



INDIAN SCHOOL SOHAR
TERM 1 EXAMINATION (2019 – 2020)
ECONOMICS [030]

CLASS: XII
DATE: 06/11/2019

MAX MARKS: - 80
DURATION: - 3HRS

General Instructions:-

- 1) All questions in both the sections are compulsory.
- 2) Marks for questions are indicated against each question.
- 3) Answer should be brief and to the point and the above word limit should be adhered to as far as possible.
- 4) Attempt all parts of a question together.
- 5) Question No.1-4 and 13-16 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
- 6) Question No.5-6 and 17-18 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- 7) Question No.7-9 and 19-21 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- 8) Question No.10-12 and 22-24 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each

SECTION – A: INTRODUCTORY MACROECONOMICS

1. Other things remaining unchanged, when in a country the price of foreign currency rises, national income is : [1]
 - a. Likely to rise
 - b. Likely to fall
 - c. Likely to rise and fall both
 - d. Not affected
2. A thousand rupee note is an example of: [1]
 - a. stock variable
 - b. flow variable
 - c. neither stock nor flow variable
 - d. both stock and flow variable
3. The fiscal deficit in a government budget when revenue deficit is ₹50, 000 Crores and borrowings are ₹75, 000 Crores is : [1]
 - a. ₹75, 000 Crores.
 - b. ₹25, 000 Crores.
 - c. ₹5, 000 Crores.
 - d. ₹50, 000 Crores.
4. “Higher the level of Y, higher should be the level of autonomous consumption in consumption [1]

function.” State whether the statement is true or false. Give reason.

5. How is Wider Band different from Crawling Peg? [1]
6. Which of the following is not a component of M1 measurement of Money Supply? [1]
 - a. Demand deposits
 - b. Currency
 - c. Other deposits
 - d. Term deposits
7. Maximum credit that the commercial banks can legally create depends on their _____. [1]
 - a. gold reserves
 - b. cash reserves with the RBI
 - c. statutory liquidity ratio
 - d. term deposits
8. Aggregate demand can be increased by [1]
 - a. increasing repo rate
 - b. buying government securities
 - c. increasing cash reserve ratio
 - d. increasing margin requirement
9. Which of the following is not included in inventory investment? [1]
 - a. stock of finished goods
 - b. Stock of raw materials
 - c. Consumer goods sold to the household during an accounting year
 - d. Stock of semi-finished goods.
10. While financing a deficit, under which measure can, the government print more currency notes. [1]
 - a. By issue of bonds
 - b. By selling securities in the open market
 - c. By disinvestment
 - d. By deficit financing
11. In an economy planned saving is greater than planned investment. Explain how the economy achieves equilibrium level of national income [3]

OR

Measure the level of ex-ante aggregate demand when autonomous investment and consumption expenditure (A) is ₹50 crores, and MPS is 0.2 and level of income (Y) is ₹4000 crores. State whether the economy is in equilibrium or not (cite reasons).

12. Define budget. How can the government use the budget as a tool to bring about redistribution of income and economic stability in the economy? Explain. [3]
13. Given consumption curve, derive saving curve and state the steps taken in the process of derivation. Use diagram. [4]

OR

Explain the process of working of the 'investment multiplier with the help of a numerical example.

14. Briefly explain the steps involved in the estimation of national income with the help of expenditure method. [4]
15. Give any two points of distinction between 'current account' and 'capital account' balance of payment. Which of the following transaction item is a debit/credit in the current account of Balance of payments account? Give reason for your answer. [4]
- A. Exports of merchandise
 - B. Lending to rest of the world
 - C. Imports of services
 - D. A gift from foreigners

16. Differentiate between [6]
- A. Deflationary Gap and inflationary gap
 - B. Fiscal policy and Monetary policy
 - C. Fixed exchange rate and flexible exchange rate

OR

- A. Explain the "varying reserve requirements" method of credit control by the central bank.
- B. Explain the role of central bank as the 'Bank of issue'.
- C. Explain the unit of account function of money.

17. From the following data relating to a firm [6]
- A. Estimate the net value added at market prices.
 - B. Show that net value added at factor cost is equal to the sum of factor incomes:

S. No.	Items	In ₹ crores
1.	Interest payment	900
2.	Salaries and wages	1200
3.	Depreciation of fixed capital	150
4.	Export	400
5.	Imports of raw material	200
6.	Domestic Sales	3600

7.	Increase in Stocks	400
8.	Purchase of Raw materials and other inputs	1200
9.	Indirect taxes	100
10.	Corporate profit tax	40
11.	Undistributed profit	160
12.	Dividend	300
13.	Rent	150

SECTION B: INDIAN ECONOMIC DEVELOPMENT

18. Unemployment is calculated as _____ . [1]
- Labour force – Work force
 - Labour force + Work force
 - Work force – Labour force
 - Labour force / Work force
19. The scheme of Micro- finance is extended through _____ . [1]
- Self- help groups
 - Land development banks
 - NABARD
 - Regional rural banks
20. Sale of equity of public sector enterprises by the government leads to [1]
- Liberalisation
 - Globalisation
 - Privatisation
 - Disinvestment
21. _____ is known as the architect of Indian planning. [1]
- Dr. Manmohan Singh
 - Dr. Amartya Sen
 - Mr. P.C. Mahalanobis
 - Dr. Abhijit Banerji
22. The Great Leap Forward campaign was launched in China with a view to achieve integrated rural [1]
development. State whether the statement is true or false. Give reason in support of your
answer.
23. Suppose you are from a poor family and you wish to get the help from the government to set up [1]
a petty shop. Under which scheme will you apply for assistance and why?

24. An indicator used by experts to gauge the number of people dying prematurely due to particular diseases and the number of years spent by them in a state of disability is called _____ [1]
- Built operate transfer
 - Morbidity
 - Global burden of disease
 - Load capacity
25. Plant load factor = [1]
- Electricity generated \times production capacity
 - Electricity generated \div production capacity
 - Electricity generated $+$ production capacity
 - Electricity generated $-$ production capacity
26. "Policy of import substitution is pursued to promote self - sufficiency." State whether the statement is true or false. Give reason in support of your answer. [1]
27. Explain how GST is a common man friendly tax. [1]
28. India has improved its health infrastructure and made remarkable progress in improving health status. What are the indicators which highlight the health status in India? [3]

OR

What do you mean by transmission and distribution losses? How can they be reduced?

29. Compare the achievements of India, China and Pakistan in terms of various Human Development Indicators. [3]
30. While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact. [4]

OR

Government announced the New Industrial Policy in 1991. What were the main features of the New Industrial Policy?

31. You are residing in a village. If you are asked to advice the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment. [4]
32. What is agricultural marketing? Explain the steps taken by the government in developing rural markets. [4]

OR

Explain how far IT can be relied upon as a source of sustainable living in Rural areas.

33. With a view to mitigate the backwardness of agriculture, the government introduced a series of agrarian reform which came to be known as New Agricultural Strategy. Explain the main features of the New Agricultural Strategy. [6]

OR

Define globalisation. State the imperative losses and obvious gains of globalisation.

34. Development of infrastructure is an essential pre condition for economic development of a country. Explain. [6]

***** THE END *****