



INDIAN SCHOOL AL WADI AL KABIR

SAMPLE PAPER 4-2020-21

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	<p>Output means _____ unless stated otherwise.</p> <ol style="list-style-type: none">a. Gross output at MPb. Net output at MPc. Gross output at FCd. None of these <p style="text-align: center;">OR</p> <p>If factor cost is greater than market price, it means that</p> <ol style="list-style-type: none">a. Indirect taxes < subsidiesb. Indirect taxes > subsidiesc. Indirect taxes = subsidiesd. None of these	1
2	<p>Which of the following conditions need to be fulfilled by a financial Institution to become a bank?</p> <ol style="list-style-type: none">i. Advancing loansii. Accepting depositsiii. Both (i) and (ii)iv. Neither (i) nor (ii)	1
3	<p>Demand deposit are:</p> <ol style="list-style-type: none">i. Chequable depositsii. Non-chequable depositsiii. Deposits which can be withdraw on demandiv. Both (i) and (iii)	1

4	<p>Demand deposit include:</p> <ol style="list-style-type: none"> Savings account deposits and fixed deposits Savings account deposits and current account deposits Current account deposits and fixed deposits All types of deposits 	1
5	<p>When economy decides to save whole of its additional income, then value of K will be:</p> <ol style="list-style-type: none"> 0 1 Infinity (∞) None of these 	1
6	<p>If APC of an economy is 0.6, savings at the income level of Rs. 1,000 crores will be</p> <ol style="list-style-type: none"> Rs. 100 crores Rs. 300 crores Rs. 400 crores Rs. 600 crores 	1
	<p><i>Public goods, as distinct from private goods, are collectively consumed. Two important features of public goods are – they are non-rivalrous in that one person can increase her satisfaction from the good without reducing that obtained by others and they are non-excludable, and there is no feasible way of excluding anyone from enjoying the benefits of the good. These make it difficult to collect fees for their use and private enterprise will in general not provide these goods. Hence, they must be provided by the government.</i></p> <p><i>(From Introductory macro Economics Pg 73)</i></p>	
7	<p>Give examples of two public goods in India.</p>	1
8	<p>What is the main line of demarcation between a private good and a public good?</p>	1
9	<p>The expenditure on a public good is shown as _____.</p> <ol style="list-style-type: none"> Revenue expenditure Capital expenditure Revenue receipt Capital receipt 	1

10	From where does the Government procure money to produce public goods for the welfare of the society?	1																				
11	<p>Find the net value added at factor cost:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">i. Durable use producer goods with a life span of 10 years</td> <td style="text-align: right;">10 lakh</td> </tr> <tr> <td>ii. Single use producer goods</td> <td style="text-align: right;">5 lakh</td> </tr> <tr> <td>iii. Sales</td> <td style="text-align: right;">20 lakh</td> </tr> <tr> <td>iv. Unsold output during the year</td> <td style="text-align: right;">2 lakh</td> </tr> <tr> <td>v. Taxes on production</td> <td style="text-align: right;">1 lakh</td> </tr> </table> <p style="text-align: center;">OR</p> <p>Find the net value added at market price:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">i. Fixed capital good with a life span of 10 years</td> <td style="text-align: right;">15 lakh</td> </tr> <tr> <td>ii. Raw materials</td> <td style="text-align: right;">6lakh</td> </tr> <tr> <td>iii. Sales</td> <td style="text-align: right;">25 lakh</td> </tr> <tr> <td>iv. Net change in stock</td> <td style="text-align: right;">(-) 2 lakh</td> </tr> <tr> <td>v. Taxes on production</td> <td style="text-align: right;">1 lakh</td> </tr> </table>	i. Durable use producer goods with a life span of 10 years	10 lakh	ii. Single use producer goods	5 lakh	iii. Sales	20 lakh	iv. Unsold output during the year	2 lakh	v. Taxes on production	1 lakh	i. Fixed capital good with a life span of 10 years	15 lakh	ii. Raw materials	6lakh	iii. Sales	25 lakh	iv. Net change in stock	(-) 2 lakh	v. Taxes on production	1 lakh	3
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12	<p>i. India Government has imported a scanner from Japan.</p> <p>ii. Novib, a Dutch Investment company has invested his money in a small IT company in India.</p> <p>Giving reason, explain whether the above two items (i, ii) will be entered in</p> <p>a. Current account or capital account</p> <p>b. Credit or debit side of BOP</p>	3																				
13	Government of India has launched “Jan Dhan Yojna which aims at enabling every household in the country to have at least one bank account. Do you feel this policy is going to have a positive impact on the national income of India? Give reasons in support of your answer.	4																				
14	<p>What is investment multiplier? Explain its working with $MPS = 0.8$ and initial investment = 1000. State clearly the change in consumption, change in income and the value of the multiplier.</p> <p style="text-align: center;">OR</p> <p>Give reasons for the following statements:</p> <p>a. Under the situation of full employment equilibrium, there is no unutilised capacity in the economy.</p>	4																				

