

Sample Questions 2020-21**Class 12th
MM – 80****Economics (030)
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.

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Section-A Macro Economics					
Unit name	1 mark	3 Marks	4 Marks	6 marks	Total
National Income	1(R)	1(U)		1(A)	10
Money and Banking	1(U),1(A)		1(U)		6
Income determination	1(R), 1(U), 1(E)	1(A),		1(U)	12
Government Budget	1(U), 1(E)		1(R)		6
Balance of Payment	1(A), 1(E)		1(E)		6
Section A	10*1=10	2*3=6	3*4=12	2*6=12	40
Section- B Indian Economic Development					
Development Experience and Economic Reforms	1(R), 1(U), 1(A), 1(E)		1(R), 1(U)		12
Current Challenges facing Indian Economy	1(R), 1(U), 1(A), 1(E)	1(U), 1(A)		1(R), 1(E)	22
Development Experience of India	1(U), 1(E)		1(A)		6
Section B	10*1=10	2*3=6	3*4=12	2*6=12	40
Total	20*1=20	4*3=12	6*4=24	4*6=24	80

Creative Answer Type Questions: Q.No. – 29, 32, 34

Change in Questions:

Marks Category	2018-19	2019-20	Changes
1 mark	8	20	Increased by 12
3 marks	4	4	No change
4 marks	6	6	No change
6 marks	6	4	Decreased by 2
Total Questions	24	34	

Questions

Q	Macroeconomics	Marks
1	Value of Money Multiplier (increases/decreases/remains unchanged) with an increase in Cash Reserve Ratio. (Fill up the blank with correct alternative)	1
2	Define an intermediate good.	1
3	What is the relation between marginal propensity to save and multiplier?	1
4	Name any two quantitative tools to control credit creation in an economy.	1
5	Under moral suasion, the RBI instructs commercial banks to channelise credit to the priority sector. State whether the statement is true or false. Give reason.	1

6	Bank rate is for a. Commercial banks by the government b. Commercial banks by the central bank c. Central banks by the government d. Central bank by the commercial banks	1
7	State whether the given statement is true or false: 'Managed Floating Exchange Rate is decided by market forces but remains within a specific range as decided by the Central bank'.	1
8	Fiscal deficit is equal to borrowings. It is 1) False 2) True 3) Can't say 4) Insufficient information	1
9	What are the two main components of Balance of payment account?	1
10	Government expenditure on Mid-Day Meal schemes running in government (state run) schools is a type of expenditure in the government budget. (Fill up the blank with correct answer)	1
11	Giving reason identifies the following as final expenditure or intermediate expenditure. (a) Expenditure on maintenance of office buildings. (b) Expenditure on improvement of a machine in a factory.	3
12	Given below is the saving function of an economy: $S = -200 + 0.5Y$ With the help of a numerical example, show that as the income increases, the APS also increases.	3
13	If the total deposit created by the commercial banks in Rs 20,000 crores and the primary deposit is Rs. 2,500 crores, what is the value of money multiplier and reserve ratio?	4
14	"Foreign Institutional Investors (FIIs) remained net sellers in the Indian capital markets over the last few weeks". - The Economic Times. State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy. Or 'Many large Multinational Corporations (MNCs) have recently shifted their investments from China and have started their production in India, thereby boosting the Make in India plans of the Government'. Presuming other factors being constant, discuss the effects of the given statement on Foreign Exchange rates with reference to the Indian Economy.	4
15	Explain the allocation function of the government budget.	4

