

HALF YEARLY EXAMINATION, 2024-25

ECONOMICS

Time – 3:00 Hrs.

Class – XII

M.M. : 80

Date – 14.09.2024 (Saturday)

Name of the student _____ Section _____

GENERAL INSTRUCTIONS:

- This question paper contains two sections: Section A and Section B
- This paper contains 20 Multiple Choice Questions of 1 mark each.
- This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
- This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION - A

- Q1 Assertion (A) - In income phase, factor incomes flow from firms to households. **1**
Reason (R) - Firms distribute the revenue received from the sale of goods and services as rent, interest, profit and wages.
Alternatives:
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true, but Reason (R) is false
(d) Both Assertion (A) and Reason (R) are false
- Q2 Non-Resident Indians (NRIs) will soon be able to make payments in Unified Payments Interface (UPI) without having to get an Indian mobile number. **1**
The National Payments Corporation of India (NPCI) has allowed NRIs in 10 countries to digitally transfer funds using the UPI platform from NRE/NRO accounts.
Source : <https://www.livemint.com/money/personal-finance/nris-ten-countries-upi-payment-india-fund-transfer-international-mobile-numbers-11673450309998.html>
As per the news, deposits received from NRIs by their families in India will be considered as
(a) Factor income (b) Transfer income (c) Earned income (d) None of these
- Q3 Statement I - Old age pensions are excluded from National Product. **1**
Statement II - Interest paid by a firm to the government is included in the domestic product.
Alternatives:
(a) Statement I is true and Statement II is false
(b) Statement II is true and Statement I is false
(c) Both statements are true
(d) Both statements are false

- Q4 Which of the following statements is/are correct? 1
I. Unexpected obsolescence is a component of depreciation.
II. Inventory is a stock variable.
Codes
(a) Only I (b) Only II (c) Both I and II (d) None of these
- Q5 When Nominal Gross Domestic Product (GDP) is ₹ 840 crore and price index is ₹ 120, then the Real Gross Domestic Product (GDP) will be 1
(a) ₹700 crore (b) ₹ 900 crore (c) ₹ 800 crore (d) ₹ 500 crore
- Q6 Which of the following is not a part of profits? 1
(a) Corporate Tax (b) Dividends (c) Retained Earnings (d) Royalty
- Q7 Which of the following items are excluded in calculation of National Income under income method? 1
(a) Income from illegal activities like smuggling, theft, gambling, etc.
(b) Income from windfall gains
(c) Transfer earnings like unemployment allowance, scholarship, etc.
(d) All of the above
- Q8 Read the following statements carefully and choose the correct alternative. 1
Statement I - All the coins are issued by Finance Ministry in India.
Statement II - All the currency notes are issued by Reserve Bank of India.
Alternatives
(a) Both the statements are true
(b) Both the statements are false
(c) Statement I is true and Statement II is false
(d) Statement II is true and Statement I is false
- Q9 Money is most liquid of all assets because 1
(a) It includes shares and equities (b) Money itself is a medium of exchange
(c) It does not have general acceptability (d) It has many functions
- Q10 If Marginal Propensity to Save (MPS) is 0.25 and initial change in investment is ₹ 250 crores, then the final change in income would be - (Choose the correct alternative) 1
(a) ₹1,000 crores (b) ₹1,200 crores (c) ₹500 crores (d) ₹3,500 crores
- Q11 'All producer goods are not capital goods'. Do you agree? Explain with an example. 3

OR

- Explain with the help of an example, the basis of classifying goods into final goods and intermediate goods.
- Q12 Explain the problem of double coincidence of wants faced under barter system. How has money solved it? 3
- Q13 India is often called as 'Outsourcing destination' of the world. Discuss the prime reasons for this name given to India. 4

OR

Why was public sector given a leading role in industrial development during the plan period?

Q14 Find the Net Value Added at Market Price.

4

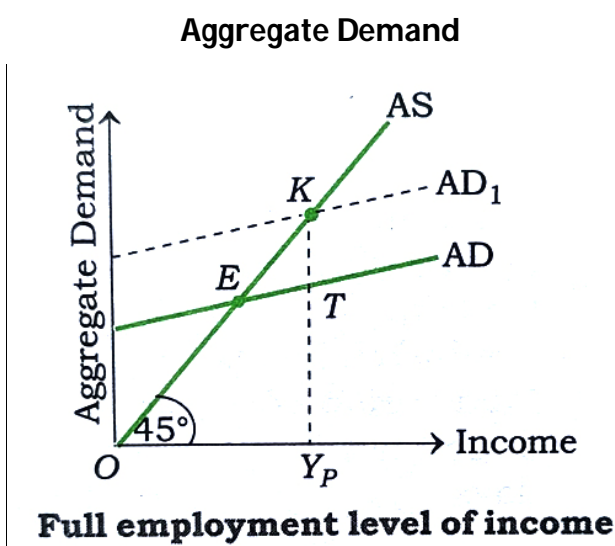
S.NO	Items	Rs (in Lakhs)
1	Fixed Capital Good with a Life Span of 5 Years	15
2	Raw Materials	6
3	Sales	25
4	Net Change in Stock	(-)2
5	Taxes on Production	1

Q15 Define money multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.

