

Roll No:

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Candidates must write the code on the title page of the answer book

- Please check that this question paper contains 8 printed pages.
- Code number given on the right-hand side of the question paper should be written on the title page of the answer book by the candidate.
- Please check that this question paper contains 34 questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 07.10 a.m. From 07:15 a.m. to 07.30 a.m., the students will read the question paper only and will not write any answer on the answer – book during this period.

ECONOMICS (030)

Date: 17/ 02/21

Time: 3 hours

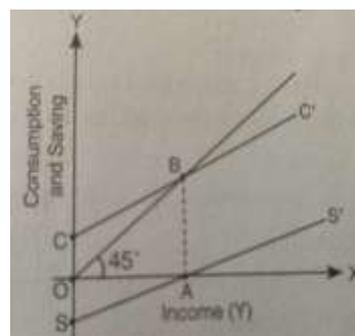
Max. Marks: 80

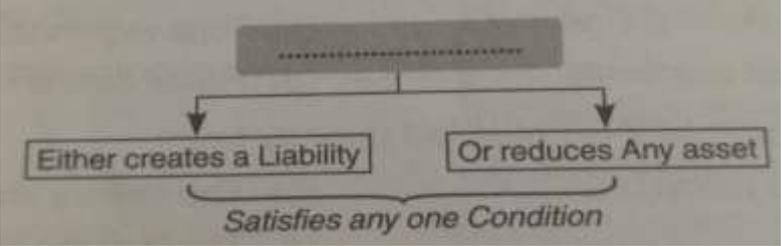
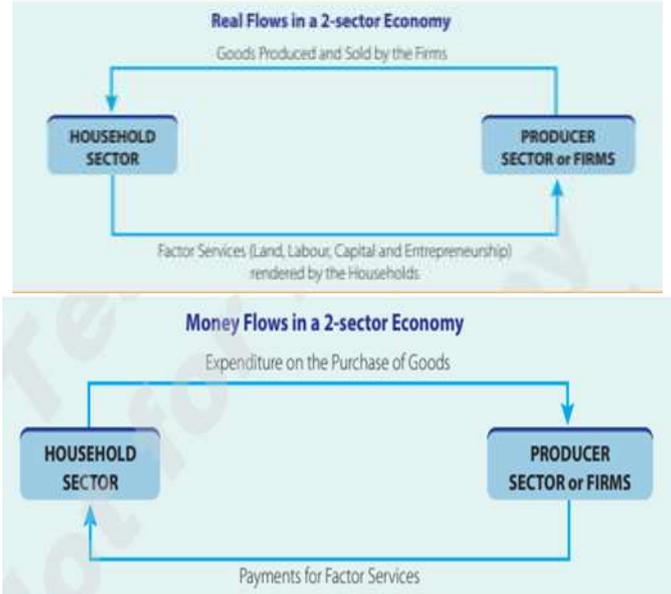
Instructions:

i.	<i>All the questions in both the sections are compulsory. Marks for questions are indicated against each question.</i>
ii.	<i>Question number 1 - 10 and 18 - 27 are very short-answer questions carrying 1 mark each. They are required to be answered in one word or one sentence each.</i>
iii.	<i>Question number 11 - 12 and 28 - 29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60-80 words each.</i>
iv.	<i>Question number 13 - 15 and 30 - 32 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 80-100 words each.</i>
v.	<i>Question number 16 - 17 and 33 - 34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100-150 words each.</i>
vi.	<i>Answer should be brief and to the point and the above word limit be adhered to as far as possible.</i>

