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SET

A



**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION
ECONOMICS (030)**

CLASS: XII

18.09.2022

Time Allotted: 03 Hrs.

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 are 1 mark questions and are to be answered in one word/sentence.
4. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
5. Case Based Questions (CBQ's) are Question No. 13 and Question No. 30.
6. Question No. 14-15 and Question No. 31 – 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.

SECTION – A: MACROECONOMICS (40 Marks)

1. Money enables People to save. Which function of money does this describe? (Choose the correct alternative): 1
 - (a) Store of value
 - (b) Unit of account
 - (c) Medium of exchange
 - (d) All of the above
2. Demand deposits include. (Choose the correct alternative): 1
 - (a) Saving account deposits and fixed deposits
 - (b) Saving account deposits and current account deposits
 - (c) Current account deposits and fixed deposits
 - (d) All type of bank deposits
3. Choose one of the correct alternatives given below: 1

Assertion (A): Commercial Bank acts as a banker to the Government

Reason (R): Reserve Bank is the only institution which can issue currency

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



4. Public goods are those goods: (Choose the correct alternative): 1
 (a) Which satisfy collective needs of the people
 (b) Which satisfy needs of the government
 (c) Which are available to only those who are below poverty line
 (d) Which satisfy only private needs of the people.
5. Read the following statement carefully. Write 'True' or 'False' with reason. 1
 Government budget is a statement of actual receipts and actual expenditure of the government during the past year.
6. Borrowing by the Government is a: (Choose the correct alternative): 1
 (a) Revenue receipt
 (b) Capital receipt
 (c) Revenue expenditure
 (d) Capital expenditure
7. Choose the appropriate word and fill in the blank: 1
 Selling of shares of Air India by the Government to Tata's is called _____ (disinvestment / investment)
8. Goods which are not used in the production of other goods are called: (Choose the correct alternative): 1
 (a) Capital goods
 (b) Consumption goods
 (c) Intermediate goods
 (d) Producer goods
9. Read the following statement carefully. Write 'True' or 'False' with reason 1
 Unexpected obsolescence is an element of depreciation.
10. Read the following statement carefully. Write 'True' or 'False' with reason. 1
 In a circular flow of income, Money flows are opposite to real flows:
11. Is deficit budget a sign of government inefficiency? 3
OR
 What are the implications of fiscal deficit?
12. State with reason whether the following are a stock or a flow? 3
 (a) Income of a household.
 (b) Wealth.
 (c) Money supply or quantity of money of the nation.
13. **Case based question** 4
Read the excerpt given and answer the question.
 The total stock of money circulating in an economy is the money supply. The circulating money involves the currency, printed notes, money in the deposit accounts and in the form of other liquid assets. Valuation and analysis of the money supply help the economist and policy makers to frame the policy or to alter the existing policy of increasing or reducing the supply of money. The valuation is important as it ultimately affects the business cycle and thereby affects the economy. Periodically, every country's central bank publishes the money supply data based on the monetary

aggregates set by them. In India, the Reserve Bank of India follows M1, M2, M3 and M4 monetary aggregates.

Questions (1 – Mark each)

1. Money Supply is a _____ (stock/flow) concept.
 2. Define money.
 3. Which of the following is not included in money supply? (Choose the correct alternative)
 - (a) High powered money
 - (b) Bank money
 - (c) Time deposits
 - (d) Inter-bank deposits
 4. M1 is the most liquid measure of money supply. State true or false. Give reason.
14. Explain how the government can use the budgetary policy in reducing inequalities in incomes. 4

OR

Categories the following into revenue receipts and capital receipts. Give reason.

