

LAVANYA SINHA

ST. ANTHONY'S SR. SEC. SCHOOL
TERM - 1 EXAMINATION (2024 - 2025)

CLASS XII

SUBJECT: ECONOMICS (SET A)

TIME: 03 HOURS

MAX. MARKS: 80

General Instructions:

1. All questions in both sections are compulsory.
2. Marks for questions are indicated against each.

Section A: Macroeconomics

(40 Marks)

I. Multiple Choice Questions

(1 mark each)

1. The primary phase in the circular flow of income model where firms provide households with goods and services in exchange for factor payments is known as:
 - a) The inner loop
 - b) The outer loop
 - c) The production phase
 - d) The consumption phase
2. Which of the following is not a method for measuring national income?
 - a) Income method
 - b) Expenditure method
 - c) Production method
 - d) Distribution method
3. In the context of national income, which of the following is considered a transfer payment?
 - a) Salary to a government employee
 - b) Pension to a retired official
 - c) Interest on government bonds
 - d) Profits earned by a corporation
4. The money supply in the economy is controlled by:
 - a) Commercial banks
 - b) The Ministry of Finance
 - c) The Reserve Bank of India
 - d) The Planning Commission
5. Fiscal deficit in the government budget primarily indicates:
 - a) Total deficit
 - b) Revenue deficit
 - c) Primary deficit
 - d) Borrowing requirement of the government
6. Which of the following is not a function of money?
 - a) Medium of exchange

- b) Store of value
- c) Unit of account
- d) Means of production

7. Suppose money created by the banking system is Rs.1000 and the primary deposits Rs.250. The respective values of deposit multiplier and reserve ratio would be _____

- a) 4, 25%
- b) 8, 12.5%
- c) 4, 12.5%
- d) 5, 20%

8. Which of the following is not included in the government budget?

- a) Direct taxes
- b) Indirect taxes
- c) Private investments
- d) Government expenditures

9. The leakage in the circular flow of income model refers to:

- a) Taxes
- b) Savings
- c) Imports
- d) All of the above

10. The concept of 'injection' in the circular flow of income refers to:

- a) Government spending
- b) Investments
- c) Exports
- d) All of the above

II. Short Answer Questions

(3 marks each)

- 11. Explain the concept of 'nominal GDP' and 'real GDP'. Why is real GDP considered a better measure of economic growth?
- 12. Discuss the role of the Reserve Bank of India in controlling the money supply in the economy.

III. Short Answer Questions

(4 marks each)

- 13. Describe the different phases in the circular flow of income in a two-sector economy.
- 14. From the following information, Calculate: a) Fiscal Deficit b) Primary Deficit

Interest payments	30% of Revenue Deficit
Revenue Expenditure	30,000
Capital Expenditure	44,000
Revenue Deficit	16,000
Total Receipts excluding Borrowings	40,000

- 15. Discuss the significance of the government budget in influencing macroeconomic activities.

IV. Long Answer Questions

(6 marks each)

16. From the following information, calculate gross national income by a) income method b) expenditure method.

s.no.	Items	Rs. In crores
1.	Factor income from abroad	10
2.	Compensation of employees	150
3.	Net domestic capital formation	50
4.	Private final consumption expenditure	220
5.	Factor income to abroad	15
6.	Change in stock	15
7.	Employer's contribution to SSS	10
8.	Consumption of fixed capital	15
9.	interest	40
10.	exports	20
11.	imports	25
12.	Indirect taxes	30
13.	subsidies	10
14.	rent	40
15.	Government final consumption expenditure	85
16.	profit	100

17. Elaborate on the various components of the money supply in the Indian economy.

Section B: Indian Economic Development

(40 Marks)

I. Multiple Choice Questions

(1 mark each)

18. The Indian economy on the eve of independence was characterized by:

- High industrial development
- Predominance of the primary sector
- Diversified trade patterns
- Balanced regional growth

19. The period from 1947 to 1990 in India was marked by which of the following economic systems?

- Capitalist economy
- Mixed economy
- Socialist economy
- Laissez-faire economy

20. The economic reforms of 1991 in India included:

- Nationalization of banks
- License Raj
- Liberalization, Privatization, and Globalization
- Import substitution

21. Which sector was given the highest priority during the Second Five Year Plan?

- Agriculture
- Industry
- Services

d) Trade

22. The 'Green Revolution' in India led to:

- a) Increase in industrial output
- b) Self-sufficiency in food grains
- c) Decrease in export of agricultural products
- d) Increase in import of fertilizers

23. The main objective of the economic reforms of 1991 was to:

- a) Increase state control over the economy
- b) Promote small scale industries
- c) Introduce market-friendly policies
- d) Encourage public sector enterprises

24. Before the economic reforms of 1991, India's trade policy was characterized by:

- a) High tariffs and quotas
- b) Free trade
- c) Export orientation
- d) Multilateral trade agreements

25. The term 'Hindu rate of growth' refers to:

- a) The high growth rate of the Indian economy in the 1980s
- b) The low growth rate of the Indian economy from 1950 to 1980
- c) The growth rate of the Indian economy post-1991
- d) The growth rate of the Indian economy during the medieval period

26. The main reason for the nationalization of banks in 1969 was to:

- a) Strengthen the private sector
- b) Provide more loans to big industries
- c) Ensure a greater volume of credit for agriculture and small industries
- d) Encourage foreign investment

27. The New Economic Policy of 1991 included measures to:

- a) Increase the role of the public sector
- b) Reduce fiscal deficit and inflation
- c) Strengthen the License Raj
- d) Promote import substitution

II. Short Answer Questions

(3 marks each)

28. Discuss the state of the Indian economy on the eve of independence with respect to demographic profile.

29. Explain the objectives of the economic reforms introduced in India in 1991.

III. Short Answer Questions

(4 marks each)

30. Analyse the impact of the Green Revolution on the Indian economy.

31. Discuss the challenges faced by the Indian economy during the period from 1947 to 1990.

32. Evaluate the role of the public sector in the Indian economy from 1947 to 1990.

IV. Long Answer Questions

(6 marks each)

33. Critically assess the outcomes of the economic reforms initiated in 1991 in terms of growth, employment, and poverty.
34. Examine the changes in the Indian economy post-liberalization with respect to foreign trade and investment.