

Roll Number

SET A



INDIAN SCHOOL MUSCAT
SECOND PRE - BOARD EXAMINATION
ECONOMICS (030)

CLASS: XII

TERM – 2

Time Allotted: 2 hrs.

06.04.2022

Max. Marks: 40

General Instructions:

1. It is a subjective paper consisting of 13 questions overall.
2. There are 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
3. 2 marks questions are Short Answer Type and must be answered within 30-50 words
4. 3 marks questions are Short Answer Type and must be answered within 50-80 words
5. 5 marks questions are Long Answer Type and must be answered in at least 120 words
6. This question paper contains Case/Source Based Questions.

- 1 Explain the concept of intermediate products with the help of examples. 2

OR

Suggest any two points of difference between consumption and capital goods.

- 2 What is the inflationary gap? What is its impact? 2

OR

Find the value of multiplier when:

- (a) Marginal Propensity to Consume is equal to 1
- (b) Marginal Propensity to Save is equal to 1

- 3 Explain the changes that take place when Aggregate Demand is less than Aggregate Supply. 2

- 4 'Unemployment is related to poverty'. Comment. 2

OR

What is unemployment? What are the most common types of unemployment found in India?

- 5 What is the significance of private sector in health care system in India? 2

- 6 State the various components of the Expenditure method that are used to calculate national income. 3

OR

Find GVA at factor cost of the firm.

S. No.	Contents	Items (₹ in lakh)
(i)	Durable use producer goods with a life span of 10 years	10
(ii)	Single use producer goods	5
(iii)	Sales	20
(iv)	Unsold output produced during the year	2
(v)	Net Indirect taxes	1

7 How do infrastructure facilities boost production? 3

Read the following text carefully and answer question no.8 & 9 given below: 3

Pakistan Faces a Long Road to Sustainable Growth

At the turn of the century, Pakistan had the highest GDP per capita when compared with India, Bangladesh, and Vietnam. Twenty years later, it is at the bottom of the group. Political upheaval, a violent insurgency fed by the war in Afghanistan, and the inability of successive governments to carry out reforms are to blame for this decline. Today, a polarized political environment and elite intrigue among civilian, judicial, and military institutions have made sustainable economic growth and reforms that much more unlikely. The COVID-19 pandemic has further sharpened the challenge.

Inflation is still the biggest issue facing the government today. Headline inflation climbed to 9 percent in September 2020 and double-digit food inflation continues to erode citizens' purchasing power. This has worsened the situation for millions of households who have seen a decline in their purchasing power since 2016, according to data from the Pakistan Bureau of Statistics. In its most recent monetary policy statement, the State Bank of Pakistan raised its concerns as well, warning that while "core inflation has been relatively stable," food inflation remains a risk, "especially in the wake of recent flood-related damages and potential locust attacks." With households spending a larger share of their incomes on food—an emerging wheat crisis is compounding problems—consumption spending on other items will remain subdued, leading to a lack of economic growth in a country where consumer spending drives more than 80 percent of the economy.

At the same time, a weak economic recovery around the world, particularly in the European Union and the United States, will subdue demand for Pakistan's exports. After declining by 20 percent on a year-on-year basis in August, exports grew by 6 percent in September. The outlook, however, remains bleak due to a weak global economic recovery. The issue has been further exacerbated by chronic structural inefficiencies — exporters who received additional orders in recent weeks are facing gas and cotton shortages. This means export growth is unlikely to drive a significant uptick in economic activity and employment. As a result, the structural issue with Pakistan's economy, i.e., its inability to earn sufficient foreign income to pay for its import and debt servicing needs, remains its Achilles' heel.

- 8 Discuss the underlying problem with Pakistan's sustainable growth? 3
- 9 Anticipate the outcome of Pakistan's foreign income vis-à-vis its export growth. 3
- 10 Name the monetary measure indicated in the following statements. Also indicate, whether the following measures will be adopted during excess demand or deficient demand. 3
- (a) RBI starts selling Government securities to the public.
 - (b) It resulted in increase in interest rate charged by commercial bank from the borrowers.
 - (c) RBI advised SBI to stop advertising for home loans in order to discourage lending.
- 11 Explain the role of the following in correcting the inflationary gap in an economy. 5
- (i) Bank rate and Repo Rate
 - (ii) Margin requirements
 - (iii) Legal reserve
 - (iv) Open market operations

S. No.	Contents	(₹ in Crores)
(i)	Net Current Transfers to Abroad	15
(ii)	Private Final Consumption Expenditure	800
(iii)	Net Imports	(-) 20
(iv)	Net Domestic Capital Formation	100
(v)	Net Factor Income to Abroad	10
(vi)	Depreciation	50
(vii)	Change in Stocks	17
(viii)	Net Indirect Tax	120
(ix)	Government Final Consumption Expenditure	200
(x)	Exports	30

(b) Distinguish between domestic product and national product. When can the domestic product be more than the national product?

