Name: Class: XII Subject: Economics Date: Invigilator's Sign. Session: 2020-21 Time allowed: 3 Hours

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Roll No.		
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SET-B SUBJECT CODE: 030

[1]

Maximum Marks: 80

Check that this question paper contains 7 printed pages.

- Code number given on the right hand side of the question paper should be written on the title page of the answer book by the candidate.
- Check that this question paper contains 34 questions.
- Write down serial number of the question before attempting it.
- 15 minutes time has been allotted to read this question paper. The Students will read the question paper only and will not write any answer on the answer-book during this period.

General Instructions:

- 1. All questions in both sections are compulsory. There are internal choices in questions of 1mark, 3marks, 4marks and 6marks.
- 2. Marks for questions are indicated against each question.
- 3. Question number 1-10 and 18-27 are very short answer questions carrying one mark each. They are required to be answered in one sentence.
- 4. *Question number 11-12 and 28-29 are questions carrying 3 marks each. Answers to them should not normally exceed 50-75 words each.*
- 5. Question number 13-15 and 30-32 are questions carrying 4 marks each. Answers to them should not normally exceed 100-125 words each.
- 6. *Question number 16-17 and 33-34 are long answer question carrying 6 marks. Answers to them should not normally exceed 125-150 words.*
- 7. Answers should be brief and to the point and above word limit be adhered to as far as possible.

Section-A (Macroeconomics)

- Q1. Which one among the following is a stock variable?a) Interest on capitalb) Supply of money in a country
 - c) Expenditure of money d) Capital formation

OR

Sum total of factor income generated within the domestic territory of a country during an accounting year is called _____. (Domestic income/national Income)

Q2. Value of Money Multiplier_____ (increases/decreases/remains unchanged)[1]with an increase in Cash Reserve Ratio.(Fill up the blank with correct alternative)

Q3. Which one of the following is the component of M_1 measure of money supply?		[1]
a) Term deposits	b) Demand deposits	
c) Cash reserves of the commercial bank	d) Both (a) and (b)	

Q4. A company located in India gives a loan to a company located abroad. How is this [1] transaction recorded in India's balance of payments account? (Choose the correct alternative) a) Credit side of current account

- b) Debit side of current account
- c) Credit side of capital account
- d) Debit side of capital account
- d) Debit side of capital account

Q5. Giving reason state whether the given statement is true or false: 'Managed Floating Exchange Rate is decided by market forces but remains within a specific range as decided by central bank'.

Q6. From the set of statements given in Column I and Column II, choose the correct pair [1] of statements:

Column I	Column II
A. Export of machinery from	i) Capital account of balance of payments
Germany	
B. Remittances to relative	ii) Credit side of current account of balance
staying abroad	of payments
C. Investments by Microsoft in	iii) Credit side of capital account of balance
India	of payments
D. Exports of software to Spain	iv) Debit side of current account of balance
	of payments

Read the following news report and answer Questions 7-10 on the basis of the same: COVID-19 to have significant deflationary impact due to demand evaporation'

Ruling out any impact of stimulus on the price situation, Chief Economic Advisor K.V. Subramanian on Thursday said the COVID-19 pandemic has severely dented the demand for non-essential or discretionary goods, creating deflationary conditions. He also said that a good part of the 20 lakh crore stimulus package is designed in a manner that the fiscal deficit remains under control.

"COVID has a significant deflationary impact because demand especially for non-essential or discretionary goods and services will go down significantly. Therefore, it is unlikely that there would be too much inflationary impact through fiscal deficit or stimulus package," Subramanian told in an interview.

The proposed stimulus package will generate demand by infusing liquidity into the system and thus perk up the economy, the CEA said.

The Economic Times: May 15th, 2020

Q7. Deficiency of demand creates _____ (deflationary gap/inflationary gap) [1] in the economy. (Choose the correct alternative)

Q8. Inflationary gap: (Choose the correct alternative)

- a) raises the level of output.
- b) does not change the level of outputd) both (b) and (c)
- c) raises the general price level.

