No. of printed pages: 11

CLASS - XII

POST MID-TERM EXAMINATION (2024-2025)

ECONOMICS (030)

SET A2

Time Allowed: 3 hours Max. Marks: 80

General Instructions:

1. ***This question paper contains two sections:***
   Section A – Introductory Macroeconomics
   Section B – Indian Economic Development
2. ***This paper contains 20 multiple choice questions of 1 mark each.***
3. ***This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60-80 words***
4. ***This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80-100 words.***
5. ***This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100-150 words.***

Q.NO.	QUESTION	MARKS
	SECTION A: INTRODUCTORY MACROECONOMICS	
1	Read the following statements carefully: **Statement 1:** Value of investment multiplier varies between zero and infinity. **Statement 2:** Higher the marginal propensity to consume or lower the marginal propensity to save, the greater the value of multiplier. In the light of the given statements, choose the correct alternative from the following: (a) Statement 1 is true and statement 2 is false (b) Statement 1 is false and statement 2 is true	1

	(c) Both statements 1 and 2 are true (d) Both statements 1 and 2 are false	
2	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from below: **Assertion (A):** When there is a trade deficit and current account deficit, there will always be a BoP deficit. **Reason (R):** When there is a trade deficit and current account deficit but a capital account surplus (i.e., a net capital inflow), there may or may not be a BoP Surplus. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true but Reason (R) is False. (d) Assertion (A) is false but Reason (R) is true.	1
3	Measure of value is a_____*(primary, secondary)* function of money.	1
4	Interest paid on loans taken are categorized as? (a) Revenue expenditure (b) Capital expenditure (c) Revenue receipts (d) Capital receipts	1
5	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from below: **Assertion (A):** A country always tries to balance the BoP, i.e. balance in the current account equals to balance in the capital account. **Reason (R):** Balanced BoP indicates stable economic relations with the rest of the world. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).	1

	(c) Assertion (A) is true but Reason (R) is False. (d) Assertion (A) is false but Reason (R) is true.	
6	Export of machinery and equipment is recorded under_____side of the_____account. (a) Debit, capital (b) Credit, capital (c) Debit, current (d) Credit, current	1
7	The cost incurred from the tax collection, printing notes and audit, pension, etc. are treated as what type of expenditure by the government? (a) Government expenditure (b) Non-development expenditure (c) Revenue expenditure (d) All of these	1
8	State true or false, with reasons – *"All producer goods are capital goods."*	1
9	Depreciation leads to_____of balance of trade. (a) Improvement (b) Worsening (c) Cannot be determined (d) No change	1
10	If legal reserve requirement is 25% and banks have created credit worth Rs. 5,00,000, then what is the value of primary deposits with the banks?	1
11	What happens if aggregate demand is greater than aggregate supply prior to the full employment level of output?	3
12	Read the following two texts carefully and discuss briefly the relevant function of central bank indicated. ***Answer any one:*** *(a) In the complex world of overseeing finances, the central bank acts like a behind-the-scenes architect. It carefully sets rules and keeps a watchful eye on financial institutions, working quietly to ensure the stability and strength of the financial system through its careful planning. The central bank also acts like a financial safety cushion. When banks are in a tough spot, it quietly steps in, skillfully managing money to prevent a big economic breakdown.*	3

	(b) The government of India plans to undertake a large-scale infrastructure project to build new highways across the country. To fund this initiative, the government decides to issue bonds to raise money from the public and other institutions. The Reserve Bank of India (RBI) steps in to manage the process of issuing these bonds on behalf of the government, ensuring that the funds are collected efficiently. Furthermore, the RBI helps the government manage its accounts and handles transactions related to government spending and receipts.	
13	Answer the following questions: (a) *In India, the government budget does not relate itself to the problem of economic divide.* Defend or refute. (b) Are fiscal deficits necessarily inflationary in nature? Explain. OR From the following data, calculate the values of: (a) Revenue deficit (b) Fiscal deficit (c) Primary deficit	2 2 1 1.5 1.5

Items	**Amount (in Rs. crores)**
Plan capital expenditure	13,000
Revenue expenditure	11,000
Non-plan capital expenditure	9,000
Revenue receipts	8,000
Capital receipts net of borrowings	15,000
Accumulated borrowings of the past	5 times of fiscal deficit
Interest rate	8% p.a.

