

THE VILLAGE INTERNATIONAL SCHOOL THODUPUZHA
SECOND MODEL EXAMINATION 2023-24
ECONOMICS

CLASS : XII
10-01-2024

TIME : 3 HOURS
Max. Marks : 80

General Instructions:

- The question paper contains two sections: Section-A: Macroeconomics Section-B: Indian Economic Development
- Marks are indicated against each.
- Question No: 1 to 10 and question No: 18 to 27 are 1 mark questions and are to be answered in one word / sentence.
- Question No: 11 – 12 and question No: 28 – 29 are 3 marks questions and are to be answered in 60 – 80 words each.
- Question No: 13 – 15 and question No: 30 – 32 are 4 marks questions and are to be answered in 80-100 words each.
- Question No: 16 – 17 and question No: 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
- Answer should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION – A

MACRO ECONOMICS

1. Which of the following transactions is not included in national income? (1)
- a) Payment of interest by a private firm.
 - b) Payment of interest by banks on deposits
 - c) Interest paid by an individual on a car loan taken from a bank
 - d) Interest on finance provided by the owners of the production units

OR

Market prices include:

- (a) Subsidies
 - (b) Indirect taxes
 - (c) Intermediate consumption
 - (d) Depreciation
2. If tea leaves are used a restaurant for tea brewing, and the drinkable tea is sold to the customers, then the tea leaves will be _____.
- (1)
- (a) Final goods
 - (b) Intermediate good
 - (c) Consumption goods
 - (d) Capital goods

3. Which of the following actions by the Central Bank will INCREASE the money supply in the country? (1)
- (a) Decreasing the repo rate
 - (b) Decreasing the bank rate
 - (c) Increasing the reverse repo rate
 - (d) Selling bonds issues by the government in the open market
4. If Marginal Propensity to Save (MPS) is 0.25 and initial change in investment is ₹250 crores, then the final change in income would be _____ (1)
- a) ₹1,000 crores b) ₹1,200 crores c) ₹500 crores d) ₹3,500 crores

OR

If $C = Y$, the value of multiplier (k) will be:

- a) 1 b) 2 c) Infinity d) None of these
5. The consumption function of an imaginary country is: $C = ₹80 \text{ crore} + 0.7Y$. Which of the following is true for his country? (1)
- (a) Even if the country does not have any income, its citizens still consume ₹80 crore.
 - (b) People spent 70% of rise in income on consumption.
 - (c) Both (a) and (b)
 - (d) Autonomous consumption is Zero and people spend 70% of income on consumption.
6. Which of the following represents the rate of growth of an economy? (1)
- a) MPC b) MPS c) Investment multiplier (k) d) None of these
7. The government has increased the rate of income tax. The objective of government is to:
- a) Maintain balanced regional development
 - b) Redistribute income & wealth
 - c) Reallocate resources
 - d) Ensure economic stability
8. Read the following statements –Assertion (A) and Reason (R). Choose one of the correct alternatives: (1)
- Assertion (A): Personal income tax and corporation tax are indirect taxes.
- Reason (R): The liability to pay and burden of an indirect tax lie on different persons/entities.
- Select the correct alternative:
- (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 and 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

9. _____ exchange rates system automatically takes care of the surplus and deficits in the BoP? (1)

- a) Fixed b) Pegged c) Floating d) Managed Floating

OR

Exports and Imports of which of the following items will be a component of 'Balance of Trade'?

- a) Banking b) Shipping c) Merchandise d) Insurance

10. _____ is the sum of balance of merchandise trade, services and net transfers received from abroad. (1)

- a) Trade Balance b) Current Account balance c) Capital account balance
d) Balance of Payments

11. Government raises its expenditure on producing public goods. Which economic value does it reflect? Explain with an example. (3 marks)

OR

Tax rates on higher income group have been increased. Which economic value does it reflect? Explain.

12. "Governments across nations are too much worried about the term fiscal deficit". Do you think that fiscal deficit is necessarily inflationary in nature? Support your answer with valid reasons. (3 marks)

13. Define Primary Deposits and Deposits Creation. If the Reserve Deposit Ratio is 25% and the primary deposits of the public are `2,000, what is the value of deposit multiplier, total deposit creation and total lending by the banking system? (4 marks)

OR

Distinguish between quantitative or qualitative tools used by the Central bank to control money supply. Explain any one example of each.

