



<b>Date:04.10.24</b> <b>GRADE: XII</b>	<b>TERM 1 EXAMINATION (2024-25)</b> <b>ECONOMICS (030)</b>	<b>Max marks: 80</b> <b>Time: 3 Hours</b>
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**General Instructions:**

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

Qn. No	SECTION A- MACRO ECONOMICS	Marks allocated
1	<p>Read the following statements carefully: Statement 1: Effective demand is defined as that level of output and employment where Aggregate Demand is equal to Aggregate Supply. Statement 2: As per Keynesian theory, in an economy, full employment can never exist. In the 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.</p>	1
2	<p>Read the following statements: Assertion (A) and Reason ( R ). Choose the correct option from those given below: Assertion (A): The government can reduce the deflationary gap by purchasing government securities in the open market. Reason (R): The Central Bank purchases government securities in the open market to increase the lending capacity of commercial banks Options: 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.</p>	1

3	<p>----- is responsible for issuing Rupee 1 currency notes in India.</p> <p>(a) Ministry of Commerce  (b) Niti Aayog  (c) Ministry of Finance  (d) Reserve Bank of India</p>	1
4	<p>Ms. Sakshi, an economics teacher, was explaining the concept of a minimum percentage of the total deposits to be kept by any commercial bank with the Central Bank of the country, as per norms and statutes prevailing in the country  From the following, choose the correct alternative that specifies towards the concept explained by her.</p> <p>(a) Cash Reserve Ratio  (b) Repo Rate  (c) Bank Rate  (d) Statutory Liquidity Ratio</p>	1
5	<p>In a two-sector economy, Aggregate Demand can be determined by adding----- (Choose the correct option to fill up the blank)</p> <p>A. Autonomous Consumption, Induced Consumption and Induced Investment.  B. Autonomous Consumption, Autonomous Investment and Induced Investment  C. Autonomous Consumption and Autonomous Investment  D. Autonomous Consumption, Induced Consumption and Autonomous Investment.</p>	1
6	<p>Read the following statements: Assertion (A) and Reason ( R ).  Choose the correct option from those given below:  Assertion ( A ): Sum of APC and APS is equal to one.  Reason ( R ) : Income of an economy is either saved or consumed  Options:  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.</p>	1
7	<p>Read the following statement carefully:  Statement 1: The maximum value of Marginal Propensity to Consume can be unity.  Statement 2: As the income of an economy increases, the proportionate increase in the level of consumption is always more than the increase in the level of income.  In light of the given statements, choose the correct option 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.</p>	1

8	<p>Read the following statements carefully:  Statements 1: APC is the ratio of consumption expenditure to total income i.e., <math>APC=Y/C</math>.  Statement 2 : MPC is the ratio of change in consumption to change in income i.e., <math>MPC=\Delta Y/\Delta C</math>  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  (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
9	<p>Read the following statements carefully:  Statement 1 The value of the multiplier varies directly with MPC.  Statement 2 : Higher the MPC, the higher will be the value of the multiplier and lower the MPC, the smaller will be the value of multiplier.  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  (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
10	<p>Read the following statements- Assertion ( A ) and Reason ( R ).  Choose one of the alternatives given below:  Assertion ( A ) : There is positive relationship between savings and income.  Reason ( R ) : Savings are positive even at zero level of income  Options:</p> <p>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.</p>	1
11	<p>(A) Explain the Bankers bank function of the Central Bank.  OR  (B) Explain the role of the Reserve Bank of India as the 'lender of last resort'.</p>	3  3
12	<p>(a) What is money?  (b) What are the components of money supply?</p>	1  2

13	(A) Given the saving curve, derive the consumption curve and state the steps in doing so. Use diagram OR (B) Given a consumption curve, outline the steps required to be taken to derive a saving curve from it. Use diagram.	4  4
14	(A) Explain the distinction between Statutory Liquidity Ratio and Cash Reserve ratio. OR (B) What is Reverse Repo Rate? Explain its role in controlling credit creation.	4  4
15	The Indian economy had been losing growth momentum as GDP grew at 5.3% in 2019-20, the slowest since 2009-10. This suggests that the Indian economy has been facing a deficient demand and the lockdown must have made matters worse on this front.  <b><i>Hindustan Times; August 24<sup>th</sup>, 2020</i></b>  State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report.	4
16	(A) 'Interest on National Debt' should not be included in the estimation of National Income. Defend or refute the given statement with valid reason. (B) How is Real GDP different from Nominal GDP? Explain using a numerical example.	3+3
17	(A) Find Gross Value Added at Market Price from the given data: (₹ in Lakhs) (i) Depreciation 20 (ii) Domestic sales 200 (iii) Net change in stocks (-)10 (iv) Exports 10 (v) Single user producer goods 120  (B) Should payment for which no service is rendered in return be included/excluded in the estimation of national income. State with valid reasons  OR	3+3

