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	10 Export of goods and services	4800											
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	B) Categories the following items as final or intermediate goods: 1) Wheat used by a flour mill. 2) Purchase of rice by a grocery shop.		1 1										
	Section B (Indian Economic Development)												
16	The backwardness in agricultural sector prior to India's independence was mainly due to: A) Subsistence farming B) Scarcity of investment C) Zamindari system. D) Low level of productivity		1										
17	Identify the correct sequence of alternatives given in column II by matching them with respective items in column I. <table border="1"><thead><tr><th>Column I</th><th>Column II</th></tr></thead><tbody><tr><td>A Launch of first five year plan</td><td>1 1950</td></tr><tr><td>B Setting up of Planning Commission</td><td>2 1955</td></tr><tr><td>C First industrial policy resolution</td><td>3 1948</td></tr><tr><td>D Karve Committee</td><td>4 1951</td></tr></tbody></table> Choose the correct alternative: A) A-4,B-2,C-3,D-1. B) A-3,B-4,C-1,D-2. C) A-4,B-1,C-3,D-2. D) A-4,B-3,C-1, D-2		Column I	Column II	A Launch of first five year plan	1 1950	B Setting up of Planning Commission	2 1955	C First industrial policy resolution	3 1948	D Karve Committee	4 1951	1
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18	Before the advent of green revolution in 1960's India was primarily dependent on.....for the supply of food grains. A) U.S.A. B) Britain. C) Mexico. D) Union of Soviet Socialist Republics(USSR)		1										
19	Read the following statements: assertion and reason. Choose one of the correct alternatives given below: Assertion: India has become a favourable destination of outsourcing for most of the MNC's. Reason: India has vast skilled and cheap manpower which enhances the faith of MNC's for investment in India. Alternatives:- A) Both assertion and reason are true and reason is the correct explanation of assertion. B) Both assertion and reason are true and reason is not the correct explanation of assertion. C) Assertion is true but reason is false. D) Assertion is false but reason is true.		1										
20	Read the following statements carefully and choose the correct alternative from the following: Statement 1: Both education and health increases the income generating capacity of an individual. Statement 2: Spread of education plays no role in controlling the population growth rate. Alternatives: A) Both the statements are true. B) Both the statements are false C) Statement 1 is true and statement 2 is false D) Statement 2 is true and statement 1 is false.		1										
21	In India ,.....accounts for the largest share in the livestock. A) Cattle & Buffalos. B) Poultry. C) Sheeps & Goats. D) None		1										
22	In which state, the per capita education expenditure is the lowest ? A) Madhya Pradesh. B) Orissa C) Himachal Pradesh. D) Bihar		1										

23 was the Indian finance minister in 1991, acknowledged for his capabilities to steer away the economic crisis looming large on the erstwhile while Indian economy. A) Dr. Subramaniam Swami. B) Dr. Manmohan Singh C) Mr. Pranab Mukherjee. D) Dr. Urjit Patel	1
24	Which of the following statement is false in the context of industrial sector during British rule? A) There was a decline in handicraft industries . B) The British government promoted capital goods industries C) India became an exporter of primary products D) There was low contribution of industries to GDP	1
25	Which of the following was not a feature of demonetization ? A) Channelizing savings into formal financial system. B) Tax administration C) Cash less economy. D) Promotion of black money.	1
26	Ms. Ramanpreet has started a new business venture, intends to spend a huge amount towards ‘on the job training’ of her workers before putting them to work. It exhibits the right step in the direction of human capital formation. Spot which of the following does not directly contribute to the process of human capital formation by Ms. Ramanpreet: A) Adds skills and expertise. B) Improves efficiency C) Ensures gender equity. D) In crisis output productivity.	1
27	In the year.....the Indian government made education free and compulsory for all children between 6 to 14 years. A) 2001. B) 2009. C) 2003. D) 2008	1
28	“Information technology plays a very significant role in achieving sustainable development and food security”. Comment.	3
29	“There is a downward trend in inequality world-wide with rise in the average education levels”. Comment.	3
30	Economic reforms were widely criticised because it neglected agricultural sector. Do you agree? Explain.	3
31	What objectives did the British intend to achieve through their policies of infrastructure development in India ?	4
32	What are the major factors responsible for the high growth of the service sector in India ?	4
33	A) How is human development a broader term as compared to human capital. B) Why is agricultural diversification essential for sustainable livelihoods ?	2 2
34	A) Do you think outsourcing is good for India ? Why are developed countries opposing it ? B) “In your view, is it essential for the government to regulate the fee structure in education and health care institutions ? If so, why ?	2+2 2
35	A) Critically evaluate the role of the rural banking system in the process of rural development in India. B) “ Use of chemical fertilizers to compensate food shortage gives good dividends at one time in the form of increased production, but becomes a disaster later in the form of adverse effects on health .” How can we overcome this problem ?	3 3

