

FIRST PRE-BOARD EXAMINATION (2019-20)

CLASS: XII

Subject: ECONOMICS

Date: 05.12.2019

Time allowed: 3 Hours

Maximum Marks: 80

General Instructions:

- (1) **All** questions in both sections are **compulsory**. Marks for questions are indicated against each question.
- (2) Question Numbers 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.
- (3) Question Numbers 11-12 and 28-29 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60-80 words each.
- (4) Question Numbers 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.
- (5) Question Numbers 16-17 and 33-34 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100-150 words each.
- (6) Answers should be brief and to the point and the above word limit be adhered to as far as possible.
- (7) Please check that this question paper contains 7 printed pages only.

Section - A(Macro Economics)

1. Goods purchased for the following purposes are final goods 1
(Choose the correct alternative):
 - a) For satisfaction of wants
 - b) For investment in firm
 - c) Both (a) and (b)
 - d) None of the above.

2. Credit control means: 1
- Contraction of credit only
 - Extension and contraction of money supply
 - Extension of credit only
 - Supply of money remains the same.
3. Total deposits created by commercial banks is ₹ 12000 crore and LRR is 25 percent. Calculate the amount of initial deposits. 1
- ₹ 6000 crore
 - ₹ 4000 crore
 - ₹ 5000 crore
 - ₹ 3000 crore
4. Give the meaning of underemployment equilibrium. 1
5. An economy is at full employment and AD is greater than AS, what will be the impact on price level in such an economy? 1
- Rise
 - Fall
 - No change
 - Both rise and fall
6. If in an economy, the consumption and savings curves are parallel to each other, the value of investment multiplier will be ----- 1
7. The intervention of the government whether to raise the level of aggregate demand or reduce it constitutes the ----- 1
- Allocation function
 - Redistribution function
 - Stabilisation function
 - None of these
8. Match the columns and choose the correct alternatives: 1

(i) Tax on the income of firms	(A) Paper tax
(ii) Duties levied on good produced within the country	(B) Corporation tax
(iii) Tax imposed on goods imported into and exported out of India	(C) Excise tax
(iv) Wealth tax and gift tax	(D) Customs duties

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

9 ----- is the difference between the value of exports and value of imports of services, transfer and flows of income of a country in a given period of time. 1

- a) Balance of Trade
- b) Net Invisibles
- c) Trade Surplus
- d) Current Account Surplus

OR

“Domestic demand for goods and demand for domestic goods are one and the same thing”. True / False.

10 Due to depreciation of foreign currency, the supply of foreign currency in domestic economy will: 1

- a) Increase
- (b) Not change
- (c) Either increase or decrease
- (d) Decrease

11 Define the problem of double counting in the computation of national income. State any two approaches to correct the problem of double counting. 3

12 The savings function of an economy is given as $S = (-) 250 + 0.25Y$. If the planned investment is ₹ 2000 crores, Calculate the following: 3

- a) Equilibrium level of income in the economy.
- b) Aggregate demand of income of ₹ 5000 crores.

OR

If marginal propensity to save is 20 percent and is constant at all levels of income and autonomous consumption is ₹ 100 crores, construct consumption function of the given hypothetical economy. 3

13 Explain any one of the following functions of the central bank: 4
 (a) Banker's bank (b) Bank Rate Policy.

14 What is government budget? Explain how taxes and subsidies 4
 can be used to influence allocation of resources.

15 Where is 'borrowings from abroad' recorded in the balance of 4
 payments accounts? Give reasons.

OR

"Government of India doubled the import duty on gold". State 4
 and discuss the likely effects of the given statement on foreign
 exchange rate with reference to the Indian economy.

16 a) 'Gross Domestic Product (GDP) does not give us a clear 6
 indication of economic welfare of a country'. Defend or refute
 the given statement with valid reasons.

b) Calculate Compensation of Employees from the following
 data:

S. No	Particulars	₹ Crore
i	Profits after tax	20
ii	Interest	45
iii	Gross Domestic Product at Market Price	200
iv	Goods and Services Tax	10
v	Consumption of Fixed Capital	50
vi	Rent	25
vii	Corporate Tax	5

17 "Excess of Aggregate Demand over Aggregate Supply 6
 corresponding to the full employment level causes rise in general
 price level". Explain the given statement with a diagram. Discuss
 one fiscal measure and one monetary measure to tackle this
 situation.

OR

What are two alternative ways of determining equilibrium level 6
 of income? How are these two related?

Section - B (Indian Economic Development)

18 Arrange the following events of India before independence in chronological order. 1

- a) The opening of the Suez Canal
- b) Introduction of the railways
- c) Second stage of demographic transition
- d) Incorporation of the Tata Iron and Steel Company

- i) b, a, d, c
- ii) a, b, d, c
- iii) d, c, a, b
- iv) b, d, a, c

19 Which one of the following is not a factor which led the government in 1991 to introduce a new set of policy measures? 1

- a) Decrease in foreign exchange reserves
- b) Rising prices of essential goods
- c) Stagnation of agricultural output
- d) Government's inability to repay its external debt.

20 India's foreign trade during the colonial period generated a large export surplus. But it came at a huge cost to the country's economy. True / False. 1

OR

All the plans have given equal importance to the goals of growth, modernization, self-reliance and equity. True / False.

21 The origin of financial crisis in India in the 1980s can be traced from the ----- 1

- a) Challenges like unemployment, poverty and population explosion.
- b) Insufficient revenue generation from internal sources such as taxation.
- c) Sharp rise in the prices of essential goods.
- d) Inefficient Management of the Indian economy.

- 22 Self-employment programme include: 1
- a) Prime Minister's Rozgar Yojana (PMRY)
 - b) Sampoora Grameen Rozgar Yojana (SGRY)
 - c) National Social Assistance Programme (NSAP)
 - d) National Food for Work Programme (NFWP)
- 23 How much educational cess has been imposed by the government on all union taxes: 1
- a) 1 percent
 - (b) 2 percent
 - (c) 4 percent
 - (d) None of these.
- 24 ----- is an indicator which is used for analyzing the employment situation of a country. 1
- 25 The main function of regional rural banks is to provide financial assistance to big farmers. True / False. 1
- 26 China discontinued the one child policy because: 1
- a) It reduces the number of adults of the working age
 - b) It increased the number of dependent population
 - c) People became dissatisfied by the population
 - d) Number of population decreased.
- 27 Heavy dependence on exports has led to slowdown of the Chinese economy. True / False. 1
- 28 Explain 'Solar Power through Photovoltaic Cells'. What are its benefits? 3
- 29 Justify that energy crisis can be overcome with the use of renewable sources of energy. 3
- OR
- Compared to the 1970s, there has hardly been any change in the distribution of workforce across various industries. Comment. 3
- 30 How did the railways affect the structure of the Indian economy? 4

- 31 Explain the positive effects of Industrial and Trade Policies on Industrial Development. 4
- OR
- 32 Explain 'Financial Sector Reforms' as a part of liberalisation. 4
- 32 "In Pakistan, the reform process led to worsening of all the economic indicators". Defend or refute the above statement. 4
- 33 Give some features of poverty. 6
- 34 In your view, is it essential for the government to regulate the fee structure in education and health care institutions? If, why? 6
- OR
- 34 Explain the various measures taken by the government to improve agricultural marketing. Do you think these measures are sufficient? Discuss. 6