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SET	A
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**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION 2023
ECONOMICS (030)**



CLASS : XII
DATE: 18/09/2023

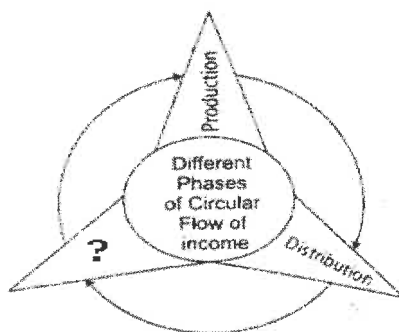
TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS:

- This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- This paper contains 20 Multiple Choice Questions of 1 mark each.
- This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
- This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

Section A – Macroeconomics

- How much credit can be created by a commercial bank with an initial deposit of ₹5,000 if the legal reserve ratio is 10%? 1
 (a) ₹6,000
 (b) ₹50,000
 (c) ₹5,500
 (d) ₹60,000
- In the following question, a statement of assertion is followed by a statement of reason. Choose the correct option from the alternatives given: 1
Assertion (A): Demand deposits are considered as a convenient mode of payment for execution of even high value transactions.
Reason (R): Demand deposits are non-withdrawable in nature and cannot be withdrawn against issue of cheques and other similar instruments of payments.
Alternatives:
 (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
- Choose the correct alternative to be filled in given blank: 1



- (a) Depreciation
- (b) Supply of factors of production
- (c) Disposition
- (d) Income generation

4. Read the following statements carefully and choose the correct alternative from the given options: 1

Statement 1: Net investment is a stock concept

Statement 2: Capital is a flow concept

Choose the correct option:

- (a) Statement 1 is true and Statement 2 is false
- (b) Statement 1 is false and statement 1 is true
- (c) Both Statements 1 and 2 are true
- (d) Both Statements 1 and 2 are false

5. Which of the given pair is incorrectly matched? (Choose the correct alternative) 1

Column I	Column II
(A) Non-durable consumer goods	(i) Goods that are used-up in a single act of consumption
(B) Capital goods	(ii) Goods used as fixed assets by the producers in the production of other goods and services
(C) Consumption goods	(iii) Goods which are not used in the production of other goods
(D) Final goods	(iv) Goods which have not yet crossed the boundary line of production

Codes

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

6. When GDP_{mp} is ₹50 crores and NDP_{mp} is ₹40 crores, what is the value of depreciation? 1

7. Read the following statement carefully and state whether the given statement is 'True' or 'False'. 1

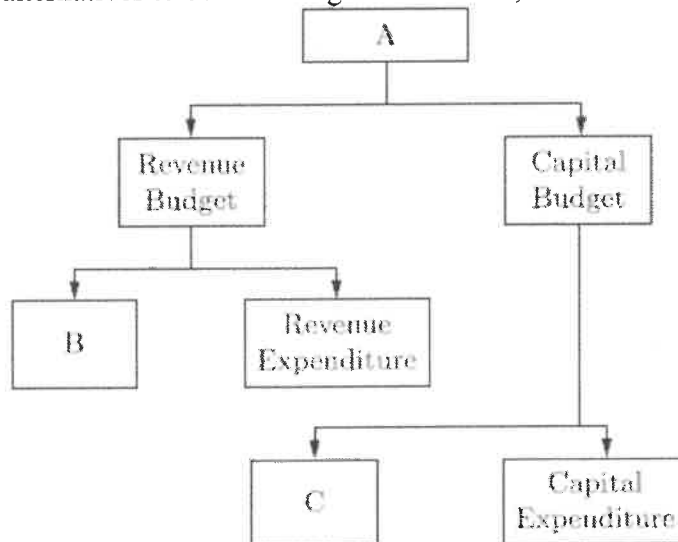
Final goods include only those goods which are consumed by the households.'

8. Which of the given statement is incorrect? (Choose the correct alternative) 1

- (a) $GDP_{mp} = GDP_{fc} + NIT$
- (b) $NNP_{mp} = NNP_{fc}$
- (c) $GNP_{mp} = GDP_{mp} + NFIA$
- (d) $NNP_{fc} = \text{National Income}$

9. What is a GDP deflator? 1
- A measure of the average price level of goods and services produced in an economy
 - A measure of total value of goods and services produced in an economy.
 - A measure of difference between nominal GDP and real GDP in an economy
 - A measure of the difference between GDP and GNP in an economy

10. Choose the correct alternatives to be filled in given blanks A, B and C. 1



- A - Government budget, B - Revenue receipts, C - Capital receipts
- A - Revenue receipts, B - Capital receipts, C - Government budget
- A - Capital receipts, B - Revenue receipts, C - Government budget
- A - Capital receipts, B - Government budget, C - Revenue receipts

11. Why is the flow of income and product called a circular flow? 3

OR

Give reasons and categorise the following into stock and flow.

- Capital
- Saving
- Gross domestic product

12. Read the statements carefully and state whether the given statements are 'True' or 'False'. Give reasons for your answer. 3

- Revenue deficit occurs when: Revenue Receipts are less than Revenue expenditure.
- When Total expenditure = ₹42,350, Total Receipts = ₹36,600, Revenue Receipts = ₹12,350 and Borrowings = ₹5,000, then Fiscal Deficit = ₹5,000
- Primary Deficit is the summation of Fiscal Deficit and Interest Payment.

13. Read carefully the passage and answer the questions that follow: 4

The decision of the six-member Monetary Policy Committee led by Reserve bank of India (RBI) Governor Shaktikanta Das has been announced. The RBI's Monetary Policy Committee has raised the repo rate by 35 basis points (bps) to 6.25 percent with immediate effect, making the fifth hike this year. The policy rate is now the highest level since August of last year. The RBI's policy stance remains 'withdrawal of accommodation'.