- (i) Income tax
 - (ii) Recovery of loans
 - (iii) Profit from public enterprises
 - (iv) Borrowing from RBI
15. What is meant by circular flow of income? What is the principle of circular flow of income and product? 4
16. Explain the Issuing of notes and Banker to the government functions of central bank. 6

OR

How central bank control the money supply in the economy through the following monetary instruments:

- (i) Bank Rate:
 - (ii) Cash Reserve Ratio (CRR)
 - (iii) Open Market Operations
17. What is the difference between revenue expenditure and capital expenditure? Explain how taxes and government expenditure can be used to influence distribution of income in the society. 6

SECTION B: INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. The main objective of the zamindars during the colonial rule for land settlement was to: (Choose the correct alternative): 1
- (a) Improve the economic conditions of the cultivators
 - (b) Improve the crop yield by making significant contributions in technology and fertilizer usage
 - (c) Collection of rent with no interest in the economic conditions of the cultivators.
 - (d) Cooperating with the colonial government to improve the condition of agriculture.
19. Which of the following statement is incorrect with regard to the demographic status of India on the eve of Indian Independence: (Choose the correct alternative): 1
- (a) The first census under British India was conducted in 1881
 - (b) India entered the second stage of demographic transition post 1947
 - (c) Female literacy rate was as low as 7%
 - (d) Infant mortality rate was at 218 per thousand live births

20. Choose the appropriate word and fill in the blank: 1
 _____ means designing and shaping the socio economic processes in such a way so as to achieve an objective
 (a) Economic growth
 (b) Economic development
 (c) Economic planning
 (d) Economic process

21. Which of the following is not the role of on – the – job training? (Choose the correct alternative): 1
 (a) Eradicate Inequality
 (b) Encourages Innovations
 (c) Promotes modern method
 (d) Enhances productivity

22. Human Capital and Human Development are: (Choose the correct alternative): 1
 (a) Opposite concepts
 (b) Different concepts
 (c) Both mean the same
 (d) Related concepts, but certainly not identical

23. Match the columns with correct combinations: 1

Column – A	Column – B
A. Land Ceiling	(i) Increase in the production of food grains using high yielding variety of seeds
B. Land Reforms	(ii) Portion of agricultural produce sold in the market.
C. Green Revolution	(iii) Fixing the maximum limit of land holding for an individual
D. Marketed Surplus	(iv) Change in ownership of land holdings (land to tillers)

Codes

- | | | | | |
|-----|-------|------|-------|-------|
| | A | B | C | D |
| (a) | (iv) | (ii) | (iii) | (i) |
| (b) | (iv) | (i) | (ii) | (iii) |
| (c) | (iii) | (i) | (ii) | (iv) |
| (d) | (iii) | (iv) | (i) | (ii) |

24. The main goal of the Industrial Policy Resolution 1956 was to ensure balanced regional development with state controlling the commanding heights of the economy. The given statement is: (Choose the correct alternative): 1
 (a) True
 (b) False
 (c) Neutral
 (d) The goals of the Industrial policy gave equal importance to both public sector and private sector.

25. Read the following statement carefully. Write 'True' or 'False' with reason. 1
 New Economic Policy of 1991 was a complete U – turn of then existing policy of licensing Quota and Permits

26. Choose the appropriate word and fill in the blank: 1
_____ barriers refer to barriers on imports through high import duty. (Tariff / Non-Tariff)
27. Integrating the economy of a country with the economies of other countries is known as: (Choose the correct alternative): 1
(a) Liberalisation
(b) Globalization
(c) Privatization
(d) Nationalization

28. What objectives did the British intend to achieve through their policies of infrastructure development in India? 3

29. What policies were followed for development of Agriculture sector between 1950-1990? 3

OR

What policies were followed for development of Industrial sector between 1950-1990

30. **Case based question** 4
Read the excerpt given and answer the question.

As Goods & Services Tax completes five years of its implementation, the words of our former Finance Minister, Arun Jaitley, in the Parliament's Central Hall on the midnight of 30 June 2017 still reverberates afresh in our ears "The goods and service tax may be a destination tax, but for India it will begin an altogether new journey...". Indeed, for India, a completely new journey commenced on July 1, 2017 with goods and services tax, being touted as one of the biggest economic reforms of independent India, which set sail in the country after a decade of deliberations. The voyage of four years has been a roller-coaster ride for all stakeholders with equitable share of hits, misses and expectations.

