

**PRE-BOARD EXAMINATION-2020-21**

**SUBJECT - ECONOMICS**

Class: XII (CBSE)

Total Marks: 80

Date.....

Time: 3 hrs.

**General Instructions:**

1. Question paper comprises two sections-A and B. All questions are compulsory.
2. Question number 1-10 and 18-27 are objective type questions carrying 1 mark each.
3. Question number 11-12 and 28-29 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60-80 words each.
4. Question number 13-15 and 30-32 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 80-100 words each.
5. Question number 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100-150 words each.
6. Answer should be brief and to the point also the above word limits to be adhered as far as possible.

**SECTION -A (MACROECONOMICS)**

1. If in an economy the value of Net Factor Income from Abroad is ₹ 200 crores and the value of Factor Income to Abroad is ₹ 240 crores. Identify the value of Factor Income from Abroad. 1
- (Choose the correct alternative) a) ₹ 200 crores   b) ₹ 160 crores   c) ₹ 240 crores   d) (-) ₹ 40 crores
2. Stock variable is related to a \_\_\_\_\_ (point/period) of time. 1
- Or**
- Flow variable is related to a \_\_\_\_\_ (point/period) of time.
3. If real GDP is ₹ 200 and price index with base 100 is 110, then nominal GDP is: 1
- a) ₹ 300   b) ₹ 250   c) ₹ 220   d) ₹ 320

**Read the following and answer the question numbers 4, 5, 6 and 7 on the basis of same:**

Government of India is facing a large fiscal deficit and interest payment on loans or borrowings. Some economists have suggested raising wealth tax and income tax along with an indirect tax like GST. But rising of direct taxes would have an impact on consumption and aggregate demand.

4. The formula of calculating primary deficit is \_\_\_\_\_. 1
5. Which one of the following is a combination of direct taxes? 1
- a. excise duty and wealth tax
  - b. service tax and income tax
  - c. wealth tax and gift tax

d. GST and VAT

6. According to the theory of Keynesian Economics, the value of Average Propensity to Consume (APC) can never be \_\_\_\_\_. **1**
- unity
  - zero
  - more than one
  - less than one
7. Effective demand refers to: **1**
- AD which is met by corresponding supply
  - AD which is necessary to achieve full employment
  - Different levels of AD at different level of income
  - None of the above
8. Government expenditure on Mid-Day Meal scheme running in government (State run) schools is a type of \_\_\_\_\_ expenditure in government budget. **1**
- (Fill up the blank with correct answer)**
9. \_\_\_\_\_ is the mixture or hybrid of fixed and flexible exchange rates. **1**
10. An Indian real estate company receives rent from Google in New York. This transaction would be recorded on \_\_\_\_\_ side of \_\_\_\_\_ account. (Fill up the blanks with correct alternative) **1**
- credit, current
  - credit, capital
  - debit, capital
  - debit, current
11. “India’s GDP is expected to expand to 7.5% in 2019-20”: World Bank – The Economic Times. Does the given statement mean that welfare of people of India will increase at the same rate? Comment with reason. **3**

**Or**

“Gross investment is always greater than net investment.” Defend or refute the given statement with valid argument.

12. Distinguish between current account and capital account of BOP. **3**
13. Calculate compensation of employees from the following data: **4**

Particulars	Amount (₹ in crore)
Profits after tax	20
Interest	45
Gross domestic Product at Market Price	200
Goods and Service Tax	10
Consumption of Fixed Capital	50
Rent	25
Corporation tax	5

14. Calculate the value of Marginal Propensity to consume (MPC), if in an economy, autonomous consumption is ₹ 500 crore, ex-ante investments are ₹ 4,000 crore and equilibrium level of income in the economy is ₹ 18,000 crore. 4

**Or**

Suppose in a hypothetical economy, the savings increase by ₹20 crore when national income increases by ₹ 100 crore. Compute the additional investments needed to attain an Increase in national income by ₹ 6,000 crore.

15. Elaborate the objective of 'reallocation of resources' in the government budget. 4
16. Explain determination of income and employment with the help of saving and investment approach. 6
17. Explain the following function of central bank: 6
- a. Custodian of foreign exchange reserves
  - b. Clearing house function
  - c. Lender of the last resort

**Or**

Illustrate with the help of a hypothetical numerical example the process of credit creation by commercial banks.

### **SECTION B (INDIAN ECONOMIC DEVELOPMENT)**

18. On the eve of independence, India was net exporter of: 1
- a. Primary products
  - b. Industrial products
  - c. Capital goods
  - d. All of the above
  - e.

**Read the following and answer the question numbers 19 to 20 on the basis of same:**

Prior to independence, India was ruled by the Britishers. They treated India as their colony and never took any interest for the establishment of large scale in industry in India. So Indian economy remained to be backward economy and stagnant economy. However, in 1907 India succeeded in establishing the iron industry. Also, prior to 1921 and post 1921, the Indian population had shown a big change. Growth of population was never consistent prior to 1921 but after 1921 it grew steadily.