[1]

[1]

Q9 gap is measured as the difference between 'planned AD which is beyond full employment level' and 'AD that corresponds to full employment'.	[1]
(Inflationary/Defl	onary)
 Q10. In a given situation when AD<as an="" economy="" in="" li="" then<=""> (a) General price level in the economy will increase (b) Inventory stock will decrease beyond desired level (c) Situation of excess supply arises (d) Producers will decrease planned output </as>	[1]
 Q11.Which of the following items will be included/not included while estimating Gross Domestic Product? Give valid reasons in support of your answer. (a)Wages received by an Indian working in the British Embassy in India. (b)Financial aids received from abroad after "Fani cyclone". (c)Purchase of second hand machinery from abroad. 	[3]
Q12. Distinguish between 'trade deficit' and 'current account deficit'. OR	[3]
State, giving valid reasons, whether the following statements are true or false: a) Current account deficit in BOP occurs when export of visibles is less than import of visib b) Compensation of employees to the rest of the world is a debit component of balance of payments on capital account.	oles.
Q13. What role does credit multiplier play in determining the credit creation capacity of the banking system? Use a numerical illustration to explain.	[4]
Q14. What is meant by deflationary gap? Discuss one fiscal measure and one monetary measure to tackle the situation.	[4]
 Q15. Answer the following questions based on the data given below: Estimate the value of Aggregate Demand and Investment Multiplier in an economy if: a) Autonomous Investment (I) = Rs 100 crores. b) Marginal Propensity to Save = 0.2 c) Level of Income (Y) = Rs 4,000 crores. d) Autonomous Consumption Expenditure (c) = Rs 50 crores 	[4]
OR Explain the determination of equilibrium level of national income using 'saving and investr approach. Use diagram. Also explain the changes that take place in an economy when ex-an investment is less than ex-ante saving.	

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Q16. a) 'Taxation is an effective tool to reduce the inequalities of income.' [4+2 Justify the given statement with valid reasons. b) Explain the meaning of fiscal deficit.			[4+2]	
				[3+3]
	Domestic Product. b) Calculate 'Intermediate Cost' from the following data:			
	Particulars	Amount (in ₹		
1.	Gross value of output		300	
2.	Net Value Added at factor cost		100	
3.	Subsidies		15	
4.	Depreciation		30	
		OR		
a) What	are 'externalities'? State its types		examples.	
-	ulate the value of 'Change in Stoc		-	
S. No	Particulars		Amount (in ₹crores)	
i.	Sales		400	
ii.	Net Value Added at Factor Cost	(NVA _{FC})	200	
iii.	Subsidies	, , , , , , , , , , , , , , , , , , , ,	10	
iv.	Change in stock		?	
V.				
vi.				
	Section-B (Indian			
Q18. T	ariffs and quotas adopted under in	ndustrial policy	was to	[1]
a) Incre	ase exports			
b) Make	e exported goods cheaper			
c) To increase foreign competition				
d) To restrict import and protect domestic firms from foreign competition				
a) to resulter import and protect domestic minis from foreign competition				
Q19. Identify the incorrect statement. [1]				
a) India had high birth rate and high death rate on the eve of independence				
b) British encouraged capital goods industry in India				
· -	c) Opening of Suez Canal helped British Trade with India			
d) India was an importer of finished goods before independence				
Q20. Read the following statements - Assertion (A) and Reason (R). Choose one of the [1] correct alternatives given below:			he [1]:	

Assertion (A): Under the colonial regime, basic infrastructure such as railways, ports, water transport, posts and telegraphs did develop.

Reason (**R**): Roads constructed in India prior to the advent of the British rule were not fit for modern transport.

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 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.

OR

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

Assertion(A): The policy of 'land to the tiller' is based on the idea that the cultivators will take more interest and they will have more incentive in increasing output if they are the owners of the land.

Reason(R): Ownership of land enables the tiller to make profit from the increased output. 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 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.

Q21. Read the following statements - Assertion (A) and Reason (R). Choose one of the [1] correct alternatives given below:

Assertion (A): India could not develop a sound industrial base under the colonial rule. **Reason (R):** The colonial government reduced India to the status of a mere exporter of important raw materials for the upcoming modern industries in Britain.

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 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.