Besides removing the cascading effect of taxation, one of the biggest hits in the journey of GST has been the pursuit towards achieving an automated indirect tax ecosystem. From electronic compliances, generation of e-invoices to tracking movement of goods through e-waybill, everything is sought to be run online. E-invoicing system is not only aimed at weeding out the rampant menace of fake invoicing, but would also usher the taxpayers into a fully automated compliance regime wherein the computation of tax liabilities and matching of input tax credit would become very simple. This is no mean feat and not many countries in the world have attempted or been able to achieve the implementation of such a large scale and complex digital tax transformation project.

Questions (1 - Mark each)

1. Goods and Services Tax Act, 2016, which came into effect from July 2017, is expected to: (Choose the correct alternative)
(a) Generate additional revenue for the government.
(b) Reduce tax evasion.
(c) Create 'one nation, one tax and one market'
(d) All of the above
2. GST is a based tax structure. (Choose the correct alternative)
(a) Destination based/ consumption based
(b) Production based
(c) Both (a) & (b)
(d) None of the above

3. Under GST How many standard rates are there. (Choose the correct alternative)
- (a) One
 - (b) Five
 - (c) Four
 - (d) Two
4. Read the following statement carefully. Write 'True' or 'False' with reason.
GST is applicable throughout the country with one rate for all types of goods/services.
31. Briefly explain goals or objectives of planning in India are as follows: 4
32. Why expenditure on education considered as important source for Human Capital Formation? 4
- OR**
- Distinguish between 'Physical Capital' and 'Human Capital'.
33. Agriculture sector appears to be adversely affected by the reform process. Why? 6
- OR**
- Why has the industrial sector performed poorly in the reform period?
34. Briefly explain any six Importance of Human Capital Formation for an economy. 6

End of the Question Paper



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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.

SECTION – A: MACROECONOMICS (40 Marks)

1. Demand deposits include. (Choose the correct alternative): 1
 (a) Saving account deposits and fixed deposits
 (b) Saving account deposits and current account deposits
 (c) Current account deposits and fixed deposits
 (d) All type of bank deposits
2. Choose one of the correct alternatives given below: 1
Assertion (A): Commercial Bank acts as a banker to the Government
Reason (R): Reserve Bank is the only institution which can issue currency
 (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
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 (d) Assertion (A) is false but Reason (R) is true.
3. Read the following statement carefully. Write 'True' or 'False' with reason 1
 Unexpected obsolescence is an element of depreciation.
4. Public goods are those goods: (Choose the correct alternative): 1
 (a) Which satisfy collective needs of the people

- (b) Which satisfy needs of the government
(c) Which are available to only those who are below poverty line
(d) Which satisfy only private needs of the people.
5. Borrowing by the Government is a: (Choose the correct alternative): 1
(a) Revenue receipt
(b) Capital receipt
(c) Revenue expenditure
(d) Capital expenditure
6. Money that is issued by the authority of the government is called: 1
(a) Full bodied money
(b) Credit money
(c) Fiat money
(d) Fiduciary money
7. Choose the appropriate word and fill in the blank: 1
Selling of shares of Air India by the Government to Tata's is called _____ (disinvestment / investment)
8. Read the following statement carefully. Write 'True' or 'False' with reason. 1
Tax payments to the Government does not provide any direct benefit to the tax payer.
9. Which one of the following is an intermediate good? (Choose the correct alternative): 1
(a) Purchase of pulses by consumers
(b) Machine purchased by a firm
(c) Wheat used by a flour mill
(d) Wheat used by a household.
10. Read the following statement carefully. Write 'True' or 'False' with reason. 1
In a circular flow of income, Money flows are opposite to real flows:
11. Is deficit budget a sign of government inefficiency? 3
OR
What is are the implications of fiscal deficit?
12. State with reason whether the following are a stock or a flow. 3
(a) Amount of bank deposits on 31-08-2022
(b) Number of persons employed during the month of August
(c) Wealth
13. **Case based question** 4
Read the excerpt given and answer the question.
The total stock of money circulating in an economy is the money supply. The circulating money involves the currency, printed notes, money in the deposit accounts and in the form of other liquid assets. Valuation and analysis of the money supply help the economist and policy makers to frame the policy or to alter the existing policy of increasing or reducing the supply of money. The valuation is important as it ultimately affects the business cycle and thereby affects the economy. Periodically, every country's central bank publishes the money supply data based on the monetary aggregates set by them. In India, the Reserve Bank of India follows M1, M2, M3 and M4 monetary aggregates.