Ans. Key with M.S (Sept. Exam, 24-25)

XII – Economics

Set-A

Q.No	Section A (Introductory Macroeconomics)	Marks
1	A) Flow of factor services from households to firms.	1
2	D) Assertion is false but reason is true.	1
3	B) Both the statements are false.	1
4	A) 1, 2 and 3 are correct.	1
5	D) It will neither be included in the domestic income nor in the national income.	1

6	C) M ¹ includes gross demand deposits of commercial banks, besides currency with the public	1																
7	C) 0.1	1																
8	C) Consumption of fixed capital is zero.	1																
9	A) Yes, it will be included in the domestic factor income as profits are earned within the domestic territory of India. B) No, it will not be included in the GDP of India as the embassy of Japan not a part of the domestic territory of India. C) Yes, it will be included in the GDP of India as the Indian embassy is part of domestic territory of India.	1 1 1																
10	A) car used as a taxi: it is a capital good because it is used for producing services for generating income. B) Refrigerator in a hotel: it is a capital good because it is used for providing services over a period of time to the production unit. C) Air conditioner in a house: it is a consumer good because it is used for satisfaction of a want by a household.	1 1 1																
11	Reserve Bank of India can use the instrument of cash reserve ratio to raise the investment level in an economy which will help to boost the economic growth. If RBI lowers CRR then it will raise the lending capacity of commercial banks. As a result, borrowing from banks will increase, which will lead to rise in demand for investment funds. As investment increase, it will definitely boost up the rate of economic growth.	3																
12	A) Rise in sale of petrol and diesel cars will lead to increase in private consumption expenditure. It will raise the GDP of the country. However, it will not lead to an increase in the welfare of the people due to following reasons: 1 Air and noise pollution will increase with rise in sale of petrol and diesel cars, which has bad effects on people's health. It will reduce the welfare of people. 2 The traffic congestion on the road will worsen. 3 Already depleted reserves of petrol and diesel will further deplete. B GDP at MP = NNP at FC + Depreciation – NFIA + NIT. 1100 = 850 + Depreciation- 100 + 150 Depreciation = ₹ 200 crores.	2 1 ½ ½																
13	A) Standard of deferred payments (Explain this function in detail). B 1) Rise in repo rate will decrease the money supply as loan will be more expensive. 2) Purchase of securities in the open market will increase the money supply in the market.	2 1 1																
14	A For the year 2014-15, real GDP and nominal GDP are same as it is the base year. B Calculation of Real GDP <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Year</th> <th style="width: 20%;">2014-15</th> <th style="width: 20%;">2015-16</th> <th style="width: 30%;">2016-17</th> </tr> </thead> <tbody> <tr> <td>Nominal GDP</td> <td>6.5</td> <td>8.4</td> <td>9</td> </tr> <tr> <td>GDP Deflator</td> <td>100</td> <td>140</td> <td>125</td> </tr> <tr> <td>Real GDP = Nominal GDP/GDP Deflator × 100</td> <td>6.5</td> <td>6</td> <td>7.2</td> </tr> </tbody> </table> <p>The real GDP declined in the year 2015-16. It could be due to high rate of inflation or price levels.</p>	Year	2014-15	2015-16	2016-17	Nominal GDP	6.5	8.4	9	GDP Deflator	100	140	125	Real GDP = Nominal GDP/GDP Deflator × 100	6.5	6	7.2	1 2 1
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15	<p>(a) Gross Domestic Product at Market Price (GDP_{MP})</p> $= (i) + (v) + (vi) + (ix) + \{(x) - (xi)\}$ $= 7,000 + 13,000 + 10,000 + 44,000 + \{4,800 - 5,600\} = ₹ 73,200 \text{ crores}$ <p>(b) Subsidies</p> $= NNP_{FC} + \text{Depreciation} - NFIA + \text{Indirect taxes} - GDP_{MP}$ $= 61,700 + 4,000 - (-)300 + 9,000 - 73,200$ $= ₹ 1,800 \text{ crores}$	2
	<p>B (i) Wheat used by a flour mill is an intermediate good because it is used as a raw material.</p> <p>(ii) Rice purchased by a grocery shop is an intermediate good because it is used as a raw material and grocery shop is not a final user of this particular product.</p>	2
		1
		1
	Section B (Indian Economic Development)	
16	C) Zamindari system.	1
17	C) A-4, B-1, C-3, D-2.	1
18	A) U.S.A	1
19	A) Both assertion and reason are true and reason is the correct explanation of Assertion .	1
20	C) Statement 1 is true and statement 2 is false.	1
21	B) Poultry	1
22	D) Bihar	1
23	B) Dr. Manmohan Singh	1
24	B) The British government promoted capital goods industries.	1
25	D) Promotion of black money.	1
26	C) Ensures gender equity.	1
27	B) 2009	1
28	<p><i>Ans. Information Technology (IT) has revolutionized many sectors in the Indian economy. It is widely accepted that IT will play a critical role in achieving sustainable development and food security in the 21st century.</i></p> <ul style="list-style-type: none"> <i>• Through appropriate information and software tools, government has been able to predict areas of food insecurity and vulnerability, to prevent or reduce the likelihood of an emergency.</i> <i>• IT also circulates information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops, etc.</i> <i>• IT sector is also generating employment opportunities in the backward areas. For example, info kiosk (i.e. PC with internet, scanner, etc.) have been started in the rural areas, to enable the kiosk owner earn a reasonable income by providing different services like e-mail, video-conferencing, etc.</i> <i>• IT aims to make every village a knowledge center, where it provides a sustainable option of employment and livelihood.</i> 	3

