

HALF YEARLY EXAMINATION (2024-25)

ECONOMICS (XII)

SET A

General Instructions:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

DURATION: 3HRS

M.M 80

PAGE NO: 7

Section A – Macro Economics

Q1	Assertion (A) Multiplier process assumes the existence of excess capacity in the economy. Reason (R) There is the direct relationship between MPC and value of investment multiplier. (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 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
Q2.	Moral suasion by the RBI relates to: (a) pressure by the RBI to follow its direction (b) persuasion by the RBI follow its direction (c) persuasion and pressure by the RBI follow its direction (b) none of these	1
Q3	Electronic transfer of money in terms of credit/debit entries of the account holders in the bank is called (a) e-marketing (b) e-business (c) e-money (d)e-banking	1

Q4	45° line in the context of equilibrium is a _____ (a) line of reference (b) line of AS (c) line of equality between AD and AS (d) all of the above	1
Q5.	Disinvestment refers to :- (a) addition to the existing stock of capital (b) balancing the existing stock of capital (c) withdrawal of existing investment (d) none of these	1
Q6.	By increasing the tax burden on the producer's , the government intends to _____ (a) correct the situation of deficit demand (b) correct the situation of inflationary gap (c) correct the situation of excess demand (d) both b and c OR If the MPS is 0.5, what will be the value of investment multiplier? (a) 1 (b) 2 (c) 1.6 (d) 1.45	1
Q7	Balance of payment is on equilibrium when: (a) Current account balance + capital account balance >Zero (b) Current account balance + capital account balance <Zero (c) Current account balance + capital account balance =Zero (d) all of these	1
Q8	If the entire additional income of an economy is consumed, the value of investment multiplier will be (a) Zero (0) (b) ∞ (not defined) (c) one (1) (d) ten (10)	1
Q9	Forward market allows hedging (True/ False)	1
Q10.	Statement 1 :- Under appreciation of domestic currency, less rupees are needed to buy one US dollar Statement 2 :- Appreciation of domestic currency is a situation of fall in exchange rate (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	1
Q 11	Explain the economic value of inflow of foreign exchange relating to capital account of BOP?	3
Q12	Why is RBI sometimes reluctant to lower the repo rate even when the investment is low because of high market rate of interest? OR "Devaluation and depreciation of currency are one and the same thing". Do you agree? How do they affect the export of a country?	3
Q 13	"US dollar has recorded a jump of 0.75 paise per dollar (p/\$) in the last one month; this situation might bring smiles and sorrows to different types of traders (exporters/ importers)." Justify the given statement.	4
Q14	In an economy, the saving function is $S = -600 + 0.2Y$ where S is saving and Y is income. Calculate the equilibrium level of income and consumption expenditure	4

	when investment expenditure is Rs. 800.	
Q15	<p>Explain the role of central bank as Government's agent and advisor.</p> <p style="text-align: center;">OR.</p> <p>Define Reverse Repo Rate. Discuss briefly, how this instrument helps in controlling credit creation by commercial banks.</p>	4
Q16	<p>(i) "Government provides essential items like food grains almost free to the families below poverty line." Identify and explain the objective of the government indicated (4)</p> <p>(ii) Define the following (2)</p> <ul style="list-style-type: none"> • Revenue deficit • Primary deficit 	6
Q17	<p>Read the following case study carefully and answer the questions (i)-(ii) on the basis of the same:</p> <p>On March 24, 2020, Prime Minister Narendra Modi imposed a nationwide lockdown that remained in effect until May 31. The abrupt nationwide lockdown imposed across India was the biggest in the world, forcing 1.3 billion Indians to stay indoors. The lockdown restrictions were imposed without any preparation or coordination with states. It was also one of the most stringent lockdowns enforced in the world. Except for some essential services and activities, the rest of India's \$2.9 trillion economy remained shuttered during the lockdown period. Economic activity came to a grinding halt in the country. The lockdown had devastating impacts on an already slowing economy and people's livelihoods as shops, eateries, factories, transport, services and business establishments were shuttered. According to a survey carried out by National Statistical Office, India's unemployment rate touched a 45-year-high of 6.1% during 2017-18. Further, the stress in India's financial sector, especially among banks and non-bank financial companies, has been increasing prior to the COVID-19 pandemic. Coupled with a humanitarian crisis and muted policy response, the COVID-19 pandemic has brutally exposed and worsened existing vulnerabilities in the Indian economy.</p> <p style="text-align: right;">-thewire.in/economy/covid-19-india-economic-recovery</p> <p>(i) What do you mean by fiscal policy? State some fiscal measures that should be adopted to increase the level of economic activity during the lockdown period? (3)</p> <p>(ii) State some measures to correct the problem of deficient demand? (3)</p>	6
Section B – Indian Economic Development		
Q18	<p>World bank is also known as:</p> <p>(a) International Monetary Fund (b) International Finance Corporation</p> <p>(c) General Agreement on Tariffs and Trade (d) Airport Authority of India</p>	1
Q19	<p>Planning Commission was established under the chairmanship of:</p> <p>(a) Prof. Mahalanobis (b) Dr. V.K.R.V. Rao</p>	1

