

**SPECTRA CLASSES**  
**SUBJECT-ECONOMICS**  
**CLASS - XII**

Time-3 hrs.

M.M-80

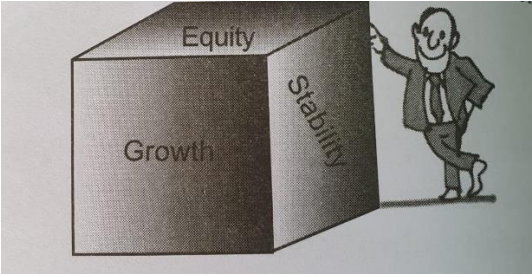
**GENERAL INSTRUCTIONS:**

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

**MACRO ECONOMICS**


1.	Which are considered as national residents of India? (I) Foreign students studying in India. (II) Local employees working in foreign embassies located in their (India) country. (III) An American working in UNO office located in India. (IV) Indian official working in Indian embassy in USA. (a) (I), (II) (III) and (IV) (b) (II) and (IV) (c) (II), (III) and (IV) (d) (III) and (IV)	(1)
2.	Read the following statements carefully: <b>Statement 1:</b> Depreciation of domestic currency encourages exports. <b>Statement 2:</b> Appreciation of domestic currency discourages imports. 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)
3.	Suppose you are a member of the 'Advisory Committee to the Finance Minister of India'. The Finance Minister is concerned about the rising revenue deficit in the budget. Which of the following measures can be used to control the rising revenue deficit of the government? (a) Reduce government administrative expenses (b) Reduce the burden of subsidy (c) Increase taxation (d) Any of these	(1)
4.	Exports of COVID-19 vaccines manufactured in India has led to (a) inflow of Indian currency (b) outflow of foreign currency (c) inflow of foreign currency and employment generation (d) outflow of foreign currency and employment generation	(1)

