

# BHATNAGAR INTERNATIONAL SCHOOL

## ECONOMICS 2<sup>nd</sup> Term

Time : 3 Hrs.

Max Marks: 80

**Q 1.** Which of the following is the cause of inflation>

- (a) An Increase in CRR
- (b) Unfavourable BoP
- (c) Rise in Loans
- (d) Deficit Financing

**Q 2.** If the RBI increase the CRR, banks will have ..... (more/less) money to lend.

**OR**

..... Is the rate of interest at which central bank lends to the commercial banks for long-term.

**Q 3.** An increase in the MPC will.

- (a) Shift the consumption function upwards
- (b) Shift the consumption function downwards
- (c) Shift the saving function upwards
- (d) None of the above

**Q 4.** If GDP is falling and unemployment rate is rising, which of the following fiscal policy measures should government take?

**Q 5.** If ex-ante investments are greater than ex-ante savings, it will lead to ..... (increase/decrease) in planned inventories.

**Q 6.** What will be the impact on government revenue when the cigarette price are increased, assuming demand for cigarettes is inelastic

- (a) Government revenue will increase
- (b) Government revenue will decrease
- (c) No effect on government revenue
- (d) None of the above

Read the following News Report and answer Q. 7 -10 on the basis of the same:

India's trade deficit with China dips to \$ 48.66 billion in 2019-20. In 2018-19. Exports to China in the last financial year stood at \$ 18.9 billion, and the trade deficit stood at \$ 53.56 billion. Chinese FDI has dipped to \$ 163.78 million in 2019-20 from \$ 229 million in the previous fiscal.

**Q 7.** What does "Trade Deficit" Mean?

- (a) The value of exports of goods and services is less than the value of imports of goods and services.
- (b) The value of imports of merchandise is more than the value of exports of merchandise.
- (c) Negative balance on account of trade in goods, services and transfers.
- (d) Foreign exchange payments on account of visible items are in excess over the receipts of visible items.

**Q 8.** "India's trade deficit with China dips to \$48.66 billion in 2019-20" ..... (increase/Decrease) in imports from China has caused this.

**Q 9.** How much was the Imports of goods from China in 2018-19?

- (a) \$ 56.56 Billion
- (b) \$34.66 Billion
- (c) \$ 48.66 Billion
- (d) \$72.46 Billion

**Q 10.** "Chinese FDI has dipped to \$163.78 million in 2019-20 from \$ 229 million in the previous fiscal. What will be its impact on BOP position of India.

- (a) Favourable BOP Position
- (b) Adverse BOP position
- (c) BOP Equilibrium
- (d) None of these

**Q 11.** Measure the level of ex-ante aggregate demand when autonomous investment and consumption expenditure (A) is Rs. 50 crore, and MPC is 0.8 and level of income (Y) is Rs. 4000 crore. State whether the economy is in equilibrium or not (cite reasons).

**OR**

In an economy the autonomous investment is Rs. 60 crore and the marginal propensity to consume is 0.8. If the equilibrium level of income is Rs. 400 crore, then the autonomous consumption is Rs. 30 crore. True or False? Justify your answer.

**Q 12.** “Higher Gross Domestic Product (GDP) means greater per capita availability of goods in the economy”. Do you agree with the given statement? Give valid reasons in support of your answer.

**Q 13.** What is legal reserve ratio? How does it influence the process of credit creation?

**Q 14.** Can there be a fiscal deficit without revenue deficit? Explain giving reasons.

**Q 15.** (a) Indian investors lend abroad. In which sub-account and on which side of the Balance of Payments such lending is recorded? Give reasons.

(b) Differentiate between the concepts of ‘demand for domestic goods and services’ and ‘domestic demand for goods and service.

**OR**

What will be the effect of the following on the Balance of Payments of India?

(a) Make in India’ Programme

(b) Import of Pulses

**Q 16.** Which of the following items will be included/not included while estimating Gross Domestic Product? Give valid reasons.

(a) Wages received by an Indian working in the British Embassy in India.

(b) Financial aids received from abroad after “Fani Cyclone”.

(c) Purchase of second hand machinery from abroad.

**OR**

(a) Suppose in an imaginary economy GDP at market price in a particular fiscal year was Rs. 4,000 crore, National Income was Rs. 2500 crore, Net Factor Income Paid by the economy to Rest of the World was Rs. 400 crore and the value of net Indirect Taxes is Rs. 450 crore. Estimate the value of consumption of fixed capital for the economy from the given data.

(b) The value of the nominal GNP of an economy was Rs. 2500 crore in a particular year. The value of GNP of that country during the same year, evaluated at the prices of base year, was Rs. 3,000 crore. Calculate the value of the GNP deflator of the year in percentage terms. Has the price level risen between the base year and the year under consideration? Comment on the result.

**Q 17.** “Equilibrium level of output determined by the equality,  $Y = AD$  does not necessarily mean the full employment level of output.” Explain the given statement with diagrams.

## **PART – B**

### **INDIAN ECONOMIC DEVELOPMENT**

**Q 18.** India’s demographic condition on the eve of independence was characterised by:

(a) High level of literacy, high mortality rates, high life expectancy and high level of poverty.

(b) Low level of literacy, low mortality rates, low life expectancy and Low level of poverty.

(c) Low level of literacy, low mortality rates, low life expectancy and high level of poverty.

