

PRACTICE PAPER- 2020-21

CLASS XII ECONOMICS (030)

MM – 80

TIME: 3 HOURS

General Instructions:

1.	This question paper contains two parts: Part A - Macro Economics (40 marks) Part B - Indian Economic Development (40 marks).
2.	Marks for questions are indicated against each question.
3.	Question No. 1-10 and Question No. 18 – 27 (including two Case Based Questions) are 1 mark questions and are to be answered in one word/sentence
4.	Case Based Questions (CBQ's) are Question No. 7-10 and Question No. 25-27.
5.	Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
6.	Question No. 13-15 and Question No. 30 – 32 are 4 marks questions and are to be answered in 80-100 words each.
7.	Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8.	Answers should be brief and to the point and the above word limit be adhered to as far as possible.

Q.No.	QUESTIONS	Marks
	PART A - MACRO ECONOMICS	
1.	Which of the following is not a stock variable? (Choose the correct alternative) (a) Balance in Bank account (b) Number of students in school as on 01/08/2021 (c) National Income of a country (d) Capital Or If $GDP_{FC} = Rs1050$ and Subsidies = Rs50 then GDP_{MP} will be (Choose the correct alternative) (a) Rs 900 (b) Rs 950 (c) Rs 1100 (d) Rs 1000	1
2.	In the production of sugar, sugarcane is (a) a final good (b) a capital good (c) an intermediate good (d) none of these	1
3.	Which of the following is not concerned with banking organization? (a) Bank rate (b) Fiscal deficit; (c) Credit creation; (d) Cash reserve ratio	1

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8.	India's growth is positive after how many months of contraction? (a) 6 months (b) 5 months (c) 4 months (d) 3 months (choose the correct alternative)	1
9.	Increase of growth in manufacturing sector leads to(increase/ decrease) in demand of electricity	1
10.	What percentage share of GDP is industrial growth? (a) 12% (b) 22% (c) 19% (d) 29% (choose the correct alternative)	1

11	Distinguish between intermediate goods and final goods.: .	3
12	State, giving valid reasons, whether the following statements are true or false (a) Autonomous transactions take place in capital account only (b) Foreign investment are recorded in the capital account of balance of payments Or Deficit in BOP may occur either due to autonomous transactions or due to accommodating transactions .Defend or refute.	3
13	How in your opinion, credit creation by the commercial banks accelerates the pace of economic growth? Write two observations. .	4
14	In an economy $C=100+0.7Y, I=500$ (Where C=consumption, Y=income and I=investment). Calculate (i) Equilibrium level of income,(ii)Consumption expenditure at equilibrium level of income. Or Define (i)Ex-ante investments (ii) involuntary unemployment. .	4
15	Explain the role of the following in correcting Excess Demand in an Economy. (i) Bank rate (ii) Open Market Operation .	2+2
16	Giving reasons explain how should the following be treated in estimating gross Domestic Product at market price (i) Fees to mechanic paid by a firm .	6

	<p>(ii) Interest paid by an individual on a car loan taken from a bank (iii) Expenditure on purchasing a car for use by a firm Or Calculate National Income by Income and Expenditure method.</p> <p>Particulars in crores</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">i. Final Consumption Expenditure</td> </tr> <tr> <td style="padding-left: 40px;">Private Sector</td> <td style="text-align: right;">350</td> </tr> <tr> <td style="padding-left: 40px;">Government Sector</td> <td style="text-align: right;">100</td> </tr> <tr> <td>ii. Mixed income of self-employed</td> <td style="text-align: right;">35</td> </tr> <tr> <td>iii. Gross domestic fixed capital formation</td> <td style="text-align: right;">70</td> </tr> <tr> <td>iv. Opening stock</td> <td style="text-align: right;">15</td> </tr> <tr> <td>v. Compensation of employees</td> <td style="text-align: right;">250</td> </tr> <tr> <td>vi. Closing stock</td> <td style="text-align: right;">25</td> </tr> <tr> <td>vii. Imports</td> <td style="text-align: right;">20</td> </tr> <tr> <td>viii. Rent</td> <td style="text-align: right;">75</td> </tr> <tr> <td>ix. Consumption of fixed capital</td> <td style="text-align: right;">10</td> </tr> <tr> <td>x. Net indirect taxes</td> <td style="text-align: right;">25</td> </tr> <tr> <td>xi. Interest</td> <td style="text-align: right;">25</td> </tr> <tr> <td>xii. Net factor income from abroad</td> <td style="text-align: right;">-5</td> </tr> <tr> <td>xiii. Exports</td> <td style="text-align: right;">10</td> </tr> <tr> <td>xiv. Profit</td> <td style="text-align: right;">100</td> </tr> </table>	i. Final Consumption Expenditure		Private Sector	350	Government Sector	100	ii. Mixed income of self-employed	35	iii. Gross domestic fixed capital formation	70	iv. Opening stock	15	v. Compensation of employees	250	vi. Closing stock	25	vii. Imports	20	viii. Rent	75	ix. Consumption of fixed capital	10	x. Net indirect taxes	25	xi. Interest	25	xii. Net factor income from abroad	-5	xiii. Exports	10	xiv. Profit	100	
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17	<p>Categories the following government receipts into revenue and capital receipt. Give reason for your answer.</p> <p>(1) Receipt from sale of shares of public sector undertaking. (2) Borrowing from public. (3) Income tax received by government.</p>																																	
PART B - INDIAN ECONOMIC DEVELOPMENT																																		
18	<p>The common goals of the five year plans are :</p> <p>(a) Modernisation (b) Growth (C) Self –reliance (d) All of the above.</p>	1																																
19	<p>Details about the population of British India were first collected in: ANSWER: (B)</p> <p>(a) 1871 (B) 1881 (C)1891 (D) 1901.</p>	1																																
20	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): India has become a favourable destination of outsourcing for most of the MNC's Reason (R) : In India there are low wage rates and availability of skilled manpower.</p> <p>Alternatives:</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the</p>	1																																

