

PRE-BOARD EXAMINATION-2 (JANUARY-2020)**CLASS: XII****ECONOMICS****Time: 3 hrs.****MAX. MARKS: 80****General instructions:**

- (i) All the questions in both the sections are compulsory. Marks for questions are indicated against each question.
- (ii) Question number 1 - 10 and 18 - 27 are very short-answer questions carrying 1 mark each. They are required to be answered in one word or one sentence each.
- (iii) Question number 11 - 12 and 28 - 29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60-80 words each.
- (iv) Question number 13 - 15 and 30 - 32 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 80-100 words each.
- (v) Question number 16 - 17 and 33 - 34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100-150 words each.
- (vi) Answer should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION A

- | | | |
|---|---|---|
| 1 | If an economy is to control deflationary gap, which of the following is an appropriate policy instrument? | 1 |
| | (a) A cut in repo rate (b) A cut in CRR
(c) A cut in SLR (d) All of these | |
| 2 | Which of the following agency is responsible for issuing Rs. 1 currency note in India? | 1 |
| | (a) Reserve Bank of India (b) Ministry of Commerce
(c) Ministry of Finance (d) Niti Aayog | |
| 3 | Export of merchandise including capital goods < Import of merchandise including capital goods indicates that: | 1 |
| | (a) Balance of trade is in surplus (b) Balance of trade is in deficit
(c) Capital account BOP is in surplus (d) Capital account of BOP is in deficit | |
| 4 | Which of the following is a characteristic of a good: | 1 |
| | (a) Intangible (b) Can be stored
(c) Production and consumption happen together (d) Cannot be transferred | |
| 5 | Which of the following statement is true? | 1 |
| | (a) Loans from IMF is a revenue receipt
(b) Higher revenue deficit necessarily leads to higher fiscal deficit
(c) Borrowing by a government represents a situation of fiscal deficit.
(d) Capital deficit is the excess of capital receipts over revenue receipts. | |
| 6 | Aggregate demand can be increased by: | 1 |
| | (a) Increasing repo rate
(b) Buying government securities by Reserve Bank of India
(c) Increasing cash reserve ratio
(d) Increasing margin requirement | |
| 7 | Saving is estimated as C / Y (True or False) | 1 |

- 8 ----- is not a quantitative method of credit control. 1
(Open market operations / Margin requirements)
- 9 In case of ----- of domestic currency, less rupees are needed to buy one US dollar. 1
- 10 What is excess of import of goods over export of goods called? 1
- 11 Distinguish between real and nominal GDP. Which of the two is a better index of welfare of the people and why? 3
- 12 How is the appreciation of the domestic currency good for the economy? 3

OR

Depreciation of the domestic currency leads to a rise in AD. Explain how.

- 13 What is inflationary gap? How is tax used as a policy instrument when there is inflationary gap in the economy? 4

OR

What is deflationary gap? Explain the significance of margin requirement in correcting deflationary gap in the economy.

- 14 Restricting fiscal deficit is a sign of fiscal discipline. But it does not work when the economy is suffering from the deflationary gap. Explain how. 4
- 15 Explain the (a) note – issue authority and (b) banker’s bank functions of the central bank. 4
- 16 In an economy $S = -100 + 0.4Y$ is the saving function and investment expenditure is Rs. 4,000. Calculate : (a) Equilibrium level of national income and (b) Consumption expenditure at equilibrium level of national income. 6

OR

Given consumption function $C = 150 + 0.5Y$ and investment expenditure is 5,500. Calculate:

- (a) Equilibrium level of national income and
(b) Savings at equilibrium level of national income

- 17 Find out (a) Gross Domestic Product at Market Price and (b) Factor income to abroad : 6

Items	Rs. in crore
(i) Factor income from abroad	40
(ii) Net indirect tax	140
(iii) Private final consumption expenditure	770
(iv) Government final consumption expenditure	270
(v) Net domestic capital formation	220
(vi) Net imports	(-) 60
(vii) Gross national product at factor cost	1,260
(viii) Depreciation	70
(ix) Change in stock	30

SECTION B

- 18 Sustainable development refers to : 1
(a) Long term increase in real per capita income
(b) Long term increase in economic welfare
(c) Long term increase in real per capita and economic welfare of both present and future generations.
(d) All of these
- 19 Which of the following is a parameter of social infrastructure? 1
(a) Communication (b) Banking
(c) Health (d) All of these
- 20 Great Leap Forward was the campaign launched in: 1
(a) China in 1952 (b) China in 1958
(c) China in 1960 (d) China in 1968
- 21 Casual workers are: 1
(a) Daily wagers (b) Unskilled
(c) Engaged in their own business (d) Both (a) and (b)
- 22 Elementary education covers students : 1
(a) From class 1 to class 5 in the age group of 6 to 10 years
(b) From class 1 to class 8 in the age group of 6 to 14 years
(c) From class 1 to class 10 in the age group of 5 to 14 years
(d) None of these
- 23 Female workers in the rural areas are reluctant to migrate for outside jobs. (True or False) 1
- 24 Commune system of farming is a system of collective farming. (True or False) 1
- 25 The ----- of trade refers to the types of goods and services we export and import. 1
(direction / composition)
- 26 -----resources can be replenished. (Renewable / Non – renewable) 1
- 27 Define disinvestment. 1
- 28 Why was public sector given the main role in the process of growth and development after independence? 3
- OR
- Explain how far N.E.P is dependent on F.D.I
- 29 Does full employment mean zero unemployment? Suggest two ways to tackle the problem of disguised unemployment in India. 3
- 30 Distinguish between commercial and non – commercial sources of energy. Write two observations highlighting the fact that non – commercial sources of energy lead to environmental degradation. 4
- 31 How is human capital different from physical capital? Write two observations on the significance of human capital in GDP growth of a country. 4
- OR
- Suggest the possible production activities to control disguised unemployment in Indian agriculture.
- 32 India has an edge over Pakistan but China has an edge over both India and Pakistan in the area of growth and development. Prove this fact using indicators of growth and development. 4
- 33 Are you in favour of withdrawal of subsidies to the Indian farmers? Support your answer with reasons. 6
- OR
- Would you favour the idea of offering protection to the domestic industry? Discuss your opinion in the light of N.E.P
- 34 Describe the steps taken by the government to solve the problem of poverty and unemployment in India. 6