



INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE

CLASS -XII- ASSESSMENT- I -2023-24

DATE: 28/09/2023

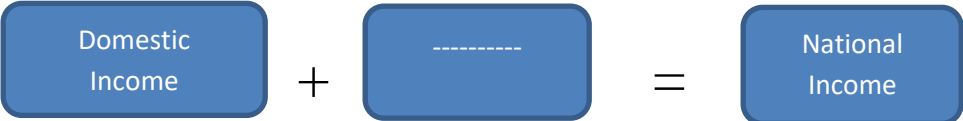
ECONOMICS (030)

MARKS: 80

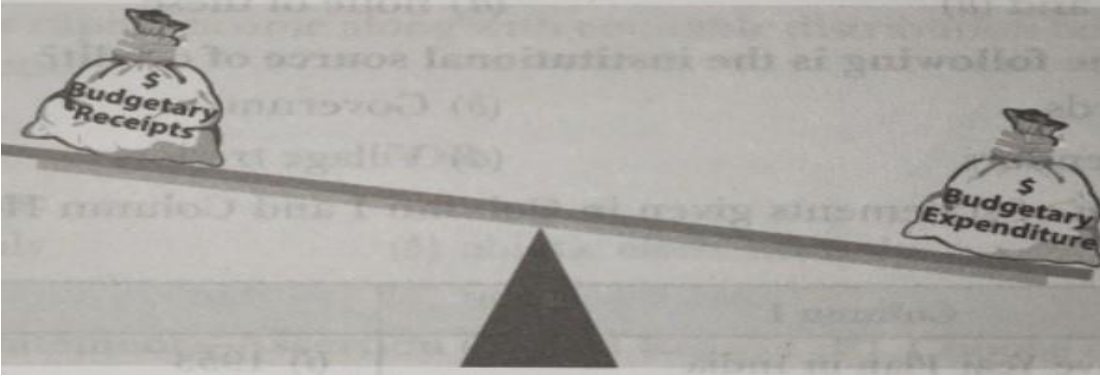
General Instructions:


- 1) All questions in both the sections are compulsory.
- 2) Marks for questions are indicated each.
- 3) All parts of a question should be answered at one place.


| Q. No. | SECTION A: MACRO ECONOMICS | Marks | | | | | | | | | | |
|--------------------------------|---|----------|----------|---------------------------|----------------------|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------------|------------------------------------|---|
| 1 | <p>Read the following statement given below and choose the correct alternative</p> <p>Statement 1- The equilibrium output in the economy determines the level of employment in the economy</p> <p>Statement 2- Full employment level of income is the level where all the resources are partially employed</p> <p>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</p> | 1 | | | | | | | | | | |
| 2 | <p>Choose the correctly matched pair from the following:</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;">Column A</th><th style="text-align: center;">Column B</th></tr></thead><tbody><tr><td style="text-align: center;">A. Aggregate Demand curve</td><td style="text-align: center;">1. Positively sloped</td></tr><tr><td style="text-align: center;">B. Aggregate Supply curve</td><td style="text-align: center;">2. Planned I = Planned S</td></tr><tr><td style="text-align: center;">C. Saving- income approach</td><td style="text-align: center;">3. 45° positively sloped</td></tr><tr><td style="text-align: center;">D. Equilibrium level of Income</td><td style="text-align: center;">4. Alternative approach of AD – AS</td></tr></tbody></table> <p>a)A-4 b) B-1 c) C-3 d) D-2</p> | Column A | Column B | A. Aggregate Demand curve | 1. Positively sloped | B. Aggregate Supply curve | 2. Planned I = Planned S | C. Saving- income approach | 3. 45° positively sloped | D. Equilibrium level of Income | 4. Alternative approach of AD – AS | 1 |
| Column A | Column B | | | | | | | | | | | |
| A. Aggregate Demand curve | 1. Positively sloped | | | | | | | | | | | |
| B. Aggregate Supply curve | 2. Planned I = Planned S | | | | | | | | | | | |
| C. Saving- income approach | 3. 45° positively sloped | | | | | | | | | | | |
| D. Equilibrium level of Income | 4. Alternative approach of AD – AS | | | | | | | | | | | |
| 3 | <p>“The value of all goods and services can be expressed in monetary units.”</p> <p>On the basis of the given statement, identify the function performed by money:</p> | 1 | | | | | | | | | | |

