

Roll Number

SET A



INDIAN SCHOOL MUSCAT
FIRST PRE-BOARD EXAMINATION
ECONOMICS

CLASS: XII

Sub. Code: 030

Time Allotted: 3 Hrs.

22.02.2021

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 (including two Case Based Questions) are 1 mark questions and are to be answered in one word/sentence.
4. Case Based Questions (CBQ's) are Question No. 7 - 10 and Question No. 24 - 27.
5. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
6. Question No. 13 -15 and Question No. 30 – 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.

PART A - MACRO ECONOMICS

1. State whether the statement given is True or False. 1

Cash reserves of the commercial banks with the RBI is a part of money supply.
2. _____ are called legal tenders. (Choose the correct alternative) 1
(a) Demand deposits
(b) Time deposits
(c) Inter-bank deposits
(d) Currency notes and coins
3. Government to provide 80 crore beneficiaries additional 5 kg of rice or wheat free of cost for three months to safeguard the interest of poor section during covid-19 pandemic is known as:
(a) Distribution objective
(b) Allocative objective
(c) Economic stability
(d) Managing public enterprises
4. Fees of the government college is a revenue receipt because: (Choose the correct alternative) 1
(a) It creates liability of the government
(b) It neither creates any liability nor reduces any asset of the government.
(c) It neither creates any asset nor reduces any liability of the government.
(d) It increases assets of the government.

5. Choose the correct alternative:

1

If $C = 100 + 0.75 Y$, then the corresponding savings function will be expressed as:

- (a) $S = 100 + 0.25 Y$
- (b) $S = -100 + 0.75 Y$
- (c) $S = -100 + 0.25 Y$
- (d) $S = 75 + 0.25 Y$

6. Choose the correct alternative:

1

A fiscal policy measure to combat deflationary gap is.....

- (a) Increase in tax rates
- (b) Increase in government expenditure
- (c) Increase in price level
- (d) Decrease in government expenditure

Read the following news report and answer Questions 7-10 on the basis of the same:

First Advance Estimates of National Income, 2019-20

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the First Advance Estimates of National Income at both Constant (2011-12) and Current Prices, for the financial year 2019-20 along with the corresponding estimates of expenditure components of the Gross Domestic Product (GDP).

Gross Domestic Product

Real GDP or GDP at Constant Prices (2011-12) in the year 2019-20 is likely to attain a level of ₹147.79 lakh crore, as against the Provisional Estimate of GDP for the year 2018-19 of ₹140.78 lakh crore, released on 31st May 2019. The growth in real GDP during 2019-20 is estimated at 5.0 percent as compared to the growth rate of 6.8 per cent in 2018-19.

Gross Value Added (GVA) at Basic Prices

Real GVA at Basic Prices is estimated to increase from ₹129.07 lakh crore in 2018-19 to ₹135.40 lakh crore in 2019-20. Estimated growth of real GVA in 2019-20 is 4.9 per cent as against 6.6 percent in 2018-19.

Gross Domestic Product

GDP at Current Prices in the year 2019-20 is likely to attain a level of ₹204.42 lakh crore, as against ₹190.10 lakh crore in 2018-19 showing a growth rate of 7.5 per cent.

National Income

The nominal Net National Income (NNI), also known as National Income (at Current Prices) is likely to be ₹181.10 lakh crore during 2019-20, as against ₹168.37 lakh crore for the year 2018-19. In terms of growth rates, the National Income registered a growth rate of 7.6 per cent in 2019-20 as against the previous year's growth rate of 11.3 per cent.