4

Q16 (A) In the given figure, what does the gap 'KT' represent? State and explain any two fiscal measures to correct the situation.

6



(B) Discuss -

- a) Frictional Unemployment b) Structural Unemployment

Q17 (A) Agricultural sector appears to be adversely affected by the reform process. Comment.

6

OR

(B) Explain the steps taken by government of India on 'Financial Sector' front under the economic reforms of 1991.

SECTION-B

Q18 If the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹4,000 crores, the value of savings will be (Choose the correct alternative)

1

- (a) ₹100 crores (b) ₹200 crores (c) ₹800 crores (d) ₹500 crores

Q19 Assertion (A): In the determination of equilibrium output, only ex-ante saving and ex-ante investment is considered.

1

Reason (R): Ex-ante saving and ex-ante investment are always equal to each other.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(c) Assertion (A) is true, but Reason (R) is false

(d) Both Assertion (A) and Reason (R) are false

Q20 Statement 1: The minimum value of multiplier can be one and the maximum value can be infinity. **1**

Statement 2: Multiplier is directly related with the MPS.

(a) Statement I is true, but Statement II is false

(b) Statement II is true, but Statement I is false

(c) Both statements are true

(d) Both statements are false

Q21 'The only purpose of the British colonial rule in India was to limit India from being a raw material provider for Great Britain's own rapidly growing modern industrial base.' Which of following strategies was used by the colonial government to achieve this target? **1**

(a) Dual motive policy (b) Dual price policy (c) De-industrialisation (d) None of these

Q22 Statement I - British government introduced paper currency in India. **1**

Statement II - Life expectancy on the eve of independence was 32 years.

Alternatives:

(a) Statement I is true, but Statement II is false

(b) Statement II is true, but Statement I is false

(c) Both statements are true

(d) Both statements are false

Q23 Match the following **1**

Column I	Column II
A. First Census of India	(i) 1869
B. Opening of Suez Canal	(ii) 1850
C. Incorporation of TISCO	(iii) 1881
D. Introduction of Railways	(iv) 1907

Codes

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

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

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

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

Q24 GDP (Gross Domestic Product) is a good indicator of growth but not development, because **1**

(a) GDP is a partial measurement

(b) GDP do not cover all type of goods

(c) GDP may increase on account of production of harmful goods

(d) All of the above

Q25 Assertion (A) - The purpose of license policy was to promote regional equalities. **1**

Reason (R) - The motive of licensing system was to monitor and control the industrial production.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation for Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation for Assertion (A)
- (c) Assertion (A) is true, but Reason (R) is false
- (d) Both Assertion (A) and Reason (R) are false

Q26 Match the following

1

Column I	Column II
A. Structural Composition	(i) Implies a larger stock of productive capital
B. Growth as a FYP Goal	(ii) Adoption of new technology
C. Modernisation	(iii) Contribution made by each sector

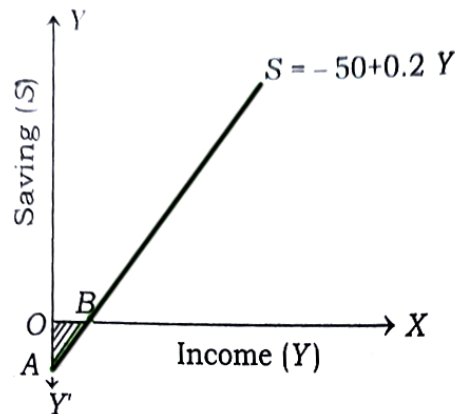
Codes

- (a) A-(i), B-(ii), C-(iii)
 - (b) A-(iii), B-(i), C-(ii)
 - (c) A-(ii), B-(iii), C-(i)
 - (d) A-(iii), B-(ii), C-(i)
- Q27 'The origin of the financial crisis of 1990 can be traced from the inefficient management of the Indian economy', which of the following reasons is responsible for the same?
- (a) Government was unable to generate sufficient revenue
 - (b) Government expenditure began to exceed its revenue
 - (c) Government borrowed money for meeting consumption needs
 - (d) All of the above
- Q28 (A) "It is a trend that people with lower income tends to consume more than people with higher income." with reference to the above statement which of the two, APC or APS can be negative and why?

