



MAITRI VIDYA NIKETAN, EMSSS, RISALI, BHILAI
MODEL EXAMINATION (2022-23)
CLASS XII
SUBJECT – ECONOMICS (030)

TIME-3Hrs.

MM: 80

General Instructions:

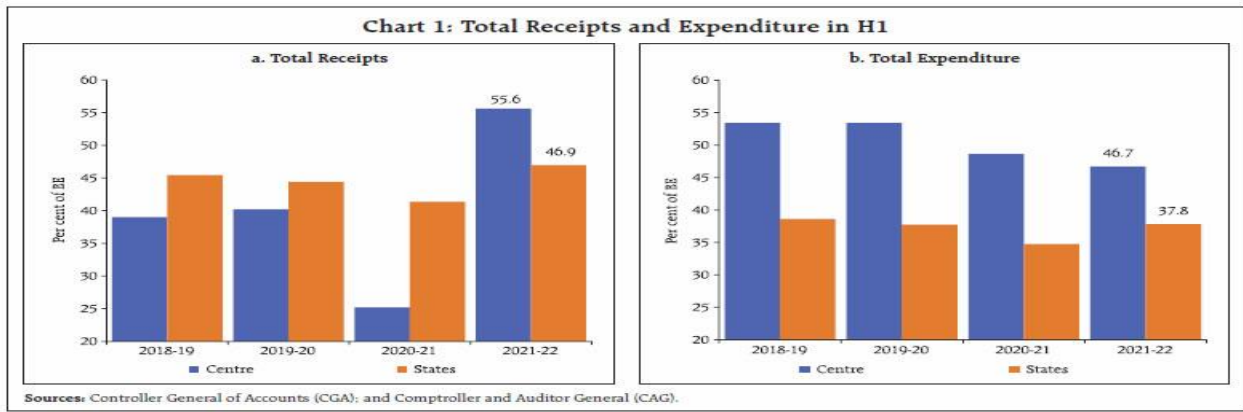
- i. All questions in both sections are compulsory. However, there is internal choice in some questions.
- ii. Question No.1-10 and 18-27 are very short answer questions carrying **1 mark** each. They are required to be answered in one sentence.
- iii. Question No.11-12 and 28-29 are short answer questions carrying **3 marks** each. Answers to them should not normally exceed 60 words each.
- iv. Question No.13-15 and 30-32 are also short answer questions carrying **4 marks** each. Answers to them should not normally exceed 70 words each.
- v. Question No.16-17 and 33-34 are long answer questions carrying **6 marks** each. Answers to them should not normally exceed 100 words each.
- vi. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION-A : MACRO ECONOMICS

SL.NO.	QUESTION	MARKS
1	The Government of India has decided to vaccinate the adult population of India (with Covaxin/Covishield), without any charge. This would be categorized as _____ (Fill in the blank with correct alternative) a) revenue nature income b) capital nature expenditure c) revenue nature expenditure d) capital nature income	1
2	Two friends Mira and Sindhu were discussing the exchange rate systems. 'Under this system, the exchange rates are determined by the market forces of demand and supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range'. The above-mentioned statement was given by Sindhu, identify the type of exchange rate system was she talking about? a) Fixed Exchange Rate b) Floating Exchange Rate c) Managed Floating Exchange Rate d) Managed Fixed Exchange Rate	1
3	Read the following statements carefully and choose the correct alternative from the following: Statement 1 – Demonetization was the step taken by the Government of India in order to tackle the problems of corruption, black money, terrorism and circulation of fake currency in the Indian Economy. Statement 2 – Demonetization has ensured improved tax compliance in India over the period of time. a) Both the statements are true. b) Both the statements are false. c) Statement 1 is true and Statement 2 is false d) Statement 2 is true and Statement 1 is false	1
4	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	1
5	In a hypothetical economy, Mr. Neeraj has deposited ₹100 in the bank. If it is assumed that there is no other currency circulation in the economy, then the total money supply in the economy will be _____ (Fill up the blank with correct alternative) a) zero b) ₹ 100 c) not defined d) ₹ 120	1

