

BUDHA DAL PUBLIC SCHOOL PATIALA
Second Term Examination (5 December 2024)
Class XII (Commerce/Humanities)
Subject - Economics
(Set - A)

Time: 3hrs.

M.M. 80

GENERAL INSTRUCTIONS:

1. *This question paper contains two sections:*
Section A – Macro Economics
Section B – Indian Economy
2. *Marks are indicated against each question.*
3. *Calculator is not allowed.*

Part – A (Macro Economics) 40 Marks

- Q1.** Assertion (A) : Deposits by people in Provident Fund and NSCs are revenue receipts of the Govt. (1)
Reason (R) : Revenue receipts are the receipts which neither create liabilities nor reduce the assets of the govt.
a) Both (A) & (R) are true and (R) is the correct explanation of (A).
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
c) (A) is true, (R) is false.
d) (A) is false, (R) is true.
- Q2.** Statement 1 : Borrowing & lending of money in International market is a part of current A/c of BoP. (1)
Statement 2 : Autonomous transactions are independent of the state of country's BoP
a) Statement 1 is true Statement 2 is false.
b) Statement 1 is false Statement 2 is true.
c) Both statements are true.
d) Both statements are false.
- Q3.** Indian rupee plunged to all time low of Rs. 84.18 against the US Dollar (\$). State the impact of this situation on Indian exports. (1)
a) Increase in exports of India b) Decrease in exports of India
c) No effect on Indian exports d) All above
- Q4.** Which of the statement is correct for BoP A/c (1)
a) Import of machinery is recorded in capital A/c
b) Autonomous transactions take place only on capital A/c
c) Accommodating items are also known as below the line items.
d) Balance of trade record export and import of invisible items.
- Q5.** Mr. A and B are discussing about the exchange rate systems. (1)
"Under this system the exchange rates are determined by market forces of Demand and

Supply. However deliberate efforts are made by competent authority to keep the exchange rates within a specific range. Identify the exchange rate system in the above paragraph.

- Q6.** Many large MNC's have recently shifted their investments from China and have started their production in India, thereby boosting 'Make in India' plan of our Govt. Persuming other factors remaining constant, what will be the effect on foreign exchange rate with reference to India? (1)

Q7. When there is appreciation of domestic currency, then (1)
 a) Imports become costly b) Exports become cheaper
 c) Imports become cheaper d) No effect on exports

Q8. Which function of money is highlighted here? (1)
 "This function of money facilitates the transfer of purchasing power from present to future."

Q9. The Union Government has set an ambitious disinvestment target of Rs. 1.75 trillion for the financial year 2021-22. Income received from disinvestment can be classified as _____ in the government budget. (1)
 a) Capital receipts b) Revenue receipts c) Capital expenditure d) Revenue expenditure

Q10. Which function of central bank avoids the transfer of cash between the banks and reduces the requirement of cash? (1)

Q11. Calculate: a) Non debt creating Capital Receipts (3)
 b) Fiscal Deficit
 c) Primary Deficit

i) Total receipts excluding borrowings	=	20,000
ii) Revenue Deficit	=	8000
iii) Capital Expenditure	=	22,000
iv) Revenue Expenditure	=	15,000
v) Interest payments	=	30% of Revenue Deficit

Q12. "Trade Deficit must exist if a country is facing a situation of current account deficit." Defend or refute. Give valid justification. (3)

Q13. What is fiscal deficit? What does it indicate? Give any 2 implications of fiscal deficit. (4)

Q14. What are the factors responsible for inflow of foreign currency? (4)

Q15. Distinguish between fixed & flexible exchange rate system. Which one is now followed by India? (4)

Q16. Explain Quantitative instruments of Credit Control. (6)

Q17. Explain the following objectives of Govt. Budget. (6)
 a) Redistribution of Income & Wealth
 b) GDP growth.
 c) Provision of Public Goods.

Part – B (Indian Economy) 40 Marks

- Q18** "China has the lowest population density among the three nations." What is/are the possible (1)

reasons for this?

- (a) Low growth rate of population (b) One child policy
- (c) Large geographical area (d) All of the above

Q19. Assertion (A) : Sustainable development is about changes that transform impoverished people, communities and countries into informed, educated, healthy and productive societies. (1)

Reason (R) : Sustainable development advocates about wealth creation that generates socio-economic equality and opportunity

- a) Both (A) & (R) are true and (R) is the correct explanation of (A).
- b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
- c) (A) is true, (R) is false.
- d) (A) is false, (R) is true.

Q20. Which of the following statements is correct? (1)

- (a) The One Child policy in China was introduced in early 2000s.
- (b) India's population growth rate is lower than that of China and Pakistan.
- (c) China's low population growth rate is due to implementation of a One-child policy introduced in the late 1980s.
- (d) The annual growth rate of China's population is lowest as compared to India and Pakistan.

Q21. Choose the correct option which indicates the combination of vital functions performed by the environment (1)

- (i) Sustains life
- (ii) Provides aesthetic services
- (iii) Generates waste
- (iv) Provides only renewable resources

Codes :

- (a) i and iv (b) ii and iii (c) i and iv (d) i and iii.

