

Roll Number

SET C



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. 3 - 6 and Question No. 20 - 23.
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. _____ are called legal tenders. (Choose the correct alternative) 1
 (a) Demand deposits
 (b) Time deposits
 (c) Inter-bank deposits
 (d) Currency notes and coins
2. Fixed deposit is also termed as: (Choose the correct alternative) 1
 (a) Chequeable deposits
 (b) Demand deposit
 (c) Time deposit
 (d) Non-chequeable deposits

Read the following news report and answer Questions 3-6 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:

3. A growing country is one with: (Choose the correct alternative) 1
 - (a) Rising GNP at constant prices
 - (b) Constant GNP at constant prices
 - (c) Rising GNP at current prices
 - (d) None of these
4. Which of the following statements is correct: (Choose the correct alternative) 1
 - (a) GDP is derived by subtracting Taxes on Products net of Subsidies on Products to Gross Value Added at Basic Prices.
 - (b) GDP is derived by adding Taxes on Products and Subsidies on Products to Gross Value Added at Basic Prices.
 - (c) GDP is derived by adding Subsidies net of Taxes on Products to Net Value Added at Basic Prices.
 - (d) GDP is derived by adding Taxes on Products net of Subsidies on Products to GVA at Basic Prices.
5. National product at current prices is higher than national product at constant prices during a period of: (Choose the correct alternative) 1
 - (a) Rising prices
 - (b) Falling prices
 - (c) Constant prices
 - (d) Both (a) and (b)
6. Value added means value of: (Choose the correct alternative) 1
 - (a) Output at market prices
 - (b) Output less depreciation
 - (c) Output less intermediate cost
 - (d) Output plus intermediate cost

7. If $S = -100 + 0.25 Y$, then the corresponding consumption function will be expressed as: (Choose the correct alternative) 1
- $C = 100 + 0.25 Y$
 - $C = -100 + 0.75 Y$
 - $C = 100 + 0.75 Y$
 - $C = 100 + 2.5Y$
8. The effects of deficient demand in an economy are: (Choose the correct alternative) 1
- Increase in output, income, employment and price level.
 - Decrease in output, income, employment and price level.
 - Increase in output, income and employment, but no change in the price level.
 - Decrease in output, income and employment, but no change in the price level.
9. 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: (Choose the correct alternative) 1
- Distribution objective
 - Allocative objective
 - Economic stability
 - Managing public enterprises
10. Fill in the blank: (Choose the correct alternative) 1
- Fiscal deficit = Total expenditure – (Revenue receipts + _____). (Capital Receipts/Non debt creating Capital Receipts)
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 on Trade Account and Balance on Current Account 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. Define Capital Expenditure in a Government Budget. Give any two examples of capital expenditure by the Government.

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

OR

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

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

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Calculate Gross National Domestic Product at factor cost: (4 marks)

S. No.	Items	(₹ in arab)
(i)	Interest received by households	60
(ii)	Consumption of fixed capital	80
(iii)	Rent and royalty	70
(iv)	Net factor income from abroad	10
(v)	Net indirect tax	85
(vi)	Profit	120
(vii)	Social security contributions by employees	70
(viii)	Mixed income of self-employed	800
(ix)	Wages and salaries	500
(x)	Dividend	40

PART B - INDIAN ECONOMIC DEVELOPMENT

18. 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)
19. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

Assertion (A): Subsidies were, needed to encourage farmers.

Reason (R): Any new technology is looked upon as being risky by farmers

- (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.

Read, the following Case Study, carefully and answer the question numbers 20 - 23 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.

20. The number of people dependent on agriculture has been increasing rapidly over the years; the average size of landholdings has: (Choose the correct alternative) 1
- (a) Increased
 - (b) Reduced
 - (c) Remained same
 - (d) Increased marginally
21. The reason/s for indebtedness of Indian farmer is/are: (Choose the correct alternative) 1
- (a) Small land holdings
 - (b) Un-remunerative production
 - (c) Poverty
 - (d) All of these
22. What size of land holdings are not enough income provider to stay above poverty line, holding less than? (Choose the correct alternative) 1
- (a) 0.37 ha
 - (b) 0.63 ha
 - (c) 0.01 ha
 - (d) 1.0 ha
23. As agriculture's contribution to national output declined sharply, number of people dependent on agriculture. (Choose the correct alternative) 1
- (a) Declined
 - (b) Reduced sharply
 - (c) Increased marginally
 - (d) Decrease marginally
24. 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.

25. _____ is an economy in which means of production are used in a manner such that social welfare is maximised. (Choose the correct alternative) 1
- (a) Capitalist economy
 - (b) Socialist economy
 - (c) Mixed economy
 - (d) Free economy
26. 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
27. Fill up the blank. (choose the correct alternative) 1
- When the number of poor is estimated as the proportion of people below the poverty line, it is known as _____. (Relatively Poor/Head Count ratio)
28. What do land reforms refer to? What do you mean by land ceiling and what was the purpose of land ceiling? 3
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 reforms introduced in the financial sector 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. Briefly explain the following sources of human capital formation? 4
- (a) Investments on education
 - (b) Expenditure on migration

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