



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 In a two sector economy, aggregate demand consists of aggregate consumption and ----- 1
-----.
- 2 In an economy Marginal Propensity to consume and Marginal Propensity to Save are equal. 1
Investment multiplier would be -----.(choose the correct alternative)
A. Zero B. One C. Two D. Five
- 3 Name any one fiscal policy measure to correct Deficient Demand. 1
OR
Name any one monetary policy measure correct Deficient Demand
- 4 Income increases from Rs.1000 to Rs.2000. As a result consumption increases from Rs.800 to 1
Rs.1800. Marginal Propensity to save at income level Rs.2000 would be: (Choose the correct
alternative)
A. 1 B. 0.5 C. Zero D. Infinity
- 5 In the foreign exchange market Reserve Bank of India decided to change the exchange rate of 1
dollar from Rs.67 per dollar to Rs.72 per dollar. This is the case of: (Choose correct alternative)
A. Devaluation of Rupee B. Revaluation of Rupee
C. Appreciation of Rupee D. Depreciation of Rupee
- 6 Value of Investment multiplier (increases/decreases/remains 1
constant) with increase Marginal Propensity to Save.

(fill in the blank with correct alternative)

- 7 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
- 8 Giving reason state whether the following statement is true or false. 1
- ‘Capital Gain Tax is stated as capital receipt in government budget’.**
- 9 What type of transactions are included in Balance of Trade Account of Balance of Payment? 1
- 10 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 of Balance of Payment
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.

- 11 Consider the following hypothetical data related to government budget. Calculate **Primary Deficit**. 3

	(Figures in rupees crores)
i. Tax revenue	2200
ii. Non tax revenue	1000
iii. Interest payment	1200
iv. Expenditure on Major subsidies	1800
v. Defence expenditure	1100
vi. Borrowings and other liabilities	1400
vii. Recoveries of loans	700
viii. Receipts from disinvestment	1300
ix. Capital expenditure	2500

- 12 Suppose the level of income or output is 500. Autonomous consumption is 50 and ex ante investment is 20. Marginal Propensity to consume is estimated at 0.75. Will the economy be at equilibrium? Explain. 3

OR

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.

- 13 Ministry of Finance, Government of India is of the opinion that deficit in government budget should be brought down to the level of 4% of the GDP of the country. What measures can be suggested to reduce budget deficit. 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 following 6
 information. (figures in Rs. Crores)
- | | |
|--|--------|
| 1. Consumption of fixed capital | 200 |
| 2. Private Final Consumption Expenditure | 1300 |
| 3. Mixed income from self employed | 500 |
| 4. Indirect taxes | 250 |
| 5. Gross Domestic Capital Formation | 400 |
| 6. Rent and Interest | 800 |
| 7. Exports | 300 |
| 8. Subsidies | 150 |
| 9. Profits | 400 |
| 10. Net factor income from abroad | (-)200 |
| 11. Imports | 100 |
| 12. Government final Consumption Expenditure | 600 |

SECTION B (Indian Economic Development)

- 18 Under -----type of unemployment the marginal product of the last unit of labour 1
 employed is zero. (Choose the correct alternative)
- A. Seasonal unemployment B. Structural unemployment
 C. Frictional unemployment D. Disguised unemployment
- 19 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 -----.
- 20 China announced its First Five Year Plan in the year: 1
- A. 1951 B. 1953 C. 1956 D. 1949
- 21 Identify the economic grouping of the countries in which India is not a member. 1
- A. SAARC B. ASEAN C. BRICS D. EU
- B.
- 22 China introduced economic reforms in the year----- 1
- 1988 B. 1991 C. 1978 D. 1980

- 23 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 : (Choose the correct alternative)
A. Great Proletarian Cultural Revolution B. The Great Leap Forward
C. The policy of Special Economic Zones D. The Commune System
- 24 Among India, China and Pakistan, which country has the highest Fertility Rate? 1
- 25 Giving reason state whether the following is true or false: 1
'Agricultural marketing the process of buying and selling of agricultural goods'.
- 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. The level of unemployment | i. Lowest among the educated youth |
| 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. Youth Literacy Rate | iv. Percentage of people aged 15+ who can read and write. |
- 27 One way to determine the poverty line is by taking the monetary value of the minimum calorie intake of -----calorie for an urban person. 1
- 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 modernize the method 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 to solve their credit problems 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 Do you think that the health infrastructure facilities available for rural and urban population are same in India? Justify your answer. 4

- 32 Evaluate the factors that led to the rapid growth in economic development of China. 4
- 33 Compare the achievements of the development strategies followed by India China and Pakistan in terms of: 6
- Demographic indicators
 - 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