SAMPLE QUESTION PAPER (2022-23)

ECONOMICS (030) CLASS 12

**TIME: 3 HOURS**   **M.M. – 80**

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
   - Section A – Macro Economics
   - Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS

1	Read the following statements carefully:
	Statement 1: The consumption curve is an upward sloping straight line curve due to the direct relationship between income and consumption and the assumption of constant Marginal Propensity to Consume.
	Statement 2: Aggregate Demand curve and Consumption curve are parallel to each other.
	In the light of the given statements, choose the correct alternative from the following:
	  a) Statement 1 is true and statement 2 is false
	  b) Statement 1 is false and statement 2 is true
	  c) Both statements 1 and 2 are true
	  d) Both statements 1 and 2 are false
		1

2	'Owing to the Russia-Ukraine crisis, the world is experiencing rising crude prices due to supply-side issues.'
	Identify the most likely impact on the Balance of Payment situation of the Indian economy from the following:
	  a) Production of cars in India will rise.
	  b) Production and sale of cycles in India will rise.
	  c) Inflow of US Dollars in India will rise.
	  d) Outflow of US Dollars from India will rise.
		1

3	_____ is an institution that accept deposits for lending purposes.
	(Fill up the blank with correct alternative)
	  a) Commercial Banks b) Life Insurance Corporation
	  c) Reserve Bank of India d) Government of India
		1

4	Read the following statements carefully:
	Statement 1: Export of financial services by India will be recorded on credit side of current account.
	Statement2: Foreign Direct Investments in India will be recorded on credit side of capital account.
	In the light of the given statements, choose the correct alternative:
	  a) Statement 1 is true and statement 2 is false
	  b) Statement 1 is false and statement 2 is true
	  c) Both statements 1 and 2 are true
	  d) Both statements 1 and 2 are false
		1

5	Read the following statements carefully:
	Statement 1 - Net investment is a stock concept.
	Statement 2 - Capital is a flow concept.
	In the light of the given statements, choose the correct alternative from the following:
	  a) Statement 1 is true and statement 2 is false
	  b) Statement 1 is false and statement 2 is true
	  c) Both statements 1 and 2 are true
	  d) Both statements 1 and 2 are false
	 OR
	Read the following figure carefully and choose the correct pair from the alternatives given below:
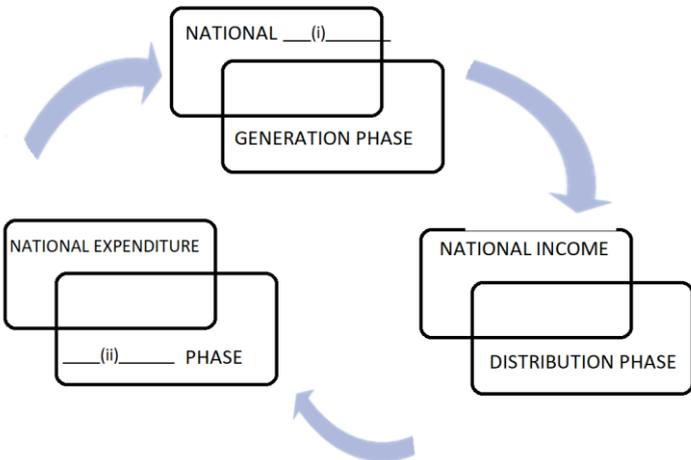	
	    Alternatives:
	  a) Output, Production
	  b) Value added, Production
	  c) Output, Disposition
	  d) Wealth, Development
		1
		
		1

6	If in an economy, the value of investment multiplier is 4 and Autonomous Consumption is ₹ 30 Crore, the relevant consumption function would be :	

	a) C=30+0.75 Y b) C=(-)30+0.25Y c) C=30-0.75Y d) C=30-0.25Y OR If increase in National Income is equal to increase in consumption, identity the value of Marginal Propensity to Save : a) Equal to unity b) Greater than one c) Less than one d) Equal to zero	1 1

7	Money supply in India may increase if, _____(Choose the correct alternative)
	   1. Reserve Bank of India(RBI) injects more money in circulation
	   2. the commercial banks expand their credit operation
	   3. tax rates are reduced by the Central Government
	   4. Reserve Bank of India increases the Bank Rate
	Alternatives:
	   a) 1,2 and 3 are correct
	   b) 2,3 and 4 are correct
	   c) 1,3 and 4 are correct
	   d) 1,2 and 4 are correct
		1

8	Suppose, following data is presented, for an imaginary economy: (all figures in ₹ '000 Crore) | Year	Visible Exports	Visible Imports
2010	280	240

2020	580	460 |
		
		Identify, which of the statement about the period 2010 to 2020 is correct?
		   a) Improvement in balance of trade
		   b) Increase in trade deficit
		   c) Improvement in balance in invisibles items
		   d) Deterioration of balance of trade
		OR
		The following information is given for an imaginary country:
		
		| Current Account
			Amount (in ₹'000 Crore)