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 3. Which of the following is not included in money supply? (Choose the correct alternative)
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 - (b) Bank money
 - (c) Time deposits
 - (d) Inter-bank deposits
 4. M1 is the most liquid measure of money supply. State true or false. Give reason.
14. What is meant by circular flow of income? What is the principle of circular flow of income and product? 4
15. Distinguish between revenue expenditure and capital expenditure. Give an example of each 4
- OR**
- Classify the following given valid reasons as revenue expenditure or capital expenditure
- (a) Salary paid to Army Officers
 - (b) Purchase of Metro coaches from Korea
 - (c) Pension paid to retired Government employees
 - (d) Repayment of loan taken from World Bank.
16. Explain the Issuing of notes and Banker to the government functions of central bank. 6
- OR**
- How central bank control the money supply in the economy through the following monetary instruments:
- (i) Bank Rate:
 - (ii) Cash Reserve Ratio (CRR)
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SECTION B: INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. The main objective of the zamindars during the colonial rule for land settlement was to: (Choose the correct alternative): 1
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19. The main goal of the Industrial Policy Resolution 1956 was to ensure balanced regional development with state controlling the commanding heights of the economy. The given statement is: (Choose the correct alternative): 1
- (a) True
 - (b) False
 - (c) Neutral
 - (d) The goals of the Industrial policy gave equal importance to both public sector and private sector.
20. _____ was introduced in India with the aim of maintaining law & order: (Choose the correct alternative): 1

- (a) Railways
- (b) Air transport
- (c) Water transport
- (d) Electric telegraph

21. Which of the following is not the role of on – the – job training? (Choose the correct alternative):
- (a) Eradicate Inequality
 - (b) Encourages Innovations
 - (c) Promotes modern method
 - (d) Enhances productivity

22. Land reforms were required to achieve:
- (a) Equity
 - (b) Modernization
 - (c) Self- reliance
 - (d) Growth

23. Match the columns with correct combinations:

Column – A	Column – B
A. Land Ceiling	(i) Increase in the production of food grains using high yielding variety of seeds
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| (b) | (iv) | (i) | (ii) | (iii) |
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24. Integrating the economy of a country with the economies of other countries is known as: (Choose the correct alternative):
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25. Read the following statement carefully. Write 'True' or 'False' with reason.
New Economic Policy of 1991 was a complete U – turn of then existing policy of licensing Quota and Permits

26. Transfer of ownership and disinvestment are used in the process of _____:
- (a) Globalization
 - (b) Privatization
 - (c) Liberalization
 - (d) Familiarization

27. Which source of Human Capital Formation includes cost of transportation and higher cost of living?

- (a) Expenditure on Migration
- (b) On- the- Job Training
- (c) Expenditure on information
- (d) Expenditure on education

28. What objectives did the British intend to achieve through their policies of infrastructure development in India? 3

29. What policies were followed for development of Agriculture sector between 1950-1990? 3

OR

What policies were followed for development of Industrial sector between 1950-1990

30. Why is there a need for government intervention in education and health sectors? Discuss. 4

31. **Case based question** 4

Read the excerpt given and answer the question.