- What will be the impact of an increased repo rate on the economy and also write the use of repo rate.
- What is the impact of the increased repo rate on public borrowings?

14. Explain the 'Government's bank' function of central bank.

4

15. Find net value added at market price from the following information:

4

S.No.	Contents	₹(in crore)
(i)	Output Sold (units)	800
(ii)	Price Per Unit of Output	20
(iii)	Excise	1,600
(iv)	Import Duty	400
(v)	Net Change in Stock	(-) 500
(vi)	Depreciation	1,000
(vii)	Intermediate Cost	8,000

OR

“Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country.” Defend or refute the given statement with any two valid reasons.

16. (a) Calculate Net National Product at Market Price from the following data:

6

		(₹ in thousand crores)
(i)	Compensation of employees	250
(ii)	Mixed income of self-employed	600
(iii)	Profit	80
(iv)	Interest	40
(v)	Rent	30
(vi)	Net factor income to abroad	(-) 10
(vii)	Net exports	15
(viii)	Consumption of fixed capital	20
(ix)	Net indirect taxes	10
(x)	Net current transfers to abroad	8

(b) Explain how the following should be treated while estimating national income:

- Free medical facilities by the employer
- Income arising out of the sale of shares

OR

(a) Calculate national income from the following information

	Items	₹ in crores
(i)	Wages and salaries in each	1000
(ii)	Undistributed profits	35
(iii)	Dividend	45
(iv)	Rent	100
(v)	Interest	120
(vi)	Profit	130
(vii)	Mixed income	300
(viii)	Employees contribution to social security schemes	100
(ix)	Consumption of fixed capital	50
(x)	Indirect taxes	100
(xi)	Subsidies	75
(xii)	Net factor income from abroad	(-) 20
(xiii)	Sales	600

(b) Are the following included in the estimation of National Income a country? Give reasons.

- Rent free house to an employee by an employer.
- Purchases by foreign tourists.

17. Explain the role of Government Budget in the following situations 6
- (a) Reducing inequalities in income and wealth
 - (b) Combating inflationary and deflationary tendencies

Section B – Indian Economic Development

18. In which of the following ways did the British rule impact the Indian economy the most: 1
(Choose the correct alternative)
- (a) The British made India an exporter of cotton from exporter of cloth that led to large scale unemployment
 - (b) The establishment of railways by the British provided short term employment for many Indians
 - (c) The British expanded their army with Indian soldiers and fought in wars overseas.
 - (d) The British provided tax concessions to rural farmers and landless labourers.
19. In the following question, a statement of assertion is followed by a statement of reason. Choose the correct option from the alternatives given: 1
- Assertion (A):** More than Half of India's Foreign trade was restricted to Britain
- Reason (R):** Britain maintained Monopoly control on India's Import and Export.
- Alternatives:
- (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
20. Identify the incorrect statement from the following: (Choose the correct alternative) 1
- (a) During the British rule in India, high birth rate and high death rate was found.
 - (b) On the eve of independence, country's growth of aggregate real output during the first half of twentieth century was less than 2 percent.
 - (c) On the eve of independence, capital goods industries were developed in India.
 - (d) At the time of independence, secondary and tertiary sectors were in their infant stage of growth.
21. Read the following statements carefully and choose the correct alternatives given below: 1
- Statement 1-** IPR, 1956 formed the basis of the Second Five Year Plan, the plan which tried to build the basis for a socialist pattern of society.
- Statement 2-** Second category consisted of industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility for starting new units.
- Alternatives:**
- (a) Both the statements are true.
 - (b) Both the statements are false.
 - (c) Statement 1 is true and Statement 2 is false
 - (d) Statement 2 is true and Statement 1 is false
22. Match the following: 1

Column I	Column II
(A) World Trade Organisation	(i) Central Bank of India.
(B) Reserve Bank of India	(ii) Facilitates lending for reconstruction and development.
(C) International Monetary Fund	(iii) Multilateral trade negotiating body.
(D) International Bank for Reconstruction and Development	(iv) Provides short-term loans to solve BOP problem.

Choose the correct alternative:

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

23. Read the following statements carefully and choose the correct alternatives given below: 1
Statement 1 – Government disinvestment of Air India has provided revenue to the government.
Statement 2 –With Disinvestment, ownership of Air India has also been given up by the government.
Alternatives:
 (a) Both the statements are true.
 (b) Both the statements are false.
 (c) Statement 1 is true and Statement 2 is false
 (d) Statement 2 is true and Statement 1 is false
24. Tax reforms are concerned with the reforms in the government taxation and public expenditure policy, collectively known as (Choose the correct alternative) 1
 (a) Monetary Policy
 (b) Fiscal Policy
 (c) Liberalisation
 (d) Privatisation
25. Identify the incorrect statement from the following: (Choose the correct alternative) 1
 The role of RBI has been changed from _____ to _____ under New Economic Policy 1991.
 (a) Facilitator to Regulator
 (b) Supervisor to Facilitator
 (c) Regulator to Facilitator
 (d) Facilitator to Supervisor
26. Identify the correct statement from the following: (Choose the correct alternative) 1
 During the reform period
 (a) Agriculture has declined, industrial sector reported fluctuation, and service sector has gone up.
 (b) Agriculture has gone up, industrial sector reported fluctuation, and service sector has declined
 (c) Agriculture has declined, industrial sector reported gone up, and service sector reported fluctuation
 (d) Agriculture sector reported fluctuation, industrial sector gone down, and service sector has gone up.

27. Read the following figure carefully and choose the correct alternative given below:

1



- (a) Satellite connecting computers
(b) Multinational corporations and even small companies are outsourcing their services to India
(c) People chatting over computers
(d) Information technology and the world.
28. 'Composition of foreign trade of any country tells us about the nature of commodities that are exported & imported'. What can you state about the composition of foreign trade on the eve of Indian independence?

