



**INDIAN SCHOOL AL WADI AL KABIR**  
**DEPARTMENT OF COMMERCE**

**ASSESSMENT- I -2024-25**

**ECONOMICS (030)**

**CLASS: XII**

**MARKS: 80**

**DATE: 19/09/2024**

**TIME: 3 HOURS**

***General Instructions :***

Read the following instructions carefully and follow them :

- (i) *This Question Paper contains 34 questions. All questions are compulsory.*
- (ii) *This Question Paper contains two sections :*  
*Section A – Macro Economics*  
*Section B – Indian Economic Development*
- (iii) *This paper contains 20 Multiple Choice Questions type questions of 1 mark each.*
- (iv) *This paper contains 4 Short Answer Questions type-I questions of 3 marks each to be answered in 60 to 80 words.*
- (v) *This paper contains 6 Short Answer Questions type-II questions of 4 marks each to be answered in 80 to 100 words.*
- (vi) *This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.*
- (vii) *Attempt all parts of a question together.*

Q. No	<b>SECTION A: MACROECONOMICS</b>	Marks
1	Statement 1: In a two-sector economy, consumption expenditure and investment expenditure are the two components of Aggregate Demand. Statement 2: Aggregate demand curve always starts from the point of origin with a positive slope. a) both the statements are true b) both the statements are false c) statement 1 is true and statement 2 is false	1



6	<p>From the statements given in column I and Column II, choose the correct pair.</p> <table border="1" data-bbox="277 163 1430 516"> <thead> <tr> <th></th> <th>Column A</th> <th></th> <th>Column B</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Vegetables grown in the personal garden</td> <td>(i)</td> <td>Non-marketing activity</td> </tr> <tr> <td>B.</td> <td>A car used as a taxi</td> <td>(ii)</td> <td>Consumer good</td> </tr> <tr> <td>C.</td> <td>An air-conditioner used by the household</td> <td>(iii)</td> <td>Capital good</td> </tr> <tr> <td>D.</td> <td>Scholarship given to students by government</td> <td>(iv)</td> <td>Factor income</td> </tr> </tbody> </table> <p>Alternatives:            (a) A-(i)                      (b) B-(ii)            (c) C-(iii)                    (d) D-(iv)</p>		Column A		Column B	A.	Vegetables grown in the personal garden	(i)	Non-marketing activity	B.	A car used as a taxi	(ii)	Consumer good	C.	An air-conditioner used by the household	(iii)	Capital good	D.	Scholarship given to students by government	(iv)	Factor income	1
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7	<p>Complete the table:</p> <table border="1" data-bbox="289 730 1403 1199"> <thead> <tr> <th>Producer</th> <th>Value of Output</th> <th>Intermediate Consumption</th> <th>Value Added</th> </tr> </thead> <tbody> <tr> <td>Farmer</td> <td>2000</td> <td>-</td> <td>2000</td> </tr> <tr> <td>Baker</td> <td>---(i)---</td> <td>2000</td> <td>2000</td> </tr> <tr> <td>Retail Seller</td> <td>4400</td> <td>----- (iii) -----</td> <td>400</td> </tr> <tr> <td>Total</td> <td>----(ii)----</td> <td>6000</td> <td>----(iv)----</td> </tr> </tbody> </table> <p>Alternatives:            (a) 4000, 10400, 4000, 4000            (b) 4000, 10400, 4000, 4400            (c) 2000, 6000, 6000, 4400            (d) 4000, 10400, 6000, 4000</p>	Producer	Value of Output	Intermediate Consumption	Value Added	Farmer	2000	-	2000	Baker	---(i)---	2000	2000	Retail Seller	4400	----- (iii) -----	400	Total	----(ii)----	6000	----(iv)----	1
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Total	----(ii)----	6000	----(iv)----																			
8	<p>Read the following statement given below and choose the correct alternative</p> <p>Statement 1- Money supply (M1) in India does not include 'demand deposits' with commercial banks.</p> <p>Statement 2- Money supply (M1) refers to, assets available with the Commercial Banks during a particular period of time.</p> <p>In the light of the given statements, choose the correct alternative.</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 - Assertion(A) and Reason (R). Choose one of the correct alternatives given below:</p>	1																				

