



INDIAN SCHOOL AL WADI AL KABIR

ECONOMICS SAMPLE PAPER-1

Class: XII

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 type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

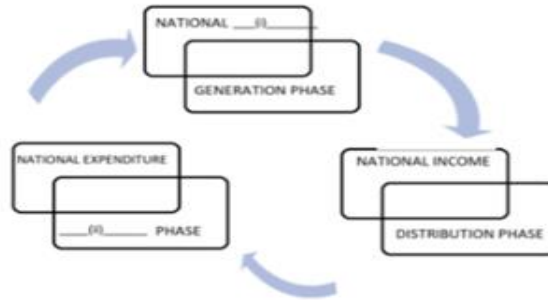
SECTION A: MACRO ECONOMICS		
1	Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion(A): Consumption curve makes an intercept on the Y axis at some point above the origin. Reason(R): People need certain basic goods and services to sustain themselves even when income is zero. Alternatives: a. Both Assertion and Reason are true and Reason (R) is the correct explanation of Assertion (A). b. Both Assertion and Reason are true and Reason (R) is not the correct explanation of Assertion c. Assertion (A) is True but Reason (R) is False. d. Assertion (A) is False but Reason (R) is True.	1
2	The difference between the National Income and the Net National Product at market price is known as _____. a. National debt transfer b. Current transfers from the rest of the world c. Net indirect taxes d. All of the above	1
3	Read the following statements carefully: Statement 1: Higher the value of MPC, higher is the value of the multiplier. Statement 2: Autonomous consumption is the ratio of total consumption (C) to total income (Y). 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.	1
4	Imports of machinery and equipment are recorded in the _____ account of the general ledger a. Credit-related capital b. On the negative side of the ledger, the capital	1

	c. On the debit side, the current account balance d. From a credit standpoint, the present											
5	How much money banks are able to create depends on: a. Initial deposit b. SLR c. CRR d. All the above	1										
6	Which of the following statements is true about the money supply? a. It is the total volume of money that is held by the government of a country b. It is the total volume of money that is held by the general public of a country over a time period c. It is the total volume of money that is held by the general public of a country at a particular point in time d. All of the above	1										
7	Choose the correctly matched pair from the following: <table border="1" data-bbox="170 682 1242 877"> <thead> <tr> <th>Column A</th> <th>Column B</th> </tr> </thead> <tbody> <tr> <td>A. Fall in Aggregate demand</td> <td>1. Causes inflation</td> </tr> <tr> <td>B. Deflationary gap</td> <td>2. Over employment equilibrium</td> </tr> <tr> <td>C. Increase in aggregate demand</td> <td>3. Causes deflation</td> </tr> <tr> <td>D. Inflationary gap</td> <td>4. Under full employment equilibrium</td> </tr> </tbody> </table> a) A-4 b) B-1 c) C-3 d) D-2	Column A	Column B	A. Fall in Aggregate demand	1. Causes inflation	B. Deflationary gap	2. Over employment equilibrium	C. Increase in aggregate demand	3. Causes deflation	D. Inflationary gap	4. Under full employment equilibrium	1
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8	Read the following statement given below and choose the correct alternative: Assertion (A) - If foreign exchange rate increases the demand for foreign exchange will fall Reason (R) - There is an inverse relationship between demand for foreign exchange and foreign exchange rate a) Both assertion and reason are true. Reason is the correct explanation of assertion b) Both assertion and reason are true. Reason is not the correct explanation of assertion c) Assertion is true but reason is not d) Reason is true but assertion is not	1										
9	Calculate Autonomous consumption. Given National Income = Rs 1200, Investment Expenditure = Rs 100, MPS = 0.2	1										
10	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. Assertion (A) : A country always tries to balance the BOP, ie the balance in current account always equals balance in capital account. Reason (R) : Balanced BOP always indicates stable economic relation with the rest of the world. Alternatives : a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion b. Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> 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.	1										
11	Indian rupee plunged to an all-time low of Rs 74.48 against US \$.	3										