3

OR

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

29. Briefly discuss any three development initiatives in the Industrial sector during the planning period.
30. Critically appraise some of the drawbacks in the industrial policy followed by the British colonial administration.

3

4

OR

Briefly, discuss any four reason for agricultural stagnation during British period?

31. **Read carefully the passage and answer the questions that follow:**

4

Indian economy stagnated around 3.5 percent per annum for almost three decades after independence. One can say that the objectives which were set before the implementation of the highly regulated /planned economy for India were not achieved the way they should have been. The BOP crisis in early 1990s which came in existence due to the persistent macroeconomic mismanagement of the economy prevailed in entire 1980s, resulted in high fiscal deficit, current account deficit, inflation etc. with the success of the market oriented reforms in lowering the poverty, inequalities of income and wealth and unemployment in East Asian economies, the attention of Indian policy makers got shifted towards more liberal measures based on market forces. In addition to that the change of attitude towards market-oriented reforms of Indian policy makers got a huge impetus indirectly when IMF directed India to follow more liberal measures. With the inception of NEP 1991(based on the concepts of Liberalisation, Privatisation and Globalisation), a package of market-oriented reforms was introduced in diversified sectors like trade, industry, foreign investment etc. Since there has been a change in Indian Economy from a heavily regulated economy prior to 1990s towards a more liberal economy based on market forces.

Answer the following questions: (Choose the correct alternative)

- (A) Which of the following is a cause for the introduction of economic reforms in India?

- (a) Mounting fiscal deficit
 - (b) Balance of Payments crisis
 - (c) Fall in foreign exchange reserves
 - (d) All of these
- (B) Indian currency was _____ in relation to foreign currencies which implied a fall in the value of rupee.
- (a) Devalued
 - (b) Appreciated
 - (c) Revalued
 - (d) Inflation
- (C) Which of the following is an example of a Miniratna?
- (a) National Thermal Power corporation
 - (b) Oil and Natural Gas commission
 - (c) Steel Authority of India Limited
 - (d) Bharat Sanchar Nigam Limited
- (D) Privatisation promotes
- (a) Diversification of production
 - (b) Consumers' sovereignty
 - (c) Free play of market forces
 - (d) None of these

32. In your opinion, what are the advantages of privatisation to the economy? (Any Four) 4
33. The Karve Committee noted the possibility of using small scale industries for promoting industrial as well as rural development. Discuss the role played by small scale industries in the economic development of the country. 6

OR

Answer the following questions:

- (a) What role of small-scale industries play in the generation of employment?
 - (b) Why there was a need for protection of small-scale industries?
 - (c) State the steps undertaken by the government for the growth of small scale industries in India.
34. "The process of globalisation through liberalisation and privatisation policies has produced positive, as well as, negative results for India and other countries." Defend or refute the above statement. 6

******END OF THE QUESTION PAPER******

ROLL NUMBER				
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SET	B
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DATE: 18/09/2023

TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

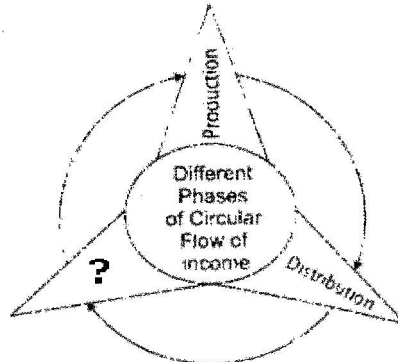
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Section A – Macro Economics
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- This paper contains 20 Multiple Choice Questions of 1 mark each.
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- This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

Section A – Macroeconomics

- Choose the correct alternative to be filled in given blank:

1



- Depreciation
- Supply of factors of production
- Disposition
- Income generation

- In the following question, a statement of assertion is followed by a statement of reason. Choose the correct option from the alternatives given:

1

Assertion (A): Demand deposits are considered as a convenient mode of payment for execution of even high value transactions.

Reason (R): Demand deposits are non-withdrawable in nature and cannot be withdrawn against issue of cheques and other similar instruments of payments.

Alternatives:

- Both Assertion(A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

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- (d) Assertion (A) is false but Reason (R) is true

3. Which of the given pair is incorrectly matched? (Choose the correct alternative)

1

Column I	Column II
(A) Non-durable consumer goods	(i) Goods that are used-up in a single act of consumption
(B) Capital goods	(ii) Goods used as fixed assets by the producers in the production of other goods and services
(C) Consumption goods	(iii) Goods which are not used in the production of other goods
(D) Final goods	(iv) Goods which have not yet crossed the boundary line of production

Codes

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

4. Read the following statements carefully and choose the correct alternative from the given options:

1

Statement 1: Net investment is a stock concept

Statement 2: Capital is a flow concept

Alternatives:

- (a) Statement 1 is true and Statement 2 is false
- (b) Statement 1 is false and statement 1 is true
- (c) Both Statements 1 and 2 are true
- (d) Both Statements 1 and 2 are false

5. Read the following statement carefully and state whether the given statement is 'True' or 'False'.

1

Final goods include only those goods which are consumed by the households."

