



INDIAN SCHOOL AL WADI AL KABIR

SAMPLE PAPER 1-2020-21

Class: XII

ECONOMICS (030)

M.M: 80

General Instructions: -

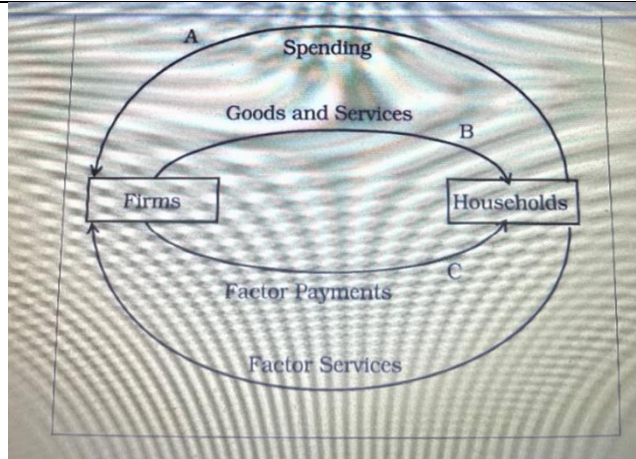
- 1) All questions in both the sections are compulsory.
- 2) Marks for questions are indicated each.
- 3) All parts of a question should be answered at one place.

<u>SECTION A: MACRO ECONOMICS</u>		
1	An example of transfer payment is: a. Free meals in the company canteen b. Employers' contribution to social security c. Retirement pension d. Old-age pension OR a. Which of the following is an example of macroeconomics? b. Price determination c. Consumer's equilibrium d. Producer's equilibrium e. Inflation	1
2	Legal reserve ratio is equal to, a. CRR/SLR b. CRR – SLR c. SLR – CLR d. CRR + SLR	1
3	M1 is a measure of Money Supply in the economy. State its components.	1

4	Central Bank is a/an _____. <ul style="list-style-type: none"> • Apex Bank • Rural Bank • Regional bank • Commercial Bank 	1
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5	Change in initial investment = Rs 500 crs, MPS = 0.2, what will be the value of the multiplier?	1
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6	The consumption function of an economy is $C = 40 + 0.8Y$ (Amount in Rs crs). Determine the level of income for which $APC = 1$	1
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In the Figure given above, the uppermost arrow, going from the households to the firms, represents the spending the households undertake to buy goods and services produced by the firms. The second arrow going from the firms to the households is the counterpart of the arrow above. It stands for the goods and services which are flowing from the firms to the households. In other words, this flow is what the households are getting from the firms, for which they are making the expenditures. In short, the two arrows on the top represent the goods and services market – the arrow above represents the flow of payments for the goods and services, the arrow below represents the flow of goods and services. The two arrows at the bottom of the diagram similarly represent the factors of production market. The lower most arrow going from the households to the firms symbolizes the services that the households are rendering to the firms. Using these services, the firms are manufacturing the output. The arrow above this, going from the firms to the households, represents the payments made by the firms to the households for the services provided by the latter.

(Source: Introductory Macroeconomics textbook for Class 12,)

