**Text

Description automatically generated**

**PB-T2/EEE-ECAK/1221/A 17-MAR-2022**

|  |  |  |  |
| --- | --- | --- | --- |
| **EEE PREBOARD EXAMINATION**  **TERM 2 (2021-22)**  **ANSKER KEY**  **SET 2** | | | |
| **Subject: Economics CLASS XII** | | **Max. Marks: 40** | |
| 1 | “Machine purchased is always a final good”. Do you agree? Give reasons for your answer.  **Answer**. No, we do not agree because if machine purchased by dealer of the machine then it is intermediate good.  **OR**  Distinguish between real and nominal GDP. Which of these is a better indicator of economic welfare?  **Answer.GDP at current price (also called monetary GDP or nominal GDP)**refers to market value of the final goods and services produced within the domestic territory of a country during an accounting year, as estimated using the current year prices. It may increase without any increase in the quantum of output in the economy.  **GDP at constant prices (also called real GDP)**refers to market value of the final goods and services produced within the domestic territory of a country during an accounting year, as estimated using the base year prices. It increases only when there is increase in the quantum of output in the economy.  **Significance of Real GDP –**  1. Only increase in real GDP shows that more goods & services are increased which are available to the people of a country.  2. Change in Level of Economic Activity – Only increase in Real GDP implies increase in the level of economic activity (in terms of increase in the level of production)  3. Inter-Regional and International Comparison – Real GDP Facilities inter regional and international comparison of the level of production. Nominal GDP does not serve this purpose. | | 2 |
| 2 | **Ans.** Increase in MPS implies increased savings due to increase in income. This is good for GDP growth if savings are converted into investments through financial intermediaries. If it doesn’t happen then higher MPS would lead to decrease in AD causing economic slowdown.  ***OR***  False, value of APS is negative at initial levels of income when savings are negative. MPS cannot be negative as it it’s the ratio of additional savings due to additional income. Additional savings are be negative. | | 2 |
| 3 | The saving function of an economy is S= -250+0.5Y and investment expenditure is Rs 500.  a)Find investment multiplier  b)Equilibrium level of income.  **Ans.**K= 1/MPS= 1/0.5= 2 times.  b) Y=C+I  Y=250+0.5Y+500  Equilibrium level of Y=Rs 1500 | | 2 |
| 4 | The unorganized sector is characterized by small and scattered units, which are  largely outside the control of the government.   There are rules and regulations, but these are not followed.   Jobs here are low-paid and often not regular.   The condition of workers in unorganized sector is not good or stable.   There is no provision for overtime, paid leave, holidays, leave due to sickness,   Employment is not secure. **(1/2 mark each point)**  ***OR***  The traditional practices can help in controlling contamination without the use of chemical fertilizers, as follows:  i. Neem trees and its by products are a natural pest-controller, which has been used since ages in India. Recently, the government promoted the sale Neem coated urea as a  measure of natural pest control.  ii. Large variety of birds should be allowed to dwell around the agricultural areas, they can clear large varieties of pests including insects**. (1mark each)** | | 2 |
| 5 | “Economic development------- misuse.”  This demand supply mismatch/reversal can be detrimental and will involve certain opportunity costs. Justify.  **Ans:**This demand supply reversal has lead to environmental crisis. The past development has polluted and dried up rivers and other aquifers making water an economic good. Besides, the intensive and extensive extraction of both renewable and non-renewable resources has exhausted some of the resources. There are the health costs of degraded environmental quality — decline in air and water quality (seventy per cent of water in India is polluted) have resulted in increased incidence of respiratory and water-borne diseases. Hence the expenditure on health is also rising. Global warming and ozone depletion also contribute to increased financial commitments for the government. These are all the opportunity costs of environmental crises. | | 2 |
| 6 | Giving reason explain how should the following be treated in estimation of national income  (i) Purchase of uniform for nurses by a hospital  (ii) Expenditure by a firm on payment of fees to a chartered accountant.  (iii) Expenditure on providing police service by the government.  Answer. (i) No because it is an intermediate consumption.  (ii)No because it is an intermediate consumption.   1. Yes because it is government final consumption expenditure.   **OR**  **Ans. NDPFC (NVAFC) =** ₹ **15 Lakhs** | | 3 |
