



# INDIAN SCHOOL AL WADI AL KABIR

## SAMPLE PAPER 2 -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.

<b><u>SECTION A: MACRO ECONOMICS</u></b>		
1	Foreign industries in India are a part of India's _____ territory:  a. Economic territory b. Geographical territory c. Both a and b d. None of the above  <b>OR</b> Goods purchased for the following purpose are _____ goods.  a. For satisfaction of wants. b. For investment in firms c. Both a and b d. None of the above	1
2	Calculate the value of money multiplier and the total deposit created if the initial amount is ₹. 700 crores and LRR is 10%.	1
3	Which of the following is not a function of the central bank?  a. Banking facilities to the Government b. Banking facilities to the public c. Lending to the Government d. Lending to the commercial banks	1

4	Calculate LRR, if the initial deposit of ₹. 500 crores lead to the establishment of total deposits of ₹. 4,000 crores.	1
5	Why does the C curve does not start from origin?	1
6	The saving function of an economy is given as $S = (-)10 + 0.2Y$ . If ex-ante investment are Rs 240 crs, calculate equilibrium level of income in the economy.	1
	<p><b>EMERGENCE OF MACROECONOMICS:</b> Macroeconomics, as a separate branch of economics, emerged after the British economist John Maynard Keynes published his celebrated book <i>The General Theory of Employment, Interest and Money</i> in 1936. The dominant thinking in economics before Keynes was that all the labourers who are ready to work will find employment and all the factories will be working at their full capacity. This school of thought is known as the classical tradition. However, the Great Depression of 1929 and the subsequent years saw the output and employment levels in the countries of Europe and North America fall by huge amounts. It affected other countries of the world as well. Demand for goods in the market was low, many factories were lying idle, workers were thrown out of jobs. In USA, from 1929 to 1933, unemployment rate rose from 3 per cent to 25 per cent (unemployment rate may be defined as the number of people who are not working and are looking for jobs divided by the total number of people who are working or looking for jobs). Over the same period aggregate output in USA fell by about 33 per cent. These events made economists think about the functioning of the economy in a new way. The fact that the economy may have long lasting unemployment had to be theorised about and explained. Keynes' book was an attempt in this direction. Unlike his predecessors, his approach was to examine the working of the economy in its entirety and examine the interdependence of the different sectors. The subject of macroeconomics was born.</p> <p>Source: Introductory Macroeconomics textbook for Class 12.</p>	1
7	<p>Microeconomics is different from macroeconomics as,</p> <ol style="list-style-type: none"> <li>Microeconomics deals with economic behavior</li> <li>Microeconomics deals with individual behaviour</li> <li>Microeconomics deals with prices only</li> <li>d. Microeconomics deals with the government's decisions</li> </ol> <p>(Choose the correct option)</p>	

8	Define full employment equilibrium.	1
9	In 1929 the output and employment levels in the countries of Europe and North America fell by huge amounts. In economic terms this is known as -----	1
10	The problem of unemployment refers to a situation of voluntary unemployment. True/false? Give reasons.	1
11	<p>Giving reasons, state which of the following statements is true or false:</p> <p>a. The value of intermediate consumption is nothing but the gross total value of intermediate goods.</p> <p>b. Private final consumption expenditure refers to consumption expenditure by the households only.</p> <p style="text-align: center;"><b>OR</b></p> <p>a. Stocks always remain unchanged while flows may increase or decrease.</p> <p>b. Expenditure on replacement of engine in a car owned by a corporate enterprise is intermediate consumption.</p>	3
12	Do you think that trade surplus and current account deficits may coexist? Give reasons.	3
13	<p>How uniform is the distribution of GDP? It still seems that majority of the people are poor and only some have benefited. GDP and Welfare Can the GDP of a country be taken as an index of the welfare of the people of that country? If a person has more income, he or she can buy more goods and services and his or her material well-being improves. So, it may seem reasonable to treat his or her income level as his or her level of well-being. GDP is the sum total of value of goods and services created within the geographical boundary of a country in a particular year. It gets distributed among the people as incomes (except for retained earnings). So, we may be tempted to treat higher level of GDP of a country as an index of greater well-being of the people of that country (to account for price changes, we may take the value of real GDP instead of nominal GDP).</p> <p>Source: Introductory Macroeconomics Textbook for Class 12, p.27.</p> <p>a. Is it reasonable to treat a person's income level as his or her level of well-being?</p> <p>b. Do you think that GDP is a true indicator of welfare?</p>	4

