

MODEL QUESTION PAPER

CLASS-12 ECONOMICS (030)

TIME: 3 HOURS

Maximum Marks 80

GENERAL INSTRUCTIONS

- All questions in both the sections are compulsory.
- Question Nos. 1-10 and 18-27 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- Question Nos. 11- 12 and 28- 29 are short-answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
- Question Nos. 13- 15 and 30 - 32 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
- Question Nos. 16-17 and 33 -34 are long-answer questions carrying 6 marks each. Answer to them should not normally exceed 150 words each.
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION-A MACRO ECONOMICS(40 marks)

1. The ratio of total deposits that a commercial bank has to keep with Reserve Bank of India is called:
(a) Statutory Liquidity Ratio (b) Deposit Ratio
(c) Cash Reserve Ratio (d) Legal Reserve Ratio.
2. In the present COVID-19 time, many economists have raised their concerns that Indian economy may have to face a deflationary situation, due to reduced economic activities in the country. Suppose you are a member of the high-powered committee constituted by the Reserve Bank of India (RBI).
You have suggested that as the supervisor of commercial banks, _____
(restriction/release) of the money supply be ensured, by the Reserve Bank of India (RBI).

OR

Read the following statement – Assertion (A) and Reason (R)

Assertion (A): RBI acts as an agent of Government.

Reason (R): RBI helps government to raise money through issuing bonds, and others government-approved securities.

- (a) Both Assertion (A) and Reason (R) are true
 - (b) Both Assertion (A) and Reason (R) are false
 - (c) Assertion(A) is true but reason (R) is false
 - (d) Assertion (A) is false but reason (R) is true.
3. Read the following statement – Assertion (A) and Reason (R)
Assertion (A): Government earns profit through public sector undertakings like LIC, BHEL, etc.
Reason (R): Non-tax revenue refers to receipts of the government from all sources other than those of tax receipts.

- (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.

4. Identify which of the following statement is true?
- (a) Fiscal deficit is the difference between planned revenue expenditure and planned revenue receipts
 - (b) Fiscal deficit is the difference between total planned expenditure and total planned receipts
 - (c) Primary deficit is the difference between total planned receipt and interest payments.
 - (d) Fiscal deficit is the sum of primary deficit and interest payment
5. From the set of statements given in Column I and Column II, choose the correct pair of statements:

Column I

- 1. Export of software to France
- 2. Import of Machinery from China
- 3. Remittance to relative staying abroad
- 4. Investment by Apple phones firm in India

Column II

- (i) Debit side of current account
- (ii) Capital account of Balance of Payments
- (iii) Debit side of Current Account of Balance of Payments
- (iv) Credit side of Current Account of Balance of Payments

- (a) 1. (i) (b) 2. (ii) (c) 3. (iii) (d) 4. (iv)

Read the following news report and answer the questions 6&7

Foreign Direct Investment (FDI) provides a more stable source of financing the CAD(Current Account Deficit) as compared to external borrowings. During 2014-19, gross FDI to India has been robust as compared to the previous five years; the trend has continued in 2019-20, as well. In the first eight months of 2019-20, both gross and net FDI flows to the country have been more than the flows received in corresponding period of 2019-20. Net FDI inflows in H1 off 2019-20 was also robust at US\$ 7.3 billion as against an outflow of US\$ 7.9 billion in H1 of 2019-20.

6. External borrowings is a component of _____ (current/capital) account.
(Fill in the blank with correct alternative)
7. Foreign direct investment relates to:
- (a) Ownership of enterprises in the domestic economy by rest of the world
 - (b) Ownership of enterprises in rest of the world by domestic residents
 - (c) Foreign institutional investment
 - (d) None of these.

8. **Statement 1:** NDP FC includes compensation of employees, Operating surplus and mixed income of self-employed.

Statement 2: The salary of an Indian working in Sri Lankan embassy located in Chennai is included in Domestic Income.

