



विद्या सर्वार्थ साधिका

ANANDALAYA
PERIODIC TEST- 2
Class : XII

Subject : Economics (030)
Date : 27-09-2023

M.M : 80
Time : 3 hours

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 of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION A: MACROECONOMICS

1. Total stock of money in circulation among the public _____ is called as money supply. (1)
(A) during a period of time (B) during a calendar year
(C) during a fiscal year (D) at a particular point of time
2. Primary deficit in a government budget will be zero, when _____. (1)
(A) Revenue deficit is zero (B) Net interest payment is zero
(C) Fiscal deficit is equal to interest payments (D) Fiscal deficit is zero
3. Read the following statements carefully. (1)
Statement 1:All the coins are issued by Finance Ministry in India.
Statement 2:All the currency notes are issued by Reserve Bank of India.
In the light of the given statements, choose the correct alternative:
(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
4. Exports of COVID-19 vaccines manufactured in India has led to _____. (1)
(A) Inflow of Indian currency
(B) Outflow of foreign currency
(C) Inflow of foreign currency and employment generation
(D) Outflow of foreign currency and employment generation
5. If Balance of Trade of a nation shows deficit of ` 300 crore, the value of Exports is ` 400 crore and transfer payments are ` 50 crore, ` _____ crore will be the value of imports. (1)
(A) 1,700 (B) 1,500 (C) 300 (D) 700
6. Inventory is a _____ concept whereas change in inventory is a _____ concept. (1)
(A) stock, flow (B) flow, stock (C) dynamic, stock (D) flow, static
7. Which of the following is not a 'factor payment'? (1)
(A) Profits taken by entrepreneur (B) Salaries to Members of Parliament
(C) Rent paid to the owner of a building (D) Scholarship given to the students

8. The Reserve Bank of India can increase the money supply in the economy by _____. (1)
 (A) demonetisation of currency (B) buying government bonds
 (C) increasing the cash reserve ratio (D) persuading banks to discourage loans
9. _____ is a revenue receipt of the government. (1)
 (A) Funds raised by the government by issuing National Saving Certificates
 (B) Sale of 40% shares of a public sector undertaking to a private enterprise
 (C) Profits of LIC, a public enterprise
 (D) Amount borrowed from Japan for construction of Bullet Train
10. If the reserve ratio is 20%, what will be the amount of total reserves after an initial deposit of ₹ 200? (1)
 (A) ₹ 4,000 (B) ₹ 2,000 (C) ₹ 1,000 (D) ₹ 400
11. Distinguish between final goods and intermediate goods with suitable examples. (3)
12. Discuss briefly the meanings of: (3)
 (a) Fixed Exchange Rate
 (b) Flexible Exchange Rate
 (c) Managed Floating Exchange Rate
13. Discuss briefly, the circular flow of income in a two sector economy with the help of a suitable diagram. (4)
14. “The Indian currency has weakened more than 10 per cent from ₹ 74.30 against the US dollar on January 3, 2022, to ₹ 82.30 on July 31, 2023.” (4)
 Source: <https://www.indiatoday.in>
 In the light of the above news report, explain the impact of home currency depreciation on the exports and imports of a nation.
15. Explain the “Banker to the Government” function of Central Bank. (4)
16. (a) How can a government budget help in reducing inequalities of income? Explain. (3)
 (b) Distinguish between revenue expenditure and capital expenditure of the government, with suitable examples. (3)
17. “Indian investors lend abroad.” (4)
 (a) In which sub-account and on which side of the Balance of Payments Account such lending is recorded? Give reasons. (4)
 (b) Explain the impact of this lending on foreign exchange rate. (2)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Identify the incorrect statement from the following: (1)
 (A) Diversification into other sector is essential to enable rural people to overcome poverty.
 (B) Diversification is an essential component because there is greater risk in depending exclusively on farming for livelihood.
 (C) Diversification provides supplementary gainful employment.
 (D) Diversification activities are not beneficial.

19. Which of the following is the correct formula for calculating 'Worker Population Ratio'? (1)
- (A) $\frac{\text{Total Labour Force}}{\text{Total Population}} \times 100$ (B) $\frac{\text{Total Workers}}{\text{Total Population}} \times 100$
- (C) $\frac{\text{Total Population}}{\text{Total Labour Force}} \times 100$ (D) $\frac{\text{Total Population}}{\text{Total Workers}} \times 100$
20. Who amongst the following has received the greatest investment in human capital formation? (1)
- (A) A nurse in a clinic who is frequently absent because of his ill health.
 (B) A 12 year old who helps her mother with construction work.
 (C) A 10th pass girl who works as a store manager in a mall.
 (D) A computer science graduate who works at a call centre.
21. _____ is known as the architect of Indian Planning. (1)
- (A) Jawaharlal Nehru (B) P C Mahalanobis
 (C) Dr Manmohan Singh (D) Dr Rajendra Prasad
22. On the eve of Independence, India's demographic condition was characterised by which of the following statements? (1)
- (A) Low level of literacy, high mortality rates and low life expectancy.
 (B) Low level of literacy, low mortality rates and high life expectancy.
 (C) High level of literacy, high mortality rates and high life expectancy.
 (D) Low level of literacy, high mortality rates and high life expectancy.
23. Occupational structure refers to _____. (1)
- (A) size of labour force in a country
 (B) number of people living in a country
 (C) distribution of workforce among different sectors of an economy.
 (D) nature of different occupations
24. The vaccination campaign for containing COVID-19 is an example of _____ medicine. (1)
- (A) Preventive (B) Curative (C) Social (D) Emotional
25. Which one of the following organisations regulates the health sector in India? (1)
- (A) UGC (B) ICMR (C) AICTE (D) RBI
26. _____ and _____ currency notes of old Mahatma Gandhi series were banned as legal tender money on 8th November, 2016. (1)
- (A) ` 50 and ` 100 (B) ` 500 and ` 2000 (C) ` 500 and ` 200 (D) ` 500 and ` 1000
27. 'In India, agricultural subsidies have always been a topic of debate among the economic thinkers.' Identify, which of the following statements is not an argument in favour of continuation of the agricultural subsidies in India. (1)
- (A) Subsidies encourage farmers to adopt newer technologies.
 (B) Subsidies help farmers to face the uncertainties of future.
 (C) Subsidies mainly benefits the fertilizer industry and big farmers.
 (D) Subsidies aim to reduce the inequalities between rich and poor farmers.
28. 'On the Job Training benefits both- the organisation and the employees.' (3)
- In the light of the above statement, briefly discuss how does the expenditure on 'On the Job Training' acts as a source of Human Capital Formation.

