



# INDIAN SCHOOL AL WADI AL KABIR

First Rehearsal Examination 2022-23

**ECONOMICS (030)**

**SET 1**

Date: 05/12/2022

Time Allowed :3 hours

Class: XII

Maximum Marks: 80

**GENERAL INSTRUCTIONS:**

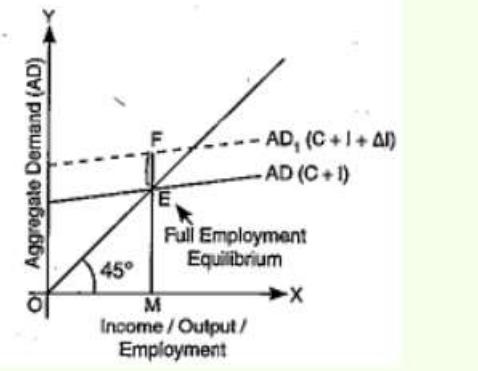
1. This question paper contains two sections:  
Section A – Macro Economics  
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

Q. No	SECTION- A: MACRO ECONOMICS	Marks
1	Statement 1: If MPC is 0.8, then APC will also be 0.8. Statement 2: APC is the ratio of change in consumption and change in income. 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
2	Suppose there is a fall in the price of British Pound. Identify the most likely impact on the number of students going to UK for higher studies. a) India will go for a fixed exchange rate system. b) Number of students going to UK for higher studies will decline. c) More Indian rupees will be needed to buy one British Pound. d) Number of students going to UK for higher studies will increase.	1

3	<p>Who are the suppliers of money in India?</p> <ol style="list-style-type: none"> <li>The Government of the country</li> <li>The central bank of the country and the commercial banks</li> <li>The commercial banks and the Government of the country</li> <li>The Government of the country, the central bank of the country and the commercial banks</li> </ol>	1
4	<p>Statement 1: NRI deposit is a current account transaction. Statement 2: Current account transactions do not give rise to future claims.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <ol style="list-style-type: none"> <li>Statement 1 is true and statement 2 is false</li> <li>Statement 1 is false and statement 2 is true</li> <li>Both statements 1 and 2 are true</li> <li>Both statements 1 and 2 are false</li> </ol>	1
5	<div data-bbox="276 775 1091 1102" data-label="Image"> </div> <p>On the basis of the above image (relating to medical services) indicates to which of the following?</p> <ol style="list-style-type: none"> <li>Stock variable</li> <li>Flow variable</li> <li>Either Stock or flow variable</li> <li>Neither stock nor flow variable</li> </ol> <p style="text-align: center;"><b>OR</b></p> <p>Read the following figure carefully and choose the correct pair from the alternatives given below:</p> <div data-bbox="534 1534 1145 1870" data-label="Diagram"> </div> <ol style="list-style-type: none"> <li>A: Household B: Firms</li> <li>A: Firms B: Households</li> </ol>	1

	<p>c. A: Government B: Rest of the world d. A: Rest of the World B: Government</p>																			
6	<p>If in an economy, the value of investment multiplier is 2 and autonomous consumption is Rs 100 crores. The relevant consumption function will be:</p> <p>a. <math>C = -100 + 0.5 Y</math> b. <math>C = 100 + 0.5 Y</math> c. <math>C = -100 + 0.25 Y</math> d. <math>C = -100 - 0.25 Y</math></p>	1																		
7	<p>Choose the correct statements from the following:</p> <ol style="list-style-type: none"> <li>1. Money facilitates transfer of purchasing power from present to future because it is a store of value.</li> <li>2. Cash cards are example of plastic money.</li> <li>3. It is unlawful to accept notes and coins for receipts/payments.</li> <li>4. Notes and coins are legal tenders.</li> </ol> <p><b>Alternatives:</b></p> <p>a) 1,2 and 3 are correct b) 2,3 and 4 are correct c) 1,3 and 4 are correct d) 1,2 and 4 are correct</p>	1																		
8	<p>Suppose, following data is presented, for an imaginary economy: (all figures in ₹ 'lakh)</p> <p>Items:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Balance of invisible trade</td> <td style="text-align: right;">12,500</td> </tr> <tr> <td>2. Export of goods</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>3. Import of goods</td> <td style="text-align: right;">4,500</td> </tr> </table> <p>Identify, which of the statement is correct?</p> <p>a) Current account balance is 28,000 b) Current account balance is 18,000 c) Not possible to calculate current account balance d) Capital account balance is 18,000</p> <p style="text-align: center;">OR</p> <p>Find the balance on non-factor services:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Items</th> <th style="width: 50%;">Amount in Rs lakh</th> </tr> </thead> <tbody> <tr> <td>Exports</td> <td style="text-align: center;">800</td> </tr> <tr> <td>Imports</td> <td style="text-align: center;">400</td> </tr> <tr> <td>Income</td> <td style="text-align: center;">300</td> </tr> <tr> <td>Transfers</td> <td style="text-align: center;">200</td> </tr> <tr> <td>Current account balance</td> <td style="text-align: center;">1200</td> </tr> </tbody> </table>	1. Balance of invisible trade	12,500	2. Export of goods	10,000	3. Import of goods	4,500	Items	Amount in Rs lakh	Exports	800	Imports	400	Income	300	Transfers	200	Current account balance	1200	1
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9	<p>Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Deflationary gap can be corrected by increasing the level of AD. Reason (R): Inflationary gap can be corrected by increasing the availability of credit in the economy.</p>	1																		