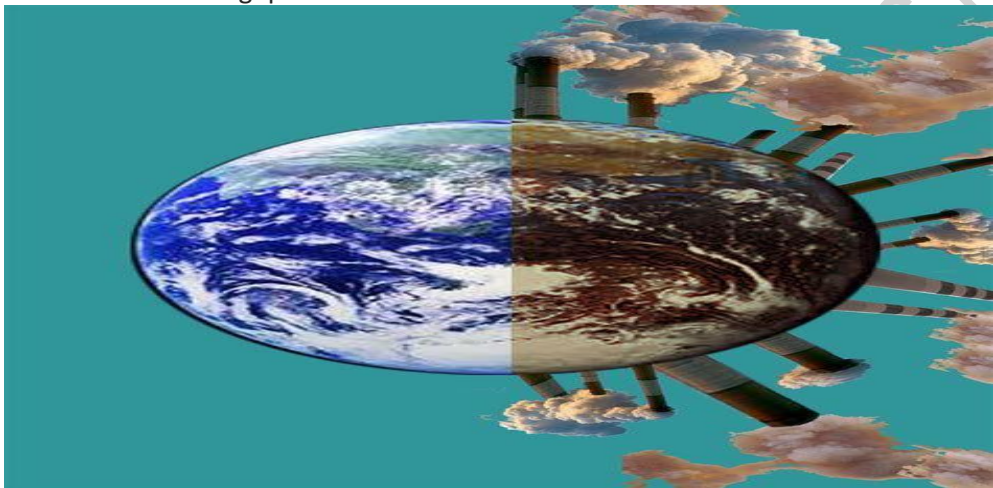
5.	In an economy breakeven point and equilibrium point may lie at the same level of income, if ex-ante investments are _____ (fill up the blank with correct answer)	(1)
6.	The Union Government has set an ambitious disinvestment target of ₹ 17.5 trillion for the financial year 2021 - 22. Income received from disinvestment can be classified as in the Government Budget. (a) Capital Receipts (b) Capital Expenditure (c) Revenue Receipts (d) Revenue Expenditure	(1)
7.	Let us assume that the foreign exchange rate of the Indian rupee is speculated to rise in the coming months. This may lead to many investors holding on to their reserves of US dollars. Which of the following things will this result in? P: Rise in demand of US dollars Q: Rise in the supply of US dollars R: An actual depreciation of INR S: Fall in demand of INR (a) Only P and S (b) Only Q and R (c) Only P, Q, and R (d) Only P, R, and S	(1)
8.	Foreign exchange transactions which are independent of other transactions in the Balance of Payments Account are called: (a) Current transactions (b) Capital transactions (c) Autonomous transactions (d) Accommodating transactions	(1)
9.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Post offices are not banks as they do not perform the function of lending although they accept deposits from the public. Reason (R): A financial institution can be banking institution only when it performs both the functions of accepting deposits and advancing loans. 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.	<p>Observe the given figure carefully and choose the correct option from the alternatives given below:</p>  <p>These are the objectives of:          (a) Fiscal policy          (b) Monetary policy          (c) Foreign policy          (d) All of these</p>	(1)
11.	<p>Read the following and answer the given questions:          If the GDP of the country is rising the welfare may not rise as a consequence. GDP calculated in a standard manner, may not give us a clear indication of the productive activity and well-being of a nation. When per capita real GDP rises, it implies greater availability of goods and services and hence greater economic welfare.  <b>'GDP as an index of welfare may understate or overstate'. Defend or refute the given Statement with valid explanation using examples of externalities.</b></p>	(3)
12.	<p>"In a bid to incentivise new credit flow to MSME borrowers, the RBI governor Shakti Kanta Das announced measures that could ease credit for MSME entrepreneurs."          "Scheduled commercial banks will be allowed to deduct credit disturbed to new MSME borrowers from their NDTL for calculation to CRR, Das said in the latest bi-monthly monetary policy announcement of the RBI."          - United News of India, 5 February, 2021  <b>In the efforts of encouraging credit, what other measures can be implemented by RBI that will facilitate more fund flow for the sector?</b></p>	(3)
13.	<p>Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.</p>	(4)
14.	<p>Read the following and answer the given questions:          "The RBI's Monetary Policy Committee (MC) made a unanimous decision to maintain a status - quo after a three day meeting that began on December 2, 2020. The reverse repo rate also remains steady at 3.35 per cent, RBI governor Shakti Kanta Das said."          - Business Today, 5 Feb., 2021  <b>(i) Explain the 'Government's Bank' function of the central bank.</b>  <b>(ii) Explain the significance of the banking system.</b></p>	(4)
15.	<p>Read the following and answer the given questions:          The government had sharply raised the fiscal deficit target for FY22 in the budget presented on February 1, as the Covid-19 pandemic dented revenues and expenditure ballooned to contain its impact.          - The Economic Times, 31 March, 2021  <b>(i) In government budget, primary deficit is ₹ 20,000 crore and interest payment is ₹ 10,000 crore. How much is fiscal deficit?</b>  <b>(ii) What is the significance of primary deficit?</b></p>	(4)
16.	<p>Read the following and answer the given questions:          "Rupee appreciates over 4% against dollar so far in 2020-21."          The rupee is likely to average around 73.50-74 in the financial year 2021-22, as despite a vaccine,</p>	(3+3)