6. When GDP_{mp} is ₹150 crores and GDP_{fc} is ₹130 crores, what is the value of net indirect taxes?

1

7. What is a GDP deflator?

1

- (a) A measure of the average price level of goods and services produced in an economy
- (b) A measure of total value of goods and services produced in an economy.
- (c) A measure of difference between nominal GDP and real GDP in an economy
- (d) A measure of the difference between GDP and GNP in an economy

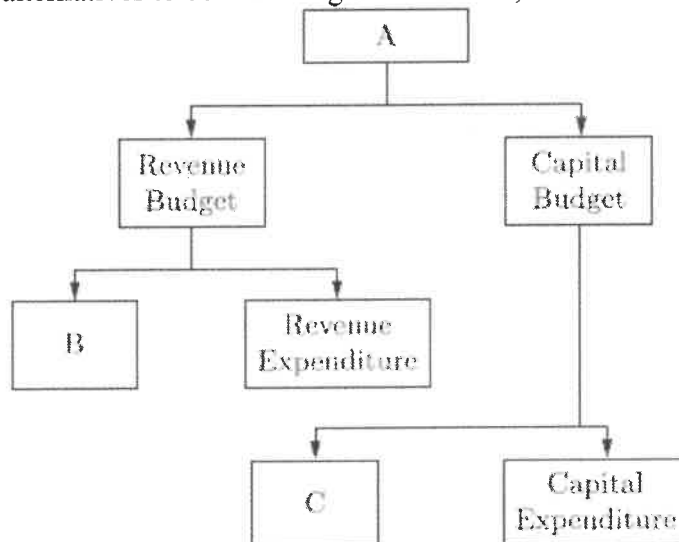
8. Which of the given statement is incorrect? (Choose the correct alternative)

1

- (a) $GDP_{mp} = GDP_{fc} + NIT$
- (b) $NNP_{mp} = NNP_{fc}$
- (c) $GNP_{mp} = GDP_{mp} + NFIA$
- (d) $NNP_{fc} = \text{National Income}$

9. Which of the following statements is not correct? (Choose the correct alternative) 1
- Currency notes and coins are therefore called fiat money.
 - Fiat money do not have intrinsic value like a gold or silver coin.
 - Fiat money are also legal tenders.
 - Demand Deposit are also legal tenders

10. Choose the correct alternatives to be filled in given blanks A, B and C. 1



- A - Government budget, B - Revenue receipts, C - Capital receipts
 - A - Revenue receipts, B - Capital receipts, C - Government budget
 - A - Capital receipts, B - Revenue receipts, C - Government budget
 - A - Capital receipts, B - Government budget, C - Revenue receipts
11. Read the statements carefully and state whether the given statements are 'True' or 'False'. give reasons for your answer. 3
- Revenue deficit occurs when: Revenue Receipts are less than Revenue expenditure.
 - When Total expenditure = ₹42,350, Total Receipts = ₹36,600, Revenue Receipts = ₹12,350 and Borrowings = ₹5,000, then Fiscal Deficit = ₹5,000
 - Primary Deficit is the summation of Fiscal Deficit and Interest Payment.
12. Explain 3
- How income is a flow, and
 - How the flow of income is circular?

OR

Distinguish between 'factor income' and 'transfer income'

13. Explain the 'Government's bank' function of central bank. 4

14. **Read carefully the passage and answer the questions that follow:** 4
- Reserve Bank of India (RBI) is the central bank of the country. RBI is a statutory body. It is responsible for the printing of currency notes and managing the supply of money in the Indian economy. It plays multifaceted role by executing multiple functions such as overseeing monetary policy, issuing currency, managing foreign exchange, working as a bank of government and as banker of scheduled commercial banks, among others. It also works for overall economic growth of the country.

Answer the Following Questions: (1 mark each)

- (a) Define a central bank.
- (b) Who issues the one-rupee notes and coins in the country?
- (c) RBI acts as the banker to the central government and commercial banks act as banker to the state governments. (T/F)
- (d) When commercial banks fail to meet their financial requirements from other sources; the central bank provides them funds through discounting of approved securities and due to this central bank is said to be the _____.

15. Find net value added at market price from the following information:

4

S.No.	Contents	₹(in crore)
(i)	Output Sold (units)	800
(ii)	Price Per Unit of Output	20
(iii)	Excise	1,600
(iv)	Import Duty	400
(v)	Net Change in Stock	(-) 500
(vi)	Depreciation	1,000
(vii)	Intermediate Cost	8,000

OR

“Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country.” Defend or refute the given statement with any two valid reasons.

16. Explain the role of Government Budget in the following situations

6

- (a) Reducing inequalities in income and wealth
- (b) Combating inflationary and deflationary tendencies

17. (a) Calculate Gross National Product at factor cost from the following data:

6

		(₹ in thousand crores)
(i)	Compensation of employees	250
(ii)	Mixed income of self-employed	600
(iii)	Profit	80
(iv)	Interest	40
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(vi)	Net factor income to abroad	(-) 10
(vii)	Net exports	15
(viii)	Consumption of fixed capital	20
(ix)	Net indirect taxes	10
(x)	Net current transfers to abroad	8

(b) Are the following included in the estimation of National Income a country? Give reasons.

- (a) Purchase of second-hand machine from a domestic firm.
- (b) Commission paid to agent for the sale and purchase of shares.

OR

(a) Calculate Net National Product at market price from the following information

	Items	₹ in crores
(i)	Wages and salaries in each	1000
(ii)	Undistributed profits	35
(iii)	Dividend	45
(iv)	Rent	100
(v)	Interest	120
(vi)	Profit	130
(vii)	Mixed income	300

(viii)	Employees contribution to social security schemes	100
(ix)	Consumption of fixed capital	50
(x)	Indirect taxes	100
(xi)	Subsidies	75
(xii)	Net factor income from abroad	(-)20
(xiii)	Sales	600

Will the following be a part of domestic factor income of India? Give reasons for your answers.

- Old age pensions given by the Government.
- Salaries to Indian residents working in Russian Embassy in India.

Section B – Indian Economic Development

18. Identify the incorrect statement from the following: (Choose the correct alternative) 1
- During the British rule in India, high birth rate and high death rate was found.
 - On the eve of independence, country's growth of aggregate real output during the first half of twentieth century was less than 2 percent.
 - On the eve of independence, capital goods industries were developed in India.
 - At the time of independence, secondary and tertiary sectors were in their infant stage of growth.

19. Match the following: 1

Column I	Column II
(A) World Trade Organisation	(i) Central Bank of India.
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(C) International Monetary Fund	(iii) Multilateral trade negotiating body.
(D) International Bank for Reconstruction and Development	(iv) Provides short-term loans to solve BOP problem.

