

ECONOMICS
BOARD EXAMINATION
Sample Paper

CLASS XII
TIME: 3 HOURS

M.M. – 80

GENERAL INSTRUCTIONS:

- I. This question paper contains two sections:

Section A – Macro Economics
Section B – Indian Economic Development
- II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.
- III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60-80 words.
- IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80-100 words.
- V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100-150 words.

| Q.NO. | SECTION A – MACRO ECONOMICS | MARKS |
|-------|--|-------|
| 1. | Using the following values find the missing value- Total deposits- Rs. 60,000 Money Multiplier = 5 Initial deposits = ? Required reserves = ? | 1 |
| 2. | “Indian rupee rallies to two-month high on likely dollar inflows”? What could be the potential impact of the Indian rupee appreciating against the US dollar, as mentioned in the headline? A. Increase in export competitiveness for Indian goods. B. Decrease in the cost of import C. Higher inflation rates in India D. Decrease in foreign investment in India | 1 |
| 3. | The govt. can achieve its budget objective of redistribution of income by..... A- Managing the general price level in the economy to the desired level. B- Increasing the gross domestic products of the economy. C- Bringing the production of goods and services under its direct and absolute control. D- Rationalization of taxes in pro-poor direction. | 1 |
| 4. | Which of the following statement is incorrect in context of BOP? A. In balance of payment, repayment of loans by Indian govt.to Russian govt. will be indicated as debit item. B. Remittance received from abroad will be recorded as credit item of BOP C. Deficit in balance of trade will lead to deficit in BOP D. Foreign investments are recorded in capital account of BOP | 1 |
| 5. | The value of marginal propensity to consume varies fromto A- Negative infinity, positive infinity B- One, positive infinity C- Negative infinity, one D- Zero, one | 1 |
| 6. | The govt of a developing country is implementing a major infrastructure project to improve transportation networks across the country. The project involves the construction of new highways, bridges and public transportation systems to enhance connectivity and facilitate economic growth. Which type of economic expenditure is focused for economic growth? A. Revenue B. Capital C. Financial D. Economical | 1 |