PART A - MACRO ECONOMICS

	PART A - MACRO ECONOMICS	
1	<p>Which of the following is not a factor payment?</p> <ol style="list-style-type: none"> Free uniform to defence personnel Rent paid to the owner of a building Salaries to the members of parliament Scholarship given to the students <p align="center">OR</p> <p>Ms. Nidhi is interested in knowing the change in quantity produced by a farmer with a fall in the price of the product. Which branch of economics would she study to ascertain the change?</p>	1
2	<p>Deposit creation by banks comes to an end when-----</p> <ol style="list-style-type: none"> Fresh deposits with banks become zero Legal reserve ratio becomes zero Money multiplier becomes zero Total reserve equal initial deposits 	1
3	<p>Assertion: High-powered money is the sum total of currency held by the people, cash of the commercial banks and cash reserves of the commercial bank with the RBI.</p> <p>Reason: Bank money refers to demand deposits of the people with the commercial bank.</p> <p>Choose the correct alternative:</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason are true and Reason is the correct explanation of the assertion A Both Assertion (A) and Reason are true and Reason is not the correct explanation of the assertion A Assertion A is true but the Reason is false. Assertion A is false but the Reason is true. 	1
4	<p>Money is a liquid store of wealth. (True/False). Give reason.</p>	1
5	<p>If the saving function is $S = -20 + 0.3Y$, then what will be the value of MPC?</p>	1
6	<p>Break-even point in the following diagram is represented by:</p> <ol style="list-style-type: none"> Point B Point A Both (a) and (b) Neither (a) nor (b) 	1



7	A reduction in government spending leads to fall in the income and purchasing power of the people. (True/False), Give reason.	1
8	 <p>Identify the missing item in the above flowchart:</p> <ol style="list-style-type: none"> Capital receipts Revenue receipts Revenue expenditure Capital expenditure 	1
9	What is the basic difference between direct tax and indirect tax?	1
10	Under flexible exchange rate system, each country fixes its value of currency in terms of some external standard. a. True b. False Give reason.	1
11	 <ol style="list-style-type: none"> What is meant by circular flow of income? Define real flow and money flow state its alternative names. Circular flow of income refers to the unending flow of the activities of production, income generation and expenditure involving different sectors of the economy. (True/False) 	3

12	<p>a. What is the meaning of invisible items? Identify the following items as visible or invisible:</p> <ol style="list-style-type: none"> i. Export of jute ii. Export of software services. <p>b. Distinguish between current account and capital account of balance of payment account. Is import of machinery recorded in current account or capital account? Give reason.</p> <p style="text-align: center;">OR</p> <p>a. Distinguish between devaluation and depreciation of domestic currency.</p> <p>b. Distinguish between autonomous and accommodating transactions of BOP account.</p>	3
13.	<p>a. Explain the following functions of central bank:</p> <ol style="list-style-type: none"> i. Currency authority ii. Lender of Last resort <p>b. Government of India has launched Jan-Dhan Yojna aimed at every household in the country to have at least one bank account. Explain how deposits made under the plan are going to affect national income of the country.</p>	4
14	<p>a. If a consumption function of a hypothetical economy is given as:</p> $C = 100 + 0.6 Y,$ <p>then</p> <ol style="list-style-type: none"> i. What will be the values of MPC and MPS for the economy? ii. Write the corresponding saving function. iii. What will be the value of the investment multiplier? iv. What kind of relation exists between MPS and the investment multiplier? <p style="text-align: center;">OR</p> <p>b. During 2019-20, the demand for masks and sanitizers increased due to the pandemic situation. At the same time, many new firms came up to produce these commodities. But demand was so much that it could not match the aggregate supply. Assuming that only goods produced in the economy are sanitizer and masks, apply the Keynesian theory to answer the following questions:</p> <ol style="list-style-type: none"> a. What kind of situation exists in the economy and which gap is created in the economy with respect to full employment equilibrium? b. Draw a diagram to represent this gap taking mask and sanitizer as a single good. c. What will be the effect of this situation on general price level and why? 	4
15	<ol style="list-style-type: none"> i. Define a Government budget. ii. Who presents the Government budget in the Indian parliament? iii. The government under Ujjwala Yojana, is providing free LPG kitchen gas connections to the families below the poverty line, what objective the government is trying to fulfill through the government budget and how? Explain. 	4
16	<p>a. Which of the following items is part of Compensation of Employees? Give reasons for your answer.</p> <ol style="list-style-type: none"> i. Entertainment allowance to an employee to entertain business guests. ii. Employers' contribution to gratuity fund of the employees. 	3+3

