

CLASS-12 C (ECONOMICS) UNSOLVED

Time Allowed: 3 Hours

Max. Marks: 80

General Instructions:

- (i) All questions in both sections are compulsory. However, there is internal choice in some questions.
- (ii) Marks for questions are indicated against each question.
- (iii) Question No. 1-10 and 18-27 are very short answer questions carrying 1 mark each. They are required to be answered in one sentence.
- (iv) Question No. 11-12 and 28-29 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- (v) Question No. 13-15 and 30-32 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- (vi) Question No. 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.
- (vii) Answers should be brief and to the point and the above word limit be adhered to as far as possible.

SECTION-A: INTRODUCTORY MACROECONOMICS

Choose the correct option:

1. Read the following dialogue between two people.

Rohit : I want 1 kg of mango.

Aarushi : What will you give in exchange?

Rohit : I can give you 1 pair of shoes in return for the mangoes.

Aarushi : I don't need shoes. I want some chocolates.

Which of the following problems is being faced by Rohit and Aarushi in their exchange process? **1**

- (a) Lack of store of value (b) Lack of double coincidence of wants
(c) Lack of standard of deferred payment (d) Absence of common units of value

2. When $MPC = 0.71$, MPS is: **1**

- (a) 1.71 (b) 0.71
(c) 1.29 (d) 0.29

3. Which of the following is not included in inventory investment? **1**

- (a) Stock of finished goods
(b) Stock of semi-finished goods

- (c) Consumer goods sold to the households during the accounting year
 (d) Stock of raw materials
4. Reverse repo rate: 1
 (a) generates interest income for the commercial banks
 (b) is increased to curb inflation
 (c) is not a policy rate
 (d) both (a) and (b)
5. The government budget has a revenue deficit. This gets financed by: 1
 (a) indirect taxes and borrowing (b) tax revenue and borrowing
 (c) borrowing and disinvestment (d) tax revenue and indirect taxes
6. Which of the following causes loss of foreign exchange? 1
 (a) Grants from rest of world (b) Exports
 (c) Imports (d) Foreign investment
7. Balance of trade relates to export and import of invisible items. 1
 (True/False)

Choose the correct option and complete the following statements:

8. _____ is equal to fiscal deficit less interest payments. 1
 (Revenue deficit/Primary deficit)
9. When marginal propensity to save is zero, the value of multiplier is _____. 1
 (zero/infinity)
10. Define balance of payments. 1
11. Distinguish between intermediate goods and final goods. 3

Or

- What is meant by the problem of double counting in estimating national income? State the two ways of avoiding this problem.
12. Distinguish between depreciation of currency and appreciation of currency. How are exports and imports impacted in these situations? 3
13. How is budgetary policy used to promote GDP growth in the economy? 4
14. In an economy, the autonomous consumption is 220 and the marginal propensity to save is 0.4. If the equilibrium level of income is 1,700, then the investment expenditure in this economy will be 400. True or False? Justify your answer. 4

Or

- In an economy, the equilibrium level of income is 900 and the autonomous saving is -100. If marginal propensity to save is 0.3, consumption expenditure in this economy will be 500. True or False? Justify your answer.
15. Explain the process of credit creation by the commercial banks. 4
16. Explain the significance of export promotion in correcting the situation of deflationary gap in the economy. 6
17. Calculate Gross National Product at Market Price by (a) Income Method, and (b) Expenditure Method: 6

Items	(₹ in crore)
(i) Net exports	25
(ii) Rent	35
(iii) Private final consumption expenditure	415
(iv) Interest	45

(v) Dividends	50
(vi) Undistributed profits	10
(vii) Corporate tax	15
(viii) Government final consumption expenditure	115
(ix) Net domestic capital formation	65
(x) Compensation of employees	400
(xi) Consumption of fixed capital	25
(xii) Net indirect taxes	65
(xiii) Net factor income from abroad	(-) 10

Or

From the following data calculate National Income by (a) Income Method, and (b) Expenditure Method:

Items	(₹ in crore)
(i) Private final consumption expenditure	330
(ii) Mixed income of self-employed	25
(iii) Gross domestic fixed capital formation	50
(iv) Opening stock	15
(v) Compensation of employees	230
(vi) Closing stock	25
(vii) Government final consumption expenditure	80
(viii) Operating surplus	180
(ix) Consumption of fixed capital	10
(x) Net indirect taxes	15
(xi) Net factor income from abroad	(-) 5
(xii) Exports	20
(xiii) Imports	30

SECTION-B: INDIAN ECONOMIC DEVELOPMENT

Choose the correct option:

18. Which of the following features shows backwardness of agriculture of Indian economy on the eve of independence? 1
 - (a) Low productivity
 - (b) High degree of uncertainty
 - (c) Forced commercialisation of agriculture
 - (d) Both (a) and (b)
19. Which of the following is an essential indicator of good health? 1
 - (a) Low death rate
 - (b) Low infant mortality rate
 - (c) High expectancy of life
 - (d) All of these
20. In terms of the sectoral contribution to GDP, economy of China is relying more on: 1
 - (a) primary sector
 - (b) secondary sector
 - (c) tertiary sector
 - (d) none of these
21. Which of the following is related to agricultural marketing? 1
 - (a) Storage
 - (b) Preservation
 - (c) Processing
 - (d) All of these

22. Unemployment occurs owing to cyclical fluctuations in the economy is called: 1
- (a) frictional unemployment (b) disguised unemployment
 (c) cyclical unemployment (d) urban unemployment
23. Marketable surplus is the excess of output over and above 'on farm consumption'. 1
 (True/False) 1

Choose the correct option and complete the following statements:

24. Comprehensive planning is pursued in _____ economies. (capitalist/socialist) 1
25. Goods which are available as free gifts of nature are largely used as _____ inputs. (commercial/non-commercial) 1
26. India has performed better than _____ with regard to GDP growth. (China/Pakistan) 1
27. Define poverty line. 1
28. State the principal problems of agricultural sector in India. 3
29. Write three observations on the significance of social infrastructure in the context of growth and development of the country. 3

Or

Is there any relationship between unemployment and poverty? Explain.

30. (a) In India, the problem of unemployment is chronic in nature, rather than cyclical. Do you agree? 1
- (b) Also explain why women in rural areas are ready to work at low wages. 2+2

Or

State the pitfalls which act as a hurdle in the growth of medical tourism in India.

31. How does investment in human capital contribute to economic growth? 4
32. Give a brief description of the 'common success story' and 'common failures' of India and Pakistan. 4
33. Give a brief description of the conventional and non-conventional sources of energy. Give suggestions to cope with the challenge of power generation in India. 6

Or

Distinguish between absolute poverty and relative poverty. Do you think GDP growth is the ultimate solution to the problem of poverty in India?

34. What do you mean by new economic policy? Describe in brief industrial sector reforms introduced under the new economic policy. 6