| | | | | | | | | | | | | | | | | | |
|------|--|-------------|--|----|-----|---------------|----|------|-------|----|-----|---------------------|----|----|---------------------|---|---|
| 7. | <p>Read the following statements carefully:</p> <p>Statement 1: Real and money flows are the essence of modern economic activity.</p> <p>Statement 2: Factor services flow from household to producers without which production activity is not possible. Likewise factor incomes flow from producers to the households without which consumption activity is not possible.</p> <p>In light of the given statements, choose the correct option from the following:</p> <p>A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.</p> | 1 | | | | | | | | | | | | | | | |
| 8. | <p>If marginal propensity to save is .25 and initial change in investment is Rs. 250 crore, then the final change in income would be</p> <p>A. Rs. 1000 crores B. Rs. 1200 crores C. Rs. 500 crores D. Rs. 3500 crores</p> | 1 | | | | | | | | | | | | | | | |
| 9. | <p>Which items in balance of payments are also called 'above the line items'?</p> <p>A- Autonomous items B- Accommodating items C- Visible items D- Invisible items</p> | 1 | | | | | | | | | | | | | | | |
| 10. | <p>Suppose the price of one UK pound has increased from Rs 70 to Rs 80, owing to market forces. This means that value of Indian currency has.....</p> <p>A. Appreciated B. Depreciated C. Revalued D. Devalued</p> | 1 | | | | | | | | | | | | | | | |
| 11. | <p>On the basis of the given data, estimate the value added at market price from the following data-</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">i)</td> <td style="width: 75%;">Fixed capital good with a life span of 5 years</td> <td style="width: 20%; text-align: right;">30</td> </tr> <tr> <td>ii)</td> <td>Raw materials</td> <td style="text-align: right;">12</td> </tr> <tr> <td>iii)</td> <td>Sales</td> <td style="text-align: right;">50</td> </tr> <tr> <td>iv)</td> <td>Net change in stock</td> <td style="text-align: right;">-4</td> </tr> <tr> <td>v)</td> <td>Taxes on production</td> <td style="text-align: right;">2</td> </tr> </table> | i) | Fixed capital good with a life span of 5 years | 30 | ii) | Raw materials | 12 | iii) | Sales | 50 | iv) | Net change in stock | -4 | v) | Taxes on production | 2 | 3 |
| i) | Fixed capital good with a life span of 5 years | 30 | | | | | | | | | | | | | | | |
| ii) | Raw materials | 12 | | | | | | | | | | | | | | | |
| iii) | Sales | 50 | | | | | | | | | | | | | | | |
| iv) | Net change in stock | -4 | | | | | | | | | | | | | | | |
| v) | Taxes on production | 2 | | | | | | | | | | | | | | | |
| 12. | <p>"Inflation in the country X is higher than inflation in country Y and the exchange rate between the two countries is fixed". What is likely to happen to the trade balance between the two countries.</p> <p style="text-align: center;">OR</p> <p>"Taxation is an effective tool to reduce the inequalities of income". Justify the given statement with valid reasons.</p> | 3 | | | | | | | | | | | | | | | |
| 13. | <p>(I) Define depreciation of domestic currency. Explain its impact on imports and exports.</p> <p>(II) State the meaning of 'Balance of Payments Deficit'.</p> | 3 1 | | | | | | | | | | | | | | | |
| 14. | <p>In an economy, the equilibrium level of income is Rs. 12,000 crores. The ratio of marginal propensity to consume and marginal propensity to save is 3:1. Calculate the additional investment needed to reach new equilibrium level of income of Rs. 20,000 crores.</p> <p style="text-align: center;">OR</p> <p>For two hypothetical economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.6 and 0.8 respectively. Assuming for both the economies, Autonomous Consumption (c) to be ₹ 40 crore and Investment Expenditure (I) to be ₹ 100 crore.</p> <p>Calculate:</p> <p>(I) Break-even level of income for Economy A (II) Equilibrium level of income for Economy B</p> | 4 2 2 | | | | | | | | | | | | | | | |

| | | |
|--------|---|------------------|
| 15. | <p>Read the following text carefully: “Union Finance Minister stated, that investments in infrastructure and productive capacity have a large multiplier impact on growth and employment and in view of this, capital investment outlay is being proposed to increase steeply in the Budget 2023-24 by 1,000 crore.”</p> <p>Based on the given text and common understanding, explain the working process of the increase in investment on the National Income, assuming the Marginal Propensity to Save (MPS) as 20%.</p> | 4 |
| 16. A) | “How does the reserve bank of India influences money supply through open market operation and margin requirement. Discuss. | 3 |
| B) | <p>Explain the potential consequences of a persistent fiscal deficit on a country’s economy in simple terms.</p> <p>How might it affect future generations, the govt. ability to provide essential services and overall economic stability.</p> | 3 |
| 17. | <p>(I) “Disposition Phase of circular flow of income involves flow of factor income, which comprises of rent, wages, interest and profits from firms to households”. Defend or refute the statement, giving valid reasons in support of your answer.</p> <p>(II) “The public investment on the construction of a multi-lane flyover mayreduce traffic congestion.”</p> <p>On the basis of the above statement, discuss its likely impact on Gross Domestic Product (GDP) and welfare in an economy.</p> <p style="text-align: center;">OR</p> <p>(I) “Basis of classification of final goods into consumption and capital goodsdepend on the economic nature of its use.” Defend or refute the statement, with the help of a suitable example.</p> <p>(II) ‘Natural calamities in the hill states of India have led to massive destruction of capital assets. Identify the type of loss (depreciation or capital loss) indicated in the aforesaid Statement. Give valid reasons in support of your answer</p> | 3 3 4 2 |