- a) Both the statements are true.
- b) Both the statements are false.
- c) Statement 1 is true, but statement 2 is false.
- d) Statement 2 is true, but statement 1 is false

9. Which of the following can have a value greater than one?
a) APC b) MPC c) MPS d) APS

(OR)

The value of Investment Multiplier lies in between _____

- a) 0 to 1 b) 1 to infinity c) 0 to 1000 d) None of these

10. The savings function of an economy is given below. Find out Autonomous Consumption.

$$S = (-10) + 0.2Y$$

11. 'Devaluation and Depreciation of currency is one and the same thing'. Do you agree? How do they affect the exports of a country?

OR

Indian investors borrow from abroad. Answer the following:

- (a) In which sub-account and on which side of Balance of Payments Account will this borrowing be recorded? Give reasons.
- (b) Explain what is the impact of this borrowing on exchange rate?

12. Calculate Gross value added at factor cost:

Particulars Rupees (in lakhs)

Depreciation	20
Domestic sales	200
Changes in stock	(-10)
Exports	10
Single use producer goods	120
Net Indirect Taxes	20

13. Using a hypothetical numerical example, explain the process of credit creation by a commercial bank.

14. What is Break-even point? Show the Break-even point with the help of Consumption and Income Curve. At this point what is the value of Savings?

OR

In an economy $C=300+0.8Y$ and $I=500$ (where C =Consumption, Y =Income, I =investment).

Calculate the following:

- i) Equilibrium level of income
- ii) Consumption expenditure at equilibrium level

15. (a) *“Through its budgetary policy the government allocates resources as per the requirements of the country.”* Do you agree with the given statement? Support your answer with valid reason.

(b) Define “Direct Tax”.

16. Discuss the adjustment mechanism in the following situations:

- i). Aggregate demand is greater than Aggregate supply.
- ii). Ex- Ante investments are lesser than Ex-ante savings

17. Distinguish between Real and Nominal GDP. Can GDP be used as an index of welfare of the people? Give two reasons

(OR)

Calculate National Income from the following data:

Particulars

Rupees	(in Crores)
Private final consumption expenditure	900
Profit	100
Government final consumption expenditure	400
Net Indirect Taxes.	100
Gross Domestic Capital Formation	250
Change in Stock.	50
NFIA	(-40)
Consumption of fixed capital.	20
Net Imports.	30

SECTION-B INDIAN ECONOMIC DEVELOPMENT (40 marks)

18. Commercialization of agriculture during British rule led to:

- a) More production of food crops
- b) Improvement in the economic condition of farmers
- c) More production of cash crops used by Britishers as raw material
- d) The aggregate area under cultivation expanded

19. In 1955, Karve committee was constituted for aiming the _____

- a) Promotion of small scale industries
- b) Rural development
- c) Formulation of plan
- d) Development of large scale industries

OR

Second Industrial Policy Resolution of Independent India was announced in the year _____ (Fill in the blank with the correct alternative)

- a) 1947 b) 1948 c) 1951 d) 1956

20. Arrange the following events of China in chronological order and choose the correct alternative:

- i. Great Proletarian Cultural Revolution
- ii. Great Leap Forward campaign
- iii. Introduction of Economic Reforms
- iv. First five year plan

Choose the correct alternative:

- a) ii,iv,iii,i b) iv,ii,i,iii c) ii,iv,i,iii d) iv,i,ii,iii

OR

_____ adopted, One Child Policy as a measure to control population. (Choose the correct alternative)

- a) India b) Pakistan c) China d) Russia

21. Agricultural marketing does not comprise of _____

- a) Transportation of the produce to the market place for sale.
- b) Storage of the produce for sale in future.
- c) Grading of the produce according to the quality.
- d) Credit taken to meet expenditure on agriculture.

22. From the set of events/systems given in column I and corresponding relevant fact given in column II, about China, choose the correct pair of statement:

Column I	Column II
A Great Leap Forward	i Cultivating land collectively
B Commune System	ii Opening of the Industries in their homes
C. Proletarian Cultural Revolution	iii Students were sent to work and learn from the countryside
D Economic Reforms in China	iv 1988

Alternatives:

- a) A – I b) B – ii c) C – iii d) D – iv

23. Read the following statements carefully.

Statement1 :‘EducationCommission1964-66 had recommended that atleast 6 percent of GDP must be spent on education’.

