



विद्या सर्वार्थ साधिका

ANANDALAYA
MID – TERM EXAMINATION
Class : XII

Subject: Economics
Date : 28/09/2019

M.M: 80
Time: 3 Hours

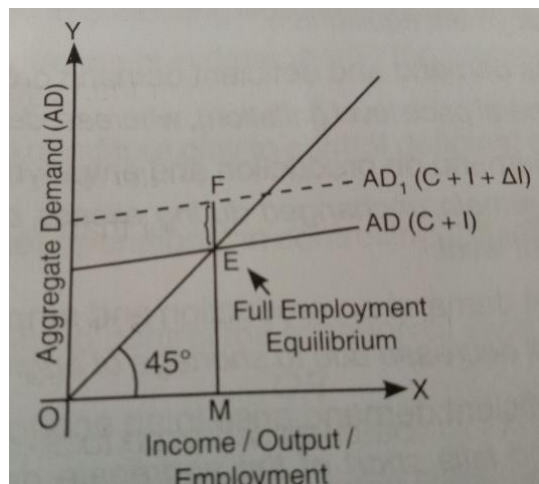
General Instructions:

1. Please check that this question paper contains 34 questions.
2. All questions are compulsory.
3. Marks for questions are indicated against each question.
4. One mark questions are required to be answered in one sentence each.
5. Three marks questions should be answered in about 60 words each.
6. Four marks questions should be answered in about 70 words each.
7. Six marks questions should be answered in about 100 words each.

1. Which of the following instruments deal with the qualitative credit control? (1)
(a) Open Market Operations (b) Moral Suasion
(c) Bank Rate (d) None of these
2. If $MPC = 1$, the value of multiplier is _____ (1)
(a) 0 (b) 1
(c) Between 0 and 1 (d) Infinity
3. Direct tax is called direct because it is collected directly from _____ (1)
(a) The producers on goods produced (b) The sellers on goods sold
(c) The buyers of goods (d) The income earners
4. Other things remaining unchanged, when in a country the price of foreign currency rises, national income is _____ (1)
(a) Likely to rise (b) Likely to fall
(c) Likely to rise and fall both (d) Not affected
5. Aggregate demand can be increased by _____ (1)
(a) Increasing bank rate (b) Selling government securities by RBI
(c) Increasing Cash Reserve Ratio (d) None of these

OR

In the following diagram, the gap EF is termed as _____



- (a) Inflationary Gap
- (b) Deflationary Gap
- (c) Both a and b
- (d) Neither a nor b

6. Which of the following statements is true? (1)
 (a) Loans from IMF is a revenue receipt.
 (b) Higher revenue deficit necessarily leads to higher fiscal deficit.
 (c) Borrowings by government represents a situation of fiscal deficit.
 (d) Revenue deficit is the excess of capital receipts over revenue receipts.
7. Reason behind the decay of handicrafts industry in India was _____ (1)
 (a) Heavy duty on Indian handicrafts products
 (b) More tariff on import of British goods into India
 (c) More tariff on export of raw material from India
 (d) All of these
8. Which of the following is false? (1)
 (a) $NNP \text{ at market price} = GNP \text{ at market price} + \text{Depreciation}$
 (b) $NDP \text{ at market price} = NNP \text{ at market price} - \text{Net factor income from abroad}$
 (c) $NDP \text{ at factor cost} = NDP \text{ at market price} - \text{Indirect taxes} + \text{Subsidies}$
 (d) $GDP \text{ at factor cost} = NDP \text{ at factor cost} + \text{Depreciation}$
9. National Income includes _____ (1)
 (a) Old- age pensions
 (b) Money sent by an NRI to his family in India
 (c) Transfer payments from rest of the world
 (d) None of these
10. If an economy is to control recession like some of the Euro-Zone nations, which of the following can be appropriate? (1)
 (a) Reducing Repo Rate (b) Reducing CRR
 (c) Both a and b (d) None of these
11. Balance of Payments deficit is the excess of _____ (1)
 (a) Current account payments over current account receipts.
 (b) Capital account payments over capital account receipts.
 (c) Autonomous payments over autonomous receipts.
 (d) Accommodating payments over accommodating receipts.
12. The value of money multiplier = _____ (1)
 (a) $\frac{1}{CRR}$ (b) $\frac{1}{SLR}$
 (c) $\frac{1}{LRR}$ (d) None of these
- OR
- Demand deposits are _____
 (a) Chequeable deposits
 (b) Non- chequeable deposits
 (c) Deposits which can be withdrawn on demand
 (d) Both a and c
13. Manager of Bank of India, Parliament Street: "I am in dire need of funds to meet my short-term needs for five days." (1)
 Manager of Syndicate Bank, Karol Bagh: "Why don't you borrow from RBI to meet your need?
 Which of the interest rate will be charged to meet the short-term needs for five days?
 (a) Repo Rate (b) Reverse Repo Rate
 (c) Bank Rate (d) Margin Requirements
14. National Income = Domestic Income, when _____ (1)
 (a) NFIA is positive (b) NFIA is negative
 (c) NFIA is zero (d) None of these
15. Are the following statements true or false? Give reasons. (1)
 (a) Value of investment multiplier varies between zero and infinity.
 (b) Alternative approach to $AD = AS$ is $C = I$.

29. Visit to foreign countries for sightseeing etc. by the people of India is on the rise. What will be its likely impact on foreign exchange rate and how? (4)

OR

Distinguish between autonomous and accommodating transactions of balance of payments account.

30. An economy is in equilibrium. Find investment expenditure: (4)
 National Income = 1,200
 Autonomous consumption expenditure = 150
 Marginal propensity to consume = 0.8

31. (a) Explain the need and type of land reforms implemented in the agriculture sector. (3)
 (b) Explain how import substitution can protect domestic industry. (3)

32. Calculate Operating Surplus and Domestic Income: (6)

Particulars	In Crores
Compensation of employees	2,000
Rent and interest	800
Indirect taxes	120
Corporation tax	460
Consumption of fixed capital	100
Subsidies	20
Dividend	940
Undistributed profits	300
Net factor income to abroad	150
Mixed income	200

OR

- (a) Calculate gross value added at factor cost: (3)

Particulars	In Crores
Domestic sales	3,000
Change in stock	(-) 100
Depreciation	300
Intermediate consumption	2,000
Exports	500
Indirect taxes	250
Net factor income from abroad	(-) 50

- (b) Differentiate between National Income at Constant Prices and National Income at Current Prices. Which of the two presents a better view of the economic growth of economy and why? (3)

33. Explain how the following tools can be used for credit control by the central bank in an economy? (6)
 (a) Open market operations
 (b) Margin requirements

34. Explain how an initial increase in investment affects the level of final income of the economy? Show its working with a suitable numerical example. (6)

OR

Discuss the adjustment mechanism in the following situations:

- (a) Aggregate demand is lesser than Aggregate Supply.
 (b) Ex-Ante Investments are greater than Ex- Ante Savings.