

PRACTICE PAPER 1

Sub: ECONOMICS

Time:3 Hours

Class- XII

MaximumMarks:80

General Instructions:

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each question.
- (iii) Question numbers 1-10 and 18-27 are objective type/very short answer questions carrying 1 mark each.
- (iv) Question numbers 11-12 and 28-29 are short answer questions carrying 3 marks each. Answers to them should normally not exceed 60 words each.
- (v) Question numbers 13-15 and 30-32 are also short answer questions carrying 4 marks each. Answers to them should normally not exceed 70 words each.
- (vi) Question numbers 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should normally not exceed 100 words each.
- (vii) Answers should be brief and to the point and the above word limit adhered to as far as possible.

Section 'A'

1.Which of the following is a transfer income:

- a) rent b) profit c)remittances d)salary

2.Net factor income from abroad is equal to:

- a) factor income paid to abroad - factor income received from abroad
b) factor income paid to abroad + factor income received from abroad
c) factor income from abroad + factor income paid to abroad
d) factor income from abroad - factor income paid to abroad

3. Investment is a stock variable.(true/false)

4.....refer to those goods which are used either for consumption or for investment.(intermediate good/final good)

5.Which function of money is also known by the name of “unit of account”?

- a)store of value b)medium of exchange
c)standard of deferred payments d)measure of value

6. Which of the following will increase money supply?

- a) increase in bank rate
- b) increase in repo rate
- c) decrease in cash reserve ratio
- d) all of the above

7. If $MPC = MPS$, what is the value of investment multiplier

- a) infinity
- b) two
- c) zero
- d) one

8. Break even point is achieved where:

- a) consumption = investment
- b) consumption = saving
- c) national income = saving
- d) national income = consumption

9. Which of the following is not a demand for foreign exchange?

- a) imports of goods and services
- b) purchase of assets in foreign countries
- c) remittances from abroad
- d) unilateral transfers sent abroad

10. Import of machinery is recorded on the capital account. (true/false).

OR

Borrowings from abroad is recorded on the capital account. (true/false).

11. Distinguish between 'Capital receipts' and 'revenue receipts'.

OR

What is tax. Distinguish between direct tax and indirect tax.

12. Explain the 'allocation of resources' objective of Government budget.

13. Explain 'Government's bank' function of central bank.

14. Explain the working of investment multiplier with the help of a numerical example.

OR

Explain the relationship between marginal propensity to consume and investment multiplier.

15. How is flexible exchange rate determined in the foreign exchange market.

16. Define inflationary gap. Explain the role of bank rate in removing this gap.

17. Calculate (a) National Income by Expenditure Method; and (b) National Income by Income Method.

	Rs. (In crores)
i) Private final consumption expenditure	3500
ii) Compensation of employees	4500
iii) Operating surplus	1500
iv) Government final consumption expenditure	2100
v) Net fixed capital formation	850
vi) Mixed income of the self-employed	500
vii) Change in stocks	250
viii) Indirect taxes	150
ix) Exports of goods and services	300
x) Subsidies	50
xi) Imports of goods and services	400
xii) Consumption of fixed capital	550
xiii) Factor income from abroad	400
xiv) Profit	350
xv) Factor income to abroad	350

OR

State any six precautions which must be taken while estimating factor income.

Section 'B'

18. In which goods industry India had a world monopoly :

- a. cotton b. wool c. jute d. all of these

19. The Industrial Policy Resolution 1956 was divided industries into the following categories:

- a. two b. one c. four d. three

20. World Trade Organization was founded in which year:

- a. 1991 b. 1993 c. 1995 d. 1997

21.....refers to poverty of people, in comparison to other people, region or nation.(absolute poverty/relative poverty)

22. Most of the disguised unemployed persons in India are found in Industry.(true/false)

23. Which of the following is not a economic infrastructure:

- a)energy b)transport c)communication d)health

24. Central Pollution Control Board was set up to control:

- a) soil erosion b)noise pollution c)deforestation d)air pollution

25.Which of the following is not a non-conventional source of energy?

- a)wind energy b)tidal energy c)geo-thermal energy d)thermal power

26.Give one example of regional and economic grouping.

OR

First five year plan of..... Commenced in the year 1951.(Pakistan/India)

27.China launched 'Great Leap Forward' campaign in which year:

- a)1978 b)1958 c)1951 d)1965

28.The traditional handicrafts industries were ruined under the British rule. Analyze this in your own view.

OR

Agriculture sector appears to be adversely affected by the reform process. Analyze this in your own view.

29.Differentiate between absolute poverty and relative poverty.

30. Describe any four sources of human capital.

OR

Explain four measures have been taken by the government to improve agricultural marketing.

31.Explain any four problems that are being faced by the power sector in India.

32.Evaluate the various factors responsible for the rapid growth in economic development in China.

33. Describe six factors that led to land degradation in India.

OR

Describe any six problems of human capital formation in India.

34.What is Green Revolution. Why was it benefitted mostly rich farmers, analyze this view in your own words?