

SAMPLE PAPER 2020-21

CLASS XII-ECONOMICS

MM: 80

TIME: 3 HOURS

General Instructions:

1	This question paper contains two parts: Part A - Macro Economics (40 marks) Part B - Indian Economic Development (40 marks).
2	Marks for questions are indicated against each question.
3	Question No. 1-10 and Question No. 18 – 27 (including two Case Studies) are 1-mark questions and are to be answered in one word/sentence.
4	Case Based Questions are Question No. 7-10 and Question No. 24-27.
5	Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
6	Question No. 13-15 and Question No. 30 – 32 are 4 marks questions and are to be answered in 80-100 words each.
7	Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8	Answers should be brief and to the point and the above word limit be adhered to as far as possible.

Q No	QUESTIONS	Marks
	PART A - MACRO ECONOMICS	
1	Capital is a _____ concept whereas capital formation is a _____ concept (Choose the correct alternative) a) Stock, flow b) Flow, stock c) Stock, stock d) Flow, flow OR	1

	<p>Intermediate goods refer to those goods which are used either for _____ or for _____. (Fill up the blanks with correct alternative)</p> <p>a) Consumption, Investment b) Consumption, resale c) Resale, Investment d) Resale, further production</p>	1																				
2	<p>At present, the country is experiencing deflationary pressure due to deficient demand. In such a situation the RBI should adopt those measures which _____ (restrict / release) money supply (Choose the correct alternative)</p>	1																				
3	<p>Supply of money refers to the quantity of money held by the public- (Choose the correct alternative)</p> <p>a) During the year b) During any period of time c) As on 31st March d) As on any point of time</p>	1																				
4	<p>Identify the correct pairs of statements from column I and II</p> <table border="1" data-bbox="256 1003 1230 1268"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Inflows of foreign exchange</td> <td>i</td> <td>Recorded on credit side</td> </tr> <tr> <td>B</td> <td>Out flows of foreign exchange</td> <td>ii</td> <td>Recorded on debit side</td> </tr> <tr> <td>C</td> <td>Visible items</td> <td>iii</td> <td>merchandise</td> </tr> <tr> <td>D</td> <td>Invisible items</td> <td>iv</td> <td>Services, incomes and transfers</td> </tr> </tbody> </table> <p>Options:</p> <p>a) All pairs are correct b) A-i and B-ii are correct c) C-iii and D-iv are correct d) None is correct</p>		Column I		Column II	A	Inflows of foreign exchange	i	Recorded on credit side	B	Out flows of foreign exchange	ii	Recorded on debit side	C	Visible items	iii	merchandise	D	Invisible items	iv	Services, incomes and transfers	1
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5	<p>In the foreign exchange market, the market price of US Dollar rises from ₹60 to ₹70. This means that: (Choose the correct alternative)</p> <p>a) Rupee has appreciated b) US dollar has depreciated c) Both (a) and (b) d) None of the above</p>	1																				
6	<p>Import of pulses by India will lead to _____ of foreign exchange from</p>	1																				

	<p>India and will have _____ effect on BOP (fill up the blanks)</p> <p>a) Outflow, positive b) Outflow, adverse c) Inflow, positive d) Inflow, adverse</p>	
	<p>Read the following newspaper items related to Indian economy, 2020, and answer questions 7-10 on the basis of the same:</p> <p>*Private consumption has fallen by 27%. It is the biggest engine that drives the Indian economy. *Investment by private sector businesses have fallen by 47%. It is the second biggest engine. *The net export demand has turned positive in this first quarter because India's imports have crashed more than its exports. While on paper, this provides a boost to overall GDP, it also points to an economy where economic activity has plummeted. *The government's expenditure went up by 16% but this was nowhere near enough to compensate for the loss of demand in other sectors of the economy <i>Source: Indian Express</i></p>	
7	<p>An increase in the government expenditure is likely to _____ (increase/ decrease) the demand for goods and services in the economy (fill up the blank)</p>	1
8	<p>Which of the following is a cause for fall in aggregate demand? (Choose the correct alternative)</p> <p>a) Rise in Private consumption expenditure b) Rise in investment expenditure c) Both a) and b) d) None of the above</p>	1
9	<p>The difference by which actual aggregate demand exceeds the aggregate demand required to establish full employment equilibrium is known as _____ (inflationary gap / deflationary gap)</p>	1
10	<p>The impact of `deficient demand` under Keynesian theory of Income and Employment, in an economy are: (choose the correct alternative)</p> <p>a. decrease in income, output, employment and general price level b. decrease in nominal income, but no change in real output c. increase in income, output, employment and general price level d. no change in output/employment but increase in general price level.</p>	1

