S R SAMPLE PAPER 1

Class 12 - Economics

Time Allowed: 3 hours   **Maximum Marks: 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.

SECTION A – MACRO ECONOMICS

1. **Statement I:** Balance of Payment is an accounting statement which records all the economic transactions that **[1]** take place between the residents of a country during a given period of time.

   Statement II: Current account of Balance of Payment records all the transactions that relate to assets or liabilities.

   a) Both the statements are false.   b) Both the statements are true.

   c) Statement I is true, but statement II is false.   d) Statement II is true, but statement I is false.

2. The narrow definition of money is based on: **[1]**

   a) None of these   b) Store of the value function

   c) Transferability of money   d) The medium of payment function

3. In a two sector economy and without any indirect tax and subsidy, aggregate supply and _____ are always **[1]** equal.

   a) Aggregate Demand   b) National Income

   c) Average Propensity to Consume   d) Marginal Propensity to save

4. If $ 1= ₹ 80·50, then $ (approximately) would be needed to exchange ₹ 2,00,000.   **[1]**

   (Fill in the blank by choosing the correct alternative)

   a) 2,844   b) 2,448

   c) 2,484   d) 2,882

5. Investment which is independent of level of income is called: **[1]**

   a) Fixed investment   b) Induced investment

   c) Inventory investment   d) Autonomous investment

6. _____ is equal to the difference between **AD beyond full employment** and **AD at full employment**. **[1]**

    a) None of these   b) Recession

    c) Inflationary gap   d) deflationary gap

7. With the increase in income, autonomous expenditure _____. **[1]**

    a) will increase proportionately   b) will remain unaffected

    c) will decrease   d) will increase

8. Which is not a characteristic of a service? **[1]**

    a) Imperishability   b) Intangibility

    c) Variability   d) Inseparability

9. The monetary policy generally targets to ensure _____. **[1]**

    a) price stability in the economy   b) stable foreign relation

    c) greater tax collections for the government   d) employment generation in the country

10. Exchange rate for currencies is determined by supply and demand in system of: **[1]**

    a) Flexible   b) Govt. regulated

    c) Fixed exchange rate   d) Constant

11. Distinguish between Factor Cost and Market Price. **[3]**

12. What is Balance of Payments Account? Where are borrowings from abroad recorded in it and why? **[3]**

<div align="center">OR</div>

What is parity value?

13. Explain, how the Reverse Repo Rate helps in correcting Excess Demand in an economy? **[4]**

14. State giving reasons whether the following statements are true or false: **[4]**

  a. When marginal propensity to consume is greater than marginal propensity to save, the value of investment multiplier will be greater than 5.

  b. If the ratio of marginal propensity to consume and marginal propensity to save is 4 : 1, the value of investment multiplier will be 4.

<div align="center">OR</div>

Calculate investment expenditure from the following data about an economy which is in equilibrium.

National Income = Rs 1,000

Marginal Propensity to Save = 0.25

Autonomous consumption expenditure = Rs 200

15. State the main functions of a central bank. **[4]**

16. **Answer the following questions:** **[6]**

    (i)   i. Final Gross National Product at Market Price from the given details. **[3]**

S.no.	Content	(Rs. in Crores)

(i)	Private Final Consumption Expenditure	800
(ii)	Net Current Transfers to Abroad	20
(iii)	Net Factor Income to Abroad	(-) 10
(iv)	Government Final Consumption Expenditure	300
(v)	Net Indirect Tax	150
(vi)	Net Domestic Capital Formation	200
(vii)	Current Transfers from Government	40
(viii)	Depreciations	100
(ix)	Net Imports	30
(x)	Income Accuring to Government	90
(xi)	National Debt Interest	50

ii.   Calculate national income from the following: **[3]**

	(₹ in arab)
Private final consumption expenditure	600
Subsidies	20
Government final consumption expenditure	100
Indirect tax	120
Net imports	20
Consumption of fixed capital	35
Net change in stocks	(-) 10
Net factor income to abroad	5
Net domestic capital formation	11

