

SAMPLE QUESTION PAPER (2022-23)

ECONOMICS (030) CLASS 12

TIME: 3 HOURS

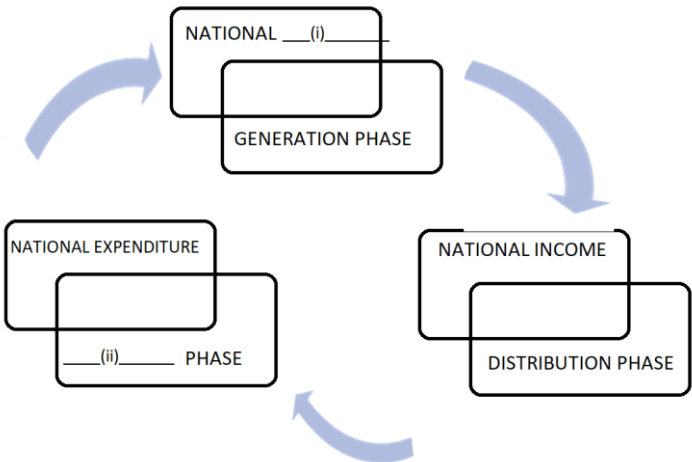
M.M. – 80

GENERAL INSTRUCTIONS:

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

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	<p>Read the following statements carefully:</p> <p>Statement 1: The consumption curve is an upward sloping straight line curve due to the direct relationship between income and consumption and the assumption of constant Marginal Propensity to Consume.</p> <p>Statement 2: Aggregate Demand curve and Consumption curve are parallel to each other.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <ol style="list-style-type: none">a) Statement 1 is true and statement 2 is falseb) Statement 1 is false and statement 2 is truec) Both statements 1 and 2 are trued) Both statements 1 and 2 are false	1
2	<p>‘Owing to the Russia-Ukraine crisis, the world is experiencing rising crude prices due to supply-side issues.’</p> <p>Identify the most likely impact on the Balance of Payment situation of the Indian economy from the following:</p> <ol style="list-style-type: none">a) Production of cars in India will rise.b) Production and sale of cycles in India will rise.c) Inflow of US Dollars in India will rise.d) Outflow of US Dollars from India will rise.	1
3	<p>_____ is an institution that accept deposits for lending purposes.</p> <p>(Fill up the blank with correct alternative)</p> <ol style="list-style-type: none">a) Commercial Banksb) Life Insurance Corporationc) Reserve Bank of Indiad) Government of India	1



4	<p>Read the following statements carefully:</p> <p>Statement 1: Export of financial services by India will be recorded on credit side of current account.</p> <p>Statement 2: Foreign Direct Investments in India will be recorded on credit side of capital account.</p> <p>In the light of the given statements, choose the correct alternative:</p> <ol style="list-style-type: none"> Statement 1 is true and statement 2 is false Statement 1 is false and statement 2 is true Both statements 1 and 2 are true Both statements 1 and 2 are false 	1
5	<p>Read the following statements carefully:</p> <p>Statement 1 - Net investment is a stock concept.</p> <p>Statement 2 - Capital is a flow concept.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <ol style="list-style-type: none"> Statement 1 is true and statement 2 is false Statement 1 is false and statement 2 is true Both statements 1 and 2 are true Both statements 1 and 2 are false <p style="text-align: center;">OR</p> <p>Read the following figure carefully and choose the correct pair from the alternatives given below:</p>  <p style="text-align: center;">Alternatives:</p> <ol style="list-style-type: none"> Output, Production Value added, Production Output, Disposition Wealth, Development 	1
6	<p>If in an economy, the value of investment multiplier is 4 and Autonomous Consumption is ₹ 30 Crore, the relevant consumption function would be :</p>	

	<p>Balance on current account will be _____ of ₹ _____ thousand Crore.</p> <p>a) deficit, 10 b) surplus, 5 c) deficit, 5 d) surplus, 10</p>	1
9	<p>Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Ex-post Investments represent planned Investments; whereas ex-ante Investments represent actual level of investments.</p> <p>Reason (R): At equilibrium level, Ex-ante Savings and Ex-ante Investments are always equal.</p> <p>Alternatives:</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
10	<p>Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Saving curve makes a negative intercept on the vertical axis at zero level of income.</p> <p>Reason (R): Saving function refers to the functional relationship between saving and income.</p> <p>Alternatives:</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
11	<p>Suppose in a hypothetical economy there are only two Firms A and B, Firm A sold goods for ₹ 2,000 to Firm B and purchased goods for ₹ 1,000. Firm B exported goods for ₹ 2,500 and had domestic sales of ₹ 1,500. Calculate Net Domestic Product at market price, if consumption of fixed capital is ₹ 200.</p>	3
12	<p>Explain, how exchange rate is determined under a free market exchange rate system.</p> <p style="text-align: center;">OR</p> <p>Distinguish between autonomous and accommodating transactions in Balance of Payments Accounts.</p>	<p>3</p> <p>3</p>




