

PRE BOARD EXAMINATION – 2020-21
XII – ECONOMICS (030)

TIME: 3hours
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. 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	PART A – (MACRO ECONOMICS)	Marks
1	National income is the sum of factor incomes accruing to: (Choose the correct alternative) a) Nationals b) Economic territory c) Residents d) Both residents and non-residents	1

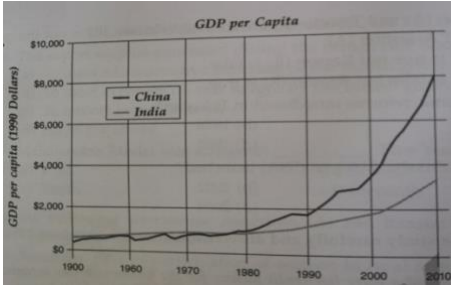
2	<p>Foreign exchange transactions which are independent of other transactions in the Balance of payments Accounts are called:</p> <p>(Choose the correct alternative)</p> <p>a) Current transactions b) Capital transactions c) Autonomous transactions d) Accommodating transactions</p>	1										
3	<p>Match the following:</p> <table border="1" data-bbox="365 520 1284 816"> <thead> <tr> <th data-bbox="365 520 683 562">Column I</th> <th data-bbox="683 520 1284 562">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="365 562 683 617">a. Revenue receipts</td> <td data-bbox="683 562 1284 617">(i) Neither creates asset nor reduces liability</td> </tr> <tr> <td data-bbox="365 617 683 690">b. Capital receipts</td> <td data-bbox="683 617 1284 690">(ii) Either creates a liability or reduces an asset</td> </tr> <tr> <td data-bbox="365 690 683 764">c. Revenue expenditure</td> <td data-bbox="683 690 1284 764">(iii) Either creates asset or reduces liability</td> </tr> <tr> <td data-bbox="365 764 683 816">d. Capital expenditure</td> <td data-bbox="683 764 1284 816">(iv) Neither creates liability nor reduces asset</td> </tr> </tbody> </table>	Column I	Column II	a. Revenue receipts	(i) Neither creates asset nor reduces liability	b. Capital receipts	(ii) Either creates a liability or reduces an asset	c. Revenue expenditure	(iii) Either creates asset or reduces liability	d. Capital expenditure	(iv) Neither creates liability nor reduces asset	1
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4	<p>Surplus in BOP occurs when:</p> <p>a) Receipts of foreign exchange are equal to payments of foreign exchange b) Receipts of foreign exchange are more than payments of foreign exchange c) Receipts of foreign exchange are less than payments of foreign exchange d) Both (a) and (c) above</p>	1										
5	<p>The value of credit Multiplier will be high when</p> <p>a) Cash reserve ratio is high b) Cash reserve ratio is small c) Cash reserve ratio is zero d) Cash reserve ratio is infinity</p>	1										
6	<p>Current account records transactions related to:</p> <p>(i) Export and Import of visible items (ii) Unilateral transfers (iii) Income from investment (iv) Foreign investment</p> <p>a) (i) and (ii) b) (i),(ii) and (iii) c) (i),(iii) and (iv) d) All of the above</p>	1										

	<p>Read the following and answer questions 7-10 on the basis of same:</p> <p>The International Monetary Fund in its annual world Economic Outlook significantly downgrades India’s growth for the fiscal year 2020 to minus 10.3 per cent.</p> <p>At the same time IMF said that India is likely to bounce back with an impressive 8.8 per cent growth rate in 2021. In terms of what can be done going forward, clearly on the fiscal side, the IMF believes there is more that can be done to provide support to households and firms that have been affected by the pandemic.</p>	
7	What do you understand by the term ‘Fiscal Policy’?	1
8	State one measure under fiscal policy that can be undertaken to support households.	1
9	State one measure under fiscal policy that can be undertaken to support firms.	1
10	“8.8% growth rate in 2021 also signify welfare as well”. Defend or Refute.	1
11	<p>Why should the aggregate final expenditure of an economy be equal to the aggregate factor payments? Explain.</p> <p style="text-align: center;">(or)</p> <p>Sale of petrol and diesel cars is rising particularly in big cities. Analyse its impact on Gross Domestic Product and welfare.</p>	3
12	Suppose the exchange rate between the Rupee and the Dollar was Rs.30 = 1 USD in the year 2010. Suppose the prices have doubled in India over 20 years while they have remained fixed in USA. What, according to the purchasing power parity theory will be the exchange rate between dollar and rupee in the year 2030.	3
13	<p>Estimate the value of ex-ante AD, when autonomous investment and autonomous consumption expenditure is Rs.50 crores each, MPS is 0.2 and level of income is Rs.300 crores.</p> <p style="text-align: center;">(or)</p> <p>Calculate Multiplier when MPC is $\frac{4}{5}$ and $\frac{1}{2}$. From the calculations establish the relation between the size of Multiplier and the size of MPC.</p>	4
14	What is money multiplier? How will you determine the value of this multiplier?	4
15	<p>(a) In an economy, aggregate demand is less than aggregate supply. Explain the changes that will take place in this economy.</p> <p>(b) Distinguish between voluntary unemployment and involuntary unemployment.</p>	4