1

3

OR



- (B) (i) At which level of income, Average Propensity to Save (APS) will be equal to zero and why?
 - (ii) What does 'OA' signify with respect to consumption function?
- Q29 In an economy, the equilibrium level of income is ₹12,000 crores. The ratio of Marginal Propensity to Consume and Marginal Propensity to Save is 3: 1. Calculate the additional investment needed to reach new equilibrium level of income of ₹20,000 crore.

3

OR

State and explain any three components of Aggregate Demand in a two sector model.

- Q30 What is sectoral composition of an economy? Is it necessary that the service sector should contribute maximum to GDP of an economy? Comment. **4**
- Q31 What objectives did the British intend to achieve through their policies of infrastructure development in India? **4**
- Q32 What is the range of values of investment multiplier? Clarify the relation of investment multiplier with marginal propensity to consume (MPC) and with marginal propensity to save (MPS). **4**

OR

Explain consumption function with the help of a schedule and diagram.

- Q33 Explain national income equilibrium through aggregate demand and aggregate supply. Use diagram. Also explain the changes that take place in an economy when the economy is not in equilibrium. **6**

OR

Distinguish between inflationary gap and deflationary gap. Show deflationary gap on a diagram. Can this gap exist at equilibrium level of income? Explain.

- Q34 Given the following data, find the values of "Gross Domestic Capital Formation" and "Operating Surplus". **6**

S.No	Items	Rs. (in Crores)
1	National Income (NI)	22,100
2	Wages and Salaries	12,000
3	Private Final Consumption Expenditure (PFCE)	7,200
4	Net Indirect Taxes (NIT)	700
5	Gross Domestic Capital Formation (GDCF)	?
6	Depreciation	500
7	Government Final Consumption Expenditure (GFCE)	6,100
8	Mixed Income of Self-employed	4,800
9	Operating Surplus	?
10	Net Exports (X-M)	3,400
11	Rent	1,200
12	Net Factor Income from Abroad	(-)150



HALF YEARLY EXAMINATION, 2024-25

ECONOMICS

Time – 3:00 Hrs.

Class – XII

M.M. : 80

Date – 20.09.2024 (Friday)

Name of the student _____ Section _____

GENERAL INSTRUCTIONS:

- This question paper contains two sections: Section A and Section B.
- This paper contains 20 Multiple Choice Questions of 1 mark each.
- This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
- This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION - A

- Q1 Which of the following statements reflects the condition of the agricultural sector in India during British rule? (1)
- a) The agricultural sector experienced huge stagnation and deterioration because of the drain of India's wealth.
- b) The agricultural sector experienced huge stagnation and deterioration because of the land tenure system.
- c) The agricultural sector experienced huge stagnation and deterioration because of the decline of handicrafts.
- d) None of the above
- Q 2 Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below. (1)
- Assertion (A)** : British government had Monopoly control over India's foreign trade; they implemented discriminatory trade policy to restrict trade from rest of the world.
- Reason (R)** : India's trade surplus was used for payment of interest on loans, war expenses, salaries of staff by the colonial Government.
- Alternatives
- a) Both Assertion and Reason are true and the Reason is the correct explanation of Assertion.
- b) Both assertion and Reason are true but Reason is not the correct explanation of Assertion.
- c) Assertion is true but Reason is false.
- d) Assertion is false but Reason is true.
- Q 3. Read the following statements carefully and choose the correct alternative among those given below: (1)
- Statement 1**: GNP deflator measures the changes in average level of the prices of all the goods and services that make up GNP.
- Statement 2**: GNP deflator is measured as the ratio of GDP at constant prices to GDP at current prices.

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

Q 4 Production is a _____ concept. (1)

- (a) Stock (b) Flow (c) Real Flow (d) None of these

Q 5 In which of the following ways Commercial banks create money: (1)

- a) Issuing currency b) Creation of bank deposits
c) Investing in government bonds d) All of these

Q 6 Double coincidence of wants refers to the _____ fulfillment of _____ wants of the buyer and seller. (1)

- a) Simultaneous; Mutual b) Sequential; Mutual
c) Mutual; simultaneous d) Mutual; Sequential

Q 7 Which three of the following statements are characteristics of the 'Keynesian Consumption Function'? (1)