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Besides removing the cascading effect of taxation, one of the biggest hits in the journey of GST has been the pursuit towards achieving an automated indirect tax ecosystem. From electronic compliances, generation of e-invoices to tracking movement of goods through e-waybill, everything is sought to be run online. E-invoicing system is not only aimed at weeding out the rampant menace of fake invoicing, but would also usher the taxpayers into a fully automated compliance regime wherein the computation of tax liabilities and matching of input tax credit would become very simple. This is no mean feat and not many countries in the world have attempted or been able to achieve the implementation of such a large scale and complex digital tax transformation project.

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OR
Distinguish between 'Physical Capital' and 'Human Capital'.
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Why has the industrial sector performed poorly in the reform period?
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 - (b) Saving account deposits and current account deposits
 - (c) Current account deposits and fixed deposits
 - (d) All type of bank deposits
3. **Assertion (A):** Money Multiplier refers to the process of creation of credit by the commercial Bank. 1
Reason (R): Money creation by commercial bank raises the National Income.
 - (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
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 - Which are available to only those who are below poverty line
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5. Read the following statement carefully. Write 'True' or 'False' with reason. 1
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6. Borrowing by the Government is a: (Choose the correct alternative): 1
- Revenue receipt
 - Capital receipt
 - Revenue expenditure
 - Capital expenditure
7. Choose the appropriate word and fill in the blank: 1
- Outsourcing is an important outcome of _____ (Foreign trade / Globalization)
8. Goods which are not used in the production of other goods are called: (Choose the correct alternative): 1
- Capital goods
 - Consumption goods
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 - Producer goods
9. Read the following statement carefully. Write 'True' or 'False' with reason 1
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10. Read the following statement carefully. Write 'True' or 'False' with reason. 1
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11. Is deficit budget a sign of government inefficiency? 3
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- Read the excerpt given and answer the question.**
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Questions (1 – Mark each)

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14. Explain how the government can use the budgetary policy in reducing inequalities in incomes. 4

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15. What is meant by circular flow of income? What is the principle of circular flow of income and product? 4

16. Explain the Issuing of notes and Banker to the government functions of central bank. 6

OR

How central bank control the money supply in the economy through the following monetary instruments:

- (i) Repo Rate:
- (ii) Reverse Repo Rate
- (iii) Statutory Liquidity Ratio

17. What is the difference between revenue expenditure and capital expenditure? Explain how taxes and government expenditure can be used to influence distribution of income in the society. 6

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18. The main objective of the zamindars during the colonial rule for land settlement was to: (Choose the correct alternative): 1
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20. Choose the appropriate word and fill in the blank: 1
- _____ means designing and shaping the socio economic processes in such a way

so as to achieve an objective

- (a) Economic growth
- (b) Economic development
- (c) Economic planning
- (d) Economic process

21. Which of the following statements is true?

- (a) Major share of education expenditure goes to higher education
- (b) No education cess is imposed by the government on all union taxes
- (c) Human development is based on the idea that education and health are integral to human well-being
- (d) Education and literacy can be used as synonyms of each other

22. Human Capital and Human Development are: (Choose the correct alternative):

- (a) Opposite concepts
- (b) Different concepts
- (c) Both mean the same
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23. Match the columns with correct combinations:

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Codes

- | | | | | |
|-----|-------|------|-------|-------|
| | A | B | C | D |
| (a) | (iv) | (ii) | (iii) | (i) |
| (b) | (iv) | (i) | (ii) | (iii) |
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24. One of the reasons for classifying industries in different categories in the Industrial Policy Resolution of 1956 was to:

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New Economic Policy of 1991 was a complete U – turn of then existing policy of licensing Quota and Permits

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OR

What policies were followed for development of Industrial sector between 1950-1990

30. **Case based question** 4
Read the excerpt given and answer the question.

