



**ANANDALAYA**  
**PRACTICE TEST**  
Class : XII

Subject: Economics  
Date : 28/12/2019

M.M: 80  
Time: 3 Hours

**General Instructions:**

1. Please check that this question paper contains 34 questions.
2. All the questions in both the sections are compulsory.
3. Marks for questions are indicated against each question.
4. One mark questions are required to be answered in one word or one sentence each.
5. Three marks questions should be answered in about 60 -80 words each.
6. Four marks questions should be answered in about 80-100 words each.
7. Six marks questions should be answered in about 100-150 words each.

**SECTION – A (Macro Economics)**

1. Which of the following is not a part of profits? (Choose the correct alternative) (1)  
(a) Corporate Tax (b) Dividends  
(c) Retained Earnings (d) Royalty
2. Credit creation by commercial banks is determined by\_\_\_\_\_. (Choose the correct alternative) (1)  
(a) Cash Reserve Ratio (CRR) (b) Statutory Liquidity Ratio (SLR)  
(c) Initial Deposits (d) All of the above
3. The value of \_\_\_\_\_ can never be negative, while \_\_\_\_\_ can have a value equal to one. (Choose the correct alternative) (1)  
(a) APS, APC (b) MPC, APS  
(c) APC, APS (d) MPS, APC
4. Revenue receipts refer to those receipts which neither create any \_\_\_\_\_ nor cause any reduction in the \_\_\_\_\_ of the government. (Fill up the blank with correct answer) (1)
5. If MPC in the economy is determined as four times as that of MPS, then the value of multiplier will be \_\_\_\_\_. (Fill up the blank with correct answer) (1)
6. Import of goods and services raises the \_\_\_\_\_ (supply/ demand) of foreign exchange. (Fill up the blank with correct alternative) (1)
7. Name any two components of Aggregate Demand. (1)
8. Define Reverse Repo Rate. (1)
9. State whether the given statement is true or false: (1)  
'Primary deficit is the difference between revenue deficit and interest payments.'

OR

Which of the following statement is not true for fiscal deficit?

A fiscal deficit\_\_\_\_\_.

- (a) represents the borrowing of the government.
- (b) is the difference between total expenditure and total receipts of the government.
- (c) is the difference between total expenditure and total receipts other than borrowing.
- (d) increases the future liability of the government.

10. From the set of statements in column I and column II, choose the correct pair of statements. (1)

Column I	Column II
1. Sale of machinery to abroad	(a) Credit side of capital account
2. Borrowings from World Bank	(b) Debit side of capital account
3. Investments from abroad	(c) Credit side of current account
4. Import of computer spare parts from Germany	(d) Debit side of current account.

11. Distinguish between stocks and flows. Give an example of each. (3)

12. Calculate change in final income, if Marginal Propensity to Consume is 0.8 and change in initial investment is ₹ 1,000 crores. (3)

OR

The saving function of an economy is given as:

$$S = -10 + 0.20 Y$$

If the ex-ante investments are ₹ 240 crores, calculate equilibrium level of income in the economy.

13. Explain how government budget can be helpful in bringing economic stabilization in the economy. (4)

14. Explain 'banker to the government' function of the Central Bank. (4)

15. According to recent media reports: (4)

'USA has accused China of currency devaluation to promote its exports.' In the light of the given media report comment, how exports can be promoted through the currency devaluation?

OR

The Indian Government launched 'Incredible India' or 'Atulya Bharat' Campaign to promote tourism in India. Discuss the likely effects of the same on Foreign Exchange Rate with reference to the Indian Economy.

16. Explain the concept of 'excess demand' with the help of a diagram. Also explain the role of cash reserve ratio in reducing it. (6)

17. Given the following data, find the values of 'Government Final Consumption Expenditure' and 'Mixed Income of Self-Employed': (6)

Sr. No.	Particulars	Amount (₹ In crores)
i.	National Income	7,100
ii.	Government Final Consumption Expenditure	?
iii.	Gross Domestic Capital Formation	1,000
iv.	Mixed Income of Self-Employed	?
v.	Net Indirect Taxes	200
vi.	Net Factor Income from Abroad	100
vii.	Private Final Consumption Expenditure	4,000
viii.	Consumption of Fixed Capital	300
ix.	Profits	120
x.	Wages and Salaries	1,500
xi.	Net Exports	500
xii.	Operating Surplus	3,000

OR

- (a) "Higher GDP means greater per capita availability of goods in the economy." Do you agree with the given statement? Give valid reason in support of your answer.

(b) Find Net Value Added at Market Price:

Sr. No.	Particulars	Amount (` In Lakhs)
i.	Fixed capital good with a life span of 5 years.	15
ii.	Raw materials	6
iii.	Sales	25
iv.	Net change in stock	(-) 2
v.	Taxes on production	1

### SECTION –B (Indian Economic Development)

18. In IGST, I stands for \_\_\_\_\_. (Choose the correct alternative) (1)
- (a) Intra (b) Integrated  
(c) Internal (d) International

19. Which of the following is not a source of human capital formation? (Choose the correct alternative) (1)
- (a) Expenditure on infrastructure (b) Expenditure on education  
(c) Expenditure on on-the-job training (d) Expenditure on Migration

OR

\_\_\_\_\_ is an example of social infrastructure. (Choose the correct alternative)

- (a) Transport (b) Communication  
(c) Energy (d) Education
20. The policy aimed at replacing or substituting imports with domestic production is called \_\_\_\_\_. (Choose the correct alternative) (1)
- (a) export promotion strategy (b) outward looking trade strategy  
(c) inward looking trade strategy (d) none of these

21. \_\_\_\_\_ refers to a situation when the economy is able to produce more goods and services without a proportionate increase in employment opportunities. (Fill up the blank with correct answer) (1)

22. \_\_\_\_\_ are the people who regularly move in and out of poverty. (Fill up the blank with correct answer) (1)

23. Proportion of people below poverty line is more in \_\_\_\_\_. (India/ China/ Pakistan) (Fill in the blank with correct alternative) (1)

24. Name the programme started in China with the aim of industrialization. (1)

25. State whether the given statement is true or false: (1)
- ‘The concept of Relative Poverty is used to measure total number of people living below poverty line.’