	<p>iii. Medical expenses of a firm on treatment of employee's family.</p> <p>b. Suraj makes the following transactions. Discuss the impact of each transaction on the national income of the country with reasons.</p> <p>i. He sells his car for Rs 80,000.</p> <p>ii. He purchases an antique painting for Rs 4,500.</p> <p>iii. He purchased shares of Reliance industries for Rs 12,000.</p> <p style="text-align: center;">OR</p> <p>a. Distinguish between real gross domestic product and nominal gross domestic product. Which of these is a better index of welfare of the people and why?</p> <p>b. If the real GDP is Rs 300 and nominal GDP is Rs 330, calculate price index (base = 100).</p> <p>c. Explain any four limitations of using GDP as a measure/ index of welfare of a country.</p>	<p>2+2</p> <p>+2</p>
17	<p>a. Explain:</p> <p>i. Reallocation of resources</p> <p>ii. Economic stability as objectives of government budget.</p> <p>b. State the following statements are True or False. Give reasons.</p> <p>i. Expenditure made on establishment of Metro Rail line in Delhi is a capital expenditure.</p> <p>ii. Fiscal deficit in the economy will be zero if there is no provision for borrowing in the budget.</p> <p>iii. Government budget is a statement of actual receipts and expenditure of the government.</p>	3+3
<u>PART B: INDIAN ECONOMIC DEVELOPMENT</u>		
18	<p>One of the following points about Indian economy is not true. Identify the false statement:</p> <p>a. Indian agriculture was flourishing before the advent of the British.</p> <p>b. British developed the railway system in India for their own benefits.</p> <p>c. India's foreign trade throughout the colonial period was marked by a large export surplus.</p> <p>d. India had a sound industrial base under the British.</p>	1
19	<p>During the initial stages of planning, special concessions were given to the industries producing goods to be used as substitutes for imported goods. This strategy was named as:</p> <p>a. Inward looking trade strategy</p> <p>b. Outward looking trade strategy</p> <p>c. Export promotion strategy</p> <p>d. None of these</p> <p style="text-align: center;">OR</p> <p>Define the term Marketed Surplus in the context of Indian agriculture.</p>	1

20	<p>Match the following</p> <table border="1" data-bbox="165 159 1334 499"> <tr> <td data-bbox="165 159 751 271">1. Prime minister</td> <td data-bbox="751 159 1334 271">a. The money value of all the final goods and services produced within a year.</td> </tr> <tr> <td data-bbox="165 271 751 309">2. Gross domestic product</td> <td data-bbox="751 271 1334 309">b. Adoption of new technology</td> </tr> <tr> <td data-bbox="165 309 751 383">3. Modernization</td> <td data-bbox="751 309 1334 383">c. Chairperson of the planning commission</td> </tr> <tr> <td data-bbox="165 383 751 499">4. Self-sufficiency</td> <td data-bbox="751 383 1334 499">d. Avoiding imports of those goods which could be produced in India itself.</td> </tr> </table>	1. Prime minister	a. The money value of all the final goods and services produced within a year.	2. Gross domestic product	b. Adoption of new technology	3. Modernization	c. Chairperson of the planning commission	4. Self-sufficiency	d. Avoiding imports of those goods which could be produced in India itself.	1		
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21	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion: Diversification of crops shifted from single cropping system to multiple cropping. Reason: It increases the risk of market loss due to price fluctuation.</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										
22	<p>A monopoly firm decides to introduce a new ERP system. It trains its employees with basic skills of how to use it practically. This is which source of human capital formation?</p> <p>a. Study Programme for Adults b. Expenditure on Information c. On the job training d. Investment in education</p>	1										
23	<p>Form the Correct pairs from Column A and Column B:</p> <table border="1" data-bbox="165 1608 1374 1877"> <thead> <tr> <th data-bbox="165 1608 959 1664">Column A</th> <th data-bbox="959 1608 1374 1664">Column B</th> </tr> </thead> <tbody> <tr> <td data-bbox="165 1664 959 1709">a. Introduction of economic reforms in China</td> <td data-bbox="959 1664 1374 1709">i. 1949</td> </tr> <tr> <td data-bbox="165 1709 959 1753">b. Establishment of people's Republic of China</td> <td data-bbox="959 1709 1374 1753">ii. 1953</td> </tr> <tr> <td data-bbox="165 1753 959 1798">c. China announced its first five-year plan</td> <td data-bbox="959 1753 1374 1798">iii. 1958</td> </tr> <tr> <td data-bbox="165 1798 959 1877">d. The great leap forward campaign initiated in China</td> <td data-bbox="959 1798 1374 1877">iv. 1978</td> </tr> </tbody> </table>	Column A	Column B	a. Introduction of economic reforms in China	i. 1949	b. Establishment of people's Republic of China	ii. 1953	c. China announced its first five-year plan	iii. 1958	d. The great leap forward campaign initiated in China	iv. 1978	1
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**Incidence of Poverty, by Social Groups,
1993-4 and 2004-5**
(per cent)

