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SAMPLE PAPER

Time Allowed: 3 Hours]

[Maximum Marks: 80

General Instructions:

- (i) This question paper contains two sections:
Section A – Macroeconomics
Section B – Indian Economic Development
- (ii) This paper contains **20** Multiple Choice Questions of **1** mark each.
- (iii) This paper contains **4** Short Answer Questions of **3** marks each to be answered in **60** to **80** words.
- (iv) This paper contains **6** Short Answer Questions of **4** marks each to be answered in **80** to **100** words.
- (v) This paper contains **4** Long Answer Questions of **6** marks each to be answered in **100** to **150** words.

Section – A
Macroeconomics

1. Read the following statements carefully: 1

Statement 1: The maximum value of marginal propensity to consume is one.

Statement 2: When income increases, consumption also increases.

In the light of the given statements, choose the correct alternative from the following:

- (a) Statement 1 is true and statement 2 is false
 (b) Statement 1 is false and statement 2 is true
 (c) Both statements 1 and 2 are true
 (d) Both statements 1 and 2 are false
2. If Export including capital goods is less than the Import including capital goods, it will indicate that: 1
- (a) Balance of Trade is favourable
 (b) Balance of Trade is unfavourable
 (c) Capital Account of BoP is in surplus
 (d) Capital Account of BoP is in deficit
3. Demand Deposits include _____ and _____. 1
- (i) Saving Account Deposits
 (ii) Fixed Deposits
 (iii) Current Account Deposits
 (iv) Post Office Savings
- Alternatives:
 (a) (i) and (ii)
 (b) (ii) and (iii)
 (c) (i) and (iii)
 (d) (i) and (iv)
4. In an economy, suppose the MPC is 0.8. How much increase in investment is required to increase national income by ₹ 2000 crores? 1
- (a) ₹ 400 crore
 (b) ₹ 500 crore
 (c) ₹ 300 crore
 (d) ₹ 600 crore

5. Read the following statements carefully:

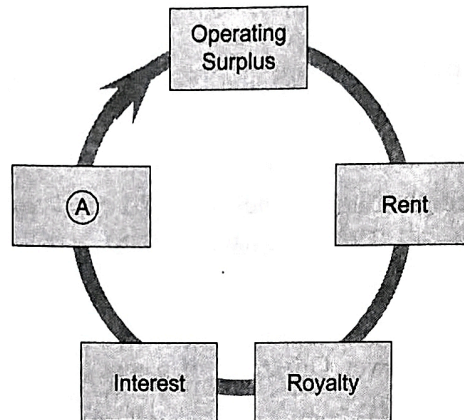
Statement 1: BoP is an accounting statement which records all the economic transactions that take place between the residents of a country during a given period of time.

Statement 2: Current Account of BoP records all the transactions that relate to assets and liabilities.

In the light of the given statements, choose the correct alternative from the following:

- (a) Statement 1 is true and statement 2 is false
- (b) Statement 1 is false and statement 2 is true
- (c) Both statements 1 and 2 are true
- (d) Both statements 1 and 2 are false

6. Read the following figure carefully and choose the correct alternative for A.



Alternatives:

- (a) Dividend
- (b) Undistributed profit
- (c) Corporate profit tax
- (d) All of these

7. _____ is the main source of money supply in an economy.

- (i) Central Bank
- (ii) Commercial Banks
- (iii) Government
- (iv) Business Firms

Alternatives:

- (a) (i) and (ii) are correct
- (b) Only (ii) is correct
- (c) (ii) and (iii) are correct
- (d) (i) and (iv) are correct

8. The following information is given for an imaginary country:

Particulars	₹ in crores
(i) Import of goods	1,600
(ii) Export of goods	1,100
(iii) Export of services	300
(iv) Import of services	100
(v) Capital receipts	400
(vi) Capital payments	140

Identify the value of Balance of Trade.

- (a) ₹ 500 crores
- (b) ₹ (-)500 crores
- (c) ₹ 450 crores
- (d) ₹ 600 crores

9. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

Assertion (A): APS is a flow concept.

Reason (R): APS is the ratio of savings to income at a particular point of time.

Alternatives:

- (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
10. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

Assertion (A): Full employment does not indicate the situation of zero employment in the economy.

Reason (R): Voluntary unemployment always prevails in the economy because it refers to those unemployed people who are able to work but not willing to work at a given wage rate.

