# CBSE Class 12 Economics 2020 - Set 58/4/2

## Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

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

### General Instructions

(i) Question paper comprises two Sections – A and B. All questions are compulsory.

(ii) Question number 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 number 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 number 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 number 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) Answer 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.** State, whether the given statement is true or false :

'Unexpected obsolescence is a component of depreciation.'

**2(a).** Two components of money supply are _____ and _____.

(Fill up the blank with correct answer).

OR

**2(b).** The main aim of monetary policy is _____.

(Choose the correct alternative)

(A) to bring price stability in the economy.
(B) employment generation in the country.
(C) to increase trade surplus.
(D) to generate greater tax revenue.

**3.** If income rises from ₹ 50,000 to ₹ 60,000, consumption increases from ₹ 40,000 to ₹ 48,000. In this situation, what will be the value of Marginal Propensity to Consume (MPC) ?

(Choose the correct alternative.)

(A) 0.80
(B) 0.20
(C) 0.10
(D) 0.90

**4.** Loans offered by commercial banks _____ (increase/decrease) the money supply in the economy.

(Fill up the blank with correct alternative.)

**5.** ₹ 2,000 note lying in wallet of Rohini, a student is an example of _____ (stock/flow) variable.

(Fill up the blank with correct alternative.)

**6.** State, whether the given statement is true or false :

'Expenditure on Ujjwala Yojana launched by the Government is an example of capital expenditure.'

**7.** The sum of factor payments is equal to _____.

(Choose the correct alternative.)

(A) Domestic Income
(B) National Income
(C) Per Capita Real Income
(D) Per Capita Nominal Income.

**8.** Define inventory (stock).

**9.** Give any one example of 'debt creating capital receipts' in the Government Budget.

**10.** Define intermediate consumption.

**11.** "Management of a water polluting oil refinery says that the it (oil refinery) ensures welfare through its contribution to Gross Domestic Product."

Defend or refute the argument of management with respect to GDP as a welfare measure of the economy.

**12(a).** Calculate Net Value Added at Factor Cost ($NVA_{FC}$) from the following data :

| S. No. | Particulars | Amount (in ₹ crores) |
|---|---|---|
| (i) | Value of Output | 800 |
| (ii) | Intermediate Consumption | 200 |
| (iii) | Indirect taxes | 30 |
| (iv) | Depreciation | 20 |
| (v) | Subsidies | 50 |
| (vi) | Purchase of machinery | 50 |

OR

**12(b).** State the three components of Income from Property and Entrepreneurship.

**13(a).** Explain the function of Central Bank as 'Banker, Agent and Advisor' of the Government.

OR

**13(b).** Elaborate, how does a Central Bank stabilize money supply through 'Bank Rate'.

**14.** Define effective demand. Discuss how, effective demand can be restored if ex-ante Aggregate Demand (AD) is less than ex-ante Aggregate Supply (AS).

**15.** Elaborate the objective of 'allocation of resources' in the Government Budget.

**16(a).** State, giving valid reasons whether the following statements are true or false :

(i) Trade deficit is always a great cause of worry for an economy.

(ii) Depreciation of currency has same effect on exports as devaluation of currency.

(iii) 'Indians investing in assets abroad' will be recorded under debit side of capital account in Balance of Payments.

OR

**16(b)(a).** Explain, what can be the likely impact of depreciation of the home currency on imports to the country.

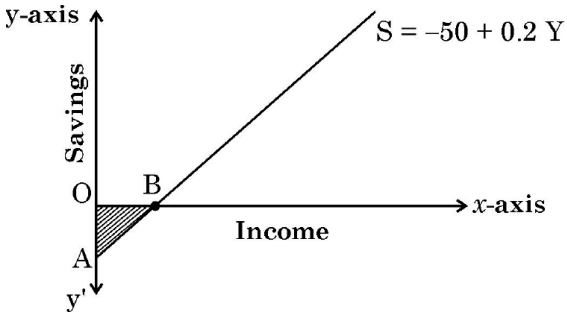
**16(b)(b).** Distinguish between Current Account Deficit (CAD) and Current Account Surplus (CAS).

