

MODEL QUESTION

Class - XII : ECONOMICS : Pre-Board/Board Final Exam. : 2022-23 : Marks - 80

I. Multiple Choice questions (MCQ) :-

1x10=10

1. Two sector economy consists of :
(a) Firms, Government (b) Households, Firms
(c) Firms, Foreign sector (d) Households, Government
2. In order to reduce credit in the country, RBI may :
(a) Buy securities in the open market (b) Sell securities in the open market
(c) Reduce cash reserve ratio (d) Reduce Repo Rate
3. Break-even point is achieved when :
(a) National Income = Consumption (b) Consumption = Saving
(c) Consumption = Investment (d) National Income > Consumption
4. Escheats is an example of :
(a) Capital receipts (b) Revenue receipts
(c) Capital expenditure (d) Revenue expenditure
5. Gifts and remittances to abroad are recorded on the :
(a) Credit side of current account (b) Debit side of capital account
(c) Debit side of current account (d) Credit side of capital account
6. The main reason for decline of Handicraft Industry was :
(a) Heavy tariff on export of raw materials from India
(b) Heavy duty on Indian Handicrafts products
(c) Heavy tariff on import of finished goods from Britain
(d) All of these
7. Which of the following is NOT an example of physical capital :
(a) Machinery (b) Raw Materials
(c) Building (d) Education and knowledge in people
8. White Revolution is associated with :
(a) Horticulture (b) Fisheries
(c) Dairy (d) Animal Husbandry
9. Number of persons, who are actually employed at a particular time are known as:
(a) Labour force (b) Work force
(c) Both (a) and (b) (d) Neither (a) nor (b)
10. Carrying capacity implies :
(i) Resource extraction should remain below the rate of resource regeneration.
(ii) Resource extraction should remain above the rate of resource regeneration.
(iii) Generation of waste should remain within the absorption capacity of the environment.
(iv) Generation of waste should be more than the absorption capacity of the environment.
(a) (i) and (iv) (b) (i) and (iii)
(c) (ii) and (iii) (d) (iii) and (iv)

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II. Very short answer type questions (VSA) :-

1x20=20

11. What do you mean by factor income ?
12. Can purchase of a new car be categorised as an intermediate good ?
13. Mention the situation when the following equation will hold true : $GDP_{FC} = GDP_{MP}$.
14. Calculate the value of money multiplier if the Legal Reserve Ratio (LRR) is 20%.
15. The consumption function is given as $C = 40 + 0.6Y$. Derive saving function.
16. The value of marginal propensity to consume is double the value of marginal propensity to save. Find the value of multiplier.
17. What does fiscal deficit mean ?
18. What is meant by current account ?
19. What is meant by deficit in balance of payments ?
20. What was the effect of the decline of the Handicraft industry in India ?
21. State the meaning of Marketed Surplus.
22. Define Tariffs.
23. Why do individuals invest in education ?
24. Mention one disadvantage of Organic Farming.
25. Define disguised unemployment.
26. Give the meaning of self-employment.
27. Define Sustainable Development.
28. What are the two major environmental issues facing the world today ?
29. Give the meaning of infant mortality rate.
30. **Match the items given under A with B :**

| A | B |
|---|---------------------------------|
| i) Great Proletarian Cultural Revolution | (a) India |
| ii) Shows level of growth and development of country | (b) China |
| iii) Sixth most populous country in the world | (c) Human Development Index |
| iv) To transform Agrarian Economy into Modern Economy | (d) Pakistan |
| v) Highest density of population | (e) Great Leap Forward campaign |

III. Short answer type questions (I) :-

2x5=10

31. What is meant by consumption of fixed capital ?
32. In an economy, the increase in income is five times the increase in investment expenditure. Calculate the value of MPC.
33. Give the meaning of consumption function and autonomous consumption.

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34. How is on-the-job-training – a source of human capital formation ?
35. Why are regional and economic groupings formed ?

IV. Answer briefly :-

3x2=6

36. Recently Indian Rupee (₹) has depreciated significantly. This has led to distress for Indian importers. Defend or refute the given statement with valid reasons.

OR

Explain how 'depreciation of currency' promotes exports of a country ?

37. "Process of Globalisation has produced only positive results for India and other countries." Comment.

VI. Long answer type questions (I) :-

4x6=24

38. From the following data, calculate National Income.

| | In crores |
|----------------------------------|------------------|
| i) Compensation of employees | 800 |
| ii) Rent | 200 |
| iii) Wages and Salaries | 750 |
| iv) Net exports | - 30 |
| v) Net factor income from abroad | - 20 |
| vi) Profit | 300 |
| vii) Interest | 100 |
| viii) Depreciation | 50 |

OR

Give the meaning of Nominal GDP and Real GDP. Which of these is the indicator of economic welfare ?

39. Explain the working of money multiplier with the help of a numerical example.
40. "Fiscal deficit is necessarily inflationary in nature." Do you agree ? Support your answer with valid reasons.
41. Distinguish between Green Revolution and Golden Revolution.

OR

What do you mean by Agricultural Marketing ? Mention some obstacles that hinder the mechanism of agricultural marketing.

42. Who is a casual wage labourer ? How will you know whether a worker is working in the formal sector ?
43. What similar development strategies have India and Pakistan followed for their respective developmental paths ?

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VII. Long answer type questions (II) :-

5x2=10

44. In an economy, the investment expenditure is ₹ 70 crores and consumption function is $C = 60 + 0.8Y$. (i) Determine the equilibrium level of income; (ii) Find the equilibrium income when planned investment expenditure is increased by ₹ 10 crores ; (iii) Value of multiplier due to increase in investment expenditure.

OR

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

45. What is GST ? State the features of GST. What are the principal merits of GST ?

OR

What is Demonetisation ? What are the basic purposes of demonetisation ? Write the principal merits of demonetisation ?
