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Roll no: 07

TERM - I EXAM (2024-25)
ECONOMICS (030) CLASS XII

TIME: 3 HOURS

M.M. - 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A - Macro Economics
Section B - Indian Economic Development
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION - A (MACROECONOMICS)

1. Read the following statements carefully:

Statement 1: Consumption function assumes that, consumption changes at a constant rate as income changes.

Statement 2: Autonomous consumption is the ratio of total consumption (C) to total income (Y).

In light of the given statements, choose the correct alternative from the following:

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

2. The value of _____ can be greater than one.

(Choose the correct alternative to fill up the blank)

- a) Marginal Propensity to Consume
- b) Average Propensity to Consume
- c) Marginal Propensity to Save
- d) Average Propensity to Save

3. "The value of all goods and services can be expressed in monetary units."

On the basis of the given statement, identify the function performed by money:

- a) Medium of exchange
- b) Store of Value
- c) Unit of account
- d) Means of standard of deferred payments

4. Graphically, Aggregate Demand function can be obtained by vertically adding the _____ and _____ function. (Choose the correct alternative to fill up the blanks)

- a) consumption, saving
- b) consumption, investment
- c) investment, saving
- d) aggregate supply, consumption

5. Suppose for a given economy,

$$S = -60 + 0.1Y$$

$$I = ₹ 4,000 \text{ crore}$$

(Where S = Saving Function, Y = National Income and I = Investment Expenditure)

Equilibrium level of Income would be ₹ _____ crore.

(Choose the correct alternative to fill up the blank)

- a. 40,000
- b. 50,000
- c. 40,600
- d. 60,000

6. Identify which of the following statement is TRUE?

- a) Statutory Liquidity Ratio is fixed by the government
- b) Government of India issues all the coins and Re 1/- currency notes .
- c) Supply of currency notes is determined under fiscal policy .
- d) Demand deposits are not payable through cheques

7. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.

Assertion (A): Money is an asset and can be stored in future , money helps people to transfer their purchasing power from present use to future use .

Reason (R): Money is a way to store wealth because it is commonly accepted measure of value and easy to store.

Alternatives:

- a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b) Both Assertion (A) and Reason (R) are true, but Reason (R) is *not* the correct explanation of Assertion (A).
- c) Assertion (A) is true, but Reason (R) is false.
- d) Assertion (A) is false, but Reason (R) is true.

8. Unforeseen obsolescence of fixed capital assets during production is :

- a) Consumption of fixed capital
- b) Capital loss
- c) Income loss
- d) Revenue loss

9. Which of the following is not true for MPC in an economy ?

- a) MPC can be zero
- b) MPC can exceed one
- c) MPC can lie between zero and one
- d) Both b and c

10. Which of the following is not a resident for the purpose of estimating the national income?

- a) An Indian employed in World Health Organisation located in India
- b) An American tourist staying in India
- c) Indian working in American embassy in India
- d) World Health Organisation located in India

11. " Management of a water polluting oil refinery says that it ensures welfare through its contribution to gross domestic product ". Defend or refute the argument of management with respect to GDP as a welfare measure of the economy .

12. State the meaning of EXCESS DEMAND with the help of a diagram . Also suggest two

monetary policy measures to control the same .

13. In an economy, ex-ante Aggregate Demand is more than ex-ante Aggregate Supply." Elaborate the possible impact of the same, on the level of output, income and employment.

14. On the basis of the given data, estimate net national product at market price

S. No.	Items	Amount(₹in crore)
i.	Gross domestic fixed capital formation	350
ii.	Private final consumption expenditure	8000
iii.	Government final consumption expenditure	3000
iv.	Value of output produced in the country	150
v.	Current replacement cost of fixed capital	40
vi.	Net exports	(-)60
vii.	Net Factor Income From Abroad	80
viii.	Sales by all firms in the economy	100

15. a) Explain Banker to the government function of RBI .

b) In the C-C economy , saving is ruled out because there is no money in this economy . True or false ? Also give reason .