Choose the correct alternative:

- A - (ii), B - (i), C - (iii), D - (iv)
 - A - (iii), B - (i), C - (iv), D - (ii)
 - A - (ii), B - (iii), C - (iv), D - (i)
 - A - (ii), B - (iv), C - (i), D - (iii)
20. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
- Assertion (A):** The economic condition of farmers under British rule improved a lot.
- Reason (R):** Commercialization of agriculture took place under British rule.
- Alternatives:**
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion (A) is true but Reason (R) is False
 - Assertion (A) is False but Reason (R) is true.
21. Read the following statements carefully and choose the correct alternatives given below: 1

Statement 1- IPR, 1956 formed the basis of the Second Five Year Plan, the plan which tried to build the basis for a socialist pattern of society.

Statement 2- Second category consisted of industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility for starting new units.

Alternatives:

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

22. Identify the correct statement from the following: (Choose the correct alternative) 1
During the reform period
- (a) Agriculture has declined, industrial sector reported fluctuation, and service sector has gone up.
 - (b) Agriculture has gone up., industrial sector reported fluctuation, and service sector has declined
 - (c) Agriculture has declined, industrial sector reported gone up, and service sector reported fluctuation
 - (d) Agriculture sector reported fluctuation, industrial sector gone down, and service sector has gone up.
23. Read the following statements carefully and choose the correct alternatives given below: 1
Statement 1: – Government disinvestment of Air India has provided revenue to the government.
Statement 2: –With Disinvestment, ownership of Air India has also been given up by the government.
Alternatives:
- (a) Both the statements are true.
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24. In which of the following ways did the British rule impact the Indian economy the most: 1
(Choose the correct alternative)
- (a) The British made India an exporter of cotton from exporter of cloth that led to large scale unemployment
 - (b) The establishment of railways by the British provided short term employment for many Indians
 - (c) The British expanded their army with Indian soldiers and fought in wars overseas.
 - (d) The British provided tax concessions to rural farmers and landless labourers.
25. Identify the incorrect statement from the following: (Choose the correct alternative) 1
The role of RBI has been changed from _____ to _____ under New Economic Policy 1991.
- (a) Facilitator to Regulator
 - (b) Supervisor to Facilitator
 - (c) Regulator to Facilitator
 - (d) Facilitator to Supervisor
26. Read the following statements carefully and choose the correct alternatives given below: 1

Statement 1: Structural reforms aimed at improving the efficiency of the economy and increasing its international competitiveness.

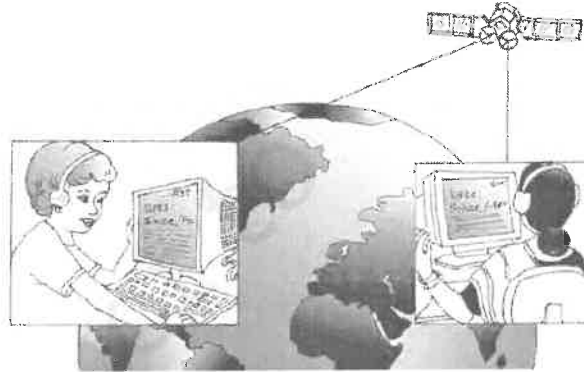
Statement 2: Structural reforms are the short-term measures intended to correct weaknesses of the economy.

Alternatives:

- (a) Both the statement is true
- (b) Both the statement is false
- (c) Statement 1 true but statement 2 is false
- (d) Statement 2 true but statement 1 is false

27. Read the following figure carefully and choose the correct alternative given below:

1



- (a) Satellite connecting computers
- (b) Multinational corporations and even small companies are outsourcing their services to India
- (c) People chatting over computers
- (d) Information technology and the world.

28. 'Composition of foreign trade of any country tells us about the nature of commodities that are exported & imported'. What can you state about the composition of foreign trade on the eve of Indian independence?

3

OR

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

29. How did government ensure that the small farmers also benefit from the Green Revolution?

3

30. Critically appraise some of the drawbacks in the industrial policy followed by the British colonial administration.

4

31. **Read the case study given below and answer the questions that follow:**

4

When Indian economy was in deep crisis in July 1991 and was also facing the problem of BOP, Government decided to take a step towards liberalization, Privatization, Globalization of the country. These structural reforms were the long-term measures aimed at improving the efficiency of the economy and increasing its international competitiveness by removing various rigidities. LPG reforms led to transformation of India into a FDI destination because since 1991, the regulatory environment in terms of foreign investment has been consistently eased to make it investor-friendly. But increasing FDI led to rising wage inequality because of the rise in the relative demand for skilled labour due to the rise in foreign direct investment (FDI), higher international trade and skill-biased technological change improving the relative position of skilled workers. LPG reforms also enabled technological advancements in agriculture i.e. high

yield varieties, GM crops and micro-irrigation techniques. Contract farming, cold storage and food processing helped farmers to boost Indian agricultural exports. However, it had also led to shifting from traditional or mixed cropping to unsustainable cropping practices. The competition from cheaper imports pushed down the prices of crops like cotton, wheat etc making agriculture unsustainable for many farmers. These reforms had led to setting up of many foreign companies and industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to provide employment and hence reducing the poverty level in the economy.

Answer the following question:

(A) Due to the _____ process, the unrestricted flow of goods and services, Technology capital and expertise was enabled among different countries of the world.

- | | |
|--------------------|-------------------|
| (a) Liberalisation | (b) Privatisation |
| (c) Globalization | (d) Modernization |

(B) What kind of policy strategies were adopted in agriculture?

- | | |
|---------------------|---------------------|
| (a) Import Oriented | (b) Export Oriented |
| (c) Money Oriented | (d) Both (a) & (b) |

(C) Liberalization aimed to promote economic potential of the country by _____ private sector.

