

Practice Paper  
Class XII  
Subject Economics (030)

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Section A  
Macroeconomics

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.

Q1 Capital is a man-made means of production. It is a \_\_\_\_\_ concept as it is measured at a given \_\_\_\_\_ of time.

- a) Flow, period of time.
- b) Stock, period of time.
- c) Stock, point of time.
- d) Flow, point of time.

Q2 which one is correct in given identities?

- a)  $NNP_{FC} = GDP_{FC} + \text{Depreciation} + NFIA$
- b)  $NNP_{FC} = GDP_{FC} - \text{Depreciation} + NFIA$
- c)  $NNP_{FC} = GDP_{FC} + \text{Depreciation} - NFIA$
- d)  $NNP_{FC} = GDP_{FC} + \text{Depreciation} - NFIA$

Q3 “ between 1 and 9 December 2020, foreign investor have bought 2.81 billion of Indian

Equities “ News **from The mint newspaper**

How does it affect the balance of payment status of India?

Q4” Define money

Q5 what do you understand by demand deposit?

Q6 Match the Column-

- |                      |  |
|----------------------|--|
| a. CRR               | i-Ratio of change in consumption expenditure to Change in income                       |
| b. MPC               | ii-Can be resold   |
| c. Intermediate Good | iii-Proportion of total deposits of commercial bank must keep as cash reserve with RBI |
| d. K                 | iv- $1/1-MPC$  |
- A) a-iii,b-iv,c-ii,d-i  
B) a-iii,b-i,c-ii,d-iv

Q7 If  $MPS = 0.25$  and initial change in investment is 250crore than change in income would be \_\_\_\_\_

Q8 **ASSERTION:** RBI regulates the volume of credit created by the banking system through many quantitative measures.

**REASON:** All quantitative measures of credit control come under monetary policy.

A-Both A and R is true and R is the correct explanation of A.

B -Both A and R are true but R is not the correct explanation of A.

C-A is true but R is false.

D-both A and R is false

Q9 Exchange Rate for currencies is determined by supply and demand under the system of.....

- a. Fixed exchange rate                      b. flexible exchange rate

Q10 In times of emergency when commercial banks fail to meet the obligations of their depositors because of liquidity crises they approach the Central Bank for giving them loans. Such a lending facility to commercial banks by the RBI is called.....

- A. Banker's bank                      B. Lender to the last resort

Q11 State giving valid reason on whether the following statements are true or false.

A) National income is always greater than domestic income.

B)  $GDP_{MP}$  is the best indicator of economic growth/welfare as it takes the market price into consideration.

Q12 State any three components (broad categories of transactions) of capital account of B.O.P account.

OR

Briefly describe the causes of disequilibrium in the B.O.P.

Q13 Consumption function of an economy is given as  $C=100+0.75Y$  then calculate.

- A Break-even point
- B Value of multiplier

Q14 A) Define Money Multiplier.

B) “Credit creation is inversely related to the legal reserve ratio” justify the given statement using a hypothetical example.

Q15 a) what can be the minimum value of investment multiplier (K) and when?

b) In an economy equilibrium level of income of Rs 1200 cr .The ratio of MPC to MPS is 3:1.Calculate the additional investment needed to reach a new equilibrium level of income of Rs 2000 cr.

**OR**

Explain the concept of deflationary gap with the help of diagram and table?

Q16 Calculate National Income from expenditure and output method

i.	GVA <sub>MP</sub> by primary sector	300
ii.	Private final consumption exp.	750
iii.	Consumption of fixed capital	150
iv.	Net Indirect taxes	120
v.	GVA <sub>MP</sub> by secondary sector	200
vi.	Net Domestic fixed capital formation	220
vii.	Change in stock	-20
viii.	GVA <sub>MP</sub> by tertiary sector	700
ix.	Net imports	50
x.	Govt. Final consumption expenditure	150
xi.	Net factor income from abroad	20

**OR**

Give valid reason for the following-

1. Old age pension is excluded in domestic income whereas retirement pension is included.
2. Why are export receipt is not a part of NFIA
3. Final goods are included in domestic income whereas intermediate goods are excluded.

Q17 A) Write down the main budget objective of the government.

B) In March, the govt. announced a Rs. 1.7 lakh crore relief package focusing on providing food security to the poor and providing money in their hand to fight Covid-19.

Explain which objective of the budget is fulfilled from this package.

## Section B

### Indian Economic Development

18. Which one was the most important infrastructure developed during the British rule?
- Waterways
  - Railways
  - Road
  - Airways
19. Which was not the strategy of economic planning under early Five Year Plans in India?
- Balanced growth
  - Liberalisation
  - Import Substitution
  - Protectionism
20. In India, poverty line is determined on the basis of \_\_\_\_\_
- Expenditure on education
  - Expenditure on health
  - Expenditure on housing
  - Caloric intake
21. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below
- Assertion (A)** Insufficient rate of human capital formation is a reason for low per capita income in India
- Reason (R)** Percentage of GDP spent on Health and Education in India is significantly below the level of developed countries.
- Alternatives**
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
  - Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
  - Assertion (A) is true, but Reason (R) is false
  - Assertion (A) is false, but Reason (R) is true
22. Pick the incorrect statement from given below
- Great Leap Forward was related to communes
  - Pakistan initiated economic reforms in 1988
  - India controlled its population after 1980 due to one child policy
  - The first Five Year Plan in India ended in 1956

Read the following paragraph carefully and answer the questions (Q. No. 23 to 26) on the basis of the same.

*Infrastructure provides supporting services in the main areas of industrial and agricultural production, domestic and foreign trade and commerce. These services include roads, railways, ports, airports, dams, power stations, oil and gas pipelines, telecommunication facilities, the country's educational system including schools and colleges, health system including hospitals, sanitary system including clean drinking water facilities and the monetary system including banks, insurance and other financial institutions. Some of these facilities have a direct impact on*

*production of goods and services while others give indirect support by building the social sector of the economy. Some divide infrastructure into two categories — economic and social. Infrastructure associated with energy, transportation and communication are included in the former category whereas those related to education, health and housing are included in the latter.*

23. \_\_\_\_\_ is part of economic infrastructure.
- Housing
  - Communication
  - Education
  - Health
24. Social infrastructure \_\_\_\_\_ affects the economic activities in any economy. (directly/indirectly)
25. Economists lay emphasis on developing economic infrastructure because:
- It is cheap
  - It helps in economic development
  - Both (a) and (b)
  - None of the above
26. Infrastructure boosts **(choose the correct option)**
- Foreign trade
  - Agriculture
  - Industrial development
  - All of the above
27. Brundtland commission report was published in the year \_\_\_\_\_ .
28. What role does the government play in generating employment opportunities?
- Or
- Why is rural development of tremendous importance for our country?
29. Write a brief note on global warming.  
भूमंडलीय उष्मिकरण पर संक्षिप्त नोट लिखिए।
30. Information technology plays a very significant role in achieving sustainable development and food security'.  
Comment.
31. Agriculture sector appears to be adversely affected by the reform process. Why?
- Or
- What are the major factors responsible for the high growth of the service sector?
32. Compare and contrast the development of India, China and Pakistan with respect to some salient human development indicators.
- 33.
- What are the main arguments in favour of subsidy?
  - Explain 'growth with equity' as a planning objective.
34. What are the main problems of human capital formation in India?
- Or

Suppose you are a resident of a village, suggest few measures to tackle the problem of poverty.