29	<p><i>Ans. The given statement is correct. Labour skill of an educated person is more than that of an uneducated person, which enables him to generate more income than the uneducated person. The higher income earning capacity and greater acceptability of modern techniques raise the standard and quality of living. As a result, the gap between the rich and the poor is narrowing slowly. So, rise in average education levels reduces the inequality of income worldwide.</i></p>	3
30	<p><i>Agriculture sector was adversely affected by the reform process in the following manner:</i></p> <p><i>(i) Reduction of public investment: Public investment in agriculture sector, especially in infrastructure, which includes irrigation, power, roads, market linkages and research and extension (which played a crucial role in the Green Revolution), has been reduced in the reform period.</i></p> <p><i>(ii) Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.</i></p> <p><i>(iii) Liberalisation and reduction in import duties: After the commencement of WTO, a number of policy changes were made: (a) Reduction in import duties on agricultural products; (b) Removal of minimum support price; and (c) Lifting of quantitative restrictions on agricultural products. All these policies adversely affected the Indian farmers as they now have to face increased international competition.</i></p> <p><i>(iv) Shift towards cash crops: Due to export-oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains.</i></p>	3
31	<p>Explain reasons for infrastructural development. (Introduction of Railways, Introduction of ports, Introduction of posts, Introduction of roads.</p>	4
32	<p>The service sector has shown high growth rate due to following reasons:</p> <ol style="list-style-type: none"> 1 Economic Reforms. 2 Better performance of some service sector 3 Better technology and Growth of IT. 4 Cheap and skilled manpower. <p>(Explain any 4 points in detail)</p>	4
33	<p><i>Human development is a broader term as compared to human capital because:</i></p> <ul style="list-style-type: none"> <i>• Human capital treats human beings as a means to an end, whereas, according to human development, human beings are ends in themselves.</i> <i>• The concept of human capital asserts that any investment in education and health is unproductive if it does not enhance output of goods and services. However, according to human development, human welfare should be increased through investments in education and health even if such investments do not result in higher labour productivity.</i> <p><i>So, it can be concluded that human development is a broader term as compared to human capital.</i></p> <p>B) Agricultural diversification is essential for sustainable livelihoods because:</p> <ol style="list-style-type: none"> 1 There is a greater risk in depending exclusively on farming for livelihoods. 2 To provide supplementary gainful employment to rural people and to enable them to overcome poverty by earning higher levels of income. 	2
34	<p>A) Yes outsourcing is good for India. The following points justify this:</p> <ol style="list-style-type: none"> 1 Employment: it provides employment to a large number of unemployed Indians. 2 Exchange of technical know-how: Outsourcing enables the exchange of ideas and technical know how of sophisticated and advanced technology. 3 International worthiness: Outsourcing also enhances India's international worthiness credibility. 	2