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Visible Exports	100
Visible Imports	150
Invisible Exports	70
Invisible Imports	30
Net current transfer balance	15		1

	Balance on current account will be _____ of ₹ _____ thousand Crore.
	   a) deficit, 10
	   b) surplus, 5
	   c) deficit, 5
	   d) surplus, 10
		1

9	Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
	Assertion (A): Ex-post Investments represent planned Investments; whereas ex-ante Investments represent actual level of investments.
	Reason (R): At equilibrium level, Ex-ante Savings and Ex-ante Investments are always equal.
	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

10	Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
	Assertion (A): Saving curve makes a negative intercept on the vertical axis at zero level of income.
	Reason (R): Saving function refers to the functional relationship between saving and income.
	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

11	Suppose in a hypothetical economy there are only two Firms A and B, Firm A sold goods for ₹ 2,000 to Firm B and purchased goods for ₹ 1,000. Firm B exported goods for ₹ 2,500 and had domestic sales of ₹ 1,500. Calculate Net Domestic Product at market price, if consumption of fixed capital is ₹ 200.	3
12	Explain, how exchange rate is determined under a free market exchange rate system. OR Distinguish between autonomous and accommodating transactions in Balance of Payments Accounts.	3 3

13	If an economy plans to increase its income by ₹ 2,000 crore and the Marginal Propensity to Consume is 75%. Estimate the increase in investment required to achieve the targeted increase in income.	4
14	As per the following news published in The Economic Times on 26th December, 2021: 'Reserve Bank of India has sold government securities worth ₹ 8,710 crore in the secondary market, over the last four weeks, to drain out excessive liquidity'. Identify the likely cause and the consequences behind, this type of action plan of the Reserve Bank.	4
15	Read the following text carefully, discuss briefly the relevant function of the Central Bank, indicated : Recently, Reserve Bank of India (RBI) conducted a statutory inspection for supervisory evaluation against a Commercial Bank. The commercial bank was imposed with stringent penalties, owing to deficiencies in regulatory compliances. As per the Central Bank, the inspection revealed non-compliances vis-à-vis different directions issued by RBI, on the following fronts: i. ATM Card frauds ii. Ensuring integrity and quality of data iii. Loans to small borrowers (adapted/moderated -livemint.com) OR 'Reserve Ratio and Credit Creation are inversely related.' Do you agree with the given statement? Justify your answer with a suitable numerical example.	4 4
16	a) Define Gross Domestic Product (GDP) deflator and discuss its importance. b) State and discuss any two precautions to be considered while estimating national income by Expenditure Method.	3 3
17	a) Compare the trends depicted in the figures given below: Source: CGA Monthly Accounts b) Elaborate the objective of 'allocation of resources' in the Government budget. OR a) Distinguish between revenue receipts and capital receipts of the government, with suitable examples. b) Distinguish between direct and indirect taxes, with suitable examples.	3 3 3 3

	SECTION B – INDIAN ECONOMIC DEVELOPMENT	

18	Identify, which of the following indicates the adverse impact of British rule in India.
	    a) Introduction of communication networks in India
	    b) Change in composition of India's foreign trade
	    c) Introduction of modern administrative system in India
	    d) Introduction of railways in India
		1

19	_____committee was set up for the development and promotion of small scale industries in India.
	    a) Karve b) Tapas Majumdar
	    c) Mahalanobis d) TRYSEM
	                        Or
	First Industrial Policy Resolution of Independent India was announced in the year_____
	                  (Fill in the blank with the correct alternative)
	        a) 1947 b) 1948 c) 1951 d) 1956
		1
		
		1

20	_____ and _____ are the reasons for the slowdown of the Pakistan economy since independence.
	  I. political instability
	  II. over-dependence on remittances from abroad
	 III. stable performance of agriculture sector
	 IV. growth of service sector
	Alternatives:
	    a) I and II b) II and III
	    c) III and IV d) I and IV
	                     OR
	'GLF' with respect to the People's Republic of China referred to as_____(Choose the correct alternative).
	   a) Giant Leap Forward b) Great Lead Forum
	   c) Great Leap Forward d) Giant Lead Forum
		1
		
		1

21	Identify which of the following is a source of non-institutional credit in the rural areas of India.
	    a) NABARD b) Regional Rural Banks
	    c) Money Lenders d) Commercial Banks
		1

22	From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statement:	

	COLUMN I		COLUMN II
i	Dual Pricing	A	Economic Reforms of 1991
ii	Setting up of Special Economic Zones in China	B	To attract foreign Direct Investment
iii	Commune System	C	Backyard based Industrial production units
iv	Great Proletarian Cultural Revolution	D	Collective Farming