19. TISCO, the first iron and steel industry, was incorporated in the year \_\_\_\_\_. 1
20. Why the year 1921 is known as "Year of Great Divide"? 1
21. The movement of skilled individuals from a less developed country to a more developed country due to better opportunities and higher income is referred to as 'Brain Drain'. (True/False) 1
22. **Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternative given below:** 1

**Assertion (A):** unemployment refers to a situation in which people are willing to work and capable of doing it but does not get a job and do not cover voluntary unemployment.

**Reason (R):** Unemployment consider against the wish unemployment and do not consider as per own wish unemployment.

**Alternatives**

- (a) Assertion (A) is true, but Reason (R) is false
- (b) Assertion (A) is false, but Reason (R) is true
- (c) Both Assertion (A) and Reason (R) are true
- (d) Both Assertion (A) and Reason (R) are false

**Or**

Assertion (A): In India, unemployment in agriculture is of two kinds disguised unemployment and seasonal unemployment.

Reason (R): Agriculture is a seasonal activity and number of persons employed is number of persons required.

**Alternatives**

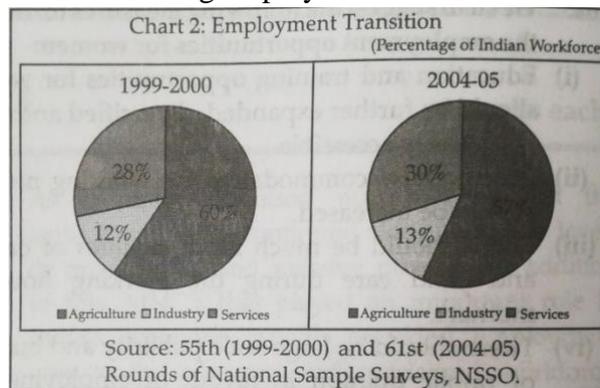
- (a) Assertion (A) is true, but Reason (R) is false
- (b) Assertion (A) is false, but Reason (R) is true
- (c) Both Assertion (A) and Reason (R) are true
- (d) Both Assertion (A) and Reason (R) are false

23. First industrial policy resolution of independent India was announced in the year \_\_\_\_\_. 1  
a. 1947  
b. 1948  
c. 1951  
d. 1956
24. The scheme of 'Micro Finance' is extended through \_\_\_\_\_. 1
25. Mao initiated the 'Great Leap Forward' in the year: 1  
a. 1951  
b. 1955  
c. 1958  
d. 1962
26. \_\_\_\_\_ refers to the stock of skill, ability, expertise, education and knowledge embodied in the people. 1
27. .... an indicator which is used for analyzing the employment situation of a country. 1
28. What is sustainable development? How can we promote sustainable development? 3

**Or**

Is environmental crisis a recent phenomenon? If so, Why?

29. Study the following pie charts showing employment transaction and analyses the trend. 3



30. "The opening up of the Indian Economy has led to a rapid increase in Foreign Direct Investments and Foreign Exchange Reserves of the country". Defend or refute the given statement. 4

**Or**

„Atam nirbhar Bharat“ had been at the roots of the Indian planning process in the form of “Self-reliance” as an objective of the planning process. Do you agree with the given statement? Justify the rationale of the given statement.

31. “Rural Economic development is essential for Indian Economic development”. Do you agree with the given statement? Support your answer with valid reasons. 4

32. Compare the economies of India and China. 4

33. (a) Consider the data given below relating to poverty in India. 6

<b>Percentage of Population Below Poverty Line</b>				
<b>Year</b>	1999-2000	2004-05	2009-10	2011-12
<b>Rural</b>	27.1	41.8	33.8	25.7
<b>Urban</b>	23.6	25.7	20.9	13.7
<b>Total</b>	26.1	37.2	29.8	21.9

Now answer the question given below:

1. In which period did rural poverty increase considerably?
2. Do you observe regional disparity in the spread of poverty? What according to you could be the reason for this?
3. Has the overall poverty rate risen from 1999-2000 to 2011-12?

(b) Distinguish between social and economic infrastructure.

34. (a) State how investment in human capital contributes to growth of an economy. 6

(b) Define the following (Any two) :

- (i) Golden Revolution
- (ii) White Revolution
- (iii) Green Revolution

**Or**

State, giving valid reasons whether the following statements are true or false.

- a. Since independence, the benefits of the increase in economic growth in India have trickled down to the people at the bottom of population pyramid.
- b. Human Capital Formation gives birth to innovation, invention and technological improvements.
- c. There exists an inverse correlation between infrastructural growth and national income.

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