D A V KAPILDEV PUBLIC SCHOOL, KADRU, RANCHI
CHAPTERWISE
Sample paper (2024-25)

F.M. - 80
TIME: 3 HRS

CLASS – XII
SUB: ECONOMICS

INSTRUCTIONS:

1. All questions in both sections are compulsory. (N.A)
2. Marks for questions are indicated against each question.
3. Question no. 1-20 are very short answer question carrying 1 mark each. They are required to be answered in one sentence.
4. Question no. 21-24 are short answer question carrying 3 marks each. Answer to them should not normally exceed 60 words.
5. Question no. 25-30 are also short answer questions carrying 4 marks each. Answer to them should not normally exceed 80 words.
6. Question no. 31-34 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.

TOPIC - -MACROECONOMICS
CHAPTER- 1. NATIONAL INCOME ACCOUNTING

Q1.Own account production of services is not included in national income because
(a) Services are different from goods
(b) services are not productive.
(c) it is difficult to measure market value of such services
(d) none of these

Q2. Difference between closing stock and opening stock during an accounting year is known as
(a) increase in stock   (b) change in stock   (c) decrease in stock   (d) none of these

Q3. Compensation of employees includes
(a) Wages and salaries in cash   (b) pension on retirement
(c) Wages and salaries in kind   (d) none of these

Q4 Which of the following is not included in inventory investment?
(a) Change in stock of finished goods   (b) Change in stock of semi-finished goods
(c) Change in stock of raw material   (d) Change in sales during the year

Case-based Questions

Read the following passage and answer the question no.5-8.

The current Covid-19 crisis may lead to a decline of 5.4 percent in the per capita income (PCI) Indians in FY21 to Rs.143 lakh higher than the nominal GDP decline of3.8 percent, a report by the economics arm of top lender State Bank of India. Breaking it down to the state, there was stark difference in the decline between states, with a total of 8 States and Union territories (UT) which constitute as much as 47 per cent of India's GDP, expected to witness a decline in PCI in double digits in FY21. "Our estimates suggest that rich states (States whose per capita income is greater that all India average) will be most affected in per capita income terms" the report said.   (Indian Express 21 June,2021.)

Q5. Base year for estimating GDP has now been changed to:
(a) 2004-05   (b) 2011-12   (c) 2018-19   (d) None of these.

Q6. Which of the following makes GDP an inappropriate index of welfare?
(a) Distribution of GDP   (b) Externalities   (c) Composition of GDP   (d) All of these

Q7. ....is known as nominal GDP.
(a) GDP at Current Prices   (b) GOP at Constant Prices
(c) GDP at Factor Prices   (d) None of these

Q8 GDP (Gross Domestic Product) - Depreciation

(a) GNP   (b) NDP   (c) NNP   (d) None of these

Assertion and Reason

In the following questions (9--12), a statement of Assertion (A) is followed by a statement of Reason (R) Choose the correct alternative among those given below

Alternatives

(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion.

(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion.

(c) Assertion (A) is true but Reason (R) is false.

(d) Assertion (A) is false but Reason (R) is true.

Q9. Assertion (A): Services rendered by the housewives are not included in national income

Reason (R): It is difficult to find their market value, and these are not rendered for the purpose of earning income

Q10.Assertion (A): Payment of corporate tax by a firm is not included in the estimation income

Reason (R): Corporate tax is a transfer payment by the firm.

Q11. Assertion (A): Exports are included in the estimation of GDP

Reason (R): Scholarships granted to the students are included in the estimation of GDP.

Q12. Assertion (A): Leisure-time activity does not contribute to GDP.

Reason (R): It does not involve rendering of any factor service

Q13. Which of the following is not a transfer payment?

(a) Interest on national debt   (b) Old age pensions   (c) Retirement pensions   (d) Donations

Q14. Read the following statements carefully and choose the correct alternative among those given below:

Statement 1: Both value added and value of output are identical concepts

Statement 2: Sum of value added is equal to sum of factor incomes

Alternatives

(a) Both the statements are true

(b) Both the statements are false

(c) Statement 1 is true and Statement 2 is false

(d) Statement 2 is true and Statement 1 is false

Q16. Identify the correct formula to calculate NDP

(Choose the correct alternative)

(a) Compensation of employees Operating surplus Net indirect tax

(b) Compensation of employees- Maxed income of self-employed - Depreciation Net indirect tax

(c) Compensation of employees Operating surplus Mixed income of self employed. Net indirect tax

(d) Compensation of employees. Operating surplus Mixed income of self-employed. Depreciation - NIT.

Q16. Capital goods are those goods

(a) Which are used in the production process for several years?