16	Explain with the help of saving and investment curve, the equilibrium level of income in an economy. Is equality between saving and investment necessary for full employment?	6																				
17	<p>In a single day Raju, the barber collects Rs.500 from haircuts; over this day, his equipment depreciates in value by Rs.50. Of the remaining Rs.450, Raju pays sales tax worth Rs.30, takes home Rs.200 and retains Rs.220 for improvement and buying of new equipment. He further pays Rs.20 as income tax from his income. Based on this information complete Raju's contribution to the following measures of income (a) Gross Domestic Product (b) NNP at market price (c) NNP at factor cost</p> <p style="text-align: center;">(or)</p> <p>(a) What is the difference between planned and unplanned inventory accumulation? Write down the relation between change in inventories and value added of a firm.</p> <p>(b) Write down the three identities of calculating the GDP of a country by the three methods. Also briefly explain why each of these should give us the same value of GDP.</p>	6																				
PART B - INDIAN ECONOMIC DEVELOPMENT																						
18	<p>Which of the following statements is not true about the foreign trade in the context of Indian economy during the British rule?</p> <p>(a) India became exporter of primary products and an importer of finished consumer goods and capital goods from Britain.</p> <p>(b) India traded with many countries of the world despite discriminatory tariff policy pursued by the British government.</p> <p>(c) India generated huge export surplus.</p> <p>(d) Britain had a monopoly control over India's foreign trade.</p>	1																				
19	<p>Match the following:</p> <table border="1" data-bbox="441 1415 1300 1787" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" data-bbox="441 1415 837 1457" style="text-align: center;">Column I</th> <th colspan="2" data-bbox="837 1415 1300 1457" style="text-align: center;">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="441 1457 521 1556" style="text-align: center;">i</td> <td data-bbox="521 1457 837 1556">Majority of population living below poverty line</td> <td data-bbox="837 1457 878 1556" style="text-align: center;">a</td> <td data-bbox="878 1457 1300 1556">China, India, Pakistan</td> </tr> <tr> <td data-bbox="441 1556 521 1661" style="text-align: center;">ii</td> <td data-bbox="521 1556 837 1661">Agriculture sector as major contributor to GDP</td> <td data-bbox="837 1556 878 1661" style="text-align: center;">b</td> <td data-bbox="878 1556 1300 1661">India, Pakistan, China</td> </tr> <tr> <td data-bbox="441 1661 521 1703" style="text-align: center;">iii</td> <td data-bbox="521 1661 837 1703">HDI ranking</td> <td data-bbox="837 1661 878 1703" style="text-align: center;">c</td> <td data-bbox="878 1661 1300 1703">Pakistan, India, China</td> </tr> <tr> <td data-bbox="441 1703 521 1787" style="text-align: center;">iv</td> <td data-bbox="521 1703 837 1787">Access to sanitation facilities</td> <td data-bbox="837 1703 878 1787" style="text-align: center;">d</td> <td data-bbox="878 1703 1300 1787">China, Pakistan, India</td> </tr> </tbody> </table>	Column I		Column II		i	Majority of population living below poverty line	a	China, India, Pakistan	ii	Agriculture sector as major contributor to GDP	b	India, Pakistan, China	iii	HDI ranking	c	Pakistan, India, China	iv	Access to sanitation facilities	d	China, Pakistan, India	1
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20	<p>Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternative given below:</p> <p>Assertion: The problem of ‘gender bias’ in offering opportunities of education to male and female children is still prevalent. The enrolment ratio of female to male is still low.</p> <p>Reason: Migration of qualified citizens of country is a sign of progress. This accelerates the process of human capital formation.</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> <p style="text-align: center;">(OR)</p> <p>Assertion: Privatization of education opens up more opportunities keeping in mind growth with social justice.</p> <p>Reason: Education continues to be degree oriented throwing millions of educated youths down to the corridors of employment exchanges.</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
21	What is marketable surplus?	1
22	<p>From the following features choose the correct features of Pakistan.</p> <ul style="list-style-type: none"> • One-child norm • Low fertility rate • High degree of urbanisation • Mixed economy • Very high fertility rate • Large population 	1

