

DAV BR PUBLIC SCHOOL, BINA

Half Yearly Examination

SESSION 2024-25

PRACTICE PAPER

Class: 12th

Time Allowed: 3hrs

Subject: Economics

MM: 80

General Instructions:

- i. This question paper contains two sections:
Section A: Macroeconomics (40 marks)
Section B. Indian Economic Development (40 marks)
- ii. Question No. 1-10 and Question No. 18-27 are 1 mark questions and are to be answered in one word/sentence
- iii. Question No. 11, 12 and Question No. 28, 29 are 3 marks questions and are to be answered in 60-80 words each.
- iv. Question No. 13-15 and Question No. 30-32 are 4 marks questions and are to be answered in 80-100 words each
- v. Question No. 16, 17 and Question No. 33, 34 are 6 marks questions and are to be answered in 100-150 words each
- vi. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

Q. No.	QUESTIONS	MARKS
	Section A: Macroeconomics	
1.	Goods purchased for the following purpose are final goods: a) for satisfaction of wants b) for investment in firm c) both (A) and (B) d) (D) none of the above	1
2.	Which of the following statement is incorrect? a) Gross Domestic Product (GDP) at Market price = GDP at factor cost plus Net Indirect taxes. b) Net National Product (NNP) at Market price = NNP at factor cost. c) Gross National Product (GNP) at Market price = GDP at Market price Plus Net Factor Income From Abroad. d) Net National Product (NNP) at Factor cost = National Income.	1
3.	Directions: In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: 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). c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true.	1
4.	Read the following statements carefully: Statement 1: Gross Domestic Product (GDP) is the sum total of the gross market value of all the final goods and services added by all the sectors in the economy during a fiscal year. Statement 2: Gross Value Added at Market Price (GVAMP) is equal to the excess of value of output over intermediate consumption.	1

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.
- c) Both Statements 1 and 2 are true
- d) Both Statements 1 and 2 are false.

5. . Ms. Iqra Ansari, a teacher, was explaining in her class about various types of deposits with the commercial banks. She quoted that- **1**

"These deposits form a part of M_1 measure of money supply and are payable on demand by the commercial banks."

Identify the type of deposits she was explaining about and choose the correct alternative:

- (i) Demand Deposits (iii) Post Office Deposits
- (ii) Time Deposits

Alternatives:

- a) Only (i)
- b) Only (ii)
- c) (i), (ii) and (iii)
- d) (i) and (ii)

6. In the context of commercial bank, which of the following alternative is correct? (Choose the correct alternative) **1**

- (i) Deposits are liabilities of banks.
- (ii) Commercial banks are creator of money.
- (iii) Commercial banks accept deposits of the general public.
- (iv) Accept deposits of World Bank for Agriculture and Rural developments.

Identify the correct alternative from the following:

Alternative:

- a) (i) and (i)
- b) (i), (ii) and (iii)
- c) (i) and (iii)
- d) (i) and (iv)

7. Directions: In the following questions, a statement of assertion (A) is followed by a statement of reason (R). Mark the correct choice as: **1**

Assertion (A): Notes and Coins are the only source of money supply in the economy.

Reason (R): Demand deposits with commercial bank is also a component of money supply.

- 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).
- c) Assertion (A) is true but reason (R) is false.
- d) Assertion (A) is false but reason (R) is true.

8. Credit cards are excluded from all measures of the quantity of money, because they are not really a method of payment, but a method of deferring payment. When you buy a meal with a credit card, the bank that issued the card pays the restaurant the amount that is due. At a later date, you will have to repay the bank, perhaps with interest. For this, you might use the money in your demand deposits, and that money is included in the economy's stock of money. **1**

Which of the following can happen with an increased use of credit cards in an economy?

- a) Increase in money supply
- b) Decrease in money supply

- c) Increase in money demand
- d) Decrease in money demand

9. If increase in National Income is equal to increase in Savings, the value of Marginal Propensity to Consume would be (Fill up the blank with correct alternative) **1**

- a) Equal to unity
- b) Greater than one
- c) Less than one
- d) Equal to zero

10. Read the following statements carefully: **1**

Statement 1: The induced consumption shows, the direct relation between consumption and income.

Statement 2: With a certain increase in income, induced consumption also increases.

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.
- c) Both Statements 1 and 2 are true.
- d) Both Statements 1 and 2 are false.

11. Read the following report and answer the questions that follow: **3**

Due to the Covid-19 situation, there has been a fall in the savings of the people, and they are spending the savings. This has led to the consumption to be done by the reduction of the savings. In order to control the situation, the government has announced various stimulus packages to revive the economy and providing employment through road and railway building projects. Still the desired savings or ex-ante savings that is required for the functioning of the economy has reduced. It is seen that the Private Consumption Expenditure, Private Investment Expenditure and ex-ante savings has reduced the Aggregate Demand in the economy. (3)

1. Due to the Covid-19 situation what has happened:

- a) ex-ante savings has increased
- b) ex-post saving has increased
- c) ex-ante saving has reduced
- d) ex-post savings has reduced

2. The fall in the savings is due to:

- a) Decrease in income
- b) Increase in consumption
- c) Increase in government Expenditure
- d) Using savings for consumption

3. Which of the following options did the government use to increase the savings and consumption in the economy?

- (1) Giving stimulus packages
- (2) Reducing investment in infrastructure
- (3) Open Market Operations
- (4) Providing employment
- (5) Investing in the economy

Choose the correct option:

- a) 1 and 2 only

- b) 1, 2 and 3
- c) 1 and 4
- d) 1, 4 and 5

- 12.** Giving valid reasons, explain how the following would be treated while estimating domestic income? **3**
- (i) Payment made by a Japanese tourist for goods purchased in India.
 - (ii) Broker's commission on the sale of second hand goods.