	<p>the Corona Virus hysteria persists and may continue to grapple the foreign exchange market, experts said. - The Economic Times, 29 March, 2021</p> <p><b>(i) In case of appreciation, more ₹ will have to be paid to exchange one dollar. State whether the statement is true or false. Give reasons.</b></p> <p><b>(ii) Considering the above news, what will be the impact on demand for American goods in India?</b></p>																											
17.	<p>(a) Calculate missing values from the following data:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>₹ in crore</th> </tr> </thead> <tbody> <tr> <td>National income</td> <td>71,000</td> </tr> <tr> <td>Gross domestic capital formation</td> <td>10,000</td> </tr> <tr> <td>Government final consumption expenditure</td> <td>x</td> </tr> <tr> <td>Mixed income of self employed</td> <td>y</td> </tr> <tr> <td>Net factor income from abroad</td> <td>1,000</td> </tr> <tr> <td>Net indirect taxes</td> <td>2,000</td> </tr> <tr> <td>Profits</td> <td>1,200</td> </tr> <tr> <td>Wages and salaries</td> <td>15,000</td> </tr> <tr> <td>Net exports</td> <td>5,000</td> </tr> <tr> <td>Private final consumption expenditure</td> <td>40,000</td> </tr> <tr> <td>Consumption of fixed capital</td> <td>3,000</td> </tr> <tr> <td>Operating surplus</td> <td>30,000</td> </tr> </tbody> </table> <p>(b) Giving valid reasons, explain how the following would be treated while estimating domestic income?</p> <p>(i) Payment made by a Japanese tourist for goods purchased in India. (ii) Broker's commission on the sale of second-hand goods.</p>	Particulars	₹ in crore	National income	71,000	Gross domestic capital formation	10,000	Government final consumption expenditure	x	Mixed income of self employed	y	Net factor income from abroad	1,000	Net indirect taxes	2,000	Profits	1,200	Wages and salaries	15,000	Net exports	5,000	Private final consumption expenditure	40,000	Consumption of fixed capital	3,000	Operating surplus	30,000	(6)
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<b>INDIAN ECONOMIC DEVELOPMENT</b>																												
18.	<p>Which of the following statements about education expenditure is accurate?</p> <p>(a) Elementary levels take up the major share of total educational expenditure in India (b) Tertiary levels take up the major share of total educational expenditure in India (c) Secondary levels take up the major share of total educational expenditure in India (d) Higher levels take up the major share of total educational expenditure in India</p>	(1)																										
19.	<p>Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion (A):</b> In the first seven five-year plans, trade in India was characterised by an 'inward looking trade strategy' which is called 'import substitution'.</p> <p><b>Reason (R):</b> The policy's aim was to protect the domestic industries from foreign competition in the form of tariffs and quotas.</p> <p><b>Alternatives:</b></p> <p>(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</p>	(1)																										
20.	<p>Which one of the following statements is correct?</p> <p>A. The expansion of the public sector has been a necessary and constructive development</p>	(1)																										

	<p>and a strong public sector is needed along with the capitalist market</p> <p>B. There are several reasons for the state to embrace a much larger role</p> <p>C. In India, state intervention through public finance policy has to play an important role</p> <p>D. Keynesian economics states that the state has to ensure full employment</p> <p>Choose the correct answer from the options given below:</p> <p>(a) A and B only</p> <p>(b) A, B and C only</p> <p>(c) A and C only</p> <p>(d) A, B, C and D</p>	
21.	<p>Jobless growth leads to unemployment because:</p> <p>(a) Labour refuses to migrate</p> <p>(b) GDP growth is slow</p> <p>(c) Labour is very expensive</p> <p>(d) Growth is due to technology</p>	(1)
22.	<p><b>Read the following statements carefully:</b></p> <p>Statement 1: National Bank for Agricultural and Rural Development (NABARD) was established in 1980.</p> <p>Statement 2: Credit provisions made by Self Help Groups (SHGs) to its different members are known as macro-credit programme.</p> <p><b>In the light of the given statements, choose the correct alternative from the following:</b></p> <p>(a) Statement 1 is true and statement 2 is false</p> <p>(b) Statement 1 is false and statement 2 is true</p> <p>(c) Both statements 1 and 2 are true</p> <p>(d) Both statements 1 and 2 are false</p>	(1)
23.	<p>Due to the recent efforts of which international body the Indian government, initiated the modernization of informal sector?</p> <p>(a) World Bank</p> <p>(b) WTO</p> <p>(c) International Labour Organisation</p> <p>(d) G-20</p>	(1)
24.	<p>Ms Ramanpreet has started a new business venture, she intends to spend a huge amount towards 'on-the-job training' of her workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation. Spot which of the following does not directly contributes to the process of human capital formation by Ms Ramanpreet:</p> <p>(a) adds skills and expertise</p> <p>(b) improves efficiency</p> <p>(c) ensures gender equity</p> <p>(d) increases output productivity</p>	(1)
25.	<p>Small Finance Banks had mobilised deposits of ₹ 82,488 crores and extended credit of ₹ 90,576 crores to small and marginal farmers and Micro, Small and Medium Enterprises (MSMEs) by the end of FY 2019-20. How will it affect the economy?</p> <p>(a) Growth of MSMEs and agriculture sector become faster</p> <p>(b) Financial inclusion of people</p> <p>(c) Economic strengthening of rural areas</p> <p>(d) All of these</p>	(1)
26.	<p>Since independence, India has witnessed a considerable fall in the Infant Mortality Rate in India. Identify which of the following is not one of the reasons for the fall in the Infant Mortality Rate?</p>	(1)