23	Suppose you are from a poor family and you wish to get help from the government to set up a petty shop. Under which scheme will you apply for assistance?	1
	<p>The JAM Trinity holds the key to one of the biggest pieces of reform ever attempted in India- direct subsidy transfers. The term has been the flavour of the season, finding mention both in the Economic Survey and the Budget.</p> <p>JAM is an abbreviation for Jan Dhan Yojana, Aadhaar and Mobile number. The government is pinning its hopes on these three modes of identification to deliver direct benefits to India's poor.</p> <p>Until now, the government has operated a multitude of subsidy scheme to ensure a minimum standard of living for the poor. These take convoluted routes to deliver affordable products or services to them. So, we have the MGNREGA, operated through the panchayats, which pays minimum wages to rural workers. The Centre and States supply rice, wheat, pulses, cooking oil, sugar and kerosene at heavily subsidised prices through the PDS. Then, sectors such as power, fertilisers and oil sell their products to people below market prices. Such subsidies cost the exchequer quite a bit. Yet, as they make their winding way through the hands of intermediaries, leakages, corruption and inefficiencies eat away large parts.</p> <p>This is where the government hopes that the JAM trinity can help. With Aadhaar helping in direct biometric identification of disadvantaged citizens and Jan Dhan bank accounts and mobile phones allowing direct transfers of funds into their accounts, it may be possible to cut out all the intermediaries. Money wasted in inefficient distribution of subsidies is money that is not available for other developmental activities of the government.</p>	
24	_____ (Subsidy/Tax) refers to the economic assistance offered by the government to private firms, households or other governmental units with a motive of general welfare.	1
25	_____ (National Social Assistance Programme/Pradhan Mantri Jan Dhan Yojana) was launched by the government on 28 th August 2014 with an aim to provide access to various financial services including benefits of government schemes and subsidies to Savings & Deposit Accounts in a affordable manner.	1
26	Direct benefit transfers through Jan Dhan bank accounts in schemes like MGNREGA have transformed the anti-poverty programmes by replacing the current cumbersome and leaky distribution of benefits. (state True/False)	1

27	<p>The rationale behind provision of subsidies is are: (Choose the correct alternative)</p> <p>(a) To keep the price of goods and services low and affordable for people.</p> <p>(b) To encourage production and consumption of goods and services</p> <p>(c) To encourage new developments by providing financial support to the producer</p> <p>(d) All of the above</p>	1
28	<p>State any four pressing environmental concerns of India. Correction for environmental damages involves opportunity costs – explain.</p> <p style="text-align: center;">(or)</p> <p>Explain the steps taken by the government in developing rural markets.</p>	3
29	<p>Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use the trends in poverty ratio to support your answer.</p>	3
30	<p>Give a quantitative appraisal of India’s demographic profile during the colonial period.</p>	4
31	<p>Comment on the growth rate trends witnessed in China and India in the last two decades.</p> <p style="text-align: center;">(or)</p> <div style="text-align: center;">  </div> <p>Study the given figure and answer the following questions:</p> <p>(a) Which is a steeper line graph and what does it indicate?</p> <p>(b) In which year, according to the graph did China make a huge jump against India?</p> <p>(c) What are the measures that China undertook for its economic reform?</p>	4
32	<p>Discuss the following as a source of human capital formation</p> <p>(i) Health infrastructure</p> <p>(ii) Expenditure on migration</p>	4

33	<p>(a) Agriculture sector appears to be adversely affected by the reform process. Why?</p> <p>(b) Discuss economic reforms in India in the light of social justice and welfare.</p>	6																
34	<p>What is the state of rural infrastructure in India?</p> <p>(or)</p> <p>(a) The following table shows the population and worker population ratio for India in 1999-2000. Can you estimate the workforce (urban and total) for India?</p> <table border="1" data-bbox="319 506 1339 758"> <thead> <tr> <th data-bbox="319 506 444 611">Region</th> <th data-bbox="444 506 734 611">Estimate of Population (in crores)</th> <th data-bbox="734 506 1008 611">Worker Population Ratio</th> <th data-bbox="1008 506 1339 611">Estimated No. of Workers (in crores)</th> </tr> </thead> <tbody> <tr> <td data-bbox="319 611 444 680">Rural</td> <td data-bbox="444 611 734 680">71.88</td> <td data-bbox="734 611 1008 680">41.9</td> <td data-bbox="1008 611 1339 680">$71.88/100 \times 41.9 = 30.12$</td> </tr> <tr> <td data-bbox="319 680 444 720">Urban</td> <td data-bbox="444 680 734 720">28.52</td> <td data-bbox="734 680 1008 720">33.7</td> <td data-bbox="1008 680 1339 720">?</td> </tr> <tr> <td data-bbox="319 720 444 758">Total</td> <td data-bbox="444 720 734 758">100.4</td> <td data-bbox="734 720 1008 758">39.5</td> <td data-bbox="1008 720 1339 758">?</td> </tr> </tbody> </table> <p>(b) Analyse the recent trends in sectoral distribution of workforce in India.</p>	Region	Estimate of Population (in crores)	Worker Population Ratio	Estimated No. of Workers (in crores)	Rural	71.88	41.9	$71.88/100 \times 41.9 = 30.12$	Urban	28.52	33.7	?	Total	100.4	39.5	?	6
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