Section – B – INDIAN ECONOMIC DEVELOPMENT

| | | |
|-----|--|---|
| 18. | <p>Mini -hydel plants are good for the environment because-</p> <p>i- They generate electricity ii- They do not change the land use pattern iii- They rely on the perennial streams</p> <p>Code-</p> <p>A- I, ii , iii B- I , iii C- Only i D- I and ii</p> | 1 |
| 19. | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Statement-1: Central Pollution Control Board (CPCB) was set up in 1978. Statement-2 : The CPCB has identified 20 categories of environmental polluting industries.</p> <p>In light of the given statements, choose the correct option from the following:</p> <p>A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.</p> | 1 |
| 20. | <p>Identify, which of the following are associated with the problem of human capital formation in India.</p> <p>i- Brain drain ii- Low academic standard iii- Rising population iv- Changes in social outlook</p> <p>Code-</p> <p>A) I and ii B) ii and iii C) i , ii and iii D) i and iv</p> | 1 |

| | | |
|-----|--|--------|
| 21. | Identify, which of the following alternative is not associated with goals of economic planning in India- A) Ensuring equitable standard of living. B) Technological advancement. C) Increase in economic growth. D) Promoting imports of luxury goods. | 1 |
| 22. | Ramu is a farmer having a small land for farming in a small village located in Tamil Nadu. He was taking to his friend Shamu about his need of credit. He would not be requiring credit for- A) Buying land or tractor B) Buying the inputs like seeds, fertilizers, tools etc. C) Beyond agricultural needs, he might face problems in meeting his personal expenses like marriage, death, religious ceremonies etc. D) Performing small business activities like carpentry, handicrafts etc. | 1 |
| 23. | Which of the following statements is not correct in context of outsourcing? (Choose the correct option) A. India is considered to be hub for outsourcing destination. B. Developed countries outsource to India due to presence of cheap and skilled labour . C. Developing countries are benefited from outsourcing. D. Government of developed countries also feel benefitted from outsourcing. | 1 |
| 24. | Arrange the following events in chronological order and choose the correct alternative- A. Establishment of People's Republic of China B. Creation of Pakistan C. First Five- Year Plan of India D. First five-year plan of China | 1 |
| 25. | Identify the incorrect statement – A) Land degradation is solely caused by natural factors such as erosion and weathering B) Land degradation leads to reduced agricultural productivity and loss of biodiversity C) Overgrazing, deforestation and urbanization the human activities that contribute to land degradation. D) Land degradation has no impact on water quality or availability. | 1 |
| 26. | Which of the following is the causes for unemployment? i- Technological advancements ii- Structural change iii- Immigration iv- High wages Code- A) Both i and iii B) Both iii and iv C) Both i and ii D) All the above | 1 |
| 27. | Identify, which of the following is not a step taken by a government to improve rural marketing- A) Maintenance of buffer stocks B) Regulation of markets to create transparent marketing conditions C) Promotion of cooperating marketing D) Promoting trade by big rural merchants. | 1 |
| 28. | Globalization of the economy has helped the farmers marketing their produce and has helped in raising their standard of living. Discuss giving suitable example. OR 'Globalization is an essential outcome of liberalization of an economy'. Justify the given statement with a valid explanation. | 3 3 |
| 29. | "Population explosion and the advent of industrial revolution have resulted in environmental crisis". Do you agree with the given statement? Give valid reasons in support of your answer. | 3 |

