

CBSE Class 12 Economics 2020 - Set 58/1/1



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- (i) This question paper contains 34 questions.
- (ii) All questions are compulsory, subject to the internal choices provided. Attempt all parts of a question together.
- (iii) Where an internal choice is provided, attempt only one alternative.
- (iv) Questions 1–10 and 18–27 carry 1 mark each.
- (v) Questions 11–12 and 28–29 carry 3 marks each; answer in 60–80 words.
- (vi) Questions 13–15 and 30–32 carry 4 marks each; answer in 80–100 words.
- (vii) Questions 16–17 and 33–34 carry 6 marks each; answer in 100–150 words.

Section A — Macro Economics

1. In order to control the money supply in the economy, the Central Bank may _____.

(Choose the correct alternative)

- (A) buy securities in the open market (B) sell securities in the open market
(C) reduce cash reserve ratio (D) reduce repo rate

2(a). State whether the following statement is true or false :

“Government Budget is an important monetary policy instrument.”

OR

2(b). Disinvestment is a _____ (capital/revenue) receipt of the government.

(Choose the correct alternative)

3. Effective demand is defined as _____.

(Fill in the blank with the suitable definition)

4. Two components of money supply are _____ and _____.

(Fill in the blanks with correct answers)

5. State whether the following statement is true or false :

“Expected obsolescence is included in depreciation.”

6. Fiscal deficit can be estimated using the formula _____.

(Fill in the blank with the correct formula)

7. According to the theory of Keynesian Economics, the value of Average Propensity to Consume can never be _____.

(Choose the correct alternative)

- (A) zero (B) unity (1)
(C) more than one (D) less than one

8. _____ is one of the most important sources of demand for foreign currency.

(Fill in the blank with the correct answer)

9. State whether the following statement is true or false :

“As per Keynesian theory in an economy, full employment can never exist.”

10. Define ‘Trade Surplus’.

11(a). “Final goods include only those goods which are consumed by the households.” Defend or refute the given statement with valid reason.

OR

11(b). “Circular flow principle is based on the assumption that one’s expenditure will become other’s income.” Explain the given statement.

12. Justify the following statement, with valid reason.

“Ex-ante Aggregate Demand is always equal to Ex-ante Aggregate Supply.”

13(a). Using a hypothetical numerical example, explain the process of credit creation by a commercial bank.

OR

13(b). “Central Bank acts as the banker to the government.” Elaborate the given statement.

14. “India is taking huge leaps in the index of Ease of Doing Business, as a result many MNCs are shifting their production base to India.” In the light of the above statement, comment upon the flow of foreign exchange and its likely impact on the Indian Economy.

15. (a) Define ‘Revenue Expenditure’.
(b) Distinguish between Direct tax and Indirect tax.

16(a)(a). Calculate the value of ‘Change in Stock’ from the following data :

S. No.	Items	Amount (in ₹ Crores)
(i)	Sales	400
(ii)	Net Value Added at Factor Cost (NVA_{FC})	200
(iii)	Subsidies	10
(iv)	Change in Stock	?
(v)	Depreciation	40
(vi)	Intermediate Consumption	100

16(a)(b). Define Real Gross Domestic Product.

OR

16(b)(a). Discuss briefly the three components of ‘Income from Property and Entrepreneurship’.

OR

16(b)(b). What are ‘externalities’ ? State its types with suitable examples.

17. In an economy, if initial investments are increased by ₹ 100 crores, discuss the working of investment multiplier presuming marginal propensity to consume is 0.8.

Section B — Indian Economic Development

18. During India's first seven five-year plans, the Government of India adopted _____ policy to protect domestic industries.

(Fill up the blank with correct answer)

19. Mention any one advantage of Organic farming.

20. State whether the following statement is true or false :

"In the past few decades, primary sector has created maximum jobs in India."

21. _____ was the predecessor organisation to World Trade Organisation (WTO).

(Choose the correct alternative)

- | | |
|--|---|
| (A) International Bank for Reconstruction and Development (IBRD) | (B) International Monetary Fund (IMF) |
| (C) Reserve Bank of India (RBI) | (D) General Agreement on Tariffs and Trade (GATT) |

22(a). India is not a member of which of the following regional/global economic grouping ?

(Choose the correct alternative)

- | | |
|--------------------|-----------|
| (A) European Union | (B) BRICS |
| (C) G-20 | (D) SAARC |

OR

22(b). Pakistan introduced its economic reforms in the year _____ .

(Choose the correct alternative)

- | | |
|----------|----------|
| (A) 1974 | (B) 1976 |
| (C) 1978 | (D) 1988 |

23. State whether the following statement is true or false :

"Self-Help Groups (SHGs) are an example of a microcredit organisation."

24. The main aim of 'Great Leap Forward' was to ensure rapid increase in _____ (primary/secondary/tertiary) sector in China.

(Choose the correct alternative)

25. State any one outcome of implementation of Economic Reforms in India in 1991.

26. Arrange the following events in chronological order and choose the correct answer from the given alternatives :

- (i) Establishment of People's Republic of China
- (ii) Creation of Pakistan
- (iii) First Five-Year Plan of India
- (iv) First Five-Year Plan of China

- | | |
|----------------------------|----------------------------|
| (A) (i), (iv), (ii), (iii) | (B) (iii), (ii), (i), (iv) |
| (C) (ii), (i), (iii), (iv) | (D) (iv), (iii), (ii), (i) |

27. First Industrial Policy Resolution of Independent India was announced in the year _____ .

(Fill in the blank with correct alternative)

- | | |
|----------|----------|
| (A) 1947 | (B) 1948 |
| (C) 1951 | (D) 1956 |

28(a). “Human Capital Formation gives birth to innovation, invention and technological improvements.” Do you agree with the given statement ? Support your answer with valid arguments.

OR

28(b). Critically evaluate the role of rural banking system in the process of rural development in India.

29. Compare and analyse the given data of India and China, with valid reasons :

Cou ntry	Annual Growth Rate of Population (2015)	Gender Ratio (Per thousand males)
Indi a	1.2%	929
Chin a	0.5%	941

Source : World Development Indicators, 2015

30(a). “India is often called as outsourcing destination of the world.” Discuss the prime reasons for this name given to India.

OR

30(b). State the meaning of import substitution. Explain how import substitution can protect the domestic industries.

31. (a) State any one positive contribution made by the British in India.

(b) Indicate the volume and direction of foreign trade of India at the time of Independence.

32. Define any two of the following :

(a) Absorptive Capacity of Environment

(b) Carrying Capacity of Environment

(c) Poverty Line (in terms of Calorific values)

33(a). Why are less women found in regular salaried employment ?

33(b). Analyse the recent trends in sectoral distribution of workforce in India :

Trends in Employment Pattern (Sector-wise), 1993 – 2012 (in %)

Sector	1993 – 94	1999 – 2000	2011 – 2012
Primary	64	60.4	48.9
Secondary	16	15.8	24.3
Services	20	23.8	26.8

34(a). (a) “Ujjwala Yojana has been a game changer for rural India.” State any three conventional fuels being targeted under the LPG cylinder distribution scheme (Ujjwala Yojana).

(b) “Indian Health System needs a stronger dose of public expenditure to cure itself.” Justify the given statement with valid arguments.

OR

34(b). Critically examine the results of Poverty Alleviation Programmes implemented in India since Independence.

- End of Question Paper -