



APEEJAY SCHOOL, PANCHSHEEL PARK

Class – XII

Subject – Economics

MIDTERM EXAMINATION (2024-25)

Date: 19.09.2024

M.M.: 80

Name of the Student: Nitya
Time Allowed: 3 hrs.

General Instructions:

Read the following instructions carefully and strictly follow them:

- (i) This question paper contains 34 questions. All questions are compulsory.
- (ii) This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- (iii) This question paper contains 20 Multiple Choice Questions. Each question carries 1 mark.
- (iv) This question paper contains 4 Short Answer Type – I questions. Each question carries 3 marks.
Answer these questions in 60 to 80 words.
- (v) This question paper contains 6 Short Answer Type – II questions. Each question carries 4 marks.
Answer these questions in 80 to 100 words.
- (vi) This question paper contains 4 Long Answer Type questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.
- (vii) Attempt all parts of a question together.

SECTION – A : MACROECONOMICS

1. Flow of goods and services and factors of production across different sectors in a barter economy is known as :
(a) Circular Flow (b) Real Flow (c) Monetary Flow (d) Capital Flow
2. Inventory is a _____ concept, whereas the change in inventory is a _____ concept.
(a) Stock, Flow (b) Flow, Stock (c) Stock, Stock (d) Flow, Flow
3. Statement 1: Intermediate goods are included in national income but not in domestic income.
Statement 2: Intermediate goods are used up in the same year.
(a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true and Statement 2 is false.
(d) Statement 2 is true and Statement 1 is false.
4. When will GDP of an economy be equal to GNP?
(a) When net factor income from abroad is zero (b) When net factor income from abroad is positive
(c) When net factor income from abroad is negative (d) None of these

5. Assertion(A): Scholarship is not included while computing National Income.
 Reason(R): Transfer income does not contribute to current flow of goods and services.

- (a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion
- (b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion
- (c) Assertion is True but Reason is False
- (d) Assertion is False but Reason is True

6. Statement 1: Demand deposits which come back to the commercial banks through their lending process are known as secondary deposits.
 Statement 2: Demand deposits are equal to cash deposits of the people with the commercial banks.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement 1 is true and Statement 2 is false.
- (d) Statement 2 is true and Statement 1 is false.

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

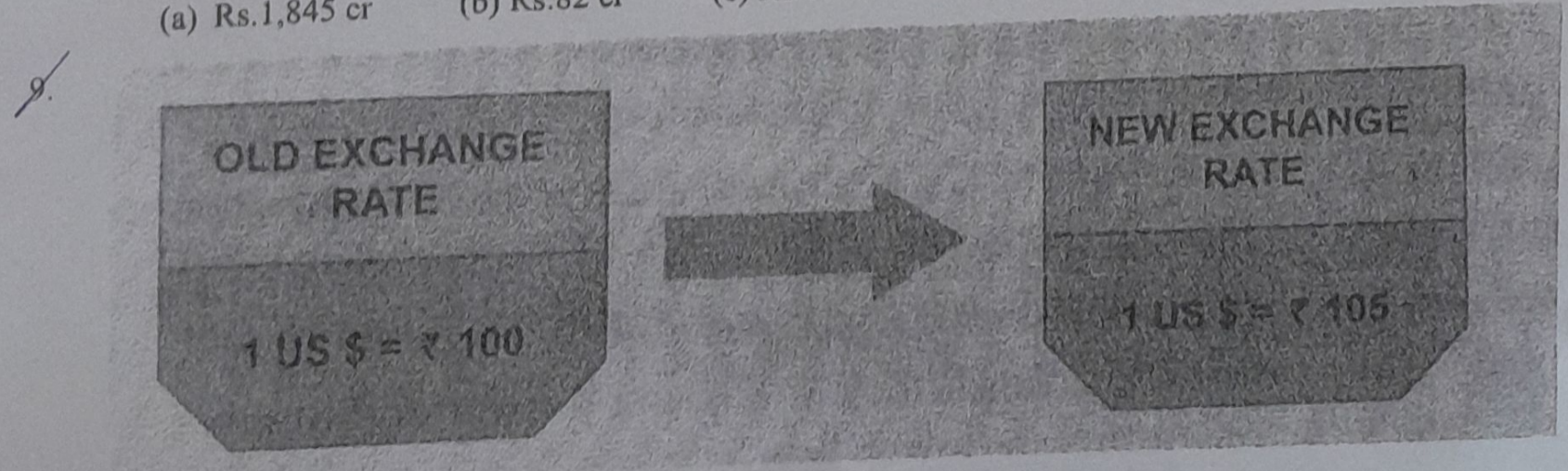
| Column I | Column II |
|-------------------------------|---------------------------------|
| A. Supply of money | (i) A flow concept |
| B. M1 measure of money supply | (ii) Currency + Demand Deposits |
| C. Demand deposits | (iii) Chequable deposits |
| D. Net demand deposits | (iv) Not a part of money supply |

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

8. On the basis of the following data, calculate the value of the revenue deficit:

| S.No. | Items | Amount (in Rs. crore) |
|-------|---------------------|-----------------------|
| (i) | Tax Receipts | 1,542 |
| (ii) | Revenue Expenditure | 1,927 |
| (iii) | Direct Taxes | 670 |
| (iv) | Non - Tax Receipts | 303 |

- (a) Rs.1,845 cr
- (b) Rs.82 cr
- (c) Rs.100 cr
- (d) Rs.588 cr



On the basis of the above chart answer the following question:
 The appreciating currency in the above case is _____.