	<p>b. Full employment implies there is no involuntary unemployment in the economy.</p> <p>c. The problem of unemployment refers to a situation of voluntary unemployment.</p> <p>d. In a situation of excess demand, there is underemployment in the economy.</p>	
15	<p>i. What is inflationary gap? Explain with a diagram.</p> <p>ii. State three measures to reduce this gap.</p>	4
16	<p>i. Many Indian soldiers lost their lives for ceasefire violations by the Pakistani soldiers. India Government decided to pay family pension to the diseased soldiers. Explain whether this will be included in the national income of India.</p> <p>ii. In what sense can defense and security services provided by the Indian Government be treated as intermediate service?</p> <p>iii. The recent policy of the central Government of cash transfer of subsidy on LPG has raised the level of annual income of households. Does it mean an increase in domestic income of India? Justify your answer.</p> <p style="text-align: center;">OR</p> <p>i. How can estimates of GDP using income method and expenditure method be identical when households do not spend their entire income on purchase of goods and services, a part of which remain unsold during an accounting year.</p> <p>ii. Explain the economic value of using net output method for the estimation of GDP.</p> <p>iii. Is income in the form of capital gains is a part of capital formation? Justify your answer.</p>	3+3
17	<p><i>The balance of payments (BOP) record the transactions in goods, services and assets between residents of a country with the rest of the world. There are two main accounts in the BoP – the current account and the capital account.....</i></p> <p><i>The essence of international payments is that just like an individual who spends more than her income must finance the difference by selling assets or by borrowing, a country that has a deficit in its current account (spending more abroad than it receives from sales to the rest of the world) must finance it by selling assets or by borrowing abroad. Thus, any current account deficit is of necessity financed by a net capital inflow.</i></p> <p><i>(From Introductory Macro Economics Pg 78)</i></p>	3+3

	<p>i. Define balance of payment on current account and balance of payment on capital account.</p> <p>ii. Does current account BOP include import and export of goods only? Give reasons.</p> <p>iii. Capital account BOP shows a deficit of Rs 40,000 and exports of merchandise = import of merchandise = Rs 30, 000. Find the state of balance of the current account BOP. Give reason in support of your answer.</p>	
	<u>SECTION B: INDIAN ECONOMIC DEVELOPMENT</u>	
18	<p>On the eve of independence, India was net exporter of:</p> <p>a. Primary products</p> <p>b. Finished industrial goods</p> <p>c. Both (a) and (b)</p> <p>d. None of these</p>	1
19	Life expectancy was as low as 32 years during British rule. (True/False)	1
20	<p>What kind of tax is GST?</p> <p>a. direct tax</p> <p>b. indirect tax</p> <p>c. depends on the type of goods and services</p> <p>d. none of the above</p>	1
21	<p>The WTO was founded in:</p> <p>a. 1948</p> <p>b. 1995</p> <p>c. 1985</p> <p>d. 1975</p>	1
22	<p>The country having maximum population of the world is:</p> <p>a. India</p> <p>b. Pakistan</p> <p>c. china</p> <p>d. none of these</p> <p style="text-align: center;">OR</p> <p>In terms of sectoral contribution to GDP, economics of India and Pakistan are now relying more on:</p> <p>a. primary sector</p> <p>b. secondary sector</p> <p>c. tertiary sector</p> <p>d. none of these</p>	1

23	<p>Assertion: China is the largest populated country and occupies the largest area among the three nations.</p> <p>Reason: The population growth in china is low.</p> <p>ALTERNATIVES:</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>c. Assertion (A) is true but Reason (R) is false.</p> <p>d. Assertion (A) is false but Reason (R) is true</p>	1
24	<p>Which poverty is related to the distribution of income, it is called:</p> <p>a. low line poverty</p> <p>b. absolute poverty</p> <p>c. relative poverty</p> <p>d. none of these</p>	1
25	<p>The government’s approach to poverty reduction was of three dimensions. (True/False)</p>	1
	<p>Read the following case study/report based, answer the question number 26-27 on the base of the same.</p> <p>Bill relating to commodities: The essential commodities (Amendment) Bill,2020 (provisions)</p> <ul style="list-style-type: none"> ➤ To remove commodities like cereals, pulses, oilseeds, onion and potatoes from the list of essential commodities. It will do away with the imposition of stock holding limits on such items except under “extraordinary circumstances” like war. ➤ This provision will attract private sector/FDI into farm sector as it will remove fears of private investors of excessive regulatory interference in business operations. ➤ To bring investment for farm infrastructure like cold storages, and modernizing food supply chain. ➤ To help both farmers and consumers by bringing in price stability. ➤ To create competitive market environment and cut wastage of farm produce. 	
26	<p>Announcement of prices of agricultural goods every year is known as-----</p>	1

27	What do you understand by MSP, in whose favour government proposes the policy?	1
28	Give the meaning of human capital formation. Why do people spend money to acquire information? OR Mention the government organizations each that regulates the health and education sectors.	3
29	What is worker population ratio? Why is it calculated?	3
30	a. What is the important implication of the one child norm in China? b. Explain the Great Leap Forward campaign of China as initiated in 1958.	4
31	Mention the industrial reforms introduced by the Indian government under NEP to enhance country's industrial competitiveness. OR In India since 1991, liberalization measures were undertaken. What is liberalization? State the objectives of liberalization.	4
32	a. Though the GDP growth rate has increased, it has not generated sufficient employment. Why? b. Define outsourcing. Why do developed countries oppose outsourcing?	4
33	a. 'Medical tourism is a great opportunity for earning more foreign exchange'. True or False. Give reasons in support of your answer OR b. What is meant by sustainable development? State the strategies for sustainable development in India.	3+3
34	a. Explain Foreign Exchange Reforms introduced under economic reforms of 1991. b. What is the state of rural infrastructure in India? c. In your view, is it essential for the government to regulate the fee structure in education and health care institutions? If so, why?	2+2+2