13	If an economy plans to increase its income by ₹ 2,000 crore and the Marginal Propensity to Consume is 75%. Estimate the increase in investment required to achieve the targeted increase in income.	4
14	As per the following news published in The Economic Times on 26 th 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.	4
15	<p>Read the following text carefully, discuss briefly the relevant function of the Central Bank, indicated :</p> <p>Recently, Reserve Bank of India (RBI) conducted a statutory inspection for supervisory evaluation against a Commercial Bank. The commercial bank was imposed with stringent penalties, owing to deficiencies in regulatory compliances.</p> <p>As per the Central Bank, the inspection revealed non-compliances vis-à-vis different directions issued by RBI, on the following fronts:</p> <ul style="list-style-type: none">i. ATM Card fraudsii. Ensuring integrity and quality of dataiii. Loans to small borrowers <p style="text-align: right;">(adapted/moderated -livemint.com)</p> <p style="text-align: center;">OR</p> <p>‘Reserve Ratio and Credit Creation are inversely related.’ Do you agree with the given statement? Justify your answer with a suitable numerical example.</p>	4 <



SECTION B – INDIAN ECONOMIC DEVELOPMENT

[illegible]

	<p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</p> <p>c) Assertion (A) is true but Reason (R) is false.</p> <p>d) Assertion (A) is false but Reason (R) is true.</p>	1
27	<p>Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): In the late 1970s, China's population growth rate had sharply declined.</p> <p>Reason(R): China has witnessed an increase in the proportion of elderly people owing to stringent family planning programmes.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</p> <p>c) Assertion (A) is true but Reason (R) is false.</p> <p>d) Assertion (A) is false but Reason (R) is true.</p>	1
28	<p>Interpret the given picture on account of current environmental challenges.</p>  <p>Source: https://www.theenvironmentalblog.org/current-environmental-issues</p>	3
29	<p>Defend or refute the following statement with valid explanation:</p> <p>‘Disguised unemployment is a common form of unemployment in rural India’</p> <p>Or</p> <p>Critically evaluate the role of rural banking system in the process of rural development in India.</p>	3 3
30	<p>Compare and analyse the following information related to Imports and Exports of the three neighbouring nations:</p>	

	Country	Exports from India (in ₹ Crore)			Imports to India (in ₹ Crore)			
		2004-05	2018-19	Annual rate of growth (%)	2004-05	2018-19	Annual rate of growth (%)	
	Pakistan	2,341	14,426	3.7	427	3,476	5.1	4
	China	25,232	1,17,289	2.6	31,892	4,92,079	10.3	
31	a) Name any one Maharatana company. b) 'Land ceiling promotes equity.' Support the given statement with valid explanation. OR Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.							1 3 4
32	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.							2 2
33	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. OR a) "India has failed to implement the recommendations of Education Commission of 1964 -66." Give valid arguments in support of the given statement. b) 'Casual wage work is the major source of employment in rural India '. Defend or refute the given statement with valid reason.							2 2 2 3 3
34	Read the following text carefully and answer the given questions on the basis of the same and common understanding: The Green Revolution in India began in the mid-1960s marking a transition from traditional agriculture in India to high-yielding varieties of seeds and the associated modern agricultural techniques. The need for introduction of Green Revolution in India arose due to a shortage of food-grains in the post-independent period. The government in the post-independent India wanted to ensure self-dependence in terms of food-grain production. Such efforts coincided with the development of high-yielding varieties of seeds of wheat developed by Dr. Norman Borlung and his associates in Mexico. These seeds also necessitated changes in farming techniques such as the addition of fertilizers, pesticides and better irrigation facilities. High yielding varieties of seeds were first introduced in India in the states of Punjab, Haryana and parts of western Uttar Pradesh.							



