

PRACTICE PAPER, 2020-21

(5)

Class: XII

SUBJECT: ECONOMICS (030)

Time Allowed: 3 Hrs.

Maximum Marks: 80

General Instructions:

1	This question paper contains two parts: Part A – Macro Economics (40 marks) Part B – Indian Economics 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 60-80 words each.
6	Question No. 13-15 and Question No. 30-32 are 4 marks questions and are to be answered 80-100 words each.
7	Question No. 16-17 and Question No. 33-34 are 6 marks questions and are to be answered 100-150 words each.
8	Answer should be in brief and to the point and the above word limit be adhered to as far as possible.

Q. No.	QUESTIONS	Marks
	PART A – INTRODUCTORY MACRO ECONOMICS	
1.	Which one is not included in the estimation of national income? a) Imputed rent of owner-occupied houses. b) Pension on retirement c) Change in stock d) Remittances by NRIs	1
2.	Money which is accepted as a medium of exchange because of the trust between the payer and the payee.	1

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	a) Fiat money b) Credit money c) Full bodied money d) Fiduciary money	
3.	In India, Coins are issued by: a) State Bank of India b) Reserve Bank of India c) Ministry of Urban Development d) Ministry of Finance	1
4.	Spices is a major part of India's export, higher prices of it will _____ (shrink/ expand) Current account surplus.	1
5.	Give one alternative which one can use to finance the deficit on current account BOP in case official reserves with the RBI are not moved?	1
6.	Give one argument against Foreign Investment in India.	1
	The Reserve of India (RBI), cuts repo rates by 75 bps to 4.4%, CRR by 100 bps to 3 percent. Also, it reduced Reverse Repo rate by 90 basis points. This decision and the advancement of the MPC (meet) has been warranted by the disruptive force of the coronavirus. "said Das adding the policy measure will mitigate the negative effects of virus and revive the situation. Afterall, it all depends how India responds to the situation. - The Economic Times, March 27, 2020	
7.	Cut in Reverse Repo rate by RBI is likely to _____ (increase/ decrease) the overall liquidity available in the economy.	1
8.	Cut in Repo rate by RBI will help in correcting the situation of _____ (inflation/ deflation)	1
9.	Decrease in Cash Reserve Ratio will lead to _____ (a) Fall in money supply (b) No change in money supply (c) Rise in money supply (d) Fall in general price level	1
10.	The Impact of 'Deficient Demand' under Keynesian Theory Income and Employment in an economy are: (a) Increase in income, output, employment and general price level. (b) Decrease in nominal income, but no change in real output. (c) No change in output, employment but increase in general price level. (d) Decrease in income, output, employment and general price level.	1