6	Balance of Payments of an economy records inflow and outflow of _____ for a fiscal year. a) income and expenditure of the government b) funds of the government c) foreign exchange to/from the economy d) loans to/from the rest of the world	1																																							
7	Average Propensity to Consume can never be a) positive b) zero c) more than one d) less than one	1																																							
8	Calculate Change in Income (ΔY) for a hypothetical economy given that: i. Marginal propensity to consume (MPC) = 0.8 ii. Change in consumption (ΔC) = 1000 Crores a) 1250 crore b) 2000 crore c) 2520 crore d) none of these	1																																							
9	High inflation levels in the economy leads to _____ in the supply of money. a) Increase b) Decrease c) No change d) None of the above	1																																							
10	The Balance of Payment account records the inflow of foreign exchange on the _____. a) Debit side b) Credit side c) Both a and b d) None of the above	1																																							
11	Giving valid reasons explain which of the following will not be included in estimation of NNP_{FC} of India? a) Purchase of shares of X. Ltd. by an investor in the National Stock Exchange. b) Salaries paid by the French Embassy, New Delhi to the local workers of the housekeeping department. c) Compensation paid by the Government of India to the victims of floods <p style="text-align: center;">Or</p> Calculate “ GNP_{FC} ” from the following data by (a) Income method, and (b) Expenditure method:	3																																							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%; text-align: center;">Sl.no.</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Rs. In Crore</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">i</td> <td>Private final consumption expenditure</td> <td style="text-align: center;">1000</td> </tr> <tr> <td style="text-align: center;">ii</td> <td>Net domestic capital formation</td> <td style="text-align: center;">200</td> </tr> <tr> <td style="text-align: center;">iii</td> <td>Profits</td> <td style="text-align: center;">400</td> </tr> <tr> <td style="text-align: center;">iv</td> <td>Compensation of employees</td> <td style="text-align: center;">800</td> </tr> <tr> <td style="text-align: center;">v</td> <td>Rent</td> <td style="text-align: center;">250</td> </tr> <tr> <td style="text-align: center;">vi</td> <td>Government final consumption expenditure</td> <td style="text-align: center;">500</td> </tr> <tr> <td style="text-align: center;">vii</td> <td>Consumption of fixed capital</td> <td style="text-align: center;">60</td> </tr> <tr> <td style="text-align: center;">viii</td> <td>Interest</td> <td style="text-align: center;">150</td> </tr> <tr> <td style="text-align: center;">ix</td> <td>Net current transfers from rest of the world</td> <td style="text-align: center;">(-) 80</td> </tr> <tr> <td style="text-align: center;">x</td> <td>Net factor income from abroad</td> <td style="text-align: center;">(-) 10</td> </tr> <tr> <td style="text-align: center;">xi</td> <td>Net exports</td> <td style="text-align: center;">(-) 20</td> </tr> <tr> <td style="text-align: center;">xii</td> <td>Net indirect taxes</td> <td style="text-align: center;">80</td> </tr> </tbody> </table>	Sl.no.	Particulars	Rs. In Crore	i	Private final consumption expenditure	1000	ii	Net domestic capital formation	200	iii	Profits	400	iv	Compensation of employees	800	v	Rent	250	vi	Government final consumption expenditure	500	vii	Consumption of fixed capital	60	viii	Interest	150	ix	Net current transfers from rest of the world	(-) 80	x	Net factor income from abroad	(-) 10	xi	Net exports	(-) 20	xii	Net indirect taxes	80	
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12	Explain the significance of medium of exchange function of money. <p style="text-align: center;">Or</p> Explain the medium of exchange function of money.	3																																							
13	When is an economy in equilibrium? Explain with the help of saving and investment function. Also, explain the changes that take place in an economy when the economy is not in equilibrium. Use diagram	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. <p style="text-align: center;">Or</p> 'Reserve Ratio and Credit Creation are inversely related.' Do you agree with the given statement? Justify your answer with a suitable numerical example.	4																																							
15	'An economy is operating at under-employment level of income'. What is meant by the given statement? Discuss one fiscal measure and one monetary measure to tackle the situation.	4																																							
16	i. Explain, how exchange rate is determined under a free market exchange rate system. 3 ii. Distinguish between autonomous and accommodating transactions in Balance of Payments Accounts. 3	6																																							

a) Compare the trends depicted in the figures given below:



b) Elaborate the objective of 'allocation of resources' in the Government budget.

Or

'Monetary measures offer a valid solution to the problem of Inflationary gap in an economy'. State and discuss any two monetary measures to justify the given statement.

SECTION-B : INDIAN ECONOMIC DEVELOPMENT

18

Read the following statements –

Assertion (A) and Reason(R), Choose one of the correct alternatives given below:

Assertion (A): Since the default rates of farm loans have become chronically high due to multiple reasons, the rural banks are facing a lot of cash crunch.

Reason(R): Due to lack of proper storage facilities a lot of farm produce is wasted.

- 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 and 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.