- 13.** Complete the following table: **4**

Income (₹)	Saving (₹)	Marginal Propensity to Consume	Average Propensity to Save
-12	20		
-6	40		
60	0		
80	6		

OR

Draw a straight line consumption curve. From it derive the saving curve. Explain the process of derivation. On the diagram, show:

- (a) The income level at which APC = 1
- (b) The income level at which APS is negative.

- 14. Calculate Net Value Added at Market Price.** **4**

(Items)	(in crores)
(i) Intermediate consumption.	1000
(ii) Consumption of fixed capital	50
(iii) Net indirect taxes	150
(iv) Sales.	2000
(v) Exports.	200
(vi) Net factor income to abroad.	100
(vii) Change in stock.	(-)50

- 15.** Read the below case and answer the questions that follow: **4**

In a 40-minute long speech Prime Minister Narendra Modi announced the demonetisation of existing notes of ₹ 500 and 1,000 during a televised address on Tuesday evening.

PM Modi announced that the notes of ₹ 500 and 1,000 "will not be legal tender from midnight tonight" and these will be "just worthless pieces of paper." PM also urged people to join this mahayojna against the ills of corruption.

"What is demonetisation and why was it done?" - The Economic Times, Nov. 09, 2016

1. Under whose purview does the issue of new currency fall in?
 - a) Reserve Bank of India
 - b) Central Government of India
 - c) State Government
 - d) All of the above
2. Which two currency denominations demonetised were
 - a) ₹100 and ₹ 500
 - b) ₹500 and ₹2,000
 - c) ₹1,000 and ₹2,000
 - d) ₹500 and ₹1,000
3. _____ is issued by the government of India.
 - a) Coins

- b) ₹ 500 note
- c) ₹ 1000 note
- d) All of these

4. ₹1 currency note is issued by
- a) Finance Ministry
 - b) NITI Aayog
 - c) RBI
 - d) None of the above

- 16.** Explain briefly whether each of the following would cause GDP to overstate or understate the degree of change in the broad standard of living: **6**
- (i) The environment becomes dirtier.
 - (ii) The crime rate declines.
 - (iii) A greater variety of goods become available to consumers.
 - (iv) Infant mortality declines.
- 17.** (i) State any two components of M_1 measure of money supply. **6**
(ii) Elaborate any two instruments of Credit Control, as exercised by the Reserve Bank of India

Section B: Indian Economic Development

- 18.** Assertion (A): There was systematic deindustrialisation of Indian industries during British rule. **1**
Reason (R) : Indian economy was used as a source of raw material and a market for sale of final goods in order to exploit Indian economy
Alternatives:
- a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion
 - 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
- 19.** Statement 1: Forced commercialisation of agriculture under British rule exposed the subsistence farmers to the uncertainties of the market. **1**
Statement 2: There was a transition from barter system of exchange to monetary system of exchange under British rule
Alternatives:
- a) Both the statements are true
 - b) Both the statements are false
 - c) Statement 1 is true and Statement 2 is false
 - d) Statement 2 is true and Statement 1 is false
- 20.** The shackles of agriculture during the colonial rule were permanently broken by the Green Revolution that resulted from the application of (Choose the correct alternative to fill up the blank) **1**
I. High Yielding Varieties (HYV)
II. Mechanization of Agriculture
III. Chemical Fertilizers and Pesticides
IV. Organic Fertilizers and Pesticides
Alternatives:
- a. I, II, IV
 - b. I, II, III
 - c. II, III, IV
 - d. I, III, IV
- 21.** The overarching objective of equitable distribution goals in planning is to: **1**