| 7 | 1. Cities like Bengaluru in Karnataka attract many multinational companies because they provide world-class communication facilities. Punjab, Haryana, and Himachal Pradesh prosper in agriculture and horticulture Some have better irrigation facilities. Maharashtra and Gujarat industrially more have better transportation facilities and are located near ports. Kerala, excelled in literacy, health care and sanitation and attract tourists in such large numbers It is all because it has better infrastructure. 2. Women constitute about half of the total population in India. They suffer many disadvantages as compared to men in the areas of education, participation in economic activities and healthcare. The deterioration in the child sex ratio points to the growing incidence of female feticide. Five percent of girls aged between 15-19 years are not only married but have already borne children at least once. More than 50 per cent of married women in the age group of 15–49 years have anemia and nutritional anemia caused by iron deficiency, and this has not declined since 2005. The GBD Study 2017reports that premature deaths due to neonatal disorders tops in both the years 2007 and 2017 and this has not declined since 2005. | | 3 |
| 8 | **Answer.** Reforms were initiated in Pakistan in 1988. 1Pre-Reform Period : Failure (a) The proportion of poor in 1960s was more than 40 per cent. (b) The economy started to stagnate, suffering from the drop in remittances from the Middle East. | | 3 |
| 9 | **Answer.** 1. China   1. China 2. India 3. India and Pakistan 4. Pakistan 5. India and China | | **3** |
| 10 | Suppose the ….. base year.  **Answer.** Rate of change of GDP of nation-X= Change in GDP/ GDP of 2018-19 \*100  = 2000/2000\*100= 100 % growth  Rate of change of GDP of nation-Y= Change in GDP/ GDP of 2018-19 \*100  = 80,000/12,0,000\*100= 66.6%  The growth of Nation-X is more than nation-Y. | | 3 |
| 11 | **Diagram  Description automatically generated**  A situation in an economy, when the Aggregate Demand is less than the Aggregate Supply, corresponding to full employment level, is termed as deficient demand. **(½ mark)**  Deficient demand gives rise to a deflationary gap and leads the economy to an equilibrium level of income/output that is less than the full employment level of income. This leads to deflationary pressures on economy and increases the inventory of producers as sales falls. The producers are discouraged to produce more as price level fall. The economy therefore will attain a new equilibrium at point C with National Income of OP **(2marks)**  **Shape  Description automatically generated with medium confidence** | | 5 |
| 12 | C:\Users\rhythmad\Downloads\IMG-6463.JPG  ***OR***  Two precautions are:  1)Capital gains or windfall gains are not to ne included  2) Income from illegal sources not to be included  C:\Users\rhythmad\Downloads\IMG-6465.JPG | | 5 |
| 13 | (i) **The following table --------30 years ago!**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Place of residence** | **Workforce in(millions)** | | | | | | **Male** | **Female** | | **Total** | | | **Rural**  **Urban** | **125**  **32** | | **69**  **07** | | **194**  **39** |   **Answer.** The following points can be analyzed with the help of given data:   1. **More Proportion of Rural Population:** The total workforce in India in the year 1972-73 was 234 million out of which major portion 83% (194 million) belonged to rural population and the rest 17% (39 million) belonged to the urban population. It happened because a majority of rural population was engaged in agricultural and allied sectors. 2. **More Proportion of Males:** Males used to dominate the workforce, in both rural and urban areas. The rural workforce comprises of 125 million males (around 64%) as compared to just 69 million females (around 36%). On the contrast, the urban workforce comprises of about 82% of male workforce and 18% of female workforce. The participation of males was higher due to lack of opportunities available to women for acquiring education and female members were often confined to household work only. 3. **More Proportion of Rural Females:** Females in the rural areas formed 36% of the workforce as compared to just 18% females in the urban workforce.   (ii) **“Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment”.**  **Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development?**  **Answer-** The given statement is quite appropriate. Indian traditional practices were environment friendly and worked as complementary to the system and not its controller. The traditional agriculture system, healthcare system, housing, transport etc. were intrinsically environment friendly. The traditional practices used natural products and processes which are more or less free from side effects. 3 For example by adopting medicinal plants/products we can conserve the resources and achieve the objective of sustainable development. | | 5 |
|  | \*\*\*\*\*\*\* | |  |