16. (i) Explain with valid reasons whether the following will ~~not~~ be included or not in the estimation of national income of India :

a) Purchase of shares of X Ltd . by an investor in the National Stock Exchange .

b) Salaries paid by the French Embassy , New Delhi to the local workers of the housekeeping department .

c) Compensation paid by Government of India to the victims of flood .

(ii) What is break-even point? Show the break-even point with the help of consumption and income curve. At this point what will be the value of savings?

17. Answer the following questions based on the data given below:

(i) Planned investment = Rs 100 crores

(ii) $C = 50 + 0.5 Y$

(a) Determine the equilibrium level of income

(b) Calculate the value of savings and consumption expenditure at equilibrium level of national income

(c) Calculate the value of investment multiplier

SECTION – B (INDIAN ECONOMIC DEVELOPMENT)

18. Demonetization is the _____ policy where in the legal status of a currency unit is cancelled and new ones come into circulation.

a) Social

b) Legal

- c) Economic
- d) Political

19. _____ was founded in 1995 as the successor organization to the General Agreement on Trade and Tariff (GATT), which was established in 1948 with 23 countries as the global trade organization to administer all multilateral trade agreement by providing equal opportunities to all countries in the international market for trading purposes .
(Choose the correct alternative to fill up the blank)

- a) World Trade Organization
- b) International Monetary Fund
- c) Reserve Bank of India
- d) None of these

20. Read the following statements carefully.

Statement 1: A small scale industry needs much smaller investment as compared to a large scale industry

Statement 2: The role of small scale industry in promoting rural development was underlined by the Karve Committee.

In the light of the given statements, choose the correct alternative:

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

21. The Tapas Majumdar Committee, appointed by the government of India in 1998, estimated an expenditure of around _____ over 10 years to bring all Indian children in the age group of 6-14 years under the purview of school education

- a) Rs 1.37 lakh crores
- b) Rs 1.45 lakh crores
- c) Rs 1.54 lakh crores
- d) Rs 1.73 lakh crores

22. Identify the incorrect statement from the following:

- a) Diversification in agriculture sector provides sustainable livelihood to rural population
- b) Diversification includes- change in cropping pattern and shift of work force from agriculture to other allied activities and non-agricultural sector
- c) Objective of investment in new agricultural avenues (non-farm activities) increases financial risk for the rural population
- d) Diversification reduces the proportion of unemployed population in the rural areas to considerable limits.

23. Choose the correct pair of statements :

Column 1	Column 2
A HYV technology	1 Reduced the time lag between sowing and harvesting of crops
B use of insecticides and pesticides for crop rotation	2 Institutional reforms in Indian agriculture
C small scale industry	3 Established close to the source of raw material
D Quota - Tariffs	4 Directly increase the price of imported commodities

24. The architect of Indian planning was :

- a) Jawahar Lal Nehru
- b) Sardar Vallabh Bhai Patel
- c) P C Mahalanobis
- d) B R Ambedkar

25. Which of the following is not a goal of planning in India ?

- a) GDP growth
- b) Equitable distribution
- c) Full employment
- d) Modernisation

26. Micro credit programmes play a vital role in ensuring an overall development of the rural economy as they. (Choose the correct alternative to fill up the blank)

- (i) provide financial support
- (ii) lead to women empowerment
- (iii) enhance the reach of formal credit system

Alternatives:

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

27. Read the following statements carefully.

Statement 1: The Skill India program was launched by the government of India in order to increase human capital formation.

Statement 2: Human capital formation refers to the stock of 'skill and expertise' of a nation at a point of time.

In the light of the given statements, choose the correct alternative:

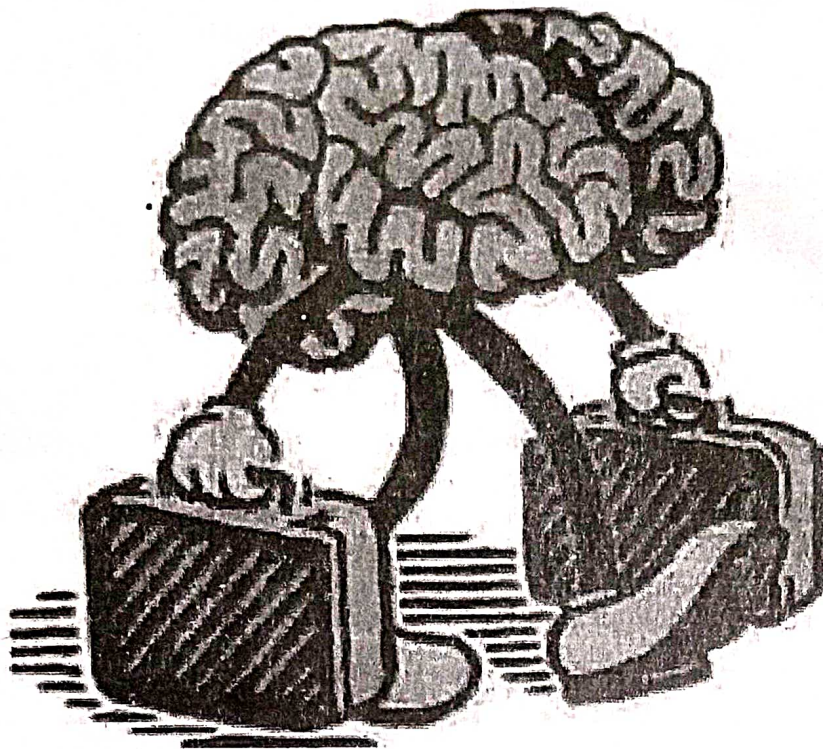
- a) Statement 1 is true and statement 2 is false
- b) Statement 1 is false and statement 2 is true
- c) Both statements 1 and 2 are true
- d) Both statements 1 and 2 are false

28. During the colonial period, a number of socio-economic indicators were in a ~~economic state~~ were in a dilapidated state."

List any three such indicators that led to the worsening of India's demographic profile.

29. On the basis of the image given below , andwer the following questions :

- a) What is the problem that the picture depicts ?
- b) What are the causes of this problem?



30. Explain any two sources of human capital formation .

30. a) Discuss briefly any TWO major steps taken by the Government of India on Financial Sector front under the Economic Reforms 1991. 4

b) Why were economic reforms introduced in India ? Give any TWO reasons .

31. i) Defend/refute the following statements with valid reasons: 4

a) Those public sector undertakings which are making profits should be privatized

b) Outsourcing is good for India but developed countries are opposing it

ii) Education is considered to be an important input for the development of a nation. How?

32. . Read the following text carefully and answer the given questions on the basis of the same and common understanding: 4

The report of the Agricultural Credit review committee (1989), known as Khusro Committee was one of the comprehensive studies undertaken by the RBI in the field of agricultural credit. In the agriculture sector, the continuous declining size of farms, over exploitation of water in the Green Revolution areas and the shortage of energy were identified as constraints on the existing production. It was also observed that the greater growth of Indian agriculture will need agricultural development programs in different states supported by financial institutions to make agricultural and rural economies more viable, productive, progressive and profitable. However the objective of increased credit flow to weaker sections and rural areas has been achieved through nationalization of banks.

~ Gaikwad, P. hd Thesis, Solapur University, 2018

a) Which of the factors may shake the very foundation of rural banking system?

- i. High default rate
- ii. Rural-Urban divide
- iii. Rising population
- iv. All of these

b) _____ is the apex bank working for the expansion of rural credit.

c) Kudumbashree, a small savings bank for poor women to encourage savings was setup in 1995 in _____

- i. Tamil Nadu
- ii. Maharashtra
- iii. Kerela
- iv. Bihar

d) Mention one measure to improve agriculture marketing in India.

e) The role of RBI in the field of agricultural credit has been multi-dimensional, though largely regulatory in nature (True/false)

f) How do corporative credit societies help poor farmers?

33. a. Green revolution transformed India from a subsistence food grain economy to a food surplus economy. Justify the statement and also give reasons for your answer. (2+4)

b. Liberalisation was introduced to put an end to those restrictions which became a major hindrance to growth and development and open various sectors of the economy. In the light of this statement, explain any THREE liberalization measures introduced in 1991.

34. a. State any FOUR problems of human capital formation in India

b. Identify the benefits and limitations of organic farming ..

(3+3)