

**BUDHA DAL PUBLIC SCHOOL PATIALA**  
**First Term Examination (6 September 2024)**  
 Class XII (Commerce/Humanities)  
 Subject - Economics  
 (Set - A)

M.M. 80

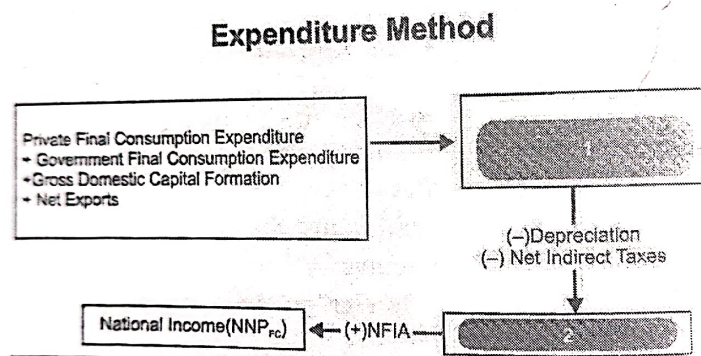
Time: 3hrs.

**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. If the total deposit created by Central Bank is Rs12000 crores and Legal Reserve Ratio is 25%, calculate the amount of initial deposits. (1)
- Q2. Read the following figure carefully and choose the correct pair from the alternative given below: (1)



Alternatives:

- (a) NDP<sub>fc</sub>, GDP<sub>mp</sub>      (b) National Income, Domestic Income  
 (c) NNP<sub>fc</sub>, GDP<sub>mp</sub>      (d) GDP<sub>mp</sub>, NDP<sub>fc</sub>
- Q3. Assertion (A) : Before reaching the Break even level of income, the value of APC is more than one. (1)  
 Reason (R) : APC is the ratio of total cost to total Income  
 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.
- Q4. Ms Iqra Ansari, a teacher was explaining in her class about various types of deposits with the Commercial banks. She quoted that- (1)  
 "These deposits form a part of M1 measure of money supply and are payable on demand by the Commercial banks". Identify the type of deposits she was explaining about and choose the correct alternative-  
 (i) Demand Deposits    (ii) Term Deposits    (iii) Post Office Deposits

Alternatives-

- (a) Only (i)    (b) Only (ii)    (c) (i) and (ii)    (d) (i), (ii) and (iii)

Q5. Which of the following is not a factor payment? (1)

- (a) free uniform to defense personnel  
(b) salaries to Member of Parliament  
(c) rent paid to the owner of building  
(d) scholarship given to the students

Q6. From the set of statements given in Column 1 and Column 2, choose the correct pair of statements- (1)

Column 1

Column 2

- |                                    |                              |
|------------------------------------|------------------------------|
| (A) quantitative instrument        | (i) marginal requirements    |
| (B) decrease in cash reserve ratio | (ii) part of fiscal policy   |
| (C) quantitative instrument        | (iii) legal reserve ratio    |
| (D) increase in taxes              | (iv) part of monetary policy |

Alternatives-

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

Q7. Calculate depreciation (rupees in crores) (1)

NDPmp 80000

Indirect Taxes 10600

GNPfc 75920

Factor Income to Abroad 700

Factor Income from Abroad 500

Subsidies 1770

Q8. If a linear consumption curve takes a parallel shift to downwards, the value of investment multiplier will- (1)

- (a) fall    (b) rise    (c) doubled    (d) not change

Q9. Find nominal GDP if real GDP is Rs 240 lakh and price index is 120. (1)

Q10. You are given the consumption function of an imaginary economy  $C = 100 + 0.8 Y$  where  $C$ =Consumption and  $Y$ =Income, Calculate the level of income at break even point. (1)

Q11. Explain Money as "store of value" and "standard of deferred payments". (3)

Q12. Suppose the following information is given about a hypothetical economy (3)

$C = 200 + 0.75Y$

$I = 300$

Calculate the following on the basis of given information-

- (a) Equilibrium level of income    (b) AD at equilibrium level of income    (c) MPS

Q13. Illustrate with the help of a hypothetical numerical example the process of credit creation. (4)

Q14. (A) Whether the following items will be included in national income? Give reasons- (4)

(i) Interest received on debentures by debenture holders.