Q22. From the set of statements given in Column I and Column II, choose the correct pair [1] of statements:

AOne child policyi.IndiaBJobless growth processii.China	
B Jobless growth process ii. China	
CReforms in 1978iii.Pakistan	
DCommune system of farmingiv.Collective farming	

Alternatives:

(a) A-(i)

(b) B-(ii)

(c) C-(iii)

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Q23.China surpassed India and Pakista	an in sector of the economy.	[1]
a) manufacturing	b) primary	
c) tertiary	d) Both (a) and (c)	
Read the following hypothetical cas 24-27 on the basis of the same.	e study carefully and answer the question numbe	ers
	recourse to debt. In the earlier times the same was	from
informal sources. Since independence	with the efforts of the government, formal sector has	S
actively come into picture. Farmers bo	rrow not only to meet their investment needs but als	so to
• •	ty of income caused by factors likes crop failure cau	
	nd water table, locust/other pest attack etc. These rea	
	ate money lenders, who charge exorbitant rates of in	iterest
which add to their miseries.	and times for life and more interdented labt	
-	rent times for different reasons, introduced debt	oto
	are used by governments as a quick means to extricing to restore their capacity to invest and produce, in	
	pross India. The costs and benefits of such debt relief	
schemes are, however, a widely debate		L
•	mes are extremely beneficial to the poor and margin	alised
•	chemes add to the fiscal burden of the government,	
believe that these schemes may develo	p the expectation of repeated bailouts among farmer	ſS
which may spoil the credit culture amo	ong farmers.	
Q24. Government established the insti	tutional sources of finance:	[1]
a) To provide adequate credit to farme	-	
	ricultural productivity and maximising their income	;
c) Both (a) and (b)		
d) Neither (a) nor (b)		
Q25. The problems faced in rural bank	ing are:	[1]
a) Insufficient rural credit	b) Growing over dues	
c) Inadequate amount of sanction	d) All of these	
O26 The scheme of "Miero Finance"	is extended through (Self help groups/	[1]
NABARD)	is extended through (Self-help groups/	[1]
NADARD)		
Q27. The rural banking structure in Ind	lia consists of a set of multi-agency institutions.	[1]
(Regional Rural Banks /	Small Industries Development Bank of India) is	
expected to dispense credit at cheap	per rates for agricultural purposes to farmers.	
028 'In spite of the increase in public	health expenditure Indian Health System is an	[3]
	he statement citing any three major problems of	[2]
health sector in India.		
OR		
What is jobless growth? Analyse Domestic Product in India from	the trend of Growth of Employment and Gross	
Domestic Floquet III IIIdia Ifom	1770-2012.	

Q29. What do you mean by agricultural marketing? Explain any two steps taken by the [3] government in developing rural markets.

Q30. Explain growth with equity as a planning objective.

OR

Discuss briefly any two major steps taken by the Government of India in "Trade and Investment Policy" under the Economic Reforms of 1991.

Q31. Answer the following question on the basis of the following data: Compare Gross Domestic Product (GDP) and its growth in India, China and Pakistan.

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

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8
Pakistan	6.3	5.3

- Q32. Agricultural reforms under New Economic Policy have not been able to benefit [4] agriculture, where the growth rate has been decelerating. Give reasons.
- Q33. a) What is sustainable development? Describe any two strategies of sustainable [3+3] development.
 - b) Name two Poverty Alleviation Programmes in India. Also mention any two major areas of concern which prevent successful implementation of poverty alleviation programmes.

OR

Read the following table and answer the following questions:

Distribution of workforce by Gender (2011-12)

Male Female Distribution			
Category	% of male workers	% of female workers	
Self-employed	51	56	
Casual wage labour	29	31	
Regular salaried employees	20	13	
Total	100	100	

- (a) Which is the major source of livelihood for both men and women in India? (1)
- (b) Indian workforce is constantly moving towards casualisation. What is (1) casualisation of workforce?
- (b) Give two benefits of being a regular salaried employee. (2)
- (c) Why is the percentage of regular salaried males more in India? Give two reasons. (2)
- Q34. a) Monthly Per Capita Expenditure method of determining Poverty Line is criticized due to various reasons. Comment
 - b) "Human capital formation gives birth to innovation, invention and technological improvements."

Do you agree with the given statement? Support your answer with valid arguments.

[3+3]

[4]

[4]