	<p>4 Better standard of living and eradication of poverty: By creating more and paying jobs, outsourcing improves the standard and quality of living of the people.</p> <p>However, developed countries oppose outsourcing to India because of following reasons:</p> <p>1 Outsourcing leads to outflow of funds from the developed countries to India which reduces the income disparities between the 2 countries.</p> <p>2 Outsourcing reduces the employment generation and creates job insecurity in the developed countries.</p> <p>B)</p> <p><i>Ans.</i> Yes, it is essential for the government to regulate the fee structure in education and health care institutions because:</p> <p>(i) Individual consumers of these services do not have complete information about the quality of services and their costs or fees structure.</p> <p>(ii) The providers of education and health services may acquire monopoly power and may get involved in exploitation by charging excessive fees.</p> <p>So, the role of government is important to ensure that the private providers of these services adhere to the standards stipulated by the government and charge the correct fees.</p>	2
35	<p>A</p> <p><i>Ans.</i> Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment. After the green revolution, credit facilities helped farmers to avail variety of loans for meeting their production needs. With buffer stocks of grains, famines became events of the past. Even then, the following problems are being faced in the rural banking:</p> <p>(i) <u>Insufficiency</u>: The volume of rural credit in the country is still insufficient in comparison to its demand.</p> <p>(ii) <u>Inadequate Coverage of institutional sources</u>: The institutional credit arrangement continues to be inadequate as they have failed to cover the entire rural farmers of the country.</p> <p>(iii) <u>Inadequate Amount of Sanction</u>: The amount of loan sanctioned to the farmers is also inadequate.</p> <p>(iv) <u>Less attention to poor or marginal farmers</u>: Lesser attention has been given on the credit requirements of needy farmers.</p> <p>(v) <u>Growing Overdues</u>: The problem of overdues in agricultural credit continues to be an area of concern. Agriculture loan default rates have been chronically high. It is alleged that farmers are deliberately refusing to pay back loans, which is a threat to the smooth functioning of banking system and needs to be controlled.</p> <p>Thus, the expansion and promotion of the rural banking sector has taken a backseat after reforms. Except the commercial banks, other formal institutions failed to develop a culture of deposit mobilization, lending to needy borrowers and effective loan recovery.</p> <p>To improve the situation:</p> <ul style="list-style-type: none"> • Banks need to change their approach from just being lenders to building up relationship banking with the borrowers; and • Farmers should also be encouraged to inculcate the habit of thrift and efficient utilisation of financial resources. <p>B</p> <p>we overcome this problem?</p> <p>Increasing use of chemical fertilizers makes country self dependent in food production but it deteriorates environment and cause harmful impacts on living beings. This problem can be handled by promoting organic farming. Organic farming is the process of producing safe and healthy food. Moreover, organic agriculture restores, maintains and enhances the ecological balance. There is an increasing demand for organically grown food, to enhance food safety throughout the world.</p> <p>Discuss the role played by horticulture in the direction of rural development in India</p>	3

OSDAV Public School, Kaithal

Half yearly Exams (2024-25)

Class : XII

Subject : Economics (030)

SET- B

Time: 3 Hrs .

M.M: 80

General Instructions:-

1 All questions are compulsory.

2 Explain all the theoretical questions with proper headings.

3 Q. No 1-8 & Q. No 16-27 carry 1 mark, Q. No 9-11 & Q. No 28-30 carry 3 marks, Q. No 12-14 & 31-33 carry 4 marks, Q. No 15, 34-35 carry 6 marks.

Q.N.	Section A (Introductory Macroeconomics)	Marks
1	Which of the following is not a factor payment ? A) Free uniform to defence personnel. B) Salaries to the members of parliament C) Rent paid to the owner of a building. D) Scholarship given to the students	1
2	Read the following statements: assertion and reason. Choose one of the correct alternatives given below: Assertion: Total production is equal to total consumption in case of circular flow in a two sector economy. Reason: Household sector supplies factor services only to firms and the firms hire factor services only from households. Alternatives:- A) Both assertion and reason are true and reason is the correct explanation of assertion. B) Both assertion and reason are true and reason is not the correct explanation of assertion. C) Assertion is true but reason is false. D) Assertion is false but reason is true.	1
3	Read the following statements carefully and choose the correct alternative from the following: Statement 1: Environmental pollution caused by industrial plants is an example of negative externality. Statement 2: GDP does not consider negative externality but takes into account positive externality. Alternatives: A) Both the statements are true B) Both the statements are false C) Statement 1 is true and statement 2 is false D) Statement 2 is true and statement 1 is false.	1
4	Suppose in an economy, The initial deposits of ₹ 400 crores lead to the creation of total deposits worth ₹ 4000 crores. Under a given situation the value of CRR/reserve requirements would be:- A) 0.01 B) 1 C) 0.1 D) 0.4	1
5	GNP at FC is equal to NNP at FC when: A) NFIA is zero. B) NIT is zero. C) Consumption of fixed capital is zero. D) All of the above are zero.	1
6	Money supply in India may increase if..... 1 Reserve Bank of India injects more money in circulation. 2 The commercial banks expand their credit operation. 3 Tax rate are reduced by the central government. 4 Reserve Bank of India increases the Bank rate. Alternatives: 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	1
7	Piyush's mother is a teacher. She also teaches Piyush. How would you treat this while calculating national income and domestic income? A) It will be included in the national income but not in the domestic income. B) It will be included in the domestic income but not in the national income. C) It will be included in domestic income as well as national income. D) It will be neither be included in the domestic income nor in the national income.	1