(ii)   **OR**

i.   Calculate Intermediate consumption from the following data : **[3]**

		(₹ Lakh)
(i)	Value of output	200
(ii)	Net value added at factor cost	80
(iii)	Sales tax	15
(iv)	Subsidy	5
(v)	Depreciation	20

ii.   Using the following information, calculate and analyse the value of Gross Domestic Product (GDP) deflator: **[3]**

Year	2014-15	2016-17

Nominal GDP	6.5	9
Real GDP	6.5	7.2

17. **Answer the following questions:** **[6]**

    (i) Discuss briefly, how the Government budget can be used as an effective tool in the process of employment generation. **[3]**

    (ii) From the following data about a government budget, find **[3]**

       i. Revenue deficit

      ii. Fiscal deficit

      iii. Primary deficit

S.no.	Contents	(Rs. in arab)
(a)	Tax Revenue	47
(b)	Capital Receipts	34
(c)	Non-tax Revenue	10
(d)	Borrowings	32
(e)	Revenue Expenditures	80
(f)	Interest Payments	20

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Various factors which have contributed to Industrial unemployment are : **[1]**

(I) Increase in population

(II) Increase in population of urban areas is faster than in rural areas

(III) Growth of cottage small scale industries.

    a) I,III   b) I,II,III

    c) II,III   d) I,II

19. Identify the correctly matched pair in Column A and Column B from the following: **[1]**

Column A	Column B
(a) India	(i) Economic reforms in 1997
(b) Pakistan	(ii) Economic reforms in 1991
(c) China	(iii) Economic Reforms in 1978
(iv) India	(iv) GST rolled out in 1999

    a) (c) - (iii)   b) (a) - (i)

    c) (d) - (iv)   d) (b) - (ii)

20. Schedule A comprises of industries which would be exclusively owned by _____. **[1]**

    a) None of these   b) Both Government and Private Sector

    c) Private Sector   d) Government Sector

21. Which is the apex institute at the national level which provides re-finance facilities to institutions engaged in **[1]**

providing rural credit?

  a) NBAARD   b) DABARD

  c) NABADR   d) NABARD

22. **Assertion (A):** The industrial sector growth slowed down during reforms.   **[1]**

  Reason (R): Due to availability of cheaper imports and lower investment.

  a) Both A and R are true and R is the correct   b) Both A and R are true but R is not the
    explanation of A.   correct explanation of A.

  c) A is true but R is false.   d) A is false but R is true.

23. The education commission (1964-66) had recommended that at least _____ of GDP be spent on education so **[1]**
  as to make a noticeable rate of growth in educational achievements.

  a) 4%   b) 5%

  c) 7%   d) 6%

24. The first five-year plan of _____ commenced in the year 1956.   **[1]**

  a) Pakistan   b) China

  c) Pakistan and China   d) India

25. The black soil of the Deccan Plateau is particularly suitable for cultivation of _____.   **[1]**

  a) Cotton   b) Textile

  c) Jute   d) Maize

26. **Statement I:** Agricultural productivity was very low during the British Rule.   **[1]**
  Statement II: In absolute terms, there was growth in agricultural sector due to expansion of aggregate area
  under cultivation.

  a) Both the statements are false   b) Statement II is false and Statement I is true

  c) Statement I is true and Statement II is false   d) Both the statements are true

27. Match the following and choose the correct alternative: **[1]**

(a) Quota	(i) Quantity of goods that can be imported
(b) Land Reforms	(ii) Seeds that give large proportion of output
(c) HYV Seeds	(iii) Improvements in the field of agriculture to increase its productivity
(d) Subsidy	(iv) The monetary assistance given by government for production activities.

  a) (a) - (i), (b) - (iii), (c) - (ii), (d) - (iv)   b) (a) - (iv), (b) - (iii), (c) - (ii), (d) - (i)

  c) (a) - (i), (b) - (iv), (c) - (ii), (d) - (iii)   d) (a) - (i), (b) - (ii), (c) - (iii), (d) - (iv)

28. How is sustainable development different from economic development?   **[3]**

<div align="center">OR</div>

Environmental problems arise due to overuse and misuse of environmental resources. Explain.