Answer the Following Questions:

7. A growing country is one with:

1

- (a) Rising GNP at constant prices
- (b) Constant GNP at constant prices
- (c) Rising GNP at current prices
- (d) None of these

8. Which of the following statements is correct: 1
- GDP is derived by subtracting Taxes on Products net of Subsidies on Products to Gross Value Added at Basic Prices.
 - GDP is derived by adding Taxes on Products and Subsidies on Products to Gross Value Added at Basic Prices.
 - GDP is derived by adding Subsidies net of Taxes on Products to Net Value Added at Basic Prices.
 - GDP is derived by adding Taxes on Products net of Subsidies on Products to GVA at Basic Prices.
9. National product at current prices is higher than national product at constant prices during a period of: 1
- Rising prices
 - Falling prices
 - Constant prices
 - Both (a) and (b)
10. Value added means value of: 1
- Output at market prices
 - Output less depreciation
 - Output less intermediate cost
 - Output plus intermediate cost
11. 'Devaluation and Depreciation of currency are one and the same thing'. Do you agree? How do they affect the exports of a country? 3
- OR**
- Suppose a shirt costs \$10 in the US and ₹600 in India, what will be the effect on exports of India if the rupee dollar exchange rate is ₹70 per US\$?
12. Distinguish between Balance of Trade and Balance of Payments. 3
13. Explain the Banker to the Government function of the central bank. 4
- OR**
- Explain the Banker's bank function of the central bank.
14. In an economy 75% of the increase in income is spent on consumption. Investment is increased by ₹1,000 crore. Calculate: 4
- Value of MPC
 - Total increase in income
 - Total increase in consumption expenditure
 - Change in savings
15. Categorise the following into revenue expenditure and capital expenditure. Give reasons. 4
- Grants to state governments
 - Payment of salaries to staff of government hospitals
 - Purchase of cranes for the construction of flyovers
 - Repayment of loan from IMF

16. State whether the following given statements are True/false: (2 marks) 6
- Sales by a firm includes sales to domestic buyers only
 - GDPmp includes market value of all final goods and services produced by the normal residents or the nonresidents in a country.

Calculate Net Domestic Product at market price: (4 marks)

S. No.	Items	(₹ in crore)
(i)	Interest received by households	600
(ii)	Consumption of fixed capital	800
(iii)	Rent and royalty	700
(iv)	Net factor income from abroad	100
(v)	Net indirect tax	850
(vi)	Profit	1200
(vii)	Social security contributions by employees	700
(viii)	Mixed income of self-employed	8,000
(ix)	Wages and salaries	5,000
(x)	Dividend	40

17. Using a well labelled diagram, explain the steps of derivation of saving function from the consumption function. 6

OR

- Is equilibrium level of income and output always associated with full-employment? Explain. (3 marks)
- In the situation of inflation, more credit creation by commercial banks has negative impact on the economy. How? (3 marks)

PART B - INDIAN ECONOMIC DEVELOPMENT

18. India's demographic condition on the eve of independence was characterised by: (Choose the correct alternative) 1
- High level of literacy, high mortality rates, high life expectancy and high level of poverty.
 - Low level of literacy, low mortality rates, low life expectancy and Low level of poverty.
 - Low level of literacy, low mortality rates, high life expectancy and high level of poverty.
 - Low level of literacy, high mortality rates, low life expectancy and high level of poverty.
19. Fill in the blanks: (Choose the correct alternative) 1

In the first seven plans, foreign trade was characterised by what is commonly called an _____. Technically, this strategy is called _____. (Import substitution/Inward looking trade strategy)

20. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
- Assertion (A):** India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain.
- Reason (R):** Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.
- 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.
21. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
- Assertion (A):** India is not a favourable destination of outsourcing for most of the MNC's
- Reason (R):** In India there are low wage rates and availability of skilled manpower.
- 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
22. Selling of the share of public sector undertakings to the private sector is called: (Choose the correct alternative) 1
- (a) Import substitution
 - (b) Disinvestment
 - (c) Quota
 - (d) Tariff
23. When the resource extraction is above the rate of regeneration of the resources, and wastes generated are not within the assimilating capacity of the environment, which of the following vital function the environment fails to perform, which results in an environmental crisis? (Choose the correct alternative) 1
- (a) It supplies resources-renewable and non- renewable resources.
 - (b) It assimilates waste.
 - (c) It sustains life by providing genetic and biodiversity.
 - (d) It provides aesthetic services like scenery etc.

