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XI J - Humanities

ST. ANTHONY'S SR. SEC. SCHOOL
PREBOARD EXAMINATION 1
2023 - 2024
CLASS XII SESSION 2023-24
SUBJECT ECONOMICS (030) SET B

Time: 3 Hours

Max. 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.

Section A - Macro Economics

Multiple Choice Questions (Q1 to Q10)

Marks=10

1. Which bank in India is the controller of credit?
(a) Axis bank
(b) State Bank of India
(c) Reserve Bank of India
(d) Punjab National Bank
2. Read the following statements carefully:
Statement 1: Commercial banks are the financial institutions who accept deposits from the public and advance loans to others.
Statement 2: Reserve Bank of India is the sole authority for issuing currency notes in India.
In the light of the given statements, choose the correct alternative from the following:
(a) Both the statements are true
(b) Both the statements are false
(c) Statement 1 is true and statement 2 is false
(d) Statement 1 is false and statement 2 is true
3. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): A country always tries to balance the BoP, i.e., balance in current account equals to balance in capital account.

Reason (R): Balanced BoP indicates stable economic relations with rest of the world.

Alternatives:

- (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
4. Suppose that the Balance of Trade (BoT) of a nation, exhibits a surplus of Rs 30,000 crores. The import of merchandise of the nation is half of the exports of merchandise to the rest of the world. The value of exports would be Rs _____ crores.
- (a) 90,000
 - (b) 60,000
 - (c) 15,000
 - (d) 22,500

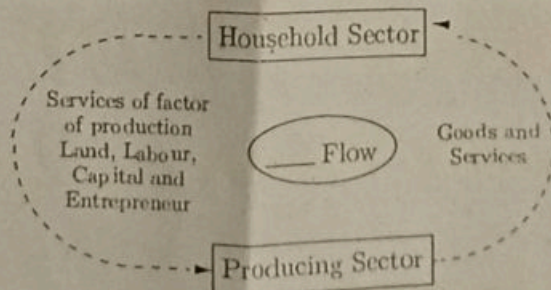
OR

The transactions recorded in the current account of BoP are:

- (a) Export and import of services
 - (b) Transfers from and to abroad
 - (c) Export and import of goods
 - (d) All of these
5. Read the following statements carefully:
Statement 1: Money is defined as anything that is generally accepted as a medium of exchange and at the same time acts as a measure and a store of value.
Statement 2: Money supply is stock of money in circulation in the country, at a particular point of time. In the light of the given statements, choose the correct alternative from the following:
- (a) Both the statements are true
 - (b) Both the statements are false
 - (c) Statement 1 is true and statement 2 is false
 - (d) Statement 1 is false and statement 2 is true
6. Goods purchased for _____ purpose(s) are final goods.
- (a) investment
 - (b) satisfaction of wants
 - (c) Both (a) and (b)
 - (d) None of these

OR

Read the following figure carefully and choose the correct option from the alternatives given below:



Alternatives:

- (a) Real
- (b) Nominal
- (c) Circular
- (d) Both (a) and (c)

7. Demand deposits include:
- (a) Saving account deposits and current account deposits
 - (b) Saving account deposits and fixed deposits
 - (c) Current account deposits and fixed deposits
 - (d) All types of deposits
8. Which of the following component(s) is/are not included in money supply?
- (a) Stock of gold with RBI
 - (b) Currency with private individuals
 - (c) Currency with business firms
 - (d) All of these
9. Read the following statements carefully:
- Statement 1: Balance of Payments is a systematic record of all economic transactions that take place between one country and the rest of the world during a given period (say a year).
- Statement 2: Balance of Trade is the difference between the value of goods exported and value of goods imported in a given year.
- In the light of the given statements, choose the correct alternative from the following:
- (a) Both the statements are true
 - (b) Both the statements are false
 - (c) Statement 1 is true and statement 2 is false
 - (d) Statement 1 is false and statement 2 is true
10. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
- Assertion (A): Central bank as a banker to the government, works as a custodian of cash reserves.
- Reason (R): The central bank acts as a clearing house for transfer and settlement of mutual claims of commercial banks. Alternatives:
- (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

OR

- Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
- Assertion (A): Banks charge a higher interest rate on loans than what they offer on deposits.
- Reason (R): The difference between what is charged from borrowers and what is paid to depositors is the main source of income of the banks.
- Alternatives:
- (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

Short Answer Questions (Q11 to Q12)

Marks = 06

11. "Indian Rupee (₹) plunged to all time low of ₹80.10 against the US Dollar (\$)."

In the light of the above report, discuss the impact of the situation on Indian imports. —The Economic Times.

