# **OSDAV Public School, Kaithal**

Half yearly Exams (2024-25)

Class: XII

**Subject : Economics (030)** 

Time: 3 Hrs. M.M: 80

SET-A

#### **General Instructions:-**

- I. All questions are compulsory.
- II. Explain theoretical questions with proper headings.
- III. 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 considered as real flow in the circular flow of income?	1
	A) Flow factor services from households to firms.	
	B) Flow of payments for consumption from households to firms	
	C) Both A and B	
	D) Flow of factor payments from firms to households	
2	Read the following statements: assertion and reason. Choose one of the correct	1
	alternatives given below:	
	<b>Assertion:</b> Nominal GDP is always equal to Real GDP.	
	<b>Reason:</b> Real GDP is a better measure to make periodic comparison in the physical	
	output of goods and services over different years as compared to nominal GDP.	
	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.	
3	Read the following statements carefully and choose the correct alternative from the	1
	following:	
	<b>Statement 1:</b> The term money is used to cover only coins and currency notes.	
	<b>Statement 2:</b> In India both coins and currency notes are limited legal tender.	
	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.	
4	Money supply in India may increase if	1
	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	
5	Piyush's mother is a teacher. She also teaches Piyush. How would you treat this while	1
	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.	
6	Which of the following statement is false?	1

A) Moncy supply is a stock concept. B) High powered money includes demand deposits of commercial banks, besides currency with the public. C) M² includes gross demand deposits instead of net demand deposits. D) None of these.  Suppose in an economy, The initial deposits of ₹ 400 erores lead to the creation of total deposits worth ₹ 4000 erores. Under a given situation the value of CRR/reserve requirements would be: A) 0.01 B) 1 C) 0.1 B) 1 C) 0.1 B) NIT is zero. C) Consumption of fixed capital is zero. B) NIT is zero. C) Consumption of fixed capital is zero. D) All of the above are zero.  How will you treat the following in the calculation of GDP of India? Give reasons for your answer. A) Profits earned by a branch of foreign bank in India. B) Salaries of Indian employees working in embassy of Japan in India. C) Salary of residents of Japan working in Indian embassy in Japan.  10 Which among the following are capital goods and which are consumer goods and why? A) A car used as a taxi. B) Refrigerator in a hotel. C) AC in a house.  11 "Growth of Indian economy requires investment." In this context, how Reserve Bank of India acan use the instrument of CRR? Explain in detail. A) Sale of petrol and diesel cars is rising particularly in big cities. Analyse its impact on GDP and welfare. B) Suppose the GDP at market price of a country in a particular year was ₹ 1100 erores. Net factor income from abroad was ₹ 100 erores. The value of NIT was ₹ 150 crores and national income was ₹ 850 erores. Calculate the aggregate value of depreciation.  13 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 be paid after completion of work. Both the parties to the agreement are certain as to amount of money is the paid after completion of work. Both the parties to the agreement are certain as to am		A) Money supply is a	stock concent			
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14       Use following information of an imaginary country:         Year       2014-15       2015-16       2016-17         Nominal GDP       6.5       8.4       9         GDP Deflator       100       140       125         Answer the following questions on the basis of above data:       A) For which year is real GDP and nominal GDP same and why?       1         B) Calculate Real GDP for the given years. Is there any year for which Real GDP falls?       2+1         A) From the following data, calculate GDP at MP and Subsidies:       2+2         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				chase of securities in th	ne onen market	1+1
Year         2014-15         2015-16         2016-17           Nominal GDP         6.5         8.4         9           GDP Deflator         100         140         125           Answer the following questions on the basis of above data:         A) For which year is real GDP and nominal GDP same and why?         1           B) Calculate Real GDP for the given years. Is there any year for which Real GDP falls?         2+1           A) From the following data, calculate GDP at MP and Subsidies:         2+2           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	14	<u> </u>			ie open market.	1 1 1
Nominal GDP	1 '				2016-17	
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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		1 Government final c	onsumption expenditu	re		
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		<del> </del>	•			
4 Mixed Income       28000         5 Gross fixed capital formation       13000         6 Net addition to stocks       10000         7 Compensation of employees       24000         8 Depreciation       4000						
5 Gross fixed capital formation 13000 6 Net addition to stocks 10000 7 Compensation of employees 24000 8 Depreciation 4000						
6 Net addition to stocks 7 Compensation of employees 24000 8 Depreciation 4000			formation			
7 Compensation of employees 24000 8 Depreciation 4000						
8 Depreciation 4000						
			- · ·			
			nption expenditure		44000	