(ii) Expenditure by government in providing free education.

(B) Explain two precautions while computing national income by Value Added Method.

- Q15. Explain the concept of Inflationary Gap with diagram. Discuss one fiscal and one monetary measure to tackle the situation. (4)
- Q16. Given the following data, find the missing values of Private Final Consumption Expenditure and Operating Surplus (6)
- Particulars  
(Rupees in crores)
- National Income 50000  
Net Indirect Taxes 1000  
Private Final Consumption Expenditure ?  
Gross Domestic Capital Formation 17000  
Profits 1000  
Government Final Consumption Expenditure 12500  
Wages and salaries 20000  
Consumption of Fixed Capital 700  
Mixed income of Self Employed 13000  
Operating Surplus?  
Net factor Income from Abroad 500  
Net Exports 2000
- Q17. Explain the determination of equilibrium level of national income through AD and AS approach. Use diagram. (6)
- What happens if AD is more than AS and AD is less than AS?

**Part - B (Indian Economy) 40 Marks**

- Q18. Choose the correct alternative showing chronological order of the following events: (1)
- (i) The year of great divide  
(ii) Great famines of Bengal which claimed a large toll of lives  
(iii) First Train Run from Bombay (Mumbai) to Thane  
(iv) Opening of Suez Canal
- Alternatives:  
(a) iv, ii, i, iii (b) i, iv, iii, ii (c) ii, iii, iv, i (d) iii, i, iv, ii
- Q19. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I. (1)

**COLUMN I**

- (a) Launch of First Five Year plan  
(b) Setting up of Planning Commission  
(c) First Industrial Policy Resolution  
(d) Karve Committee

**COLUMN II**

- (i) 1950  
(ii) 1955  
(iii) 1948  
(iv) 1951

Choose the correct alternative:

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

- Q20. Assertion (A) : Government has decided to develop Navratnas as global players in their respective areas of industrialisation. (1)
- Reason (R) : Navratnas were highly efficient profit making Public Sector Units and were revenue generators for the government.



- 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.

Q21. Which is regarded as the defining year to mark the demographic transition from its first to the second decisive stage? (1)

Q22. Read the following statements carefully and choose the correct alternative- (1)

STATEMENT 1: Objective of modernisation has helped in setting up a various types of technology oriented industries.

STATEMENT 2: Modernization refers to the change in technology along with the positive change in social outlook of the people.

Alternatives-

- (i) Both statements are true.
- (ii) Both statements are false.
- (iii) Statement 1 is true but statement 2 is false.
- (iv) Statement 2 is true but statement 1 is false.

Q23. "FDI leads to economic colonialism". Defend or Refute. (1)

Q24. Structural composition refers to the\_\_\_\_ (1)

- (i) number of people engaged in training
- (ii) number of people engaged in different sectors
- (iii) number of people engaged in tertiary sector
- (i) number of people facing unemployment.

Q25. Read the following statements carefully and choose the correct alternative- (1)

STATEMENT 1: The tax reduction in the economic reform period was aimed at yielding larger tax revenue and curd tax evasion.

STATEMENT 2: Tax reductions negatively affected the developmental and welfare expenditure of the government. Alternatives-

- (i) Both statements are true.
- (ii) Both statements are false.
- (iii) Statement 1 is true but statement 2 is false.
- (iv) Statement 2 is true but statement 1 is false.

Q26. The shackles of agriculture during the colonial rule were permanently broken by the green revolution that resulted in the application of (1)

- (i) High Yield Variety seeds
- (ii) Mechanization of Agriculture
- (iii) Chemical fertilizers and pesticides
- (iv) Organic fertilizers and pesticides Alternatives-
- (a) i, ii, iv (b) i, ii, iii (c) ii, iii, iv (d) i, iii, iv

Q27. \_\_\_\_\_ was known as architect of Indian Planning- (1)

- (a) Pandit Jawaharlal Nehru (b) Dr Manmohan Singh
- (c) P C Mahalanobis (d) Dr B R Ambedkar