12. Government is incurring expenditure on "Child immunisation programme". Does the given statement mean that welfare of the people of India will increase along with increase in its GDP. Comment with reason.

OR

Find net value added at market price

Content	(₹ in Crore)
Output sold (units)	800
Price per unit of output	20
Excise	1,600
Import duty	400
Net change in stock	(-) 500
Depreciation	1,000
Intermediate cost	8,000

Short Answer Questions (Q13 to Q15)

Marks = 12

13. Read the following text carefully and discuss briefly any two tools of correcting the situation of deflation/recession in the economy.

The Reserve Bank of India (RBI) cuts Repo Rate to 4.4%, the lowest in at least 15 years. Also, it reduced the Cash Reserve Ratio (CRR) maintained by the banks for the first time in over seven years. CRR for all banks was cut by 100 basis points to release ₹1.37 lakh crores across the banking system. RBI governor Dr. Shaktikanta Das predicted a big global recession and said India will not be immune. It all depends how India responds to the situation. Aggregate demand may weaken and ease core inflation.

--The Economic Times; March 27th, 2020

14. Define full employment. Can an equilibrium situation be reached in an economy at less than full employment level? Explain.

OR

Explain the role of margin requirements in dealing with the problem of excess demand.

15. State whether the following statements are true or false. Give reason for your answer.
(a) When MPC is greater than MPS, the value of investment multiplier will be greater than 5.
(b) The value of MPS can never be negative.

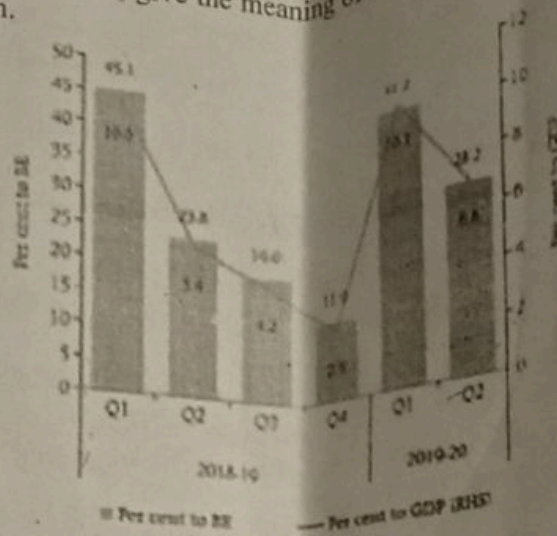
Long Answer Questions (Q16 to Q17)

Marks = 12

16. (a) Government incurs expenditure to popularise yoga among the masses. Analyse its impact on Gross Domestic Product and welfare of the people.
(b) Explain the precautions that are taken while estimating national income by value added method

① self cost 4
② self cost

17. (a) The graph given below highlights the situation of gross fiscal deficit in context of the Indian economy taken from RBI's Bulletin on 'Government Finances 2019-20: A half yearly review'. In context of the figure given below, give the meaning of fiscal deficit and explain any two ways to deal with such a problem.



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

OR

- (a) Explain the role of government budget in fighting inflationary tendencies.
 (b) Explain why public goods should be provided by the government.

Section B-Indian Economic Development

Multiple Choice Questions (Q18 to Q27)

Marks=10

18. Read the following statements carefully:

Statement 1: The emergence of Self-Help Groups (SHGs) ensured the reduction in the income inequalities of the formal credit system.

Statement 2: The borrowings from SHGs mainly confined to consumption purposes by its members.

In the light of the given statements, choose the correct alternative from the following:

- (a) Both the statements are true
 (b) Both the statements are false
 (c) Statement 1 is true and statement 2 is false
 (d) Statement 1 is false and statement 2 is true

19. _____ campaign aimed at industrialising the China on a large scale.

- (a) Great Proletarian Cultural Revolution
 (b) Commune System
 (c) Great Leap Forward
 (d) None of these

OR

Which of the following countries initiated its process of economic reforms in the year 1991?

- (a) Russia
- (b) China
- (c) Pakistan
- (d) India

20. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Major policy initiatives (land reforms and green revolution) helped India to become self-sufficient in foodgrains production.

Reason (R): The proportion of people depending on agriculture did not decline as expected after the Green Revolution.

Alternatives:

- (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

21. Demonetisation is the _____ policy wherein the legal status of a currency unit is cancelled and new one comes into circulation.