	10 Export of goods and services		4800	
	11 Import of goods and services		5600	
	12 NFIFA		(-) 300	
	B) Categories the following items as final or interm	ediate goods:		
	1) Wheat used by a flour mill.			1
	2) Purchase of rice by a grocery shop.			1
	Section B (Indian Economic			
16				1
	A) Subsistence farming B) Scarcity of investment			
		w level of productiv		
17	Identify the correct sequence of alternatives given in	n column II by mate	ching them with	1
	respective items in column I.	C I II	r	
	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		
	Choose the correct alternative:			
	A) A-4,B-2,C-3,D-1.	B) A-3,B-4,0	C-1,D-2.	
	C) A-4,B-1,C-3,D-2.	D) A-4,B-3,0		
18	Before the advent of green revolution in 1960's Ind	ia was primarily dep	pendent	1
	onfor the supply of food grains.			
	A) U.S.A. B) Britain			
		of Soviet Socialist I		
19	Read the following statements: assertion and reason. Choose one of the correct			1
	alternatives given below:		4 64	
	<b>Assertion:</b> India has become a favourable destination of outsourcing for most of the MNC's.			
	<b>Reason:</b> India has vast skilled and cheap manpower which enhances the faith of MNC's			
	for investment in India.	willen cilitatices til	c faith of wines	
	Alternatives:-			
	A) Both assertion and reason are true and reason is	the correct explanat	ion of assertion.	
	B) Both assertion and reason are true and reason is			
	assertion.	1		
	C) Assertion is true but reason is false.			
	D) Assertion is false but reason is true.			
20	Read the following statements carefully and choose	the correct alternat	ive from the	1
	following:			
	<b>Statement 1:</b> Both education and health increases t	he income generatir	ng capacity of an	
	individual.	. 11: .1	1	
	<b>Statement 2:</b> Spread of education plays no role in c	controlling the popu	lation growth rate.	
	Alternatives:			
	A) Both the statements are true.  B) Both the statements are false.			
	<ul><li>B) Both the statements are false</li><li>C) Statement 1 is true and statement 2 is false</li></ul>			
	D) Statement 2 is true and statement 1 is false.			
21	In India ,accounts for the largest sha	re in the livestock		1
<u>-1</u>	=	C) Sheeps & Goats.	D) None	1
22	In which state, the per capita education expenditure		D) I tolle	1
	A) Madhya Pradesh.	B) Oriss	a	1
	C) Himachal Pradesh.	D) Bihat		
		,		i

23	was the Indian finance minister in 1991, acknowledged for his capabilities	1
	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	
24	Which of the following statement is false in the context of industrial sector during British	1
	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	
25	Which of the following was not a feature of demonetization?	1
	A) Channelizing savings into formal financial system. B) Tax administration	
	C) Cash less economy.  D) Promotion of black money.	
26	Ms. Ramanpreet has started a new business venture, intends to spend a huge amount	1
	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.	
27	In the yearthe Indian government made education free and compulsory for all	1
21	children between 6 to 14 years.	1
	A) 2001. B) 2009. C) 2003. D) 2008	
28	"Information technology plays a very significant role in achieving sustainable	3
20	development and food security". Comment.	
29	"There is a downward trend in inequality world-wide with rise in the average education	3
2)	levels". Comment.	
30	Economic reforms were widely criticised because it neglected agricultural sector. Do you	
30	agree? Explain.	3
31	What objectives did the British intend to achieve through their policies of infrastructure	4
31	development in India?	7
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.  D) Why is a gricultural diversification assential for systemable liveliheads?	2 2
2.4	B) Why is agricultural diversification essential for sustainable livelihoods?	1
34	A) Do you think outsourcing is good for India? Why are developed countries opposing	2+2
	it?	
	B) "In your view, is it essential for the government to regulate the fee structure in	
2.5	education and health care institutions? If so, why?	2
35	A) Critically evaluate the role of the rural banking system in the process of rural	
	development in India.	3
	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