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14	A) ‘A Construction contractor agreed to construct a building in the return for a specified sum of money to be paid after completion of work. Both the parties to the agreement are certain as to amount of money that will change hands at the agreed date in future.’ Which function of money is highlighted in the given statement ? B) Whether the following changes by the Reserve Bank of India will increase the money supply or decrease the money supply ? 1) Rise in Repo Rate. 2) Purchase of securities in the open market.	2 1+1																										
15	A) From the following data, calculate GDP at MP and Subsidies: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Particulars</th> <th style="width: 30%;">₹ in Crores</th> </tr> </thead> <tbody> <tr> <td>1 Government final consumption expenditure</td> <td>7000</td> </tr> <tr> <td>2 Indirect taxes</td> <td>9000</td> </tr> <tr> <td>3 NNP at FC</td> <td>61700</td> </tr> <tr> <td>4 Mixed Income</td> <td>28000</td> </tr> <tr> <td>5 Gross fixed capital formation</td> <td>13000</td> </tr> <tr> <td>6 Net addition to stocks</td> <td>10000</td> </tr> <tr> <td>7 Compensation of employees</td> <td>24000</td> </tr> <tr> <td>8 Depreciation</td> <td>4000</td> </tr> <tr> <td>9 Private final consumption expenditure</td> <td>44000</td> </tr> <tr> <td>10 Export of goods and services</td> <td>4800</td> </tr> <tr> <td>11 Import of goods and services</td> <td>5600</td> </tr> <tr> <td>12 NFIFA</td> <td>(-) 300</td> </tr> </tbody> </table> <p>B) Categories the following items as final or intermediate goods: 1) Wheat used by a flour mill. 2) Purchase of rice by a grocery shop.</p>	Particulars	₹ in Crores	1 Government final consumption expenditure	7000	2 Indirect taxes	9000	3 NNP at FC	61700	4 Mixed Income	28000	5 Gross fixed capital formation	13000	6 Net addition to stocks	10000	7 Compensation of employees	24000	8 Depreciation	4000	9 Private final consumption expenditure	44000	10 Export of goods and services	4800	11 Import of goods and services	5600	12 NFIFA	(-) 300	2+2 1 1
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Section B (Indian Economic Development)																												

16	In which state, the per capita education expenditure is the lowest ? A) Madhya Pradesh. B) Orissa C) Himachal Pradesh. D) Bihar	1										
17 was the Indian finance minister in 1991, acknowledged for his capabilities to steer away the economic crisis looming large on the erstwhile while Indian economy. A) Dr. Subramaniam Swami. B) Dr. Manmohan Singh C) Mr. Pranab Mukherjee. D) Dr. Urjit Patel	1										
18	Which of the following statement is false in the context of industrial sector during British rule? A) There was a decline in handicraft industries . B) The British government promoted capital goods industries C) India became an exporter of primary products D) There was low contribution of industries to GDP	1										
19	The backwardness in agricultural sector prior to India's independence was mainly due to: A) Subsistence farming B) Scarcity of investment C) Zamindari system. D) Low level of productivity	1										
20	Identify the correct sequence of alternatives given in column II by matching them with respective items in column I. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Column I</th> <th style="text-align: center;">Column II</th> </tr> </thead> <tbody> <tr> <td>A Launch of first five year plan</td> <td>1 1950</td> </tr> <tr> <td>B Setting up of Planning Commission</td> <td>2 1955</td> </tr> <tr> <td>C First industrial policy resolution</td> <td>3 1948</td> </tr> <tr> <td>D Karve Committee</td> <td>4 1951</td> </tr> </tbody> </table> <p>Choose the correct alternative: A) A-4,B-2,C-3,D-1. B) A-3,B-4,C-1,D-2. C) A-4,B-1,C-3,D-2. D) A-4,B-3,C-1, D-2</p>	Column I	Column II	A Launch of first five year plan	1 1950	B Setting up of Planning Commission	2 1955	C First industrial policy resolution	3 1948	D Karve Committee	4 1951	1
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A Launch of first five year plan	1 1950											
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21	Before the advent of green revolution in 1960's India was primarily dependent on.....for the supply of food grains. A) U.S.A. B) Britain. C) Mexico. D) Union of Soviet Socialist Republics(USSR)	1										
22	Read the following statements: assertion and reason. Choose one of the correct alternatives given below: Assertion: India has become a favourable destination of outsourcing for most of the MNC's. Reason: India has vast skilled and cheap manpower which enhances the faith of MNC's for investment in India. Alternatives:- A) Both assertion and reason are true and reason is the correct explanation of assertion. B) Both assertion and reason are true and reason is not the correct explanation of assertion. C) Assertion is true but reason is false. D) Assertion is false but reason is true.	1										
23	Read the following statements carefully and choose the correct alternative from the following: Statement 1: Both education and health increases the income generating capacity of an individual. Statement 2: Spread of education plays no role in controlling the population growth rate. Alternatives: A) Both the statements are true. B) Both the statements are false C) Statement 1 is true and statement 2 is false D) Statement 2 is true and statement 1 is false.	1										
24	In India.....accounts for the largest share in the livestock.	1										