16	<p>a) 'Real Gross Domestic Product is a better indicator of economic growth than Nominal Gross Domestic Product'. Do you agree with the given statement? Support your answer with a suitable numerical example.</p> <p>b) Calculate 'Depreciation on Capital Asset' from the following data</p> <table border="1"> <thead> <tr> <th>S. No</th><th>Particulars</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Capital value of the asset</td><td>1000 Cr</td></tr> <tr> <td>(ii)</td><td>Estimated life of the asset</td><td>20 Years</td></tr> <tr> <td>(iii)</td><td>Scrap Value</td><td>Nil</td></tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>a) 'Circular flow of income in a two-sector economy is based on the axiom that one's expenditure is other income'. Do you agree with the given statement? Support your answer with valid reasons.</p> <p>b) Calculate compensation of employees from the following data:</p> <table border="1"> <thead> <tr> <th>S no</th><th>Particulars</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>1</td><td>Profits after tax</td><td>20</td></tr> <tr> <td>2</td><td>Interest</td><td>45</td></tr> <tr> <td>3</td><td>Gross Domestic Product at Market Price</td><td>200</td></tr> <tr> <td>4</td><td>Goods and Services Tax</td><td>10</td></tr> <tr> <td>5</td><td>Consumption of Fixed Capital</td><td>50</td></tr> <tr> <td>6</td><td>Rent</td><td>25</td></tr> <tr> <td>7</td><td>Corporate Tax</td><td>5</td></tr> </tbody> </table>	S. No	Particulars	Amount	(i)	Capital value of the asset	1000 Cr	(ii)	Estimated life of the asset	20 Years	(iii)	Scrap Value	Nil	S no	Particulars	Amount	1	Profits after tax	20	2	Interest	45	3	Gross Domestic Product at Market Price	200	4	Goods and Services Tax	10	5	Consumption of Fixed Capital	50	6	Rent	25	7	Corporate Tax	5	6
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17	Define investment multiplier, and explain the working of investment multiplier with additional investment of Rs.1000 cr and 80% of increased income is spent on consumption.	6																																				
	Indian Economic Development																																					
18	Name any two taxes which were subsumed in Goods and Services Tax (GST).	1																																				
19	Find out which is not the correct reasons for the need of economic reforms India <ul style="list-style-type: none"> a. Poor performance of public sector b. Inflation c. Surplus of Balance of Payment d. Huge burden of debt 	1																																				

20	Which of the following economic reforms were taken up by the government under liberalisation during the new economic reform era? (a) Industrial sector reform (b) Tax reform (c) Financial sector reform (d) All of these	1										
21	Agriculture marketing does not comprise of (Choose the correct alternative) a) Transportation of the produce to the marketplace for sale. b) Grading of the produce according to the quality. c) Storage of the produce for sale in future. d) Credit taken to meet expenditure on agriculture.	1										
22	Undertype of unemployment, marginal product gained by employing one additional unit of labour is zero. (Fill up the blank with the correct answer)	1										
23	Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I <table border="1"><thead><tr><th>Column – I</th><th>Column -II</th></tr></thead><tbody><tr><td>A. Study Group formed by Planning Commission for Poverty</td><td>i. 2005</td></tr><tr><td>B. 'Task Force on Projections of the Minimum Needs and Effective Consumption Demand'</td><td>ii. 1962</td></tr><tr><td>C. Mahatma Gandhi National Rural Employment Guarantee Act</td><td>iii. 2014</td></tr><tr><td>D. Jan Dhan Yojana</td><td>iv. 1979</td></tr></tbody></table>	Column – I	Column -II	A. Study Group formed by Planning Commission for Poverty	i. 2005	B. 'Task Force on Projections of the Minimum Needs and Effective Consumption Demand'	ii. 1962	C. Mahatma Gandhi National Rural Employment Guarantee Act	iii. 2014	D. Jan Dhan Yojana	iv. 1979	1
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24	Which of the following organisations regulates higher education in India? (a) ICMR (b) AICTE (c) UGC (d) IMA	1										
25	_____ is the main reason for soil erosion. a. Ozone depletion b. Air pollution c. Deforestation d. Noise pollution	1										
26	Rank India, China, and Pakistan in terms of better value of human development index.	1										
27	Introduction of Economic Reform in Pakistan took place in..... (Choose the correct alternative) a) 1978 b) 1980 c)1988 d) 1991	1										

28	"Organic Farming has revolutionised the agriculture sector in India. Many people from urban areas have moved to rural areas to opt for full time farming once again." Identify a few limits and benefits of organic farming in view of the statement above.	3
29	'Education Commission 1964-66 had recommended that at least 6 percent of GDP must be spent on education'. How far India has been able to achieve the said goal?	3
30	"Subsidies put a heavy burden on the government's finances, but are necessary for poor and marginal farmers." Defend or refute the given statement.	4
31	Define the following terms a) Disinvestment b) Import Substitution OR Define the following terms a) Outsourcing b) Quota	4
32	What is the important implication of one child norm in China?	4
33	Discuss the various remedial measures, which are needed to solve the problem of unemployment in India.	6
34	Rapid expansion of the banking system in the rural areas had a positive effect on rural farms and non-farm output, income, and employment. There are a number of problems faced by the agricultural credit structure of the country. Discuss five problems faced in the rural banking system.	6