- Q28. "During the colonial period, a number of socio-economic indicators were in a dilapidated state". List any three such indicators that led to the worsening of India's demographic profile. (3)
- Q29. Distinguish between Bilateral and Multilateral trade. (3)
- Q30. What was the two-fold motive behind systematic de-industrialisation effected by the British in the pre independent India? (4)
- Q31. "India is often called as outsourcing destination of the world". Discuss the prime reasons for this name given to India. (4)

Q32. Read the following news report and answer the following questions on the basis of same:

The performance of Indian economy during the period of first seven year plans (1950-1990) was satisfactory if not very impressive. On the eve of Independence, India was an industrially backward country, but during this period of first seven plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to the protection of domestic industries against the foreign producers but we failed to promote a strong surplus. Although public sector expanded to a large extent but it could not bring desired level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernisation on the front of industrial sector.

Many Public Sector Undertakings incurred huge losses due to operational inefficiencies, red tapism, poor technology and other similar reasons. These Public Sector Units continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources.

On the Agricultural front, due to measures taken under the Green Revolution, India more less became self sufficient in the production of food grains.

So the needs for reform or economic policy were widely felt in the context of changing global economic scenario to achieve desired growth in the country.

(i) What were the reasons that prevented the natural trajectory of growth of entrepreneurship?

(ii) What was the aim of Inward Looking Trade Strategy?

(iii) Give reasons for low performance of Public Sector Units.

(iv) State whether the given statement is True or False:

(1×4=4)

Mechanisation of Indian agriculture was one of the causes of Green Revolution in India.

- Q33. Why was public sector given a leading role in the industrial development during the planning period? Explain. (6)
- Q34. Discuss briefly any four major steps taken by the government of India on "Liberalization" front under economic reforms of 1991. (6)



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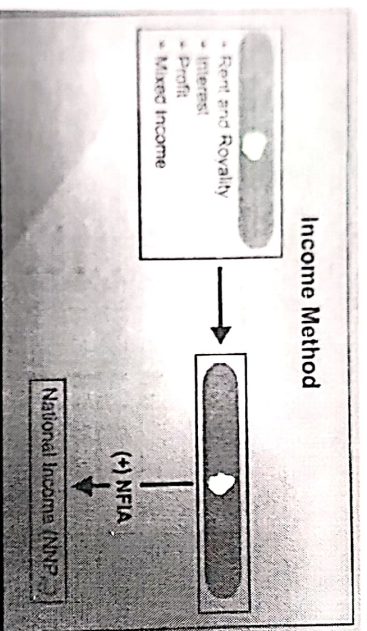
Time: 3hrs.

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. If the money created by banking system is Rs 1000 and the primary deposit is Rs 250, what is the value of deposit multiplier and the legal reserve ratio? (1)
- Q2. Read the following figure carefully and choose the correct pair from the alternative given below: (1)



Alternatives:

- (a) Employees fund, NNP<sub>mp</sub> (b) Compensation of Employees, NDP<sub>fc</sub>  
 (c) Wages in kind, NDP<sub>mp</sub> (d) Social security scheme, Domestic Income

- Q3. Assertion (A) : Rich people have lower Marginal Propensity to Consume as compared to poor people. (1)

Reason (R) : Consumption curve makes an intercept on the y-axis at a point above the origin.

- 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.

- Q4. Tim went to the supermarket with Rs 5000 in his wallet to buy groceries for his family. He purchased vegetables, fruits and other household items, paying the respective prices at the counter. Which functions of money were being demonstrated in this real life scenario? (1)
- A. Unit of labour B. Store of value C. Medium of Exchange  
 D. Measure of Creditworthiness

Choose the correct options from the following-

- (a) option A and B (b) option B and C (c) option A B and D (d) option A C and D