Read, the following Case Study, carefully and answer the question numbers 24 - 27 on the base of the same.

At the time of Independence, about 70% of India's workforce (a little less than 100 million) was employed in the agriculture sector. Even at that time, agriculture and allied activities accounted for around 54% of India's national income. Over the years, agriculture's contribution to national output declined sharply. As of 2019-20, it was less than 17%. And yet, the proportion of Indians engaged in agriculture has fallen from 70% to just 55%. As the Committee on Doubling Farmers' Income (2017) observes, "the dependence of the rural workforce on agriculture for employment has not declined in proportion to the falling contribution of agriculture to GDP". A crucial statistic

is the proportion of landless labourers as it captures the growing level of impoverishment. It went up from 28% (27 million) in 1951 to 55% (144 million) in 2011. While the number of people dependent on agriculture has been burgeoning over the years, the average size of landholdings has reduced sharply. Data shows that 86% of all landholdings in India are small (between 1 and 2 hectares) and marginal (less than 1 hectare (ha) — roughly half a football field). The average size among marginal holdings is just 0.37 ha. According to a 2015 study by Ramesh Chand, now a member of Niti Aayog, a plot smaller than 0.63 ha does not provide enough income to stay above the poverty line. The combined result of several such inefficiencies is that most Indian farmers are heavily indebted. The data shows that 40% of the 24 lakh households that operate on landholdings smaller than 0.01 ha are indebted. A good reason why such a high proportion of farmers is so indebted is that Indian agriculture, for the most part — is un-remunerative.

24. The number of people dependent on agriculture has been increasing rapidly over the years; the average size of landholdings has 1
 - (a) Increased
 - (b) Reduced
 - (c) Remained same
 - (d) Increased marginally
25. The reason/s for indebtedness of Indian farmer is/are 1
 - (a) Small land holdings
 - (b) Un-remunerative production
 - (c) Poverty
 - (d) All of these
26. What size of land holdings are not enough income provider to stay above poverty line, holding less than? 1
 - (a) 0.37 ha
 - (b) 0.63 ha
 - (c) 0.01 ha
 - (d) 1.0 ha
27. As agriculture's contribution to national output declined sharply, number of people dependent on agriculture. 1
 - (a) Declined
 - (b) Reduced sharply
 - (c) Increased marginally
 - (d) Decrease marginally
28. Giving valid reason, state whether the following are True or False 3
 - (a) 'Modernisation refers only to the use of new technology.'
 - (b) Growth, modernization and self-reliance by themselves, may not improve the living condition of people.
29. How is an expenditure regarding on-the-job training a source of human capital formation? 3

OR

Why is it necessary to incur expenditure for acquiring information relating to the labour market and other markets

30. What were the measures of deregulation of the private sector were adopted under the policy of liberalization during the economic reforms since 1991 4
31. Define 'Poverty Line' (as given by Planning Commission). Give any two reason why is calorie-based norm not adequate to identify the poor households in our country. 4

OR

Briefly explain the following poverty alleviation programmes initiated by the government of India

- (a) Prime Minister's Rozgar Yojna (PMRY)
- (b) Mahatma Gandhi National Rural Employment Guarantee Act, 2005

32. What is meant by 'Global Burden of Disease'? How has Urban-Rural and Poor-Rich Divide affected the health sector in India? (any two points) 4
33. What is 'Rural Development? Why is rural development essential for Indian economic development? Bring out the key issues in rural development 6

OR

Discuss any three measures initiated by the government to improve agricultural marketing in India?

34. "Till the late 1970s, India, China and Pakistan – all the three countries were maintaining the same level of low development. The last three decades have taken these countries to different levels." Do you agree with the given statement? Give valid reasons in support of your answer. 6

End of the Question Paper