

DAY - 02

SEAT NUMBER

2022 01 15

ONLINE PRELIMINARY EXAMINATION

STD. XII

ECONOMICS

Time : 3 hours

(4 Pages)

Max. Marks: 80

- Instructions :**
- 1) All questions are compulsory.
 - 2) Draw tables/ diagrams wherever necessary.
 - 3) Figures to the right indicate full marks.
 - 4) Write answer of every new question on a new page.

Q 1 (A) Choose the correct option from given options:

(5) [20]

- Statements related to micro economics.
 - It is the study of individual economic units
 - It is based on certain assumptions
 - It takes into account interdependence between aggregate economic variables
 - It is a policy oriented science

(1) a, b, c, d (2) a, b (3) b, c, d (4) a, c, d
- Statements that is incorrect in relation to perfectly inelastic demand
 - Percentage change in price has no effect on quantity demanded
 - Co-efficient of elasticity is equal to 1 ($E_d=1$)
 - Demand curve is a horizontal line parallel to X axis
 - It is a type of price elasticity of demand

(1) a, b, c, d (2) a, b, c (3) b, c (4) a, b
- Features of Index numbers
 - It is useful in framing suitable economic policies
 - It is useful to present financial data in real terms
 - Index numbers are statistical devices
 - Index numbers are specialized averages

(1) c, d (2) a, b (3) b, c, d (4) a, b, c, d
- Essential characteristics of a tax
 - It is a voluntary contribution to the government
 - Every citizen of the country is legally bound to pay the tax imposed upon him
 - Tax is imposed on income, property or commodities or services
 - The tax payer receives direct and proportionate benefits from the government in return

xviii for the tax
(1) a, d (2) b, c (3) b, c, d (4) a, c, d
- Features of Composition of India's foreign trade
 - Increasing share in Gross National income
 - Increase in volume and value of trade
 - Division of labour and specialization
 - Stability in price level

(1) a, d (2) a, b (3) b, c (4) c, d

(B) Complete the following correlations:

(5)

- Income Theory : Macroeconomics : : Micro economics
- Steeper demand curve : $E_d < 1$:: Flatter demand curve
- $TFC = TC - [\quad]$:: $AC = TC/Q$
- : $C + I + G + (X - M) + (R - P) - D$:: GNP : $C + I + G + (X - M) + (R - P)$
- General equilibrium : Macroeconomics : : Micro economics

(C) Give economic terms for the following descriptions: (5)

- Utility that arises when ownership of goods is transferred from one person to another
- Net addition made to the total cost by producing one more unit of output
- Device that measures changes in an economic variable or a group of variables over a period of time.
- Wear and tear of capital assets due to their use in the process of production
- Tax paid at the time of production or sale and purchase of a commodity or service

(D) Find the odd word. (5)

- Optional functions of Government - Provision of education and health services, social security measurement, Protection from external attacks, welfare measures
- Types of Utility - Total Utility, Time Utility, Possession Utility, Service Utility
- Unregulated Non-Bank financial intermediaries - Indigenous Bankers, Chit Funds, Nidhi, Loan Companies
- Types of Demand - Individual Demand, Direct Demand, Competitive Demand, Complementary Demand
- Monopoly - No entry barriers, Price maker, Single seller, Downward sloping demand curve

Q 2 (A) Identify and explain the following concepts (Any THREE): (6) [12]

- Pradnya purchased tea powder, sugar and milk to make a cup of tea.
- Godrej company spent around 40 crores on advertisement of its products.
- 'Patanjali' products are sold in the international market.
- Google has become a household name and controls more than 70% market share.
- The price of salt decreased by 30% but Sanjana purchased the same quantity as before.

(B) Distinguish between the following (Any THREE): (6)

- Slicing Method and Lumping method
- Perfect competition and Monopoly
- Individual Demand Schedule and Market Demand Schedule
- Revenue Expenditure and Capital expenditure
- Import Trade and Export Trade.

Q 3 Answer the following questions (Any THREE): [12]

- Explain any four features of Macroeconomics.
- Explain the relationship between Total Utility and Marginal utility.
- Explain the features of Index numbers.
- Explain the role of money market in India.
- Explain non-tax sources of revenue of the government.

Q 4 State with reasons whether you agree or disagree with the following statements (Any THREE) [12]

- The supply curve of labour is backward bending.
- There is product differentiation under monopolistic competition.
- Any year can be selected as a Base year.
- Reserve Bank of India acts as a banker to the government.
- Trade is an engine of growth of an economy.

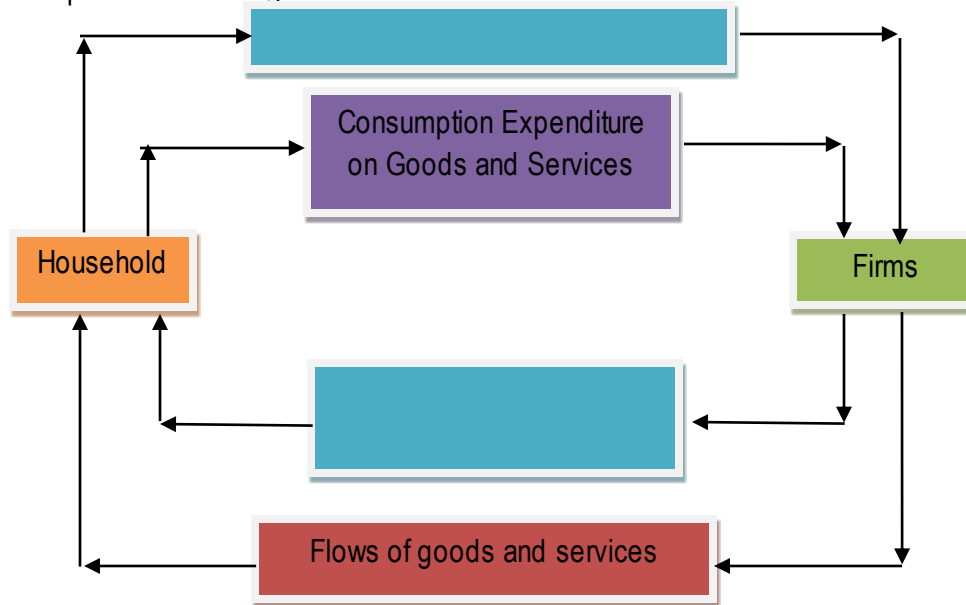
Q 5 Study the following table, figure, passage and answer the questions given below it (Any TWO) [08]