	A) Cattle & Buffalos. B) Poultry. C) Sheeps & Goats. D) None	
25	Which of the following was not a feature of demonetization ? A) Channelizing savings into formal financial system. B) Tax administration C) Cash less economy. D) Promotion of black money.	1
26	Ms. Ramanpreet has started a new business venture, intends to spend a huge amount towards ‘on the job training’ of her workers before putting them to work. It exhibits the right step in the direction of human capital formation. Spot which of the following does not directly contribute to the process of human capital formation by Ms. Ramanpreet: A) Adds skills and expertise. B) Improves efficiency C) Ensures gender equity. D) In crisis output productivity.	1
27	In the year.....the Indian government made education free and compulsory for all children between 6 to 14 years. A) 2001. B) 2009. C) 2003. D) 2008	1
28	Economic reforms were widely criticised because it neglected agricultural sector. Do you agree ? Explain.	3
29	“Information technology plays a very significant role in achieving sustainable development and food security”. Comment.	3
30	“There is a downward trend in inequality world-wide with rise in the average education levels”. Comment.	3
31	What are the major factors responsible for the high growth of the service sector in India ?	4
32	A) How is human development a broader term as compared to human capital. B) Why is agricultural diversification essential for sustainable livelihoods ?	2 2
33	What objectives did the British intend to achieve through their policies of infrastructure development in India ?	4
34	A) Critically evaluate the role of the rural banking system in the process of rural development in India. B) “ Use of chemical fertilizers to compensate food shortage gives good dividends at one time in the form of increased production, but becomes a disaster later in the form of adverse effects on health .” How can we overcome this problem ?	3 3
35	A) Do you think outsourcing is good for India ? Why are developed countries opposing it ? B) “In your view, is it essential for the government to regulate the fee structure in education and health care institutions ? If so, why ?	2+2 2

A. Key with M.S (Sept. Exam, 24-25

XII – Economics

Set- B

Q.No	Section A (Introductory Macroeconomics)	Marks
1	D) Scholarship given to the students.	1
2	B) Both assertion and reason are true but reason is not the correct explanation of assertion.	1
3	C) Statement 1 is true but Statement 2 is false.	1
4	C) 0.1	1
5	C) Consumption of fixed capital is zero.	1
6	A) 1, 2 and 3 are correct.	1
7	D) It will neither be included in the domestic income nor in the national income.	1
8	C M ¹ includes gross demand deposits instead of net demand deposits.	1
9	Reserve Bank of India can use the instrument of cash reserve ratio to raise the investment level in an economy which will help to boost the economic growth. If RBI lowers CRR then it will raise the lending capacity of commercial banks. As a result, borrowing from banks will increase, which will lead to rise in demand	3