	<p>In the early period of the green revolution in India, the focus was to acclimatise the new system with the more resource-intensive agricultural methods. The argument for introducing the new crop varieties was to increase agricultural production in terms of higher crop yields. The seeds introduced during the early period of the green revolution in Punjab were not high-yielding by themselves. These high yields were possible due to the seeds being highly responsive to certain inputs such as irrigation water and fertilizers.</p> <p>The green revolution in India, thus, necessitated a resource-intensive process whereby, those who could make significant capital investments could benefit, whereas, those others became more marginalized in regions affected by practices of the green revolution in India. On one hand, the results derived from the green revolution helped farmers to increase their yield and income and on the other hand, it helped the government to procure and preserve more food grains through agencies like Food Corporation of India. These food grain reserves were helpful in creation of buffer stocks in India, which helped in the situations of adversities.</p> <p>a) Why was Green revolution implemented and how did it benefit the farmers?</p> <p>b) Justify the following statement with valid explanation: ‘Green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during time of shortage’.</p>	<p>3</p> <p>3</p>
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MARKING SCHEME - SAMPLE QUESTION PAPER (2022-23)

ECONOMICS (030) CLASS 12

Q.NO.	SECTION A – MACRO ECONOMICS			MARKS																				
1	c) Both statements 1 and 2 are true			1																				
2	d) Outflow of US Dollars from India will rise.			1																				
3	a) Commercial Banks			1																				
4	c) Both statements 1 and 2 are true			1																				
5	d) Both statements 1 and 2 are false			1																				
	OR																							
	c) Output, Disposition			1																				
6	a) $C=30+0.75 Y$			1																				
	OR																							
	d) Equal to zero			1																				
7	a) 1,2 and 3 are correct			1																				
8	a) Improvement in balance of trade			1																				
	OR																							
	b) surplus,5			1																				
9	d) Assertion (A) is false but Reason (R) is true.			1																				
10	b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)			1																				
11	<table><tr><td></td><td>Value of Output (in ₹)</td><td>Intermediate Consumption (in ₹)</td><td>Value Addition (in ₹)</td></tr><tr><td>A</td><td>2,000 (to B)</td><td>1,000 (Purchases)</td><td>1,000</td></tr><tr><td>B</td><td>2,500 (exports)</td><td>2,000</td><td>2,000</td></tr><tr><td></td><td>1,500(domestic sales)</td><td></td><td></td></tr><tr><td>Total</td><td>6,000</td><td>3,000</td><td>3,000</td></tr></table>				Value of Output (in ₹)	Intermediate Consumption (in ₹)	Value Addition (in ₹)	A	2,000 (to B)	1,000 (Purchases)	1,000	B	2,500 (exports)	2,000	2,000		1,500(domestic sales)			Total	6,000	3,000	3,000	2
		Value of Output (in ₹)	Intermediate Consumption (in ₹)	Value Addition (in ₹)																				
	A	2,000 (to B)	1,000 (Purchases)	1,000																				
	B	2,500 (exports)	2,000	2,000																				
		1,500(domestic sales)																						
Total	6,000	3,000	3,000																					
	Net Domestic Product at MP = Gross Domestic Product at Market price – Consumption of Fixed Capital			½																				
	$= 3,000 - 200 = ₹ 2,800$			½																				
12	Equilibrium rate of exchange is established at a point where the quantity demanded and quantity supplied of foreign exchange are equal. In the foreign exchange market, if disequilibrium occurs, it may lead to a situation of excess demand or excess supply.			3																				
	The market mechanism will drive the exchange rate back to the equilibrium level. This implies that the free market forces of demand and supply will operate in such a manner that the equilibrium rate of exchange is automatically restored.																							
	OR																							
	Autonomous transactions are those international economic transactions which are independent of the state of Balance of Payments (BOP). These transactions generally take place with ‘economic motive’. These transactions are called ‘above the line’ transactions in the Balance of Payments account.			1½																				
	Whereas;																							



