



**INDIAN SCHOOL MUSCAT
FINAL EXAMINATION
ECONOMICS**

CLASS: XII

Sub. Code: 030

Time Allotted: 3 Hrs.

11.11.2019

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 When Aggregate consumption is equal to level of income in a two sector economy, Average propensity to save will be ----- 1
- 2 Income increases from Rs.800 to Rs.1000. As a result consumption increases from Rs.800 to Rs.900. Marginal Propensity to save at income level Rs.1000 would be: (Choose the correct alternative) 1
A. 1 B. 0.5 C. Zero D. Infinity
- 3 In the foreign exchange market, exchange rate of dollar has changed from Rs.72 per dollar to Rs.62 per dollar. This is the case of: (Choose correct alternative) 1
A. Devaluation of Rupee B. Revaluation of Rupee
C. Appreciation of Rupee D. Depreciation of Rupee
- 4 Value of Investment multiplier (increases/decreases/remains constant) with increase Marginal Propensity to Consume. 1
(fill in the blank with correct alternative)
- 5 Giving reason state whether the following statement is true or false. 1
'Provident Fund Deposit collected 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. Export of software to France	(i) Debit side of current account
b. Import of Machinery from China	(ii) Capital account of Balance of Payment
c. Remittances to relative staying abroad	(iii) Debit side of current account of Balance of Payments
d. Investment by Apple phones firm in India	(iv) Credit side of current of Balance of Payments.

- 7 Average Propensity to consume can never be(choose the correct alternative)
A. Positive B. Zero C. More than one D. Less than one 1

- 8 Name any one fiscal policy measure to correct inflationary gap. 1

OR

Name any one monetary policy measure correct inflationary gap

- 9 What are accommodating items in Balance of Payment Account? 1

- 10 The Exchange rate system that India follows is(choose the correct alternative) 1

- A. Flexible Exchange Rate System B. Fixed Exchange Rate System
C. Managed Floating System D. Wider Band System

- 11 World Bank reported that India's real Gross Domestic Product is expected to increase by 7.5% in 2019-20. Does it mean that welfare of the people of India increase at the same rate? Comment with reason. 3

OR

Suppose the level of income or output is 600. Autonomous consumption is 80 and ex ante investment is 20. Marginal Propensity to consume is estimated at 0.8. Will the economy be at equilibrium? Explain.

- 12 Consider the following hypothetical data related to government budget. Calculate fiscal deficit. 3
(Figures in rupees crores)

i. Tax revenue	1500
ii. Non tax revenue	800
iii. Interest payment	2200
iv. Expenditure on Major subsidies	1000
v. Defense expenditure	1100
vi. Borrowings and other liabilities	1800
vii. Recoveries of loans	1400
viii. Receipts from disinvestment	1300
ix. Capital expenditure	2500

- 13 Economists are of the opinion that government budget is not merely a receipt and expenditure statement of the government. It is an economic policy statement. Explain any two economic objectives that government expects to perform through budget. 4

- 14 Define investment multiplier. Explain the process of investment multiplier. 4

- 15 According to recent media reports: 4
 'USA accuses china of currency devaluation to promote exports'.
 In the light of this report comment how exports and imports are influenced through currency devaluation.

OR

Many large Multi National Corporations have recently shifted their investment from China and have started their production units in India.

Discuss the possible effects on Foreign Exchange Rate with reference to Indian Economy.

- 16 An economy is facing 'inflationary gap'. What is meant by this statement? Explain fiscal and 6
 monetary policy measures to correct the situation of inflationary gap.

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 **Net Domestic Product at factor cost** and **Compensation of Employees** from the 6
 following information.

1. Consumption of fixed capital	40
2. Private Final Consumption Expenditure	260
3. Mixed income from self employed	100
4. Indirect taxes	50
5. Gross Domestic Capital Formation	80
6. Rent and Interest	160
7. Exports	60
8. Subsidies	30
9. Profits	80
10. Net factor income from abroad	(-)40
11. Imports	20
12. Government final Consumption Expenditure	120

SECTION B (Indian Economic Development)

- 18 One way to determine the poverty line is by taking the monetary value of the minimum calorie 1
 intake of -----calorie for an urban person.
- 19 From the set of statements given in **Column I** and **Column II**, choose the correct pair of 1
 statement.

Column I	Column II
A. Worker population ratio among women	i. Less in rural area compared to urban area.
B. Women education	ii. Decreases the fertility rate among women
C. Indian Education Pyramid	iii. Higher and higher number of people reaching higher levels of education
D. Regular salaried employees	iv. Constitutes more than 50% of the total workers.

- 20 The process of moving from self employment and regular salaried employment to casual wage work is called -----of workforce. 1
- 21 In India -----sources account for almost 68% of the power generation capacity. 1
(Choose the correct alternative)
A. Wind and Solar Power B. Hydel Power C. Thermal Power D. Nuclear Power
- 22 Newly emerging jobs in India are found mostly in the ----- sector. 1
OR
The propensity to fall ill which affects a person's work by making him or her temporarily disabled is called -----.
- 23 Giving reason state whether the following is true or false: 1
'Agricultural marketing the process of buying and selling of agricultural goods'.
- 24 Among India, China and Pakistan, which country has the highest density of population? 1
- 25 Fill in the blank with correct alternative. 1
The policy initiated by china in 1958, aimed at industrializing the country on a massive scale was called ----- (Great Proletarian Cultural Revolution/The Great Leap Forward/The policy of Special Economic Zones)
- 26 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
- 27 Identify the economic grouping of the countries in which India is not a member. 1
A. SAARC B. ASEAN C. BRICS D. EU
- 28 Education commission in India had recommended that at least 6 per cent of the GDP must be spent on education to achieve its goal. How far India has been able to achieve the said goal? 3
OR
The overall health status of the country has certainly improved through the years. Do you agree? Justify your answer.
- 29 India has the largest area under cotton cultivation in the world. But the yield per hectare is so low that the country is pushed down to the third in position. Many small land owning farmers are descending into poverty due to lack of perceived income. Households do not have assets to sell off or for access to credit to raise income to find an alternative employment opportunity or to use modern methods of cultivation. They have to borrow at exploitative rate of interest from money lenders and get into debt-trap. In the long run these households are pushed down below the poverty line. The worst form of this crisis is suicide. 3
What are the measures government has initiated to improve rural credit system to help these poor farmers in the rural India?
- 30 What does informalisation of workforce mean? What are its consequences in relation to Indian economy? 4
OR
How is organic farming different from conventional farming? What are the benefits that organic farming offers?

- 31 Describe the path of development initiative taken by Pakistan for its economic development. 4
- 32 In order to address major environmental concerns in India, government has set up Central Pollution Control Board. They investigate, collect and disseminate information relating to air, water and land pollution, lay down standards for sewage/trade affluent and emissions. They provide technical assistance to state governments and other agencies. 4
What are the strategies that we can suggest for a sustainable development in order to minimise environmental impacts. Explain any four.
- 33 Compare the achievements of the development strategies followed by India China and Pakistan in terms of: 6
a. Demographic indicators
b. Gross Domestic Product and Sectors
- 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 causality between human capital and economic growth flows in either directions. Consider the following table and justify the statement.

Particulars	1951	1991	2013
Real Per capita Income	3,687	7,321	41,255
Crude Death Rate (per 1000 population)	25.1	9.8	7
Infant Mortality Rate	146	80	40
Life Expectancy at Birth (in Years): Male	37.2	59.7	65.8
Female	36.2	60.9	69.3
Literacy Rate %	16.67	52.1	74

End of the Question Paper