	<p>(a) Improvement in health facilities over the years.</p> <p>(b) Improvement in educational standards over the years</p> <p>(c) Fall in standard of living of the population of the nation over the years</p> <p>(d) Technological expansion over the years</p>																	
27.	<p>From the given image, it is clear that outsourcing from India is not always an advantage for developed countries. Select the reason(s) for the same.</p>  <p>(a) Leads to unemployment in their country</p> <p>(b) Leads to, managerial interference</p> <p>(c) Both (a) and (b)</p> <p>(d) Neither (a) and (b)</p>	(1)																
28.	<p>"Green Revolution enabled the government to procure sufficient food grains to build its stocks that could be used during times of shortage." Do you agree with the above statement? Give reason.</p>	(3)																
29.	<p>'Beti Bachao, Beti Padhao' was launched by the Prime Minister on 22 January 2015 at Panipat, Haryana. It is a tri-ministerial effort of Ministries of Woman and Child Development, Health and Family Welfare and Human Resource Development.</p> <p><b>What are the objectives of this initiative and give any two reasons as to why women education needs to be promoted.</b></p>	(3)																
30.	<p>Answer the following questions on the basis of the following data (with reason).</p> <p>(a) Comment upon the population growth rates among the three countries.</p> <p>(b) Which country has the highest life expectancy?</p> <table border="1" data-bbox="220 1424 1177 1574"> <thead> <tr> <th>Country</th> <th>HDI Value</th> <th>HDI Rank</th> <th>Life expectancy at birth(years)</th> </tr> </thead> <tbody> <tr> <td>India</td> <td>0.645</td> <td>130</td> <td>69.7</td> </tr> <tr> <td>China</td> <td>0.761</td> <td>87</td> <td>76.9</td> </tr> <tr> <td>Pakistan</td> <td>0.557</td> <td>154</td> <td>67.3</td> </tr> </tbody> </table>	Country	HDI Value	HDI Rank	Life expectancy at birth(years)	India	0.645	130	69.7	China	0.761	87	76.9	Pakistan	0.557	154	67.3	(4)
Country	HDI Value	HDI Rank	Life expectancy at birth(years)															
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31.	<p>Read the following case study :</p> <p>Online websites (like Flip kart and Amazon) delivering to Uttar Pradesh had to file a VAT declaration and mention the registration number of the delivery truck. Tax authorities could sometimes seize goods if the documents were not produced.</p> <p>Again, these e-commerce brands were treated as facilitators or mediators by states like Kerala, Rajasthan, and West Bengal which did not require them to register for VAT.</p> <p>All these differential treatments and confusing compliances have been removed under GST.</p> <p><b>With reference to text explain advantages and disadvantages of implementing GST?</b></p>	(4)																
32.	<p>State, giving valid reasons, whether the following statements are true or false:</p> <p>(a) Unemployment is the reason for the rural-urban migration in India.</p>	(4)																

	(b) Human capital formation gives birth to innovation and technological improvements.																
33.	<p>Answer the following questions on the basis of given data:</p> <p style="text-align: center;"><b>Employment pattern (status wise) 1972-2012(in%)</b></p> <table border="1"> <thead> <tr> <th>Status</th> <th>1972-73</th> <th>2011-12</th> </tr> </thead> <tbody> <tr> <td>Self employed</td> <td>61.4</td> <td>52.0</td> </tr> <tr> <td>Regular salaried employees</td> <td>15.4</td> <td>18.0</td> </tr> <tr> <td>Casual wage labourers</td> <td>23.2</td> <td>30.0</td> </tr> <tr> <td>Total</td> <td>100.0</td> <td>100.0</td> </tr> </tbody> </table> <p>(a) Analyse the trend in the employment pattern on the basis of the above table.            (b) Which source is the major employment provider and why? Discuss any two problems associated with this kind of workforce .</p>	Status	1972-73	2011-12	Self employed	61.4	52.0	Regular salaried employees	15.4	18.0	Casual wage labourers	23.2	30.0	Total	100.0	100.0	(2+4)
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34.	<p>Answer the following questions in context of environment :</p>  <p>I. "The opportunity costs of negative environmental impacts are high".            Do you agree with the given statement? Give valued reasons in support of your answers.</p> <p>II. "Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment".            Explain how, adopting the traditional practices can helpful in achieving the objective of Sustainable development?</p>	(3+3)															