- i) The main influence on consumption in the short-run is current disposable income
ii) The marginal propensity to consume (mpc) can be greater than one
iii) The marginal propensity to consume (mpc) can be less than one
iv) The average propensity to consumer (apc) will tend to fall as income increases
v) The average propensity to consume (apc) will tend to rise as income increases
a) i, iii) and iv) b) i, ii) and v) c) i, iii) and v) d) i, ii) and iv)

Q 8 Choose the correctly matched pair from the following (1)

Column A	Column B
A. Aggregate demand curve	1. Positively sloped
B. Aggregate supply curve	2 Planned investment I = Planned saving
C. Saving- income approach	3. 45° positively sloped
D. Equilibrium level of Income	4. Alternative approach of AD – AS

- a) A-4 b) B-1 c) C-3 d) D-2

Q 9 Arrange the following events in the correct chronological order. (1)

- i) The year of great divide ii) Establishment of TISCO
iii) Introduction of Railways iv) Opening of Suez Canal
a) iv,ii,i,iii b) i,iv,iii,ii c) ii,iii,iv,i d) iii,iv,ii,i

Q 10 The value of national output produced by residents of a country, whether located at home or overseas, after depreciation and excluding the influence of taxes and subsidies, is known as: (1)

- a. NNP at factor cost. b. NDP at factor cost
c. GNP at factor cost d. NNP at market price

Q11 (A) Measure the level of ex-ante aggregate demand when autonomous investment and consumption expenditure (\bar{A}) is Rs 50 crores, and MPS is 0.2 and level of income (Y) is Rs 4000 crores. State whether the economy is in equilibrium or not (cite reasons). (3)

OR

(B) In an economy, $C = 50 + 0.5Y$ is the consumption function; where C is consumption expenditure and Y is national income and investment expenditure is Rs. 72000 crores. Calculate:

- (i) Equilibrium level of national income.
- (ii) Consumption expenditure at equilibrium level of national income.
- (iii) Additional investment needed to gain an additional income of Rs. 20000 crores.

Q12 Explain the concepts of :

(i) Currency and coins with public (ii) Demand deposits held by commercial banks . **(3)**

Q13 'The central government relies on RBI just like, general public relies on commercial banks'. Identify and explain the function of RBI . **(4)**

Q14 'Underdevelopment of Indian economy on the eve of independence is reflected in the state of its industrial sector'. Justify. **(4)**

Q15 A .What is meant by problem of double counting? How can this problem be avoided? **(4)**

OR

B. Discuss briefly, the circular flow of income in a two sector economy with the help of a suitable diagram.

Q16 (A) a) Define Externality. **(2)**

b) Find National Income from following using expenditure method **(4)**

	(in crores)
1. Current transfers from rest of the world	50
2. Net Indirect taxes	100
3. Net Exports	-25
4. Rent	90
5. Private Final Consumption Expenditure	900
6. Net Domestic Capital Formation	200
7. Compensation of Employees	500
8. Net Factor Income from Abroad	-10
9. Government Final Consumption Expenditure	400
10. Profit	220
11. Mixed Income of Self Employed	400
12. Interest	230

OR

(B) Will the following factor income be included in domestic factor income of India? Give reasons for your answer:- **(6)**

(i) Compensation of employees to the resident of Japan working in Indian embassy in Japan.

(ii) Payment of fees to a Chartered Accountant by a firm

(iii) Rent received by an Indian resident from Russian embassy in India.

(iv) Compensation given by insurance company to an injured worker.

Q17 "An economy is operating at under employment level of income." What is meant by given statement? Discuss one fiscal measure and two monetary measures to tackle the situation. **(6)**

SECTION - B

Q18 _____ is the portion of agricultural produce which is sold in the market by the farmers, after meeting their self-consumption requirements. (Fill in the blank with correct alternative) (1)
 a) Trade Surplus b) Marketable Surplus c) Producer Surplus d) Consumer Surplus

Q19 From the following statements given in Column I and Column II, choose the correct pair of statements: (1)

Column A	Column B
A. Land Ceiling	1. Increase in production of food grains using high yielding variety seeds
B. Land reforms	2. Portion of agricultural produce sold in the market.
C. Green Revolution	3. Fixing the maximum limit of land holding for an individual
D. Marketed surplus	4. Change in the ownership of land (land to the tillers)

- a. A- 4, B-2, C-1, D- 3 b. A- 1, B-3, C-4, D- 2
 c. A- 4, B-2, C-3, D- 1 d. A- 3, B-4, C-1, D- 2

Q 20 Which of the following has not occurred after the liberalisation of economic policies under the New Economic Policies (NEP) in 1991? (1)