**17(a).** Given the following information, identify whether the economy is in equilibrium or not.

| Sr. No. | Particulars | Amount |
|---|---|---|
| (i) | Autonomous Consumption & Investment Expenditure ($\bar{A}$) | ₹ 200 crores |
| (ii) | Marginal Propensity to Consume (MPC) | 0.70 |
| (iii) | National Income | ₹ 1,000 crores |

**17(b)(i).** Answer the following questions based on the figure given below :

At which level of income, Average Propensity to Consume will be equal to one and why ?




**17(b)(ii).** Answer the following questions based on the figure given below :

What is the significance of saving curve above the point B.

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

For Visually Impaired Candidates only :

(b) (i) Define Autonomous consumption.

(ii) What is the significance of dis-savings ?

## Section B

**18.** Which of the following countries adopted 'One Child Policy' as a measure to control population ?

(Choose the correct alternative.)

(A) India (B) China

(C) Pakistan (D) Russia

**19.** World Trade Organisation (WTO) was established in 1995, as a successor organisation to _____.

(Fill up the blank with correct answer)

**20.** Define mixed economy.

**21.** _____ policy followed in first seven five year plans of India, aimed at substituting imports with domestic production.

(Fill up the blank with correct answer)

**22.** In the past few decades _____ (primary/secondary/tertiary) sector has created maximum jobs opportunities in India.

(Fill up the blank with correct answer)

**23.** The main aim of 'Great Leap Forward' (GLF) in China was to ensure rapid increase of _____.

(Choose the correct alternative)

(A) agriculture (B) industries

(C) services (D) exports

**24.** Which of the following is not a benefit of organic farming ?

(Choose the correct alternative.)

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

(C) Greater import possibilities (D) Higher nutritional value

**25.** Define disguised unemployment.

**26.** Introduction of Economic Reforms in China took place in the year _____.

(Choose the correct alternative.)

(A) 1978 (B) 1980

(C) 1988 (D) 1991

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

"World Bank is also known as International Bank for Registration and Delimitation (IBRD)."

OR

**27(b).** Define Marketed Surplus.

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

| Country | Annual Growth rate of population (2015) | Gender Ratio (Per thousand males) |
|---|---|---|
| India | 1.2% | 929 |
| China | 0.5% | 941 |

Source : World Development Indicators, 2015.

**29(a).** "Rapid increase in economic growth surely trickles down to the people under the absolutely poor category."

Defend or refute the given statement with valid argument.

OR

**29(b).** "Human Capital Formation gives birth to innovation, invention and technological improvements."

Do you agree with the given statement ? Support your answer with valid arguments.

**30.** Distinguish between :

(i) Tariff and non-tariff Barriers,

(ii) Bilateral and multilateral trade.

**31.** (a) State the names of six Indian Systems of Medicines (ISM) under AYUSH scheme of the Government of India.

(b) Name any two non-conventional sources of energy.

**32(a).** Discuss briefly, any two salient features of India's pre-independence occupational structure.

OR

**32(b).** Discuss briefly the rationale behind choosing 'self-reliance' as a planning objective for Indian economy.

**33(a)(a).** Define worker-population ratio. What does it signify ?

**33(a)(b).** Analyse the trends in sectoral distribution of work force in India on the basis of data :

Trends in Employment Pattern (Sector-wise), 1972-2012 (in %)

| Sector | 1972-73 | 1983 |
|---|---|---|
| Primary | 74.3 | 68.6 |
| Secondary | 10.9 | 11.5 |
| Services | 14.8 | 16.9 |
| Total : | 100.0 | 100.0 |

| Sector | 1993-94 | 1999-2000 |
|---|---|---|
| Primary | 64 | 60.4 |
| Secondary | 16 | 15.8 |
| Services | 20 | 23.8 |
| Total : | 100.0 | 100.0 |

| Sector | 2011-2012 |
|---|---|
| Primary | 48.9 |
| Secondary | 24.3 |
| Services | 26.8 |
| Total : | 100.0 |

OR

**33(b)(a).** "The Prime Minister urged to increase the rural income by increasing non-farm activities."

Explain how non-farm activities can lead to rise in income of people in rural sector.

**33(b)(b).** "Indian health system needs the increased dose of public expenditure to cure itself."

Defend or refute the given statement with valid arguments.

**34(a).** State and discuss any two environmental concerns faced by India in the present times.

**34(b).** Discuss the importance of credit in rural development.

**- End of Question Paper -**