- a. Ensure a fair and just society for all citizens
 b. Foster competition by reducing government intervention in markets
 c. Focus on short-term gains rather than long-term societal benefits
 d. Enhance economic growth through targeted investments in specific sectors
- 22.** Read the given statements carefully and choose the correct alternative: **1**
 Statement 1: Demonetisation was an initiative taken by the Government of India to curb black money, terrorism and circulation of fake currency.
 Statement 2: Demonetisation has lead people to shift from cash payments to electronic payments
 Alternatives:
 a) Both the statement are true.
 b) Both the statements are false.
 c) Statement 1 is true and statement 2 is false.
 d) Statement 2 is true and statement 1 is false
- 23.** The New Economic Policy consisted of wide- ranging economic reforms and policy measures that can broadly be classified into stabilisation measures and structural reform measures. **1**
 Which of the following can be classified as a stabilisation measure?
 a. Import licensing was abolished, except for hazardous industries.
 b. In 1991, the rupee was devalued against foreign currencies.
 c. Industrial licensing was abolished for almost all but product categories.
 d. Areas reserved for the public sector were narrowed down from 17 to 8.
- 24.** _____ was the Indian Finance Minister in 1991, acknowledged for his capabilities to steer away the economic crisis looming large on the erstwhile Indian Economy. **1**
 a. Dr. Subramanian Swamy
 b. Dr. Manmohan Singh
 c. Pranab Mukherjee
 d. Dr. Urjit Patel
- 25.** C. Rajagopalachari, a founder of the Swatantra Party, coined the term 'permit-license raj' to encapsulate the party's frustrations with Nehru's policies, writing in his magazine Swarajya: **1**
 "I want the corruptions of the Permit/Licence Raj to go... I want real, equal opportunities for all and no private monopolies created by the Permit/Licence Raj."
 How were these private monopolies indulging in the corruption that C. Rajagopalachari talks about?
 a. They led to lobbying and personal benefits for big industrial houses.
 b. They continued to function even when running into losses.
 c. They exploited the people by grossly increasing prices.
 d. They could not compete with international products.
- 26** The full form of NCERT is **1**
 a) NITI Council of Education Research and Technical
 b) National Council of Educational Research and Training
 c) National Committee of Education Research and Technical
 d) None of these
- 27.** Which of the following is the correct difference between physical and human capital? **1**
 a. Physical capital can be sold but human capital cannot be sold
 b. Physical capital cannot be separated from its owner while human

capital can

- c. Physical capital provides both private and social benefits while human capital provides only social benefits
- d. The depreciation of physical capital can be arrested with more investment while human capital will continue to deplete.

- 28.** Ravya was initially working as an office clerk in a firm. In the pursuit to attain a higher position and income, she attended a few on-the-job training sessions. These sessions contributed positively to her skills and expertise." **3**

Explain the impact of Ravya's decision on human capital formation.

Or

Discuss the need for promoting women's education in India

- 29.** "Agriculture sector appears to be adversely affected by the economic reform process." Explain the given statement. **3**

OR

"Some economists believe that the economic reforms have adversely affected the agriculture sector in India." Do you agree with the given statement? Justify your answer with valid reason.

- 30.** State four principal factors which contributed backwardness of Indian agriculture on the eve of independence. **4**

Or

Discuss in brief the four causes of the backwardness of Indian economy at the time of independence

- 31.** India is often called as 'Outsourcing Destination' of the world. Discuss the prime reasons for this name given to India. **4**

OR

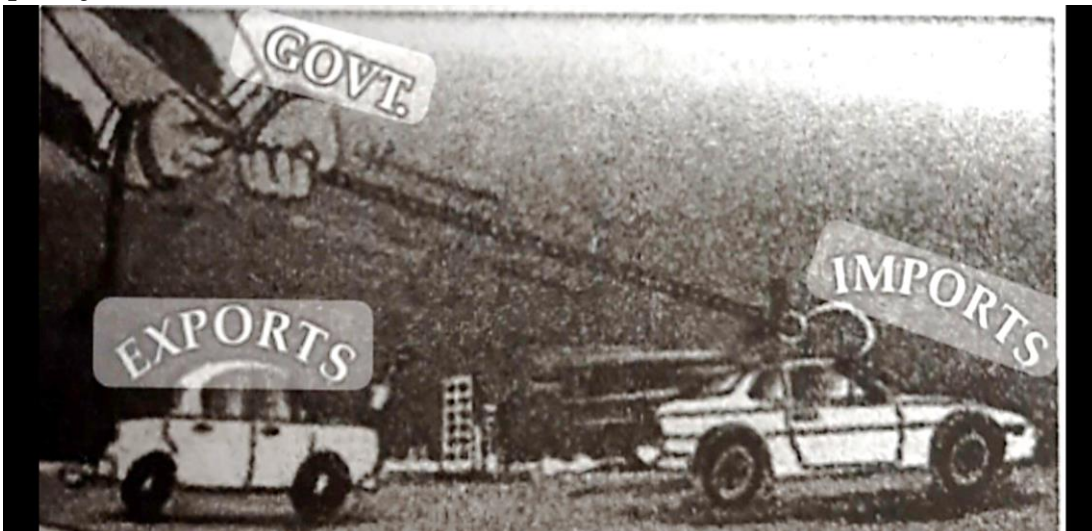
India has certain advantages which makes it a favourite outsourcing destination. What are these advantages?

- 32.** What role do Small Sector Industries play in the Indian Economy? **4**

- 33.** "Import substitution is a good way of protecting domestic industry." Justify the statement. **6**

Or

Study the picture given below and explain why does India need such a policy?



- 34.** Explain the changes in the Indian economy after liberalisation. **6**

Or

(i) Discuss any four features of the Privatisation of the Indian Economy in 1991.

(ii) What are the positive effects of Globalisation on Indian industries?
