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**INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION**

**ECONOMICS**

CLASS: XII

Sub. Code: 030

Time Allotted: 3 hours

29.09.2019

Max. Marks: 80

**General Instructions:**

- a) This question paper contains 34 questions.
- b) All questions in both sections are compulsory. However, there is internal choice in some questions. Marks for questions are indicated against each question.  
Question No. 01 – 10 and 18 – 27 are Objective Type/Multiple choice questions of 1 mark each. They are required to be answered in one sentence/one word.
- c) Question No. 11 – 12 and 28 – 29 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
- d) Question No. 13 – 15 and 30 – 32 also short answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
- e) Question No. 16 – 17 and 33 – 34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each
- f) Answers should be brief and to the point and the above word limit be adhered to as far as possible.
- g) All questions of a particular section must be attempted in the same section.

**SECTION – A INTRODUCTORY MACROECONOMICS**

1. The producer sector (firms) depends on the household sectors of the economy for the supply of. (Choose the correct alternative) 1  
(a) Goods and services                      (b) Factors of production  
(c) Both (a) and (b)                      (d) None of the above
2. State whether the following statement True or False. Give reason. 1  
Capital formation is a stock variable
3. Choose appropriate word and fill in the blank: 1  
Real GDP refers to GDP at \_\_\_\_\_ prices. (current/constant)
4. Define externalities. 1
5. The formula used for calculating money multiplier: (Choose the correct alternative) 1  
(a)  $\frac{1}{\text{Cash Reserve Ratio}}$                       (b)  $\frac{1}{\text{Statutory Liquidity Ratio}}$   
(c)  $\frac{1}{\text{Legal Reserve Ratio}}$                       (d) All of the above

6. AD curve starts: (Choose the correct alternative) 1  
 (a) From the origin (b) Point below to the origin  
 (c) Point above the origin (d) None of these
7. Which of the following can be used to correct inflationary gap? (Choose the correct alternative) 1  
 (a) Increase in taxation (b) Cut in the cost of credit  
 (c) Cut in government expenditure (d) both (a) and (c)

8. State whether the following statement True or False: 1  
 If APC is 30%, then APS will be 70%
9. Define autonomous consumption. 1

**OR**

- Define marginal propensity to consume.
10. Choose appropriate word and fill in the blank: 1  
 \_\_\_\_\_ is the ratio between consumption and income (APC/MPC)
11. In the present scenario when the industrial growth is low, do you think a cut in repo rate by the RBI would accelerate the pace of industrial growth? 3
12. Draw consumption function curve and saving function curve in a single diagram and mark the 'breakeven point'. 3

**OR**

Complete the following table:

Income (₹)	Consumption Expenditure (₹)	Marginal Propensity to Consume	Marginal Propensity to Save
400	240		
500	320		
600	395		

13. An economy is in equilibrium. From the following data, calculate the marginal propensity to save. 4  
 (a) Income = ₹10,000 crores  
 (b) Autonomous consumption = ₹500 crores  
 (c) Consumption expenditure = ₹8,000 crores

14. Explain the banker to the government function of the central bank. 4

**OR**

- Explain the 'bankers' bank' function of the central bank.
15. Giving reasons, how will the following be treated while estimating the national income? 4

- (a) Profits earned by an Indian bank from its branches abroad.
- (b) Payment of GST by a firm
- (c) Scholarships given to Indian students studying in India by a foreign company
- (d) Expenditure on free services provided by the Government

16. From the following data, calculate gross national product at market price by (a) Income method and (b) Expenditure method 6

	(₹ in crores)
Net domestic capital formation	375
Compensation of employees	600
Net indirect taxes	150
Profit	450
Rent	200
Private final consumption expenditure	1,100
Consumption of fixed capital	115
Government final consumption expenditure	700
Interest	250
Mixed income of self employed	500
Net factor income from abroad	(-) 15
Net exports	(-) 25

17. Explain using a well labelled diagram how the economy achieves equilibrium level of income using consumption and investment approach 6

**OR**

Explain using a well labelled diagram how the economy achieves equilibrium level of income using savings and investment approach.

### SECTION – B – INDIAN ECONOMIC DEVELOPMENT

18. State whether the following statement True or False: 1  
Capital goods industry produced machine tools which are in turn, used for producing articles for current consumption
19. Which of the following statements is not true about India's economic development during British rule? (Choose the correct alternative) 1
- (a) Handicraft products were well known worldwide.
  - (b) Agriculture was the main source of livelihood
  - (c) India transformed into supplier and consumer of finished industrial products
  - (d) Per capita income grew by half percent in the first half of twentieth century
20. Choose appropriate word and fill in the blank: 1  
The second stage of demographic transition began after \_\_\_\_\_. (1921/ 1930)
21. State whether the following statement True or False: 1  
Land ceiling means fixing the minimum size of land owned by an individual.

**OR**

According to the Industrial Policy Resolution of 1956, public sector was to play a key role in the process of industrial development.

22. Self-reliance means. (Choose the correct alternative) 1
- (a) Avoiding imports
  - (b) Produce goods in India which are imported from abroad
  - (c) Export promotion
  - (d) None of these
23. Privatization means: (Choose the correct alternative) 1
- (a) Allowing the private sector to set up industries which were previously reserved for the public sector.
  - (b) Existing enterprises of the public sector are either wholly or partially sold to private sector
  - (c) Both (a) and (b)
  - (d) None of these.
24. Choose appropriate word and fill in the blank: 1
- In India, the financial sector is regulated and controlled by the \_\_\_\_\_.  
(RBI/Commercial Bank)
25. What do you meant by devaluation? 1
26. State whether the following statement True or False: 1
- Fiscal policy refers to tax revenue and expenditure policy of the government.
27. State whether the following statement True or False: 1
- Under demonetisation, Government made an announcement on November 8, 2016 that the two largest denomination notes, ₹1000 and ₹2,000 were 'demonetised' with immediate effect, ceasing to be legal tender.
28. Briefly explain the major causes of agricultural stagnation during the British period? 3
29. Give the meaning of the following terms: 3
- (a) Structural changes
  - (b) Equity
  - (c) Quantitative restrictions

**OR**

Give any three benefits of Green Revolution.

30. How was the Indian foreign trade directed in the favour of the Britishers during the colonial rule in India? 4

**OR**

Give a critical appraisal on the development of infrastructure during the colonial period.

31. Why the public sector was given a leading role in industrial development during the planning period. 4
32. Define Goods and Services tax (GST). How does the implementation of GST benefit and empower the people in India? 4
33. Discuss the common goals of all five year plans with respect to the following: 6
- (a) Growth
  - (b) Modernisation
  - (c) Self Reliance
34. Define the following terms: 6
- (a) Privatisation
  - (b) Disinvestment

What reform measures were introduced in the industrial sector in the new economic policy?

**OR**

Agriculture sector appears to be adversely affected by the reform process. Why?

**End of the Question Paper**