As Goods & Services Tax completes five years of its implementation, the words of our former Finance Minister, Arun Jaitley, in the Parliament's Central Hall on the midnight of 30 June 2017 still reverberates afresh in our ears "The goods and service tax may be a destination tax, but for India it will begin an altogether new journey...". Indeed, for India, a completely new journey commenced on July 1, 2017 with goods and services tax, being touted as one of the biggest economic reforms of independent India, which set sail in the country after a decade of deliberations. The voyage of four years has been a roller-coaster ride for all stakeholders with equitable share of hits, misses and expectations.

Besides removing the cascading effect of taxation, one of the biggest hits in the journey of GST has been the pursuit towards achieving an automated indirect tax ecosystem. From electronic compliances, generation of e-invoices to tracking movement of goods through e-waybill, everything is sought to be run online. E-invoicing system is not only aimed at weeding out the rampant menace of fake invoicing, but would also usher the taxpayers into a fully automated compliance regime wherein the computation of tax liabilities and matching of input tax credit would become very simple. This is no mean feat and not many countries in the world have attempted or been able to achieve the implementation of such a large scale and complex digital tax transformation project.

Questions (1 - Mark each)

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3. Under GST How many standard rates are there. (Choose the correct alternative)
 - (a) One
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4. Read the following statement carefully. Write 'True' or 'False' with reason.
 GST is applicable throughout the country with one rate for all types of goods/services.

31. Give a review of development of foreign trade between 1950-1990 4
32. Why expenditure on education considered as important source for Human Capital Formation? 4
OR
Distinguish between 'Physical Capital' and 'Human Capital'.
33. Agriculture sector appears to be adversely affected by the reform process. Why? 6
OR
Why has the industrial sector performed poorly in the reform period?
34. Briefly explain any six Importance of Human Capital Formation for an economy. 6

End of the Question Paper

Roll Number		
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SET

C



**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION
ECONOMICS (030)**

CLASS: XII

Time Allotted: 03 Hrs.

18.09.2022

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 are 1 mark questions and are to be answered in one word/sentence.
4. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
5. Case Based Questions (CBQ's) are Question No. 13 and Question No. 30.
6. Question No. 14-15 and Question No. 31 – 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.

SECTION – A: MACROECONOMICS (40 Marks)

1. Money enables People to save. Which function of money does this describe? (Choose the correct alternative): 1
 - (a) Store of value
 - (b) Unit of account
 - (c) Medium of exchange
 - (d) All of the above
2. Demand deposits include. (Choose the correct alternative): 1
 - (a) Saving account deposits and fixed deposits
 - (b) Saving account deposits and current account deposits
 - (c) Current account deposits and fixed deposits
 - (d) All type of bank deposits
3. **Assertion (A):** Money Multiplier refers to the process of creation of credit by the commercial Bank. 1
Reason (R): Money creation by commercial bank raises the National Income.
 - (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 - (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 - (c) Assertion (A) is true but Reason (R) is false.
 - (d) Assertion (A) is false but Reason (R) is true.

