

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.

PART A- MACRO ECONOMICS

Multiple choice questions (Q. no. 1 to 5) There are four options for each question, out of these, only one is correct. You have to identify the correct option.

1. Expenditure on maintenance of hospital by government already constructed sometimes ago is a part of: (1)

- (a) plan expenditure
- (b) non-plan expenditure
- (c) can't be determined
- (d) None of these

2. The component(s) of broad money is/are: (1)

- (a) currency held with the public
- (b) demand deposits held by commercial banks
- (c) net time deposits of commercial banks
- (d) All of the above

3. 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

4. Choose the incorrect statement from given below: (1)

(a) Government budget is an annual statement of income and expenditure of government for current fiscal Year.

(b) Budget is prepared by all levels of government.

(c) Government, through its budget tries to minimise income inequalities.

(d) Fiscal policy of government includes tax and expenditure policy of the government.

5. Write the correct pair: (1)

Column I

Column II

A. Increase in bank rate

(i) To check deficient demand

B. Decrease in bank rate

(ii) To check excess demands

C. Selling government approved securities

(ii) To check deficient demand

D. Reduction in CRR

(IV) To check deficient demand

(a) A-(i)

(b) B-(ii)

(c) C-(iii)

(d) D- (iv)

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 taken 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 stabilise 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.

If Marginal Propensity to Save (MPS) is 0.25 and initial change in investment is ₹ 250 crores, then the final change in income would be _____.

(Choose the correct alternative)

(a) ₹ 1,000 crores

(b) ₹ 1,200 crores

(c) ₹ 500 crores

(d) ₹ 3,500 crores

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11. Explain banker's bank function of RBI. (3)

OR

Explain any two forms through which commercial banks lend money. India's balance of payments is in disequilibrium. Enumerate some of the factors, which according to you, can be the causes of disequilibrium.

(3)

12. Elaborate the concept of consumption of fixed capital and capital loss'. (4)

OR

What precautions are taken, while measuring national income by income method?

13. Explain the role of open market operations in correcting the problem of deflationary gap. (4)
14. Define government budget. Explain the two objectives of the government budget. (4)
15. Will the following factor incomes be included in domestic factor income of India? Give reasons for your answer. (6)
- (i) Profits earned by a branch of State Bank of India in England.
 - (ii) Salary of Indian residents working in Russian Embassy in India.
 - (iii) Compensation of employees to the residents of Japan working in Indian embassy in Japan.

OR

Suppose the Gross Domestic Product (GDP) of Nation X was ₹ 2,000 crores in 2018-19, whereas the Gross Domestic Product of Nation Y in the same year was ₹ 120,000 crores. If the Gross Domestic Product of Nation X rises to ₹ 4,000 crores in 2019-20 and the Gross Domestic Product of Nation Y rises to ₹ 200,000 crores in 2019-20. Compare the rate of change of GDP of Nations X and Y, taking 2018-19 as base year.

16. When is an economy in equilibrium? Explain, with the help of saving and investment curves. Also, Explain the changes that take place when the economy is not in equilibrium Use diagram. (6)

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

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

Column-II

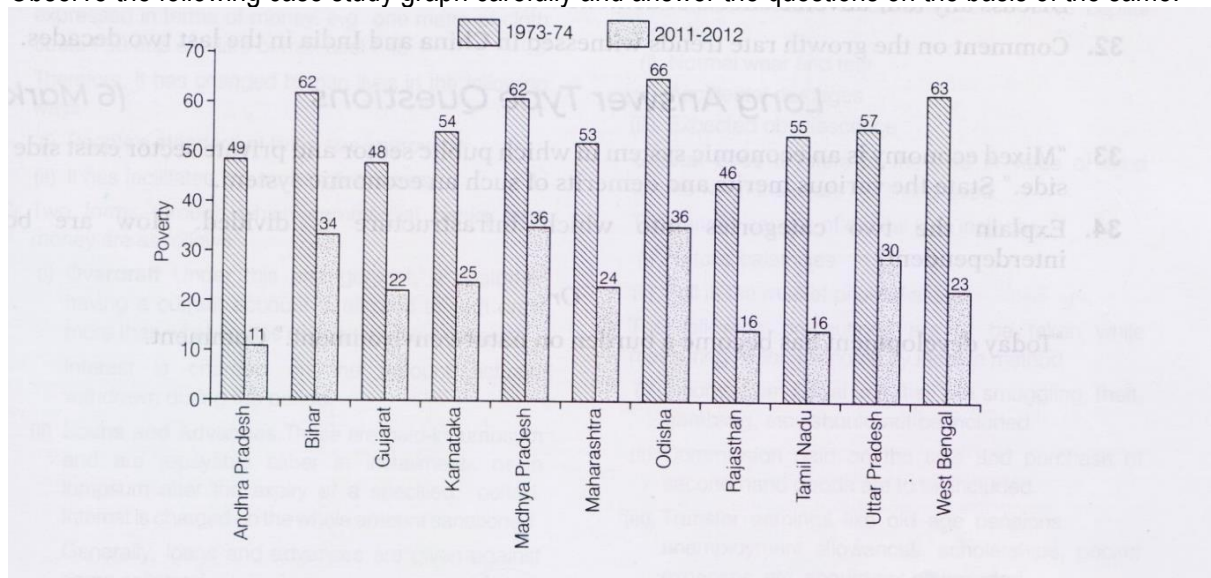
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|----------------------|---|
| A. Animal husbandry | (i) Period between 1991 and 2003. |
| B. Fisheries | (ii) Owing to this, milk production has increased more than five times between 1960 and 2009. |
| C. Horticulture | (iii) It is widely practised in the States of Kerala, Maharashtra, Gujarat and Tamil Nadu. |
| D. Golden revolution | (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.



22. 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.