29. (a) What was the main reason for the stagnation in the agricultural sector under the British rule? (1)
 (b) What was the two-fold motive behind systematic deindustrialization affected by the British in pre-independent India? (2)
30. (a) 'Green Revolution is the spectacular advancement in the field of agriculture.' Justify the given statement by stating any two benefits of Green Revolution. (2)
 (b) 'Land Ceiling promotes equity.' Support the given statement with valid reason. (2)
31. Define agricultural marketing. Explain any three measures taken by the government to improve agricultural marketing system in India. (4)
32. Critically evaluate the role of the rural banking system in the process of rural development in India. (4)
33. (a) India is often called the 'Outsourcing Destination' of the world. Discuss the prime reasons for this name given to India. (3)
 (b) Discuss briefly any two major steps taken by the Government of India on 'Financial Sector' front under the Economic Reforms of 1991. (3)
34. Read the following text carefully:

India's jobs crisis is more serious than it seems

Last week, a law graduate in India applied for a job as a driver. Jitendra Maurya was one of more than 10,000 jobless young people who turned up for interviews for 15 low-skilled government jobs in the central state of Madhya Pradesh. Many of them were overqualified - aspirants, according to one report, included post-graduates, engineers, MBAs and people like Mr. Maurya, who is preparing for a judge's exam.

"The situation is such that sometimes there is no money to buy books. So I thought I will get some work [here]," he told a news network.

Mr. Maurya's plight shines a light on the acute jobs crisis facing India. Jobs are diminishing. India's unemployment rate crept up to nearly 8% in December, according to the Centre for Monitoring Indian Economy (CMIE), an independent think tank. It was more than 7% in 2020 and for most of 2021. "This is way higher than anything seen in India, at least over the last three decades, including the big [economic] crisis of 1991 [when the country did not have enough dollars to pay for imports]," Kaushik Basu, former chief economist of the World Bank, told.

Most countries saw joblessness rise in 2020. But India's rate exceeded most emerging economies like Bangladesh (5.3%), Mexico (4.7%) and Vietnam (2.3%), notes Prof Basu.

Even salaried jobs have shrunk, according to the CMIE. Part of this could be because firms have used the pandemic to trim their workforce and reduce costs. Studies by Azim Premji University show young workers - 15 to 23 years old - were hardest hit during the 2020 lockdown.

Unemployment in India mainly refers to educated young people looking for jobs in the formal economy - although the informal economy employs 90% of the workforce and generates half the economic output.

"Unemployment is a luxury which the educated, relatively well-off can afford. Not the poor, unskilled or semi-skilled people," said Radhika Kapoor, a labour economist.

The more educated the person is, the more likely it is they'll remain jobless and unwilling to take up a low-paying informal job. On the other hand, the poor who have little access to education are compelled to take up whatever work comes their way.

So, unemployment numbers don't reveal much about the total supply of workers in the economy as a whole. Three-quarters of India's workforce is self-employed and casual, with no social security benefits.

An overwhelming majority of jobs in India are informal. Only a little over 2% of the workforce have secure formal jobs with access to social security - a retirement savings scheme, health care, maternity benefits - and written contracts of more than three years. A paltry 9% have formal jobs with access to at least one social security source.

One reason behind India's endemic unemployment despite high growth is the country's leapfrogging from a primarily farm economy to a booming services economy - in no other country of India's size has growth been led by services and not manufacturing. India's growth has been powered by high-end services like software and finance manned by highly skilled workers. There have been few manufacturing or factory jobs that can absorb a large number of unskilled or low-skilled workers.

India's joblessness is worrying because even as the country's growth is restarting, the bottom segment is doing worse than in most other nations, Prof Basu says. He believes the government needs to control inflation, generate employment and support workers.

Source: <https://www.bbc.com/news/world-asia-india-59870297>, 7 January 2022

On the basis of the given text and common understanding, answer the following questions:

- (a) "An overwhelming majority of jobs in India are informal." In the light of the given statement, justify the need to generate employment in the formal sector rather than in the informal sector. (2)
- (b) Since independence, the government has been playing an important role in generating employment directly or indirectly. Discuss. (4)