

**DELHI PUBLIC SCHOOL, JAMMU**  
**Sample questions for Term Exam (2019-20)**  
**(as per the pattern of CBSE sample paper)**

**ECONOMICS(030)**  
**CLASS -XII**

**1 Marks questions:**

1. Which of the following affect National income?
  - a) Goods and services tax.
  - b) Corporation tax
  - c) Subsidies
  - d) None of the above.
2. What is a fixed exchange rate?
3. On the eve of Independence India inherited an economy which was
  - a) Poor and backward
  - b) Modern
  - c) Self reliant
  - d) Capitalist
4. In situation of Inflationary gap, central Bank reduces CRR. Comment whether the statement is true or false.
5. If the ratio between MPC AND MPS is given 5:3 then the value of multiplier would be.....

**3 Marks questions:**

6. Explain the effect of depreciation of domestic currency on exports.
7. How can budgetary policy be used to reduce inequalities of income?
8. Discuss the role of human capital formation in economic growth .(3 points)
9. What are the emerging challenges in the power sector?
10. Discuss institutional and non institutional sources of rural credit.

**4 Marks questions:**

11. `GDP as an index of welfare may understate or overstate welfare.` Explain the statement using examples of a positive and a negative externality
12. Define Balance of Payments. Discuss briefly the components of current account.
13. Explain the process of money creation by commercial banks.
14. Explain how do open market operations by the Central bank affect money creation by Commercial banks.
15. An economy is in equilibrium. From the following data calculate investment expenditure and consumption expenditure.
  - a)Income=5,000
  - b)Marginal propensity to consume=0.4
  - c) Autonomous consumption=500

**6 Marks questions:**

16. Discuss how the central bank plays the role of `controller of credit` in an economy
17. . What is the range of values of investment multiplier? Clarify the relation of investment multiplier with marginal propensity to consume (MPC) and with marginal propensity to save (MPS).
18. a) “Fiscal deficit is necessarily inflationary in nature”. Do you agree? Support your answer with valid reasons. b) Elaborate ‘Economic Growth’ as an objective of government budget.
- 19.** What is organic farming? Give three advantages and three limitations of organic farming.
20. Define sustainable development. Discuss any five steps to achieve sustainable development.