# 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 <sup>1</sup> includes gross deman	d deposits of c	ommercial banks	, besides currency	1
	with the public	•			
7	C) 0.1				1
8	C) Consumption of fixed cap	oital is zero.			1
9	A) Yes, it will be included in	the domestic fa	actor income as p	rofits are earned	
	within the domestic territory	/ of India.			1
	B) No, it will not be included	in the GDP of I	ndia as the emba	ssy of Japan not a	
	part of the domestic territor	=			1
	C) Yes, it will be included in	the GDP of Indi	ia as the Indian er	nbassy is part of	
	domestic territory of India.				1
10	A) car used as a taxi: it is a c		cause it is used fo	or producing	4
	services for generating income			f	1
	B) Refrigerator in a hotel: it is			ea for providing	1
	services over a period of time	· · · · · · · · · · · · · · · · · · ·		it is used for	1
	C) Air conditioner in a house satisfaction of a want by a h		iei good because	าเาง นอธน เปเ	1
11	Reserve Bank of India can u		ent of cash reserv	e ratio to raise the	3
	investment level in an econd				
	If RBI lowers CRR then it will	=	-	_	
	a result, borrowing from bar				
	for investment funds. As inv				
	of economic growth.		•	,	
12	A) Rise in sale of petrol and diesel cars will lead to increase in private				2
	consumption expenditure. I	t will raise the (	GDP of the countr	y. However, it will	
	not lead to an increase in th	e welfare of the	e people due to fo	llowing reasons:	
	1 Air and noise pollution wil		-		
	which has bad effects on pe			velfare of people.	
	2 The traffic congestion on t				
	3 Already depleted reserves	•		deplete.	
	B GDP at MP = NNP at FC +	-	NFIA + NIT.		1
	1100 = 850 + Depreciation-				1/2
10	Depreciation = ₹ 200 crores		Alada Arria aktorio tico t	-+-:1)	1/2
13	A) Standard of deferred pays	• •		•	2
	B 1) Rise in repo rate will dec	crease the mor	iey suppiy as ioar	i will be more	1
	expensive. 2) Purchase of securities in	the onen marks	at will increase the	a money eupply in	1
	the market.	ше орен шагк	ระ พาน เมษายสรัย เกิด	a money supply m	1
14	A For the year 2014-15, real	GDP and nomi	nal GDP are same	as it is the hase	1
14	-		nat ODI ale saille	, 43 1013 016 0436	
	year. B Calculation of Real GDP				2
	Year	2014-15	2015-16	2016-17	_
	Nominal GDP	6.5	8.4	9	
	GDP Deflator	100	140	125	
	Real GDP = Nominal	6.5	6	7.2	
	GDP/GDP Deflator × 100				
	The real GDP declined in the	e year 2015-16.	It could be due to	high rate of	1
	inflation or price levels.	-		•	