	for investment funds. As investment increase, it will definitely boost up the rate of economic growth.																	
10	A) Yes, it will be included in the domestic factor income as profits are earned within the domestic territory of India. B) No, it will not be included in the GDP of India as the embassy of Japan not a part of the domestic territory of India. C) Yes, it will be included in the GDP of India as the Indian embassy is part of domestic territory of India.	1 1 1																
11	A) car used as a taxi: it is a capital good because it is used for producing services for generating income. B) Refrigerator in a hotel: it is a capital good because it is used for providing services over a period of time to the production unit. C) Air conditioner in a house: it is a consumer good because it is used for satisfaction of a want by a household.	1 1 1																
12	A For the year 2014-15, real GDP and nominal GDP are same as it is the base year. B Calculation of Real GDP <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Year</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> </tr> </thead> <tbody> <tr> <td>Nominal GDP</td> <td>6.5</td> <td>8.4</td> <td>9</td> </tr> <tr> <td>GDP Deflator</td> <td>100</td> <td>140</td> <td>125</td> </tr> <tr> <td>Real GDP = Nominal GDP/GDP Deflator × 100</td> <td>6.5</td> <td>6</td> <td>7.2</td> </tr> </tbody> </table> <p>The real GDP declined in the year 2015-16. It could be due to high rate of inflation or price levels.</p>	Year	2014-15	2015-16	2016-17	Nominal GDP	6.5	8.4	9	GDP Deflator	100	140	125	Real GDP = Nominal GDP/GDP Deflator × 100	6.5	6	7.2	1 2 1
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13	A) Rise in sale of petrol and diesel cars will lead to increase in private consumption expenditure. It will raise the GDP of the country. However, it will not lead to an increase in the welfare of the people due to following reasons: 1 Air and noise pollution will increase with rise in sale of petrol and diesel cars, which has bad effects on people's health. It will reduce the welfare of people. 2 The traffic congestion on the road will worsen. 3 Already depleted reserves of petrol and diesel will further deplete. B GDP at MP = NNP at FC + Depreciation – NFIA + NIT. 1100 = 850 + Depreciation - 100 + 150 Depreciation = ₹ 200 crores.	2 1 ½ ½																
14	A) Standard of deferred payments (Explain this function in detail). B 1) Rise in repo rate will decrease the money supply as loan will be more expensive. 2) Purchase of securities in the open market will increase the money supply in the market.	2 1 1																

15	<p>(a) Gross Domestic Product at Market Price (GDP_{MP})</p> $= (i) + (v) + (vi) + (ix) + \{(x) - (xi)\}$ $= 7,000 + 13,000 + 10,000 + 44,000 + \{4,800 - 5,600\} = ₹ 73,200 \text{ crores}$ <p>(b) Subsidies</p> $= NNP_{FC} + \text{Depreciation} - \text{NFIA} + \text{Indirect taxes} - GDP_{MP}$ $= 61,700 + 4,000 - (-)300 + 9,000 - 73,200$ $= ₹ 1,800 \text{ crores}$ <p>B (i) Wheat used by a flour mill is an intermediate good because it is used as a raw material.</p> <p>(ii) Rice purchased by a grocery shop is an intermediate good because it is used as a raw material and grocery shop is not a final user of this particular product.</p>	2 2 1 1
Section B (Indian Economic Development)		
16	D) Bihar	1
17	B) Dr. Manmohan Singh	1
18	B) The British government promoted capital goods industries.	1
19	C) Zamindari system.	1
20	C) A-4, B-1, C-3, D-2	1
21	A) U.S.A	1
22	A) Both assertion and reason are true and reason is the correct explanation of assertion.	1
23	C) Statement 1 is true but Statement 2 is false.	1
24	B) Poultry.	1
25	D) Promotion of black money.	1
26	C) Ensures gender equity.	1
27	B) 2009	1
28	<p><i>Agriculture sector was adversely affected by the reform process in the following manner:</i></p> <p>(i) <i>Reduction of public investment: Public investment in agriculture sector, especially in infrastructure, which includes irrigation, power, roads, market linkages and research and extension (which played a crucial role in the Green Revolution), has been reduced in the reform period.</i></p> <p>(ii) <i>Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.</i></p> <p>(iii) <i>Liberalisation and reduction in import duties: After the commencement of WTO, a number of policy changes were made: (a) Reduction in import duties on agricultural products; (b) Removal of minimum support price; and (c) Lifting of quantitative restrictions on agricultural products. All these policies adversely affected the Indian farmers as they now have to face increased international competition.</i></p> <p>(iv) <i>Shift towards cash crops: Due to export-oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains.</i></p>	3

