

PRE-BOARD EXAMINATION-I (NOVEMBER-2019)**CLASS: XII****ECONOMICS****Time: 3 hrs.****MAX. MARKS: 80****GENERAL GUIDELINES:**

- (i) Answer to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answers to questions carrying 3 marks should not exceed 60 words.
- (iii) Answers to questions carrying 4 marks should not exceed 70 words.
- (iv) Answers to questions carrying 6 marks should not exceed 100 words.

SECTION A

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|---|--|---|
| 1 | Money is : | 1 |
| | (a) Anything which requires double coincidence of wants. | |
| | (b) Anything which is commonly accepted as a medium of exchange. | |
| | (c) Anything which is commonly accepted as a commodity money. | |
| | (d) None of these | |
| 2 | When MPC = 0.71, MPS is: | 1 |
| | (a) 1.71 (b) 0.71 | |
| | (c) 1.29 (d) 0.29 | |
| 3 | Which of the following is not included in inventory investment? | 1 |
| | (a) Stock of finished goods. | |
| | (b) Stock of semi – finished goods | |
| | (c) Consumer goods sold to the households during the accounting year. | |
| | (d) Stock of raw materials | |
| 4 | Reverse repo rate: | 1 |
| | (a) Generates interest income for the commercial banks | |
| | (b) Is increased to curb inflation | |
| | (c) Is not a policy rate. | |
| | (d) Both (a) and (b) | |
| 5 | The government budget has a revenue deficit. This gets financed by : | 1 |
| | (a) Indirect taxes and borrowing (b) Tax revenue and borrowing | |
| | (c) Borrowing and disinvestment (d) Tax revenue and indirect taxes | |
| 6 | Which of the following causes loss of foreign exchange? | 1 |
| | (a) Grants from rest of the world (b) Exports | |
| | (c) Imports (d) Foreign investment | |
| 7 | Balance of trade relates to export and import of invisible items. (True or False) | 1 |
| 8 | ----- is equal to fiscal deficit less interest payments. (Revenue deficit / Primary deficit) | 1 |

- 9 When marginal propensity to save is zero, the value of multiplier is ----- (zero / infinity) 1
- 10 Define balance of payments. 1
- 11 Distinguish between intermediate goods and final goods. 3

OR

What is meant by the problem of double counting in estimating national income? State the two ways of avoiding this problem

- 12 Distinguish between depreciation of currency and appreciation of currency. How are exports and imports impacted in these situations? 3
- 13 How is budgetary policy used to promote GDP growth in the economy? 4
- 14 In an economy the autonomous consumption is 220 and the marginal propensity to save is 0.4. If the equilibrium level of income is 1,700 then the investment expenditure in this economy will be 400. True or False. Justify your answer. 4

OR

In an economy the equilibrium level of income is 900 and the autonomous saving is -100. If marginal propensity to save is 0.3 consumption expenditure in this economy will be 500. True or False? Justify your answer.

- 15 Explain the process of credit creation by the commercial banks. 4
- 16 Explain the significance of export promotion in correcting the situation of deflationary gap in the economy. 6
- 17 Calculate Gross National Product at Market Price by (a) Income method and (b) Expenditure method : 6

Items	Rs. in crore
(i) Net exports	25
(ii) Rent	35
(iii) Private final consumption expenditure	415
(iv) Interest	45
(v) Dividends	50
(vi) Undistributed profits	10
(vii) Corporate tax	15
(viii) Government final consumption expenditure	115
(ix) Net domestic capital formation	65
(x) Compensation of employees	400
(xi) Consumption of fixed capital	25
(xii) Net indirect taxes	65
(xiii) Net factor income from abroad.	(-) 10

OR

From the following data calculate National income by

(a) Income method and

(b) Expenditure method

Items	Rs. in crore
(i) Private final consumption expenditure	330
(ii) Mixed income of self employed	25
(iii) Gross domestic fixed capital formation	50
(iv) Opening stock	15
(v) Compensation of employees	230
(vi) Closing stock	
(vii) Government final consumption expenditure	25
(viii) Operating surplus	80
(ix) Consumption of fixed capital	180
(x) Net indirect taxes	10
(xi) Net factor income from abroad	15
(xii) Exports	(-) 5
(xiii) Imports	20
	30

SECTION B

- 18 Which of the following features shows backwardness of agriculture of Indian economy on the eve of independence? 1
 (a) Low productivity (b) High degree of uncertainty
 (c) Forced commercialisation of agriculture (d) Both (a) and (b)
- 19 Which of the following is an essential indicator of good health? 1
 (a) Low death rate (b) Low infant mortality rate
 (c) High expectancy of life (d) All of these
- 20 In terms of the sectoral contribution to GDP, economy of China is relying more on 1
 (a) Primary sector (b) Secondary sector
 (c) Tertiary sector (d) None of these
- 21 Which of the following is related to agricultural marketing: 1
 (a) Storage (b) Preservation
 (c) Processing (d) All of these
- 22 Unemployment occurs owing to cyclical fluctuations in the economy called : 1
 (a) Frictional unemployment (b) Disguised unemployment
 (c) Cyclical unemployment (d) Urban unemployment
- 23 Marketable surplus is the excess of output over and above on farm consumption. 1
 True or False
- 24 Comprehensive planning is pursued in ----- economies. 1
 (capitalist / socialist)
- 25 Goods which are available as free gifts of nature are largely used as ----- inputs. 1
 (commercial / non – commercial)

- 26 India has performed better than ----- with regard to GDP growth. 1
(China / Pakistan)
- 27 Define poverty line. 1
- 28 State the principal problems of agricultural sector in India. 3
- 29 Write three observations on the significance of social infrastructure in the context of growth and development of the country. 3
- OR**
- Is there any relationship between unemployment and poverty? Explain.
- 30 (a) In India the problem of unemployment is chronic in nature rather than cyclical. Do you agree? 2+2
(b) Also explain why women in rural areas are ready to work at low wages.
- OR**
- State the pitfalls which act as a hurdle in the growth of medical tourism in India.
- 31 How does investment in human capital contribute to economic growth? 4
- 32 Give a brief description of the common success story and the common failures of India and Pakistan. 4
- 33 Give a brief description of the conventional and non – conventional sources of energy. Give suggestions to cope with the challenge of power generation in India. 6
- OR**
- Distinguish between absolute poverty and relative poverty. Do you think GDP growth is the ultimate solution to the problem of poverty in India?
- 34 What do you mean by new economic policy? Describe in brief industrial sector reforms introduced under the new economic policy. 6