	<p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of 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>																						
10	<p>Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Ex-poste investment can be less than Ex-ante investment.</p> <p>Reason (R): Equilibrium GDP is struck when planned saving is equal to planned investment.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of 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	<p>Calculate the value of change in stock from the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Sl no.</th> <th style="width: 55%;">Items</th> <th style="width: 30%;">Amount (Rs Crs)</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Sales</td> <td>400</td> </tr> <tr> <td>ii.</td> <td>NVAfc</td> <td>200</td> </tr> <tr> <td>iii.</td> <td>Subsidies</td> <td>10</td> </tr> <tr> <td>iv.</td> <td>Change in Stock</td> <td>?</td> </tr> <tr> <td>V</td> <td>Depreciation</td> <td>40</td> </tr> <tr> <td>vi.</td> <td>Intermediate Consumption</td> <td>100</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Firm A spent Rs 500 on factor inputs and produced goods worth Rs 900. It sold goods worth Rs 600 and Rs 300 to firm B and consumer households respectively. Find out Gross value added by firm A.</p>	Sl no.	Items	Amount (Rs Crs)	i.	Sales	400	ii.	NVAfc	200	iii.	Subsidies	10	iv.	Change in Stock	?	V	Depreciation	40	vi.	Intermediate Consumption	100	3
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12	<p>Give the meanings of devaluation and depreciation of domestic currency.</p> <p style="text-align: center;">OR</p> <p>Give the meaning of favourable balance of payments.</p>	3																					
13	<p>Suppose the original savings function is given as,  <math>S = -50 + 0.5Y</math> and investment <math>(I) = 25 + 0.25Y</math>.</p> <p>i. Calculate the equilibrium level of income and saving.</p> <p>ii. What will be the value of the investment multiplier in this case?</p> <p>iii. What are the minimum and maximum value of the investment multiplier?</p>	4																					

14	<p>a. RBI decides to lower the bank rate. Discuss its effect on credit creation of Bank of India.</p> <p>b. Suppose the legal reserve is 0.2 and initial deposit is ₹ 1,000. Calculate the credit multiplier and the total credit created.</p> <p style="text-align: center;">OR</p> <p>a. Define cash reserve ratio.</p> <p>b. To boost the falling demand in the economy, RBI recently reduced the CRR. Elaborate the rationale behind this step taken by the central bank.</p>	4
15	 <p>a. In the given figure what does the gap FE represent?</p> <p>b. State and explain any two fiscal measures to correct the situation.</p>	4
16	<p>a. How is real GDP different from nominal GDP?</p> <p>b. If real GDP = Rs 600 and Price index = 110, calculate nominal GDP.</p> <p>c. State any two precautions while using expenditure method of measuring national income.</p>	6
17	<p>a. Government has started spending more or providing free services like education and health to the poor. Explain the economic value it reflects.</p> <p>b. Give meanings of revenue receipts and capital expenditures with one example for each.</p> <p style="text-align: center;">OR</p> <p>a. Define Surplus Budget.</p> <p>b. What is the relation between revenue deficit and fiscal deficit.</p> <p>c. Discuss the issue of deficit reduction.</p>	6
<b>SECTION B: INDIAN ECONOMIC DEVELOPMENT</b>		
18	<p>“Economic Reform” measures in India were formally introduced in:</p> <p>a. July 1991</p> <p>b. August 1947</p> <p>c. January 1980</p> <p>d. March 1990</p>	1
19	<p>_____refers to the stock of skill, ability, expertise, education, and knowledge embodied in the people.</p>	1

20	<p>----- is an initiative taken up by the government to improve marketing system.</p> <p>a. intermediaries b. Whole sale markets c. Regulated market d. None of these</p>	1
21	<p>What is agricultural diversification?</p> <p style="text-align: center;"><b>OR</b></p> <p>-----refers to a series of research, development and technology transfer initiatives that increased production of horticulture crops.</p> <p>a. Green revolution b. White revolution c. Golden revolution d. Blue revolution</p>	1
22	<p>The process of moving from self-employment and regular salaried employment to casual wage work is known as:</p> <p>a. Informalisation of workforce b. Casualisation of workforce c. Both (a) and (b) d. Neither (a) nor (b)</p>	1
23	<p>Read the following statements carefully: Statement 1: Technology used in the informal sector is up to date. Statement 2: Informal sector maintain proper account and record. In the light of the given statements, choose the correct alternatives:</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> <p style="text-align: center;"><b>OR</b></p> <p>A situation where GDP grows faster than the employment opportunities is called:</p> <p>a. Informalisation b. Casualisation c. Jobless growth d. Brain drain</p>	1
24	<p>Arrange the following events of India before the independence in chronological order:</p> <p>i) The opening of the Suez Canal ii) Introduction of the railways iii) Second stage of demographic transition iv) Incorporation of the Tata Iron and Steel Company</p> <p>Alternatives:</p> <p>a) i), ii), iii), iv) b) iii), ii), i), iv) c) ii), i), iv), iii) d) iv), i), ii), iii)</p>	1