- Q5. Foreign embassies in India are a part of India's: (1)
- (a) economic territory (b) geographical territory (c) both a and b (d) None of the above
- Q6. From the set of statements given in Column 1 and Column 2, choose the correct pair of statements- (1)
- | Column 1                           | Column 2                     |
|------------------------------------|------------------------------|
| (A) quantitative instrument        | (i) marginal requirements    |
| (B) decrease in cash reserve ratio | (ii) part of fiscal policy   |
| (C) quantitative instrument        | (iii) legal reserve ratio    |
| (D) increase in taxes              | (iv) part of monetary policy |
- Alternatives-  
(a) A (i) (b) B (ii) (c) C (iii) (d) D (iv)
- Q7. Calculate Subsidies: (1)
- Particulars (Rs in crores)
- GDPfc 55000
- Indirect Taxes 4400
- Net Factor Income from Abroad 700
- NNPmp 55500 Depreciation 2500
- Q8. The value of \_\_\_\_ can be greater than 1. (1)
- (a) Marginal Propensity to Consume (b) Average Propensity to consume
- (c) Marginal Propensity to Save (d) Average Propensity to Save
- Q9. The value of nominal GDP of an economy was Rs 25000 crores in a particular year. The value of GDP of that economy during the same year evaluated at the prices of base year was Rs 3000 crores. Calculate the value of GDP deflator of the year. (1)
- Q10. The saving curve makes an intercept of Rs 40 crores on the negative Y-axis. If the consumers spend 60% of additional income, then determine- (1)
- (i) Saving Function
- (ii) Break-even level of income.
- Q11. Explain RBI as "Bankers Bank and Supervisor". (3)
- Q12. Suppose consumption function for any economy is  $C = 80 + 0.75 Y$  where  $C = \text{Consumption function}$  and  $Y = \text{National income}$  and investment expenditure is Rs 200 crores. (3)
- Estimate the following: (a) Equilibrium level of income.
- (b) Value of Consumption at equilibrium level of income.
- Q13. Illustrate with the help of a hypothetical numerical example the process of credit creation. (4)
- Q14. (A) Whether the following items will be included in National Income? Give reasons for your answer- (4)
- (i) Interest received on loans taken by government
- (ii) Expenditure incurred by normal residents on foreign travel.
- (B) Explain two precautions while computing National Income by Expenditure method.
- Q15. Explain the concept of Deflationary Gap with diagram. Discuss one fiscal and one monetary measure to tackle the situation. (4)



Q16. Given the following data, find the missing values of Gross Domestic Capital Formation and Wages and Salaries. (6)

Particulars (Rs in crores)  
Mixed income of self employed 3500  
Net Indirect Taxes 300  
Wages and Salaries ?  
Government Final Consumption Expenditure 14000  
Net Exports 3000  
Consumption of Fixed Capital 300  
Net Factor Income from Abroad 700  
Operating surplus 12000  
National Income 30000  
Profits 500  
Gross Domestic Capital Formation ?  
Private Final Consumption Expenditure 11000

Q17. Explain the determination of equilibrium level of National Income through Savings and Investment approach. Use diagram. (6)

What happens if Savings are more than Investments and Savings are less than Investments?

Part - B (Indian Economy) 40 Marks

Q18. Identify the correct sequence of alternatives given in column II by matching them with respective items in Column I: (1)

COLUMN I

COLUMN II

- |                                     |   |
|-------------------------------------|---|
| A. Zamindari system of land revenue | i) One in which per capita income is very low                                       |
| B. Stagnant Economy                 | ii) The distribution of working population across different sectors of the economy. |
| C. Backward economy                 | iii) It worked through the system of middlemen                                      |
| D. Occupational structure           | iv) One which shows little or no growth of national income                          |

ALTERNATIVES:

- (a) A iii, B iv, C i, D ii (b) A i, B iv, C iii, D ii (c) A ii, B iii, C iv, D i (d) A iii, B i, C iv, D ii

Q19. Identify the correct combination of goals of Indian 5 year plans- (1)

- (a) *growth, equality, modernisation, self reliance*  
(b) *development, equality, modernisation, sustainability*  
(c) *good health, education, modernisation, sustainability*  
(d) *growth, equity, modernisation, self-reliance*

Q20. Assertion (A) : Under New Economic Policy, role of RBI shifted from that of a facilitator to regulator. (1)

Reason: Now market forces decided interest rate, structure, volume and the patterns of investment.



- 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.