	<i>The Economic Times</i> In the light of the above statement, discuss the impact of the situation on Indian imports.																				
12	<table border="1"> <thead> <tr> <th>Items</th> <th>Amount in Rs Crores</th> </tr> </thead> <tbody> <tr> <td>i. Household consumption expenditure</td> <td>600</td> </tr> <tr> <td>ii. Gross Fixed capital formation</td> <td>200</td> </tr> <tr> <td>iii. Change in stock</td> <td>40</td> </tr> <tr> <td>iv. Government final consumption expenditure</td> <td>200</td> </tr> <tr> <td>v. Net exports</td> <td>(-)40</td> </tr> <tr> <td>vi. Net indirect taxes</td> <td>120</td> </tr> <tr> <td>vii. Net factor income from abroad</td> <td>20</td> </tr> <tr> <td>viii. Consumption of fixed capital</td> <td>40</td> </tr> </tbody> </table> <p>On the basis of the given data estimate the value of Domestic Income.</p> <p style="text-align: center;">OR</p> <p>b. Giving valid reasons, explain how the following would be treated while estimating domestic income.</p> <p>a. Payment made by American tourists for goods purchased in India. b. Tomatoes grown by Ms Chatterjee in her kitchen garden. c. "Machine purchased by a firm is always a capital good." Do you agree? Give reason for your answer.</p>	Items	Amount in Rs Crores	i. Household consumption expenditure	600	ii. Gross Fixed capital formation	200	iii. Change in stock	40	iv. Government final consumption expenditure	200	v. Net exports	(-)40	vi. Net indirect taxes	120	vii. Net factor income from abroad	20	viii. Consumption of fixed capital	40		3
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13	<p>a. Estimate the value of aggregate demand of an economy if: Autonomous investment=Rs 100 Crores, MPS = 0.2, Income = Rs 4000 crores, autonomous consumption expenditure = Rs 50 crores.</p> <p>b. In an economy, the break-even point and equilibrium point may lie at the same level of income, if ex-ante investments are _____.</p>		4																		
14	<p>What happens to the level of national income when aggregate demand falls short of aggregate supply? Explain with a labeled diagram.</p> <p style="text-align: center;">OR</p> <p>a. Define money multiplier. b. 'Reserve ratio and credit creation are inversely related.' Do you agree with the given statement? Justify your answer with a suitable numerical example.</p>		4																		
15	<p>1. Based on the passage below, answer the following questions.</p> <p>The Reserve Bank of India (RBI) is India's Central Bank, also known as the banker's bank. The RBI controls the monetary and other banking policies of the Indian government. The Reserve Bank of India (RBI) was established on April 1, 1935, in accordance with the Reserve Bank of India Act, 1934. The role of RBI has undergone a significant change after the introduction of the new Economic Policy in 1991.</p> <p>The Reserve Bank of India (RBI) is India's central bank and regulatory body under the jurisdiction of the Ministry of Finance, the RBI is responsible for the issue and supply of the Indian rupee and the regulation of the Indian Banking system. It also manages the country's main payment systems and works to promote its economic development.</p> <p>On 8 November 2016, the government of India announced the demonetization of all ₹ 500 and ₹ 1000 banknotes of the Mahatma Gandhi Series on the recommendation of the Reserve Bank of India (RBI).</p> <p>Answer the following Questions.</p>		4																		

	<p>1. Why RBI is said to be the banker's bank? Choose the correct option.</p> <ol style="list-style-type: none"> Lender of the last resort Controller of credit Decide LRR. None of the above <p>2. RBI is responsible for issue and supply of Indian rupee in the economy. Identify the correct function of RBI in this regard.</p> <ol style="list-style-type: none"> Central bank has the authority to issue the currency in the economy. This develops the public faith in the system of note circulation. It allows the central bank to supervise and control money supply. All of the above <p>3. Define demonetization.</p> <p>4. How has the role of RBI changed after 1991 New Economic Policy? Choose the correct option.</p> <ol style="list-style-type: none"> Its role changed from regulator to facilitator. Interest rate decisions are left with financial institutions. It only formulates the guidelines and decision making rights are left with financial institutions. All of the above 															
16	<p>a. Elaborate economic growth as objective of Government budget. b. How good is disinvestment as a means to tackle revenue deficit in India? c. How are capital receipts different from revenue receipts? Give examples to explain.</p> <p style="text-align: center;">OR</p> <p>a. From the following data about a Government budget, find out: i. Revenue Deficit ii. Fiscal deficit iii. Primary deficit.</p> <table border="1" data-bbox="248 1192 902 1465"> <thead> <tr> <th>Items</th> <th>In rupees crores</th> </tr> </thead> <tbody> <tr> <td>i. Tax Revenue</td> <td>40</td> </tr> <tr> <td>ii. Capital receipts</td> <td>27</td> </tr> <tr> <td>iii. Non-tax revenue</td> <td>10</td> </tr> <tr> <td>iv. Borrowings</td> <td>20</td> </tr> <tr> <td>v. Revenue Expenditures</td> <td>63</td> </tr> <tr> <td>vi. Interest payment</td> <td>13</td> </tr> </tbody> </table> <p>b. Giving reasons, categorize the following into revenue expenditure and capital expenditure: i. Grants given to state Governments ii. Repayment of loans iii. Construction of school building</p>	Items	In rupees crores	i. Tax Revenue	40	ii. Capital receipts	27	iii. Non-tax revenue	10	iv. Borrowings	20	v. Revenue Expenditures	63	vi. Interest payment	13	2+2+2
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iv. Read the following figure carefully and choose the correct pair from the alternatives given below:



