

Pre-Board Examination 1- 2019-20

Sub: ECONOMICS (030)

Class: XII

Marks: 80

Date: December 2019

Time: 3 hrs.

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 (MACROECONOMICS)

- 1 When $MPS = MPC$ what is the value of k ? **(Choose the correct alternative)** 1
 - (a) Zero
 - (b) 1
 - (c) 2
 - (d) Infinity
- 2 If revenue receipts are ₹ 5,300 crores and revenue deficit is ₹ 1,100 crores, then revenue payments are _____ **(Fill in the blank with correct answer)** 1
- 3 From the set of statements given in column I and column II **Match the correct pair of statements** 1

Column I	Column II
(a) Multiplier and MPC	(i) Inversely related
(b) Multiplier and MPS	(ii) Directly related
(c) Level of MPS and AD	(iii) Directly related

(d) Level of MPC and equilibrium level of income	(iv) Inversely related
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- 4 Multiplier is based on the principle of _____ 1
(Choose the correct alternative)
(a) Law of demand
(b) Law of supply
(c) One man's expenditure is another man's income
(d) AD=AS
- 5 Incidence of tax refers to _____ **(Fill in the blank with correct answer)** 1
- 6 State whether the following statement is **true or false?** 1
M₃ is the most liquid measure of money supply.
- 7 Quantitative tools of monetary policy affect _____ of credit **(Fill in the blank with correct answer)** 1
- 8 State whether the following statement is **true or false?** 1
Purchases of financial assets are not included in National Income.
- 9 What is Managed Floating Rate System? 1
- OR**
- 10 What are Unilateral Transfers?
_____ transactions in balance of payment takes place due to economic motive such as profit maximization. **(Fill in the blank with correct answer)** 1
- 11 What are externalities? How do they act as a limitation of real GDP as indicator of economic welfare? 3
- 12 If MPC is 0.8, what will be the value of the multiplier? In order to increase national income by ₹ 5,000 crores, an increase in investment should be of ₹ 1,000 crores. True or false. Justify your answer. 3
- OR**
- Estimate the value of Aggregate Demand in an economy if:
(a) Autonomous Investment = ₹ 100 crores
(b) Marginal Propensity to Save = 0.2
(c) Level of Income = ₹ 4,000
(d) Autonomous Consumption Expenditure = ₹ 50 crores
- 13 Explain credit creation process of a commercial bank 4
- 14 Differentiate appreciation and depreciation. How do they affect the exports and imports of a country? 4
- 15 What are the objectives of government budget? 4
- OR**
- Giving reasons identify the following into Revenue receipt/capital receipt and revenue expenditure/capital expenditure.
(a) Grants given to State governments
(b) Repayment of loan borrowed from World Bank
(c) Sale of public sector undertaking
(d) Tax receipts

- 16 What is deflationary gap? State its impact on output, price and employment. Explain any two monetary tools used to correct deflationary gap. (use diagram) 6

OR

- 17 Explain determination of equilibrium level of income using aggregate demand and aggregate supply. (use diagram) 3
- (a) Giving reasons state how are the following items treated while calculating National Income.
- (i) Winning of a lottery prize
 - (ii) Interest paid on national debt
 - (iii) Profits earned by the branches of a foreign bank in India

- (b) From the following data calculate National Income by Income Method 3

Items	(₹ in Crores)
(i) COE	1,000
(ii) Rent	200
(iii) Profit	500
(iv) Mixed Income of self employed	800
(v) NFIA	-50
(vi) NIT	50
(vii) Depreciation	120
(viii) Interest	250
(ix) Net Domestic Capital Formation	900

SECTION B (INDIAN ECONOMIC DEVELOPMENT)

- 18 From the set of statements given in column I and column II match the correct pair of statements. 1

Column I	Column II
(a) P C Mahalanobis	(i) Sen Index
(b) Amartya Sen	(ii) Architect of Indian Planning
(c) V K R V Rao	(iii) Collected data on Indian economy during British rule
(d) William Digby	(iv) His statistics are found most reliable during British rule.

- 19 Bengal famine took place in _____ **(Choose the correct alternative)** 1

- (a) 1927
- (b) 1861
- (c) 1943
- (d) 1941

- 20 The second stage of demographic transition began after _____ **(Fill in the blank with correct answer)** 1

OR

The first official census was conducted in the year _____ **(Fill in the blanks)**

- 21 Assertion and Reasons: 1
Assertion: Britishers destroyed indigenous handicraft market in India
Reason: India was made market for British manufactured products
(a) Both A and R is true and R is the correct explanation of A.
(b) Both A and R is true but R is NOT the correct explanation of A.
(c) A is true but R is false.
(d) A is false but R is true.
- 22 State whether the following statement is **true or false?** 1
Minimum calorie requirement in rural areas for per day is 1200 calorie
- 23 Which of the following is false regarding SHG's 1
(a) Small and informal association for a poor person
(b) Provide rural credit by mobilizing their own resources
(c) Introduced in 1982
(d) Significantly empowered poor people
- 24 Which of the following is both a source of human capital formation and loss of human capital? 1
(a) Education
(b) Infant Mortality Rate
(c) Migration
(d) Tourism
- 25 State whether the following statement is **true or false?** 1
Compared to rural women, more urban women are found working.
- 26 A campaign in China where people were encouraged to set up industries in their backyard is called _____ **(Fill in the blanks with correct answer)** 1
- 27 State whether the following statement is **true or false?** 1
China is ahead of India in all spheres of human development.
- 28 Differentiate physical capital and human capital 3

OR

- 29 Explain the role of MGNREGA and PDS in eradicating poverty 3
You are residing in a village. If you are asked to advice the village panchayat to generate employment opportunities in your village, what kind of activities you would suggest?
- 30 Why there was need for economic reforms in India? 4
- 31 Define the following terms 4
(i) Disinvestment
(ii) Import Substitution
(iii) Outsourcing
(iv) Quota

OR

Define the following terms

- (i) Green Revolution

- (ii) Globalization
 - (iii) Liberalization
 - (iv) Land ceiling
- 32 Explain the goals of Five-Year Plans in India 4
- 33 What are the main problems of human capital formation in India? 6

OR

- Argue in favor of the need for different forms of government intervention in education and health sectors in India.
- 34 (a) Critically evaluate the role of the rural banking system in the process of rural development in India 6
- (b) Explain the problems faced by the power sector in India.