- (a) Dollar
- (b) Rupee
- (c) Both (a) and (b)
- (d) None of these

Statement 1: Balance of Payment is an accounting statement which records all the economic transactions that take place between the residents of a country during a given period of time.

Statement 2: Current account of Balance of Payment records all the transactions that relate to assets or liabilities.

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- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

3

11. Explain the 'standard of deferred payment' function of money.

3

12. Distinguish between domestic income and national income.

4

13. What is meant by factor income to abroad? State its components.

4

14. Discuss briefly, the meanings of: (a) Managed Floating exchange rate; and (b) Autonomous transactions in BoP.

4

15. Read the following text carefully, discuss briefly the relevant function of the Central Bank, indicated: Recently, Reserve Bank of India (RBI) conducted a statutory inspection for supervisory evaluation against a Commercial Bank. The commercial bank was imposed with stringent penalties, owing to deficiencies in regulatory compliances.

As per the Central Bank, the inspection revealed non-compliances vis-à-vis different directions issued by RBI, on the following fronts:

- (i) ATM Card frauds
- (ii) Ensuring integrity and quality of data
- (iii) Loans to small borrowers

6

16. Calculate: (a) GDPmp by Income method; and (b) Closing Stock.

| | Particulars | Rs. in crores |
|-------|--|---------------|
| i) | Private final consumption expenditure | 450 |
| ii) | Rent | 120 |
| iii) | Government final consumption expenditure | 50 |
| iv) | Indirect taxes | 60 |
| v) | Interest | 150 |
| vi) | Mixed income of self employed | 20 |
| vii) | Consumption of fixed capital | 30 |
| viii) | Opening stock | 10 |
| ix) | Gross fixed capital formation | 300 |
| x) | Compensation of employees | 200 |
| xi) | Net exports | (-) 10 |
| xii) | Net factor income from abroad | (-) 10 |
| xiii) | Subsidies | 10 |
| xiv) | Profit | 250 |

17a. Explain how the government can use the budgetary policy in reducing inequality of income in the economy.

3

b. Identify the following as revenue expenditure and capital expenditure. Give reasons.

3

- (i) Subsidies
- (ii) Loan given to Union Territories
- (iii) Expenditure on collection of taxes

SECTION – B INDIAN ECONOMIC DEVELOPMENT

18. Arrange the following events in chronological order and choose the correct answer from the given alternatives:

- (i) Establishment of People's republic of China
- (ii) Creation of Pakistan
- (iii) First Five Year Plan of India
- (iv) First Five Year Plan of China

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

19. _____ was the predecessor organization to World Trade Organisation (WTO).

- (a) International Bank for Reconstruction and Development (IBRD)
- (b) International Monetary Fund (IMF)
- (c) Reserve Bank of India (RBI)
- (d) General Agreement on Tariffs and Trade (GATT)

20. India is not a member of which of the following regional /global economic groupings?

- (a) European Union (b) BRICS (c) G – 20 (d) SAARC

21. Statement 1: Proportion of people living below poverty line is more in India as compared to Pakistan.
Statement 2: Between India and China, India has higher value of Human Development Index.

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

22. Assertion(A): Devaluation of Indian rupee in 1991 resulted in the inflow of foreign exchange.
Reason(R): Devaluation of the Indian rupee was a step to get more foreign investments.

- (a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- (b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.
- (c) Assertion is True but Reason is False.
- (d) Assertion is False but Reason is True.

23. Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

| Column I | Column II |
|---------------------------------------|--|
| A. Cooperative Farming | (i) Policy of reliance on import substitution |
| B. Karve Committee | (ii) Enhance bargaining power of the small holders |
| C. Inward looking trade strategy | (iii) Aimed at promoting regional equality |
| D. Licensing policy of the government | (iv) 1955 |

