|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **B** | | | | | | | | | | | | | |
| **PB1/EC/1220/A 09/10/2020** | | | | | | | | | | | | | |
| **PRE-BOARD EXAMINATION (2020-21)** | | | | | | | | | | | | | |
| **SUBJECT: ECONOMICS**  **GRADE: XII** | | | | | MAX. MARKS: 80TIME: 3 HRS | | | | | | | | |
| ***General Instructions:***   * ***This question paper consists of 6 printed pages.*** * ***All answers to be written in the answer sheet provided.*** | | | | | | | | | | | | | |
|  | **SECTION A: MACRO ECONOMICS** | | | | | | | | | | | |  |
|  | Which of the following is a flow variable? | | | | | | | | | | | | 1 |
|  | a. | Foreign exchange reserves | | | | | b. | | | | | Inventory | |
|  | c. | Capital | | | | | d. | | | | | Exports | |
|  | The Reserve Bank of India (RBI), in its fourth bi-monthly monetary meet held on October 9, 2020 , has decided to keep the repo rate unchanged yet again with accommodative stance. This is the second time in a row the apex bank has kept the key rates unchanged. The repo rate and reverse rate remain at 4 per cent and 3.35 per cent, respectively, after the announcement. RBI keeping the repo rate unchanged in this monetary policy review was expected by many market participants due to the rising inflation and growth uncertainty in the country. Borrowers who are facing salary cut/job loss due to the novel coronavirus pandemic situation and were looking for some reduction in their equated monthly instalment (EMI) burden will have to wait a little longer. On the other hand, no change in policy rates means good news for fixed deposit (FDs) investors as banks may go slow on cutting interest rates on FDs.  **October 9, 2020 Economic Times** | | | | | | | | | | | |  |
|  | What is the difference between Repo Rate and Reverse Repo rate? | | | | | | | | | | | | 1 |
|  | If the borrowers are to get reduced equated monthly instalments burden, then the RBI will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_repo rate and \_\_\_\_\_\_\_\_\_\_\_ the reverse repo rate. | | | | | | | | | | | | 1 |
|  | a. | | | Decrease, increase | | b. | | | | Decrease, decrease | | |  |
|  | c. | | | Increase, decrease | | d. | | | | Increase, increase | | |  |
|  | Market participants expected the rates to be constant due uncertainty and low level of activity due to the Covid pandemic was one of the reasons for the repo and reverse rate to be constant. Reserve bank of India will use open market operations by \_\_\_\_\_\_\_\_\_\_\_ (buying/selling) securities to correct the present economic situation in the economy. | | | | | | | | | | | | 1 |
|  | If national income at constant prices is Rs. 200 crores, Price Index of base year is 80 and price index of current year is 120, the national income at current prices is | | | | | | | | | | | | 1 |
|  | a. | | Rs. 300 crores | | | b. | | | | | | Rs. 240 crores |  |
|  | c. | | Rs. 60 crores | | | d. | | | | | | Rs. 40 crores |  |
|  | **OR**  Which of the following is within the domestic territory of India? | | | | | | | | | | | |  |
|  | a. | | State Bank of India in UK | | | b. | | | | | | Google Office in India |  |
|  | c. | | Office of Tata Motors in USA | | | d. | | | | | | Russian Embassy in India |  |
|  | Give two examples of Non-Developmental Expenditure. | | | | | | | | | | | | 1 |
|  | The government budget of a hypothetical economy presents the following information, which of the following value represents Primary deficit:   * Revenue expenditure = Rs. 70000 crores * Borrowings = Rs. 15000 crores * Revenue receipts = Rs. 50000 crores * Interest Payments = Rs. 25% of revenue deficit | | | | | | | | | | | | 1 |
|  | a. | | Rs. 20000 crores | | | b. | | | | Rs. 5000 crores | | |  |
|  | c. | | Rs. 10000 crores | | | d. | | | | Rs. 15000 crores | | |  |
|  | In which sub account and on which side of balance of payments account, will profits received from investments abroad be recorded? | | | | | | | | | | | | 1 |
|  | Identify the correct pair from the column I and II.**(Choose the correct alternative)**   |  |  |  |  | | --- | --- | --- | --- | |  | **Column I** |  | **Column II** | | A | Capital account | (i) | Autonomous transactions | | B | Current account | (ii) | Visible and Invisible goods | | C | Accommodating Items | (iii) | Made for the purpose of profit. | | D | Borrowing from Abroad | (iv) | Cannot be recorded in BoP. | | | | | | | | | | | | | 1 |