- | | |
|-----------------|------------------|
| (a) Encouraging | (b) Discouraging |
| (c) Removing | (d) Empowering |

(D) FDI has been prohibited in India.

- | | |
|---------------|------------------------------|
| (a) Insurance | (b) Atomic energy |
| (c) Retail. | (d) Drug and pharmaceuticals |

32. In your opinion, what are the advantages of privatisation to the economy? (Any Four) 4

OR

What is outsourcing? India has certain advantages, which make it a favourite outsourcing destination. What are these advantages?

33. “New Economic Policy (NEP) stimulated growth”. Give any two arguments in favour and any two arguments against the statement. 6

34. The Karve Committee noted the possibility of using small scale industries for promoting industrial as well as rural development. Discuss the role played by small scale industries in the economic development of the country. 6

OR

Answer the following questions:

- What role of small-scale industries play in the generation of employment?
- Why there was a need for protection of small-scale industries?
- State the steps undertaken by the government for the growth of small scale industries in India.

******END OF THE QUESTION PAPER******



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**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION 2023
ECONOMICS (030)**

CLASS : XII
DATE: 18/09/2023

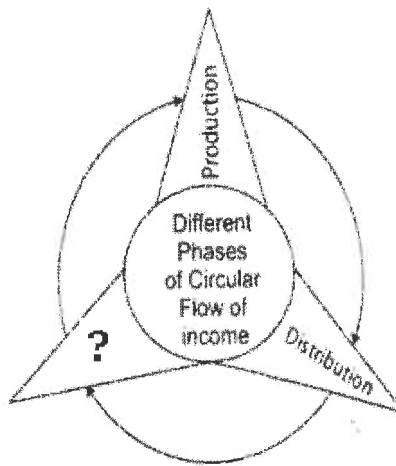
TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

Section A – Macroeconomics

1. How much credit can be created by a commercial bank with an initial deposit of ₹5,000 if the legal reserve ratio is 10%? 1
(a) ₹6,000
(b) ₹50,000
(c) ₹5,500
(d) ₹60,000
2. Read the following statements carefully and choose the correct alternative from the given options: 1
Statement 1: The value of money multiplier is determined by the legal reserve ratio prevailing in the monetary system
Statement 2: The process of credit creation directly relates to the value of reserve ratio
Alternatives:
(a) Both Statements 1 and 2 are true
(b) Both Statements 1 and 2 are false
(c) Statement 1 is true and Statement 2 is false
(d) Statement 1 is false and statement 1 is true
3. Choose the correct alternative to be filled in given blank: 1



- (a) Depreciation
- (b) Supply of factors of production
- (c) Disposition
- (d) Income generation

4. Read the following statements carefully and choose the correct alternative from the given options: 1

Statement 1: Net investment is a stock concept

Statement 2: capital is a flow concept

Alternatives:

- (a) Statement 1 is true and Statement 2 is false
- (b) Statement 1 is false and statement 1 is true
- (c) Both Statements 1 and 2 are true
- (d) Both Statements 1 and 2 are false

5. Which of the given pair is incorrectly matched? (Choose the correct alternative) 1

Column I	Column II
(A) Non-durable consumer goods	(i) Goods that are used-up in a single act of consumption
(B) Capital goods	(ii) Goods used as fixed assets by the producers in the production of other goods and services
(C) Consumption goods	(iii) Goods which are not used in the production of other goods
(D) Final goods	(iv) Goods which have not yet crossed the boundary line of production

Codes

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

6. If GNPmp is ₹525 crores and GDPmp is ₹535 crores, what is the value of net factor income from abroad? 1

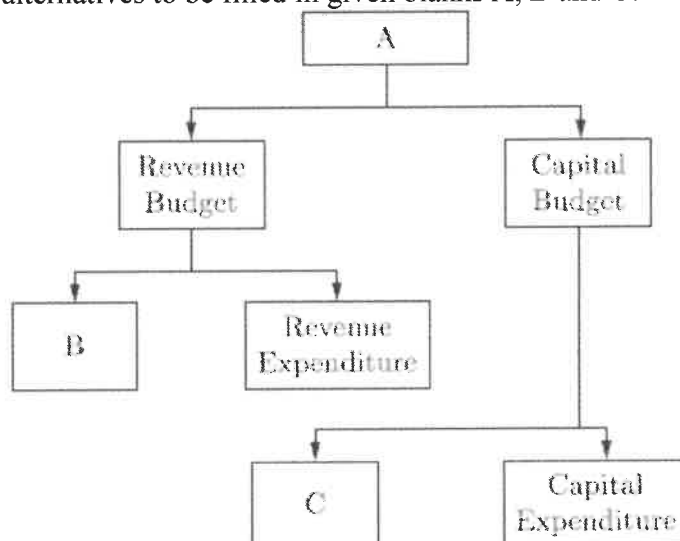
7. Read the following statement carefully and state whether the given statement is 'True' or 'False'. 1

Final goods include only those goods which are consumed by the households."

8. Which of the given statement is incorrect? (Choose the correct alternative) 1
- $GDP_{mp} = GDP_{fc} + NIT$
 - $NNP_{mp} = NNP_{fc}$
 - $GNP_{mp} = GDP_{mp} + NFIA$
 - $NNP_{fc} = \text{National Income}$

9. What is a GDP deflator? 1
- A measure of the average price level of goods and services produced in an economy
 - A measure of total value of goods and services produced in an economy.
 - A measure of difference between nominal GDP and real GDP in an economy
 - A measure of the difference between GDP and GNP in an economy

10. Choose the correct alternatives to be filled in given blanks A, B and C. 1



- A - Government budget, B - Revenue receipts, C - Capital receipts
- A - Revenue receipts, B - Capital receipts, C - Government budget
- A - Capital receipts, B - Revenue receipts, C - Government budget
- A - Capital receipts, B - Government budget, C - Revenue receipts

11. Read the statements carefully and state whether the given statements are 'True' or 'False'. Give reasons for your answer. 3
- Revenue deficit occurs when: Revenue Receipts are less than Revenue expenditure.
 - When Total expenditure = ₹42,350, Total Receipts = ₹36,600, Revenue Receipts = ₹12,350 and Borrowings = ₹5,000, then Fiscal Deficit = ₹5,000
 - Primary Deficit is the summation of Fiscal Deficit and Interest Payment.