| | | |
|--------|--|----------------------|
| 30. | Compare demographic and growth indicator in relation to China and India. Give table for it. | 4 |
| 31. | <p>“The mechanism of agricultural marketing faces several obstacles that hinders its efficient functioning and pose challenges to farmers and agricultural sector as a whole.” Discuss those challenges.</p> <p style="text-align: center;">OR</p> <p>National Education Policy, 2020 of India stresses a lot on in-service teachers training”. In the light of the given statement, state and explain any two advantages of such on-the job trainings in upliftment of education sector of any nation.</p> | 4 4 |
| 32. | <p>(I) Define Labour force and workforce.</p> <p>II) Farm subsidy put a huge burden on the government finance, but are necessary for the poor and marginal farmers”. Justify the given statement.</p> | 1 3 |
| 33. A) | When conventional agriculture relies heavily on chemical fertilizers and toxic pesticides, etc which is not good for health and organic farming is so eco-friendly and essential for sustainable development, then why govt. cannot take up the organic farming completely. | 3 |
| B) | <p>State with valid reasons whether the following statement are true or false-</p> <p>(i) Rising population is not the cause for quality of human capital formation.</p> <p>(ii) Higher productivity and production are the outcome of investment in human resources.</p> | 3 |
| 34. | <p>(I) Explain Fiscal reform and financial reforms which under took during implementation of new economic policy.</p> <p>(II) Explain any two advantages of inward-looking strategy under trade policy in India.</p> <p style="text-align: center;">OR</p> <p>(I) The -independent India’s occupational structure experienced growing regional variation.” Justify the given statement with valid arguments.</p> <p>(II) Explain any two-planning objective of India's development strategy during the planning period.</p> | 4 2 3 3 |

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SECTION-A
MACRO

Q1. Read the following statements: Assertion(A) and Reason(R). Choose the correct option given below: (1)

Assertion(A) - Before break-even point, APC is greater than I_p .

Reason(R) - At initial level, consumption is greater than income.

Options:-

- A. Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of Assertion(A)
- B. Both Assertion(A) and Reason(R) are true, but Reason(R) is not the correct explanation of Assertion(A)
- C. Assertion(A) is true, but Reason(R) is false
- D. Assertion(A) is false, but Reason(R) is True.

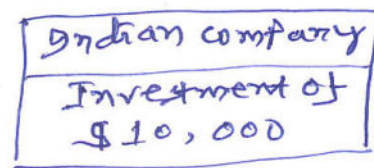
P. T. O.

Q2. ⁽²⁾ The cabinet led by Prime Minister has decided that the central government will provide free food grains to the poor people under PMKAY scheme for a period of 5 years with effect from 1st January 2024.

Based on the above statement, identify the budgetary objective the government is trying to achieve. [1]

- A. Reallocation of Resources B. Economic stability
C. Redistribution of Income D. Economic Growth.

Q3. Observe the given figure carefully and choose the correct pair from the alternatives given below



- a) Flow, Stock b) Stock, Flow
c) Flow, Flow d) Stock, Stock

Q4. " covid: countries send aid to ease India's oxygen emergency."

On which account and which side of the Balance of payments does this transaction appear? [1]

- a) current Account, credit side b) current Account, Debit side
c) capital Account, credit side d) capital Account, Debit side

Q5. Value of Marginal Propensity to consume (MPC) varies from _____ to _____. [1]

- a) Negative infinity, Positive infinity b) zero, one
c) one, Positive infinity d) Negative infinity, one.

(3)

Q6. _____ refers to a situation where all those who are able to work and are willing to work, are getting work. [1]

- a) Underemployment b) Partial employment
c) Full employment d) Voluntary employment.

Q7. Two friends Ram and Shyam were discussing the exchange rate systems.

"Under this system, the exchange rates are determined by the market forces of demand & supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range."

The above statement reflects which type of exchange rate. (1)

- a) Fixed exchange rate b) Floating exchange rate
c) Managed exchange rate d) Managed floating exchange rate

Q8. As per the data presented in the Union Budget 2023-24, the total receipts of the govt other than borrowings and the total expenditure are estimated at ₹ 27.2 lakh crore and ₹ 45 lakh crore. The value of the _____ deficit would be ₹ 45 lakh crore.

- a) Revenue b) Fiscal c) Budgetary d) Primary

Q9. Statement I - Present currency can work as money as it is a legal tender. [1]

Statement II - The central bank deals directly with the general public.

