

|             |  |  |
|-------------|--|--|
| Roll Number |  |  |
|-------------|--|--|

A



## INDIAN SCHOOL MUSCAT SECOND PRE-BOARD EXAMINATION

### ECONOMICS

CLASS: XII

Sub. Code: 030

Time Allotted: 03 hours

03.02.2020

Max. Marks: 80

#### General Instructions:

- This question paper contains 34 questions.
- All questions in both sections are compulsory. However, there is internal choice in some questions. Marks for questions are indicated against each question.  
Question No. 01 – 10 and 18 – 27 are Objective Type/Multiple choice questions of 1 mark each. They are required to be answered in one sentence/one word.
- Question No. 11 – 12 and 28 – 29 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- Question No. 13 – 15 and 30 – 32 also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- Question No. 16 – 17 and 33 – 34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.
- All questions of a particular section must be attempted in the same section.

#### SECTION – A – INTRODUCTORY MACROECONOMICS

1. State any two precautions to be taken while measuring national income by expenditure method. 1
2. The percentage of demand deposits which the commercial banks are legally required to maintain as their liquid assets is called 1  
(a) CRR      (b) Repo rate      (c) SLR      (d) Reverse repo rate
3. If recession is to be combated: 1  
(a) Repo rate needs to be lowered  
(b) CRR needs to be lowered  
(c) Both (a) and (b)  
(d) Repo rate needs to be lowered and CRR needs to be raised
4. If MPS is 0.6, what will be change in savings when income increases by ₹ 50? 1
5. From the set of statements given column I and column II, choose the correct pair of statement: 1

| Column I                       | Column II                     |
|--------------------------------|-------------------------------|
| (a) At the Break Even point    | (i) Equals National Income    |
| (b) If MPC is equal to one     | (ii) Value of k is infinity   |
| (c) Value of aggregate demand  | (iii) Depends upon investment |
| (d) Consumption in the economy | (iv) $C > Y$                  |

6. Does disinvestment refer to revenue receipts or capital receipts of the government? 1  
Give reasons.
7. What does zero primary deficit mean? 1

**OR**

- The difference between fiscal deficit and interest payment is called \_\_\_\_\_.  
8. State whether the following statement is True/False and give valid reason for your answer. 1  
Trade of invisible items is a part of capital account of BoP.
9. What is official reserves account? 1
10. Accommodating items are those items of BoP which 1  
(a) Are not determined by considerations of profit  
(b) Are conditioned by the positive or negative BoP status  
(c) Lead to increase or decrease in official reserves with RBI  
(d) All of these
11. Explain how 'non- monetary exchanges' are a limitation in taking gross domestic product as an index of welfare. 3
12. When price of a foreign currency falls, the demand for that foreign currency rises. Explain, why? 3

**OR**

- When price of a foreign currency falls, the supply of that foreign currency also falls. Explain, why?
13. Explain the 'Redistribution of income' objective of a government budget. 4

**OR**

- Explain the 'Economic stability' objective of a government budget.
14. Explain the role of the following in correcting the inflationary gap in an economy: 4  
(a) Legal Reserves  
(b) Bank rate
15. Explain the distinction between 'Statutory Liquidity ratio' and Legal Reserve Ratio'. 4
16. (a) Find 'Investment' from the following: 6  
National Income - ₹ 800  
Autonomous Consumption - ₹50  
Marginal Propensity to Consume - 0.8  
(b) In an economy the marginal propensity to consume is 0.75. Investment expenditure in the economy increases by ₹ 75 crores. Calculate the total increase in national income.

**OR**

- Outline the steps required to be taken in deriving the consumption curve from the given saving curve.
17. From the following data, estimate the net value added at factor cost and show that it is equal to the sum of factor incomes. 6

|                               | (₹ in crores) |
|-------------------------------|---------------|
| i. Sales                      | 9600          |
| ii. Increase in stocks        | 2080          |
| iii. Intermediate consumption | 2370          |
| iv. Depreciation              | 450           |
| v. Wages and salaries         | 5400          |
| vi. Interest                  | 250           |
| vii. Rent                     | 750           |

|                        |      |
|------------------------|------|
| viii. Profit           | 2150 |
| ix. Net indirect taxes | 310  |

## SECTION B: INDIAN ECONOMIC DEVELOPMENT

18. On the eve of independence, India was net exporter of: 1
- Primary products
  - Finished industrial goods
  - Both (a) and (b)
  - None of these

19. The period of First Five Year plan was \_\_\_\_\_. 1

**OR**

Which of the following is not a component of privatization?

- Contraction of public sector
- Disinvestment in public sector enterprise
- Sale of public sector's share
- Purchase of public sector's share by the government

20. Arrange the following states in chronological order as per the population below poverty line in 2011 – 2012 and choose the correct alternative: 1

- Uttar Pradesh
- West Bengal
- Karnataka
- Gujarat

Choose the correct alternative.

- (iii), (iv), (i), (ii)
  - (iii), (i), (iv), (ii)
  - (iv), (ii), (iii), (i)
  - (ii), (i), (iii), (iv)
21. Micro finance is a credit scheme extended to the poor through \_\_\_\_\_. 1

22. What is Head Count Ratio? 1

23. The following table shows the population and worker population ratio for India in 1999-2000. Can you estimate the work force (urban) for India? 1

| Region | Estimates of population | Worker population ratio | Estimated No. of workers |
|--------|-------------------------|-------------------------|--------------------------|
| Rural  | 71.88                   | 41.9                    | 30.12                    |
| Urban  | 28.52                   | 33.7                    | ?                        |

24. An establishment with four hired workers is known as \_\_\_\_\_ (formal/informal) sector establishment. 1

25. State whether the following statement is True/False with valid reason. 1
- Health services measured in monetary terms, life expectancy and mortality rates may not reflect the true health status of the people in a country.

26. Urbanisation in China is \_\_\_\_\_. 1

27. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I: 1

| Column I                       | Column II           |
|--------------------------------|---------------------|
| a) Economic reforms in China   | Between 1980 - 1984 |
| b) Great Leap Forward Campaign | 1978                |
| c) Great Proletarian Cultural  | 1965                |

|                           |      |
|---------------------------|------|
| Revolution                |      |
| d) Special Economic Zones | 1958 |

28. Why was the public sector given the flagship role in the process of growth and development after independence? 3
29. Explain how there was a reversal of growth process under the British Raj in India. 3
- OR**
- Why was it essential to reverse the economic policy in 1991?
30. What were the features of the industrial policy of 1956? 4
31. How does investment in human capital contribute to economic growth? 4
- OR**
- What problems are being faced by the power sector in India?
32. What led to rapid growth in China, even when India, China and Pakistan together adopted the strategy of economic development? 4
33. Do you agree with a view that tourism in India is less developed owing to the lack of essential infrastructure? 6
34. Distinguish between absolute poverty and relative poverty. Do you think GDP growth is the ultimate solution to the problem of poverty in India? 6
- OR**
- What is sustainable development? Discuss the strategy of sustainable development.

**End of the Question Paper**