	(c) Pandit Jawaharlal Nehru (d) neither of the two											
Q20	<p>How can globalisation increase the standard of living of the people in a country?</p> <p>(a) By offering more products to buy</p> <p>(b) By increasing rural to urban migration</p> <p>(c) By improving working conditions for factory workers</p> <p>(d) By making cheaper products available due to increased competition</p> <p style="text-align: center;">OR</p> <p>In small-scale industry, investment limit is:</p> <p>(a) < 1 crore (b) < Rs. 5 Crore (c) < 10 crore (d) < Rs. 100 Crore</p>	1										
Q21	<table border="1" style="width: 100%;"> <thead> <tr> <th>Column 1</th> <th>Column 2</th> </tr> </thead> <tbody> <tr> <td>A. Cooperative farming</td> <td>(i) Policy of reliance on import substitution</td> </tr> <tr> <td>B. Karve Committee</td> <td>(ii) Enhance bargaining power of the small holders</td> </tr> <tr> <td>C. Inward looking trade strategy</td> <td>(iii) Aimed at promoting regional equality</td> </tr> <tr> <td>D. Licensing policy of the government</td> <td>(iv) 1955</td> </tr> </tbody> </table> <p>Alternatives:</p> <p>(a) A-(ii), B(i), C(iv), D(iii) (b) A-(iv), B-(iii), C-(ii), D-(i) (c) A-(ii), B-(iv), C-(i), D-(iii) (d) A-(iii), B-(iv), C-(i), D-(ii)</p>	Column 1	Column 2	A. Cooperative farming	(i) Policy of reliance on import substitution	B. Karve Committee	(ii) Enhance bargaining power of the small holders	C. Inward looking trade strategy	(iii) Aimed at promoting regional equality	D. Licensing policy of the government	(iv) 1955	1
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Q22	<p>Which of the following is correct about human resource?</p> <p>(a) A person is a human resource if he/she is willing to work</p> <p>(b) A person is a human resource if he/she is able to work</p> <p>(c) A person is a human resource if he/she is from a particular age group</p> <p>(d) All of the above</p>	1										
Q23	<p>India faces 'educated unemployment'. Even though the number of educated individuals ready for jobs has increased, they are unemployed.</p> <p>Which of the following is most likely the reason for this?</p> <p>(a) The supply of labour is much higher than demand</p> <p>(b) Investments in health have not taken place proportionally</p>	1										

	(c) Although more students are enrolled in schools, there is a high dropout rate (d) Reverse migration has not been accompanied by alternative employment opportunities	
Q24	Assertion (A): Trade and investment policy underwent a substantial change in the wake of privatisation. Reason (R) There has been a substantial jump in private foreign investment after the adoption of LPG policies. (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 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
Q 25	The colonial government made no sincere attempts to estimate India's national and per capita income, but most studies found that India's national income growth in the pre-Independence era was _____ and per capita income growth was _____. Choose the correct option that can fill in the blanks. (a) close to 5 per cent, more than 2 per cent (b) less than 3 per cent, more than 1 per cent (c) close to half per cent, almost 0 per cent (d) less than 2 per cent, close to half per cent	1
Q 26	Under the British system of land settlement, the zamindar's dues to the state were fixed. What did this mean for the cultivators? (a) They received investment support to increase production (b) They were exploited and forced to pay rent regardless of the produce (c) They had the support of the landlords against the oppressive policies of the British (d) They were forced to shift from food crops to commercial crops, leading to food scarcity OR Which of the following statements about the land ceiling policy is true? (a) It led to equity in the agricultural sector (b) Many landlords were able to escape the legislation (c) The implementation of the legislation was challenged by small tenants (d) It was successful in Kerala and West Bengal because it met no resistance	1
Q 27	Statement 1: The 'Skill India' programme was launched by the Government of India in order to increase human capital formation. Statement 2: Human capital formation refers to the stock of 'skill and expertise of a nation a point of time. (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	1
Q28		3



Explain the above image and its merits and demerits?

Q29 Comment upon any two salient features of occupational structure of India on the eve of the independence? 3

Q30 "Modernization as planning objective shows a dichotomy (constant) with employment generation" Justify the statement. 4

Q31 State with the valid reasons whether, the following statement are True or false 4

(a) " Higher productivity and production are the outcomes of investment in human resources" (2)

(b) Rising population is not the cause for the quality of human capital formation. (2)

Q 32 Study of the following table showing the sectoral contribution to GDP (in percentage)and analyse the contribution of the sector during 1950-91 4

Sector	1950-51 (in percentage)	1990-91 (in percentage)
Agriculture	59.0	34.9
Industry	13.0	24.6
Service	28.0	40.5

Q 33 (i) Define the concept of GST. How is GST a common man friendly tax? (3) 6

(ii) The opening up of the Indian economy has led to rapid increase in Foreign Direct Investments and Foreign Exchange Reserve of the country? Defend or refute the given statement. (3)

Q34 Read the following case study carefully and answer the questions (i)-(ii) on the basis same: 6

In light of the many potential benefits of International Trade such as increased sales/revenues, cost reductions, technology transfers, the search for higher quality products, industry development, general economic growth, ... etc., several countries have surprisingly either chosen to abstain altogether from the practice of trading goods and services (imports, exports or both) with other nations, or simply imposed economic and regulatory hurdles designed to drastically restrict the flow (import/export) of tradable goods and services across their borders. More specifically, countries such as China, Cuba, Iraq, India and even the United States, to a certain degree at some point in their history, subscribed to one form of protectionism (trade control) or another.

-Kishore G. Kulkarni, International Journal of Economic Research, 2008

(i) State some implications of inward looking trade strategy of India (1950-1990).

(3)

(ii) Which form of protection can be used as a medium to restrict imports? (3)

