

SAMPLE QUESTION PAPER -1

CLASS –XII

SUBJECT: ECONOMICS (030)

Time Allowed: 3 Hours

Maximum Marks: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION – A- MACRO ECONOMICS

1. Read the following statements carefully: 1
Statement 1: As disposable income goes up the APC falls
Statement 2: As disposable income goes up the MPC falls
In light of the given statements, choose the correct alternative from the following:
a) Statement 1 is true and Statement 2 is false.
b) Statement 1 is false and Statement 2 is true.
c) Both Statements 1 and 2 are true.
d) Both Statements 1 and 2 are false.
2. Gross Investment = Net Investment +..... 1
a) Factor Income from Abroad
b) Net Indirect Taxes
c) Depreciation
d) None of these
3. Money that is issued by the authority of the government is called: 1
a) Full bodied money
b) Credit Money
c) Fiat Money
d) Fiduciary Money
4. In an economy, autonomous consumption stands at ₹100 crore and national income at ₹1,000 1
Crore. The value of MPC is 0.70. The consumption expenditure for the economy will be ₹ _____
Crore.
(Choose the correct alternative to fill in the blank)
a) 600
b) 800
c) 1000
d) 1,200
5. Unilateral transfers are included in 1
a) Current account BoP
b) Capital account BoP
c) Both (a) and (b)
d) None of these
6. When the aggregate demand is greater than aggregate supply; inventories: 1
a) Fall
b) Rise
c) Do not change
d) First fall and then rise

7. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those 1 given below

Assertion (A): Central bank holds the foreign exchange reserves to influence exchange rate.

Reason (R): Selling and purchasing of foreign exchange influences the exchange rate.

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.

8. **Assertion (A):** Central bank holds the foreign exchange reserves to influence exchange rate. 1

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- d) Assertion (A) is false, but Reason (R) is true.

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

Column I	Column II
A. S. L. R.	I. Fixed by the commercial bank
B. Primary deposits	II. Derivative deposits
C. Commercial bank	III. Advisory to the government
D. Central bank	IV. Provides 'clearing house' facility

Alternatives:

- a) A-I b) B-II c) C-III d) D-IV

10. Choose the correct statement from given below: 1

- a) Budget deficit is equal to fiscal deficit if interest payments are zero
- b) Zero primary deficit represent a fiscal discipline
- c) Fiscal deficit is equal to the borrowing requirement of government
- d) Revenue deficit need not be inflationary

11. Which of the following is not true about AD in a two sector economy? 1

- a) $AD = Consumption + Investment$
- b) AD curve starts at some point above the origin
- c) AD curve is positively sloped
- d) AD curve is negatively sloped

12. Which transactions determine the balance of trade? When is balance of trade in surplus? 3

OR

Demand for domestic goods and services and domestic demand for goods and services are the same. Defend or refute

13. Calculate sales from the following data:

3

Particulars	₹ In crores
Indirect taxes	60
Net value added at factor cost	560
Intermediate cost	1000
Consumption of fixed capital	60
Exports	200
Change in stock	(-30)

14. Calculate Autonomous Consumption Expenditure from the following data about an economy which is in equilibrium

4

National income = 500

Marginal propensity to save = 0.30

Investment expenditure = 100

15. “India’s GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to the same period of 2019-20 suggesting that the lockdown has hit the economy hard”

4

— The Hindustan Times, 1st September 2020

State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report.

16. Explain Central bank as “Banker to the government”

4

OR

Explain Central bank as “Bank of issue”

17. (a) Giving valid reasons, explain how the following would be treated while estimating domestic income

3

(i) Interest received by households on their deposits from the bank

(ii) Interest received by the bank from households

(iii) Interest received by the bank from firms

(b) What would be the impact of services rendered by house wives on a country’s GDP and welfare.

3

OR

(a) The value of nominal GNP of an economy was rs 2,500 crores in a particular year. The value of GNP of the country during the same year, evaluated at the prices of the same base year was rs 3,000 crores. Calculate the value of the GNP deflator of the year in percentage terms. Has the price level risen between the base year and the year under consideration.

3

(b) Why real national income is a better indicator of development than nominal national income?

3

SECTION- B- INDIAN ECONOMIC DEVELOPMENT

18. What is the other name for self-help group programme?

1

a) Mini Bank Programme

b) Micro credit Programme

c) Both (a) and (b)

d) None of these

19. _____ and _____ started their development path at the same time and announced their first five year plan in 1951 and 1956 respectively. 1

- I. Pakistan
- II. India
- III. People's republic of China
- IV. Afghanistan

Alternatives:

- a) I and II
- b) I and III
- c) III and IV
- d) I and IV

20. Choose the incorrect statement from give below: 1

- a) Low productivity during colonial period as accounted to "land tenure system"
- b) Post independence elected government of India removed "land tenure system"
- c) Schedule C of IPR, 1956 comprised of companies which were cooperated by private and government sector.
- d) Demonetisation refers to removal of 'legal tender status of existing currency'

21. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from these 1 given below.

Assertion (A): Globalization is an outcome of liberalization and privatization

Reason (R): As an outcome of globalization, developing countries like India has become outsourcing destination

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. Read the following statements carefully and choose the correct alternative from the following:

Statement 1: Slow rate of economic growth in the country is one of the reasons for unemployment.

Statement 2: Control over population growth is one of the important measures to reduce unemployment in the country.

