

Roll Number

SET A



INDIAN SCHOOL MUSCAT
FINAL EXAMINATION
ECONOMICS

CLASS: XII

Sub. Code: 030

Time Allotted: 3 Hrs.

04.02.2021

Max. Marks: 80

General Instructions:

1. This question paper contains two parts:
Part A - Macro Economics (40 marks)
Part B - Indian Economic Development (40 marks).
2. Marks for questions are indicated against each question.
3. Question No. 1-10 and Question No. 18 – 27 (including two Case Based Questions) are 1 mark questions and are to be answered in one word/sentence.
4. Case Based Questions (CBQ's) are Question No. 7-10 and Question No. 25-27.
5. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
6. Question No. 13-15 and Question No. 30 – 32 are 4 marks questions and are to be answered in 80-100 words each.
7. Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

PART A – MACRO ECONOMICS

- 1 Stock of Unsold goods a firm carry from one year to the next year is called ----- (Inventory / 1
Changes in stock)

OR

----- is the measure of all factor income earned by the people within the economic territory.
(GDP at Factor cost / NDP at factor cost)

- 2 Choose the incorrect match from the given table : 1

a) Managed floating exchange rate in India	Dirty floating
b) Deficit in Balance of Payment	Revaluation of Domestic currency
c) Flexible exchange rate	Promote free trade
d) Lending money to abroad	Debit side of capital account

- 3 Reserve bank of India published Balance of payment manual for India in the year ----- 1

- 4 If commercial banks are able to create demand deposit worth ₹ 20000crores out of a primary deposits of ₹ 5000 crores' the reserve deposit ratio would be : 1
- 20%
 - 15%
 - 25%
 - 12.5%
- 5 Which of the following statement is not true related to balance of payment of a country? 1
- Monetary authorities are the ultimate financiers of any deficit in Balance of payment
 - The nature of autonomous transaction are determined by the net consequences of accommodating transactions
 - Balance of payment is said to be in equilibrium when the sum of current account and capital account is zero.
 - In Balance of payment it is very difficult to record all transaction accurately.
- 6 RBI sells government bonds to private individuals and institution with an agreement to purchase back with specified date and price is called ----- (Repo open market operation/ Outright open market operation) 1

Read the following news report and answer Questions 7-10 on the basis of the same:

The Covid-19 crisis and lockdowns imposed to curb the spread of the virus, presented a unique challenge for economies, including India. It was a simultaneous demand and supply shock. Restrictions on movement impacted the supply, while a fall in jobs, income and regular business activities impacted demand.

Economists have been divided on whether the Covid crisis will prove to be inflationary or deflationary. Early indications — from inflation expectation surveys and now inflation data — suggest a mix of forces leading to higher inflation headline. Economists, however, still believe that a collapse in demand will eventually lead to deflationary pressures overwhelming any supply-driven inflation.

“As the forward and backward linkages of economic activity are gradually repaired, the supply shock will likely fade while the demand shock will remain, pushing core inflation lower,” said Pranjul Bhandari, chief India economist at HSBC. She also viewed that this phenomenon is completely against Keynesian short run impact of aggregate demand.

- 7 The possible measure that can be taken by government to control inflationary pressure in the economy : 1
- Increase in Bank rate
 - Decrease in government expenditure
 - Decrease in Income tax
 - Decrease in bank rate
- 8 Inflationary gap occurs in the economy when Aggregate demand is less than full employment output. (TRUE / FLASE) 1
- 9 Deflation eventually leads fall in job create unemployment in the economy. This type of unemployment is called ----- (voluntary unemployment / involuntary unemployment) 1
- 10 In short run Macroeconomic equilibrium analysis there is no supply shock in economy hence the shape of aggregate supply curve is ----- 1

- 11 State whether the following statement are true or false with valid reason : 3
- GDP at Basic price and GDP at Market price are one and the same.
 - Corporate tax included in the estimation of national income by income method.

- 12 Nilesh Shah, Managing Director, Kotak Asset Management, said in a tweet, "For the first time FII buying in equities has crossed ₹ 50,000 Crore in a Month and the month is not yet over." 3

What will be the impact of this large inflow of Foreign Institutional Investment on market exchange rate of India? Explain.

- 13 a) Define legal reserve ratio. What are its components? 4
b) Distinguish Fixed deposit and Demand deposit

- 14 What are the changes take place in the economy when planned saving is greater than planned investment? Use diagram. 4

OR

In an economy Planned Aggregate demand is more than planned aggregate supply. Explain the chain effects in the economy using the diagram.

- 15 Given that saving function $S = -80 + 0.25 Y$ where S is saving and Y is income 4
- Prove that as Income increase the value of Average propensity to save also increases if income levels are 0, 50, 100 , 150
 - Find the value of Investment multiplier. 4

- 16 Calculate Net National product at Factor Cost.

