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INDIAN SCHOOL MUSCAT PRE – BOARD EXAMINATION

(Economics)

CLASS: 12

Sub.Code: (030)

Time Allotted: 03 hours

12-01-2020

Max.Marks: 80

General Instructions:

- All questions in both the sections are compulsory. Marks for questions are indicated against each question.
- Question number 1-10 and 18-27 are very short answer questions carrying 1 mark each. They are required to be answered in one word or one sentence each.
- Question number 11-12 and 28-29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60-80 words each.
- Question number 13-15 and 30-32 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 80-100 words each.
- Question number 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100-150 words
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION A (Macro Economics)

- Identify the intermediate good from the following. 1
A. A truck purchased by a trader to transport vegetables to the market
B. Petrol purchased by a house hold for using in their car.
C. Car purchased by a taxi operator.
D. Bread purchased by a restaurant.
- Central Bank has fixed Legal Reserve Ratio as 25% of the deposits collected by the commercial banks. The deposit multiplier could be ----- times. (Choose correct alternative) 1
A. 4 B. 5 C. 6 D. 8
- could lead to an increase in the demand for foreign exchange in the economy. (choose the correct alternative) 1
A. Foreign Direct Investment.
B. Deficit in Balance of Trade
C. Surplus in Balance of Trade
D. Transfer payments from abroad.
- How is 'Cash Reserve Ratio' different from 'Statutory Liquidity Ratio'? 1

- 5 Giving reason state whether the following statement is true or false. 1
'Fund collected by the government from the sale of shares of public sector undertakings is stated as capital receipt in government budget'.
- 6 From the set of statements given in **Column I** and **Column II**, choose the correct pair of statement. 1
- | Column I | Column II |
|--------------------------------|--|
| a. Excess demand | (i) Accumulation of inventory in the economy |
| b. Import of goods from abroad | (ii) Increases aggregate demand in the economy |
| c. Changes in stock | (iii) Opening stock minus closing stock |
| d. Marginal propensity to save | (iv) Can never be negative. |
- 7 What does high powered money mean? 1
- 8 Name any one fiscal policy measure to correct inequalities in distribution of income and wealth. 1
- OR
- Name any one Public good that can be provided through budget allocation.
- 9 From the following identify accommodating items in Balance of Payment Account? 1
A. Export and import of goods and services
B. Private sector borrowings to invest in foreign countries
C. Private sector borrowings from abroad to import machineries.
D. Borrowing from IMF to finance deficit in balance of payment.
- 10 The value of Marginal Propensity to Consume is found to be unitary. Investment multiplier could be: (Choose correct alternative) 1
Zero B. Infinity C. 10 D. 5
- 11 What are the precautions to be taken while calculating national income using income method? State with reason. 3
- OR
- What are the precautions to be taken while calculating national income using value added method? State with reason.
- 12 How does Central Bank of a country use 'Open Market Operation' to control credit creation and money supply in an economy? 3
- 13 By providing services like free primary education, free health facilities, maintenance of law and order etc, which of the two objectives that government expects to perform through its budget? Explain. 4
- 14 An increase of Rs.250 crore in investment in an economy resulted in a total increase in come of Rs1000/- crores. Calculate the following. 4
a. Marginal propensity to consume
b. Change in savings
c. Change in consumption expenditure
d. Value of multiplier.
- 15 Are the concepts of demand for domestic goods and domestic demand for goods same? 4

Explain

OR

What are the components of current account of balance of payment account? Also distinguish between current account and capital account of balance of payment account.

- 16 Define investment multiplier. How is it related to Marginal Propensity to consume? Explain the process of multiplier. 6

OR

‘An economy is functioning at equilibrium’. What do you mean by this statement? If the economy is not at equilibrium, what adjustment mechanism will take place to bring back the economy at equilibrium? Explain using diagram.

