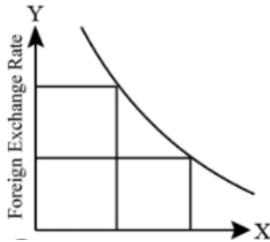


6. A situation when $AS = AD$ along with fuller utilisation of resources in the economy is called: [1]
- a) equilibrium without excess capacity b) underemployment equilibrium
c) deflationary gap d) inflationary gap
7. Complete the flow $\Delta I \rightarrow \Delta Y \rightarrow \Delta C \rightarrow$ _____. [1]
- a) ΔD b) ΔC
c) ΔS d) ΔY
8. Which of the following is a flow concept? [1]
- a) Foreign exchange reserves b) Exports
c) Capital d) Inventory
9. When the banks lend to any person, a new deposit is opened in that persons name. Thus, money supply in the economy increases to old deposits plus new deposits plus _____. [1]
- a) Legal Reserves b) High Powered Money
c) Currency held by the public d) Bank Money
10. The downward-sloping demand curve for foreign exchange reflects [1]



- a) Direct relationship b) Inverse relationship
c) Indirect relationship d) Exponential relationship
11. Export receipts are not a part of the net factor income from abroad. Why? [3]
12. Give the meanings of 'autonomous' transactions and 'accommodating' transactions in the Balance of Payments account. [3]

OR

According to recent media reports: **USA has accused China of currency devaluation to promote its exports.** In the light of the given media report comment, how exports can be promoted through the Currency devaluation?

13. What changes will take place in the economy if [4]
- i. aggregate demand exceeds aggregate supply?
ii. aggregate demand exceeds aggregate supply at full employment?
14. What happens if $AD > AS$ prior to the full employment level of output? [4]

OR

What is the investment demand functions ?

15. Define monetary policy. Also mention the instruments of monetary policy. [4]
16. **Answer the following questions:** [6]

- (i) i. Calculate Domestic Income. [3]

Items	(₹ in crore)

(i) Dividends	50
(ii) Social security contributions by employers	40
(iii) Corporate profit tax	30
(iv) Consumption of Fixed Capital	60
(v) Retained earnings of private corporate sector net of retained earnings of foreign companies	20
(vi) Interest paid by firms	150
(vii) Rent	70
(viii) Royalty	30
(ix) Wages and salaries	600
(x) Interest paid by households	10

ii. Calculate National Income from the following.

[3]

S.no.	Contents	(Rs. in arab)
(i)	Net Change in Stocks	50
(ii)	Government Final Consumption Expenditure	100
(iii)	Net Current Transfers to Abroad	30
(iv)	Gross Domestic Fixed Capital Formation	200
(v)	Private Final Consumption Expenditure	500
(vi)	Net Imports	40
(vii)	Depreciation	70
(viii)	Net Factor Income to Abroad	(-) 10
(ix)	Net Indirect Tax	120
(x)	Net Capital Transfers to Abroad	25

(ii) OR

i. From the following data, calculate the value added by firm A and firm B.

[3]

	(₹ in lakh)
(i) Closing stock of firm A	20
(ii) Closing stock of firm B	15
(iii) Opening stock of firm A	5
(iv) Opening stock of firm B	10
(v) Sales by firm A	300
(vi) Purchases by firm A from firm B	100
(vii) Purchases by firm B from firm A	80

(viii) Domestic sales by firm B	250
(ix) Import of raw material by firm A	50
(x) Exports by firm B	30

- ii. Calculate National Income by [3]
- a. Expenditure method and
- b. the product method from the following data:

Items	(Rs. in Crore)
Gross value added at market price by the primary sector	300
Private final consumption expenditure	750
Consumption of fixed capital	150
Net indirect taxes	120
Gross value added at market price by the secondary taxes	200
Net domestic fixed capital formation	220
Change in stock	(-) 20
Gross value added at market price by the tertiary sector	700
Net imports	50
Government final consumption expenditure	150
Net factor income from abroad	20

17. **Answer the following questions:** [6]
- (i) The fiscal deficit gives the borrowing requirement of the government. Elucidate. [3]
- (ii) Is the following a revenue receipt or a capital receipt in the context of government budget and why? [3]
- i. Tax receipts
- ii. Disinvestment

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. _____ % of female workers are engaged in regular salaried work. [1]
- a) 14 b) 12
- c) 8 d) 55
19. Which of the following country can be called least developed keeping all factors in mind? [1]
- a) China b) None.
- c) Pakistan d) India
20. Land reforms refer to reforms relating to _____. [1]
- a) land revenue b) ownership of holdings
- c) size of holdings d) All of these
21. Which scheme provides adequate and timely support from the banking system to the farmers for their cultivation needs in a flexible manner [1]



- a) KBC
b) KCC
c) KMM
d) KMC

22. **Assertion (A):** Agriculture sector experienced an increase in growth during the reform period. [1]

Reason (R): Decline in public investment and removal of fertiliser subsidy adversely affected the status of agriculture.