- Output, production
- Value added, production
- Output, disposition
- Wealth, development

ii. If in an economy the value of Net Factor Income from Abroad is Rs. 200 crores and the value of Factor Income to Abroad is Rs. 40 crores. Identify the value of Factor Income from Abroad.

- Rs. 200 crores
- Rs. 160 crores
- Rs. 240 crores
- Rs. 180 crores

iii. State with a valid reason, which of the following statement is true or false:

- Gross Value Added at market price and Gross Domestic Product at market price are one and the same thing.
- Intermediate goods are always durable in nature.

iv. Define nominal flow.

v. In an economy, the following transactions took place. Calculate the value of output and value added by Firm B:

- Firm A sold to Firm B goods of Rs. 80 crores; to Firm C Rs. 50 crores; to household Rs. 30 crores and goods of value Rs. 10 crores remain unsold.
- Firm B sold to Firm C goods of Rs. 70 crores; to Firm D Rs. 40 crores; goods of value Rs. 30 crores were exported and goods of value Rs. 5 crores were sold to the government.





SECTION – B: INDIAN ECONOMIC DEVELOPMENT


18 Post-independence, India has always focused to become a self-sufficient or a self-reliant nation. In the present era this goal has been termed as

- Safal Bharat
- Kaushal Bharat
- Atmanirbhar Bharat
- Apna Bharat

19 Special Economic Zones were set up by China to:

- Attract foreign investors
- To develop the backward regions
- To maintain economic equality
- To promote private sector

20	<p>The discussion on sustainable development was started after submitting a report on environment to the united nation in 1987, that report was-</p> <ol style="list-style-type: none"> First report on climate change. Our common future Second report on climate change. Fifth assessment report 	1
21	<div style="display: flex; justify-content: space-around; align-items: center;">     </div> <p>Which of the following is not an example of Agricultural diversification?</p> <ol style="list-style-type: none"> Image A and Image B Image C and Image A Image D and Image A None of these 	1
22	<p>Read the following statement – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): New economic reforms paved way for increased consumer sovereignty.</p> <p>Reason (R): Diverse global markets allowed a wide variety of goods and services to be available to the consumers.</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason(R) is correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A) Assertion(A) is true but Reason (R) is false. Assertion (A) is false but Reason (R) is true. 	1
23	<p>When farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government, this policy was used in China in reform was:</p> <ol style="list-style-type: none"> Minimum price policy Discount rate Dual pricing policy Ceiling policy 	1
24	<p>The-----was a harbinger of major changes in the credit system as it leads to the diversification of the portfolio of rural credit towards production-oriented lending.</p> <ol style="list-style-type: none"> Golden Revolution Green Revolution White Revolution None of these. 	1
25	<p>Name two areas of development where India has overtaken Pakistan.</p>	1
26	<p>Read the following statements carefully:</p> <p>Statement 1: In India, the public sector is the largest employer in the formal sector.</p> <p>Statement 2: Those working in the formal sector remain unprotected by labour laws, and are therefore, highly vulnerable to uncertainties of the market.</p>	1