Q21. When was India's first official census operation undertaken? (1)

Q22. Read the following statements carefully and choose the correct alternative- (1)

STATEMENT 1: Subsidies do not add any burden on the financial health of the nation.

STATEMENT 2: Complete removal of subsidies may violate the aim of equitable distribution of income.

Alternatives-

- (i) Both statements are true.  
(ii) Both statements are false.  
(iii) Statement 1 is true but statement 2 is false.  
(iv) Statement 2 is true but statement 1 is false.

Q23. India has become a preferred outsourcing destination because of \_\_\_\_ (1)

(i) Availability of unskilled labour (ii) Quality of IT services (iii) Availability of skilled labour  
Alternatives-

- (a) Only i (b) i and ii (c) Only ii (d) ii and iii

Q24. In the 20th century, under British rule, India had an export surplus. Where was this surplus used? (1)

- (a) To invest in capital goods industries in India  
(b) To invest in capital goods industries in Britain  
(c) To meet the official and war expenses of the British  
(d) To pay the salaries of Indian Government employees

Q25. Read the following statements carefully and choose the correct alternative- (1)

STATEMENT 1: The demonetisation of currency was undertaken by Indian government on November 8, 2016.

STATEMENT 2: Demonetisation has increased the popularity of e-wallets in India.

Alternatives-

- (i) Both statements are true.  
(ii) Both statements are false.  
(iii) Statement 1 is true but statement 2 is false.  
(iv) Statement 2 is true but statement 1 is false.

Q26. Identify the incorrect statement from the following: (1)

- (a) Import Substitution was the strategy used to save foreign exchange  
(b) Licence policy ensured regional equality  
(c) Russian economic model was the base for the Indian economic system  
(d) Small-scale industries are one of the essential tools for employment generation

Q27. The first industrial policy Resolution in Independent India was introduced in the year \_\_\_\_\_. (1)

- (a) 1948 (b) 1950 (c) 1954 (d) 1956

Q28. State and explain any three elements of infrastructural development by British rule. (3)

Distinguish between Tariff and Non Tariff barriers.

Q29.

(3)

Q30.

Q31.

Underscore some of India's most crucial economic challenges at the time of independence. (3)  
Read the following news report and answer the following questions on the basis of same: (4)

The stabilisation and structural adjustment measures, initiated under the 1991 Economic Reforms mark a watershed moment in India's economic policies. For almost three decades since independence, India's development strategy and economic policies were guided by the objectives of accelerating the growth of output and employment with social justice and equity.

Ever since the 1970's, it was realised that many of the regulations on economic activities have outlived their usefulness and were in a fact hampering economic growth and development. In response to this, the government initiated some milder liberalisation reforms for almost a decade since the early 1980's. However, the Indian economy soon had to face the Gulf crisis and consequently:

- (i) The uncertainties about the oil prices
- (ii) The external payment problems
- (iii) The serious inflationary pressures
- (iv) The scarcities of essential commodities
- (v) The deterioration of fiscal discipline, etc

These led to the Indian economy on the verge of Economic crisis. In response to this emerging crisis, the Government initiated a set of stabilisation and structural reforms like:

- (i) Reduction in fiscal deficit
- (ii) Containment of growth in the money supply
- (iii) An exchange rate adjustment system etc.

The key object of stabilisation policy was to bring the growth of aggregate demand in line with the long term growth path of the economy.

In conjunction, the structure adjustment measures like:

- (i) industrial delicensing
  - (ii) liberalisation of policy regime governing international trade
  - (iii) deregulation of financial sector
- Were taken to improve the supply side of the economy. This shifted the long-term growth path of the economy itself completely. (2+2)

(a) Briefly outline any two reasons for the initiation of economic reforms in 1991.

(b) "In response to the emerging crisis in 1991, the government initiated set of stabilisation structural reforms". Briefly discuss any two of such measures. (4)

Q32.

Explain the need and type of land reforms implemented in the agricultural sector.

(4)

Q33.

Name the strategy of growth between the 1950-1990. What in your opinion are the bad effects of the above said strategy of growth? (6)

Q34.

Define Globalisation. Explain the policy strategies that have influenced the process of globalisation of the Indian economy. (6)