14	Outline the steps required to draw a saving curve from a given Consumption curve. Mark the break-even point in your diagram. <b>OR</b> Outline the steps required to draw a consumption curve from a given Saving curve. What is the difference between ex post investment and ex-ante investment?	4										
15	An economy is always characterized by the working of inflationary and deflationary pressures. A budget can be used as a rectifying measure to rectify such kind of situation. Do you agree? Give reasons in support of your answer.	4										
16	a. Explain mixed income of self-employed and give an example. b. Explain 'non-monetary exchanges' as a limitation of using gross domestic product as an index of welfare of a country.	3+3										
17	Explain how Government budget can be effectively used in the following situations: a. To influence the distribution of income. b. To bring about economic stabilization in the country. <b>OR</b> a. Government raises its expenditure on public goods. Which economic value does it reflect? b. Explain the concept of primary deficit in the budget. What does it indicate?	3+3										
<b><u>SECTION B: INDIAN ECONOMIC DEVELOPMENT</u></b>												
18	Match the following: - <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Group I</th> <th style="width: 50%;">Group II</th> </tr> </thead> <tbody> <tr> <td>1. Railway services in India</td> <td>1853</td> </tr> <tr> <td>2. First Indian census</td> <td>1850</td> </tr> <tr> <td>3. Second stage of demographic transition</td> <td>1881</td> </tr> <tr> <td>4. First train in India</td> <td>1921</td> </tr> </tbody> </table>	Group I	Group II	1. Railway services in India	1853	2. First Indian census	1850	3. Second stage of demographic transition	1881	4. First train in India	1921	1
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1. Railway services in India	1853											
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19	Under which economy, the goods are distributed among people on the basis of demand and not on what people need. (a) Capitalist economy (b) socialist economy (c) mixed economy (d) dual economy	1										
20	_____ refers to the sale of equity of public sector units in the market. (a) Liberalization	1										

	(b) globalization (c) privatization (d) disinvestment									
21	International Bank for Reconstruction and Development, popularly known as - ---	1								
22	Match the following: <table border="1" style="margin-left: 40px;"> <tr> <td>1. Regional and global economic grouping's such as the SAARC, G-8, ASEAN etc.</td> <td>Students and professionals sent to work and learn from the country side</td> </tr> <tr> <td>2. The great leap forward campaign initiated by china in 1958</td> <td>Means to strength then their own domestic economies.</td> </tr> <tr> <td>3. The commune system in china</td> <td>People collectively cultivated lands.</td> </tr> <tr> <td>4. The Great proletarian cultural revolution introduced by Mao in 1965.</td> <td>Industrializing the country on a massive scale</td> </tr> </table> <p style="text-align: center;">OR</p> <p>In terms of sectoral contribution to GDP, the economy of china is relying more on: -</p> <p>(a) Primary sector (b) secondary sector (c) tertiary sector (d) none of these</p>	1. Regional and global economic grouping's such as the SAARC, G-8, ASEAN etc.	Students and professionals sent to work and learn from the country side	2. The great leap forward campaign initiated by china in 1958	Means to strength then their own domestic economies.	3. The commune system in china	People collectively cultivated lands.	4. The Great proletarian cultural revolution introduced by Mao in 1965.	Industrializing the country on a massive scale	1
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23	<b>Assertion: The area suitable for cultivation is relatively small in China</b> <b>Reason: Urbanization is high in China.</b>  <b><u>ALTERNATIVES:</u></b> 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	1								
24	Casual workers are grouped as the chronic poor. (True/False). Give reason.	1								
25	Estimation of poverty in urban areas is at the consumption of per day calorie is: - (a) less than 2200 (b) less than 2100	1								

	(c) less than 2400 (d) less than 2000	
26	<b>Read the following case study/report based, answer the question number 26-27 on the base of the same.</b>  The policy intervening rural credit /agriculture has always been credit driven. this is even more pronounced in the recent interventions made by the state in the package announced for distressed farmers in doubling agricultural credit, providing subvention and putting an upper cap on interest rates for agricultural loans. Looking specifically at rural financial markets using some primary data, we argue that it is necessary to understand the rural financial markets from demand side.  Mention any two sources of rural credit in India.	1
27	a. What are the main institutional sources of rural credit in India. b. What are suggestive measures to overcome the problems of marketing system in India.	1
28	‘Human capital benefits only the owner and not the society’. Defend or Refute.  OR  Though various schemes and policies, the government takes initiatives to generate employment directly and indirectly. Explain.	3
29	“Health is vital public goods and a basic human right.” How can all citizens get better health facilities? Give a few suggestions.	3
30	a. “The present day fast industrial growth in China can be traced back to the reforms introduced in 1978.” Defend or refute the above statement. b. Describe the path of developmental initiatives taken by Pakistan for its economic development.	4
31	Why did India adopt New Economic Policy in 1991?  OR  Agriculture sector appears to be adversely affected by the reform process. Why?	4
32	a. Do you think the Navaratna policy of the government helps in improving the performance of public sector undertakings in India? How? b. Those public sector undertakings which are making profits should be privatized. Do you agree with this view? Why?	4
33	a. How will you know whether a worker is working in the informal sector?	3+3

	<p>b. 'Labour force' and 'work force' are one and the same thing. Comment.</p> <p style="text-align: center;">OR</p> <p>a. Give two instances of:</p> <p>i. Overuse of environmental resources</p> <p>ii. Misuse of environmental resources</p>	
34	<p>a. What do you understand by globalization? Mention the changes made by globalization in the Indian economy.</p> <p>b. Infrastructure contributes to the economic development of a country. Do you agree? Explain.</p> <p>c. Bring out the difference between human capital and human development.</p>	2+2+2