

**BUDHA DAL PUBLIC SCHOOL PATIALA**  
**Second Term Examination (6 December 2023)**

Class XII (Commerce/Humanities)

Subject - Economics

(Set - A)

Time: 3hrs.

M.M. 80

**GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:  
Section A – Macro Economics  
Section B – Indian Economy
2. Marks are indicated against each question.
3. Calculator is not allowed.

**Part - A (Macro Economics) 40 Marks**

- Q1.** Assertion (A) : Deposits by people in Provident Fund and NSCs are revenue receipts of the Govt. (1)  
Reason (R) : Revenue receipts are the receipts which neither create liabilities nor reduce the assets of the govt.  
a) Both (A) & (R) are true and (R) is the correct explanation of (A).  
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).  
c) (A) is true, (R) is false.  
d) (A) is false, (R) is true.
- Q2.** Statement 1 : Borrowing & lending of money in International market is a part of current A/c of BoP. (1)  
Statement 2 : Autonomous transactions are independent of the state of country's BoP  
a) Statement 1 is true Statement 2 is false.  
b) Statement 1 is false Statement 2 is true.  
c) Both statements are true.  
d) Both statements are false.
- Q3.** Indian rupee plunged to all time low of Rs. 84.18 against the US Doller (\$). State the impact of this situation on Indian exports. (1)  
a) Increase in exports of India  
b) Decrease in exports of India  
c) No effect on Indian exports  
d) All above
- Q4.** Which of the statement is correct for BoP A/c (1)  
a) Import of machinery is recorded in capital A/c  
b) Autonomous transactions take place only on capital A/c  
c) Accommodating items are also known as below the line items.  
d) Balance of trade record export and import of invisible items.

- Q5.** Mr. A and B are discussing about the exchange rate systems. (1)  
 “Under this system the exchange rates are determined by market forces of Demand and Supply. However deliberate efforts are made by competent authority to keep the exchange rates within a specific range. Identify the exchange rate system in the above paragraph.
- Q6.** Many large MNC’s have recently shifted their investments from China and have started their production in India, thereby boosting ‘Make in India’ plan of our Govt. Persuming other factors remaining constant, what will be the effect on foreign exchange rate with reference to India? (1)
- Q7.** When there is appreciation of domestic currency, then (1)  
 a) Imports become costly  
 b) Exports become cheaper  
 c) Imports become cheaper  
 d) No effect on exports
- Q8.** Which function of money is highlighted here? (1)  
 “This function of money facilitates the transfer of purchasing power from present to future.”
- Q9.** \_\_\_\_\_ is also known as transaction money. (1)  
 a) M<sub>1</sub>      b) M<sub>2</sub>      c) M<sub>3</sub>      d) M<sub>4</sub>
- Q10.** Which function of central bank avoids the transfer of cash between the banks and reduces the requirement of cash? (1)
- Q11.** Calculate: a) Non debt creating Capital Receipts (3)  
                   b) Fiscal Deficit  
                   c) Primary Deficit
- |  |   |                        |
|--|---|------------------------|
| i) Total receipts excluding borrowings | = | 20,000                 |
| ii) Revenue Deficit                    | = | 8000                   |
| iii) Capital Expenditure               | = | 22,000                 |
| iv) Revenue Expenditure                | = | 15,000                 |
| v) Interest payments                   | = | 30% of Revenue Deficit |
- Q12.** “Trade Deficit must exist if a country is facing a situation of current account deficit.” Defend or refute. Give valid justification. (3)
- Q13.** What is fiscal deficit? What does it indicate? Give any 2 implications of fiscal deficit. (4)
- Q14.** What are the factors responsible for inflow of foreign currency? (4)
- Q15.** Distinguish between fixed & flexible exchange rate system. Which one is now followed by India? (4)
- Q16.** Why do we say that commercial banks create money while we know that commercial banks have no right to issue currency? It is issued by Central Bank. Explain in detail. (6)

- Q17. Explain the following objectives of Govt. Budget. (6)
- a) Redistribution of Income & Wealth
  - b) GDP growth.
  - c) Provision of Public Goods.