- 17 Calculate national income by income and expenditure method 6
- | | |
|---|-------|
| 1. Compensation of employees | 13300 |
| 2. Government final consumption expenditure | 3800 |
| 3. Indirect taxes | 3700 |
| 4. Gross domestic fixed capital formation | 6300 |
| 5. Mixed income of self employed | 16100 |
| 6. Rent, interest and profits | 5000 |
| 7. Net addition to stock | 1000 |
| 8. Export of goods and services | 1700 |
| 9. Import of goods and services | 1800 |
| 10. Private final consumption | 29000 |
| 11. Net factor income from abroad | 300 |
| 12. Subsidies | 300 |
| 13. Consumption of fixed capital | 2200 |

SECTION B (Indian Economic Development)

- 18 What happens when the rate of resource extraction exceeds that of their regeneration? 1
- 19 The policy initiated by china, in which students and professionals are sent to work and learn from the country side was known as: -----.(Choose the correct alternative) 1
- A. The Great Proletarian Cultural Revolution.
B. The Great Leap Forward
C. The policy of Special Economic Zones
D. The Commune system
- 20 ----- can be considered as the architect of Indian Five Year Plans. 1
- A. P.C. Mahalanobis
B. Dada Bhai Naoroji
C. V. K. R. V Rao
D. Dr. Manmohan Singh
- 21 What does disinvestment mean? 1
- 22 People whose income always lie below poverty line and sometimes may get a little more money are grouped under the category of ----- poor. 1
- OR
- People whose income regularly moves in and out of the poverty line and occasionally poor are categorized as -----poor.
- 23 Golden Revolution indicates: 1
- A. Increase in the production of wheat and rice

- B. Increase in the production of horticultural crops
- C. Increase in the production of Organic farming products
- D. Increase in the production of livestock

24 A system whereby all the farmers can pool their milk produced according to different grading and the same is processed and marketed to urban centers through cooperatives is referred as - -----.

25 Which one of the following statement is true in the case of India when we compare China and Pakistan? 1

- A. High degree of urbanization
- B. Growth due to manufacturing sector
- C. Very high fertility rate
- D. High density of population

26 From the set of statements given in **Column I** and **Column II**, choose the correct pair of statement. 1

Column I	Column II
A. Occupational Structure of India during the British Period	i. Changed significantly in favour of Industrial sector.
B. India's foreign trade during the British period	ii. Characterized by the generation of a huge export surplus.
C. The British Colonial Rule in India	iii. Has provided a base for the development of modern industries
D. Capitalist society	iv. Goods produced are distributed in the society on the basis of the basic needs of the society.

27 The concept explaining the three phases of falling death and birth rate associated with economic development is known as -----.

- A. Infant Mortality Rate
- B. Life expectancy at birth
- C. Demographic Transition
- D. Overall Mortality Rate

28 How can we increase the effectiveness of India's health care system? 3

OR

Explain the supply and demand reversal of environmental resources.

29 How are economic activities classified into different industrial divisions? 3

30 Groundnut is a major oilseed crop in Andhra Pradesh. Mahadeva was a farmer in Anantpur district which is a draught-prone area. The economic reforms of 1991 did more harm than benefits for his agricultural operations. How did economic reforms of 1991 adversely affect Indian Agriculturist like Mahadeva? 4

OR

Though Public Sector is very essential for industries, many public sector undertakings incur huge losses and are a drain on economy's resources. Discuss the usefulness of the public sector undertakings in Indian economy.

31 Describe the path of development initiative taken by China for its economic development. 4

32 There is a perception still going around that in many ways the British administration in India 4

was quite beneficial. Explain to what extent this argument is correct.

33 Explain any three sources of human capital formation. Why are these considered as sources of human capital formation? 6

34 Why does the idea of village development become the center point of the overall development strategy of the nation even today? 6

What are the areas in which a fresh initiative is required for rural development?

OR

There are reasons to believe that the employment growth rate has declined to the level of growth that India had in the early stages of planning. Consider the following graph and justify the statement. What could be the reasons for such a phenomenon? What measures government has taken in order to generate employment opportunities in India?



End of the Question Paper