Alternatives:

- (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
11. Calculate Gross Value Added at Market Price from the given data: 3

Sr. No	Particulars	Amount (₹ in lakhs)
(i)	Depreciation	20
(ii)	Domestic sales	200
(iii)	Change in stock	(-)20
(iv)	Exports	10
(v)	Single use producer goods	120

12. (A) Give the meanings of Balance of Trade and Balance on Current Account of Balance of Payments Account. 3

Or

- (B) How is exchange rate determined in the foreign exchange market? 3

13. An economy is in equilibrium. Calculate the value of Marginal Propensity to Save from the following data: 4

National income = ₹1000 crores

Autonomous consumption = ₹100 crores

Investment = ₹120 crores

14. As per the following news report published in The Economic Times on 9th October, 2020: "RBI has kept the repo rate unchanged at 4.00% and reduced reverse repo rate to 3.35%. In addition to that, the bank rate stands 4.65%. This has been done to limit the damage to the economy caused by the COVID-19 and subsequent lockdowns."

(a) What does RBI monetary policy mean?

(b) What does the bank rate mean? 4

15. (A) Explain the 'Banker Bank' function of the Central Bank. 4

Or

- (B) Define money supply and explain any two functions of money. 4

16. Calculate the missing values of 'Operating Surplus' and 'Net Exports'.

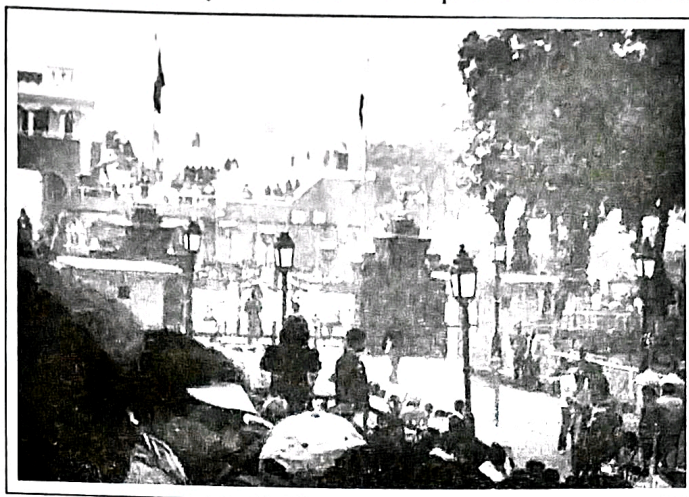
Sr. No	Particulars	Amount (₹ in crores)
(i)	Wages and Salaries	2,400
(ii)	National Income	4,200
(iii)	Net Exports	?
(iv)	Net Factor Income from Abroad	200
(v)	Gross Domestic Capital Formation	1,100
(vi)	Mixed Income of Self-Employed	400
(vii)	Private Final Consumption Expenditure	2,000
(viii)	Net Indirect Taxes	150
(ix)	Operating Surplus	?
(x)	Government Final Consumption Expenditure	1,000
(xi)	Consumption of Fixed Capital	100
(xii)	Profits	500

17. (A) The Government, under *Ujjwala Yojana*, is providing free LPG kitchen gas connections to the families 'below the poverty line'. What objective the government is trying to fulfil through the government budget and how? Explain. 3+3
- (B) Explain the 'redistribution of income' objective of government budget. 3+3
- Or
- (C) Are the following revenue receipts or capital receipts in the context of government budget and why?
- (i) Tax receipts (ii) Disinvestment
- (D) Explain how the allocation of resources can be influenced in the government budget through taxes, expenditure and subsidies. 3+3

Section - B Indian Economic Development

18. Read the following statements carefully: 1
- Statement 1:** Human capital treats human beings as a means to an end.
- Statement 2:** In human development perspective, human beings are an end in themselves.
- In the light of the given statements, choose the correct alternative from the following:
- (a) Statement 1 is true and statement 2 is false
- (b) Statement 1 is false and statement 2 is true
- (c) Both statements 1 and 2 are true
- (d) Both statements 1 and 2 are false 1
19. Which of the following is not included in land reforms?
- (a) Use of HYV seeds (b) Abolition of intermediaries
- (c) Change in ownership of landholdings (d) Land ceiling
20. Arrange the following events of China in chronological order and choose the correct alternative: 1
- (i) Great Proletarian Cultural Revolution (ii) Great Leap Forward Campaign
- (iii) Introduction of Economic Reforms (iv) First Five Year Plan
- Alternatives:
- (a) (ii), (iv), (iii), (i) (b) (iv), (ii), (i), (iii)
- (c) (ii), (iv), (i), (iii) (d) (iv), (i), (ii), (iii)

21. Observe the given figure carefully and answer the question that follows:



Wagah Border is not only a tourist place but also used for trade between _____ and _____.