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|---|---|---|
| | <p>a) Medium of exchange b) Store of Value c) Unit of account d) Means of standard of deferred payments</p> | |
| 4 | <p>Sameer wants 6 pencils in exchange for a book from Vikram. But Vikram isn't agreeing to this condition. This is the example of</p> <p>a. Barter system b. Lack of double coincidence of wants c. Lack of common measurement d. All of the above</p> | 1 |
| 5 | <p>Read the following statement given below and choose the correct alternative. Assertion(A): "Market Price" is the market value of final goods and services and "Factor Cost" is the money value of final goods and services. Reason (R): Factor income is not included in National income whereas transfer income is included. 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> | 1 |
| 6 | <div style="text-align: center;">  <p>The diagram consists of three blue rounded rectangular boxes. The first box on the left contains the text 'Domestic Income'. To its right is a plus sign '+'. The second box is empty and contains a dashed line '-----'. To its right is an equals sign '='. The third box on the right contains the text 'National Income'.</p> </div> <p>On the basis of above chart answer the following question: Choose the correct alternative to be filled in given blank:</p> <p>a. Net exports b. Factor income from abroad c. Net factor income from abroad d. Net indirect taxes</p> | 1 |
| 7 | <p>Define Capital receipts? State its sources.</p> | 1 |
| 8 | <p>Read the following statement given below and choose the correct alternative:</p> <p>Assertion(A): As a result of fiscal deficit, government gets caught in an unending cycle of debt trap Reason (R) : To meet its expenses government increases their borrowing which eventually increases the fiscal deficit 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)</p> | 1 |

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| | c. Assertion (A) is true, but Reason (R) is false. d. Assertion (A) is false, but Reason (R) is true. | |
| 9 | Study of the general price level is a subject matter of: a. Micro economics b. Macro economics c. Both (a) and (b) d. None of these | 1 |
| 10 | Which of the following is the consumption sector? a. Households b. Firms c. Foreign d. Government | 1 |
| 11 | “Jan Dhan Yojana” led to a rise in bank deposits. How would it impact the national income of India? OR The recent policy of the central Government of cash transfer of subsidy on LPG has raised the level of annual income of households. Does it mean an increase in domestic income of India? Justify your answer. | 3 |
| 12 | Outline the steps required to be taken in deriving saving curve from the given consumption curve. Use diagram. | 3 |
| 13 | Read the following hypothetical text and answer the given questions: How uniform is the distribution of GDP? It still seems that majority of the people are poor and only some have benefited. GDP and Welfare Can the GDP of a country be taken as an index of the welfare of the people of that country? If a person has more income, he or she can buy more goods and services and his or her material well-being improves. So, it may seem reasonable to treat his or her income level as his or her level of well-being. GDP is the sum total of value of goods and services created within the geographical boundary of a country in a particular year. It gets distributed among the people as incomes (except for retained earnings). So, we may be tempted to treat higher level of GDP of a country as an index of greater well-being of the people of that country (to account for price changes, we may take the value of real GDP instead of nominal GDP). (Source: Introductory Macroeconomics Textbook for Class 12) a. Is it reasonable to treat a person's income level as his or her level of well-being? b. Do you think that GDP is a true indicator of welfare? | 4 |
| 14 | a. Define government budget. Explain any two objectives of government budget. b. One of the major components of the revenue budget is the tax revenue. Explain the various types of tax revenue the Government collects with suitable examples. | 4 |
| 15 | What is the maximum and minimum value of the investment multiplier? Explain OR $C=100+0.4 Y$ is the consumption function of an economy where C is consumption expenditure and Y is National income. Investment expenditure is 1100. Calculate | 4 |

| | <p>a. Equilibrium level of national income b. Consumption expenditure at equilibrium level of national income.</p> | | | | | | | | | | | | | | | |
|--------------------------------------|---|---|--------------|-----------------------------|-----|-------------------------|-----|-----------------------------------|----|----------------------|----|--------------------------------------|-----|-----------------------|----|---|
| 16 |  <p>a. Analyse the image given above and identify the type of budget highlighted in the image. b. From the following data about a government budget find: a. Revenue deficit b. Fiscal deficit c. Primary deficit</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Rs in Crores</th> </tr> </thead> <tbody> <tr> <td>i. Plan capital expenditure</td> <td style="text-align: right;">120</td> </tr> <tr> <td>ii. Revenue expenditure</td> <td style="text-align: right;">100</td> </tr> <tr> <td>iii. Non-plan capital expenditure</td> <td style="text-align: right;">80</td> </tr> <tr> <td>iv. Revenue receipts</td> <td style="text-align: right;">70</td> </tr> <tr> <td>v. Capital receipts net of borrowing</td> <td style="text-align: right;">140</td> </tr> <tr> <td>vi. Interest payments</td> <td style="text-align: right;">30</td> </tr> </tbody> </table> <p>c. Differentiate between development and non-development expenditure.</p> | | Rs in Crores | i. Plan capital expenditure | 120 | ii. Revenue expenditure | 100 | iii. Non-plan capital expenditure | 80 | iv. Revenue receipts | 70 | v. Capital receipts net of borrowing | 140 | vi. Interest payments | 30 | 6 |
| | Rs in Crores | | | | | | | | | | | | | | | |
| i. Plan capital expenditure | 120 | | | | | | | | | | | | | | | |
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| 17 | <p>What is Investment multiplier? Explain the working of Investment multiplier when $MPC = 0.8$ $\Delta I = Rs\ 100\ crores$</p> <p style="text-align: center;">OR</p> <p>What is meant by Inflationary gap? Explain the role of Repo rate in reducing this gap?</p> | 6 | | | | | | | | | | | | | | |
| | SECTION B: INDIAN ECONOMIC DEVELOPMENT | | | | | | | | | | | | | | | |
| 18 | <p>The sole purpose of British colonial rule in India was; (choose the correct alternative) a. Indian economic growth b. Social welfare of Indians of economic welfare of Britishers c. Expand its modern industry base d. Reduce the country to being a raw material supplier</p> | 1 | | | | | | | | | | | | | | |

