



**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, break-even point and equilibrium point may lie at the same level of income if ex ante investments are -----, 1
- 2 Average Propensity to consume can never be(choose the correct alternative) 1
A. Positive B. Zero C. More than one D. Less than one
- 3 Name any one fiscal policy measure to correct inflationary gap. 1
OR
Name any one monetary policy measure correct inflationary gap.
- 4 Income increases from Rs.1000 to Rs.1200. As a result consumption increases from Rs.800 to Rs.1000. Marginal Propensity to save at income level Rs1200 would be: (Choose the correct alternative) 1
A. 1 B. 0.5 C. Zero D. Infinity
- 5 In the foreign exchange market exchange rate of dollar has changed from Rs.67 per dollar to Rs.72 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

- 6 Value of Investment multiplier(increases/decreases/remains constant) 1
with increase Marginal Propensity to Save.

(fill in the blank with correct alternative)

- 7 Giving reason state whether the following statement is true or false. 1
'Recoveries of loans is stated as capital receipt in government budget'.

- 8 From the set of statements given in **Column I** and **Column II**, choose the correct pair of 1
statement.

Column I	Column II
a. Export of software to France	(i) Debit side of current account of Balance of Payment 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 account of Balance of Payments.

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

A. Flexible Exchange Rate System
C. Managed Floating System

B. Fixed Exchange Rate System
D. Wider Band System

- 10 What are autonomous items in Balance of Payment Account? 1

- 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 300. Autonomous consumption is 40 and ex ante investment is 10. Marginal Propensity to consume is estimated as 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	2700
ii.	Non tax revenue	700
iii.	Interest payment	3200
iv.	Expenditure on Major subsidies	1800
v.	Defense expenditure	1100
vi.	Borrowings and other liabilities	2200
vii.	Recoveries of loans	1000
viii.	Receipts from disinvestment	2000
ix.	Capital expenditure	2500

- 13 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.

- 14 Economists are of the opinion that deficit in government budget beyond certain level is harmful for an economy. Give reason. What measures can be suggested to reduce budget deficit. 4
- 15 Define investment multiplier. Explain the process of investment multiplier. 4
- 16 Calculate Net Domestic Product at factor cost and compensation of employees from the following information. 3+3
- | | |
|--|-------|
| 1. Consumption of fixed capital | 20 |
| 2. Private Final Consumption Expenditure | 130 |
| 3. Mixed income from self employed | 50 |
| 4. Indirect taxes | 25 |
| 5. Gross Domestic Capital Formation | 40 |
| 6. Rent and Interest | 80 |
| 7. Exports | 30 |
| 8. Subsidies | 15 |
| 9. Profits | 40 |
| 10. Net factor income from abroad | (-)20 |
| 11. Imports | 10 |
| 12. Government final Consumption Expenditure | 60 |
- 17 An economy is facing 'deflationary gap'. What is meant by this statement? Explain fiscal and monetary policy measures to correct the situation of deflationary gap. 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.

SECTION B (Indian Economic Development)

- 18 One way to determine the poverty line is by taking the monetary value of the minimum calorie intake of -----calorie for a rural person. 1
- 19 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. Highest among the educated youth
B. Women education	ii. Increases 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.

- 20 Giving reason state whether the following is true or false: 1
 'Agricultural marketing the process of buying and selling of agricultural goods'.
- 21 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
- 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 China announced its First Five Year Plan in the year: 1
 A. 1951 B. 1953 C. 1956 D. 1949
- 24 In which of the following global economic grouping India is not a member? 1
 A. SAARC B. ASEAN C. BRICS D. EU
- 25 China introduced economic reforms in the year----- 1
 A. 1988 B. 1991 C. 1978 D. 1980
- 26 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)
- 27 Among India, China and Pakistan, which country has the highest density of population? 1
- 28 India has the largest area under cotton cultivation in the world. But the yield per hectare is so low 3
 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 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.
 What are the measures that government has initiated to improve rural credit system to help these poor farmers to solve this problems of credit in the rural India?
- 29 Education commission in India had recommended that at least 6 per cent of the GDP must be 3
 spent on education to achieve its goal. How far India has been able to achieve the said goal?
OR
 The overall health status of the country has certainly improved through the years. Do you agree? Justify your answer.
- 30 In order to address major environmental concerns in India government has set up 'Central 4
 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.
 What are the strategies that we can suggest for a sustainable development in order to minimise environmental impacts. Explain any four.

31

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?

32

Compare the various indicators of human development index of India, China and Pakistan.

4

33

Why does the idea of village development become the center point of the overall development strategy of the nation even today?
What are the areas in which a fresh initiative is required for rural development?

6

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 Female	37.2	59.7	65.8
	36.2	60.9	69.3
Literacy Rate %	16.67	52.1	74

34

Compare the achievements of the development strategies followed by India China and Pakistan in terms of:

a. Demographic indicators
b. Gross Domestic Product and Sectors

6

End of the Question Paper