|  | a. | A - (i) | | | | b. | | | B – (ii) | | | |  |
|  | c. | C - (iii) | | | | d. | | | D - (iv) | | | |  |
|  | In the case of flexible exchange rate, what happens to foreign exchange demand with the decline in import of goods? | | | | | | | | | | | | 1 |
|  | a. | | Increase in foreign exchange demand | | | b. | | | | No change in foreign exchange demand | | |  |
|  | c. | | Fall in foreign exchange demand | | | d. | | | | Rise in foreign exchange demand | | |  |
|  |  | |  | | |  | | | |  | | |  |
|  | What are non-monetary exchanges? Give an example. Explain their impact on use of gross domestic product as an index of welfare of the people.  **OR**  ‘Money flows are opposite to real flows.’ Explain using diagram. | | | | | | | | | | | | 3 |
|  | State, giving valid reasons, whether the following statements are true or false:   * 1. Devaluation and depreciation are one and the same thing.   2. The capital account of BoP records the entry for import of machinery.   3. Flexible exchange rate is determined by IMF. | | | | | | | | | | | | 3 |
|  | What is money multiplier? What is the relationship between LRR and money multiplier? Explain with an example. | | | | | | | | | | | | 4 |
|  | 1. Average propensity to save is always greater than zero. Defend or refute the statement with reasons. 2. Distinguish between autonomous consumption and induced consumption. | | | | | | | | | | | | 4 |
|  | 1. Give the meaning of ‘non-debt creating capital receipts. Give 2 examples. 2. Categorise the following into Revenue or capital expenditure: 3. Defence services expenditure 4. Investment in shares   **OR**  Explain the implications of revenue deficit. | | | | | | | | | | | | 4 |
|  | 1. Calculate national income from the following:  |  |  |  | | --- | --- | --- | | **S. No.** | **Item** | **Rs. In crores** | |  | Net imports | (-)30 | |  | Private Final consumption expenditure | 400 | |  | Subsidies | 5 | |  | Net Domestic fixed capital formation | 50 | |  | Government final consumption expenditure | 100 | |  | Net factor income from abroad | (-)10 | |  | Closing stock | 10 | |  | Current replacement cost | 40 | |  | Indirect taxes | 55 | |  | Opening stock | 20 | |  | Profits | 30 |  1. How are the following treated while estimating national income? 2. Purchase of goods by foreign tourists 3. Interest received on loan given to foreign company in India. | | | | | | | | | | | | 4+2 |
| 17. | Explain the following diagram. Also explain its effects on the economy and suggest 2 government measures to correct it.    **OR**  How is ‘saving and investment approach’ derived from the ‘aggregate demand and supply’ approach of income determination? Explain using diagram. | | | | | | | | | | | | 6 |
|  | **SECTION B: INDIAN ECONOMIC DEVELOPMENT** | | | | | | | | | | | |  |
|  | What was the percentage growth of aggregate real output of the Indian economy during the first half of the twentieth century? | | | | | | | | | | | | 1 |
|  | a. | | | Less than two percent | | b. | | | More than two percent | | | |  |
|  | c. | | | Two percent only | | d. | | | More than three percent | | | |  |
|  | **OR**  Despite being the major source of livelihood, the agriculture sector continued to experience stagnation and deterioration during the British rule in India because of: | | | | | | | | | | | |  |
|  | a. | | | Decline of handicraft | | b. | | | Land tenure system | | | |  |
|  | c. | | | None of the above | | d. | | | Drain of India’s wealth | | | |  |
|  |  | | |  | |  | | |  | | | |  |
|  |  | | |  | |  | | |  | | | |  |
|  | Which of the following makes goods more expensive and discourage its import? | | | | | | | | | | | | 1 |
|  | a. | | | Restrictions | | b. | | | Quotas | | | |  |
|  | c. | | | Tariffs | | d. | | | Penalties | | | |  |
|  | **Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**  **Assertion (A):** The major policy initiatives i.e. land reforms and green revolution helped India to become self-sufficient in food grains production.  **Reason (R):** The proportion of people depending on agriculture did not decline as expected Alternatives:  1. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). 2. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion 3. Assertion (A) is true, but Reason (R) is false. 4. Assertion (A) is false, but Reason (R) is true. | | | | | | | | | | | | 1 |