11	<p>State with valid reason whether the following statements are true or false</p> <p>a) Gross domestic capital formation is always greater than gross fixed capital formation.</p> <p>b) National income at current prices can increase even when quantum of goods and services produced during the year remains constant.</p>	3																		
12	<p>How are exports affected by depreciation of foreign currency? Explain.</p> <p style="text-align: center;">OR</p> <p>Explain the meaning of 'Managed Floating Exchange Rate'.</p>	3 3																		
13	<p>Defend or refute the following statements giving valid reasons:</p> <p>a) Commercial banks do not create money.</p> <p>b) There is an inverse relation between Legal Reserve Ratio and the size of money multiplier.</p>	2 2																		
14	<p>Calculate change in final income if Marginal Propensity to consume (MPC) is 0.8 and Change in Initial Investment is ₹1000 crore.</p>	4																		
15	<p>Define full employment in an economy. Discuss the situation when aggregate demand is greater than aggregate supply at full employment income level.</p> <p style="text-align: center;">OR</p> <p>What are the two alternative ways of determining equilibrium of income? How are they related?</p>	4 4																		
16	<p>a) State the two ways of avoiding the problem of double counting while estimating national income.</p> <p>b) From the information given below about a firm, calculate intermediate consumption:</p> <table border="1" data-bbox="347 1308 1279 1648"> <thead> <tr> <th>Items</th> <th>₹ in Lakhs</th> </tr> </thead> <tbody> <tr> <td>(i) Rent</td> <td>60</td> </tr> <tr> <td>(ii) Wage</td> <td>120</td> </tr> <tr> <td>(iii) Interest</td> <td>80</td> </tr> <tr> <td>(iv) Profit</td> <td>110</td> </tr> <tr> <td>(v) Depreciation</td> <td>30</td> </tr> <tr> <td>(vi) Indirect taxes</td> <td>20</td> </tr> <tr> <td>(vii) Subsidy</td> <td>5</td> </tr> <tr> <td>(viii) Value of output</td> <td>740</td> </tr> </tbody> </table>	Items	₹ in Lakhs	(i) Rent	60	(ii) Wage	120	(iii) Interest	80	(iv) Profit	110	(v) Depreciation	30	(vi) Indirect taxes	20	(vii) Subsidy	5	(viii) Value of output	740	2 4
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17	<p>a) "The slowdown in economic growth in the last fiscal year coupled with COVID-19 pandemic is likely to increase the revenue deficit." Comment.</p> <p>b) Explain how taxes and government expenditure can be used to influence the distribution of income in society.</p>	3 3																		

	<p>marketed surplus</p> <p>Reason (R): The proportion of people depending on agriculture did not decline as expected</p> <p>Alternatives:</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</p> <p>c. Assertion (A) is true but Reason (R) is false.</p> <p>d. Assertion (A) is false but Reason (R) is true.</p>																					
21	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Under NEP, role of RBI was reduced from regulator to facilitator of financial sector</p> <p>Reason (R): In 1991, the government aimed at liberalizing the economy and reducing control on various sectors of the economy</p> <p>Alternatives:</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>c. Assertion (A) is true but Reason (R) is false.</p> <p>d. Assertion (A) is false but Reason (R) is true.</p>	1																				
22	<p>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:</p> <table border="1" data-bbox="256 1360 1232 1843"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Establishment of People`s Republic of China</td> <td>i</td> <td>1849</td> </tr> <tr> <td>B</td> <td>Great Leap Forward</td> <td>ii</td> <td>Cultivating land collectively</td> </tr> <tr> <td>C</td> <td>Commune System</td> <td>iii</td> <td>Opening of Industries in their backyards</td> </tr> <tr> <td>D</td> <td>Great Proletarian Cultural Revolution</td> <td>iv</td> <td>Students sent to work and learn in rural areas</td> </tr> </tbody> </table> <p>Alternatives:</p>		Column I		Column II	A	Establishment of People`s Republic of China	i	1849	B	Great Leap Forward	ii	Cultivating land collectively	C	Commune System	iii	Opening of Industries in their backyards	D	Great Proletarian Cultural Revolution	iv	Students sent to work and learn in rural areas	1
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	<p>a) A - i</p> <p>b) B - ii</p> <p>c) C - iii</p> <p>d) D – iv</p>	
23	<p>Which country out of India, China and Pakistan has the lowest growth rates of population?</p> <p>a) India</p> <p>b) China</p> <p>c) Pakistan</p> <p>d) The three countries have the same population growth rate</p>	1
	<p>Read the following extract from an article on Indian economy and answer questions 24-27 on the basis of the same. (<i>Economic Times, 20 Nov, 2020</i>)</p> <p>In the first quarter of this financial year, India’s GDP contracted by 23.9 per cent but agriculture grew by 3.4 per cent. Can agriculture make up for degrowth elsewhere? And can it do better than 3.4 per cent? To the first question, I would say — yes, up to a point; to the second — definitely.</p> <p>Clearly, agriculture, which contributes only 15-16 per cent of GDP, cannot overturn contraction in other sectors, but along with the rural sector, it could jump-start the economy, if we fixed its ills and transformed it.</p> <p>To begin with, we must first ensure that more farmers produce enough surplus to gain from higher prices and expanded markets. They need support of latest technology. A study reported that agricultural information delivered via cell-phones increased yields by 4 per cent and the odds of adopting recommended inputs by 22 per cent, across several countries, including India. Farmers need to be assured of a minimum price level at which they can sell their produce in case market price crashes and credit facilities.</p> <p>Another essential, is institutional change. Our smallholders should pool resources and farm cooperatively in small groups. People often say: But cooperative farming failed in the 1960s. They forget that we misguidedly pushed large and small farmers into one cooperative. Today we know better. Cooperation works if groups are small, relatively homogenous, constituted by friends and neighbours, cemented by trust.</p> <p>Transforming agriculture and its allied sectors will energise growth and invigorate rural communities. This will also help more rural youth find local jobs, rather than be forced to live as aliens in inhospitable cities.</p>	
24	<p>The apex body that controls and coordinates rural Finance system is:</p>	1

