



Series \$HKP25/C

SET~1

Code No. 58/1/1

Roll No.							

Candidates must write the Code on the title page of the answer-book.

NOTE :

- (i) Please check that this question paper contains **8** printed pages.
- (ii) Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- (iii) Please check that this question paper contains **34** questions.
- (iv) Please write down the serial number of the question in the answer-book before attempting it.
- (v) 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

ECONOMICS



Time allowed : 3 hours



Maximum Marks : 80

General Instructions :

Read the following instructions very carefully and strictly follow them :

- (i) This question paper comprises **two** sections :
Section A — Macro Economics – 40 marks
Section B — Indian Economic Development – 40 marks
- (ii) There are **34** questions in the question paper. **All** questions are **compulsory**.
- (iii) Question numbers **1 – 10** and **18 – 27** (including two Case-Based Questions) are Very Short-answer Questions, carrying **1** mark each. They are required to be answered in **one word** or **one sentence** each.
- (iv) Both sections have four questions of **one** mark each as Case-Based Questions (CBQs).
- (v) Question numbers **11 – 12** and **28 – 29** are Short-answer Questions, carrying **3** marks each and are to be answered in **60 – 80** words each.
- (vi) Question numbers **13 – 15** and **30 – 32** are also Short-answer Questions, carrying **4** marks each and are to be answered in **80 – 100** words each.
- (vii) Question numbers **16 – 17** and **33 – 34** are Long-answer Questions, carrying **6** marks each and are to be answered in **100 – 150** words each.
- (viii) Answers should be brief and to the point. Also the above word limit be adhered to as far as possible.
- (ix) There is no overall choice. However, an internal choice has been provided in both the sections of the question papers. Only one of the choices in such questions have to be attempted.
- (x) In addition to this, separate appropriated instructions are given with each section and question, wherever necessary.

58/1/1

1

P.T.O.



SECTION A
(Macro Economics)

(40 marks)

1. (a) Which of the following transactions is *not* included in National Income ?
(Choose the correct alternative) 1
- (i) Brokerage paid to broker for facilitating sale of second-hand goods.
(ii) Services of a housewife.
- OR**
- (b) State the formula for computing 'Change in Stock'. 1
2. _____ is responsible for issuing ₹ 1 currency note in India.
(Fill in the blank by choosing the correct alternative) 1
- (A) Reserve Bank of India
(B) Ministry of Commerce
(C) Ministry of Finance
(D) NITI Aayog
3. State, whether the following statement is *true* or *false* :
"Demand deposits which come back to the commercial banks through their lending process are known as secondary deposits." 1
4. An Indian company acquires a British car company. This transaction would be recorded on _____ side of _____ account.
(Fill in the blanks by choosing the correct alternative) 1
- (A) debit, capital
(B) credit, capital
(C) debit, current
(D) credit, current
5. State the meaning of 'Current Account Surplus'. 1
6. If \$ 1 = ₹ 80.50, then \$ _____ (approximately) would be needed to exchange ₹ 2,00,000. (Fill in the blank by choosing the correct alternative) 1
- (A) 2,484
(B) 2,844
(C) 2,448
(D) 2,882



Case Study 1

Study the following text carefully and answer question numbers 7 – 10 :

Government of India announced a lockdown for all the economic and non-economic activities (except emergency ones and selected essential ones) to fight the scare caused by the COVID-19 pandemic. This has caused :

- A massive wave of involuntary unemployment particularly in the unorganised and informal sector.
- Fall in demand of a large number of goods and services.
- Shortage of supply of essentials (specific to health and household) and a lot more.

To overcome the situation of lack of consumption demand in the market period, the government is expected to continue its consumption and investment expenditure. These types of government expenditures are expected to push the disposable income of the common man. To ensure rise in consumption and investment expenditure of household sector.

The Reserve Bank of India's survey for the month of July 2020 indicates that consumer confidence fell to an all-time low. A majority of respondents reporting pessimism relating to employment, inflation and income.

7. State; whether the following statement is *true* or *false* :
“Involuntary unemployment was the outcome of lockdown in India”. 1
8. _____ in government expenditure may reduce deflationary gap.
(Fill in the blank with the correct answer) 1
9. Private consumption expenditure is directly related to _____ (income/savings) of the households. (Fill in the blank by choosing the correct alternative) 1
10. Identify the correct statement from the following : 1
- (a) Under the situation of inflationary gap, Aggregate Demand exceeds Aggregate Supply, at full employment level of income.
- (b) Under the situation of inflationary gap, Aggregate Demand falls short of Aggregate Supply, at full employment level of output.
11. “Increase in domestic income always leads to an increase in national income.”
Do you agree with the given statement ? Support your answer with valid example. 3
12. (a) “Trade Deficit must exist if a country is facing a situation of Current Account Deficit.”
Justify the given statement. 3
- OR**
- (b) “Capital account transactions lead to future claims.”
Defend or refute the given statement with valid arguments. 3
13. “Money multiplier plays a vital role in determining the credit creation power of the banking system.” Elaborate the statement with a suitable numerical example. 4



14. (a) State the meaning of 'Deficient Demand'. Suggest any two monetary policy tools used to reduce deficient demand. 4

OR

- (b) In an economy, investment increases by ₹ 1,000 crore and marginal propensity to save is 0.25.

