CBSE Class 12 Economics 2020 - Set 58/2/1

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) This question paper comprises two sections - A and B. All questions are compulsory.

(ii) Question numbers 1 – 10 and 18 – 27 are very short-answer questions carrying 1 mark each. They are required to be answered in one word or one sentence each.

(iii) Question numbers 11 – 12 and 28 – 29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60 – 80 words each.

(iv) Question numbers 13 – 15 and 30 – 32 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 80 – 100 words each.

(v) Question numbers 16 – 17 and 33 – 34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 – 150 words each.

(vi) Answers should be brief and to the point. Also the above word limit be adhered to as far as possible.

(vii) There is no overall choice. However, an internal choice has been provided in 2 questions of one mark, 2 questions of three marks, 2 questions of four marks and 2 questions of six marks. Only one of the choices in such questions have to be attempted.

(viii) In addition to this, separate instructions are given with each section and question, wherever necessary.

Section A

1. If the entire additional income of an economy is consumed, the value of investment multiplier will be _____ . (Choose the correct alternative)

(A) zero (0)
(B) not defined (∞)
(C) one (1)
(D) ten (10)

2(a). A car purchased by a household is a _____ . (Choose the correct alternative)

(A) single use capital good
(B) single use consumer good
(C) durable consumer good
(D) semi-durable consumer good

OR

2(b). GNP deflator is represented by which of the following formulae ? (Choose the correct alternative)

(A) $\frac{\text{Nominal GNP}}{\text{Real GNP}} \times 100$

(B) $\frac{\text{Real GNP}}{\text{Nominal GNP}} \times 100$

(C) $\frac{\text{Real GNP}}{\text{Change in Rate of Inflation}} \times 100$

(D) $\frac{\text{Change in Rate of Inflation}}{\text{Real GNP}} \times 100$

3. Name the two components of Aggregate Demand in a closed economy.

4. _____ is the agent and adviser to the Government of India. (Fill in the blank with correct answer)

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

"To reduce inflation, the Central Bank should reduce Cash Reserve Ratio (CRR)."

6. Government expenditure incurred on defence items is a type of _____ expenditure in the Government Budget. (Fill in the blank with correct answer)

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

"Under a managed floating exchange rate system, the Government directly controls the exchange rate."

8. 'Charity from Abroad' will be recorded on _____ (credit/debit) side of the Balance of Payment accounts. (Fill in the blank with correct answer)

9. Give any two examples of non-tax revenue receipts.

10. Suppose in a hypothetical economy, the income rises from ₹ 500 crores to ₹ 600 crores. As a result, the consumption expenditure rises from ₹ 400 crores to ₹ 500 crores. Marginal propensity to consume in such a case would be _____ . (Choose the correct alternative)

(A) 0.8
(B) 0.4
(C) 1.0
(D) 0.6

11. "Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country." Defend or refute the given statement with valid reasons.

12(a). Discuss the working of the adjustment mechanism if, Aggregate Demand (AD) is greater than Aggregate Supply (AS).

OR

12(b). If in an economy :

Change in initial investment (ΔI) = ₹ 1,000 crores,

Marginal propensity to save (MPS) = 0.2.

Find the value of the following :

(a) Investment multiplier (K)

(b) Change in final income (ΔY)

13(a). What role does credit multiplier play in determining the credit creation capacity of the banking system ? Use a numerical illustration to explain.

OR

13(b). Elaborate any two instruments of credit control, exercised by the Reserve Bank of India.

14. "US dollar has recorded a jump of 0.75 paise per dollar (p/$) in the last one month; this situation might bring smiles and sorrows to different types of traders (exporters and importers)." Justify the given statement.

15. "The Government Budget of a country cannot have fiscal deficit without the existence of revenue deficit." Defend or refute the given statement.

16(a). (a) "Circular flow of income in a two-sector economy is based on the axiom that one's expenditure is other's income." Support your answer with valid reasons.

