

# Pratap Public School, Karnal

Pre-Board Examination - 2021-2022

Class - XII

Subject - Economics

Time : 2 Hours

M.M :40

Name ..... Roll No. .... Section .....

## GENERAL INSTRUCTIONS

- This is a Subjective Question Paper containing 13 questions.
- This paper contains 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
- 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words each.
- 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words each.
- 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words each.
- The question paper contains case/source based questions.
- The above mentioned word-limit is not applicable to numerical questions.

1. Distinguish between Capital Goods and Producer Goods. 2

OR

Distinguish between positive externalities and negative externalities.

2. Calculate equilibrium level of income for a hypothetical economy, for which it is given that:
- a) Autonomous Investments = ₹ 100 crores, and 2
- b) Consumption function,  $C = 10 + 0.70Y$

OR

Calculate Change in Income ( $\Delta Y$ ) for a hypothetical economy. Given that:

- a) Marginal Propensity to Consume (MPS) = 0.8, and
- b) Change in Investment ( $\Delta I$ ) = ₹ 1,000 crores
3. Explain the behaviour of aggregate supply curve. 2
4. How to achieve 'Health for all' target?

OR

Compare and analyse the 'Women Worker Population Ratio' in Rural and Urban areas based on following information:

**Worker-Population Ratio in India,  
2017-2018**

Sex	Workers-Population Ratio		
	Total	Rural	Urban
Men	52.1	51.7	52.0
Women	16.5	17.5	14.2
Total	34.7	35.0	33.9

5. Explain how the opportunity costs of negative environment impacts are high. (2)
6. Giving valid reasons explain which of the following will not be included in estimation of National Income of India? (3)
- Purchase of shares of X. Ltd. by an investor in the National Stock Exchange.
  - Rent free house to an employee by an employer.
  - Profit earned by branches of foreign bank in India.

OR

Only one product X is produced in the company. Its output during the year 2012 and 2013 was 100 and 110 units respectively. The market price of the product during the year was ₹ 50 and ₹ 55 crores per unit respectively.

Calculate the percentage change in real GDP and nominal GDP in year 2013 using 2012 as base year. (3)

7. Study the following information and compare the Economies of India and Singapore on the grounds of ' Investment in infrastructure as percentage of GDP' (3)

**Some Infrastructure in India and other Countries, 2018**

Country	Investment* in Infrastructure as a % GDP	Percentage of people using safely managed		Mobile Subscribers/100 People	Consumption of energy per tonnes of oil equivalent
		Drinking Water Sources	Sanitation Services		
China	44	96	72	115	3274
Hong Kong	22	100	92	259	31
India	30	94	40	87	309
South Korea	31	98	100	130	301
Pakistan	16	35	64	73	85
Singapore	28	100	100	146	88
Indonesia	34	87	61	120	186

Sources: World Development Indicators 2019, World Bank website: [www.worldbank.org](http://www.worldbank.org), BP Statistical Review of World Energy 2019, 69th Edition.

Note: (\*) refers to Gross Capital Formation.

Read the following text carefully and answer question number 8 and 9 given below:

## SINO-PAK FRIENDSHIP CORRIDOR

**The China-Pakistan Economic Corridor (CPEC)** has deepened the decades-long strategic relationship between the two nations. But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its debt-trap diplomacy to gain access to strategic assets of Pakistan.

The foundations of CPEC, part of China's Belt and Road Initiative, were laid in May 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan's economy.

Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC's early harvest projects met this need, leading to a dramatic increase in Pakistan's power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralyzed its country's economy. Years later, China's influence in Pakistan has increased at an unimaginable pace.

**China As Pakistan's Largest Bilateral Creditor:** China's ability to exert influence on Pakistan's economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad's largest creditor. According to documents released by Pakistan's finance ministry, Pakistan's total public and publicly guaranteed external debt stood at \$44.35 billion in June 2013, just 9.3 percent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 percent --\$24.7 billion — of its total external debt to China, according to the International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding north-south connectivity to improve the efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (POK). These investments were critical in better integrating the country's ports, especially Karachi, with urban centres in Punjab and Khyber Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the long term socioeconomic welfare of Pakistani citizens.

*(<https://www.usip.org/publications/2021/05/pakistans-growing-problem-its-china-economic-corridor> - Modified)*

8. Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan. (3)
9. Analyse the implication of bilateral 'debt-trap' situation of Pakistan vis-à-vis the Chinese Economy. (3)

10. What is meant by circular flow of income? Distinguish between money flow and real flow. (3)
11. "Monetary measures offer a valid solution to the problem of Inflationary gap in an economy". State and discuss any two monetary measures to justify the given statement. (5)
12. a) From the following data calculate the value of Domestic Income: (3)  
b) Distinguish between 'Value of Output and Value Added'. (2)

S.No.	ITEMS	Amount (in ₹ Crores)
i)	Emoluments of Employees	2,000
ii)	Rent	450
iii)	Net Indirect Taxes	250
iv)	Corporate Tax	460
v)	Consumption of Fixed Capital	100
vi)	Employers contribution to social security scheme	200
vii)	Dividend	140
viii)	Undistributed Profits	200
ix)	Net Factor Income to Abroad	150
x)	Mixed Income of Self Employed	1500
xi)	Interest	500
xii)	Royalty	250

OR

- a) Given the following data, find Net Value Added at Factor Cost by Sambhav (a farmer) producing Wheat: (3)

	Item	(₹ in crore)
i	Sale of wheat by the farmer in the local market	6800
ii	Purchase of Tractor	5000
iii	Procurement of wheat by the Government from the farmer	200
iv	Consumption of wheat by the farming family during the Year	50
v	Expenditure on the maintenance of existing capital stock	100
vi	Subsidy	20

- b) Differentiate between net exports and net factor income from abroad.
13. a) 'Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities.' In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides. (2)
- b) 'In recent times the Indian Economy has experienced the problem of Casualization of the workforce. This problem has only been aggravated by the outbreak of COVID-19. Do you agree with the given statement? Discuss any two disadvantages of casualization of the workforce in the light of the above statement. (3)