Year	Rural			Urban		
	SC	ST	All	SC	ST	All
1993-4	48.3	52.0	37.3	48.8	40.1	32.4
2004-5	36.8	47.7	28.3	39.8	33.9	25.7

Source: India Human Development Report 2011, p. 116.

24	For which social group incidence of poverty was higher than the national average in rural areas in 1993-1994?	1
25	During 1993-94 to 2004-05, which social group in urban area experienced higher reduction in poverty	1
26	Enumerate whether decline in poverty an all India level has been higher in rural area or in urban area?	1
27	To reduce poverty, on which social group, the Government should pay more attention.	1
28	Which world organization said that India should transform to a “Knowledge Economy” and why? OR Explain the role of human capital formation in promoting the growth of an economy.	3
29	a. What is morbidity? b. Expand the term GBD. c. What does GBD indicate about state of public health in India?	3
30	a. Explain the term infrastructure. b. How has women’s health become a matter of concern? c. Name and differentiate the six systems of Indian medicine.	1+1 +2
31	a. Distinguish between bi-lateral and multi-lateral trade. b. The benefit of being a member of WTO is limited to countries like India. Do you agree? Give reasons in support of your answer. OR a. What do you understand by the term ‘demonetization’? b. In which year did the last demonetization happen in the Indian economy? c. Why did the Indian Government resort to the act of demonetization?	2+2 1+1 +2
32	a. Bring out clearly the need for diversification in Indian agriculture. b. In this context discuss the need for agro-processing industries.	2+2

	<p><i>Geography has made us neighbours. History has made us friends. Economics has made us partners, and necessity has made us allies. Those whom God has so joined together, let no man put asunder.</i> John F. Kennedy</p> <p><i>Over the last two decades or so, the economic transformation that is taking place in different countries across the world, partly because of the process of globalisation, has both short as well as long-term implications for each country, including India. Nations have been primarily trying to adopt various means which will strengthen their own domestic economies. To this effect, they are forming regional and global economic groupings such as the SAARC, European Union, ASEAN, G-8, G-20, BRICS etc. In addition, there is also an increasing eagerness on the parts of various nations to try and understand the developmental processes pursued by their neighbouring nations as it allows them to better comprehend their own strengths and weaknesses vis-à-vis their neighbours. In the unfolding process of globalisation, this is particularly considered essential by developing countries as they face competition not only from developed nations but also amongst themselves in the relatively limited economic space enjoyed by the developing world. Besides, an understanding of the other economies in our neighbourhood is also required as all major common economic activities in the region impinge on overall human development in a shared environment.</i></p> <p>Source: Pg 82, NCERT Text, Indian Economic Development</p>	
33	<p>a. Name any four neighboring countries of India.</p> <p>b. Define the term ‘globalization’.</p> <p>c. Why are the various means by which countries are trying to strengthen their domestic economies?</p> <p>d. Which neighbouring country of India has recorded a significantly rapid growth in economic development in the context of the whole world and why?</p>	<p>1+1</p> <p>+2+</p> <p>2</p>
34	<p>a. What is worker population ratio and why is it calculated?</p> <p>b. In India male workers constitute a higher percentage than the female workers. Why?</p> <p>c. Do you think that in the last 50 years, employment generated in India is commensurate with the growth of GDP in India? Why?</p> <p style="text-align: center;">OR</p> <p>Explain how the following three elements promote sustainable development:</p> <p>a. Wind Power</p> <p>b. Bio-pest Control</p> <p>c. Bio-composting</p>	<p>2+2</p> <p>+2</p>