12. Gross National Product (GNP) is the estimated value of total worth of production of goods and services by the normal residents of a country. However, to find Net National Product (NNP) we subtract the value of depreciation from GNP. Why is depreciation subtracted from GNP? 3

OR

Are the following a part of country's Net Domestic Product at market price? Explain

- Net Indirect taxes
- Net Exports
- Net factor income from abroad

13. Read carefully the passage and answer the questions that follow:

4

Some countries have made an attempt to move towards an economy which use less of cash and more of digital transactions. A cashless society describes an economic state whereby financial transactions are not connected with money in the form of physical bank notes or coins but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. In India government has been consistently investing in various reforms for greater financial inclusion. During the last few years' initiatives such as Jan Dhan accounts, Aadhar enabled payment systems, e –Wallets, National financial Switch (NFS) and others have strengthened the government resolve to go cashless. Today, financial inclusion is seen as a realistic dream because of mobile and smart phone penetration across the country.

Questions (1 Mark each)

- (A) What is the meaning of cashless society?
- (a) Financial transactions are not connected with money in the form of physical bank notes or coins
 - (b) An electronic representation of money
 - (c) An economy with no money
 - (d) An economy any object as money
- (B) Which of the following is most appropriate to represent Money?
- (a) Bonds
 - (b) Time Deposits
 - (c) Government Securities
 - (d) Currency Notes and Demand Deposits
- (C) Which is forms of digital money in the following option?
- (a) Jan Dhan accounts
 - (b) Aadhar enabled payment systems
 - (c) E –Wallets
 - (d) All of the above
- (D) In India government has been consistently investing in various reforms for greater -----
-----, Fill in the Blank from following option.
- (a) Financial inclusion
 - (b) Financial transactions
 - (c) Financial separation
 - (d) Financial liabilities

14. Explain the 'Government's bank' function of central bank.

4

15. Find net value added at market price from the following information:

4

S.No.	Contents	₹(in crore)
(i)	Output Sold (units)	800
(ii)	Price Per Unit of Output	20
(iii)	Excise	1,600
(iv)	Import Duty	400
(v)	Net Change in Stock	(-) 500
(vi)	Depreciation	1,000
(vii)	Intermediate Cost	8,000

OR

“Gross Domestic Product (GDP) is not the best indicator of the economic welfare of a country.” Defend or refute the given statement with any two valid reasons.

16. (a) Calculate Gross National Product at factor cost from the following data:

6

		(₹ in thousand crores)
(i)	Compensation of employees	2500
(ii)	Mixed income of self-employed	6000
(iii)	Profit	800
(iv)	Interest	400
(v)	Rent	300
(vi)	Net factor income to abroad	(-) 100
(vii)	Net exports	150
(viii)	Consumption of fixed capital	200
(ix)	Net indirect taxes	100
(x)	Net current transfers to abroad	80

- (b) Explain how the following should be treated while estimating national income:

- Free medical facilities by the employer
- Income arising out of the sale of shares

OR

- (a) Calculate Gross National Product at market price from the following information

	Items	₹ in crores
(i)	Wages and salaries in each	1000
(ii)	Undistributed profits	35
(iii)	Dividend	45
(iv)	Rent	100
(v)	Interest	120
(vi)	Profit	130
(vii)	Mixed income	300
(viii)	Employees contribution to social security schemes	100
(ix)	Consumption of fixed capital	50
(x)	Indirect taxes	100
(xi)	Subsidies	75
(xii)	Net factor income from abroad	(-)20
(xiii)	Sales	600

- (b) Are the following included in the estimation of National Income a country? Give reasons.

- Rent free house to an employee by an employer.
- Purchases by foreign tourists.

17. Explain the role of Government Budget in the following situations

6

- Reducing inequalities in income and wealth
- Combating inflationary and deflationary tendencies

Section B – Indian Economic Development

18. Fill in the black with correct option given below: (Choose the correct alternative)

1

Among the notable estimators Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai it was _____, whose estimates during the colonial period was considered very significant.

- William Digby,
- Dadabhai Naoroji,
- Findlay Shirras
- V. K. R. V. Rao

19. In the following question, a statement of assertion is followed by a statement of reason. Choose the correct option from the alternatives given: 1

Assertion (A): More than Half of India's Foreign trade was restricted to Britain

Reason (R): Britain maintained Monopoly control on India's Import and Export.

Alternatives:

- (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
20. Identify the incorrect statement from the following: (Choose the correct alternative) 1
- (a) During the British rule in India, high birth rate and high death rate was found.
 - (b) On the eve of independence, country's growth of aggregate real output during the first half of twentieth century was less than 2 percent.
 - (c) On the eve of independence, capital goods industries were developed in India.
 - (d) At the time of independence, secondary and tertiary sectors were in their infant stage of growth.

21. Read the following statements carefully and choose the correct alternatives given below: 1

Statement 1- IPR, 1956 formed the basis of the Second Five Year Plan, the plan which tried to build the basis for a socialist pattern of society.

Statement 2- Second category consisted of industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility for starting new units.