	<ul style="list-style-type: none"> a) RBI b) NABARD c) Self-help groups d) ICICI 																
25	<p>Assurance of minimum support price is beneficial to_____</p> <ul style="list-style-type: none"> a) Consumers of food grains b) Producers of food grains 	1															
26	<p>State true or false</p> <p>Emerging alternate marketing channels will help reduce the price risk of farmers and also expand markets for farm products</p> <ul style="list-style-type: none"> a) True b) false 	1															
27	<p>During 1991-2012 the growth rate of agriculture sector decelerated to about 3% p</p> <p>a. The main reason for this was</p> <ul style="list-style-type: none"> a) decline in public investment b) shift of rural work force to cities c) more importance given to infrastructure development d) all the above <p>(Choose the correct alternative)</p>	1															
28	<p>How does expenditure on 'On-the-job training' act as a source of human capital formation?</p> <p style="text-align: center;">OR</p> <p>Analyse the trends in employment according to status of employment, as indicated by the following table</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Trends in employment pattern (Status wise) 1972-2018 (in %)</th> </tr> <tr> <th>Nature of employment</th> <th>1972-73</th> <th>2017-2018</th> </tr> </thead> <tbody> <tr> <td>Self Employed</td> <td>62</td> <td>52</td> </tr> <tr> <td>Regular Salaried Employees</td> <td>15</td> <td>23</td> </tr> <tr> <td>Casual wage labourers</td> <td>23</td> <td>25</td> </tr> </tbody> </table>	Trends in employment pattern (Status wise) 1972-2018 (in %)			Nature of employment	1972-73	2017-2018	Self Employed	62	52	Regular Salaried Employees	15	23	Casual wage labourers	23	25	3 3
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29	<p>"Monthly per capita expenditure method of determining poverty line is criticized due to various reasons." Comment.</p>	3															
30	<p>"The benefits of economic prosperity must reach the poor sections as well, instead of being enjoyed only by the rich."</p> <p>Identify and discuss the importance of the objective of Planning indicated in the statement.</p>	4															
31	<p>What lessons can be learnt from the development experience of our neighbours – China and Pakistan? Discuss briefly.</p>	4															

32	<p>Describe India's demographic conditions at the time of British rule.</p> <p style="text-align: center;">OR</p> <p>"The agricultural sector was adversely affected by the reform process." Defend the statement by giving valid arguments.</p>	4 4
33	<p>a) Explain the relevance of inter-generational equity in the definition of sustainable development,</p> <p>b) Explain the concepts of Carrying capacity and Absorptive capacity of environment.</p>	3 3
34	<p>Briefly discuss the deficiencies of health infrastructure in India.</p> <p style="text-align: center;">OR</p> <p>State giving valid reasons whether following statements are true or false:</p> <p>a) Quality of employment in the Informal sector is poor.</p> <p>b) Mini-hydel Plants are environment friendly.</p> <p>c) Women's participation in economic activities in rural areas is less as compared to urban areas.</p>	6 2 2 2