Q22. Identify which of the following is correct formula for calculating 'Worker's Population Ratio'? (1)

- (a) $\text{Total Labour Force} / \text{Total Population} \times 100$
- (b) $\text{Total Workers} / \text{Total Population} \times 100$
- (c) $\text{Total Population} / \text{Total Labour Force} \times 100$
- (d) $\text{Total Population} / \text{Total Workers} \times 100$

Q23. Assertion (A) : The Education Commission (1964-66) had recommended that at least 4 percent of GDP be spent on Education (1)

Reason (R) : The Union and State Governments have been stepping up expenditures in the education sector over the years to fulfill the objective of attaining cent percent literacy.

- a) Both (A) & (R) are true and (R) is the correct explanation of (A).
- b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
- c) (A) is true, (R) is false.
- d) (A) is false, (R) is true.

Q24. "Assuming in a hypothetical economy, real gross domestic product recorded a growth rate of 9% during a fiscal year. However, the economy faced a significant challenge in terms of creating an adequate number of employment opportunities." (1)

Identify the situation indicated in the given statement and choose the correct option.

- (a) Casualisation of workers (b) Informalisation of work force
(c) Formalisation of workforce (d) Jobless growth

Q25. From the set of statements given in Column I and Column II, choose the correct pair of statements: (1)

Column I	Column II
A. Non-institutional source of rural credit in India	(i) Regional rural banks
B. Medium-term credit	(ii) For purchase of additional land
C. Cooperative credit societies	(iii) Adequate credit to the farmers at reasonable rate of interest
D. Chemical farming	(iv) Tastier and healthier food

Alternative:

- (a) A-I (b) B-ii (c) C-iii (d) D-iv (1)

Q26. Statement 1 : The nature of unemployment problem in India is uni-faceted. (1)

Statement 2 : Worker-population ratio is an indicator used for analysing the employment situation in a country.

- a) Statement 1 is true Statement 2 is false.
b) Statement 1 is false Statement 2 is true.
c) Both statements are true.
d) Both statements are false.

Q27. In the past few decades ____ sector has created maximum job opportunities in India. (1)

Q28. Discuss any three measures initiated by Government to improve Agricultural Marketing in India. (3)

Q29. "Developmental planning envisaged that as the economy grows, more and more workers would become formal sector workers and the proportion of workers engaged in the informal sector would dwindle." Justify with valid arguments. (3)

Q30. **Case Based Questions:** (4)

Read the following news report and answer the following questions on the basis of same:

One of the most compelling reasons for studying environmental science and management is the fact that, in the view of many leading authorities we are now experiencing an environmental crisis, indeed many authors have claimed that the present environmental crisis is unprecedented in its magnitude, pace and severity.

Awareness of this environmental crisis has grown since the 1970s, partly as a major result of the prominence given to the major so-called 'environmental disasters'.

A major assessment of the global environment published in 1999 the UNEP Global Environment Outlook 2000 report drew attention to two critical recurring themes

- the fact that the global human ecosystem is threatened by grave imbalances in productivity and in the distribution of goods and services, as evidenced by the fact that a large proportion of the human population lives in poverty and that a widening gap exists between those who benefit from economic and technological development and those who do not.

- the fact that accelerating changes are occurring at the global scale, with rates of economic and social development outstripping progress in achieving internationally coordinated

environmental stewardship with the result that improvements in environmental protection due to new technologies are being 'cancelled out' by the magnitude and pace of human population growth and economic development.

Consequently, a wide range of environmental problems have emerged. Those problems include anthropogenic climatic change, the depletion of stratospheric ozone, the acidification of surface waters, the destruction of tropical forests, the depletion of extinction species and the precipitous decline of biodiversity.

Yet, while all these problems have physical manifestations, their causes and their potential solutions are invariably bound up with human attitudes, beliefs, values, needs, desires, expectations and behaviors.

Thus the symptoms of environmental crisis cannot be regarded purely as physical problems requiring solutions by environmental specialists. Instead, they are intrinsically human problems, and they are intimately related to the question of what it means to be human.

(i) "Opportunity Costs of negative environmental impact are high." Comment

(ii) What are environmental problems and their solutions bound up with? (2+2)

- Q31.** a) Why is the Agricultural Diversification required? (4)
b) What are the two types of Agricultural Diversification? Explain.

- Q32.** i) "In recent times, the Indian economy has experienced the problem of casualisation of workforce. This problem has only been aggravated by the outbreak of COVID-19. Discuss any two disadvantages of casualisation of the workforce in the light of the above statement. (6)

(ii) "It has been realised that the labour force participation rate is very low in India." Given this statement suggest few measures to raise the labour force participation rate.

- Q33.** "Human capital formation gives birth to innovation, invention and technological improvements." Do you agree with the given statement? Suggest your answer with five valid arguments. (6)

- Q34.** (A) Answer the following questions on the basis of following data: (6)

Country	Estimated population (in millions)	Annual Growth of Population (in %)	Gender Ratio
India	1311	1.2	929
China	1371	0.5	941
Pakistan	188	2.1	947

(i) Comment on the population growth rates among the three countries.

(ii) Which country has most skewed gender ratio? (2+2)

(B) What are liberty indicators? (2)