OR

(a) Calculate NNP at market prices

S. No.	Contents	(₹ Crore)
(i)	Net current transfers to abroad	10
(ii)	Private final consumption expenditure	500
(iii)	Current transfers from government	30
(iv)	Net factor income to abroad	20
(v)	Net exports	(-) 20
(vi)	Net indirect tax	20
(vii)	National debt interest	70
(viii)	Net domestic capital formation	80
(ix)	Income accruing to government	60
(x)	Government final consumption expenditure	100

(b) Explain why interest on public debt is treated as a transfer payment

(a) 70 lakhs cars get added on the roads of metropolitans every year. Is it justified? What policy measures can you suggest?

(b) State the measures to solve unemployment problem in India.

End of the Question Paper

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SET B



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6. This question paper contains Case/Source Based Questions.

- 1 'Unemployment is related to poverty'. Comment. 2

OR

What is unemployment? What are the most common types of unemployment found in India?

- 2 What is the significance of private sector in health care system in India? 2
- 3 Explain the changes that take place when Aggregate Demand is more than Aggregate Supply. 2
- 4 What is the deflationary gap? What is its impact? 2

OR

In an economy, an increase in investment leads to an increase in national income which is three times more than increase in investment. Calculate MPC.

- 5 Explain the concept of intermediate products with the help of examples. 2

OR

Suggest any two points of difference between consumption and capital goods.

- 6 How do infrastructure facilities boost production? 3
- 7 Name the monetary measure indicated in the following statements. Also indicate, whether the following measures will be adopted during excess demand or deficient demand. 3
- (a) RBI starts selling Government securities to the public.
- (b) It resulted in increase in interest rate charged by commercial bank from the borrowers.
- (c) RBI advised SBI to stop advertising for home loans in order to discourage lending.
- 8 State the various components of the Expenditure method that are used to calculate national 3

income.

OR

Find GVA at factor cost of the firm.

S. No.	Contents	Items (₹ in lakh)
(i)	Durable use producer goods with a life span of 10 years	100
(ii)	Single use producer goods	50
(iii)	Sales	200
(iv)	Unsold output produced during the year	20
(v)	Net Indirect taxes	10

Read the following text carefully and answer question no. 9 & 10 given below:

3

Pakistan Faces a Long Road to Sustainable Growth

At the turn of the century, Pakistan had the highest GDP per capita when compared with India, Bangladesh, and Vietnam. Twenty years later, it is at the bottom of the group. Political upheaval, a violent insurgency fed by the war in Afghanistan, and the inability of successive governments to carry out reforms are to blame for this decline. Today, a polarized political environment and elite intrigue among civilian, judicial, and military institutions have made sustainable economic growth and reforms that much more unlikely. The COVID-19 pandemic has further sharpened the challenge.

Inflation is still the biggest issue facing the government today. Headline inflation climbed to 9 percent in September 2020 and double-digit food inflation continues to erode citizens' purchasing power. This has worsened the situation for millions of households who have seen a decline in their purchasing power since 2016, according to data from the Pakistan Bureau of Statistics. In its most recent monetary policy statement, the State Bank of Pakistan raised its concerns as well, warning that while "core inflation has been relatively stable," food inflation remains a risk, "especially in the wake of recent flood-related damages and potential locust attacks." With households spending a larger share of their incomes on food—an emerging wheat crisis is compounding problems—consumption spending on other items will remain subdued, leading to a lack of economic growth in a country where consumer spending drives more than 80 percent of the economy.

At the same time, a weak economic recovery around the world, particularly in the European Union and the United States, will subdue demand for Pakistan's exports. After declining by 20 percent on a year-on-year basis in August, exports grew by 6 percent in September. The outlook, however, remains bleak due to a weak global economic recovery. The issue has been further exacerbated by chronic structural inefficiencies — exporters who received additional orders in recent weeks are facing gas and cotton shortages. This means export growth is unlikely to drive a significant uptick in economic activity and employment. As a result, the structural issue with Pakistan's economy, i.e., its inability to earn sufficient foreign income to pay for its import and debt servicing needs, remains its Achilles' heel.