**Part - B (Indian Economy) 40 Marks**

- Q1. Statement 1 : Quality of education is measured in terms of years of schooling and enrolment rates. (1)  
Statement 2 : Education provide knowledge to understand changes in society and scientific advancements.  
a) Statement 1 is true Statement 2 is false.  
b) Statement 1 is false Statement 2 is true.  
c) Both statements are true.  
d) Both statements are false.
- Q2. Which of the following statement is incorrect? (1)
- a) Productivity of physical capital is substantially enhanced with the improvement in human capital.
  - b) Cause and effect relationship can be easily established from the growth of human capital to economic growth.
  - c) Expenditure on education turns human beings into human capital.
  - d) Poor health and undernourishment adversely affect the quality of manpower.
- Q3. Under livestock farming in India, \_\_\_\_\_ accounts for the largest share followed by others. (1)
- Q4. Raj is going to school, when he is not in school, you will find him working in his farm. Can you consider him as a worker? Why? (1)
- Q5. The government set up the Central Pollution Control Board to control : (1)
- a) Air Pollution
  - b) Noise Pollution
  - c) Deforestation
  - d) Soil erosion
- Q6. The Great Leap Forward Campaign was initiated by Mao in the year \_\_\_\_\_ to modernize China's economy. (1)
- Q7. Statement 1 : Environment supply only non renewable resources. (1)  
Statement 2 : Fossil fuel is an example of non-renewable resource.  
a) Statement 1 is true Statement 2 is false.  
b) Statement 1 is false Statement 2 is true.  
c) Both statements are true.  
d) Both statements are false.
- Q8. As China is the most populated country in the world, its density of population is more than India and Pakistan. True/False, give reason. (1)

Q9. Till \_\_\_\_\_ India, Pakistan and China had similar growth rates and per capita incomes. (1)

- a) 1960    b) 1970    c) 1980    d) 1990

Q10. Which sector contributes the highest to India's GDP? (1)

- a) Service sector    b) Agriculture    c) Industry    d) all of these

Q11. Subsistence farming reduces market risk. Defend/ refute giving reasons. (3)

Q12. Does labour supply, labour force and workforce mean the same thing? Give reason. (3)

Q13. Discuss the problems faced by farmers in marketing of their agricultural produce. (4)

Q14. Case Based Questions: (4)

**Read the following news report and answer the following questions on the basis of same:**

The unemployment rate in India was last reported at 3.8 per cent in the 2010/11 fiscal year. Historically, from 1983 until 2011, India Unemployment Rate averaged 7.5700 per cent reaching an all-time high of 9.4000 per cent in December of 2009 and a record low of 3.8000 per cent in December of 2011. The unemployment rate can be defined as the number of people actively looking for a job as a percentage of the labour force. India presently suffers mainly from structural unemployment which exists in open and disguised forms. Unemployment being an economic evil, attracted the concern of the policy makers in the developed as well as the developing world, it is heartening to note that governments in the developing economies exhibited their commitments to alleviate employment problems. Broadly, unemployment can be divided into two types: voluntary and involuntary. Voluntary unemployment arises due to reasons that are specific to an individual, while involuntary unemployment is caused by a large number of socio-economic factors such as structure of the market, level and composition of aggregate demand, government intervention.

- a) "Disguised unemployment is not prevalent in agriculture alone." Comment.  
b) State some factors that lead to increase in the level of unemployment in India.

Q15. "India, China and Pakistan have handled more than decades of developmental path with varied results." Explain the statement with valid arguments. (4)

Q16. Education in India has failed to reach the masses and has also failed to break the vicious circle of illiteracy. Do you agree? Justify. (6)

Q17. What is your opinion should be the principal strategy of sustainable development? (6)