



BANGALORE SAHODAYA QUESTION PAPER (2021-22)
ECONOMICS (Code – 030)
CLASS XII –TERM II

Date: 02.03.2022

Time allowed: 2Hrs

Maximum Marks: 40

General Instructions:

- This is a Subjective Question Paper containing 13 questions.
- This paper contains 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
- 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
- 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
- 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
- This question paper contains Case/Source Based Questions.

1. Distinguish between Real flow and Money flow in the Circular flow of income in a two sector model. [2]

OR

If the real GDP is ₹ 400 and nominal GDP is ₹ 450, calculate the GDP deflator. (given that base = 100) [2]

2. 'Savings and Investments are always equal.' Agree or refute? Support your answer with proper argument. [2]

3. List any two differences between economic infrastructure and social infrastructure. [2]

4. In an economy, the autonomous investment is 60 and marginal propensity to consume is 0.8. If equilibrium level of income is 400, then the autonomous consumption is 30. True or False ? Justify. [2]

OR

Calculate the maximum and minimum values of the Investment multiplier. [2]

5. Why is India a preferred destination for medical tourists ? [2]

OR

'Compared to urban women in India more rural women are found to be working.' State any two reasons behind the above stated fact. [2]

6. How are the following treated in the estimation of Domestic Income ? [1x3=3]

- (i) Old age pension given by the Government of India.
- (ii) Salary received by an Indian employee from the embassy of Japan in India.
- (iii) Profits earned by a company in India owned by a non-resident.

OR

State whether True or False with reason for your answer : [1x3=3]

- (i) A worker from Bhutan who crosses border in the morning to work in an Indian firm and returns back in the evening is a normal resident of India.
- (ii) Depreciation and capital loss are two different concepts.
- (iii) A good can be an intermediary good in one case and a final good in another case.

Read the passage given below carefully and answer the question numbers 7 and 8 :

The development journey of China:

Since China began to open up and reform its economy in 1978, GDP growth has averaged almost 10 percent a year, and more than 800 million people have been lifted out of poverty. There have also been significant improvements in access to health, education, and other services over the same period.

China is now an upper-middle-income country. It will be important going forward that poverty alleviation efforts increasingly shift to address the vulnerabilities faced by the large number of people still considered poor by the standards of middle-income countries, including those living in urban areas.

China's high growth based on resource-intensive manufacturing, exports, and low-paid labor has largely reached its limits and has led to economic, social, and environmental imbalances. Reducing these imbalances requires shifts in the structure of the economy from low-end manufacturing to higher-end manufacturing and services, and from investment to consumption.

Over the past few years, growth has moderated in the face of structural constraints, including declining labor force growth, diminishing returns to investment, and slowing productivity. The challenge going forward is to find new drivers of growth while addressing the social and environmental legacies of China's previous development path.

China's rapid economic growth exceeded the pace of institutional development, and there are important institutional and reform gaps that China needs to address to ensure a high-quality and sustainable growth path. The role of the state needs to evolve and focus on providing stable market expectations and a clear and fair business environment, as well as strengthening the regulatory system and the rule of law to further support the market system.

Given its size, China is central to important regional and global development issues. China is the largest emitter of greenhouse gases, with per capita emissions now surpassing those of the European Union, although slightly below the OECD average and well below the United States, and its air and water pollution affects other countries. Global environmental problems cannot be solved without China's engagement. Moreover, maintaining economic growth at reasonable levels has important spillovers for the growth of the rest of the world economy.

Many of the complex development challenges that China faces are relevant to other countries, including transitioning to a new growth model, rapid aging, building a cost-effective health system, and promoting a lower carbon energy path. China is a growing influence on other developing economies through trade, investment, and ideas.