14. Complete the following table: (4 marks)

Income	Consumption	APS	MPS
400	240	0.4	-
800	440	-	-
-	520	0.48	-

15. According to recent media reports: 'USA has accused China of currency devaluation to promote its exports'. In the light of the given media report comment, how exports can be promoted through the Currency devaluation? (4 marks)

16. (a) "India's GDP is expected to expand 7.5% in 2022-23: World Bank." Does the given statement mean that welfare of people of India increase at the same rate? Comment with reason.(2marks)
- (b) Find 'Government Final Consumption Expenditure' and 'Mixed Income of Self Employed'.
(4 marks)

S.No.	Particulars	(` in crore)
(i)	National Income	71,000
(ii)	Gross Domestic Capital Formation	10,000
(iii)	Government Final consumption Expenditure	?
(iv)	Mixed Income of self-Employed	?
(v)	Net Factor Income from abroad	1,000
(vi)	Net Indirect Taxes	2,000
(vii)	Profits	1,200
(viii)	Wages and Salaries	15,000
(ix)	Net Exports	5,000
(x)	Private Final Consumption Expenditure	40,000
(xi)	Consumption of fixed Capital	3,000
(xii)	Operating Surplus	30,000

OR

- (a) 'Circular flow of income in a two sector economy is based on the axiom that one's expenditure is other's income'. Do you agree with the given statement? Support your answer with valid reason. (2 marks)
- (b) Given the following data, find the missing values of 'Operating Surplus' and 'Net Exports'.
(4 marks)

S.No.	Particulars	(` in crore)
(i)	Mixed Income of self-Employed	700
(ii)	Net Factor Income from Abroad	150
(iii)	Private Final Consumption Expenditure	2,200
(iv)	Profits	200
(v)	Net Indirect Taxes	150
(vi)	National Income	5,000
(vii)	Gross Domestic Capital Formation	1,100
(viii)	Wages and Salaries	2,200
(ix)	Net Exports	?
(x)	Government Final consumption Expenditure	1,300
(xi)	Consumption of fixed Capital	200
(xii)	Operating Surplus	?

17. (a) What is Consumption Function? State the two components of a linear consumption function. (3 marks)
- (b) Discuss the significance of 45-degree line in Keynesian Economics. (3 marks)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Occupational structure refers to _____ (Fill in the blank with correct alternative) (1mark)
- (a) Size of labour force in a country
- (b) Number of people living in a country
- (c) Distribution of workforce among different sectors of an economy
- (d) Nature of different occupations

OR

Structural composition refers to the _____ (choose the correct alternative)

- (a) Number of people engaged in training
- (b) Number of people engaged in different sectors
- (c) Number of people engaged in tertiary sector
- (d) Number of people facing unemployment
19. Read the following statements carefully and choose the correct alternative: (1mark)

Statement – I : the reform process in China also involved dual pricing.

Statement – II : In order to attract foreign investors, special economic zones were set up in China.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement – I is true, Statement – II is false.
- (d) Statement- II is true, Statement – I is false.

OR

Read the following statements carefully and choose the correct alternative:

Statement – I: In the 1970s. nationalization of capital goods industries took place in Pakistan.

Statement – II : In 1988, reforms were initiated in Pakistan.

- (a) Both the statements are true.
- (b) Both the statements are false.

(c) Statement – I is true, Statement – II is false.

(d) Statement : II is true . Statement – I is false.

20. _____ and _____ are the reasons for the slowdown of the Pakistan economy since independence. (1 mark)

I. Political instability

II. Over-dependence on remittances from abroad

III. Stable performance of agriculture sector

IV. Growth of service sector

a) I and II

b) II and III

c) III and IV

d) I and IV

OR

Identify the correct statement from the following:

(1 mark)

a) India developed sound industrial base under the colonial rule.

b) India had very developed capital goods industries structure on the eve of independence.

c) Under the colonial rule, India generated export surplus.

d) The real motive of development of infrastructure under the British rule was to ensure development of India.

21. From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statement: (1 mark)

Column I	Column II
(i) Dual Pricing	A Economic Reforms of 1991
(ii) Setting up of Special Economic Zones in China	B to attract foreign Direct Investment
(iii) Commune System	C Backyard based Industrial production units
(iv) Great Proletarian Cultural Revolution	D Collective Farming

(a) (i) – A

(b) (ii) – B

(c) (iii) – C

(d) (iv) – D

22. 'Since independence, India has witnessed a considerable fall in the Infant Mortality Rate in India'. Identify which of the following may not be one of the reasons for the fall in the Infant Mortality Rate? (1 mark)

(a) Improvement in health facilities over the years

(b) Improvement in educational standards over the years

(c) Fall in standard of living of the population of the nation over the years

(d) Technological expansion over the years

OR

In which of the following ways did the British Raj impact the Indian economy the most?

- (a) The British made India an exporter of cotton from an exporter of cloth that led to large-scale unemployment.
- (b) The establishment of railways by the British provided short-term employment for many Indians.
- (c) The British expanded their army with Indian sepoys and fought in wars overseas.
- (d) The British provided tax concessions to rural farmers and landless labourers.

23. What kind of tariff policy was needed to protect domestic producers from foreign competition, after independence?

(1 mark)

- (a) Low import tariff, reduced import quota
- (b) Low import tariff, increased import quota
- (c) High import tariff, reduced import quota
- (d) High import tariff, increased import quota

24. Read the following statements –Assertion (A) and Reason (R) (1 mark)

Assertion (A): Agricultural diversification relates to change on cropping pattern only.