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11.	Sale of private vehicles is increasing day by day. Analyse its impact on GDP and Welfare. Or In the determination of social welfare, what matters is the quantum of output rather than the composition of output. Defend or refute.	3																								
12.	The government announced the third tranche of the Atmanirbhar Bharat Abhiyan Package. A key initiative is the Production Linked initiative worth up to Rs. 1.46 lakh crore for 10 key sectors. - The Indian Express. What impact is it likely to have on foreign exchange rate and imports and how?	3																								
13.	The Indian Economy has been experiencing significant slowdown over the past few quarters. In the third quarter of the current fiscal year, the economy grew at a six-year low rate of 4.7%. Investment and consumption had been languishing and a number of stimulus measures have been taken to bring the economy on a growth path. The new coronavirus epidemic has made the recovery extremely difficult. The outbreak has presented fresh challenges for the Indian Economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story -FICCI (Impact of Covid-19 on Indian Economy}, March 20, 2020. State and discuss any two measures that may be taken by Reserve Bank of India to improve the situation indicated in the above news report.	4																								
14.	In this economy slowdown, how Indian government through its programmes like start up India, Make in India etc can boost up the economy. Analyse the situation and explain the manner in which it is expected to happen.	4																								
15.	What EF gap is termed as? Specify the two measures taken.	4																								
16.	Given the following data, calculate the values of 'Operating Surplus' and 'Net Exports'. <table><tr><td>Items</td><td>(Rs. In crore)</td></tr><tr><td>(i) Wages and Salaries</td><td>2400</td></tr><tr><td>(ii) Domestic Income</td><td>4000</td></tr><tr><td>(iii) Gross domestic fixed capital formation</td><td>1000</td></tr><tr><td>(iv) Mixed Income of Self-employed</td><td>400</td></tr><tr><td>(v) Private final consumption expenditure</td><td>2000</td></tr><tr><td>(vi) Net factor income from abroad</td><td>200</td></tr><tr><td>(vii) Net Indirect taxes</td><td>150</td></tr><tr><td>(viii) Government final consumption expenditure</td><td>1000</td></tr><tr><td>(ix) Consumption of fixed capital</td><td>100</td></tr><tr><td>(x) Profit</td><td>500</td></tr><tr><td>(xi) Change in stock</td><td>100</td></tr></table>	Items	(Rs. In crore)	(i) Wages and Salaries	2400	(ii) Domestic Income	4000	(iii) Gross domestic fixed capital formation	1000	(iv) Mixed Income of Self-employed	400	(v) Private final consumption expenditure	2000	(vi) Net factor income from abroad	200	(vii) Net Indirect taxes	150	(viii) Government final consumption expenditure	1000	(ix) Consumption of fixed capital	100	(x) Profit	500	(xi) Change in stock	100	6
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	OR Give reasons, explain how the following are treated in national income. (i) Purchase of truck to transport goods by a company (ii) Payment of income tax (iii) Expenditure by government on providing free education					
17	(a) Giving reasons, categories the following into revenue and capital expenditure- (i) Construction of school building by the government. (ii) Payment of interest (iii) Subsidies (b) As it has been stated that Demonetisation of 500 and 1000 rupees notes would help the government in lowering its fiscal deficit. Defend or refute.	6				
	PART B – INDIAN ECONOMICS DEVELOPMENT					
18.	When did India adopt new economic policy or economic reforms?	1				
19.	Selling of the share of public sector undertakings to the private sector is called – (a) Import substitution (b) Disinvestment (c) Quota (d) Tariff	1				
20.	Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain. Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade. 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.	1				
21.	Write the correct sequence of alternatives given in Column II by matching them respective terms in Column I. <table><tr><td>Column I</td><td>Column II</td></tr><tr><td>(i) Karve Committee</td><td>(a)To encourage farmers for adopting new HYV technology.</td></tr></table>	Column I	Column II	(i) Karve Committee	(a)To encourage farmers for adopting new HYV technology.	1
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	<table><tr><td>(ii) Industrial Policy Resolution,1956</td><td>(b) Using small scale industries to promote rural development</td></tr><tr><td>(iii) Import Substitution Policy</td><td>(c) To protect the domestic firm from foreign competition</td></tr><tr><td>(iv) Subsidies</td><td>(d) To regulate private sector through a system of licensing to promote regional equality.</td></tr></table>	(ii) Industrial Policy Resolution,1956	(b) Using small scale industries to promote rural development	(iii) Import Substitution Policy	(c) To protect the domestic firm from foreign competition	(iv) Subsidies	(d) To regulate private sector through a system of licensing to promote regional equality.	
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	Or Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): India become self-reliant in the agricultural production after introducing green revolution. Reason(R): shortage of food grains due to drought and lack of irrigation facilities in the early 1960's. Alternatives: a) Both assertion(A) and reason(R) are true and reasons (R) is the correct explanation of assertion (A). b) Both assertion and reason 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.							
22.	Which model of growth is adopted by China? (a) Capitalism (c) Socialism (b) Mixed (d) Statism	1						
23.	In which country, growth rate of population is highest? (a) India (c) Pakistan (b) China (d) None of these	1						
	Read, the following hypothetical Case Study, carefully and answer the question numbers 24 - 27 on the base of the same. An important lesson that the COVID-19 pandemic has taught the policymakers in India is to provide greater impetus to sectors which make better allocation of resources and reduce income inequalities. COVID-19 has also taught a lesson that in crisis the population returns to rely on the farm sector. India has a large arable land, but the farm sector has its own structural problems. However, directly or indirectly, 50 per cent of the households still depend on the farm sector. A greater support to MSMEs, higher public expenditure on health and education and making the labour force a formal employee in the economy are some of the milestones that the nation has to achieve. One of the imminent reforms to be done in the country is labour reforms. Labour laws are outmoded in India, and some of these dates back to the last century. India's complex labour laws have been blamed for keeping manufacturing							

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	businesses small and hindering job creation. Industry hires labour informally because of complex laws and that is responsible for low wages.	
24.	Which types of structural problems are faced by agricultural sector?	1
25.	“It is necessary to create employment in the formal sector rather than in the informal sector.” Defend or refute the given statement with valid argument.	1
26.	Hired labour comes in (Informal organisation / formal organisation)	1
27.	What do you mean by MSMEs?	1
28.	As in today’s scenario, pollution is one of the severe problem which India is facing. Elaborate as how application of the traditional practices can be helpful in achieving the objective of sustainable development. Or Does population growth rate always enlarge the problem of poverty?	3
29.	As Prime Minister urged to enhance non-farm activities in the rural sector. Analyse as how this enhancement will generate more income sources in the rural sector.	3
30.	Do you think that the gains of green revolution are significant but not sufficient? Discuss. Or Discuss the impact of shifting from Inward- Looking Strategy to Outward Looking Strategy on the India’s exports.	4
31.	Is LPG policies showed some favourable impact on the Indian Economy? Discuss.	4
32.	“India, China and Pakistan have travelled more than seven decades of development path with varied results”. Explain the given statement.	4
33.	(a) Is the launch of “Pradhan Mantri Ujjwala Yojna” has any relevancy with the health of the people? Discuss. (b) Is the application of New Education Policy along with National Skill Development Programme will improve the human capital in India? Discuss. Or State whether the following statements are true or false. Give reasons. (a) Infrastructural facilities are positively related to economic growth. (b) Human capital formation enhances quality of life. (c) India show focus more on renewable sources of energy.	6
34.	Study the given schedule and answer the following-	

- (i) Has the nature of workforce changed overtime? How?
(ii) What this change signify? Explain it.
(iii) Is that situation make the workers highly vulnerable? How?

Table- Trends in Employment Pattern (Sector-wise and Status-wise)

Item	1972-73	1983-84	1993-94	1999-2000	2011-2012
Primary	74.3	68.6	64	60.4	48.9
Secondary	10.9	11.5	16	15.8	24.3
Services	14.8	16.9	20	23.8	26.8
Total	100.0	100.0	100.0	100.0	100.0
Self-Employed	61.4	57.3	54.6	52.6	52.0
Regular salaried employees	15.4	13.8	13.6	14.6	18.0
Casual wage labourers	23.2	28.9	31.8	32.8	30.0
Total	100.0	100.0	100.0	100.0	100.0