Items	Amount In Lakhs
Net Domestic Investment	1650
Net Addition to stock	250
Net Imports	300
Private final consumption expenditure	2000
Purchases of Goods and services by government	1000
Goods and service tax	50
Subsidy	5
Net factor Income from abroad	-(200)
Corporate tax	40
Consumption of fixed capital	50

OR

- Give an example of Negative externalities of production and explain how it act as a limitation to National Income as welfare Index? 6
- Suppose a country produces only one good 'X' It produces 100 units in 2017 and 150 units in 2018. The market price of good X in 2017 and 2018 are `15and ` 20 respectively. Calculate the rate of change in Real GDP.

- 17 The following information are related to the hypothetical budget of India. Based on the 6
information answer the following questions :

Items	Amount In Crores
Revenue Deficit	800
Capital Expenditure	400
Income From Disinvestment	200
Primary Deficit	500
Total Expenditure	1200

- a) Calculate Fiscal deficit and Net interest payments
b) Distinguish Fiscal deficit and Revenue Deficit

PART B – INDIAN ECONOMIC DEVELOPMENT

- 18 In terms of sectoral contribution to GDP, the economy of china is relying more on----- sector 1

OR

In Pakistan , majority of the people work in ----- sector

- 19 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct 1
alternatives given below:

Assertion: Government intervention is essential in the field of Education and health.

Reason: Expenditures on education and health make substantial long-term impact and they cannot be easily reversed.

- a) Assertion (A) is true but Reason (R) is false.
b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
c) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
d) Assertion (A) is false but Reason (R) is true.

- 20 Choose the correct match from the following : 1

(a) Blue revolution	(i) Livestock production
(b) Cooperative marketing	(ii) Diversification of agriculture
(c) Information Technology	(iii) Pricing information
(d) Rythu Bazar	(iv) Haryana

- 21 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct 1
alternatives given below:

Assertion: Reforms of 1991 have benefited the Financial sector.

Reason: The new economic policy changed the role of Central bank from Facilitator to controller

- (a) Assertion (A) is true but Reason (R) is false.
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)

- (c) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (d) Assertion (A) is false but Reason (R) is true.
- 22 ----- provides short term loan to a country to solve the Balance of Payment problem. 1
- 23 The information relating to employment in the formal sector is collected by: 1
- National sample Survey Organization
 - Union Ministry of labour
 - Central Statistical Organization
 - Registrar General of India.
- 24 **Read, excerpt from an article on Poverty carefully and answer the question numbers 24 - 27 on the base of the same.** 1
- Poverty continues to remain a serious problem in India, with its consequent toll on human Welfare in the form of poor health, low levels of education and a poor quality of life. Unfortunately, about 33 per cent of India's population still lives in acute poverty or absolute poverty (less than \$1.25 per person per day) The change in poverty over a period can be broken into two components: the impact of income growth over the period and the impact of change in income distribution over the period.
- Many economic studies have emphasized the role of higher economic growth to tackle the problem of poverty. Some economist argued that poor have to be supplemented up to at least certain minimum standards by social consumption and investment in the form of essential food grains, education, health, nutrition, drinking water, housing, communications and electricity. Another important channels through which poverty can be reduced is increased government expenditure on social sectors such as education, health services, and other welfare services for the poor, elderly, widows, etc.
- In India , the number of absolute poor is measured on the basis of :
- Per capita monthly consumption expenditure
 - Calorie in-take
 - Both of them
 - None of these
- 25 Absolute poverty means, state of poor in comparison with others. (TRUE / FALSE) 1
- 26 Name the Poverty alleviation programme implemented by government of India to target elderly people and widows. 1
- 27 The basic amenities approach to poverty reduction traced from ----- (Third Five year plan/ Fifth Five year plan) 1
- 28 Explain the Great Leap Forward campaign of China as initiated in 1958. 3

OR

Describe the path of developmental initiatives taken by Pakistan for its economic development

- 29 India has been an important trading nation since ancient times. The most important characteristic of India's foreign trade throughout the colonial period was the generation of a large export surplus. In the light of this statement discuss the direction, composition and volume of foreign trade of India during the British period. 3

30 Explain 'growth with equity' as a planning objective. At what extent the Green Revolution has helped to achieve this objective? 4

31 Compare and analysis the given data of India, China and Pakistan by stating suitable reasons. 4

ITEMS	INDIA	CHINA	PAKISTAN
Human Development Index (Rank)	129	85	152
Life Expectancy at Birth	69.4	76.7	67.1
People Below Poverty Line(2011)	60.4	7.0	46.4
Maternal mortality rate(per lakh birth)	174	27	172

Source: Human Development Report 2018 and World Development Indicators

32 Comment upon the relationship between human capital and economic development. 4

OR

Comment on informalization of work force and casualization of work force

33 Keeping in view of India's environmental issues, describe the following strategies of sustainable development. 6

- i) Bio pest control
- ii) Mini Hydel plants
- iii) Use of Solar Energy

34 Critically appraise the performance of rural banking system in India. 6

OR

Critically evaluate the availability of health infrastructure in India

End of the Question Paper