- Observe the following table and answer the following questions.

Price per kg (in Rs.)	Quantity Demanded				Market Demand
	Consumer A	Consumer B	Consumer C	Consumer D	
30	18	24	30	50	
35	17	22	24	40	
40	16	20	18	30	
45	15	18	12	20	
50	14	16	06	10	

(1) Complete the Market Demand Schedule. (2)

- ii) (2) Draw a suitable Market Demand Curve based on above market schedule
(4) Complete the following chart.



- iii) Read the following passage and answer the questions given below:

On attending a conference, which focused on the role of the services sector in Indian economy I was amazed. The conference gave a very interesting **perspective** on the role of the service sector in the growth of Indian economy in relation to growth rates in agriculture and industry. The current situation in India is that the growth rate of services has overtaken both agriculture and industry and is now contributing to more than 50% of GDP. The service sector has the highest growth rate and is the least **volatile** sector. Growth is particularly marked in public services, IT and financial services.

In some areas, the growth rate of the service sector is 40-50% due to increased use of mobile technologies. India, therefore has, a service-oriented economy. It hasn't followed traditional growth models as in China. However, in the process of doing so it has skipped the manufacturing stage and has jumped straight from the agriculture stage to service stage, which is also the main reason for the expansion of the service sector. In fact, the situation now is such that the growth in the service sector can and will support in the agriculture and industrial sectors. However, the only setback for Indian economy is the lack of growth in the manufacturing sector which causes dependence on other countries, which is not so desirable in terms of job creation and increased prosperity.

Population is also a major concern of the Indian economy. As the population of India grows so also does the number of dependents in the population in both the lower and higher age groups. In such a scenario of increasing population, especially in an economy which still recovering from crisis, growth becomes difficult. For such an economy to grow it has to invest. Currently, the public sector invests more than it saves. The household sector saves in surplus, but it is not increasing so it cannot continue to support private and public sectors. There is a massive need to spend on agriculture and infrastructure development of the country. Apart from that health and education should also be the priority of the government particularly the education of women in order to reduce the birth rate.

- (1) What does the author mean by the statement, _____ a 'growth window' for India will open? (1)

A) In the coming years, the Indian economy will grow as the service sector of the country would be booming due to the focus of the government in that sector.

- B) In the next two decades, Indian economy will have an opportunity to grow as the working population of India will be high as compared to the dependent population
 C) There would be only a small period of time in which the economy of India has to grow and if it fails to do so it will never be able to recover from the economic downfall
 D) Only up to the next two decades would Indian people be interested in finding jobs in the country beyond which they would search for jobs abroad thus hampering the growth of Indian economy
 E) The growth of Indian economy is like a small window and in order to substantiate the growth it is important to increase the size of the window by improving trade relations with other countries
- (2) Which of the following is true as per the passage? (1)
- A) India has not followed the conventional model of growth and has moved directly from the agriculture sector to the service sector
 B) The service sector of the country is yet to make a mark on the IT and financial sectors of the country
 C) With availability of labour and growth in human skills, the service sector of Indian economy is booming limitlessly as there is no restriction on movement of labour
 D) India has become self-reliant and does not have to depend on other countries because of the development in the manufacturing sector
 E) All of the above
- (3) What does the author mean by the statement, 'to change the bad sectors to good sectors.'? (1)
- A) In order to deal with the problem of poverty it is important to distinguish between good and bad sectors and encourage people to start searching for jobs in the good sectors
 B) The government should make efforts to improve the sectors that are not functioning well in order to create greater job opportunities in those sectors and in turn eradicate poverty
 C) Poverty alleviation is possible only if the government understands the importance of good sectors and provides it with necessary opportunities
 D) The bad sectors of the country should be identified and such jobs should be outsourced to other underprivileged countries in order to eradicate poverty from those countries
 E) People should be educated to ensure that they work only in the good sectors and in turn the issue of poverty in the country is resolved
- (4) According to the author, which of the following can be said about the growth of service sector in India? (1)
- A) India is essentially an agrarian economy and is not yet ready to shift focus from agriculture sector to service sector
 B) The expansion of service sector in India was seen mainly because of the growth in the agricultural sector
 C) Indian economy cannot run only on the basis of service sector i.e. without further development in the agriculture and the industrial sector
 D) The growth of service sector in India is facilitated by the improvement in technology
 E) It will take the service sector at least around two decades before it can overtake the agriculture and industry sector

Q 6 Answer the following questions in detail (Any TWO):

[16]

- i) Explain the Law of Demand and its assumptions
- ii) Explain the theoretical difficulties in the measurement of National Income.
- ii) Explain the functions of commercial Banks.