Calculate :

- (i) Investment multiplier (K) 2
(ii) Total increase in income (ΔY) 2

15. Define : 2+2=4

- (a) Autonomous Consumption Expenditure
(b) Average Propensity to Consume

16. (a)

Year	2016 – 17	2017 – 18	2018 – 19
Nominal GDP	6.5	8.4	9
GDP deflator	100	140	125

On the basis of the hypothetical information given above, state for which year are Real GDP and Nominal GDP equal. 6

OR

- (b) (i) Calculate the value of 'Sales' from the following data : 4

S. No.	Items	Amount (in ₹ Crore)
1.	Net Value Added at Factor Cost	800
2.	Subsidies	40
3.	Change in Stock	(-) 70
4.	Sales	?
5.	Intermediate Consumption	450
6.	Consumption of Fixed Capital	40

- (ii) "Circular Flow of Income principle is based on the assumption — one's expenditure is other's income."

Justify the given statement.

2



17. (a) "Through its budgetary policy, the government allocates resources as per the requirements of the country."
Do you agree with the given statement ? Support your answer with valid reasons. 4
- (b) Define 'Direct Tax'. 2

SECTION B
(Indian Economic Development) (40 marks)

18. Under the Industrial Policy Resolution of 1956, industries were classified in _____ (two/three) categories.
(Fill in the blank by choosing the correct alternative) 1
19. Study the following statements — *Assertion (A)* and *Reason (R)* :
Assertion (A) : During colonial rule, both mortality rates and infant mortality rates were very high.
Reason (R) : British never paid any heed towards improvement of public health facilities in India.
Choose the correct alternative from the following : 1
(A) Both Assertion (A) and Reason (R) are true.
(B) Both Assertion (A) and Reason (R) are false.
20. Choose the correct pair of statements given in columns I and II below : 1

	<i>Column I</i>		<i>Column II</i>
a.	Subsidies	i.	Maximum quantity of goods that can be imported
b.	Karve Committee, 1955	ii.	Using small-scale industries to promote rural development
c.	Import Substitution Policy	iii.	To encourage farmers for adopting new technology
d.	Quota	iv.	To protect domestic firms

Alternatives :

- (A) a – i
(B) b – ii
(C) c – iii
(D) d – iv



21. (a) Opening of _____ canal significantly reduced the cost of transportation of goods between Britain and India.

(Fill in the blank with the correct answer)

1

OR

- (b) Define 'Tariffs'.

1

22. In India the maternal mortality rate is higher _____ (China/Pakistan).

(Fill in the blank by choosing the correct alternative)

1

23. Study the following information and fill in the blank by choosing the correct alternative :

1

	Country A	Country B	Country C
Human Development Index (HDI) Value	0.648	0.759	0.562

Country _____ (A/B/C) can be termed as the best on the HDI indicator.

Case Study 2

Study the following text carefully and answer question numbers 24 – 27 :

This is the story of Simran Agro Ltd's Project Simran. Project Simran was aimed at strengthening farmers' capacity for enhancing productivity by ensuring usage of high quality inputs. Project Simran used agricultural best practices for the same. Simran Agro works towards providing fair price markets to the farmers. Tomato is the major crop of the area.

Objectives of Project Simran :

- To set up an ideal tomato crop management system for farmers.
- To implement modern technology.
- To provide marketing support to the farmers.

Project Simran used the soil testing technique for selection of seeds. It procured all the inputs for farmers, to reduce the production cost. Training by agro-scientists has also helped in reducing crop failures.

24. Project Simran adopted agricultural best practices for ensuring _____ .

(Fill in the blank with correct answer)

1

25. State any one objective associated with Project Simran.

1



26. Contribution of _____ (agro-scientists/agro-engineers) played an important role in reducing crop failure. (Fill in the blank with the correct alternative) 1

27. _____ (Use of better technology/Use of costly technology) may not generally lead to higher income for the farmers. (Fill in the blank by choosing the correct alternative) 1

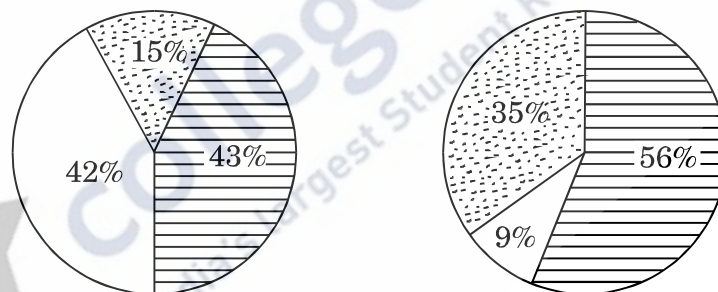
28. (a) “Infrastructure contributes positively to the economic development of a country.” Do you agree with the given statement ? Explain with a valid argument. 3

OR

(b) Is environmental crisis a recent phenomenon ? If so, why ? 3

29. The following diagram shows distribution of workforce in India. Analyse and compare the nature of workforce distribution. 3

Areawise Employment Distribution



Urban workers

Rural workers



Self-Employed



Regular Salaried Workers



Casual Workers

30. “Agriculture sector appears to be adversely affected by the economic reform process.” Explain the given statement. 4



31. (a) Discuss briefly the rationale behind the 'License Raj' under the Industrial Policy Resolution, 1956. 4

OR

(b) State and discuss any two major 'Tax Reforms' taken under the New Economic Policy of 1991. 4

32. Discuss any two similar developmental strategies followed by India and Pakistan after 1947. 4

33. (a) What is meant by Poverty Line ? State any two limitations of Poverty Line. 4

(b) State the meaning of 'Morbidity rate'. 2

34. (a) Comment upon the following statements : 3+3=6

(i) Traditional knowledge and practices are still applicable in ensuring sustainable development.

(ii) A well-structured rural banking system is important for the development of a nation.

OR

(b) State, giving valid reasons whether the following statements are *true* or *false* : 3+3=6

(i) Capital formation is the key to eradication of poverty.

(ii) Skill formation is a key factor for ensuring 'economic development'.