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| 19 | <p>Refer the following source and answer questions related:</p>  <p>The new route opened in 1869:</p> <ol style="list-style-type: none"> Is one of the most important water ways Reduced the cost of transportation Eased the access to the Indian Market All of the above | 1 |
| 20 | <p>Read the following statement given below and choose the correct alternative:</p> <p>Assertion(A): After independence, India adopted inward looking trade strategy which is called import substitution</p> <p>Reason (R): Import substitution was highly regulatory and restrictive in nature</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true. | 1 |
| 21 | Define Land -ceiling. | 1 |
| 22 | <p>Read the following statement given below and choose the correct alternative:</p> <p>Assertion (A): Globalisation is associated with change in ownership of public sector units</p> <p>Reason (R) : Globalisation is associated with growing economic independence</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true. | 1 |
| 23 | <p>---- are short -term policy measures taken to improve the BOP situation in an economy.</p> <ol style="list-style-type: none"> Structural measures Stabilisation measures Reconstruction measures Developmental measures | 1 |

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| 24 | <p>Read the following statement given below and choose the correct alternative</p> <p>Statement 1- Education and health causes private benefits.</p> <p>Statement 2- AICTE is the regulatory body for medical studies.</p> <p>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</p> | 1 |
| 25 | <p>_____ refers to man-made means of production which are required for further production. (Fill in the blank with correct option)</p> <p>a. Human Capital b. Physical capital c. Financial capital d. None of the above</p> | 1 |
| 26 | <p>----- is a promise to farmers that the government would buy their produce at a particular price.</p> <p>a. Maximum Retail Price b. Minimum Support Price c. Both a and b are correct d. Both a and b are incorrect</p> | 1 |
| 27 | <p>Study the following picture and answer the given question:</p>  <p>Women in rural households take up bee-keeping as an entrepreneurial activity. Such kind of activities may be envisaged under ----- as diversification activity. (Choose the correct alternative to fill up the blanks)</p> <p>a. Animal husbandry b. Fisheries c. Horticulture d. Poultry</p> | 1 |
| 28 | <p>Explain how import substitution can protect domestic industry.</p> | 3 |
| 29 | <p>Define Agricultural Marketing Mention some obstacles that hinder the mechanism of agricultural marketing.</p> <p style="text-align: center;">OR</p> <p>What is Organic farming and how does it promote sustainable development?</p> | 3 |

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| 30 | While subsidies encouraged farmers to use new technology, they are a huge burden on government finance? Discuss the usefulness of subsidies in light of this fact. | 4 |
| 31 | India has certain advantages which makes India a favourite outsourcing destination. What are these advantages? | 4 |
| 32 | Explain how investment in education stimulates economic growth. Mention two government organisations that regulate the education sector. OR What are the two major sources of human capital in a country? Explain | 4 |
| 33 | a. “The PSUs which are making profit should be privatized.” Do you agree with this view? Why? b. Define Economic reforms. Why were reforms introduced in India? OR a. Differentiate between Bilateral and Multi-lateral trade. b. Why did RBI have to change its role from controller to facilitator of financial sector in India? c. Agriculture sector appears to be adversely affected by the reform process. Why? | 6 |
| 34 | Read the following hypothetical text and answer the given questions: Diversification includes two aspects- one relates to change in cropping pattern and the other relates to shift of workforce from agriculture to other allied activities like livestock, poultry, fisheries etc. and non -agriculture sector. The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood. Diversification towards new areas is necessary not only to reduce the risk from agriculture sector but also to provide sustainable livelihood options to rural people. Much of agricultural employment activities are concentrated in the kharif season. But during the Rabi season, in areas where there are inadequate irrigation facilities, it becomes difficult to find gainful employment. Therefore, expansion into other sectors is essential to provide supplementary gainful employment and in realising higher levels of income for rural people to overcome poverty and other tribulations. 1..... relates to shift of workforce from agriculture to two other allied activities. a. Micro cropping b. Diversification c. Both A and B d. None of these 2. Livestock comes under the category of ----- activities. a. Diversification b. Allied c. Agriculture d. Commercial 3. Bring out the importance of “animal husbandry” as a source of diversification. 4. Why is agricultural diversification essential for sustain-able livelihoods? | 6 |