Alternatives:

- a) Both the statements are true.
- b) Both the statements are false.
- c) Statement 1 is true and statement 2 is false.
- d) Statement 2 is true and statement 1 is false.

1

23. India entered the _____ stage of Demographic Transition after the year 1921

- a) Fourth
- b) Second
- c) Third
- d) First

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

Column I	Column II
A. Reform policies resulting in establishment of private sector banks	I. Foreign exchange reforms
B. Reforms which are concerned with fiscal policy of the government	II. Trade and investment policy reforms
C. Abolishment of industrial licensing	III. Deregulation of industrial sector
D. Revaluation of Indian rupee in 1991	IV. Financial sector reform

Alternatives:

- a) A-I b) B-II c) C-III d) D-IV

25. Which of the following statements about fertility rates is correct? 1

- The fertility rate is very low in India and very high in Pakistan
- The fertility rate is very low in India and very high in China
- The fertility rate is very low in China and very high in Pakistan
- The fertility rate is very low in China and very high in India

26. Alternative marketing channels help the farmers in ___ their market and ___ price- risk. 1

- Expanding, reduce
- Reducing , Expand ,
- Expand, Expand
- None of these

27. Name the two states in which land-reform were successful ? 1

- Maharashtra and Tamil Nadu
- Karnataka and West Bengal
- Uttar Pradesh and Bihar
- West Bengal and Kerala

28. How did the downfall of princely states affect the handicraft industries? 3

OR

“Features of Indian agriculture itself explains the story of its backwardness”. Comment

29. Human capital formation and Human development are the same. 3

30. What were the implications of One-child policy adopted by China. 4

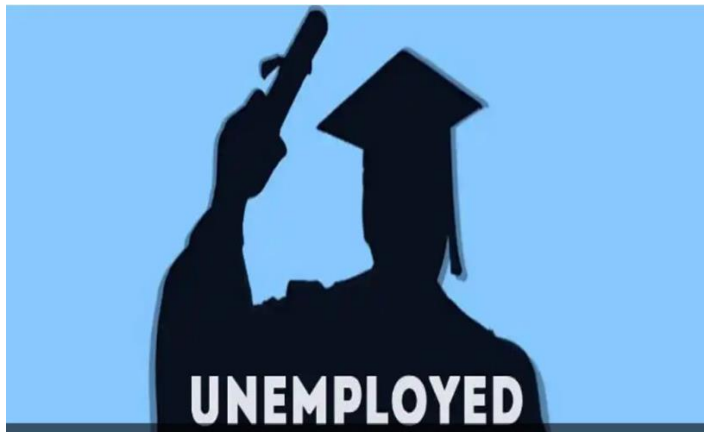
31. Diversification of agricultural activities is important to reduce dependence on agriculture. 4

OR

Land reforms in India were not able to meet the desired objectives. What according to you could be the reason behind it? Comment.

32. Comment on the social menace indicated in the picture below. Suggest 2 measures to overcome it.

4



33. (a) Discuss the various financial sector reform measures taken by India under the new economic policy.
(b) Give any two benefits of organic farming.

4

2

OR

- (a) What was the inward looking policy adopted by India in the pre-reform period?
(b) Give any two limitations of organic farming.

4

2

34. Read the passage carefully and answer the questions that follow:

There is considerable evidence that some consumers are willing to pay more for green goods. To produce green goods we need not to use skill and human resources. Green goods are goods that are manufactured in an environmentally friendly way (e.g. wood products from sustainable forests, electricity produced from wind power) without a direct impact on a consumer. These are referred to as impure Public goods - a package of Private good and Public good. Why consumers are willing to pay more for these goods is complex. Whatever the reason, it is clear some consumers are willing to pay for green actions that do not benefit them directly. One example of green goods is 'green electricity'. Green power is simply electricity produced using renewable sources of energy. Of course, electricity itself is completely indistinguishable from non-green electricity. There are two ways in which consumers may buy green electricity; either by buying it directly or by contributing to the cost of building green electricity capacity. Consumers are clearly willing to spend more for green electricity and their preference for green production is indicated by the recent rise in popularity of retail carbon offsets. Offsets of emissions have long been used by firms to buy and sell the obligation to reduce emissions. In the USA, new emitters setting up a business in an urban area have to 'offset' their emission additions by finding (and paying) existing firms to reduce their emissions. In recent years, firms have used offsets to effectively reduce their emissions in order to provide a green image, particularly in the case of carbon emissions. The purchase of offsets by consumers is different when consumers buy offsets. They are making a purely voluntary contribution to the environment. Retail offsets are a way in which consumers can produce a green product from a brown product. For example, one can make his part of the flight carbon neutral by paying someone else to reduce his or her carbon emission. This is formalized in an offset market whereby sellers of offsets reduce emissions and then sell these 'reductions'.

- i) Here Green goods mean 1
- a) Goods which are green in color
 - b) Goods that are produced from trees
 - c) Goods that are produced through an eco friendly technology
 - d) Goods that use non-renewable resources
- ii) Impure Public goods are: 1
- a) Private goods
 - b) Public goods
 - c) A package of Public and Private goods
 - d) Harmful goods for the society
- iii) Offset of emissions are used 1
- a) To reduce emissions
 - b) To provide green image
 - c) For emission addition
 - d) To satisfy consumer preferences
- iv) Choose the correct answer from the options given below: 1
- a) A, B and C only
 - b) A, C and D only
 - c) A, B and D only
 - d) B, C and D only
- v) How is sustainable development related to carrying and absorptive capacities of the environment? 3