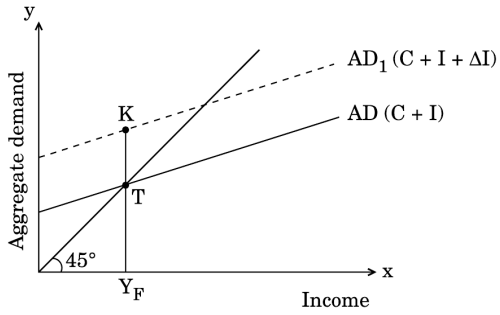
(b) Distinguish between 'value of output' and 'value added'.

OR

16(b). Using the following data of an imaginary economy, calculate and compare the Real Gross Domestic Product (GDP) for the given years :

Year	2015 – 16	2016 – 17
Nominal GDP Rate	8.4%	9%
GDP deflator	140	125

17.



In the given figure, what does the gap 'KT' represent ? State and discuss any two fiscal measures to correct the situation.

17-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

What is meant by deflationary gap ? State and discuss any two fiscal measures to correct the situation of deflationary gap.

Section B

18(a). In the year _____, the Indian Government made education free and compulsory for all children between 6 – 14 years. (Choose the correct alternative)

(A) 2001 (B) 2009

(C) 2003 (D) 2007

OR

18(b). Which one of the following organisations regulates the health sector in India ? (Choose the correct alternative)

(A) ICMR (B) UGC

(C) AICTE (D) RBI

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

"Land ceiling means fixing the minimum limit of land holding for an individual."

20. Identify and match the correct sequence of alternatives of organisations given in Column I with their respective functions in Column II :

Column I

a. WTO

b. RBI

c. IMF

d. IBRD

Column II

(i) provides short-term loans to solve the Balance of Payments problem.

(ii) is a multilateral trade negotiating body.

(iii) facilitates lending for reconstruction and development.

(iv) is the Central Bank of India.

Choose the correct alternative from the following :

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

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

21. Mao initiated the 'Great Leap Forward' in the year _____ . (Choose the correct alternative)

(A) 1951 (B) 1955

(C) 1958 (D) 1962

22. Name the apex institution for rural financing in India.

23. _____ policy was implemented in the first seven five-year plans of India, to protect domestic industries. (Fill in the blank with the correct answer)

24. _____ is an example of a commercial source of energy. (Choose the correct alternative)

(A) Firewood (B) Coal

(C) Agricultural waste (D) Dried dung cakes

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

"Proportion of people living below poverty line is more in India as compared to Pakistan."

26. Name any one Maharatna company.

27. Which of the following is not an advantage of organic farming ? (Choose the correct alternative)

(A) Cheap inputs (B) Attractive returns on investment

(C) Greater possibilities for import (D) High nutritional value

28(a). "Power sector in India has major challenges to face." Discuss the given statement with valid reasons.

OR

28(b). "India has failed to implement the recommendations of Education Commission of 1964 – 66." Give valid arguments in support of the given statement.

29. "Recently the Government of India has decided to merge MTNL and BSNL on account of rising losses." Justify the steps taken by the Government of India.

30(a). Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.

OR

30(b). "Import restrictions were imposed in India with the dual objective to save foreign exchange reserves and to be self-sufficient." Justify the given statement with valid arguments.

31. Comment upon any two salient features of occupational structure of India on the eve of Independence.

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

India
Annual growth rate of population (2015): 1.2%
Sex ratio (per thousand males): 929

China
Annual growth rate of population (2015): 0.5%
Sex ratio (per thousand males): 941

Source : World Development Indicators, 2015

33. Define the following :

(a) Carrying capacity of environment

(b) Bio-composting

(c) Sustainable Development

(d) Absorptive capacity of the environment

34(a). (a) Comment upon the informalisation of labour force in India.

(b) Define the worker-population ratio.

OR

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

- End of Question Paper -