	Accommodating transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in Balance of Payments. These transactions are independent of any economic motive and are called ‘below the line’ transactions in the Balance of Payments account.	1½												
13	<p>Given, MPC = 0.75, ΔY = ₹ 2,000 Crore</p> $K = \frac{1}{1-MPC} = \frac{1}{1-0.75} = \frac{1}{0.25} = 4$ <p>According to the question:</p> $K = \frac{\Delta Y}{\Delta I}$ $4 = \frac{2000}{\Delta I}$ $\Delta I = \frac{2000}{4} = ₹ 500 \text{ Crore}$ <p>Therefore, increase in investment (ΔI) required = ₹ 500 Crore</p>	1 1 1 1												
14	<p>The given instance where, Reserve Bank of India has sold government securities in the secondary market indicates towards inflation as a possible cause behind the action taken by RBI.</p> <p>By selling off the government securities, RBI withdraws money from circulation and thereby reducing the lending capacity of the commercial banks. In this process, the economy will experience contraction of credit, leading to reduction in consumption and investment demand. Consequently, the inflationary pressure in the economy will get eased out.</p>	1 3												
15	<p>The given text indicates the ‘supervisory function’ of the Central Bank, under which the Reserve Bank of India (RBI) regulates and supervises routine functioning of the commercial banks.</p> <p>Under this function, the RBI may exercise periodic inspections/audits of commercial banks, filing of reports by commercial banks and other statutory compliances. Central bank may take necessary corrective and punitive actions against the banks owing to deficiencies in regulatory compliances.</p> <p style="text-align: center;">OR</p> <p>Yes, there exists an inverse relation between Reserve Ratio and Credit Creation in the economy.</p> <p>We know that:</p> $\text{Money Multiplier} = \frac{1}{\text{Reserve Ratio}}$ <p>Credit Creation = Initial Deposits x Money Multiplier</p> <p>Assuming that the value of initial deposits is ₹ 10,000 crore. (All figure in ₹ crore)</p> <table border="1"><thead><tr><th>Reserve Ratio</th><th>Money Multiplier</th><th>Initial Deposits</th><th>Credit Creation (Initial Deposits x Money Multiplier)</th></tr></thead><tbody><tr><td>10%</td><td>$\frac{1}{0.1} = 10$</td><td>10,000</td><td>1,00,000</td></tr><tr><td>25%</td><td>$\frac{1}{0.25} = 4$</td><td>10,000</td><td>40,000</td></tr></tbody></table> <p>From the above calculation, we can conclude that higher the reserve Ratio, lesser credit will be created by Commercial Banks in the economy.</p>	Reserve Ratio	Money Multiplier	Initial Deposits	Credit Creation (Initial Deposits x Money Multiplier)	10%	$\frac{1}{0.1} = 10$	10,000	1,00,000	25%	$\frac{1}{0.25} = 4$	10,000	40,000	4
Reserve Ratio	Money Multiplier	Initial Deposits	Credit Creation (Initial Deposits x Money Multiplier)											
10%	$\frac{1}{0.1} = 10$	10,000	1,00,000											
25%	$\frac{1}{0.25} = 4$	10,000	40,000											

	(ii) Primary Deficit in 2020 increased to 6.9 lakh crore from 4.7 lakh crore in 2019. In 2021 it has gone down to 2.4 lakh crore.	1
	(iii) Fiscal Deficit in 2020 increased to 135.1% of Budget Expenditure from 114.8% in 2019. In year 2021, it is 46.2% of Budget Expenditure.	1
	b) Government seeks to allocate resources with a view to balance the goals of all sections of the society. Production of goods and services which are injurious to health may be discouraged through taxation policy. Similarly, production of goods of socially beneficial nature may be encouraged through subsidies. If the private sector does not take initiative in certain activities (Public Goods), the government may directly control them like water supply and sanitation etc.	3
	OR	
	a) Revenue receipts are those receipts which neither creates any liabilities nor causes any reduction in the assets of the government. For example: taxes, dividends received from public enterprises etc.	1½
	Whereas; Capital receipts are those receipts which either creates liabilities or causes reduction in the assets of the government. For example: borrowings, disinvestments etc.	1½
	b) Direct taxes are those taxes whose impact and incidence lies on the same entity. In other words, the liability of paying direct taxes can't be shifted. For example: income tax.	1½
	Whereas; Indirect taxes are those taxes whose impact and incidence may lie on different entities. In other words, the liability of paying indirect taxes can be shifted. For example: GST.	1½

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18	b) Change in composition of India's foreign trade	1
19	a) Karve Or b) 1948	1 1
20	a) I and II Or c) Great leap forward	1 1
21	c) Money Lenders	1
22	b) ii – B	1
23	c). Both statements 1 and 2 are true	1
24	d). Both statements 1 and 2 are false	1
25	d). Guarding green cover Or c) Use of thermal power	1 1
26	c) Assertion (A) is true but Reason (R) is false.	1
27	d) Assertion (A) is false but Reason (R) is true.	1
28	The given image indicates towards the environmental challenge of 'global warming'. Global warming is a gradual increase in the average temperature of the earth's lower atmosphere as a result in the increase in greenhouse gases.	3