15		
15	(a) Gross Domestic Product at Market Price (GDP <sub>MP</sub> )	2
	The state of the s	
	$= (i) + (v) + (vi) + (ix) + \{(x) - (xi)\}$	
	$= 7,000 + 13,000 + 10,000 + 44,000 + \{4,800 - 5,600\} = $ 73,200 crores	
	(b) Subsidies	
	= NNP <sub>FC</sub> + Depreciation – NFIA + Indirect taxes – GDP <sub>MP</sub>	2
	= 61,700 + 4,000 - (-)300 + 9,000 - 73,200	
	=₹1,800 crores	
	B (i)Wheat used by a flour mill is an intermediate good because it is used as a raw material.	
	(ii) Rice purchased by a grocery shop is an intermediate good because it is used	1
	as a raw material and grocery shop is not a final user of this particular product.	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	1
00	Assertion.	
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 28	B) 2009	3
20	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.	3
	• 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.	
	<ul> <li>IT also circulates information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops, etc.</li> </ul>	
	<ul> <li>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.</li> <li>IT aims to make every village a knowledge center, where it provides a service.</li> </ul>	
	employment and livelihood.	

29	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.	3
30	<ul> <li>Agriculture sector was adversely affected by the reform process in the following manner:</li> <li>(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.</li> <li>(ii) Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.</li> <li>(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.</li> <li>(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.</li> </ul>	3
	And the same of th	
31	Explain reasons for infrastructural development. (Introduction of Railways, Introduction of ports, Introduction of posts, Introduction of roads.	4
32	The service sector has shown high growth rate due to following reasons:  1 Economic Reforms.  2 Better performance of some service sector  3 Better technology and Growth of IT.  4 Cheap and skilled manpower.  (Explain any 4 points in detail)	4
33	<ul> <li>Human development is a broader term as compared to human capital because:</li> <li>Human capital treats human beings as a means to an end, whereas, according to human development, human beings are ends in themselves.</li> <li>The concept of human capital asserts that any investment in education and health is unproductive if 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.</li> <li>So, it can be concluded that human development is a broader term as compared to human capital.</li> </ul>	2
	B) Agricultural diversification is essential for sustainable livelihoods because:  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	A) Yes outsourcing is good for India. The following points justify this:  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

	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. However, developed countries oppose outsourcing to India because of following regions:  1 Outsourcing leads to outflow of funds from the developed countries to India which reduces the income disparities between the 2 countries.	2
	2 Outsourcing reduces the employment generation and creates job insecurity in the developed countries.	
	Ans. Yes, it is essential for the government to regulate the fee structure in education and health care institutions because:  (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.  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.	2
	and confect lees.	
35	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:  (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 to be controlled.  Thus, the expansion and promotion of the rural banking sector has taken a backseat after reforms. Except to needy borrowers and effective loan recovery.  To improve the situation:  Banks need to change their approach from just being lenders to building up relationship banking viit the borrowers; and  Farmers should also be encouraged to inculcate the habit of thrift and efficient utilisation of financial	3
	we overcome this problem? 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.  Discuss the role played by horticulture in the direction of rural development in India	3

# **OSDAV Public School, Kaithal**

Half yearly Exams (2024-25)

Class: XII

**Subject : Economics (030)** Time: 3 Hrs.

**General Instructions:-**

1 All questions are compulsory.

SET-B

M.M: 80

- 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) M				
1	Which of the following is not a factor payme:		1		
		3) Salaries to the members of parliament			
	C) Rent paid to the owner of a building.	,			
2	Read the following statements: assertion and		1		
	alternatives given below:				
	<b>Assertion:</b> Total production is equal to total of	consumption in case of circular flow in a			
	two sector economy.	1			
	Reason: Household sector supplies factor ser	vices only to firms and the firms hire factor			
	services only from households.				
	Alternatives:-				
	A) Both assertion and reason are true and rea	son is the correct explanation of assertion.			
	B) Both assertion and reason are true and rea	<u> </u>			
	assertion.	1			
	C) Assertion is true but reason is false.				
	D) Assertion is false but reason is true.				
3	Read the following statements carefully and or	choose the correct alternative from the	1		
	following:				
	Statement 1: Environmental pollution caused	d by industrial plants is an example of			
	negative externality.				
	Statement 2: GDP does not consider negativ	e 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	<u>.</u>			
4	Suppose in an economy, The initial deposits of	of ₹ 400 crores lead to the creation of total	1		
	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			
5	GNP at FC is equal to NNP at FC when:		1		
	A) NFIA is zero.	B) NIT is zero.			
	C) Consumption of fixed capital is zero.	D) All of the above are zero.			
6	Money supply in India may increase if		1		
	1 Reserve Bank of India injects more money				
	2 The commercial banks expand their credit of	pperation.			
	3 Tax rate are reduced by the central governm	nent.			
	4 Reserve Bank of India increases the Bank r	ate.			
	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			
7	Piyush's mother is a teacher. She also teaches		1		
	calculating national income and domestic inc	ome?			
	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 domes	tic income nor in the national income.			