1

19

'Since independence, India has witnessed a considerable fall in the Infant Mortality Rate in India'

Identify which of the following may not be one of the reasons for the fall in the Infant Mortality Rate? (Choose the correct alternative)

- Improvement in health facilities over the years
- Improvement in educational standards over the years
- Fall in standard of living of the population of the nation over the years
- Technological expansion over the years

1

20

Arrange the following events of China in chronological order and choose the correct alternative:

- Great Proletarian Cultural Revolution
- Great Leap Forward campaign
- Introduction of Economic Reforms
- First five year plan

Choose the correct alternative:

- ii, iv, iii, i
- iv, ii, i, iii
- ii, iv, i, iii
- iv, i, ii, iii

1

21

Introduction of Economic Reform in Pakistan took place in.....

- 1978
- 1980
- 1988
- 1991

1

22

_____ is not a cause for environmental degradation.

- Waste management
- Deforestation
- Global warming
- Guarding green cover

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.

1

	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	
24	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
25	NITI Aayog or the National Institution for Transforming India replaced which of the following commission? a) Public Service Commission b) Civil Service Commission c) The Election Commission d) The Planning Commission	1
26	The economic reforms under the New Economic Policy of 1991 were made so that _____. a) Market forces would drive the economy towards development and growth b) The government would drive the economy towards development and growth c) The public would drive the economy towards development and growth d) None of the above	1
27	Choose the correct alternatives to be filled in given blanks A and B. <div style="text-align: center;"> </div> a) Low level of income and Low level of investment b) Low level of investment and Low level of Income c) Low Mobilization of savings and Low level of investment d) Low level of Investment and Low savings	1
28	Interpret the given picture on account of current environmental challenges 	3

29	<p>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.</p> <p style="text-align: center;">Or</p> <p>“Rural Economic development is essential for Indian Economic development”. Do you agree with the given statement? Support your answer with valid reasons.</p>	3																																									
30	<p>‘In spite of the increase in public health expenditure Indian Health System is an ailing system in itself’. Defend the statement citing any three major problems of Health sector in India.</p>	4																																									
31	<p>a) ‘Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities. ‘In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides. 2</p> <p>b) ‘In recent times the Indian Economy has experienced the problem of Casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19.’ Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement. 2</p>	4																																									
32	<p>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.</p> <p style="text-align: center;">Or</p> <p>“Higher income leads to high level of human capital.” Comment</p>	4																																									
33	<p>Compare and analyse the following information in detail :</p> <table border="1" data-bbox="153 857 1394 1120"> <thead> <tr> <th rowspan="2">Sector</th> <th colspan="3">Contribution to GDP</th> <th colspan="3">Distribution of Workforce</th> </tr> <tr> <th>India</th> <th>China</th> <th>Pakistan</th> <th>India</th> <th>China</th> <th>Pakistan</th> </tr> </thead> <tbody> <tr> <td>Agriculture</td> <td>17</td> <td>9</td> <td>25</td> <td>42.7</td> <td>17.5</td> <td>42</td> </tr> <tr> <td>Industry</td> <td>30</td> <td>43</td> <td>21</td> <td>23.8</td> <td>26.5</td> <td>3.7</td> </tr> <tr> <td>Services</td> <td>53</td> <td>48</td> <td>54</td> <td>33.5</td> <td>56</td> <td>54.3</td> </tr> <tr> <td>Total</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> </tr> </tbody> </table> <p style="text-align: center;">Or</p> <p>What is green revolution? Why was it implemented and how did it benefit the farmer?</p>	Sector	Contribution to GDP			Distribution of Workforce			India	China	Pakistan	India	China	Pakistan	Agriculture	17	9	25	42.7	17.5	42	Industry	30	43	21	23.8	26.5	3.7	Services	53	48	54	33.5	56	54.3	Total	100	100	100	100	100	100	6
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34	<p>An important lesson that the COVID-19 pandemic has taught the policymakers in India is to provide greater impetus to sectors that make better allocation of resources and reduce income inequalities. COVID-19 has also taught a lesson that in crisis the population returns to rely on the farm sector. India has a large arable land, but the farm sector has its own structural problems. However, directly or indirectly, 50 percent of the households still depend on the farm sector. Greater support to MSMEs, higher public expenditure on health and education and making the labour force a formal employee in the economy are some of the milestones that the nation has to achieve.</p> <p>One of the imminent reforms to be done in the country is labour reforms. Labour laws are outmoded in India, and some of these date back to the last century.</p> <p>India’s complex labour laws have been blamed for keeping manufacturing businesses small and hindering job creation. Industry hires labour informally because of complex laws and that is responsible for low wages.</p> <ol style="list-style-type: none"> 1. Which types of structural problems are faced by the agricultural sector? 2. “It is necessary to create employment in the formal sector rather than in the informal sector.” Defend or refute the given statement with valid argument. 3. Hired labour comes in (Informal organisation / formal organisation) 4. What do you mean by MSMEs? <p style="text-align: center;">Or</p> <p>Discuss the outcomes of India’s Five Year Plans over the years</p>	6																																									