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- (a) India; China
(b) China; Pakistan
(c) India; Pakistan
(d) India; Russia

22. From the set of statements given in Column I and Column II, match the following and choose the correct alternative:

1

Column I	Column II
A. Establishment of People's Republic of China	(i) A cause of re-emergence of poverty in Pakistan
B. Economic Reforms in Pakistan	(ii) 1949
C. Lack of political stability	(iii) Conducive to Foreign Direct Investment (FDI)
D. Special Economic Zones (SEZs)	(iv) 1988

Alternatives:

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

23. The stagnance in the agricultural sector during the colonial rule was caused mainly due to _____.

1

- (a) Lack of irrigation facilities
(b) Land settlement systems
(c) Low level of technology
(d) Lack of resources

24. Read the following statements carefully:

1

Statement 1: China has the smallest share of poor among the three nations, *i.e.*, India, China and Pakistan.

Statement 2: China did not have any compulsion to introduce economic reforms in 1978.

In the light of the given statements, choose the correct alternative from the following:

- (a) Statement 1 is true and statement 2 is false
(b) Statement 1 is false and statement 2 is true
(c) Both statements 1 and 2 are true
(d) Both statements 1 and 2 are false

25. The Government of India set up Central Pollution Control Board (CPCB) in _____ to address _____ major environmental concerns in India.

1

- (a) 1970; three
(b) 1975; one
(c) 1974; two
(d) 1980; four

26. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
- Assertion (A):** All those who are engaged in economic activities are workers.
- Reason (R):** Economic activities are those activities which contribute to gross national product.
- Alternatives:
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 - Assertion (A) is true but Reason (R) is false
 - Assertion (A) is false but Reason (R) is true

27. "Google in India has hired 4000 graduate students." The given statement deals with _____ sector employment.

- formal
- informal
- rural
- urban

28. State whether the following statements are true or false with valid reasons:

- Brain drain is the major problem of human capital formation in India.
- Gender bias is a hindrance to the process of skill formation in India.

29. (A) Give any three challenges facing Indian education system.

Or

- (B) What are the limitations of non-institutional sources of credit?

30. Compare China with India and Pakistan on the basis of demographic trends.

Select Demographic Indicators, 2017-18

Country	Estimated Population (in million)	Annual Growth of Population (%)	Density (per sq. km)
India	1352	1.03	445
China	1393	0.46	148
Pakistan	212	2.05	275

31. (A) Where was the zamindari system implemented by the British in India? Also, state its features. 1+3

Or

- (B) Discuss the outcomes of India's Five Year Plans over the years.

32. Interpret the given picture on account of current environmental challenges.



33. (A) Discuss any two steps taken by the government in the direction of improving agricultural marketing system in India, since independence.
- (B) "Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment". Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development? 3+3

Or

- (C) 'Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities.' In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides.
- (D) 'In recent times, the Indian Economy has experienced the problem of casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19.' Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement. 3+3
34. Read the following text carefully:

The term globalisation refers to the integration of economy of a nation with the world economy. It is a multi-faceted aspect. It is a result of the collection of multiple strategies that are directed at transforming the world towards a greater inter-dependence and integration. It includes the creation of networks and pursuits transforming social, economical, and geographical barriers. Globalisation tries to build links in such a way that the events in India can be determined by the events happening distances away.

Effect of Globalisation in India: India is one of the countries that succeeded significantly after the initiation and implementation of globalisation. The growth of foreign investment in the field of corporate, retail, and the scientific sector is enormous in the country. It also had a tremendous impact on the social, monetary, cultural, and political areas. In recent years, globalisation has increased due to improvements in transportation and information technology. With the improved global synergies, comes the growth of global trade, doctrines, and culture.

Globalisation in the Indian economy: Indian society is changing drastically after urbanisation and globalisation. The economic policies have had a direct influence in forming the basic framework of the economy.

Economic policies established and administered by the government also performed an essential role in planning levels of savings, employment, income, and investments in the society. Cross country culture is one of the critical impact of globalisation on Indian society. It has significantly changed several aspects of the country, including cultural, social, political, and economical.

However, economic unification is the main factor that contributes maximum to a country's economy into an international economy.

On the basis of the given text and common understanding, answer the following questions:

- (a) What do you understand by the term 'Globalisation'? State its impact on Indian economy.
- (b) List three arguments each in favour and against globalisation. 3+3