8	Which of the following	statement is false?			1
Ü	A) Money supply is a s				
	B) High powered mone		posits of commercial	banks, besides	
	currency with the publi		F		
	C) M <sup>1</sup> includes gross d		d of net demand depos	sits.	
	D) None of these.	1	•		
9	"Growth of Indian econ	nomy requires investn	nent." In this context, h	now Reserve Bank of	3
	India can use the instru	ment of CRR? Expla	in in detail.		
10	How will you treat the	following in the calcu	lation of GDP of India	? Give reasons for	
	your answer.				
	A) Profits earned by a	_			1
	B) Salaries of Indian er		• •		1
	C) Salary of residents of				1
11	Which among the follo				1+1+1
10	A) A car used as a taxi.	/ -	ator in a hotel.	C) AC in a house.	
12	Use following informa			2016 17	
	Year	2014-15	2015-16	2016-17	
	Nominal GDP	6.5	8.4	9	
	GDP Deflator	100	140	125	
	Answer the following of A) For which year is re				1
	B) Calculate Real GDF			nich Real GDP falls 2	2+1
13	A) Sale of petrol and d				2 · 1
13	GDP and welfare.	leser cars is rising par	iledially in oig cities. I	maryse its impact on	2
	B) Suppose the GDP at	market price of a cou	ntry in a particular ve	ar was ₹ 1100 crores.	$\frac{2}{2}$
	Net factor income from				
	national income was ₹				
14	A) 'A Construction cor				2
	sum of money to be pa	id after completion of	work. Both the parties	s to the agreement are	
	certain as to amount of	money that will chan	ge hands at the agreed	date in future.' Which	
	function of money is h	ighlighted in the giver	statement?		
	B) Whether the following		serve Bank of India wi	ill increase the money	
	supply or decrease the				
	1) Rise in Repo Rate.	,	chase of securities in the	he open market.	1+1
15	A) From the following	data, calculate GDP a	t MP and Subsidies:		2+2
	Particulars			₹ in Crores	
	1 Government final co	onsumption expenditu	re	7000	
	2 Indirect taxes			9000	
	3 NNP at FC			61700	
	4 Mixed Income	<u> </u>		28000	
	5 Gross fixed capital to			13000	
	6 Net addition to stock			10000	
	7 Compensation of en 8 Depreciation	npioyees		24000	
	LLA Depreciation			4000	
	*	antion owner liture		44000	
	9 Private final consun	<u> </u>		44000	
	9 Private final consun 10 Export of goods ar	nd services		4800	
	9 Private final consun 10 Export of goods ar 11 Import of goods ar	nd services		4800 5600	
	9 Private final consun 10 Export of goods ar 11 Import of goods ar 12 NFIFA	nd services nd services	intermediate goods:	4800	
	9 Private final consun 10 Export of goods ar 11 Import of goods ar 12 NFIFA B) Categories the follo	nd services and services wing items as final or	intermediate goods:	4800 5600	1
	9 Private final consun 10 Export of goods ar 11 Import of goods ar 12 NFIFA	and services and services wing items as final or ur mill.	intermediate goods:	4800 5600	1 1