29	<p><i>Ans. Information Technology (IT) has revolutionized many sectors in the Indian economy. It is widely accepted that IT will play a critical role in achieving sustainable development and food security in the 21st century.</i></p> <ul style="list-style-type: none"> • <i>Through appropriate information and software tools, government has been able to predict areas of food insecurity and vulnerability, to prevent or reduce the likelihood of an emergency.</i> • <i>IT also circulates information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops, etc.</i> • <i>IT sector is also generating employment opportunities in the backward areas. For example, info kiosk (i.e. PC with internet, scanner, etc.) have been started in the rural areas, to enable the kiosk owner earn a reasonable income by providing different services like e-mail, video-conferencing, etc.</i> • <i>IT aims to make every village a knowledge center, where it provides a sustainable option of employment and livelihood.</i> 	3
30	<p><i>Ans. The given statement is correct. Labour skill of an educated person is more than that of an uneducated person, which enables him to generate more income than the uneducated person. The higher income earning capacity and greater acceptability of modern techniques raise the standard and quality of living. As a result, the gap between the rich and the poor is narrowing slowly. So, rise in average education levels reduces the inequality of income worldwide.</i></p>	3
31	<p>The service sector has shown high growth rate due to following reasons:</p> <ol style="list-style-type: none"> 1 Economic Reforms. 2 Better performance of some service sector 3 Better technology and Growth of IT. 4 Cheap and skilled manpower. <p>(Explain any 4 points in detail)</p>	4
32	<p><i>Human development is a broader term as compared to human capital because:</i></p> <ul style="list-style-type: none"> • <i>Human capital treats human beings as a means to an end, whereas, according to human development, human beings are ends in themselves.</i> • <i>The concept of human capital asserts that any investment in education and health is unproductive if it does not enhance output of goods and services. However, according to human development, human welfare should be increased through investments in education and health even if such investments do not result in higher labour productivity.</i> <p><i>So, it can be concluded that human development is a broader term as compared to human capital.</i></p> <p>B) Agricultural diversification is essential for sustainable livelihoods because:</p> <ol style="list-style-type: none"> 1 There is a greater risk in depending exclusively on farming for livelihoods. 2 To provide supplementary gainful employment to rural people and to enable them to overcome poverty by earning higher levels of income. 	2
33	<p>Explain reasons for infrastructural development. (Introduction of Railways, Introduction of ports, Introduction of posts, Introduction of roads.</p>	4

34	<p>A</p> <p>Ans. Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment. After the green revolution, credit facilities helped farmers to avail variety of loans for meeting their production needs. With buffer stocks of grains, famines became events of the past. Even then, the following problems are being faced in the rural banking:</p> <ol style="list-style-type: none"> (i) Insufficiency: The volume of rural credit in the country is still insufficient in comparison to its demand. (ii) Inadequate Coverage of institutional sources: The institutional credit arrangement continues to be inadequate as they have failed to cover the entire rural farmers of the country. (iii) Inadequate Amount of Sanction: The amount of loan sanctioned to the farmers is also inadequate. (iv) Less attention to poor or marginal farmers: Lesser attention has been given on the credit requirements of needy farmers. (v) Growing Overdues: The problem of overdues in agricultural credit continues to be an area of concern. Agriculture loan default rates have been chronically high. It is alleged that farmers are deliberately refusing to pay back loans, which is a threat to the smooth functioning of banking system and needs to be controlled. <p>Thus, the expansion and promotion of the rural banking sector has taken a backseat after reforms. Except the commercial banks, other formal institutions failed to develop a culture of deposit mobilization, lending to needy borrowers and effective loan recovery.</p> <p>To improve the situation:</p> <ul style="list-style-type: none"> • Banks need to change their approach from just being lenders to building up relationship banking with the borrowers; and • Farmers should also be encouraged to inculcate the habit of thrift and efficient utilisation of financial resources. <p>B</p> <p>How can we overcome this problem?</p> <p>Increasing use of chemical fertilizers makes country self dependent in food production but it deteriorates environment and cause harmful impacts on living beings. This problem can be handled by promoting organic farming. Organic farming is the process of producing safe and healthy food. Moreover, organic agriculture restores, maintains and enhances the ecological balance. There is an increasing demand for organically grown food, to enhance food safety throughout the world.</p> <p>Discuss the role played by horticulture in the direction of rural development in India</p>	3
35	<p>A) Yes outsourcing is good for India. The following points justify this:</p> <ol style="list-style-type: none"> 1 Employment: it provides employment to a large number of unemployed Indians. 2 Exchange of technical know-how: Outsourcing enables the exchange of ideas and technical know how of sophisticated and advanced technology. 3 International worthiness: Outsourcing also enhances India's international worthiness credibility. 4 Better standard of living and eradication of poverty: By creating more and paying jobs, outsourcing improves the standard and quality of living of the people. <p>However, developed countries oppose outsourcing to India because of following regions:</p> <ol style="list-style-type: none"> 1 Outsourcing leads to outflow of funds from the developed countries to India which reduces the income disparities between the 2 countries. 2 Outsourcing reduces the employment generation and creates job insecurity in the developed countries. <p>B)</p> <p>Ans. Yes, it is essential for the government to regulate the fee structure in education and health care institutions because:</p> <ol style="list-style-type: none"> (i) Individual consumers of these services do not have complete information about the quality of services and their costs or fees structure. (ii) The providers of education and health services may acquire monopoly power and may get involved in exploitation by charging excessive fees. <p>So, the role of government is important to ensure that the private providers of these services adhere to the standards stipulated by the government and charge the correct fees.</p>	2

