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INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2024



(ECONOMICS-030)

Class: XII

Date:22/09/2024

Time: 3Hours

Maximum Marks: 80

GENERAL INSTRUCTIONS:

Read the following instructions very carefully and strictly follow them:

1. This question paper comprises two sections –A and B. All questions are compulsory.
2. Questions 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 them should not normally exceed 60-80 words each.
4. Questions 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. Questions numbers 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100-150 words each.
6. Answers should be brief and to the point. Also, the above word limit be adhered to as far as possible.

1	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion(A): The flow variable has a time dimension. Reason (R): The flow variable is measured at particular point of time. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A). (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true.	1
2	“Macroeconomics emerged as a separate branch of economics after the “Great Depression” which began in 1929 in the United States and impacted most of the western European nations for about a decade. J.M. Keynes the author of the book,” General Theory of Employment, Interest and Money”, published in 1936 was instrumental in bringing about this schism. The problem was not able to resolve itself going by the theories of the then Classical Economic Thoughts. According to	1

	<p>Keynes, certain interventions are required to solve the short run disequilibrium occurring in an economy.”</p> <p>The Great Depression of 1929 was caused due to</p> <p>(a) Rising Aggregate Demand (b) Falling Aggregate Demand (c) Both (a) and (b) (d) None of these</p>	
3	<p>In an economy, the value of Factor Income from Abroad is ₹. 300 crores and the value of Factor Income to Abroad is ₹ 50 crores, identify the value of net Factor Income from Abroad</p> <p>(a) ₹250 (b) ₹350 (c) ₹300 (d) ₹50</p>	1
4	<p>Identify the correct equation from the following:</p> <p>(a) $GDPMP = NDPMP + Depreciation$ (b) $NDPFC = NNPFC + Net\ Indirect\ Taxes$ (c) $GNPMP = GDPFC + Net\ Factor\ Income\ from\ Abroad$ (d) $NNPFC = NDPMP + Depreciation$</p>	1
5	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below:</p> <p>Assertion (A): To boost the falling demand in the economy. Reserve bank of India recently reduced repo rate and bank rate.</p> <p>Reason (R): Decrease in repo rate and bank rate causes decreases in the rate of interest which leads to rise demand of credit because of which more money flows into the economy, purchasing power of people increases. Thus, aggregate demand rises and deficient demand is corrected.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A). (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true.</p>	1
6	<p>Read the following statements carefully:</p> <p>Statement1: The deflationary gap is the amount by which the actual aggregate demand exceeds the level of aggregate demand required to establish the full-employment equilibrium.</p> <p>Statement 2: The deflationary gap is a measure of the amount of the deficiency of aggregate demand.</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(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.</p>	1
7	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below:</p>	1

	<p>Assertion (A): Before reaching the Break-Even level of income, the value of Average Propensity to Consume (APC) is greater than one.</p> <p>Reason (R): Before reaching the Break-even level of income the amount of consumption is greater than the amount of income.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p>													
8	<p>For the given Consumption function, $C = 205 + 0.8 Y$, the value of investment multiplier would be _____ (Choose the correct alternative to fill up the blank)</p> <p>(a) 0.8</p> <p>(b) 5</p> <p>(c) 10</p> <p>(d) 0.05</p>	1												
9	<p>Read the following statements carefully:</p> <p>Statement 1: The induced consumption shows, the inverse relation between consumption and income.</p> <p>Statement 2: With a certain increase in income, induced consumption also increases.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.</p> <p>(b) Statement 1 is false and Statement 2 is true.</p> <p>(c) Both Statements 1 and 2 are true.</p> <p>(d) Both Statements 1 and 2 are false.</p>	1												
10	<p>Read the following statements:</p> <p>Assertion (A) and Reason (R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Involuntarily unemployed people are those able-bodied people who are not willing to work at the prevailing wage rate.</p> <p>Reason (R): There exists zero involuntary unemployment at full employment level of equilibrium.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p>	1												
11	Elaborate "Redistribution Function "of the Government Budget.	3												
12	<table border="1"> <thead> <tr> <th>. No.</th> <th>Items</th> <th>(₹ in 100 crore)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tax revenue</td> <td>47</td> </tr> <tr> <td>2</td> <td>Capital Receipts</td> <td>34</td> </tr> <tr> <td>3</td> <td>Non-Tax revenue</td> <td>10</td> </tr> </tbody> </table>	. No.	Items	(₹ in 100 crore)	1	Tax revenue	47	2	Capital Receipts	34	3	Non-Tax revenue	10	3
. No.	Items	(₹ in 100 crore)												
1	Tax revenue	47												
2	Capital Receipts	34												
3	Non-Tax revenue	10												