16	In which state, the per capita education expenditure is the lowest?				
		imachal Pradesh. D) Bihar			
17	was the Indian finance minister in 199		1		
	to steer away the economic crisis looming large on t	· · · · · · · · · · · · · · · · · · ·			
	A) Dr. Subramaniam Swami.	B) Dr. Manmohan Singh			
	C) Mr. Pranab Mukherjee.	D) Dr. Urjit Patel	1		
18	$\mathcal{E}$				
	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				
19	D) There was low contribution of industries to GDP The backwardness in agricultural sector prior to Ind		1		
19		rcity of investment	1		
	,	v level of productivity			
20	Identify the correct sequence of alternatives given in		1		
20	respective items in column I.	r corumn ir by matering them with	1		
	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				
	1 0	3 1948			
	D Karve Committee	4 1951			
	Choose the correct alternative:	D) 4 2 D 4 C 1 D 2			
	A) A-4,B-2,C-3,D-1.	B) A-3,B-4,C-1,D-2.			
21	C) A-4,B-1,C-3,D-2.  Before the advent of green revolution in 1960's Indi	D) A-4,B-3,C-1, D-2	1		
21	onfor the supply of food grains.	a was primarny dependent	1		
	A) U.S.A. B) Britain.				
	C) Mexico.  D) Union of Soviet Socialist Republics(USSR)				
22	Read the following statements: assertion and reason. Choose one of the correct				
	alternatives given below:				
	Assertion: India has become a favourable destination	on of outsourcing for most of the			
	MNC's.				
	<b>Reason:</b> 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	-			
	B) Both assertion and reason are true and reason is i	not the correct explanation of			
	assertion.				
	C) Assertion is true but reason is false.				
23	D) Assertion is false but reason is true.	the compataltementing from the	1		
23	Read the following statements carefully and choose following:	the correct alternative from the	1		
	Statement 1: Both education and health increases the	ne income generating canacity of an			
	individual.	the income generating capacity of an			
	Statement 2: Spread of education plays no role in c	ontrolling the population growth rate.			
	Alternatives:	G I -I G I			
	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.				
24	In Indiaaccounts for the largest shar	e 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?	1		
	A) Channelizing savings into formal financial system. B) Tax administration			
	C) Cash less economy. D) Promotion of black money.			
26	Ms. Ramanpreet has started a new business venture, intends to spend a huge amount	1		
	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.			
27	In the yearthe Indian government made education free and compulsory for all	1		
	children between 6 to 14 years.			
	A) 2001. B) 2009. C) 2003. D) 2008			
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.			
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.	2 2		
	B) Why is agricultural diversification essential for sustainable livelihoods?			
33	What objectives did the British intend to achieve through their policies of infrastructure	4		
	development in India ?			
34	A) Critically evaluate the role of the rural banking system in the process of rural			
	development in India.	3		
	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			
2.5	adverse effects on health ." How can we overcome this problem?	3		
35	A) Do you think outsourcing is good for India? Why are developed countries opposing	2+2		
	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		

# 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	1
	of assertion.	
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 <sup>1</sup> 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	3
	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				
40	of economic growth.				
10	A) Yes, it will be included in the domestic factor income as profits are earned			rofits are earned	
within the domestic territory of India.					1
	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.				1
					1
	C) Yes, it will be included in the GDP of India as the Indian embassy is part of			iibassy is part oi	1
11	domestic territory of India.	anital good b	accuse it is used to	rproducing	1
' '	A) car used as a taxi: it is a capital good because it is used for producing services for generating income.			r producing	1
	B) Refrigerator in a hotel: it i		ad bacqueo it is use	nd for providing	'
	services over a period of tim			a for providing	1
	C) Air conditioner in a house	-		it is used for	'
	satisfaction of a want by a h		mei good because	1013 0300 101	1
12	A For the year 2014-15, real		ninal GDP are same	as it is the hase	1
12	year.	GDF and non	illiat ODF are same	as it is the base	'
	B Calculation of Real GDP				2
	Year	2014-15	2015-16	2016-17	
	Nominal GDP	6.5	8.4	9	
	GDP Deflator	100	140	125	
	Real GDP = Nominal	6.5	6	7.2	
	GDP/GDP Deflator × 100	0.0	Ü	7.2	
		e vear 2015-16	L S. It could be due to	high rate of	1
	The real GDP declined in the year 2015-16. It could be due to high rate of inflation or price levels.			ingiriate of	
13	A) Rise in sale of petrol and diesel cars will lead to increase in private				2
	consumption expenditure. I			-	-
	not lead to an increase in th			=	
	1 Air and noise pollution wil			_	
	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.				1
	1100 = 850 + Depreciation-	100 + 150			1/2
	Depreciation = ₹ 200 crores				1/2
14	A) Standard of deferred payments (Explain this function in detail).			2	
	B 1) Rise in repo rate will decrease the money supply as loan will be more			will be more	
	expensive.				1
	2) Purchase of securities in the open market will increase the money supply in				
<u></u>	the market.			1	

