



ST. XAVIER'S SENIOR SECONDARY SCHOOL, DELHI – 110054

Class 12
18-12-2017

Pre-Annual Test in ECONOMICS

Time : 1½ hrs.
M. Marks : 40

1. Define ex-ante aggregate demand. (1)
2. An increase in investment by Rs. 200 crores leads to an increase in income by Rs. 800 crores. Calculate the change in consumption. (1)
3. Define fiscal deficit. (1)
4. Giving reasons state whether the following are true or false :
 - a) Borrowings are treated as revenue receipts.
 - b) Value added tax is a direct tax. (1)
5. Give the meaning of autonomous and accommodating transactions of BOP. Give two examples each. (3)
6. Giving reasons state whether the following are true or false:
 - a) A fall in the price of US dollar from Rs. 65 to Rs. 60 means depreciation of the Indian currency.
 - b) Both depreciation and devaluation have the same meaning.
 - c) Lending to Rest of the World is a credit item of current account of BOP. (3)
7.
 - a) Why are net exports added in the calculation of GDP at market price?
 - b) The value of GNP calculated at current year prices was Rs. 3000/- and that at constant prices was Rs. 2500/-. Calculate the GNP deflator for that year.
 - c) Giving reasons state whether the following are intermediate or final goods-
 - i) A machine purchased for installation in a factory.
 - ii) Fees paid to a lawyer by a producer. (1+1+2)
8.
 - a) Explain the role the government can play through the budget in influencing the allocation of resources.
 - b) Are repayment of loans categorized as revenue or capital expenditures? Justify your answer. (3+1)
9. In an economy savings exceeds planned investments. What changes will bring about equilibrium in the economy? Explain using schedule. (4)
10.
 - a) In an economy $S = -50 + 0.5Y$ and the investment expenditure 8000. Calculate equilibrium national income and consumption at that level of national income.
 - b) What is underemployment equilibrium? Explain with a diagram. (3+3)
11. a) Calculate GDP at market price and factor income from abroad-

	Items	Rs in crores
1.	Gross fixed capital formation	700
2.	Profits	400
3.	Exports	40
4.	Compensation of employees	1300
5.	GNP at factor cost	2800
6.	National debt interest	80
7.	Changes in stock	50
8.	Rent	500
9.	Interest	500
10.	Factor income paid abroad	120
11.	Net domestic capital formation	650

12.	Net indirect tax	250
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- b) Explain how does the presence of externalities make GDP an inadequate measure of welfare. (4+2)
12. a) The Indian economy is in the grip of rising prices, which is adversely affecting the poor. Suggest two measures that the central bank can take to keep the situation under control.
- b) State the meaning and components of money supply.
- c) If LRR is 25%, how much total deposits will be created from an initial deposit of Rs. 10,000/-? (3+2+1)

-X-X-X-X-X-X-