- (a) Legal
- (b) Social
- (c) Political
- (d) Economic

OR

The Britishers introduced the railways in:

- (a) 1860
- (b) 1850
- (c) 1880
- (d) 1870

22. Arrange the following events of Pakistan in chronological order and choose the correct alternative:

- (i) Nationalisation of Capital goods
- (ii) First Five Year Plan
- (iii) Fertility Rate in Pakistan was 3.7
- (iv) Agriculture grew at the rate of 4%

Choose the correct alternative:

- (a) (iv), (ii), (i), (iii)
- (b) (iv), (i), (ii), (iii)
- (c) (ii), (iv), (i), (iii)
- (d) (ii), (i), (iv), (iii)

23. _____ are the institutional sources of agricultural credit.

- (a) Commercial Banks
- (b) Cooperative Credit Societies
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

24. From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement:

Column I		Column II
A. Capital goods industry	(i)	industry which can produce machine tools
B. Zamindari System	(ii)	the interest of the 'zamindars' was not only to collect rent.
C. Demographic transition	(iii)	after 1935, the second stage of transition began
D. Life expectancy	(iv)	was very low - 52 years

Alternatives:

(a) B - (ii)

(c) A - (i)

(b) C - (iii)

(d) D - (iv)

25. Read the following statements carefully:

Statement 1: National Bank for Agriculture and Rural Development (NABARD) is the apex body which coordinates the functioning of different financial institutions working for expansion of rural credit.

Statement 2: National Bank for Agriculture and Rural Development (NABARD) was established on 12th July 1982. In the light of the given statements, choose the correct alternative from the following:

(a) Both the statements are true

(b) Both the statements are false

(c) Statement 1 is true and statement 2 is false

(d) Statement 1 is false and statement 2 is true

26. _____ protocol was initiated to control ozone depletion.

(a) United Nations

(b) Montreal

(c) Kyoto

(d) None of these

OR

Which one of the following is not a non-institutional source of credit?

(a) Relatives

(b) Moneylenders

(c) Land Development Bank

(d) Traders and commission agents

27. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

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.

Alternatives:

(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

Short Answer Questions (Q28 to Q29)

Marks= 06

28. "Green Revolution enabled the government to procure sufficient food grains to build its stocks that could be used during times of shortage." Do you agree with the above statement? Give reason.

29. "Industrial Policy Resolution of 1956 (IPR 1956) formed the basis of the Second Five Year Plan." Elaborate.

OR

Explain the two forms of protection from imports.

Short Answer Questions (Q30 to Q32)

Marks = 12

30. (a) Define worker-population ratio.
(b) Analyse the trends in sectoral distribution of work force in India on the basis of data Trends in Employment Pattern (Sector-wise), 1972-2012 (in%)

Sector	1972-73	1983	1993-94	1999-2000	2011-2012
Primary	74.3	68.6	64	60.4	48.9
Secondary	10.9	11.5	16	15.8	24.3
Services	14.8	16.9	20	23.8	26.8
Total	100	100	100	100	100

31. State whether the following statements are true or false, with valid arguments
(a) The percentage share of agricultural sector in the exports of the country declined in the period 1950-1990.
(b) The Gulf crisis and the collapse of Soviet Block was responsible, to a certain extent for the economic crisis of 1991.
32. The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.

OR

- (a) What do you understand by the term 'economy'?
(b) How are economies classified in the economic system?

Long Answer Questions (Q33 to Q34)

Marks = 12

33. "Micro-credit programmes are playing vital role in meeting credit requirements of the poor." Elaborate.

OR

Explain the principal role of human capital formation in accelerating the rate of economic growth.

34. Read the following text carefully and answer the given questions on the basis of the same and common understanding:
Special Economic Zones (SEZs) are intended to function as zones of rapid economic growth by using tax and business incentives to attract foreign investment and technology. The first four special economic zones were created in 1980 in southeastern coastal China and consisted of what were then the small cities of Shenzhen, Zhuhai, and Shantou in Guangdong province and Xiamen (Amoy) in Fujian province. In these areas, local governments have been allowed to offer tax incentives to foreign investors and to develop their own infrastructure without the approval of the central government. Business enterprises have made most of their own investment, production

and marketing decisions, and foreign ownership of such ventures has been legalised. Though some of them began as little more than small towns, the new SEZs soon attracted foreign investment and became boom towns, with rapidly expanding light and consumer goods industries and growing population. Encouraged by the zones' success, the Chinese government in 1984 opened 14 larger and older cities along the coast to foreign trade and investment. In 1988, Hainan Island was made a separate province and a special economic zone, and in 1990 the Pudong area within the Shanghai municipality became a special economic zone with policies even more flexible than those already in force in the original four Special Economic Zones (SEZs).

- (a) What are Special Economic Zones (SEZs)? Name any two cities in which special economic zones were started in China in 1980.
- (b) When were economic reforms initiated in China? What autonomy was given to local government for motivating foreign investors in China under Special Economic Zones?