	Alternatives:
	   a) i – A
	   b) ii – B
	   c) iii – C
	   d) iv - D
		1

23	Read the following statements carefully.
	Statement 1: On-the-job trainings help to bridge a gap between theoretical concepts and practical experiences.
	Statement 2: On-the-job trainings update the employees, with the latest changes in their work field.
	In the light of the given statements, choose the correct alternative:
	   a) Statement 1 is true and statement 2 is false
	   b) Statement 1 is false and statement 2 is true
	   c) Both statements 1 and 2 are true
	   d) Both statements 1 and 2 are false
		1

24	Read the following statements carefully.
	Statement 1: Both India and Pakistan initiated their economic reforms without any external pressures.
	Statement 2: Pakistan has successfully implemented the SEZ policy and reaped its benefits using the Export Promotion policy.
	In the light of the given statements, choose the correct alternative:
	   a) Statement 1 is true and statement 2 is false
	   b) Statement 1 is false and statement 2 is true
	   c) Both statements 1 and 2 are true
	   d) Both statements 1 and 2 are false
		1

25	_____is not a cause for environmental degradation.
	   a) Waste management
	   b) Deforestation
	   c) Global warming
	   d) Guarding green cover
	                 OR
	_____ is not the strategy for Sustainable Development. (Choose the correct alternative)
	   a) Use of bio-gas
	   b) Use of solar power
	   c) Use of thermal power
	   d) Use of hydel power
		1
		
		1

26	Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Unemployment and poverty are inseparable twins. Reason(R): Unemployment is the root cause of all socio-economic evils. 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
27	Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): In the late 1970s, China's population growth rate had sharply declined. Reason(R): China has witnessed an increase in the proportion of elderly people owing to stringent family planning programmes. 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
28	Interpret the given picture on account of current environmental challenges. Source: https://www.theenvironmentalblog.org/current-environmental-issues	3
29	Defend or refute the following statement with valid explanation: 'Disguised unemployment is a common form of unemployment in rural India' Or Critically evaluate the role of rural banking system in the process of rural development in India.	3 3
30	Compare and analyse the following information related to Imports and Exports of the three neighbouring nations:	

Country	Exports from India (in ₹ Crore)			Imports to India (in ₹ Crore)		
	2004-05	2018-19	Annual rate of growth (%)	2004-05	2018-19	Annual rate of growth (%)
Pakistan	2,341	14,426	3.7	427	3,476	5.1
China	25,232	1,17,289	2.6	31,892	4,92,079	10.3

(marks: 4)

31	a) Name any one Maharatana company. b) 'Land ceiling promotes equity.' Support the given statement with valid explanation. OR Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.	1 3 4
32	State whether the following statements are true/false, with valid arguments: a) Human Capital and Human Development are one and the same thing b) India has a poor stock of technical manpower.	2 2
33	a) Define agricultural marketing. b) Discuss briefly the importance of micro-credit programmes in rural development. c) Enlist any two problems faced by farmers in the initial years of organic farming. OR a) "India has failed to implement the recommendations of Education Commission of 1964 -66." Give valid arguments in support of the given statement. b) 'Casual wage work is the major source of employment in rural India '. Defend or refute the given statement with valid reason.	2 2 2 3 3
34	Read the following text carefully and answer the given questions on the basis of the same and common understanding: The Green Revolution in India began in the mid-1960s marking a transition from traditional agriculture in India to high-yielding varieties of seeds and the associated modern agricultural techniques. The need for introduction of Green Revolution in India arose due to a shortage of food-grains in the post-independent period. The government in the post-independent India wanted to ensure self-dependence in terms of food-grain production. Such efforts coincided with the development of high-yielding varieties of seeds of wheat developed by Dr. Norman Borlung and his associates in Mexico. These seeds also necessitated changes in farming techniques such as the addition of fertilizers, pesticides and better irrigation facilities. High yielding varieties of seeds were first introduced in India in the states of Punjab, Haryana and parts of western Uttar Pradesh.	

In the early period of the green revolution in India, the focus was to acclimatise the new system with the more resource-intensive agricultural methods. The argument for introducing the new crop varieties was to increase agricultural production in terms of higher crop yields. The seeds introduced during the early period of the green revolution in Punjab were not high-yielding by themselves. These high yields were possible due to the seeds being highly responsive to certain inputs such as irrigation water and fertilizers.

The green revolution in India, thus, necessitated a resource-intensive process whereby, those who could make significant capital investments could benefit, whereas, those others became more marginalized in regions affected by practices of the green revolution in India. On one hand, the results derived from the green revolution helped farmers to increase their yield and income and on the other hand, it helped the government to procure and preserve more food grains through agencies like Food Corporation of India. These food grain reserves were helpful in creation of buffer stocks in India, which helped in the situations of adversities.

3

3

a) Why was Green revolution implemented and how did it benefit the farmers?
b) Justify the following statement with valid explanation:
   'Green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during time of shortage'.