

BCM SCHOOL, BASANT AVENUE, DUGRI ROAD, LUDHIANA
XII-ECONOMICS (030)
SEPTEMBER ASSIGNMENT

Section A (MACROECONOMICS)

1.	Total stock of money in circulation among the public _____ is called as 'money supply' (a) During a period of time (b) during a calendar year (c) during a fiscal year (d) at a particular period of time.	1												
2.	If tea leaves are used in a restaurant for tea brewing and the drinkable tea is sold to the customers, then the tea leaves will be: (a) Final Goods (b) Intermediate Goods (c) Consumption Goods (d) Capital Goods	1												
3.	If GDP deflator is 150% and real GDP is Rs. 1100 the nominal GDP will be : (a) ₹ 1167 (b) ₹ 1650 (c) ₹1520 (d) ₹ 1280	1												
4.	Which of the following will be included in National Income? (a) Money receipt from sale of old car (b) Scholarships received by students (c) Remittances from Abroad (d) Free services of owner-occupied building	1												
5.	In a situation of inflation, the government should adopt: (a) Balanced Budget (b) Deficit Budget (c) Surplus Budget (d) None of these	1												
6.	Unforeseen obsolescence of fixed capital assets during production is : (a) Consumption of fixed capital (b) Capital loss (c) Revenue loss (d) None of above	1												
7.	What does the 'Bank Rate' mean? (a) Rate at which banks borrow from the RBI for short-term. (b) Rate at which banks borrow from the RBI for long-term. (c) Rate at which banks deposit excess funds with the RBI. (d) Rate at which banks lend funds to the public.													
8.	If MPC is 0.5, what will be change in consumption, if income increases by Rs. 100 crores? (a) 60 crore (b) 50 crore (c) 40 crore (d) 70 crore													
9.	Elaborate the objective of 'Reallocation of Resources' in the Government Budget.	3												
10	Given the consumption function of an Economy $C=100+ 0.75 Y$ Find Autonomous consumption and slope of consumption function? What is the level of income at Breakeven point?	3												
11.	Explain, using numerical example, how a reduction in reserve deposit ratio affects the credit creation power of banking system.	3												
12	'Real GDP does not give us a clear indication of economic welfare of a country". Explain GDP limitations in support of your answer. OR Which of the following items will be included/not included while estimating Gross Domestic Product? Give valid reasons. (i) Wages received by an Indian working in the British Embassy in India. (ii) Financial Aids received from abroad after "Fani Cyclone". (iii) Profits of Indian Airlines operating between Singapore and Japan. (iv) Compensation of employees paid by foreign company located in India.	4												
13.	How will you determine short run equilibrium output using Saving Investment approach OR Given the following data, find the missing value of 'Government Final Consumption Expenditure and Mixed Income of Self-employed'.	6												
	<table border="1"> <thead> <tr> <th>Items</th> <th>₹ (in crores)</th> </tr> </thead> <tbody> <tr> <td>National income</td> <td>71000</td> </tr> <tr> <td>Gross domestic capital formation</td> <td>10000</td> </tr> <tr> <td>Government final consumption expenditure</td> <td>?</td> </tr> <tr> <td>Mixed income of self-employed</td> <td>?</td> </tr> <tr> <td>Net factor income from abroad</td> <td>1000</td> </tr> </tbody> </table>	Items	₹ (in crores)	National income	71000	Gross domestic capital formation	10000	Government final consumption expenditure	?	Mixed income of self-employed	?	Net factor income from abroad	1000	
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	Net indirect taxes	2000	
	Profits	1200	
	Wages and salaries	15000	
	Net exports	5000	
	Private final consumption expenditure	40000	
	Consumption of fixed capital	3000	
	Operating surplus	30000	
Section B (INDIAN ECONOMIC DEVELOPMENT)			
14.	Prior to India's independence, the stagnation in the agricultural sector was mainly caused by:		
	a) investment in technology (b) investment in agriculture facilities (c) advanced infrastructural facilities (d) land settlement system		
15.	The first Industrial Policy Resolution in Independent India was introduced in the year:		
	(a) 1948	(b) 1954	(c) 1950 (d) 1956
16.	Planning that covers both the social and economic spheres of growth is called:		
	(a) Comprehensive planning	(b) Perspective planning	(c) Directive planning (d) Financial planning
17.	_____ is not a type of land reforms introduced by Government of India after Independence.		
	(a) Land ceiling	(b) Abolition of intermediaries	(c) Change in ownership of land holding (d) Use of High Yielding Variety (HYV) seeds
18.	International Bank for Reconstruction and Development is popularly known as:		
	(a) World Bank (b) Reserve Bank of India (c) International Monetary Fund (d) None of these		
19.	Ms Raman Preet has started a new business venture; she intends to spend a huge amount towards 'on-the-job training' of her workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation. Spot which of the following does not directly contributes to the process of human capital formation by Ms. Ramanpreet:		
	(a) Adds skills and expertise	(b) Ensures gender equity	(c) Improves efficiency (d) Increases output productivity
20.	The education commission (1964-66) had recommended that at least_____ of GDP be spent on education so as to make a noticeable rate of growth in educational achievements.		
	(a) 4%	(b) 5%	(c) 6% (d) 7%
21.	Distinguish between (a) Bilateral and Multilateral trade (b) Tariff and Non-tariff barriers		
22.	Discuss briefly the rationale behind 'equity with growth' as planning objective for Indian Economy.		
23.	What is GST. Discuss its aims & features.		
24.	Explain briefly any two major steps taken by government of India on 'Financial Sector' front under the Economic reforms of 1991		
25.	Read the following and answer on the basis of the same: The performance of Indian economy during the period of first seven five-year plans (1950-1990) was very impressive. On the eve of independence, India was an industrially backward country, but during this period of first seven plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to protection of the domestic industries against the foreign producers but failed to promote a strong export surplus. Although public sector expanded to a large extent but it could not bring Deng level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernization on the front of the industrial sector. Many Public Sector Undertakings (PSU's) incurred huge losses due to operational inefficiencies,		

	red-tapism, poor technology and other similar reasons. These PSUs continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources. On the Agricultural front, due to the measures taken under the Green Revolution. India more or less became self-sufficient in the production of food grains. So, the needs for reform of economic policy as widely felt in the context of changing global economic scenario to achieve desired growth in the country.	
32.	Define human capital formation. What are the sources of human capital formation. OR Explain the good and bad effects of New Economic Reforms	6