Reason (R): It relates to a shift of workforce from agriculture to other allied activities (livestock, poultry, fisheries, etc.) and non-agriculture sector.

Select the correct alternative:

- (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

25. The need for agricultural diversification arises: (1 mark)

- (a) To reduce the risk in depending exclusively on farming for livelihood.
- (b) To provide productive sustainable livelihood options to rural people.
- (c) To provide supplementary gainful employment and in realizing higher levels of income for rural people to overcome poverty.
- (d) All of these

26. _____ are an example of a micro-credit organization. (1 mark)

- (a) Self-Help Groups (SHGs)
- (b) Regional Rural Banks
- (c) Commercial Banks
- (d) None of these

27. Match the following: (1 mark)

(A) Organic Farming	(i) Shift of workforce from agriculture to other
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	allied activities
(B) Agricultural marketing	(ii) Process involves assembling, storage, packaging and distribution of different Agricultural activities
(C) Diversification	(iii) System enhances the ecological balance.

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

28. Discuss the need for promoting women’s education in India. (3 marks)

OR

What steps have been taken by the government of India recently to achieve the desired level of education expenditure as recommended by the various commission?

29. State any three limitations of organic farming. (3 marks)

30. Answer the following questions on the basis of the following data: (4 marks)

Worker-Population Ratio in India, 2017-2018

Sex	Worker-Population Ratio		
	Total	Rural	Urban
Men	52.1	51.7	53.0
Women	16.5	17.5	14.2
Total	34.7	35.0	33.9

- (a) Why is the difference in the workforce participation rate between rural and urban areas?
 (b) Compared to females, more males are found to be working. The difference in participation rate is very large in urban areas. Give reasons.

31. “The present day fast industrial growth in China can be traced back to the reforms introduced in 1978”. Defend or refute the above statement.

(4 marks)

OR

“in Pakistan the reform process led to worsening of all the economic indicators. However, during the last few years, Pakistan has recovered its economic growth and has been sustaining”. Defend or refute the above statement.

32. Compare and analyse the given data of India and China with valid arguments. (4marks)

Annual Growth of Gross Domestic Product (%), 1980 – 2017

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8

33. Study the following table and answer the questions that follow:

Growth of GDP and Major Sectors (in%)

Sector	1980-91	1992-2001	2002-07	2007-12	2012-13	2013-14	2014-15
Agriculture	3.6	3.3	2.3	3.2	1.5	4.2	-0.2*
Industry	7.1	6.5	9.4	7.4	3.6	5	7.0*
Services	6.7	8.2	7.8	10	8.1	7.8	9.8*
Total	5.6	6.4	7.8	8.2	5.6	6.6	7.4

*Note: *Data pertaining to Gross Value Added (GVA). The GVA is estimated from GDP by adding subsidies on production and subtracting indirect taxes.*

- (a) Which sector has continued to witness a high level of growth during the reform period? (1mark)
- (b) During the reform period, the growth of agriculture has declined. Give any three reasons. (3marks)
- (c) During reform period, the industrial growth has also recorded a slowdown. Give reasons. (2marks)

OR

- (a) Since 1991 every year, the government fixes a target for disinvestment of PSEs. Do you think selling a part of the properties of government companies is the best way to improve their efficiency? (3 marks)
- (b) “As a form of economic activity, outsourcing has intensified in recent times. Most MNCs, and even small companies, are outsourcing their services to India”. Defend or refute the above statement. (3 marks)

34. CASE STUDY: Read the following and answer the questions that follow the basis of same and common understanding.

In India, air pollution is widespread in urban areas where vehicles are the major contributors and in a few other areas which have a high concentration of industries and thermal power plants. Vehicular emissions are of particular concern since these are ground level sources and,

thus, have the maximum impact on the general population. The number of motor vehicles has increased from about 3 lakh in 1951 to 30 crores in 2019. In 2016, personal transport vehicles (two-wheeled vehicles and cars only) constituted about 85 per cent of the total number of registered vehicles thus contributing significantly to total air pollution load.

India is one of the ten most industrialized nations of the world. But this status has brought with it unwanted and unanticipated consequences such as unplanned urbanization, pollution and the risk of accidents. The CPCB (Central Pollution Control Board) has identified seventeen categories of industries (large and medium scale) as significantly polluting.

The above points highlight the challenges to India's environment. The various measures adopted by the Ministry of Environment and the central and state pollution control boards may not yield reward unless we consciously adopt a path of sustainable development. The concern for future generations alone can make development last forever. Development to enhance our current living styles, without concern for posterity, will deplete resources and degrade environment at a pace that is bound to result in both environmental and economic crisis.

(a) Explain the role of 'CNG in Urban areas' in sustainable economic development of India.

(2 marks)

(b) In recent years India is taking efforts to increase the power generation through solar. India is also leading an International body called International Solar Alliance (ISA). State the benefits of using solar power.

(2 marks)

(c) "Maintaining Air Quality Index (AQI) is the need of the hour". Do you agree with the given statement? Justify your answer with a valid argument.

(2 marks)
