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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:

- i. All questions in both the sections are compulsory. Marks for questions are indicated against each question.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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
- vi. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

### SECTION A (Macro Economics)

- 1      The value of Marginal Propensity to Save is found to be unitary. Investment multiplier could be: (Choose correct alternative) 1  
 Zero                      B. Infinity                      C. 10                      D. 1
  
- 2      Central Bank has fixed Legal Reserve Ratio as 10% 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. 10
  
- 3      ..... 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.
  
- 4      How is 'Repo Rate' different from 'Bank Rate'? 1

- 5 Giving reason state whether the following statement is true or false. 1  
 'Fund collected by the government through provident fund deposits is stated as revenue 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. Deficient 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. Average propensity to save  | (iv) Can never be negative.                    |
- 7 What does fiat money mean? 1
- 8 Name any one measure to correct fiscal deficit in government budget. 1  
 OR  
 How is primary deficit calculated in government budget?
- 9 From the following identify the item that could lead to domestic currency depreciation. 1  
 A. Foreign Direct Investment flow into the country.  
 B. Surplus in balance of payment account  
 C. Large flow of investment by domestic firms to abroad  
 D. Flow of current transfers from abroad
- 10 Identify the final good from the following. 1  
 A. Electricity used by a trader of garments in his shop  
 B. Petrol purchased by a house hold for using in their car.  
 C. Readymade garments purchased by a trader for sale.  
 D. Bread purchased by a restaurant.
- 11 Why do we include export and exclude import in domestic expenditure 3  
 OR  
 Define GDP deflator. How is Real GDP calculated from nominal GDP? Explain the purpose of calculating constant price GDP.
- 12 How does Central Bank of a country use 'Bank Rate Policy' 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.100 crore in investment in an economy resulted in a total increase income of Rs400/- 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 (figures in rupees crores) 6
- |   |      |
|---|------|
| 1. Compensation of employees                | 1330 |
| 2. Government final consumption expenditure | 380  |
| 3. Indirect taxes                           | 400  |
| 4. Gross domestic fixed capital formation   | 630  |
| 5. Mixed income of self employed            | 1600 |
| 6. Rent, interest and profits               | 500  |
| 7. Net addition to stock                    | 100  |
| 8. Export of goods and services             | 170  |
| 9. Import of goods and services             | 180  |
| 10. Private final consumption               | 2900 |
| 11. Net factor income from abroad           | 100  |
| 12. Subsidies                               | 30   |
| 13. Consumption of fixed capital            | 200  |

### SECTION B ( Indian Economic Development)

- 18 ----- can be considered as the architect of Indian Five Year Plans. 1
- P.C. Mahalanobis
  - Dada Bhai Naoroji
  - V. K. R. V Rao
  - Dr. Manmohan Singh
- 19 Golden Revolution indicates: 1
- Increase in the production of Organic farming products
  - Increase in the production of livestock
  - Increase in the production of wheat and rice
  - Increase in the production of horticultural crops
- 20 The concept explaining the three phases of falling death and birth rate associated with economic development is known as -----, 1
- Infant Mortality Rate
  - Life expectancy at birth
  - Demographic Transition
  - Overall Mortality Rate
- 21 Identify the stabilisation measure from the following. 1
- Policy to correct balance of payment deficit
  - Policy of Liberalization
  - Policy of globalization
  - Policy to privatization
- 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 The campaign initiated by china, which was aimed at industrializing the country on a massive scale 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
- 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 - -----, 1
- 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. Very high fertility rate  
C. Growth due to manufacturing sector  
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. Capitalist society	iii. Goods produced are distributed in the society on the basis of the basic needs of the society.
D. The British Colonial Rule in India	iv. Has provided a base for the development of modern industries

- 27 A special geographical region that has economic laws different from a country's typical economic laws in order to attract foreign investment is called -----, 1
- 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 What are the different types of unemployment generally seen in India? State the meaning of each. 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

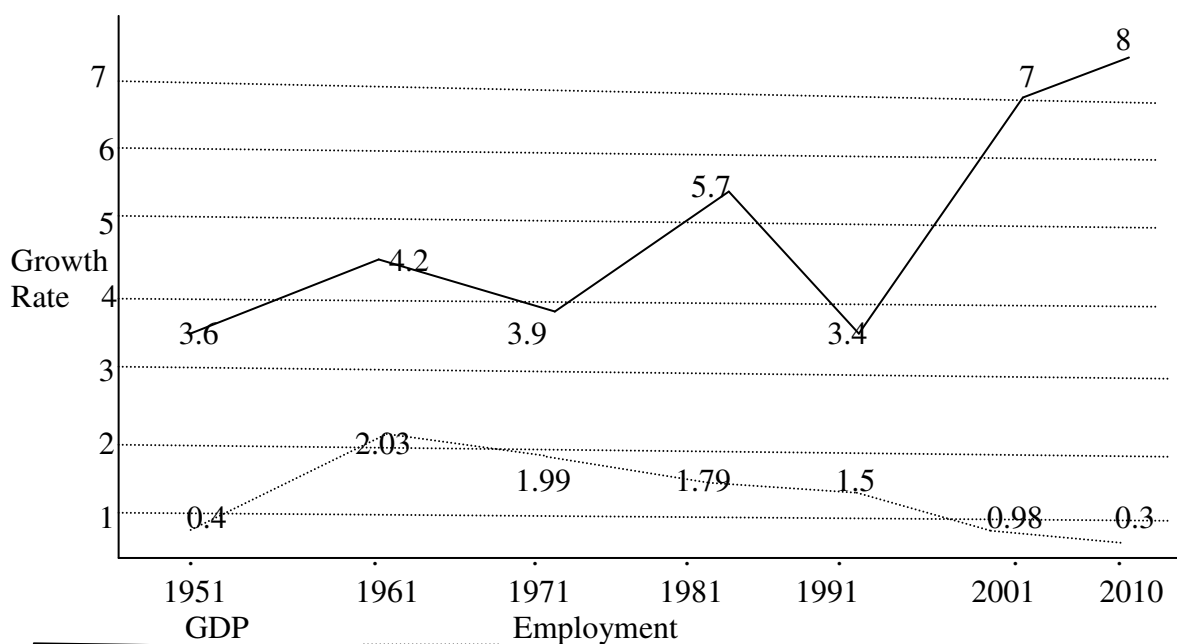
OR

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 was quite beneficial. Explain to what extent this argument is correct. 4
- 33 What are the main problems of human capital formation in India? Explain with respect to education and health 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

Consider the following graph and explain how the growth rate and employment generation changed in India over a period of time. 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**