(b) Which are used in the production process for few years?

(c) Which involve depreciation losses?

(d) Both (a) and (b)

Q17. Which of the following leads to depreciation?

(a) Normal wear and tear   (b) Damages due to floods

(c) Damages due to market-crash   (d) none of these

Q18. 'Income of the family' is the example of which variable?

(a) Stock   (b) Flow   (c) Both stock and flow   (d) Neither stock nor flow

Q19. Which one of the following is a flow variable?

(a) Consumption   (b) Wealth   c) Quantity of money   (d) None of these

Q20. GNP at Market Price is measured as:

(a) GDP at Market Price – Depreciation;   (b) GDP at Market Price + Net Factor Income from Abroad

(c) GDP at Market Price + Subsidies;   (d) NDP at Factor Cost + Net Factor Income from Abroad

Q21. Differentiate between Real & Nominal GDP.

Q22. Which one is a better indicator of economic growth & why?

OR

What is meant by economic welfare? What is its indicator?

Q23. Differentiate between stock & flow.

Q24. Define the term Net Factor Income from Abroad & explain its components.

OR

Define the following Concepts of Value of Output.

a. Intermediate Cost / Consumption   b. Final sales   c. Change in Stock

Q25. How will you treat the following in the calculation of gross domestic product of India? Give reasons for your answers.

(i) Profit earned by a branch of foreign Bank in India.

(ii) Salaries of Indian employees working in embassy of Japan in India

(iii) Salaries of residents of Japan working in Indian embassy of Japan

(iv) Profits earned by a company in India, which is owned by a non-resident?

Q26. Explain the limitations of Per Capita Real GDP as Indicator of Economic Welfare.

OR

Explain the problem of double counting in the estimation of national income with the help of an example. State two methods of avoiding it.

Q27. How are the following treated while estimating private final consumption Expenditure? Give reasons for your answer.

1. Exports;

2. Direct purchases made abroad by resident household;

3. Final consumption expenditure of non-profit institutions serving households;

4. Change in stocks.

Q28. State whether the following statements are TRUE or FALSE along with reasons.

1. Nominal GDP can never be less than real GDP.

2. Good produced for self-consumption will be included in national income.

3. Gross domestic capital formation is always greater than gross fixed capital formation.

4. Productions of services for self-consumption are not included in national income.

Q29. What does GDP deflator show? How is it estimated?

Q30. Define the term double counting with the help of an example.

OR

From the information given below, calculate:

1. Value added by firm A and firm B   2. GDP$_{MP}$ 3. NVA$_{FC}$

Particulars	Amount in crores
i. Sales by firm B to general government	100
ii. Sales by firm A	500
iii. Sales by firm B to households	350
iv. Change in stock of firm A	20
v. Closing stock of firm B	40
vi. Opening stock of firm B	30
vii. Purchases by firm A	320
viii. Indirect Taxes paid by both the firms	75
ix. Consumption of fixed capital	120

x. Sales by firm A to B   200

Q31. Explain the value Added Methods of measuring NI. Also state their precautions.

OR

What are the precautions to be taken while calculating national income through income method?

Q32: Calculate National Income by Income and Expenditure method.

Particulars	Amount in crores
i. Final Consumption Expenditure	
Private Sector	350
Government Sector	100
ii. Mixed income of self-employed	35
iii. Gross domestic fixed capital formation	70
iv. Opening stock	15
v. Compensation of employees	250
vi. Closing stock	25
vii. Imports	20
viii. Rent	75
ix. Consumption of fixed capital	10
x. Net indirect taxes	5
xi. Interest	25
xii. Net factor income from abroad	-5
xiii. Exports	10
xiv. Profit	100

Q33. From the following data, calculate (a) Gross Domestic Product at Factor Cost and (b) Factor Income to Abroad:

Particulars	Amount in crores
i. Compensation of employees	800
ii. Profits	200
iii. Dividends	50
iv. Gross national product at market price	1,400
v. Rent	150
vi. Interest	100
vii. Gross domestic capital formation	300
viii. Net fixed capital formation	200
ix. Change in stock	50
x. Factor income from abroad	60
xi. Net indirect taxes	120

OR

Explain the main steps involved in the expenditure method of estimating national income.

Q34. Whether the following items will be included in National Income? Give reasons for your answer.

1. Payment of electricity bill by a factory.
2. Dividend on shares.
3. Bus fare of a passenger.
4. Rent earned by Reliance from its building in USA.
5. Expenses of foreign visitors in India.
6. Gifts to a trust from Japan.

OR

Explain any four limitations of using GDP as a measure/index of welfare of a country.