14	From the following information, estimate the values of: (a) Depreciation (b) Wages and salaries	 1 3
15	Read the following case study and answer the questions that follow: Bharat Steel Corporation (BSC), a public sector undertaking (PSU), was once the pride of the nation's industrial sector. However, in recent years, BSC started facing severe financial difficulties due to outdated technology, inefficiency in production, and rising competition from private firms. Recognizing the strategic importance of the company for the country's economy, the government decided to intervene. As part of the annual budget, the government announced a comprehensive plan to restructure BSC. This included an infusion of funds to modernize its operations, a strategic partnership with a leading private player for better management, and a reduction in excess workforce through voluntary retirement schemes. A year later, BSC reported a turnaround in its finances, with improved	

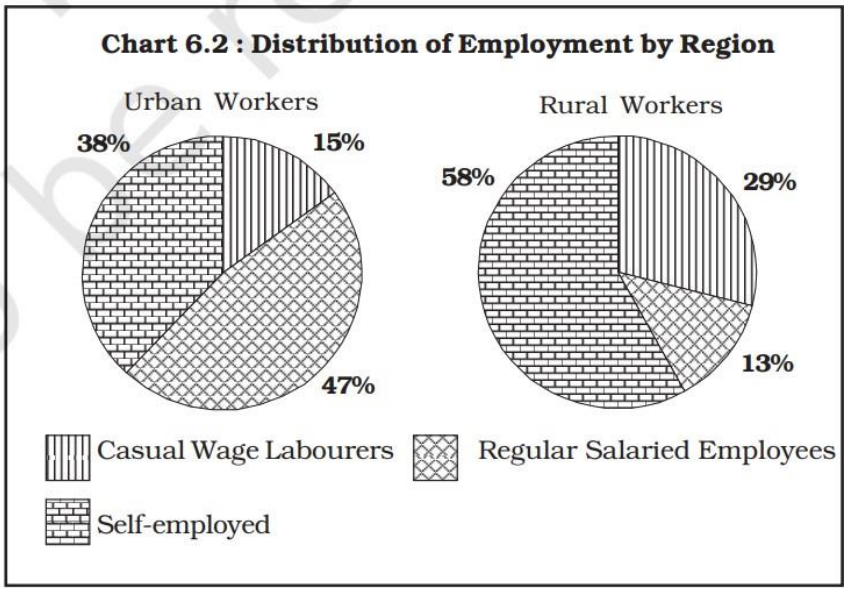
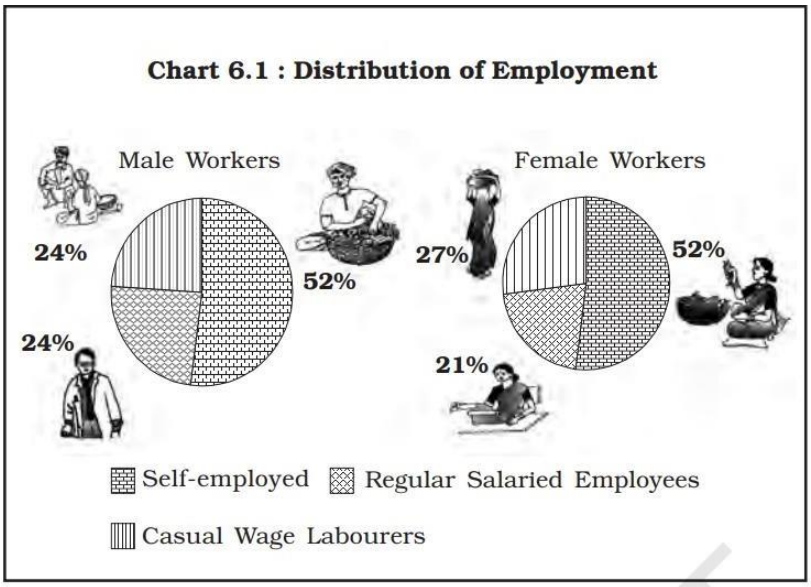
Items	Amount (in Rs. crores)
Mixed income of self-employed	3,500
Net indirect taxes	300
Government final consumption expenditure	14,000
Net exports	3,000
Cost of fixed assets (with expected lifespan of 5 years and scrap value of Rs. 500)	2,000
Net factor income to abroad	-700
Operating surplus	12,000
National income	30,000
Profits	500
Private final consumption expenditure	11,000

	production levels, higher profits, and a more efficient workforce. The revival not only saved thousands of jobs but also ensured that the steel sector remained competitive in the global market. (1) Identify and explain the objective of the government budget highlighted above. (2) Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from below: **Assertion (A):** The government partnered BSC with a private player to improve management. **Reason (R):** Strategic partnerships can enhance efficiency and introduce modern practices in public sector enterprises. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true but Reason (R) is False. (d) Assertion (A) is false but Reason (R) is true. (3) Disinvestment is a type of_____*(revenue / capital)* receipt for the government because_____.	2 1 1
16	Answer the following questions: (a) Differentiate between autonomous and accommodating items of BOP. (b) Explain the impact of increase in capital inflows in a country on the exchange rate of its currency. Use graph.	2 4
17	Answer the following questions: (a) If an economy plans to increase its income by ₹ 5,000 crores and the Marginal Propensity to Consume is 75%, estimate the increase in investment required to achieve the targeted increase in income. Also calculate the change in savings when income increases by ₹ 5,000 crores.	3

