 = 900$ correct solution 3 marks	6
18	Open industries in backyard of the house in China in 1957	1
19	1951	1
20	A	1
21	D	1
22	China	1
23	C	1
24	B	1
25	C	1
26	D	1
27	A ORD	1
28	she can be considered as worker because she contributes to GDP by rendering services	3
29	Explanation in brief	3
30	Import substitution is a strategy of encouraging domestic production of the goods and services which we are importing from rest of the world. Import substitution can protect domestic industry in two ways 1. Import tariffs are raised, so that demand for imported goods is reduced. So demand for domestic goods rise. It protect domestic industry. 2. The government restricts or bans FDI in those areas of production where domestic industry is facing stiff competition on account of foreign supplies. Accordingly domestic industry is protected.	4
31	Give answers as per paragraph.	2+2
32	Much public sector enterprise incurred huge losses but continue to function because it is very difficult to close government undertaking even if it is drain of the Nation's limited resources. This does not means that private firms always remain profitable .relevant usefulness of public sector undertaking	4
33	Definition of rural development and write any four keys used with explanation.	6
34	Write any four demographic indicators of China Pak and India. OR Write any four similar development Path of India Pak.	6