29. Define worker population ratio. **[3]**

30. **Economic growth** and **Economic development' means one and the same**. Defend or refute the given statement. Do you think that India is economically developed? Why or why not? **[4]**

31. Explain the changing role of state in Indian economy since introduction of reforms. **[4]**

<div align="center">OR</div>

Evaluate the positive and negative impacts of LPG policy.

32. Explain how education is still a challenging proposition in India. **[4]**

33. **Answer the following questions:** **[6]**

  (i)   i. Mention some obstacles that hinder the mechanism of agricultural marketing and create a need for the government to interfere in this sector. **[3]**

         ii. Why does Indian Farmer need credit? **[3]**

  (ii) **OR**

         i. Point out any four concerns in Indian agriculture. **[3]**

         ii. Discuss the problems of fishing community and give some suggestions. **[3]**

34. **Read the following text carefully and answer the questions given below:** **[6]**

THE FUTURE POPULATIONS OF CHINA AND INDIA

In the absence of catastrophic events such as nuclear war, the populations of India and China are destined to become even larger, and by a large margin. If the Chinese were to achieve a total fertility rate of as low as 1.7 children born per woman by 1990 and maintain fertility that low for 30 years, the population would increase to a maximum of 1.22×10^9 in 2020 about 75% greater than the 700 x 106 it was when the birth rate began its big decline in the mid-1960s. To limit the increase to this amount will require an extraordinary success of the birth planning program.

For many years, 30% of parents would need to have only one child, and 70% only two. If a significant fraction had three or more, the proportion of one-child couples would need to be higher still. The social cost would be substantial. Many children would grow up with no siblings; many in the next generation would have no aunts, uncles, or cousins; very many parents would have no sons, and there would be an age structure with a marked relative shortage of younger workers, males of military age, etc. These features are very foreign to Chinese customs and values; the stringent and allegedly coercive means needed to achieve such low fertility might have adverse political effects as did less draconian measures in India.

In India, the failure to have started a large decline in fertility as early as in China implies a prospective growth on the order of 75% or more of the current population-to a maximum of at least 1.2 x 109, because the current population is nearly the size the Chinese population was when the birth rate in China began its dramatic fall. The death rate in India is higher than that in China, but the prospective decline in fertility in India is surely more gradual; the attainment of a replacement-level (total fertility rate of about 2.2 or 2.3 children) is long in the future, to say nothing of attainment of lower rates.

The reason for the large continuing increases in population in each country even after fertility is reduced is that population growth has its own momentum. High birth rates in the recent past mean that there will be many more potential parents for another generation than there are now. Even if every couple merely replaces itself, the population continues to increase by 50% or more.

Thus, the world's two largest populations are destined to become much larger. I believe today, as I did when working with Hoover, that if sensible economic policies are followed it will be possible to provide a somewhat better life for these larger populations than is enjoyed in the two countries today. Reducing fertility soon to no higher than needed for long-run replacement would improve the prospects significantly and would especially improve the social and economic future as seen from the perspective of early in the next century. Yet, the mistakes of the past cannot be cancelled; the birth rate cannot be lowered retrospectively. A lower birth rate now is desirable, but the ideal rate is not zero. There are social and political costs of excessive emphasis on the immediate achievement of very small families; the rights and sensibilities of the current population and the disequilibrating effects of drastic changes in age composition must enter the calculation of desirable population policies.

(Source: https://www.pnas.org/content/pnas/80/6/1757.full.pdf)

Questions:

i. Outline any two implications (apart from population arrest) of the one-child policy of China introduced in the late 1970s.

ii. Delineate the reasons why the world's two largest populations are destined to become much larger in the future?

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