25	<p>Before 1921, India was in the first stage of ----- . The second stage began after 1921. However, neither the total population of India nor the rate of population growth at this stage was very high.</p> <p>a) Population Growth b) Development c) Demographic transition d) Economic Growth</p>	1										
26	<p>From the set of statements given in Column A and Column B, choose the correct pair of statements:</p> <table border="1" data-bbox="277 535 1283 801"> <thead> <tr> <th data-bbox="277 535 683 573">Column A</th> <th data-bbox="683 535 1283 573">Column B</th> </tr> </thead> <tbody> <tr> <td data-bbox="277 573 683 651">A. Subsidy</td> <td data-bbox="683 573 1283 651">1. Economic benefit granted by government to domestic producers</td> </tr> <tr> <td data-bbox="277 651 683 689">B. Economic planning</td> <td data-bbox="683 651 1283 689">2. Reducing dependence on imports</td> </tr> <tr> <td data-bbox="277 689 683 763">C. Modernization</td> <td data-bbox="683 689 1283 763">3. Optimum utilisation and coordination of limited resources</td> </tr> <tr> <td data-bbox="277 763 683 801">D. Self-reliance</td> <td data-bbox="683 763 1283 801">4. Adoption of new technology</td> </tr> </tbody> </table> <p>a) A-1 b) B-2 c) C-3 d) D-4</p>	Column A	Column B	A. Subsidy	1. Economic benefit granted by government to domestic producers	B. Economic planning	2. Reducing dependence on imports	C. Modernization	3. Optimum utilisation and coordination of limited resources	D. Self-reliance	4. Adoption of new technology	1
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27	<p>Read the following statement – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion (A):</b> After independence, India adopted mixed economy <b>Reason (R):</b> After independence, India adopted the objective of economic growth with social justice.</p> <p><b>Alternatives:</b></p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason(R) is correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not 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> <p style="text-align: center;"><b>OR</b></p> <p>_____ refers to means avoiding imports of goods which could be produced in India (Fill in the blank with correct option)</p> <p>a) Equity b) Modernization c) Self-reliance d) Economic growth</p>	1										
28	<p>State giving valid reasons, whether the following statements are true or false:</p> <p>a. There is no difference between labour force and workforce. b. Lower employment among women in India points to our economic and social backwardness.</p>	3										

29	What were the main causes of India's agricultural stagnation during the colonial period?	3
30	"The Prime Minister urged to increase the rural income by increasing non-farm activities." Explain how non-farm activities can lead to rise in income of people in rural sector.	4
31	a. What objectives did the British intend to achieve through their policies of infrastructure development in India? b. What was the two-fold motive behind the systematic de-industrialisation affected by the British in pre-independent India?	2+2
32	"Atmanirbhar Bharat" had been at the roots of the Indian planning process in the form of "self-reliance" as an objective of the planning process. Do you agree with the given statement? Justify the rationale of the given statement. OR a. Explain how import substitution can protect domestic industry? b. What is meant by foreign trade?	2+2
33	An important lesson that the COVID-19 pandemic has taught the policymakers in India is to provide greater impetus to sectors that make better allocation of resources and reduce income inequalities. COVID-19 has also taught a lesson that in crisis the population returns to rely on the farm sector. India has a large arable land, but the farm sector has its own structural problems. However, directly or indirectly, 50 percent of the households still depend on the farm sector. Greater support to MSMEs, higher public expenditure on health and education and making the labour force a formal employee in the economy are some of the milestones that the nation has to achieve. One of the imminent reforms to be done in the country is labour reforms. Labour laws are outmoded in India, and some of these date back to the last century. India's complex labour laws have been blamed for keeping manufacturing businesses small and hindering job creation. Industry hires labour informally because of complex laws and that is responsible for low wages.  1. Define workforce. 2. "It is necessary to create employment in the formal sector rather than in the informal sector." Defend or refute the given statement with valid argument. 3. What do you mean by MSMEs? 4. Read the following statement – Assertion (A) and Reason (R). Choose one of the correct alternatives given below: <b>Assertion (A):</b> Urban unemployment is a spill over of rural unemployment. <b>Reason (R):</b> Owing to the lack of opportunities of employment, people in the rural areas are compelled to migrate to the urban areas in search of livelihood. <b>Alternatives:</b> (a) Both Assertion (A) and Reason (R) are true and Reason(R) is correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct	1+3+1+1



	<p>explanation of 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>	
34	<p>a. What is Green Revolution? Why was it implemented and how did it benefit the farmers? Explain in brief.</p> <p>b. While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in light of this.</p>	3+3