(d) Low level of literacy, high mortality rates, low life expectancy and high level of poverty.

**Q 19.** Write the correct sequence of alternative given in Column II by matching them with respective terms in Column I:

Column I	Column II
A. Growth	(i) Adoption of new technology to increase the production of goods and services.
B. Modernisation	(ii) Avoiding imports of those goods which could be produced in India itself.
C. Self-reliance	(iii) Every Indian should be able to meet his/her basic needs such as food, a decent house, education and health, and inequity in the distribution of wealth should be reduced.
D. Equity	(iv) Increase in the country's capacity to produce the output of goods and services within the country

**Q 20.** Identify the correct sequence of alternatives given in Column II by matching them with respective events of China in Column I:

Column I	Column II
(a) Regional and global economic grouping's such as the SAARC, G-8, G-20, ASEAN etc.	(i) Students and professional were sent to work and learn from the country side.
(ii) The Great Leap Forward (GLF) campaign initiated by China in 1958	(ii) Means to strengthen their own domestic economics
(c) The commune system in China	(iii) People collectively cultivated lands.
(d) The Great Proletarian Cultural Revolution introduced by Mao in 1965.	(iv) Industrialising the country on a massive scale.

**Q 21.** First five year plan of ..... Commenced in the year 1956. (Pakistan/China)

**Q 22.** The educated unemployed from low-income families in rural and urban areas can get financial help to set up any kind of enterprise that generates employment under.....

- (a) Rural Employment Generation programme
- (b) Prime Minister's Rozgar Yojana
- (c) Swarna Jayanti Shahari Rozgar Yojana
- (d) Swarna Jayanti Gram Swarozgar Yojana

**Q 23.** ..... was set up in 1982 as an apex body to coordinate the activities of all institutions involved in the rural financing system.

**OR**

Which of the following is working in the informal sector?

- (a) A private school teacher in a school which has 25 teachers.
- (b) The owner of a textile shop employing nine workers.
- (c) Driver of a bus company which has more than 10 buses with 20 drivers, conductors and other workers.
- (d) Civil engineer working in a construction company which has 10 workers.

**Read the following carefully and answer question no. 24-27 on the basis of the same**

### Credit in Rural Areas of India

At the time of independence, moneylenders and traders exploited small and marginal farmers and landless labourers by lending to them on high interest rate and by manipulating the account to keep them in a debit-trap. A major change occurred after 1969 when India adopted social banking and multi-agency approach to adequately meet the needs of rural credit.

The institutional structure of rural banking today consists of a set of multi-agency institutions, namely, commercial banks, regional rural banks (RRBs) cooperatives land development banks. They are expected to dispense adequate credit at cheaper rates. Recently, Self-Help Group (SHGs) have emerged to fill the gap in the

formal credit system. The SHGs. Promoted thrift in small proportions by a minimum contribution from each member,. From the pooled money, credit is given to the needy members to be retable in small installments at reasonable interest rates. By May 2019. Nearly 6 core women in India have become member in 54 lakh women SHGs. About Rs. 10-15,000 per SHG and another Rs. 2.5 Lakhs per SHG as a community Investment support Fund (CISG) are provided as part of renovating fund to take up self employment for Income generation.

**Q 24.** ..... Was set up in 1982 as an apex body to coordinate the activities of all institution involved in the rural financing system.

**Q 25.** The ..... Was a harbinger of major changes in the credit system as it led to the diversification of the portfolio of rural credit towards production oriented lending.

- (a) Green Revolution
- (b) Golden Revolution
- (c) White Revolution
- (d) None of these

**Q 26.** Recently, Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system. Such credit provisions are generally referred to as .....

**Q 27.** Which of the following is not a part of the institutional structure of rural banking today

- (a) Commercial banks
- (b) Reginal Rural Banks (RRBs)
- (b) Non-Banking Finance companies (NBFCs)
- (d) Land Development Banks

**Q 28.** The opportunity cost of negative environmental impacts are high. Do you agree with the give statement? Gives valid reasons in support of your answer

**OR**

Explain the role of credit or micro-credit programmes in meeting the credit requirements of the poor.

**Q 29.** From the following table calculate the missing figures:

Regin	Estimated Population (in crore)	Estimated no. of Workers (in crore)	Workforece participation Rate (%)
Ruaral	70	35	(i) .....
Urban	.....II .....	20	(ii) 40
Total	-	-	(iii) .....

**Q 30.** During the British colonial rule, despite being the occupation of about 85% of India’s population, the agriculature sector continued to experience stagnation and, not infrequency, unusual deterioration. Agricultural productivity became low.

Do you agree with the above statement? Give valid reasons in support of your answer

**OR**

How far the land reforms in the agriculture sector in India were successful in their implementation? Explain?

**Q 31.** Sicnce 1991 every year, the government fixes a target for disinvestment of PSEs. Do you thing selling a part of the properties of governemtn companies is the best way to improve their efficiency?

**Q 32.** The present day fast industrial growth in china can be traced back to the reforms inturduced in 1978.

Defend or refute the above statement.

**Q 33.** Define Human Capital Formation. What are the sources/Factors of human capital formation? Explain.

**OR**

The three dimensional attack on poverty adopted by the government has not succed in poverty alleviation in India” Comment.

**Q 34.** What are the kanor problems/drawbacks of health sector in India? Explain.