	4	Borrowings	32		
	5	Revenue Expenditure	80		
	6	Interest payment	20		
	Calculate (a) revenue deficit (b) fiscal deficit (c) primary deficit.				
13	Calculate National Income by Income and Expenditure Method.				4
	Sl. No.	Particulars	Rs. In crore		
	i	Compensation of employees	600		
	ii	Government final consumption expenditure	550		
	iii	Net factor income from abroad	(-) 10		
	iv	Net exports	(-) 15		
	v	Profits	400		
	vi	Net indirect taxes	60		
	vii	Mixed income of self employed	350		
	viii	Rent	200		
	ix	Interest	310		
	x	Private final consumption expenditure	1000		
	xi	Net domestic capital formation	385		
	xii	Consumption of fixed capital	65		
14	(a) In what situation will the Real Gross Domestic Product be greater than the Nominal Gross Domestic Product? (b) If the Nominal Gross Domestic Product is ₹2200 crores, and the price index (base = 100) is 110. Calculate the Real Gross Domestic Product.				2 2
15	"The pre-independent India's occupational structure experienced growing regional variation." Justify the above statement with valid explanation.				4
16	(A) "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. (B) Explain any two fiscal policy measures that can help to control deficient demand.				3 3
17	Explain with an example the working of investment multiplier.				6

PART B		
18	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): The minimum value of Marginal Propensity to Save (MPS) can be unity. Reason (R): At the break-even level of income, savings are zero.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A). (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A). (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true</p>	1
19	<p>Which is correct?</p> <p>(a) $MPC+MPS=0$ (b) $MPC+MPS<1$ (c) $MPC+MPS=1$ (d) $MPC+MPS>1$</p>	1
20	<p>"In the Annual Budget 2022-23, the Government of India set up disinvestment targets of ₹ 65,000 crore". Such proceeds from disinvestment can be classified as _____ receipts in the Government Budget as it leads to _____ of the Government. (Choose the correct alternative)</p> <p>(a) capital, decrease in assets (b) revenue, increase in assets (c) capital, increase in liabilities (d) revenue, decrease in liabilities</p>	1
21	<p>Revenue deficit in Government Budget indicates.....</p> <p>(a) Excess of capital expenditure over capital receipt (excluding borrowings) (b) Excess of revenue expenditure over revenue receipt (c) Borrowing requirement of the State Governments only (d) Excess of total expenditure over revenue receipts and non-debt creating capital receipts</p>	1
22	<p>Occupational Structure refers to:</p> <p>(a) Nature of different occupations (b) Size of working force in a country (c) Distribution of working force among different occupations (d) Number of people living in a country</p>	1
23	<p>Read the following statements: Assertion(A): Year 1921 was called as year of Great Divide. Reason(R): Prior to 1921, India's population growth rate was erratic whereas, after 1921, India experienced steady population growth rate.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).</p>	1

	<p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true</p>	
24	<p>The industries that produce machines and tools which produce consumer goods are:</p> <p>a) Consumer goods industry</p> <p>b) Capital goods industry</p> <p>c) both consumer and Capital goods industry</p> <p>d) none of these</p>	1
25	<p>_____committee was set up for the development and promotion of small-scale industries in India.</p> <p>a) Karve</p> <p>b) Tapas Majumdar</p> <p>c) Mahalanobis</p> <p>d) TRYSEM</p>	1
26	<p>_____ refers to disposal of equity of public sector units in the market?</p> <p>(a) Globalization</p> <p>(b) Privatization</p> <p>(c) Disinvestment</p> <p>(d) Liberalization</p>	1
27	<p>Human capital creates both.....and..... benefits</p> <p>(a) Physical, Social</p> <p>(b) Private, Economical</p> <p>(c) Private, Social</p> <p>(d) None of these</p>	1
28	State the salient features of the of the Industrial Policy Resolution 1956.	3
29	Discuss any two reasons behind the introduction of Economic Reforms in 1991.	3
30	"In order to protect domestic industries, India followed the regime of restrictions on imports." Briefly outline and discuss such steps taken by the government to promote import substitution policy.	4
31	Describe any four source of human capital formation.	4
32	<p>Read the following text carefully and answer the given questions on the basis of the same and common understanding:</p> <p>India urged the World Trade Organisation (WTO) to relax rules to allow the country to export food grains from its public stocks to the nations facing food crisis. India can help, reduce food insecurity but there is hesitation on the part of the WTO, in relaxing its rules. India's Finance Minister said food, fuel and fertilizers are global public goods and ensuring access of these for developing and emerging economies is critical. She also shared India's experiences, including robust gains in agriculture production, citizen centric food security programmes and innovative delivery mechanisms such as the 'One Nation one Ration Card' Scheme.</p>	2 2

	(Source: The Economic Times; July 16, 2022) (a) State and discuss any two objectives of World Trade Organisation. (b) Name any two steps taken by India to strengthen the food security	
33	(a) "Many goods and services which may contribute to welfare, but are not included in estimating Gross Domestic Product (GDP)." Do you agree with the given statement? Give valid reason in support of your answer. (b) With suitable examples, distinguish between final goods and intermediate goods	6
34	Describe functions of central bank.	6