	The statement given, ' <i>we are running out of time, act now before it's too late</i> ' represents the urgency of actions to be taken to control the situation. Various studies have shown that global warming is causing rise in sea level, loss of coastal land, increase risks of floods etc.	
29	<p>The given statement is true. Disguised unemployment is a situation where the marginal productivity of labour is zero. In India, this situation is often witnessed, as farming is more of a family affair in rural areas and most of the members are generally engaged on the farms without any direct contribution to the production process. This problem persists in rural India due to lesser availability of jobs.</p> <p>Or</p> <p>Rapid expansion of the banking system had positive effect on rural farm and non-farm output, income and employment. In spite of it, following problems have been faced in the rural banking such as-</p> <ul style="list-style-type: none"> ➤ The volume of rural credit in the country is still insufficient in comparison to its demand and institutional sources have failed to cover the entire rural farmers of the country. ➤ Less attention has been given on the credit requirements of needy (small and marginal farmers) and the problem of overdue in agricultural credit continues. 	<p>3</p> <p>1½</p> <p>1½</p>
30	<p>The above table shows that during the given periods the Exports from India to Pakistan have increased at an annualized rate of 3.7 % while the same with China shows 2.6% of growth. On the other hand, India's import from China accounted for a massive 10.3 %. The corresponding figure with Pakistan witnessed an average of 5.1% respectively.</p> <p>The situation indicates that Indian imports from China are too high in comparison to the exports to China. This shows that Indian economy was over-dependent on Chinese economy for goods and services, over the given period of time. Whereas, in case of Pakistan gap is quite narrow, which may be due to various reasons.</p>	4
31	<p>a) Indian Oil Corporation Limited.</p> <p>b) Land ceiling means fixing the maximum size of land which could be owned by an individual, beyond which it would be taken over by the government and would be allotted to landless and small farmers. The purpose of land ceiling was to reduce the concentration of land ownership in few hands and promote equity.</p> <p>OR</p> <p>After independence the government of India took several institutional/land reforms to ensure transformation of Indian agriculture, such as:</p> <ul style="list-style-type: none"> i) Land ceiling – It ensured reduction of concentration of land ownership in few hands. ii) Abolition of Zamindari system – It focused on elimination of farmers' exploitation and promotion of agricultural growth. <p>These reforms have led to stability of farming as an occupation and promoted equity.</p>	<p>1</p> <p>3</p> <p>2</p> <p>2</p>
32	<p>a) The given statement is not true to perfection. These two may sound similar but are not exactly same. Whereas, human capital considers education and health as a means to increase labour productivity, human development is based on the idea that education and health are integral to human wellbeing.</p> <p>b) The given statement is not true. India has a rich stock of scientific and technical manpower in the world. Also, India has taken a number of steps to improve it qualitatively and ensure that they are optimally utilized.</p>	<p>2</p> <p>2</p>
33	<p>a) Agriculture marketing is a process that involves the assembling, storage, processing, transportation, packaging grading and distribution of different agricultural commodities across the country</p> <p>b) Self-help groups (SHG's) have emerged to fill the gap in the formal credit system in India as its delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development. It came up as the micro finance program .Focus of</p>	<p>2</p> <p>2</p>



	<p>SHGs is on those rural people, small and marginal farmers, agricultural and non-agricultural laborers who do not have sustainable access to formal banking system.</p> <p>c) i) Inadequate infrastructure and marketing ii) Compared to conventional farm products, organic products have more shorter shelf life span OR</p> <p>a) The given statement is appropriate. Over the years India has not been able to raise the educational standards to the desired level. Education Commission of 1964-66 had recommended that at least 6 % of GDP should be spent on education so as to make a noticeable rate of growth in educational achievements. However, the current expenditure level has been quite inadequate. Thus, necessary steps must be taken by the government in this direction.</p> <p>b) The given statement is refuted. In rural areas, non-farm job opportunities are limited. People generally do not show preference to acquire skill and training for non-farm occupation .They prefer to stay on family farms and fields as self-employed.</p>	<p>1 1 3</p>
34	<p>a) Green revolution was implemented in India to overcome the shortage of food-grain availability in the post-independence period. Green revolution has increased the production and productivity in the agriculture sector which was otherwise very low. It helped in improving the income of the farmers by creating marketable surplus, increased employment and output.</p> <p>b) The given statement is appropriate as the Green Revolution helped government to procure and preserve more food grains through agencies like Food Corporation of India. Increase in food grain production has been so substantial that India not only started maintaining buffer stocks of food grains but also became a dominant player in food grain exports market.</p>	<p>3 3</p>

