## Second Unit Test in ECONOMICS

Std. 12
Time: $11 / 2 h r$.
01-12-2015
M. Marks: 50

Note: 1. Question nos: 1-5 are of 1 mark each. Write the correct option of the MCQs on your answer sheet.
2. Question nos: 6-8 are of 3 marks each.
3. Question nos: 9-11 are of 4 marks each.
4. Question nos: 12-15 are of 6 marks each.

1. If Compensation of employees makes $45 \%$ of net value added at factor cost, what is the percentage of operating surplus if there are no self employed ?
2. Which of the following is an intermediate good?
a) Medicines bought by a household.
b) Mobile phone bought by dealer for re-sale.
c) Car bought by a taxi driver.
d) Sugar bought by a household.
3. Which function of money is also known as 'measure of value'?
a) Medium of exchange.
b) Store of value.
c) Unit of account.
d) Standard of deferred payments.
4. Grants received from abroad are a part of
a) Revenue receipts.
b) Capital receipts.
c) Revenue expenditures.
d) Capital expenditures.
5. In the BOP account, a decrease in foreign exchange reserves by the central bank is recorded on
a) Debit side of current account.
b) Credit side of capital account.
c) Credit side of current account.
d) Debit side of capital account.
6. In India there is a considerable degree of inequality in the distribution of income and wealth. How can the government's budget be used to resolve this issue?
7. Describe the 'government's bank' function of the central bank.
8. The Delhi government is currently taking several measures to reduce vehicular pollution caused by commercial vehicles entering Delhi. What do you think will be the impact on the welfare of society. Will the GDP reflect this impact?
9. Calculate National Income:

| Particulars | Rs in Crores |
| :--- | :---: |
| 1. Mixed income of self employed | 200 |
| 2. Old age pension | 30 |
| 3. Corporate tax | 10 |
| 4. Wages and salaries | 500 |
| 5. Operating surplus | 900 |
| 6. Profits | 400 |
| 7. Employer's contribution to social security <br> schemes | 50 |
| 8. Net factor income paid abroad | 10 |
| 9. Net indirect tax | 50 |
| 10. Consumption of fixed capital | 50 |

10. 'The central bank issues currency but the commercial banks play a major role in expansion of money supply. 'Explain with a numerical example.
11. Identify revenue and capital receipts of the government. Give reasons.
a) Dividends received by government.
b) Loans taken by the government.
c) Value added tax.
d) Interest received by the government.
12. a) What is Underemployment equilibrium? Explain using diagram.
b) Discuss the use of open market operations by the central bank to control availability of credit in the economy.
13. a) Using two examples explain why a decrease in foreign exchange rate leads to an increase in the demand for foreign currency.
b) A severe BOP deficit threatens to downgrade the economy in the world community. Which items of BOP could be responsible for this situation? How can the government use BOP components to resolve the issue?
14. Using diagram explain the Savings and Investment approach of determination of equilibrium level of national income.
15. Calculate NDP at factor cost and Gross national disposable Income:

| Items | Rs. in Crores |  |
| :---: | :--- | :---: |
| 1. | National debt interest | 60 |
| 2. | Private final consumption expenditure | 800 |
| 3. | Net current transfers to abroad | 20 |
| 4. | Government final consumption expenditure | 300 |
| 5. | Transfer payments by the government | 70 |
| 6. | Gross domestic fixed capital formation | 200 |
| 7. | Net imports | 400 |
| 8. | Net addition to stocks | 100 |
| 9. | Net factor income paid to abroad | 50 |
| 10. | Sales tax | 30 |
| 11. | Consumption of fixed capital | 50 |
| 12. | Economic subsidy | 10 |