- a) Statement I is true and statement II is false
b) Statement I is false and statement II is true
c) Both the statements are true
d) Both the statements are false.

D - -

(4)

Q10. Identify which of the following is not an example of tax revenue for the government? (1)

- a) wealth Tax
- b) special Assessment
- c) Income Tax
- d) corporate Tax.

or

Find the missing figures and choose the correct alternative (1)

| <u>Consumption (c)</u> | <u>Saving (s)</u> | <u>Aggregate Supply</u> |
|------------------------|-------------------|-------------------------|
| 80 | - 80 | 0 |
| 240 | - i - | 200 |
| - ii - | 0 | 400 |
| 560 | 40 | - iii - |
| - iv - | 80 | 800 |

Q11. Given the following data, find the missing value of government final consumption expenditure and operating surplus. [3]

| <u>Items</u> | <u>£ (in crores)</u> |
|---------------------------------------|----------------------|
| National Income | 50,000 |
| Net Indirect Taxes | 1,000 |
| Private Final consumption expenditure | 12,500 |
| Gross Domestic capital Formation | 17,000 |
| Profits | 1,000 |
| Govt. Final consumption Expenditure | ? |
| Wages & salaries | 20,000 |
| consumption of fixed capital | 700 |
| Mixed Income | 13,000 |
| operating surplus | ? |
| Net Factor Income from Abroad | 500 |
| Net exports | 2,000 |

(5)

Q12. Classify the following statements as revenue receipts or capital receipts with reasons. [3]

i) Financial help from a multinational corporation for victims in a flood affected area.

ii) Sale of shares of a public sector undertaking to a private sector company.

iii) Dividends paid to the government by State Bank of India.

Q13. (i) "Foreign investments in India have a significant impact on the exchange rate."

Explain the effects of foreign investment on the exchange rate. (3)

ii) State the meaning of Accommodating items of balance of payments. (1)

Q14. "Saving curve can be derived from the consumption curve". Justify the statement, citing valid steps with the help of a well-labelled diagram. [4]

or

i) An economy is in equilibrium. Find autonomous consumption from the following:-

$$\begin{aligned} \text{National Income} &= ₹1000, \text{ MPC} = 0.8 \\ \text{Investment Expenditure} &= ₹100 \end{aligned} \quad (2)$$

ii) If the National Income increases to ₹1,100, what will be the new level of consumption, given that $\text{MPC} = 0.8$? (2)

P.T.O.

(6)

Q15. ~~Keep~~ How an economy restores its equilibrium in following situations? [4]

- i) Aggregate supply is less than aggregate demand
- ii) Ex-ante savings are more than ex-ante investment.

or

"India faces economic slowdown as consumer spending and business investments plummet, unemployment rates soar."

Explain two monetary measures and two fiscal measures to control the situation.

Q16 i) "Currency is issued by the central bank, yet we say that commercial banks create money. Explain. How is this money creation by commercial banks likely to affect the National Income? Explain. (4)

ii) Explain lender of last resort function of central bank. (2)

Q17 i) GDP was not designed to assess welfare of citizens. It was designed to measure production capacity and economic growth. Yet policy makers and economists often ~~to~~ treat GDP as an index of nation's development and social well-being.

On the light of the given statement, give reasons why GDP cannot be considered as an appropriate index of welfare? (3)

ii) How the followings are treated in national income? state with reason. (3)

- i) Purchase of Machinery for Production
- ii) Teacher teaching his son
- iii) Financial aid given to flood victims.

P. T. O.

'OR'

- i) Define the Problem of double counting in the estimation of national income. State any two approaches to correct the Problem of double counting. (3)
- ii) "Exports receipts are not a part of net factor income from abroad." Why? (3)

SECTION-B

Indian Economic Development.