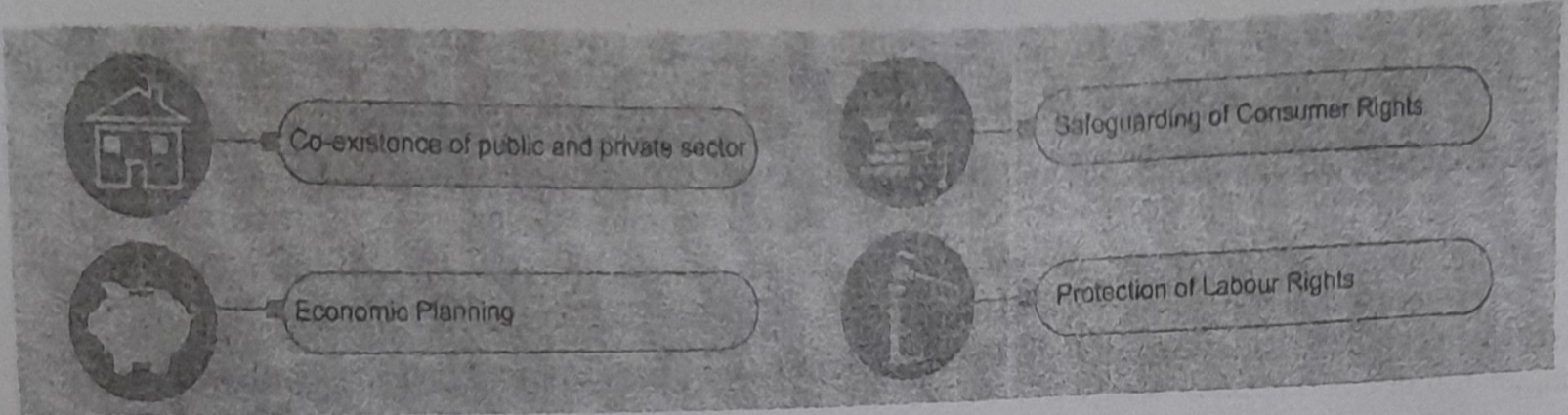
- (a) A-(ii), B-(i), C-(iv), D-(iii) (b) A-(iv), B-(iii), C-(ii), D-(i)
(c) A-(ii), B-(iv), C-(i), D-(iii) (d) A-(iii), B-(iv), C-(i), D-(ii)

Statement 1: Subsidies do not add any burden on financial health of a nation.

Statement 2: Complete removal of subsidies may violate the aim of equitable distribution of income.

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- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement 1 is true and Statement 2 is false.
- (d) Statement 2 is true and Statement 1 is false.



Analyse the image given above and identify the economic system to which these features belong.

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- (a) Capitalist Economy
- (b) Socialist Economy
- (c) Mixed Economy
- (d) None of these

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26. Identify which of the following statement is correct :

- (a) British colonial rule made India net importer of raw material.
- (b) The real motive behind infrastructure development by Britishers was to serve the people of India.
- (c) India generated large export surplus during the British rule.
- (d) Indian handicraft industry enjoyed world- wide reputation under the British rule.

27.

Assertion(A): India could not develop a sound industrial base during the British rule.

Reason(R): Britishers followed restrictive trade policies, which led to the rise of Indian handicraft industries.

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- (a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- (b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.
- (c) Assertion is True but Reason is False.
- (d) Assertion is False but Reason is True.

28.

Comment upon any 2 salient features of occupational structure of India on the eve of independence.

3

29.

Why was it necessary for a developing country like India to follow self – reliance as a planning objective?

3

30.

State the meaning of import substitution. Explain how import substitution can protect the domestic industry.

4

31a.

State the meaning of commune.

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b. Explain the concept of 'Dual Pricing' adopted by China.

3

32.

"Some economists believe that the economic reforms have adversely affected the agriculture sector in India." Do you agree with the given statement? Justify your answer with valid reasons.

4

- 5
- Shift to cash crop
- less investment
- high taxes
- Removal of subsidy.

33a. Give reasons for the slow growth and re-emergence of poverty in Pakistan. 3

b. On the basis of the following information, compare and analyse the population growth rate among the given countries: 3

| Country | Estimated Population (in million) | Annual Growth of Population (in %) |
|----------|-----------------------------------|------------------------------------|
| China | 1,393 | 0.46 |
| Pakistan | 212 | 2.05 |

Source: World Development Indicators 2019

34. Read the following case study carefully and answer the questions (i) – (ii) on the basis of the same: Industrial licensing, which was earlier applicable for all industries except a defined list, was now abolished for all but a handful of industries. This meant investment in new plants and capacity expansion in existing plants could now be undertaken for a very wide range of industries without any approval from the central government. Since the location of industries was previously specified in the license, the abolition of industrial licenses meant that location was left to investors to decide, setting the stage for different states to compete with each other to attract private investment. Earlier, the Monopolies and Restrictive Trade Practices (MRTP) Act provided that all investments by companies with total assets exceeding Rs. 1 billion needed special scrutiny to ensure that it would not increase concentration of economic power. These restrictions were abolished and the MRTP Act was to be used to check anticompetitive behaviour. Foreign Direct Investment (FDI) was earlier allowed only in a defined list of high priority industries and each application needed to be cleared on a case-by-case basis, with foreign equity limited to 40%. FDI was now freely allowed up to 51% in this list and higher limits were considered on the merits of each case. The government also announced that it would seek foreign investment pro-actively in areas where it could make a major contribution.

—Montek S. Ahluwalia, India's Economic Reforms: Achievements and Next Steps, Asian Economic Policy Review, 2018

(i) Liberalisation of the economy heralded a paradigm shift in the approach towards management of the economy. Discuss. 3

(ii) State some trade and investment policy related reforms that were initiated in 1991. 3