	(b) Explain the concept of deflationary gap with a graph. OR Answer the following questions: (a) In an economy, the equilibrium level of income is Rs. 15,000 crores. The ratio of MPC to MPS is 3:1. Calculate the additional investment required to reach a new equilibrium level of income of Rs. 22,000 crores. (b) Explain the concept of Margin Requirements and how RBI can use it to control inflationary tendencies in the economy.	3 3 3
SECTION B: INDIAN ECONOMIC DEVELOPMENT		
18	Define informalization of workforce.	1
19	State any one problem faced by farmers in agricultural marketing.	1
20	Who chairs the GST Council? (a) Prime Minister (b) Finance Secretary (c) Finance Minister (d) Home Minister	1
21	Which of the following is the actual definition of a workforce? (a) The workforce is defined as the total population that is forced to work by another individual or organization. (b) The workforce is defined as the labour force that is employed by another individual or organization. (c) The workforce is defined as the total population that is not employed by another individual or organization. (d) None of the above	1
22	Silver revolution is related to which non-farm sector? (a) Horticulture (b) Fisheries (c) Animal husbandry (d) Floriculture	1
23	Read the following statements: **Statement 1:** Commercialisation of agriculture was coercively introduced	1

	by British. **Statement 2:** The aim of commercialisation of agriculture was to support British industries. Choose the correct alternative: (a) Both statements are true. (b) Both statements are false. (c) Statement 1 is true and statement 2 is false. (d) Statement 1 is false and statement 2 is true.	
24	_____help integrate formal credit systems into rural societies. (a) Land development banks (b) Regional rural banks (c) Self-help groups (d) Commercial banks	1
25	The expenditure on education by the Indian government_____. (a) Is expressed as a percentage of the gross domestic product (GDP) (b) Is expressed as a percentage of the total government expenditure (c) Both a and b are correct (d) Both a and b are incorrect	1
26	In the year_____, _____committee was set up which recognized the role of small-scale industries in industrial development of India.	1
27	Read the following statements, Assertion (A) and Reason (R), and choose the correct alternative from below: **Assertion (A):** Small and marginal farmers need to form cooperatives to obtain fair price for their produce. **Reason (R):** Instead of marketing their produce separately, if they self their produce through one agency, it will reduce their bargaining power. *Alternatives:* (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).	1

	(c) Assertion (A) is true but Reason (R) is false. (d) Assertion (A) is false but Reason (R) is true.	
28	Differentiate between human capital and human development.	3
29	Why has the industrial sector performed poorly in the reform period? OR What were the negative impacts of the industrial and trade policies implemented in India from 1950-1990?	3
30	Read the following case study and answer the questions that follow: The town of Greenfield experienced rapid economic growth and urbanization, but this came at a cost. Industrial pollution led to the contamination of the local river, causing biodiversity loss as several species went extinct. Forests were cleared for development, further threatening local wildlife. Air pollution increased as more vehicles and factories emerged, contributing to global warming and health issues among residents. Additionally, ozone depletion was a concern due to the use of harmful substances like CFCs. The town also faced land degradation as overfarming led to soil erosion, making agricultural land barren. In response, the Greenfield Council developed sustainable strategies. While these efforts aimed to balance economic growth with environmental protection, they faced challenges in implementation. (a) _____was signed in the year_____in order to protect the ozone layer from depleting. (b) What causes the greenhouse effect leading to global warming? State two sources. (c) Describe any two strategies to achieve sustainable development.	

	 OR Analyze the distribution of employment in India across males and females, based on the following chart. Give reasons behind it. 	
32	China undertook certain economic reforms in 1978. What were those reforms?	4
33	Answer the following questions: (a) What similar development strategies have India and Pakistan followed for their respective developmental paths? (b) Give reasons for the slow growth and re-emergence of poverty in Pakistan.	 3 3

	OR Compare the developmental trajectories of India with its neighbours with respect to sectoral contributions to employment and GVA. **Sectoral Share of Employment and GVA (%) in 2018–2019** *Sector* | *Contribution to GVA* | *Distribution of Workforce* *India* | *China* | *Pakistan* | *India* | *China* | *Pakistan* Agriculture 16 7 24 43 26 41 Industry 30 41 19 25 28 24 Services 54 52 57 32 46 35 **Total 100 100 100 100 100 100** **Source:** *Human Development Report 2019 ; Key Indicators of Asia and Pacific 2019.*	6
34	Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.	6