15				
10	(a) Gross Domestic Product at Market Price (GDP <sub>MP</sub> )			
	$= (i) + (v) + (vi) + (ix) + \{(x) - (xi)\}$			
	= 7,000 + 13,000 + 10,000 + 44,000 + {4,800 - 5,600} = ₹ 73,200 crores			
	(b) Subsidies			
	= NNP <sub>FC</sub> + Depreciation – NFIA + Indirect taxes – GDP <sub>MP</sub>	2		
	= 61,700 + 4,000 - (-)300 + 9,000 - 73,200			
	=₹1,800 crores			
	B (i)Wheat used by a flour mill is an intermediate good because it is used as a raw material.			
	(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.	1		
	Section B (Indian Economic Development)	<u> </u>		
16	D) Bihar	1		
17	B) Dr. Manmohan Singh	1		
18	B) The British government promoted capital goods industries.			
19	C) Zamindari system.			
20	C) A-4, B-1, C-3, D-2			
21	A) U.S.A			
22	A) Both assertion and reason are true and reason is the correct explanation of assertion.			
23	C) Statement 1 is true but Statement 2 is false.			
24	B) Poultry.			
25	D) Promotion of black money.			
26	C) Ensures gender equity.			
27	B) 2009			
28	Agriculture sector was adversely affected by the reform process in the following manner:	3		
	(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.			
	(ii) Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.			
	(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.			
	(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.			

29	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.	3
	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.	
	<ul> <li>IT also circulates information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops, etc.</li> </ul>	
	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.      IT aims to make every village and the services like e-mail.	
	IT aims to make every village a knowledge center, where it provides a sustainable option of employment and livelihood.	
30	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.	3
31	The service sector has shown high growth rate due to following reasons:  1 Economic Reforms.  2 Better performance of some service sector  3 Better technology and Growth of IT.  4 Cheap and skilled manpower.  (Explain any 4 points in detail)	4
32	<ul> <li>Human development is a broader term as compared to human capital because:</li> <li>Human capital treats human beings as a means to an end, whereas, according to human development, human beings are ends in themselves.</li> <li>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.</li> <li>So, it can be concluded that human development is a broader term as compared to human capital.</li> </ul>	2
	B) Agricultural diversification is essential for sustainable livelihoods because:  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	Explain reasons for infrastructural development. (Introduction of Railways, Introduction of ports, Introduction of posts, Introduction of roads.	4

34	A	
	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:  (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.  Thus, the expansion and promotion of the rural banking sector has taken a backseat after reforms. Except to needy borrowers and effective loan recovery.  To improve the situation:  Banks need to change their approach from just being lenders to building up relationship banking farmers should also be encouraged to inculcate the habit of thrift and efficient utilisation of financial	3
	B	
	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.	3
	Discuss the role played by horticulture in the direction of rural development in India	
35	A) Yes outsourcing is good for India. The following points justify this:  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.	2
	However, developed countries oppose outsourcing to India because of following regions:  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.  B)	2
	Ans. Yes, it is essential for the government to regulate the fee structure in education and health care institutions because:  (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.  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.	2