	<p>Assertion (A): Borrowings are capital receipts but payment of interest on borrowings are revenue expenditure. Reason (R): Borrowings creates liability but payment of interest does not reduce liability.</p> <p>Alternatives:</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>																									
10	<p>The Government of India has decided to vaccinate the adult population of India (with Covaxin/Covishield), without any charge. This would be categorized as _____ (Fill in the blank with correct alternative)</p> <p>a) revenue nature income b) capital nature expenditure c) revenue nature expenditure d) capital nature income</p>	1																								
11	<p>Suppose only one Good 'X' is produced in the country. Output of Good X during year 2018 and 2019 were 100 units and 110 units respectively. The market price of the product during the two years was ₹ 50 and ₹ 55 per unit respectively. Calculate the percentage change in Real Gross Domestic Product (GDP) in year 2019 using 2018 as the base year.</p>	3																								
12	<p>(A) Through its budgetary policy the government allocates resources as per the requirement of the country. "Do you agree with the given statement? Support your answer with valid reasons." (B) Define 'Direct Tax'</p>	3																								
13	<p>(A) Calculate Gross Domestic Product at market price using Expenditure method:</p> <table border="1" data-bbox="240 1465 1154 1785"> <thead> <tr> <th>S.No.</th> <th>Items</th> <th>Amount (in crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Private final consumption expenditure</td> <td>9,800</td> </tr> <tr> <td>(ii)</td> <td>Government final consumption expenditure</td> <td>12,000</td> </tr> <tr> <td>(iii)</td> <td>Change in stock</td> <td>275</td> </tr> <tr> <td>(iv)</td> <td>Gross domestic fixed capital formation</td> <td>875</td> </tr> <tr> <td>(v)</td> <td>Consumption of fixed capital</td> <td>600</td> </tr> <tr> <td>(vi)</td> <td>Net exports</td> <td>(-)90</td> </tr> <tr> <td>(vii)</td> <td>Net factor income from abroad</td> <td>790</td> </tr> </tbody> </table> <p>(B) Explain the concept of Double Counting in the context of calculating National Income and provide a practical way to avoid it.</p>	S.No.	Items	Amount (in crore)	(i)	Private final consumption expenditure	9,800	(ii)	Government final consumption expenditure	12,000	(iii)	Change in stock	275	(iv)	Gross domestic fixed capital formation	875	(v)	Consumption of fixed capital	600	(vi)	Net exports	(-)90	(vii)	Net factor income from abroad	790	4 (2+2)
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14		<p>On the basis of given diagram, answer the following questions. What is the value of autonomous consumption?</p> <p>(a) What is the break-even level of income or at what level of income saving is zero?</p> <p>(b) How much is APC corresponding to point E?</p> <p>(c) If <math>MPC = 0.6</math>, determine the consumption and savings function.</p>	4
15	<p>Study the given picture carefully: Sources of State and Local government tax revenues for a financial year 2023-24.</p> <p>Answer the following questions based on common knowledge and picture:</p> <p>(a) Categorise the given items in the picture into tax /non-tax receipts.</p> <p>(b) "Government has started spending more on providing free services like education and health to the poor." In light of the above statement, explain how the government can use it. The budgetary policy in reducing inequalities of income.</p>	2+2	
16	(A) Given the following data, find the values of 'Operating Surplus' and 'Net Exports':	6	

S. No.	Particulars	Amount (in ₹ crores)
(i)	Wages and Salaries	2,400
(ii)	National Income	4,200
(iii)	Net Exports	?
(iv)	Net Factor Income from Abroad	200
(v)	Gross Domestic Capital Formation	1,100
(vi)	Mixed Income of Self-Employed	400
(vii)	Private Final Consumption Expenditure	2,000
(viii)	Net Indirect Taxes	150
(ix)	Operating Surplus	?
(x)	Government Final Consumption Expenditure	1,000
(xi)	Consumption of Fixed Capital	100
(xii)	Profits	500

(B) Giving valid reasons, explain how the following would be treated while estimating domestic income?

- (i) Payment made by American tourist for goods purchased in India.
- (ii) Tomatoes grown by Ms. Puja in her kitchen garden.

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(i) From the following data, calculate the primary deficit.

S. No.	Particulars	Amount (in ₹ crores)
1.	Revenue deficit	40
2.	Non-debt-creating capital receipts	190
3.	Tax revenue	125
4.	Capital expenditure	220
5.	Interest payments	20

6

	(ii) Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free. Identify and explain the objective of the Government budget Krish is suggesting.	
	<b>SECTION B: INDIAN ECONOMIC DEVELOPMENT</b>	
18	Read the following statement given below and choose the correct alternative Statement 1- GST is the recent tax introduced by the government of India. Statement 2- GST was introduced on 1 <sup>st</sup> April 2017 a) Both are correct b) Both are incorrect c) Statement 1 is correct and statement 2 is incorrect d) Statement 1 is incorrect and statement 2 is correct	1
19	Which of the following is NOT true about foreign trade during the colonial rule? (Choose the correct alternative) (a) India suffered from large trade deficit. (b) Restrictive policies of commodity production, were followed. (c) Britain maintained a monopoly control over India's exports and imports. (d) India became an exporter of primary products and an importer of finished consumer goods.	1
20	_____ is the portion of agricultural produce which is sold in the market by the farmers, after meeting their self-consumption requirements. (Fill in the blank with correct alternative) a) Trade Surplus b) Marketable Surplus c) Producer Surplus d) Consumer Surplus	1
21	Read the following statements given below and choose the correct alternative.  Assertion (A) – The wage rates in India are comparatively lower than those in the developed countries. As a result, MNCs outsource their business in India. Reason (R) – India has fair international worthiness and creditability. From the given alternatives choose the correct one:  <b>Alternatives:</b> 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.	1