4. Public goods are those goods: (Choose the correct alternative): 1
- Which satisfy collective needs of the people
 - Which satisfy needs of the government
 - Which are available to only those who are below poverty line
 - Which satisfy only private needs of the people.
5. Read the following statement carefully. Write 'True' or 'False' with reason. 1
- Government budget is a statement of actual receipts and actual expenditure of the government during the past year.
6. Borrowing by the Government is a: (Choose the correct alternative): 1
- Revenue receipt
 - Capital receipt
 - Revenue expenditure
 - Capital expenditure
7. Choose the appropriate word and fill in the blank: 1
- Outsourcing is an important outcome of _____ (Foreign trade / Globalization)
8. Goods which are not used in the production of other goods are called: (Choose the correct alternative): 1
- Capital goods
 - Consumption goods
 - Intermediate goods
 - Producer goods
9. Read the following statement carefully. Write 'True' or 'False' with reason 1
- Unexpected obsolescence is an element of depreciation.
10. Read the following statement carefully. Write 'True' or 'False' with reason. 1
- In a circular flow of income, Money flows are opposite to real flows:
11. Is deficit budget a sign of government inefficiency? 3
- OR**
- What are the implications of fiscal deficit?
12. State with reason whether the following are a stock or a flow? 3
- Income of a household.
 - Wealth.
 - Money supply or quantity of money of the nation.
13. **Case based question** 4
- Read the excerpt given and answer the question.**
- The total stock of money circulating in an economy is the money supply. The circulating money involves the currency, printed notes, money in the deposit accounts and in the form of other liquid assets. Valuation and analysis of the money supply help the economist and policy makers to frame the policy or to alter the existing policy of increasing or reducing the supply of money. The valuation is important as it ultimately affects the business cycle and thereby affects the economy. Periodically, every country's central bank publishes the money supply data based on the monetary aggregates set by them. In India, the Reserve Bank of India follows M1, M2, M3 and M4 monetary aggregates.

Questions (1 – Mark each)

1. Money Supply is a _____ (stock/flow) concept.
 2. Define money.
 3. Which of the following is not included in money supply? (Choose the correct alternative)
 - (a) High powered money
 - (b) Bank money
 - (c) Time deposits
 - (d) Inter-bank deposits
 4. M1 is the most liquid measure of money supply. State true or false. Give reason.
14. Explain how the government can use the budgetary policy in reducing inequalities in incomes. 4
- OR**
- Categories the following into revenue receipts and capital receipts. Give reason.
- (i) Income tax
 - (ii) Recovery of loans
 - (iii) Profit from public enterprises
 - (iv) Borrowing from RBI
15. What is meant by circular flow of income? What is the principle of circular flow of income and product? 4
16. Explain the Issuing of notes and Banker to the government functions of central bank. 6
- OR**
- How central bank control the money supply in the economy through the following monetary instruments:
- (i) Repo Rate:
 - (ii) Reverse Repo Rate
 - (iii) Statutory Liquidity Ratio
17. What is the difference between revenue expenditure and capital expenditure? Explain how taxes and government expenditure can be used to influence distribution of income in the society. 6

SECTION B: INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. The main objective of the zamindars during the colonial rule for land settlement was to: (Choose the correct alternative): 1
- (a) Improve the economic conditions of the cultivators
 - (b) Improve the crop yield by making significant contributions in technology and fertilizer usage
 - (c) Collection of rent with no interest in the economic conditions of the cultivators.
 - (d) Cooperating with the colonial government to improve the condition of agriculture.
19. Which of the following statement is incorrect with regard to the demographic status of India on the eve of Indian Independence: (Choose the correct alternative): 1
- (a) The first census under British India was conducted in 1881
 - (b) India entered the second stage of demographic transition post 1947
 - (c) Female literacy rate was as low as 7%
 - (d) Infant mortality rate was at 218 per thousand live births
20. Choose the appropriate word and fill in the blank: 1
- _____ means designing and shaping the socio economic processes in such a way

so as to achieve an objective

- (a) Economic growth
- (b) Economic development
- (c) Economic planning
- (d) Economic process

21. Which of the following statements is true?

- (a) Major share of education expenditure goes to higher education
- (b) No education cess is imposed by the government on all union taxes
- (c) Human development is based on the idea that education and health are integral to human well-being
- (d) Education and literacy can be used as synonyms of each other

22. Human Capital and Human Development are: (Choose the correct alternative):

- (a) Opposite concepts
- (b) Different concepts
- (c) Both mean the same
- (d) Related concepts, but certainly not identical

23. Match the columns with correct combinations:

Column – A	Column – B
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