- 9 Discuss the underlying problem with Pakistan's sustainable growth? 3
- 10 Anticipate the outcome of Pakistan's foreign income vis-à-vis its export growth. 3
- 11 (a) 70 lakhs cars get added on the roads of metropolitans every year. Is it justified? What policy measures can you suggest? 5
- (b) State the measures to solve unemployment problem in India.

12 (a) Calculate 'Net Domestic Product at market price'.

5

S. No.	Contents	(₹ in Crores)
(i)	Net Current Transfers to Abroad	150
(ii)	Private Final Consumption Expenditure	8000
(iii)	Net Imports	(-) 200
(iv)	Net Domestic Capital Formation	1000
(v)	Net Factor Income to Abroad	100
(vi)	Depreciation	500
(vii)	Change in Stocks	170
(viii)	Net Indirect Tax	1200
(ix)	Government Final Consumption Expenditure	2000
(x)	Exports	300

(b) Distinguish between factor payment and transfer payment.

OR

(a) Calculate NNP at factor cost

S. No.	Contents	(₹ Crore)
(i)	Net current transfers to abroad	100
(ii)	Private final consumption expenditure	5000
(iii)	Current transfers from government	300
(iv)	Net factor income to abroad	200
(v)	Net exports	(-) 200
(vi)	Net indirect tax	200
(vii)	National debt interest	700
(viii)	Net domestic capital formation	800
(ix)	Income accruing to government	600
(x)	Government final consumption expenditure	1000

(b) Explain why payment of old age pension by government is treated as a transfer payment

13 Explain the role of the following in correcting the inflationary gap in an economy.

5

- Bank rate and Repo Rate
- Margin requirements
- Legal reserve
- Open market operations

End of the Question Paper

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- 1 Explain the concept of stock variable and flow variable with the help of suitable examples. 2

OR

What is the difference between Nominal GNP and Real GNP? Which one is a better indicator of economic growth?

- 2 What is the inflationary gap? What is its impact? 2

OR

Find the value of multiplier when:

(a) Marginal Propensity to Consume is equal to 1

(b) Marginal Propensity to Save is equal to 1

- 3 Explain the changes that take place when Aggregate Demand is less than Aggregate Supply. 2

- 4 Why is unemployment in India considered to be a chronic problem? 2

OR

What role does government play in generating employment opportunities?

- 5 What is the significance of private sector in health care system in India? 2

- 6 State any three precautions to be taken while estimating national income. 3

OR

Calculate Gross Value Added at market price from the following data.

S.No.	Contents	(in ` lakhs)
(i)	Depreciation	20
(ii)	Domestic Sales	200

(iii)	Change in Stock	(-) 10
(iv)	Exports	10
(v)	Single use Producer Goods	120
(vi)	Net Indirect Taxes	20

7 How do infrastructure facilities boost production?

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Read the following text carefully and answer question no.8 & 9 given below:

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9 Anticipate the outcome of Pakistan's foreign income vis-à-vis its export growth.

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10 Name the monetary measure indicated in the following statements. Also indicate, whether the following measures will be adopted during excess demand or deficient demand.

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- It resulted in increase in interest rate charged by commercial bank from the borrowers.
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11 Explain the role of the following in correcting the inflationary gap in an economy.

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- (i) Bank rate and Repo Rate
- (ii) Margin requirements
- (iii) Legal reserve
- (iv) Open market operations

12 (a) Calculate Net Domestic Product at Factor Cost.

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S. No.	Contents	(₹ in Crores)
(i)	Net Current Transfers to Abroad	15
(ii)	Private Final Consumption Expenditure	800
(iii)	Net Imports	(-) 20
(iv)	Net Domestic Capital Formation	100
(v)	Net Factor Income to Abroad	10
(vi)	Depreciation	50
(vii)	Change in Stocks	17
(viii)	Net Indirect Tax	120
(ix)	Government Final Consumption Expenditure	200
(x)	Exports	30

(b) Distinguish between domestic product and national product. When can the domestic product be more than the national product?

OR

(a) Calculate NNP at market prices

S. No.	Contents	(₹ Crore)
(i)	Net current transfers to abroad	10
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(vii)	National debt interest	70
(viii)	Net domestic capital formation	80
(ix)	Income accruing to government	60
(x)	Government final consumption expenditure	100

(b) Explain why interest on public debt is treated as a transfer payment

13 (a) How has population explosion and the advent of industrial revolution resulted in environmental crisis?

5

(b) Low employment among women is a reflection of economic backwardness of a country. Suggest some measures for increased employment opportunities for women.

End of the Question Paper