	<p>In the light of the given statements, choose the correct alternatives:</p> <p>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</p>											
27	<p>From the set of statements given in Column I and Column II, choose the correct pair of statements:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Column I</th> <th style="text-align: center;">Column II</th> </tr> </thead> <tbody> <tr> <td>A. Reforms introduced in China</td> <td>(i) 1976</td> </tr> <tr> <td>B. First five-year plan in Pakistan</td> <td>(ii) 1955</td> </tr> <tr> <td>C. India</td> <td>(iii) Has the most skewed sex ratio</td> </tr> <tr> <td>D. Introduction of commune system in China</td> <td>(iv) 1976</td> </tr> </tbody> </table> <p>Alternatives: a. A - (i) b. B - (ii) c. C - (iii) d. D - (iv)</p>	Column I	Column II	A. Reforms introduced in China	(i) 1976	B. First five-year plan in Pakistan	(ii) 1955	C. India	(iii) Has the most skewed sex ratio	D. Introduction of commune system in China	(iv) 1976	1
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28	<p>What do you mean by commercialisation of agriculture? Did it really benefit Indian farmers during the colonial rule?</p> <p style="text-align: center;">OR</p> <p>Discuss three principal causes of backwardness of the Indian economy at the time of independence.</p>	3										
29	 <p>Studies reveal that there is a difference in literacy rates between the male population and the female population implying gender inequality. Why, in your opinion education among women needs to be promoted?</p>	3										
30	<p>Read the following passage and answer the questions</p> <p>In most areas of human development, China has performed better than India and Pakistan. This true for many indicators per capita GDP or proportion of population below the poverty line, health indicators such as mortality rates, access to sanitation, literacy, life expectancy or malnourished etc. Pakistan is ahead of India in reducing the proportion of people below the poverty line and also its performance in transferring labour force from the agriculture sector to the industrial sector and access to water is better than India. Contrary to it, India is ahead of Pakistan in the education sector and providing health services. India and Pakistan are ahead of China in providing improved water sources.</p> <p>(i) Pakistan is ahead of India in _____ the proportion of people below the poverty line. [a] reducing [b] increasing [c] keeping constant [d] all of above</p>	4										

	<p>(ii) India is ahead of Pakistan in----- sector. [a] service [b] health [c] education [d] both (b) and (c)</p> <p>(iii) India and Pakistan are ahead of China in providing _____ water sources. [a]deteriorating [b] better [c] both [d] none of the above</p> <p>(iv) Mortality rate is also known as: [a] birth rate [b] death rate [c] infant rate [d] none of the above</p>	
31	<p>a. State giving valid reasons, whether the following statement are true or false: Lower employment among women in India points to our economic and social backwardness.</p> <p>b. Given the fact that organic farming offers lower yield than conventional farming, should it be promoted in our country where millions of people are not getting enough to eat? Write your observations in brief.</p> <p style="text-align: center;">OR</p> <p>As a socio-economic researcher, you are conducting a study on unemployment in India. Based on your research, identify and categorize the four main causes of unemployment in the country.</p>	4
32	<p>There is a mismatch between GDP growth and employment growth in India. How do you justify this statement?</p>	4
33	<p>a. Avoiding imports of those goods which could be produced in India was one of the important aspects why?</p> <p>b. Justify the following statement with a valid explanation: <i>‘Green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during the time of shortage’.</i></p> <p style="text-align: center;">OR</p> <p>a. Read the following passage and answer the questions For overall economic development of the country government needs to focus on the development of agriculture sector as 49% of the population is engaged in primary sector. Green revolution was one such initiative taken by the government which has increased the production of food grains like wheat and rice. Green revolution was possible due to the use of HYV seeds, irrigation facilities and fertilizers. This made India not only self-reliant but also helped it to become an exporter of food grains. But effects of Green Revolution were more prominent in few states like Punjab, Haryana and Tamil Nadu. It was widened the gap between rich and poor in the ruler India.</p> <p>Questions:</p> <ol style="list-style-type: none"> Identify the element which is not related with green revolution. <ol style="list-style-type: none"> Improved seeds New strategy for agriculture Fertilizers Increase in population Use of (HYV/HVY/Organic) seeds were promoted in green revolution. Green revolution was comparatively more successful in which states? Indian economy is marching towards progress but there is a need of improvement in (primary/secondary/tertiary) sector. <p>b. “Recently the Government of India has decided to merge MTNL and BSNL on account of rising losses.” Justify the steps taken by the Government of India.</p>	6

34	<p>Read the following text and answer the given questions:</p> <p>The concept of sustainable development does not suggest delimiting the process of growth and development. Sustainable development only suggests a judicious or optimum utilisation of resources and in a manner such that the pace of economic growth is sustained without challenging the ability of the future generations to grow and prosper.</p> <p style="text-align: right;">(Source: NCERT)</p> <ol style="list-style-type: none">1. Statement 1: Sustainable development means using the resources wisely. Statement 2: Sustainable development indicates optimum use of resources.<ol style="list-style-type: none">a. Both the statements are true.b. Both the statements are false.c. Statement 1 is true and Statement 2 is falsed. Statement 2 is true and Statement 1 is false2. According to the given text sustainable development does not limit the process of:<ol style="list-style-type: none">a. Growth & underdevelopment.b. Development & underdevelopment.c. Only developmentd. Both growth and development.3. Is environmental crisis a recent phenomenon? If so, Why?4. Give two examples of:<ol style="list-style-type: none">a. Overuse of environmental resourcesb. Misuse of environmental resources	2+2+2
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