22	<p>Assertion (A): Structural change implies a shift in the sectoral share in GDP: the share of secondary and tertiary sectors should gradually rise and that of the primary sector should gradually fall. Reason (R): It implies a situation where the primary sector is neglected.</p> <p>From the given alternatives choose the correct one: Alternatives:</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 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.</p>	1
23	<p>Under the new trade policy import licensing was abolished except in case of:</p> <p>a) Consumer goods industries b) Hazardous and environmentally sensitive industries c) IT industries d) Textile industries</p>	1
24	<p>Identify which of the following does not reflect a direct relationship between human capital formation and economic growth.</p> <p>(a) Employability of an educated person is higher than that of an uneducated person. (b) On-the-job training will reduce the skills of labour. (c) Healthy workforce is a boon to the economy. (d) Digital information helps in taking real time decisions.</p>	1
25	<p>_____ system restores, maintains and enhances the ecological balance. (Choose the correct alternative to fill up the blank)</p> <p>(a) Chemical farming (b) Organic farming (c) Conventional farming (d) Multi-layered farming</p>	1
26	<p>Assertion (A) – Human capital treats human beings as a means to an end (increase in productivity). Reason(R) – Human Capital Formation decreases by way of investments in education and health.</p> <p>From the given alternatives choose the correct one: Alternatives:</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 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.</p>	1

27	_____ markets were organised to protect the farmers from malpractices in mandis. (a) Regulated (b) Periodic (c) Daily (d) Weekly	1
28	“A well-structured agricultural credit system is very essential for the rural sector.” Do you agree with the given statement? Justify your answer with a valid argument.	3
29	"Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector." Do you agree with the given statement? Quote valid arguments in favour of your answer.	3
30	“Human capital benefits only the owner and not the society”. Defend or refute the given statement. What role can government play in human capital formation in India?	4
31	‘India has followed the strategy of replacing many imports with domestic production.’ Identify and explain the strategy, its objectives and also how they are achieved.	4
32	Why were the benefits of the green revolution restricted to a few states and few crops in the initial stages of planning?	4
33	i. “Recently the Government of India has taken numerous steps towards increasing the farmer's income through agricultural diversification.” In light of the above statement, explain any two advantages of diversification in agriculture.  ii. “Organic Farming is the need of the hour to promote sustainable development but, has its own limitations." Elaborate any two advantages and limitations each of organic farming in the light of the above statement.  iii.	4+2
34	Read the following text carefully and answer the given questions on the basis of the same and common understanding.  The stabilisation and structural adjustment measures, initiated under the 1991 “Economic Reforms” mark a watershed moment in India’s economic policies. For almost three decades since independence, India’s development strategy and economic policies were guided by the objectives of accelerating the growth of output and employment with social justice and equity. Ever since the 1970’s, it was realised that many of the regulations on economic activities have outlived their usefulness and were in fact hampering economic growth and development. In response to this, the government initiated some milder liberalisation reforms for almost a decade since the early 1980’s.  However, the Indian economy soon had to face the Gulf crisis and consequently: (i) The uncertainties about the oil prices; (ii) The external payment problems; (iii) The serious inflationary pressures;	6

- (iv) The scarcities of essential commodities;
- (v) The deterioration of fiscal discipline, etc. These led to the Indian economy on the verge of Economic crisis.

In response to this emerging crisis, the Government initiated a set of stabilisation and structural reforms like:

- (i) Reduction in fiscal deficit;
- (ii) Containment of growth in money supply;
- (iii) An exchange rate adjustment system etc.

The key objective of stabilisation policy was to bring the growth of aggregate demand in line with long term growth path of the economy.

In conjunction, the structural adjustment measures like;

- (i) industrial delicensing
- (ii) liberalisation of policy regime governing international trade
- (iii) deregulation of financial sector

Were taken to improve the supply side of the economy. This shifted the long-term growth path of the economy itself completely.

(Adapted and modified)

Source:

<https://niti.gov.in/planningcommission.gov.in/docs/reports/genrep/arep9099/at94-95.htm>

- (a) Discuss any two reasons behind the introduction of Economic Reforms in 1991.
- (b) “In response to the emerging crisis in 1991, the Government initiated a set of stabilisation and structural reforms.” Briefly discuss any three of such measures.