

CLASS XII ECONOMICS (030)

**TIME: 3:00 HOURS    MAX. MARKS – 80**

**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 Based Questions) are 1 mark questions and are to be answered in one word/sentence.**

**4. Case Based Questions (CBQ's) are Question No. 6-9 and Question No. 23-26.**

**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.**

1. Revenue expenditure may include:

(A) Salaries                      (B) Pensions                      (C) Grants                      (D) All of the above

2. Primary deficit of a government budget is

(A) Revenue – Expenditure                      (B) Total expenditure – Total receipts  
(C) Revenue deficit – Interest payment                      (D) Fiscal deficit – Interest payment

3. What is excluded from money supply?

(A) Gold held with central bank                      (B) Cash hold by the commercial bank  
(C) Both A and B                      (D) None of the above

4. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below (1)

**Assertion (A) Higher income groups has lower propensity to consume, as compared with lower income group.**

**Reason (R) Consumption expenditure can never be zero even when a person doesn't have any income.**

Alternatives

- (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

**5. Write the correct pair:**

(1)

**Column I**

- A. Increase in bank rate
- B. Decrease in bank rate
- C. Selling government approved securities
- D. Reduction in CRR

(A) A-(i)

(B) B-(ii)

(C) C-(iii)

(D) D- (iv)

**Column II**

- (i) To check deficient demand
- (ii) To check excess demands
- (iii) To check deficient demand
- (iv) To check deficient demand

**Case based questions (Q. no. 6 to 9)**

Read the following case study paragraph carefully and answer the questions on the basis of the same.

The central bank of India i.e. Reserve Bank of India, is the apex institution that control the entire financial market. It's one of the major functions is to maintain the reserve of foreign exchange. Also, it intervenes in the foreign exchange market to stabilise the excessive fluctuations in the foreign exchange rate. In other words, it is the central bank's job to control a country's economy through monetary policy; if the economy is moving slowly or going backward, there are steps that central bank can take to boost the economy. These steps, whether they are asset purchases or printing more money, all involve injecting more cash into the economy. The simple supply and demand economic projection occur and currency will devalue.

When the opposite occurs, and the economy is growing, the central bank will use various methods to keep that growth steady and in-line with other economic factors such as wages and prices. Whatever the central bank does or in fact don't do, will affect the currency of that country. Sometimes, it is within the central bank's interest to purposefully effect the value of a currency. For example, if the economy is heavily reliant on exports and their currency value becomes too high, importers of that country's commodities will seek cheaper supply; hence directly effecting the economy.

6. Which of the following tools are used by the central bank to control the flow of money in the domestic economy? (1)
- (A) Fiscal tools  
 (B) Quantitative monetary tools  
 (C) Qualitative monetary tools  
 (D) Both (b) and (c)
7. Increase in the foreign exchange reserves are recorded in..... (Credit/debit) side of BOP. (1)
8. Which of the following steps should take by the central bank if there is excessive rise in the foreign exchange rate? (1)
- (A) Supply foreign exchange from its stock  
 (B) Demand more of other foreign exchange  
 (C) Not intervene in the market as exchange rate is determined by the market forces  
 (D) Help central government to stabilize foreign exchange rate
9. Dear money policy of central bank, which is used to keep the growth steady and in-line with other economic factors, refers to (1)
- (A) Tighten the money supply in the economy  
 (B) Ease the money supply in the economy  
 (C) Allow commercial banks to work under less strict environment  
 (D) Both (b) and (c)
10. Which of the following is not a 'factor payment'? (Choose the correct alternative)
- (A) Free uniform to defence personnel.  
 (B) Salaries to the Members of Parliament.  
 (C) Rent paid to the owner of a building.  
 (D) Scholarship given to the students
11. Calculate National Income by the  
 (a) Expenditure method and  
 (b) Production method from the following data

S.No.	Contents	₹ (in crores)
(i)	Gross Value Added at Market Price by the Primary Sector	300
(ii)	Private Final Consumption Expenditure	750
(iii)	Consumption of fixed Capital	150
(iv)	Net Indirect Taxes	120
(v)	Gross Value Added at Market Price by the Secondary Sector	200
(vi)	Net Domestic Fixed Capital Formation	220
(vii)	Change in Stocks	(-) 20
(viii)	Gross Value Added by the Tertiary Sector	700
(ix)	Net Imports	50
(x)	Government Final Consumption Expenditure	150
(xi)	Net Factor Income from Abroad	20

12. Explain the following

- i. GDP deflator
- ii. Price Index
- iii. Differences between real GDP and Nominal GDP

13. Calculate, Revenue Deficit, Fiscal deficit and Primary Deficit from the following

Revenue expenditure	45000
Borrowing	12000
Revenue receipts	35000
Interest Payment	30% of Revenue Deficit

14. 'The equilibrium exchange rate will be disturbed if some changes occur in the demand or supply of foreign exchange'. Explain with example.

15. What is the meaning of 'Balance of Payment'? What are the main components? Explain briefly

16. Explain the equilibrium level in Keynesian theory under following circumstances

- i. Full employment level
- ii. Underemployment level
- iii. Overfull employment level

17. Answer the following

i. An increase of Rupees 200 crore in investment leads to rise in national income by 1000 crore. Find out MPC

ii. Briefly explain concept of Investment multiplier

## PART B- INDIAN ECONOMIC DEVELOPMENT

**Multiple choice questions (Q. no. 18 to 22) There are four options for each question, out of these, only one is correct. You have to identify the correct option**

18. When was India's first official census operation undertaken? (1)

- (A) 1881                      (B) 1885                      (C) 1886                      (D) 1895

19. Indian system of medicine comprises of ..... systems. (1)

- (a) Three                      (B) four                      (C) five                      (D) six

20. Pick the incorrect statement from given below: (1)

- (A) India and Pakistan introduced economic policy under the pressure from IMF and World Bank.
- (B) Both India and Pakistan opted for mixed economic system.
- (C) Government encouraged its citizens to open small industries in their backyard.
- (D) India's green revolution was a greater success than that of Pakistan.

21. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given Below: (1)

**Assertion (A)** GLF campaign initiated in 1958 aimed at industrialising by removing the agricultural sector.

**Reason (R)** under commune system, farmer opted for cooperative farming methods.

Alternatives

- (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

22 Write the correct sequence of options in Column II by matching them with options of Column-I. (1)

**Column-I**

- A. Animal husbandry
- B. Fisheries
- C. Horticulture
- D. Golden revolution country

**Column-II**

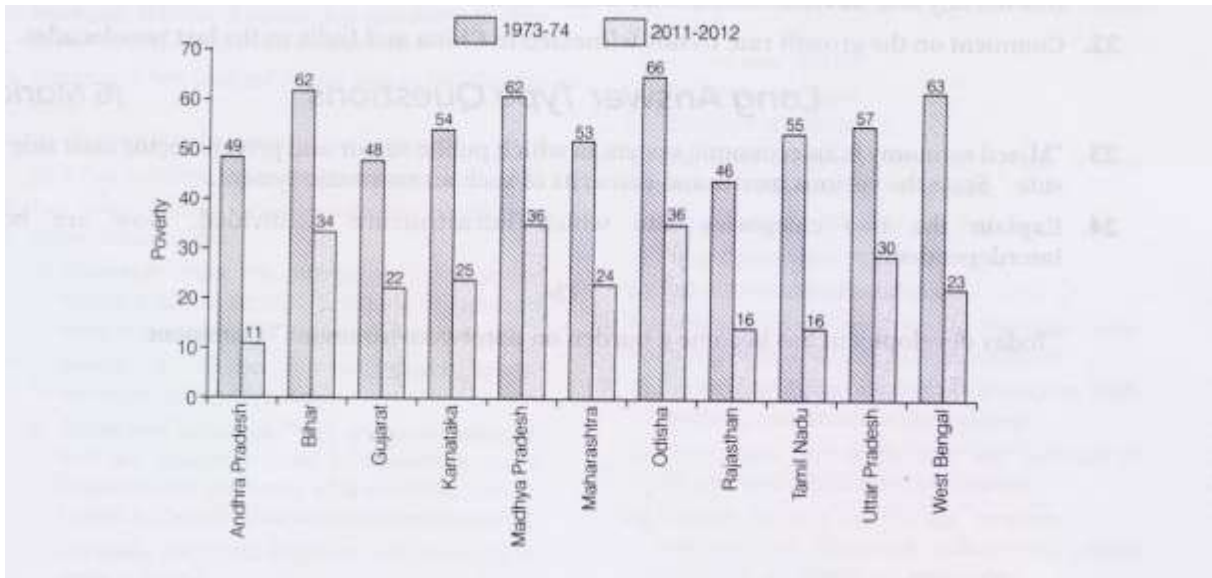
- (i) Period between 1991 and 2003.
- (ii) Owing to this, milk production has increased more than five times between 1960 and 2009.
- (ii) It is widely practised in the States of Kerala, Maharashtra, Gujarat and Tamil Nadu.
- (iv). This sector contributes 690 towards the GDP of the country

**Alternatives**

- (A) (i) (ii) (iii) (iv)
- (B) (ii) (iii) (iv) (i)
- (C) (iii) (iv) (ii) (i)
- (D) (iv) (iii) (ii) (i)

**Case based questions (Q.No. 23 to Q.No. 26)**

Observe the following case study graph carefully and answer the questions on the basis of the same.



23. Which state contained a large section of poor in 1973-74? (1)  
(A) Madhya Pradesh (B) Odisha  
(C) Bihar (D) West Bengal
24. (West Bengal/Andhra Pradesh) state registered maximum decline in poverty between 1973-2012. (1)
25. According to you, what are the main causes of change in poverty trends? (1)  
(A) Industrialisation (B) Improved educational standards  
(C) Improved healthcare (D) All of these
26. Poverty line in India is measured by..... (poverty line/gini-coefficient) (1)
27. The five year plans were formulated to achieve the objective of ..... (1)

OR

Planning commission of India, has been replaced by.....

28. Explain the role of micro-credit in meeting the credit requirements of the poor. (3)

OR

Explain role of human capital formation in economic growth of India. Give the advantages of rural banking.

29. There are various schemes launched by the Indian Government to eradicate poverty directly or indirectly. Mention any four anti-poverty programmes launched by the government to eradicate poverty. How can the effectiveness of these schemes can be improved? (4)

30. "Economic reforms have restricted the role of Public Sector Units (PSUs) in the country." Discuss. (4)

OR

Discuss any four adverse effects of demonetisation.

31. Comment on the GDP growth rate trends witnessed in China and India in the last two decades. (4)

32. "Mixed economy is an economic system in which public sector and private sector exist side by side." State the various merits and demerits of such an economic system. (6)

33. Explain the two categories into which infrastructure is divided. How are both interdependent? (6)

OR

"Today development has become a burden on nature/environment." Comment.