- a) Both A and R are true and R is the correct explanation of A.
b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false.
d) A is false but R is true.

23. Economic growth requires _____. [1]

- a) Physical capital
b) Human capital
c) Both human and physical capital
d) None of these

24. _____ focused on pro-poor reforms while _____ focused more on growth with stability [1]

- a) China, India
b) None of these
c) Pakistan , India
d) India, China

25. The numbers of motor vehicles have increased from _____ in 1951 to _____ in 2003. [1]

- a) 67 lakh, 3 crores
b) 3 lakh, 67 crores
c) 30 lakhs, 67 crores
d) 67 lakhs, 30 crores

26. Which of the given statements are correct with regard to commercialisation of agriculture? [1]

- a. Production for self-consumption
b. Production of cash crops instead of food crops
c. Production of crops for sale in the market
d. Commercialisation improved the economic status of the farmers

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

27. Write the correct sequence of alternatives given in Column II by matching them with respective terms in Column I [1]

I:

Column I	Column II
(a) Karve Committee, 1955	(i) To encourage farmers for adopting new HYV technology.
(b) Industrial Policy Resolution, 1956	(ii) Using small-scale industries to promote rural development.

(c) Import Substitution Policy	(iii) To protect the domestic firm from foreign competition.
(d) Subsidies	(iv) To regulate private sector through a system of licensing to promote regional equality.

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

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

28. How can wind power and bio pest control help to achieve sustainable development? [3]

OR

A truck driver had to pay Rs. 2,000 as challan as his truck was emitting black soot. Why do you think he was penalised? Was it justified? Give reasons.

29. Some social scientists argue that housewives working at home without getting paid for that work must also be regarded as contributing to the gross national product and therefore as workers. Do you agree? Justify your answer. [3]

30. Explain briefly the common goals of five year plans in India. [4]

31. Why were economic reforms introduced in India in 1991? [4]

OR

Was it necessary to introduce economic reforms at the behest of World Bank and International Monetary Fund? Was there no alternative to solve the problem of balance of payment crisis? Suggest any other alternative.

32. Is India going to be knowledge based economy in the near future? [4]

33. **Answer the following questions:** [6]

(i) i. Give three basic objectives of co-operative credit societies. [3]

ii. Mention some obstacles that hinder the mechanism of agricultural marketing. [3]

(ii) **OR**

i. Write a short note on- [3]

a. MSP (Minimum Support Price)

b. Buffer Stock

c. PDS (Public Distribution System)

ii. Explain the role of Minimum Support Price (MSP) and Buffer Stocks in the context of agricultural marketing in India. [3]

34. **Read the following text carefully and answer the questions given below:** [6]

India and China: so close yet so far

Given the good economic growth figures for India and the Chinese economic slowdown, it is worth wondering about the capacity of the former to replace the impetus lost by the latter. In fact, India, with a population close to 1,300 million, is the only emerging economy that could possibly follow in the footsteps of the Asian giant. However, in spite of them sharing notable features such as powerful demographics and a reduction in poverty, affecting hundreds of millions of people in both countries, India's growth is still far from the two-digit figures we had come to expect from China until very recently.

Throughout the last 35 years, both countries have gradually moved apart in economic terms. While China grew at an average rate of 10% for three decades, India advanced at a rate of just over 6% and, although these figures seem to be reversing at present (China grew by 6.9% in 2015 Q3 compared with India's 7.4%), India still has a long way to go. At the end of the 1970s, both economies were similar in size: India's share in the global economy was close to 3.0% and even exceeded China's share of 2.4%, but just over three decades later China

accounts for 17.2% of the world economy in economic terms while India's share is less than half its neighbor's (7.1%). A dichotomy that can also be seen in other economic variables such as GDP per capita which, in India, has scarcely increased fourfold (from 1,000 dollars in 1980 to 3,780 currently) while in China it is now 14 times bigger (from close to 750 dollars to 10,538).

The contrast between the two countries is also evident in terms of international trade. Whereas exports of goods from China and India represented just 1% and 0.5% respectively of the world's exports in 1980, by 2014 China was exporting close to 13% of all global exports compared with 1.7% by India. By 2009 China had already become the world leader in exports, taking over from Germany, while India has been and continues to be a much more closed economy (19th in the world export ranking).

In summary, the gap separating India from China is considerable and has been widening for more than three decades, so it is not logical to assume that India can become the world's new China overnight. However, the country has huge potential for growth, especially if we take into account the reforms it is starting to implement: whether India prospers as much as its neighbour will depend on the success of those reforms.

(Source: <https://www.caixabankresearch.com/en/economics-markets/activity-growth/india-and-china-so-close-yet-so-far>)

Questions:

- i. Analyse the contrasting features of India and China in terms of their economic growth.
- ii. Examine the proposition that 'India can become the world's new China overnight'.

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