	<p>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.</p>																					
21	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Jute industry was adversely affected due to the partition. Reason (R): The main cause was that the food surplus areas of west Punjab and Sindh went to Pakistan Alternatives: 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.</p>	1																				
22	<p>From the set of events/systems given in column I and corresponding relevant fact given in column II, about China Pakistan and India choose the correct pair of statement:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center">column I</th> <th></th> <th align="center">column II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>India</td> <td>i</td> <td>Highest sex ratio</td> </tr> <tr> <td>B</td> <td>China</td> <td>ii</td> <td>Mixed Economy</td> </tr> <tr> <td>C</td> <td>Pakistan</td> <td>iii</td> <td>Reforms were initiated in the year 1988</td> </tr> <tr> <td>D</td> <td>Highest density of population</td> <td>iv</td> <td>Pakistan</td> </tr> </tbody> </table> <p>Alternatives: (a) A - i (b) B - ii (c) C - iii (d) D - i</p>		column I		column II	A	India	i	Highest sex ratio	B	China	ii	Mixed Economy	C	Pakistan	iii	Reforms were initiated in the year 1988	D	Highest density of population	iv	Pakistan	1
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23	<p>In China, commune system is related to (a) Agriculture (b) Industry (c) Services (d) None of these</p>	1																				
	<p>Read, the following hypothetical Case Study, carefully and answer the question numbers 24 - 27 on the base of the same. Achievement of Green Revolution (i) The major achievement of the new strategy was to boost the production of major cereals viz., wheat and rice. India was depending on the US for the food grain. The US by using Public Law 480 (PL480) exported wheat to India. Indians were waiting for the ships to sip their food. On the other hand, India has lots of minerals. The US could strategically exploit Indian mineral resources at cheapest price for manufacturing missiles and weapons, which gave job opportunity for larger US youth and largely contributed to USGDP. But now India is food surplus, exporting food grains to the European</p>																					

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	<p>countries.</p> <p>(ii) The Green revolution was confined only to High Yielding Varieties (HYV) cereals, mainly rice, wheat, maize and jowar.</p> <p>(iii) This Strategy was also directed to increase the production of commercial crops or cash crops such as sugarcane, cotton, jute, oilseeds and potatoes.</p> <p>(iv) Per hectare productivity of all crops had increased due to better seeds.</p> <p>(v) Green Revolution had positive effect on development of industries, which manufactured agricultural tools like tractors, engines, threshers and pumping sets.</p> <p>(vi) Green Revolution had brought prosperity to rural people. Increased production had generated employment opportunities for rural masses. Due to this, their standard of living had increased.</p> <p>(vii) Due to multiple cropping and more use of chemical fertilizers, the demand for labour increased ,,</p> <p>(viii) Financial resources were provided by banks and co-operative societies. These banks provided loans to farmers on easy terms.</p>																									
24	Main objective of green revolution was to be self sufficient in.....(food grains/textiles)	1																								
25	Positive impact of green revolution on industry which manufactured.....(agriculture tools/ Electronic items)	1																								
26	India was depending on.....(U.S.A./ Britain) for food grains.	1																								
27	Green Revolution generated employment opportunities for(rural areas/urban areas)	1																								
28	What is meant by 'National Food for Work' programme ? Or Distinguish between Green Revolution and Golden Revolution	3																								
29	Why are regular salaried employees more in urban areas than in rural areas?	3																								
30	What are Fiscal policy reforms? Explain.	4																								
31	What is import substitution policy? Why it was introduced in India? Or Do you think the navratna policy of the government helps in improving the performance of public sector undertakings in India? How?	4																								
32	<p>Compare the structure of growth between India and China</p> <table border="1"> <thead> <tr> <th rowspan="2">SECTOR</th> <th colspan="2">% Share in GDP</th> <th colspan="2">% share in employment</th> </tr> <tr> <th>India</th> <th>China</th> <th>India</th> <th>China</th> </tr> </thead> <tbody> <tr> <td>PRIMARY</td> <td>23</td> <td>15</td> <td>60</td> <td>54</td> </tr> <tr> <td>SECONDARY</td> <td>26</td> <td>53</td> <td>16</td> <td>27</td> </tr> <tr> <td>TERTIARY</td> <td>51</td> <td>32</td> <td>24</td> <td>19</td> </tr> </tbody> </table>	SECTOR	% Share in GDP		% share in employment		India	China	India	China	PRIMARY	23	15	60	54	SECONDARY	26	53	16	27	TERTIARY	51	32	24	19	4
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33	You are residing in a village. If you are asked to advise the village panchayat, What kinds of activities would you suggest for the improvement of your village which would also generate employment. Or	6																								

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	What are the factors responsible for land degradation?	
34	State, giving valid reasons whether the following statements are true or false. (a) India was a backward economy before British rule. (b) On-the-job Training is not a source of human capital formation. (c) Coal is as a nonrenewable resource of energy	2+2 +2