Statement 2: Right to Education Act 2008 enacted by the Government of India to make education a fundamental right.

In the light of the given statements, choose the correct alternative:

- 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

24. Read the following statements carefully.

Statement 1: Organic farming has less blemishes and a greater shelf life than sprayed produce.

Statement 2: Organic farming helps in sustainable development of agriculture in India.

In the light of the given statements, choose the correct alternative:

- 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

25. Global warming not caused due to _____

- a) Greenhouse gases
- b) Afforestation
- c) Increase in Carbon dioxide
- d) Burning of fossil fuels

OR

Following is an advantage of sustainable economic development:

- a) High per capita income
- b) Rapid industrialization
- c) Beneficial to future generations
- d) Agricultural development

26. Read the following statement– Assertion(A)and Reason(R).

Assertion (A): The nature of employment in India is multifaceted.

Reason(R): Some get employment throughout the year, some other gets employed for only a few months in a year. Many workers do not get fair wages for their work.

Choose one of the correct alternatives given below:

- 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 and 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

27. Read the following statement-Assertion(A) and Reason(R).

Assertion (A): After Independence there was an expansion in Farm and Non-farm output an income and employment.

Reason(R): Rural banking has helped farmers to avail benefits of credit facilities for meeting their needs.

Choose one of the correct alternatives given below:

- 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 and 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.

28. "Ujjwala Yojana has been a game changer for rural India." State any three conventional fuels being targeted under the LPG cylinder distribution scheme.

29. Defend or Refute the following statement with valid explanation:

"Import restrictions were imposed in India with the dual objective to save foreign exchange Reserves and to be self-sufficient." Justify the given statement with valid arguments

OR

"The demonetisation of currency undertaken by the Government of India as on November 8 2016 had an adverse impact on the economic activities."

Do you agree with the statement? Give reason in support of your answer.

30. Compare and analyse the given data of India and China with valid arguments.

Annual Growth of Gross Domestic Product (%), 1980-2017

COUNTRY	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8

Source: *Key Indicators for Asia and Pacific 2016, Asian Development Bank, Philippines; World Development Indicators 2018*

31. a) Define agricultural marketing.

b) Discuss any two steps taken by the government in the direction of improving agricultural marketing system in India, since independence.

OR

a) Define worker population ratio.

b) Discuss briefly the concept of 'informalisation of workforce'. In the context of Indian economy.

32. State whether the following statements are true/false ,with valid arguments:

a) India has a poor stock of technical manpower.

b) "Recently the government of India has taken a few steps to reach the 6% growth goal as recommended by the Education Commission, 1964."

33. a) Define rural development.

b) Discuss the importance of credit in rural development.

c) Compared to urban women, more rural women are found working. Why?

OR

a) *"The opportunity costs of negative environmental impacts are high".*

Do you agree with the given statement? Give valued reasons in support of your answers.

b) *“Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment”.*

Explain how, adopting the traditional practices can helpful in achieving the objective of Sustainable development?

34. Read the following hypothetical text and answer the given questions:

The performance of Indian economy during the period of first seven five year plans (1950-1990) was satisfactory if not very impressive. On the eve of independence, India was an industrially backward country, but during this period of first seven plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to protection of the domestic industries against the foreign producers but we failed to promote a strong export surplus. Although public sector expanded to a large extent but it could not bring desired level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernization on the front of the industrial sector.

Many Public Sector Undertakings (PSU's) incurred huge losses due to operational inefficiencies, red-tapism, poor technology and other similar reasons. These PSUs continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources. On the Agricultural front, due to the measures taken under the Green Revolution, India more or less became self-sufficient in the production of food grains. So, the needs for reform of economic policy were widely felt in the context of changing global economic scenario to achieve desired growth in the country.

a) Why was public sector given a leading role in industrial development during the planning period?

b) *“The achievements of India's industrial sector during the first seven plans are impressive indeed.”* Do you agree with the above statement? Give valid reasons in support of your answer.