(C )	Explain the 'Consumption Function' with the help of a schedule and diagram.	6
<b>Section – B</b> <b>Indian Economic Development</b>		
18	Which of the following is not included in land reforms? (a) Use of HYV seeds (c) Abolition of intermediaries (b) Change in ownership of landholdings (d) land ceiling	1
19	The stagnance in the agricultural sector during the colonial rule was caused mainly due to----- (a) Lack of irrigational facilities (b) Land settlement systems (c) Low level of technology (d) Lack of resources	1
20	New agricultural strategy was also known as: (a) White revolution (c) Green revolution (b) Agricultural revolution (d) Land revolution	1
21	When did the First Five Year Plan started in India? (a) 15 <sup>th</sup> August, 1947 (c) 30 <sup>th</sup> January, 1948 (b) 26 <sup>th</sup> January, 1950 (d) 1 <sup>st</sup> April, 1951	1
22	Read the following statements carefully: Statement 1: Indian farmers were forced to produce cash crops under the British rule. Statement 2 : Zamindari system was first implemented in Bengal presidency under the British rule. In the 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	1
23	The motive of British Government behind de-industrialisation was: (i) To get raw material from India at cheap rate (ii) To sell British manufactured goods in Indian market at high prices (iii) To focus on development of agriculture (iv) To get finished products from India at cheap rate Alternatives: (a) (i) and (ii) (c) only( iii) (b) (ii) and (iv) (d) only (iv)	1
24	Which of the following is not true for small scale industries? (a) SSI is labour intensive and therefore, employment oriented (b) SSI needs small investment and is therefore, equity oriented (c) SSI is capital intensive and therefore increases	1

	<p>productivity</p> <p>(d) SSI shows locational flexibility and is therefore equality oriented</p>	
25	<p>What was the nature of the Indian economy on the eve of independence?</p> <p>(a) Stagnant (c) underdeveloped</p> <p>(b) Backward (d) all of the above</p>	1
26	<p>-----led to the breaking up of the stagnation of agriculture</p> <p>(a) Land ceiling (c) Buffer stocks</p> <p>(b) Land reforms (d) Green revolution</p>	1
27	<p>----- was the notable estimator whose national income and per capita income estimates during the colonial period were considered very significant.</p> <p>(a) Dadabhai Naoroji (c) R C Desai</p> <p>(b) William Digby (d) VKRV Rao</p>	1
28	<p>(A) "The traditional handicraft industries were ruined under the British rule". Accept/Refute the above statement by giving reasons.</p> <p style="text-align: center;">OR</p> <p>(B) Were there any positive contributions made by the British in India</p> <p>Discuss</p>	3
29	<p>(A) "Subsidies were needed to encourage farmers". Discuss the importance of subsidies in relevance to Indian farmers.</p> <p style="text-align: center;">OR</p> <p>"Small scale and cottage industries are important in the development of Indian economy" Elaborate.</p>	3
30	<p>Throw light on the economic drain during the colonial period.</p> <p style="text-align: center;">OR</p> <p>Highlight the main features of Indian economy on the eve of independence.</p>	4
31	<p>Give the steps taken towards Privatisation in 1991.</p> <p style="text-align: center;">OR</p> <p>State the fiscal reforms introduced under the New Economic Policy in 1991</p>	4
32	<p>What do you mean by globalization? Give its main features</p>	4
33	<p>(A) Land ceiling promotes equity. Support the given statement with valid explanation.</p> <p>(B) How has institutional land reforms played a significant role in transforming Indian agriculture</p> <p style="text-align: center;">OR</p> <p>(C) Why is agricultural productivity low in India? Explain with three main reasons.</p> <p>(D) State and explain any two main causes behind infrastructural</p>	3+3

	development by British rule.	
34	<p>Read the following text carefully:</p> <p>In an effective response to an unprecedented emergency (COVID-19 pandemic) that disrupted most channels of national and international trade, Indian Prime Minister under Atmanirbhar Abhiyan gave a clarion call for the country to become self-reliant. India in the pre-1991 era also strived to achieve self-reliance and import substitution. While it resulted in a diversified economic base for heavy industries such as steel, coal, petroleum refinery etc., India fell behind the curve on quality, technology, and productivity.</p> <p>Economists attribute these shortcomings to the then industrial and trade policies, particularly industrial licensing physical barriers to import of goods, high tariffs and imperative economic policies. Though, Indian Prime Minister clarified that the current idea of self-reliance is not about a return to import-substitution or autarkic isolationism, rather aimed at a quantum jump to the economic potential of the country by strengthening infrastructure using modern technologies, enriching human resources, and creating robust supply chains.</p> <p>In order to achieve this goal, policy making needs to address issues and leverage economic opportunities.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(a) Discuss briefly the rationale behind choosing self-reliance as a planning objective for the Indian economy.</p> <p>(b) State the difference between self-reliance and self-sufficient.</p>	3+3
	THE END	