



विद्या सर्वार्थ साधिका

# ANANDALAYA

## PERIODIC TEST – 1

Class : XII

Subject: Economics

Date : 22/07/2019

M.M: 40

Time: 2 Hours

### General Instructions:

1. Please check that this question paper contains 17 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 is not the function of the Central Bank? (1)  
(a) Banking facilities to government (b) Banking facilities to public  
(c) Lending to government (d) Lending to commercial banks
2. The problem of double counting can be avoided by: (1)  
(a) counting only value added (b) counting only value of final products  
(c) not counting value of intermediate product (d) all of these
3. Which of the following is an example of intermediate good? (1)  
(a) Copper purchased for making utensils (b) Fertilizers purchased by a farmer  
(c) Steel & cement used to construct a flyover (d) All of these
4. A growing country is one with: (1)  
(a) rising GDP at constant prices (b) constant GDP at constant prices  
(c) rising GDP at current prices (d) none of these

OR

With a rise in real national income, welfare of the people:

- (a) rises (b) falls (c) remains unchanged (d) none of these

5. If real income is ` 400 and price index is 105, calculate nominal income. (1)
6. If the value of average propensity to consume is given as 0.75, the value of average propensity to save would be \_\_\_\_\_. (1)
7. If 'legal reserve ratio' is 20%, what will be the value of money multiplier? (1)
8. Define money supply. (1)
9. Give one example of negative externalities. (1)
10. Define flow variables. (1)
11. State the meaning of the following: (3)  
(a) Autonomous consumption  
(b) Involuntary unemployment  
(c) Marginal propensity to consume

12. Explain the "Bank of issue" function of Central Bank. (3)

OR

Explain how "Repo Rate" can be helpful in controlling credit creation?

13. Given a consumption curve, outline the steps required to be taken in deriving a saving curve from it. Use diagram. (4)

14. A. Will the following be included in the domestic product of India? Give reasons for your answer. (2)
- (a) Salaries of Indians working in the Russian Embassy in India.
- (b) Profits earned by a branch of State Bank of India in Japan.
- B. Will the following be included in the national income of India? Give reasons for your answer. (2)
- (a) Financial assistance to flood victims.
- (b) Purchase of machinery by a factory.

15. Explain the precautions that are taken while estimating national income by value added method. (4)

OR

Distinguish between final goods and intermediate goods. Give an example of each.

16. A. Explain the “store of value” function of money. How has it solved the related problem created by barter system? (2)

B.Explain the process of credit creation by commercial banks. (4)

17. Calculate Net Domestic Product at Factor Cost: (6)

Particulars	In Crores
Private final consumption expenditure	8,000
Government final consumption expenditure	1,000
Exports	70
Imports	120
Consumption of fixed capital	60
Gross domestic fixed capital formation	500
Change in stock	100
Factor income to abroad	40
Factor income from abroad	90
Indirect taxes	700
Subsidies	50

OR

Calculate the Gross National Product at Market Price:

Particulars	In Crores
Wages and salaries	800
Personal tax	150
Operating surplus	200
Undistributed profits	10
Social security contributions by employers	100
Corporate tax	50
Net factor income to abroad	(-) 20
Personal disposable income	1,200
Net indirect tax	70
Consumption of fixed capital	30
Mixed income of self-employed	500
Royalty	9