|  | **Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**  **Assertion (A):** Public sector undertakings were sold off to private sector in 1991.  **Reason (R):**  These public sector undertakings were huge profit-making enterprises. Alternatives:  1. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). 2. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) 3. Assertion (A) is true, but Reason (R) is false. 4. Assertion (A) is false, but Reason (R) is true. | | | | | | | | | | | | 1 |
|  | On which basis did Dadabhai Naoroji computed the average poverty line? | | | | | | | | | | | | 1 |
|  | What is the full form of AICTE? | | | | | | | | | | | | 1 |
|  | The institutional source of credit whose area of operation is the one where banking facilities and cooperatives are absent and which operate at the district level is: | | | | | | | | | | | | 1 |
|  | a. | Regional rural bank | | | | b. | | Commercial bank | | | | |  |
|  | c. | Self-help group | | | | d. | | NABARD | | | | |  |
|  | What is meant by morbidity? | | | | | | | | | | | | 1 |
|  | China surpassed India and Pakistan in sector of the economy. (Choose the correct alternative) | | | | | | | | | | | | 1 |
|  | a. | | | Primary | | b. | | | | | Manufacturing | |  |
|  | c. | | | Tertiary | | d. | | | | | All of these | |  |
|  | Choose the correct pair of statement from the following column I and column II:   |  |  |  |  | | --- | --- | --- | --- | |  | **Column I** |  | **Column II** | | A | It did not have any compulsion to introduce reforms as dictated by the World Bank and International Monetary Fund. | (i) | China | | B | When many developed countries were finding it difficult to maintain a growth rate of even 5 per cent. | (ii) | India was able to maintain near double- digit growth during 1980s. | | C | Introduced reforms in phases. | (iii) | Pakistan | | D | Great Leap Forward | (iv) | 1978 | | | | | | | | | | | | | 1 |
|  | a. | | | A-(i) | | b. | | | B-(ii) | | | |  |
|  | c. | | | C-(iii) | | d. | | | D-(iv) | | | |  |
|  | Worker-population ratio is an indicator which is used for analysing the employment situation in the country. This ratio is useful in knowing the proportion of population that is  actively contributing to the production of goods and services of a country. If the ratio is higher, it means that the engagement of people is greater; if the ratio for a country is medium, or low, it means that a very high proportion of its population is not involved  directly in economic activities.  In light of above, substantiate the rural- urban worker participation situation in India.  **OR**  From the given chart, discuss the trend in the Growth of employment and the GDP in India. | | | | | | | | | | | | 3 |
|  | According to Herman Daly, a leading environmental economist, certain steps must be taken to achieve sustainable development. Mention those steps. | | | | | | | | | | | | 3 |
|  | ‘Protection of small-scale industry and regulation of large-scale industry was removed from 1991’. Justify the rationale of the given statement. | | | | | | | | | | | | 4 |
|  | What are the achievements of policies on industrial development? | | | | | | | | | | | | 4 |
|  | In China, lack of political freedom and its implications for human rights are major concerns, yet, in the last three decades, it has succeeded in raising the level of growth along with alleviation of poverty. China is moving ahead of India and Pakistan in terms of many human development indicators. Defend or refute. Justify your statement.  **OR**  The present day fast industrial growth in China can be traced back to the reforms introduced in 1978. Explain. | | | | | | | | | | | | 4 |
|  | (a) Explain the ‘expenditure on education’ as a source of human capital formation.  (b) Explain any two SELF EMPLOYMENT Poverty alleviation programmes. | | | | | | | | | | | | 6 |
|  | 1. ‘The expansion and promotion of the rural banking sector has taken a backseat after reforms.’ Explain how? 2. India bears a frighting rate of 20% of Global Burden of Disease. Discuss.   **OR**   1. ‘There is a need to increase credit facilities to the fishing community in India.’ Analyse the status and the problems faced by Fisheries in India. 2. ‘Private sector plays a dominant role in the provision of health infrastructure in India’. Justify. | | | | | | | | | | | | 6 |

**\*\*\***