Alternatives:

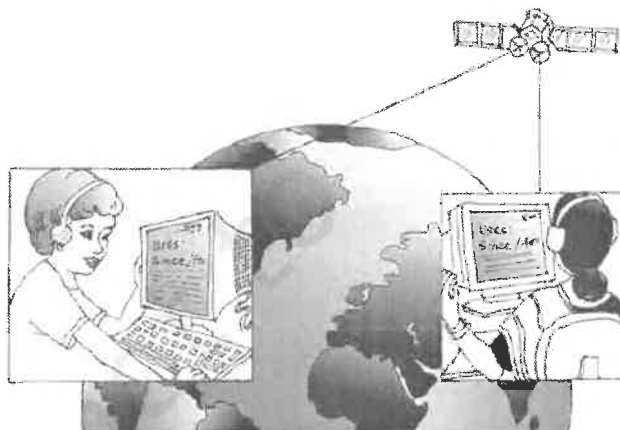
- (a) Both the statements are true.
 - (b) Both the statements are false.
 - (c) Statement 1 is true and Statement 2 is false
 - (d) Statement 2 is true and Statement 1 is false
22. Match the following: 1

Column A		Column B	
(A)	Institutions such as commercial banks, investment banks, stock exchange and foreign exchange market.	(i)	Stabilisation measures
(B)	Correcting the adverse Balance of payment situation and bringing inflation under control	(ii)	Globalisation
(C)	Increasing efficiency and international competitiveness	(iii)	Financial sector
(D)	Integrating domestic economy with the world economy	(iv)	Structural reform measures

Choose the correct alternative:

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

23. Read the following statements carefully and choose the correct alternatives given below: 1
Statement 1 – Government disinvestment of Air India has provided revenue to the government.
Statement 2 –With Disinvestment, ownership of Air India has also been given up by the government.
Alternatives:
 (a) Both the statements are true.
 (b) Both the statements are false.
 (c) Statement 1 is true and Statement 2 is false
 (d) Statement 2 is true and Statement 1 is false
24. Tax reforms are concerned with the reforms in the government taxation and public expenditure policy, collectively known as (Choose the correct alternative) 1
 (a) Monetary Policy
 (b) Fiscal Policy
 (c) Liberalisation
 (d) Privatisation
25. Identify the incorrect statement from the following: (Choose the correct alternative) 1
 The role of RBI has been changed from _____ to _____ under New Economic Policy 1991.
 (a) Facilitator to Regulator
 (b) Supervisor to Facilitator
 (c) Regulator to Facilitator
 (d) Facilitator to Supervisor
26. Identify the correct statement from the following: (Choose the correct alternative) 1
 During the reform period
 (a) Agriculture has declined, industrial sector reported fluctuation, and service sector has gone up.
 (b) Agriculture has gone up., industrial sector reported fluctuation, and service sector has declined
 (c) Agriculture has declined, industrial sector reported gone up, and service sector reported fluctuation
 (d) Agriculture sector reported fluctuation, industrial sector gone down, and service sector has gone up.
27. Read the following figure carefully and choose the correct alternative given below: 1



- (a) Satellite connecting computers

- (b) Multinational corporations and even small companies are outsourcing their services to India
- (c) People chatting over computers
- (d) Information technology and the world.

28. 'Composition of foreign trade of any country tells us about the nature of commodities that are exported & imported'. What can you state about the composition of foreign trade on the eve of Indian independence? 3

OR

Point out any three main highlights of the occupational structure during the colonial period.

29. Briefly discuss the institutional reforms introduced in the Agriculture sector during the planning period. 3

30. Critically appraise some of the drawbacks in the industrial policy followed by the British colonial administration. 4

OR

Critically appraise the development of infrastructure by the British in India.

31. **Read carefully the passage and answer the questions that follow:** 4

Indian economy stagnated around 3.5 percent per annum for almost three decades after independence. One can say that the objectives which were set before the implementation of the highly regulated /planned economy for India were not achieved the way they should have been. The BOP crisis in early 1990s which came in existence due to the persistent macroeconomic mismanagement of the economy prevailed in entire 1980s, resulted in high fiscal deficit, current account deficit, inflation etc. with the success of the market oriented reforms in lowering the poverty, inequalities of income and wealth and unemployment in East Asian economies, the attention of Indian policy makers got shifted towards more liberal measures based on market forces. In addition to that the change of attitude towards market-oriented reforms of Indian policy makers got a huge impetus indirectly when IMF directed India to follow more liberal measures. With the inception of NEP 1991(based on the concepts of Liberalisation, Privatisation and Globalisation), a package of market-oriented reforms was introduced in diversified sectors like trade, industry, foreign investment etc. Since there has been a change in Indian Economy from a heavily regulated economy prior to 1990s towards a more liberal economy based on market forces.

Answer the following questions: (Choose the correct alternative)

- (A) Which of the following is a cause for the introduction of economic reforms in India?
 - (a) Mounting fiscal deficit
 - (b) Balance of Payments crisis
 - (c) Fall in foreign exchange reserves
 - (d) All of these
- (B) Indian currency was _____ in relation to foreign currencies which implied a fall in the value of rupee.
 - (a) Devalued
 - (b) Appreciated
 - (c) Revalued
 - (d) Inflation
- (C) Which of the following is an example of a Miniratna?
 - (a) National Thermal Power corporation
 - (b) Oil and Natural Gas commission

- (c) Steel Authority of India Limited
- (d) Bharat Sanchar Nigam Limited
- (D) Privatisation promotes
 - (a) Diversification of production
 - (b) Consumers' sovereignty
 - (c) Free play of market forces
 - (d) None of these

32. In your opinion, what are the advantages of privatisation to the economy? (Any Four) 4
33. The Karve Committee noted the possibility of using small scale industries for promoting industrial as well as rural development. Discuss the role played by small scale industries in the economic development of the country. 6
34. "The process of globalisation through liberalisation and privatisation policies has produced positive, as well as, negative results for India and other countries." Defend or refute the above statement. 6

OR

'Some economists believe that the economic reforms have adversely affected the agriculture sector in India.' Do you agree with the given statement? Justify your answer with briefly discussing any three valid reasons.

******END OF THE QUESTION PAPER******

Shari