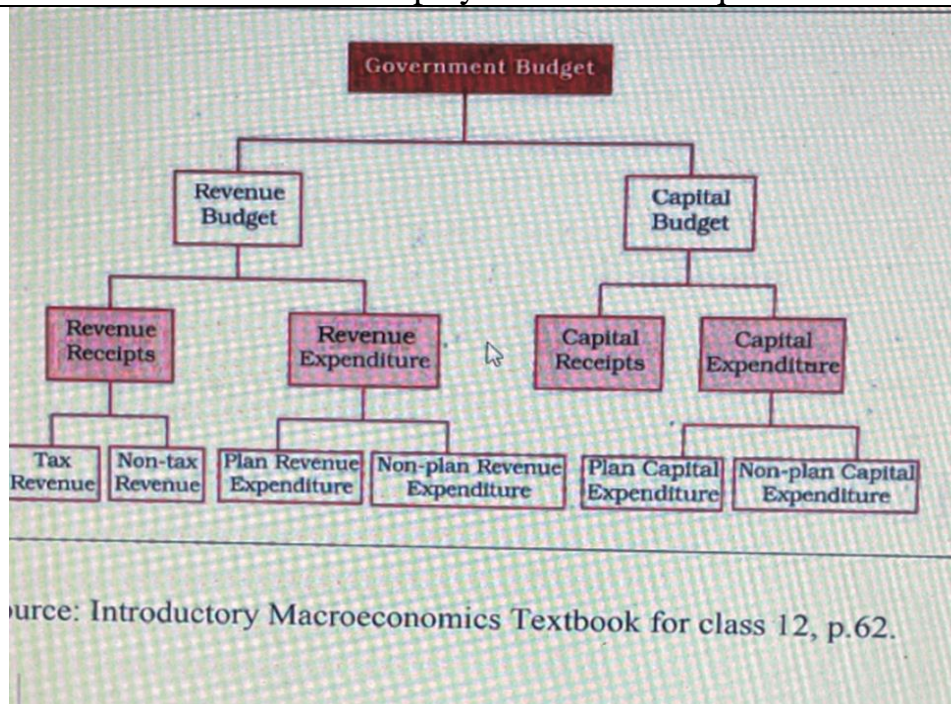
7	Name the factor services.	1														
8	Name the factor payments in a two-sector economy.	1														
9	Identify the real flow of goods and services	1														
10	Identify the monetary flow in the above economy.	1														
11	<p>Giving reasons, state which of the following statements is true or false:</p> <p>a. Faced with an adverse balance of payments, the government should drastically devalue rupee.</p> <p>b. Portfolio investment by foreigners in our country is a very lucrative source of foreign capital inflow.</p> <p style="text-align: center;">OR</p> <p>a. Domestic growth suffers when MNCs invest in the domestic country.</p> <p>b. Trade surplus and current account deficits may coexist.</p>	3														
12	<p>Calculate the net value added at the market price of a firm:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Items</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Sale</td> <td>400</td> </tr> <tr> <td>Change in stock</td> <td>-20</td> </tr> <tr> <td>Depreciation</td> <td>30</td> </tr> <tr> <td>Net indirect taxes</td> <td>40</td> </tr> <tr> <td>Purchase of machinery</td> <td>200</td> </tr> <tr> <td>Purchase of an intermediate product</td> <td>250</td> </tr> </tbody> </table>	Items	Amount	Sale	400	Change in stock	-20	Depreciation	30	Net indirect taxes	40	Purchase of machinery	200	Purchase of an intermediate product	250	3
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13	<p>Reserve Bank of India is the central bank of India. Explain its role as per the following capacities:</p> <p>a. Bank of issue.</p> <p>b. Lender of the last resort</p> <p>c. Controller of the commercial banks</p> <p>d. Government's bank</p>	4														
14	Explain NI equilibrium through AD-AS approach n show the necessary adjustment in case of a disequilibrium situation. (Use diagram).	4														

OR

Explain NI equilibrium through $S = I$ approach. (use diagram)
 How will the economy react in case of a disequilibrium situation? Explain the necessary forces that would come into play to restore the equilibrium.

15

4



- a. What are the various components of revenue expenditure and capital expenditure?
- b. Discuss the implications of deficit budget on economic development.
- c. Differentiate between plan and non-plan expenditure.

16

3+3

i. From the following data, calculate GNP at MP:

Serial no.	Items	(Rs in crores)
1.	COE	2000
2.	Interest	500
3.	Rent	700
4.	Profit	800
5.	Employer's Contribution to SSS	200
6.	Dividends	300
7.	Consumption of fixed capital	100
8.	NIT	250
9.	Net exports	70
10.	NFI to abroad	150