26. What was the main reason for the stagnation in the agricultural sector under the British rule? (1)

27. Identify the correct sequence of alternatives given in column II by matching them with respective terms in column I: (1)

Column I	Column II
1. Devaluation of Rupee	(a) Industrial Sector Reforms
2. Decrease in role of Public Sector	(b) Financial Sector Reforms
3. Removal of Export Duties	(c) Foreign Exchange Reforms
4. Origin of Private Banks	(d) Trade and Investment Policy Reforms

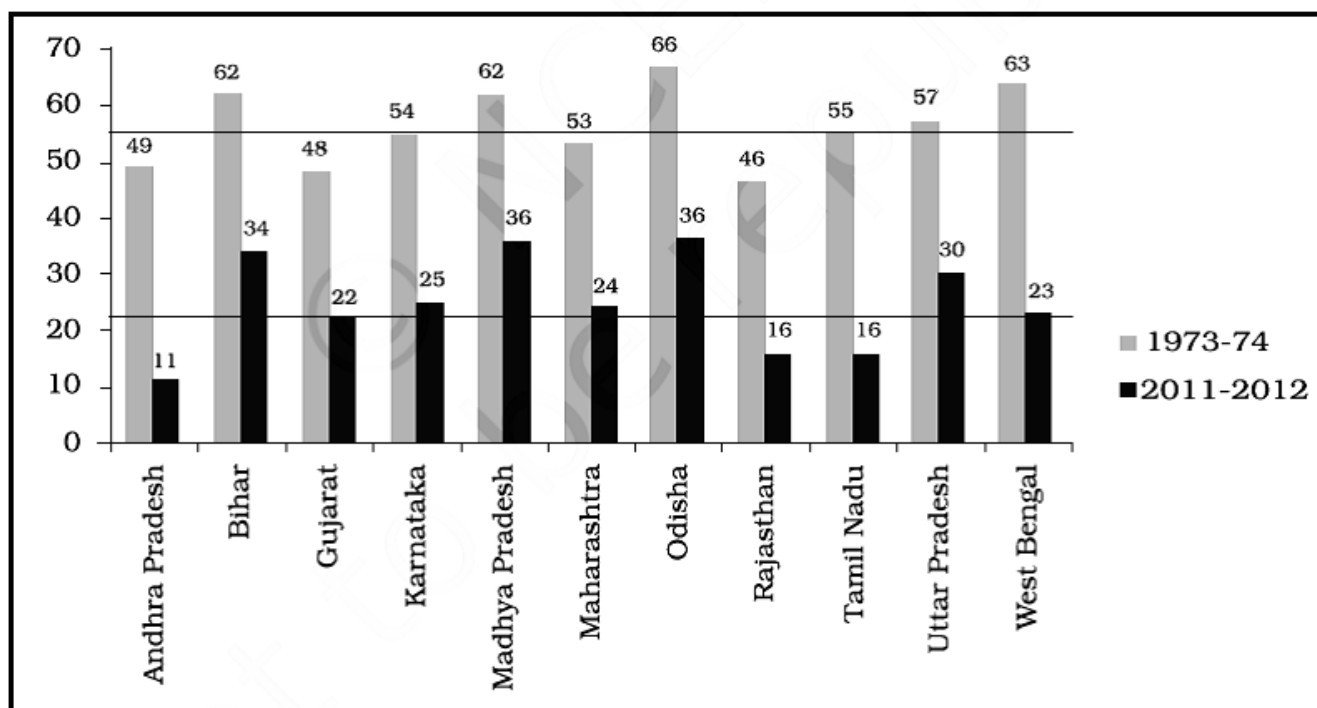
28. Explain the role of micro-credit in meeting credit requirements of the poor. (3)

OR

Discuss any three challenges that India’s power sector is facing.

29. 'The efforts of the government in generating employment can be broadly categorized into two aspects.' Comment. (3)
30. China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate. (4)
31. 'Subsidies put a huge burden on the government's finances, but are necessary for poor and marginal farmers.' In the light of above statement, give two arguments each in favour and against the grant of subsidies. (4)
- OR
- 'Agriculture sector appears to be adversely affected by the reform process.' Defend or refute the given statement.
32. Were there any positive contributions made by the British in India? Discuss. (4)
33. Identify any three benefits and three limitations of organic farming. (6)
34. Study the following chart showing population below poverty line in some major states of India and analyze the performance of the states from 1973-2012. Also comment upon the National Poverty level during 1973-74 and 2011-12. (6)

**Chart 1 : Population Below Poverty Line in Some Large States, 1973-2012 (%)**



**Note:** For the year 1973, Uttar Pradesh includes the present Uttarakhand; Madhya Pradesh includes Chhattisgarh and Bihar includes Jharkhand.

OR

- (a) Argue in favour of the need for different forms of government intervention in education and health sectors.
- (b) 'It is our moral and social responsibility to work hard for sustainable development.' Do you agree? If yes, what should be done to achieve the objective of sustainable development?