Following real GDP growth of 2.3 percent in 2020, China's economy is projected to grow by 8.5 percent in 2021, largely driven by base effects. The growth momentum is slowing reflecting the lagged impact of policy and macroprudential tightening, floods and the recent Delta outbreak. Although lingering tighter restrictions and cautious sentiment due to the recent Delta outbreaks will weigh on the consumption recovery, its impact is expected to be largely offset by robust foreign demand and moderate policy support in the latter half of the year. Near-term risks have shifted to the downside with the key risk being recurring outbreaks led by more transmissible COVID-19 variants which could lead to a significant economic disruption. Over the medium term, China's economy is facing structural headwinds given adverse demographics, tepid productivity growth, and the legacies of excessive borrowing and environmental pollution. These challenges require attention, with short-term macroeconomic policies and structural reforms aimed at reinvigorating the shift to more balanced high-quality growth.

The government recently highlighted achieving common prosperity as a key economic objective, reinforcing signals of a possible shift in policy priorities towards tackling income inequality. Over the medium term, policies to tackle high inequality through more progressive taxation and a strengthened social protection system will ensure lasting poverty reduction, a larger middle class and help boost private consumption as a driver of growth.

7. Identify the key factors that led to China's phenomenal economic growth ? [3]
8. What are the reasons behind the recent slowdown of the growth momentum of the Chinese economy ? [3]
9. Explain the six systems of Indian standard medicine. [3]
10. Explain how distribution of gross domestic product (GDP) poses a limitation in considering GDP as an index of welfare? [3]
11. From given data calculate Net National Product at factor cost using the income method and the expenditure method : [5]

Particulars	Rupees in crores
(i) Current transfers from rest of the world	100
(ii) Government final consumption expenditure	1000
(iii) Wages and salaries	3800
(iv) Dividend	500

(v) Rent	150
(vi) Royalty	50
(vii) Interest	150
(viii) Net domestic fixed capital formation	400
(ix) Profits	800
(x) Change in stock	100
(xi) Employer's contribution to social security	200
(xii) Net exports	(-)50
(xiii) Net Factor income from abroad	(-) 30
(xiv) Capital consumption Allowance	40
(xv) Private final consumption expenditure	4000
(xvi) Net Indirect Tax	300

OR

From the given data calculate National income using expenditure method and production method :

[5]

Particulars	Rupees in crores
(i) Gross Value Added at market price by primary sector	300
(ii) Private final consumption expenditure	750
(iii) Consumption of fixed capital	150
(iv) Net Indirect Taxes	120
(v) Gross Value Added at market price by secondary sector	200
(vi) Net domestic fixed capital formation	220
(vii) Change in stock	(-) 20
(viii) Gross Value Added at market price by tertiary sector	700
(ix) Net imports	50
(x) Government final consumption expenditure	150
(xi) Net factor income to abroad	(-)20

12. Consider a hypothetical economy where $MPC = 0.6$ and there is an additional investment of ₹ 200 crores made by the business firms. Using your knowledge of the concept of investment multiplier answer the following questions :

- (i) Give the definition of the Investment multiplier. [2]
- (ii) What is the working principle behind the investment multiplier ? [1]
- (iii) Calculate the value of investment multiplier in the given situation and the additional aggregate income it will create. [2]

13. Case study based questions:

Read the passages given below and answer the following questions:

- (a) Over the past 30 years humans have made progress in stopping damage to the ozone layer by curbing the use of certain chemicals. But more remains to be done to protect and restore the atmospheric shield that sits in the stratosphere about 9 to 18 miles above the earth's surface.

What is meant by ozone layer depletion and how is it caused? What are the effects of damage to the ozone layer ? [2,1]

- (b) The government has taken a number of protective provisions under various labour laws for creating a congenial work environment for women workers and help increase their participation rate in the overall workforce of the country, the labour minister Santosh Gangwar said in a written response to a question in Rajya Sabha.
As per the results of Periodic Labour Force Survey (PLFS) conducted during 2017-18 and 2018-19 by National Statistical Office (NSO).

What do you understand by workforce– participation ratio? What is indicated by an increased workforce - participation ratio? [2]

******Good Luck******