

**SECOND PRE-BOARD EXAMINATION (2019-20)**

**CLASS: XII**

**Subject: ECONOMICS**

**Date: 04.02.2020**

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. Normal residents of India are:

1

- a) An official working in Indian Embassy in America
- b) Indian visiting Japan as tourist
- c) Indian working in WHO located in India
- d) All of these

2. The components not included in money supply: 1
- Currency with private individuals
  - Currency with business firm
  - Stock of gold with RBI
  - All of these
3. Higher the legal reserve ratio \_\_\_\_\_ will be the credit creation. 1
- Higher
  - Lower
  - Constant
  - None of these
4. State whether the following statement is true or false. Give 1  
reason.  
'MPC falls with successive increase in the level of income'.
5. A situation in which a person is not willing to work at the existing 1  
wage rate is:
- Full Employment
  - Involuntary Unemployment
  - Voluntary Unemployment
  - None of these.
6. If an increase of ₹ 10000 in investment in an economy results in 1  
an increase in income of ₹ 40000, what will be MPS?
- 0.4
  - 4
  - 0.25
  - None of these
7. Match the following: 1

(a) Profits earned by public sector	(i) Capital expenditure
(b) Borrowings from public	(ii) Revenue Expenditure
(c) Wages paid	(iii) Revenue Receipt
(d) Construction of school building	(iv) Capital receipt

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

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

8. Revenue deficit is calculated after deducting \_\_\_\_\_ from revenue expenditure. 1

- a) Fiscal deficit (b) Tax revenue
- (c) Non-tax revenue (d) Both (b) and (c)

9 External commercial borrowing is available at the: 1

- a) Nominal rate of interest (b) Concessional rate of interest
- (c) Market rate of interest (d) Real rate of interest.

10 \_\_\_\_\_ is a source of demand for foreign exchange. 1  
(Investment in the rest of the world / Investment from the rest of the world)

OR

From the set of statements given in Column I and Column II, choose the correct pair of statements: 1

Column I	Column II
a) Export of software to France	i) Debit side of Current Account
b) Import of machinery from China	ii) Capital Account Balance of Payments
c) Remittances to relatives staying abroad	iii) Debit side of Current Account of Balance of Payments
d) Investment by Apple phones firm in India	iv) Credit side of Current Account of Balance of Payments

11 Distinguish between Gross Domestic Product at Market price and Net Domestic Product at Factor Cost. 3

OR

3

What precautions are necessary while using income method of measuring national income? Write three points.

12 Estimate the value of ex-ante AD, when autonomous investment and consumption expenditure ( $\bar{A}$ ) is ₹ 50 crores, and MPS is 0.2 and the level of income is ₹ 300 crores. 3

13 Explain the role of cash reserve ratio in controlling credit creation. 4

OR

Explain the role of reverse repo rate in controlling money supply. 4

14 Explain how government can use the budgetary policy in reducing the inequality of income in the economy. 4

15 'Devaluation and depreciation of currency are one and the same thing'. Do you agree? How do they affect the exports of a country? 4

16 a) Suppose the Gross Domestic Product at Market Price of a country in a particular year was ₹ 1100 crore. Net Factor Income from Abroad was ₹ 100 crore. The value of indirect taxes – subsidies was ₹ 150 crore and National Income was ₹ 850 crore. Calculate the aggregate value of depreciation. 6

b) The value of the Nominal Gross National Product of an economy was ₹ 2500 crore in a particular year. The value of Gross National Product of that country during the same year, evaluated at the prices of some base year was ₹ 3000 crore. Calculate the value of GNP deflator of the year in percentage terms. Has the price level risen between the base year and the year under consideration?

17 State the impact of 'excess demand' and 'deficient demand' under the Keynesian theory of employment in an economy. 6

OR

What is meant by the 'Effective Demand Principle' in Keynesian theory of employment? Discuss using a schedule and diagram. 6

Section - B (Indian Economic Development)

- 18 GST was introduced in Indian economy in: 1
- (a) 2008 (b) 2010  
 (c) 2015 (d) 2017

- 19 What do you mean by 'Commercialisation of Agriculture'? 1

- 20 "NEP (New Economic Policy) introduced in 1991 was a complete U-turn of the then existing policy of LQP (Licensing, Quotas and Permits)". Write True or False with reason. 1

- 21 Match the following: 1

a) Industrial reforms	i) Reforms related to foreign exchange rate
b) Financial reforms	ii) Reforms related to Government taxation policy
c) Fiscal reforms	iii) Reforms related to banking sector
d) External sector reforms	iv) Reforms related to licensing, expansion, etc.

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

OR

a) MRTP Act	i) Replaced by GST
b) FERA Act	ii) Replaced by Competition Act
c) LQP	iii) Replaced by FEMA Act
d) Indirect taxes	iv) Replaced by LPG

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

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

- 22 When power is generated from the waters of fast flowing rivers and high dams is called \_\_\_\_\_ power. 1
- 23 Give one measure taken by the Government to control pollution. 1
- 24 'Low growth rate of GDP is the principal factor behind high percentage of population below poverty line in India'. Write True or False with reason. 1
- 25 Which of the following organisations enforces rules and regulations regarding technical / engineering education in the country? 1
- (a) UGC (b) AICTE  
 (c) ICMR (d) NCERT
- 26 Sex ratio is found to be biased against \_\_\_\_\_ in China. 1
- 27 'India, after independence, relied largely on private sector to spearhead the process of growth and development'. Write True or False with reason. 1
- 28 The following table shows the population and worker population ratio for India in 1999-2000. Estimate the work force (urban, rural and total) for India. 3

Region	Estimated Population (in Crores)	Workers Population Ratio
Rural	71.88	41.9
Urban	28.52	33.7
Total	100.40	39.5

29 Give the adverse environmental impact of thermal and hydropower plants. 3

OR

State the measures to increase livestock production in India.

30 How did the restrictive policies of commodity production, trade and tariff pursued by the colonial government affect the structure, composition, volume and direction of India's foreign trade? 4

31 What is green revolution? Why was it implemented and how did it benefit the farmers? Explain in brief. 4

OR

Why has the industrial sector performed poorly in the reform period? 4

32 Comment on the growth rate trends witnessed in China and India in the last two decades. 4

33 a) Which ACT was passes by the Parliament in 2005 and why? 6  
b) How can creation of income earning assets address the problem of poverty

34 Distinguish between Physical Capital and Human Capital. 6

OR

Explain the relevance of infrastructure in an economy.