	11.	Mixed income of self employed	1500	
OR				
ii. Calculate:				
a. . National Income b. Gross domestic product at factor cost.				
	Serial No.	Item	Amount (In Rs Crs)	
	1.	Net domestic capital formation	220	
	2.	Consumption of fixed capital	70	
	3.	Private final consumption expenditure	1,200	
	4.	Net current transfers to abroad	(-)30	
	5.	Net imports	40	
	6.	Net factor income to abroad	10	
	7.	Subsidies	50	
	8.	Government final consumption expenditure	200	
	9.	Indirect taxes	240	
	10.	Net change in stocks	(-)20	
17	a. What is Budget? b. Mention the 4 different concepts of deficits in the context of budget in India. c. One of the major components of the revenue budget is the tax revenue. Explain the various types of tax revenue the Government collects with suitable examples.			6
<u>SECTION B: INDIAN ECONOMIC DEVELOPMENT</u>				
18	Decline of handicraft industries led to: a. Massive unemployment b. Import of finished goods c. Both (a) and (b) d. Neither (a) and (b)			1
19	What do you mean by planning commission and who is the chairman of this commission?			1
20	WTO aims at reduction of trade barriers to liberalise world trade. True or False?			1

21	Public enterprises played a central role in the process of -----	1
22	Due to one-child norm introduced in China, after a few decades there will be more elderly people in proportion to young people in china. What will be its effect? OR Great proletarian cultural revolution was started by which Chinese leader?	1
23	China initiated economic reforms in which year? a. 1970 b. 1972 c. 1978 d. 1975	1
	Read the following case study, answer the question number 24-25 on the base of the same. Despite years of strong economic growth in India, rural poverty still affects tens of millions of households. In 2005, the government created the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to address rural poverty. The scheme, which commits the government to providing adult members of rural households with 100 days of paid work, should provide a revolutionary safety net for rural households. Yet corruption, insufficient administrative capacity, a lack of awareness among many rural inhabitants, and manipulation by influential political and economic actors have undermined it. Name two self-employment programmes initiated by the government.	1
24	Name two self-employment programmes initiated by the government.	
25	Where do you think the incidence of poverty is greater: rural areas or urban areas? Give reason.	1
26	Why is minimum support price fixed by the government? a. for government own benefit b. to safeguard the interest of the farmers c. to safeguard the interest of the consumers d. none of these (Choose the correct option)	1
27	What is micro finance?	1
28	A skilled worker like software professional generates more income than an unskilled worker. Why? OR	3

	Education is considered to be an important input for the development of a nation? How?	
29	A study points out that India has about 17 % of the world's population but it bears a frightening 20% of the global burden of diseases (GBD). Comment.	3
30	<p>a. What similar developmental strategies have India and Pakistan followed for their respective developmental paths?</p> <p>b. Why are regional and economic groupings formed?</p>	4
31	<p>What are the benefits and challenges before India for becoming a cashless economy?</p> <p style="text-align: center;">OR</p> <p>Why did RBI have to change its role from controller to facilitator of financial sector in India?</p>	4
32	<p>a. Distinguish between:</p> <p>i. Bilateral and Multilateral trade</p> <p>ii. Tariff and Non-tariff barriers</p> <p>b. Why outsourcing is one of the important outcomes of globalization process?</p>	4
33	<p>a. "In India there are about 473 million workers. Out of these there are about 30 million workers in the formal sector. Only about six % of the workers are employed in formal sector and the rest 94% are in informal sector."</p> <p>i. What are formal and informal sectors?</p> <p>ii. What does the high percentage of employment in informal sector reflects about the quality of employment in the country? Comment.</p> <p>iii. Even though employment growth is slow, but why people in India cannot remain unemployed for long. Give reason.</p> <p>b. Describe the following forms of unemployment.</p> <p>i. Open unemployment</p> <p>ii. Disguised unemployment</p> <p>iii. Seasonal unemployment</p> <p style="text-align: center;">OR</p> <p>a. Explain any serious adverse environmental consequences of development in India.</p>	3+3

34	<p>a. How will GST benefit and empower citizens of India?</p> <p>b. Development of health infrastructure ensures a country of healthy manpower for the production of goods and services. Discuss the role of health infrastructure.</p> <p>c. Discuss the following as a source of human capital formation:</p> <ul style="list-style-type: none">i. Health infrastructureii. Expenditure on migration	2+2+ 2
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