- a) Significant increase in India's foreign exchange reserves
 b) Increase in inflows from foreign direct investment
 c) A massive increase in the share of agriculture in India's gross domestic product
 d) Increase in India's share of exports in world trade

Q 21 Which of the following falls under the domestic territory of India? (1)

- (a) Japanese Embassy in India
 (b) Branch of a foreign bank in India
 (c) Branch of State Bank of India in the USA
 (d) A company located in the UK owned by an Indian

Q 22 If real income is Rs 400 and the price index is 105, nominal income will be _____. (1)

- a) Rs 400 b) Rs 420 c) Rs. 505 d) Rs 500

Q 23 If the investment multiplier is 1, what will be the value of marginal propensity to consume? (1)

- a) 1 b) 0 c) 0.5 d) -1

Q 24 The impact of 'Excess demand' under Keynesian theory of income and employment, in an economy are : (1)

- a) Decrease in income, output, employment and general price level
 b) Increase in nominal output, but no change in real output
 c) Increase in income output, employment and general price level
 d) No change in income, output, employment and general price level

Q 25 In the consumption function denoted by $\bar{C} + bY$, b refers to (1)

- (a) MPS & slope of consumption function (b) MPC & slope of consumption function
 (c) MPS & slope of savings function (d) MPC & slope of savings function

Q 26 Identify the correct sequence of alternatives given in Column 2 by matching them with respective items in Column 1: **(1)**

Column 1	Column 2
A. Cement production	i) Raises productive capacity of the producers
B. Final goods	ii) Resold by the firms for profit during the accounting year
C. Fixed investment	iii) A flow variable
D. Intermediate goods	iv) Included in the estimation of national product

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

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

Q 27 If a car is purchased by a taxi operator, it will be regarded as a : **(1)**

a) Capital good b) Intermediate good c) Final good d) Both a and c

Q 28 In the monetary policy of RBI, keeping in mind the pandemic of COVID-19, RBI slashed the reserve requirements from 20% to 10%. Explain the impact of such a change on total money created in the economy. **(3)**

Q 29 (A) Calculate National Income **(3)**

Particulars	Rs. in crores
(i) GDP at MP	70,150
(ii) Indirect Taxes	5,200
(iii) Factor income from abroad	800
(iv) Consumption of Fixed Capital	3,100
(v) Factor income to abroad	300
(vi) Subsidies	4,000

OR

(B) Calculate Domestic income from the data :

Particulars	Rs. in crores
i) GNP at FC	2500
ii) Consumption of fixed capital	200
iii) Goods and Services tax	20
iv) Subsidies	50
v) Net factor income to abroad	50
vi) Changes in stock	30
vii) Fall in the value of an asset due to unexpected event like earthquake	500

Q 30 Outline the steps required to be taken in deriving saving curve from consumption curve. Use diagram. Show in the diagram the point at which the APC is equal to one. **(3+1)**

Q 31 'Equity in agriculture called for land reforms which refers to change in the ownership of land holdings.' In light of the statement, explain the need and types of land reforms implemented in the agricultural sector. (4)

Q 32 (A) "Agriculture sector appears to be adversely affected by the economic reform process." Explain the given statement. (4)

OR

(B) Explain the financial sector reforms introduced under the policy of liberalisation.

Q 33 Why must aggregate demand be equal to aggregate supply at the equilibrium level of income and output? Explain with the help of diagram. (6)

OR

How an initial increase in investment affects the level of final income of the economy? Show its working with a suitable numerical example.

Q 34 Read the following text carefully:

Prior to 1991 India was a closed economy due to the average tariffs exceeding 200 percent and the extensive quantitative restrictions on imports? Foreign investment was strictly restricted to only allow Indian ownership of businesses.

New economic policy was launched in the year 1991 under the leadership of Mr P. V. Narasimha Rao . This policy opened the door of the Indian Economy for the global exposure for the first time.

Beginning with mid-1991, the government has made some radical changes in its policies related to foreign trade, foreign investment, exchange rate, industry, fiscal discipline etc. The various elements, when put together, constitute an economic policy which marks a big departure from what has gone before. The thrust of the New economic Policy has been towards creating a more competitive environment in the economy as a means to improve the productivity and efficiency of the system. This was to be achieved by removing the barriers to entry and the restrictions on the growth of firms.

On the basis of the given text and common understanding, answer the following questions:

i) Discuss the policy changes introduced post 1991 in foreign trade. (2)

ii) Why was there a need to introduce NEP 1991? (Any 3 points) (3)

iii) In foreign exchange rate system, there was a shift from _____ to _____ system. (1)