Q18. out of the following, what are the correct reasons of high opportunity cost of negative environmental impact? (1)

- i) Spending huge amounts on technology and research to explore alternative resources.
- ii) Health costs of degraded environmental quality
- iii) Ozone depletion
- iv) Industrial revolution

Codes -

- Q19. a) i, ii, iii and iv b) Both i and ii
c) iii and iv d) i, ii and iii

Q19. which of the given statements characterise the status of Indian economy during British Rule? (1)

- i) A vibrant economy with well-developed infrastructure
- ii) Stagnant economy with heavy reliance on agriculture
- iii) A flourishing market and developed trade
- iv) ~~Prevalence~~ Prevalence of massive poverty & unemployment

Codes -

- a) i and iii b) i and iv
c) ii, iii and iv d) ii and iv

A. T. O

Q20. Read the following statements: Assertion(A) and Reason(R).
Choose the correct option from those given below: -

Assertion(A): The Education commission (1964-66) has recommended that at least 4% of GDP be spent on education.

Reason(R): The Union and state governments, have been stepping up expenditures in the education sector over the years to fulfill the objective of attaining 100% literacy.

Options:-

- a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of Assertion(A) [1]
- b) Both Assertion(A) and Reason(R) are true, but Reason(R) is not the correct explanation of Assertion(A)
- c) Assertion(A) is true, but Reason(R) is false
- d) Assertion(A) is false, but Reason(R) is true.

Q21. Which sectors have faced some adverse impacts of New Economic Policy?

- i) Agriculture sector ii) Industrial sector iii) Service sector

Codes:-

- a) (i) and (ii) b) (ii) and (iii) c) (i) and (iii) d) only (i) [1]

Q22. The institutional structure of rural banking in contemporary India consists of a set of multi-agency institutions, namely _____ [1]

- i) Regional Rural Banks ii) cooperative Banks
iii) Land Development Banks iv) Commercial Banks

Options:-

- a) i and iv b) i, iii, and iv c) i, ii and iii
d) i, ii, iii, and iv

Q23. _____ was set up in 1974 by Indian Government to address water and air pollution. [1]

- a) State Pollution Control Board b) Central Pollution Control Board
c) Montreal Protocol d) Brundtland Commission

- Q24. Which of the following statement is correct? (1)
- India adopted a mixed economy model of growth and China's growth model was established in 1949
 - India adopted a capitalist economy model of growth and China's growth model was established in 1949
 - India adopted a mixed economy model of growth ~~and~~ and China's growth model was established in the 1970's.
 - India adopted a socialist economy model of growth and China's growth model was established in 1949.

- Q25. — is a women-oriented project to train the women ~~about~~ about latest agricultural techniques in Tamil Nadu. (1)
- Kudumbashree
 - Self-help group
 - TANWA
 - None of these.

- Q26. "Assuming in a hypothetical economy, Real GDP recorded a growth rate of 9% during a fiscal year. However, the economy faced a significant challenge in creating adequate employment opportunities". (1)

Identify the situation indicated in the given statement and choose the correct option.

- Casualisation of workforce
- Jobless growth
- Formalisation of workforce
- Informalisation of workforce

- Q27. During the period 1951-2016, — led to increase in the milk production in India by about 10 times.

- Green Revolution
- ~~Gold~~ Golden Revolution
- Operation Flood
- Industrial Revolution.

P.T.O.

(10)

Q28. "India, China and Pakistan have travelled more than seven decades of development path with varied results." Explain the given statement with valid arguments. (3)

Q29. State the following statements as true or false with valid explanation. (3)

i) "Atmanirbhar Bharat" had been at the roots of the Indian Planning process in the form of 'self-reliance' as an objective of the Planning process.

ii) Those Public Sector undertakings (PSUs) which are making profits should be privatised.

or

"New economic policy stimulated economic growth." Give three arguments in favour and against of this statement.

Q30. i) "Population growth is the cause of depletion of natural resources." Justify the statement with reason. (4)

ii) Rural development has tremendous importance for our country. Discuss.

Q31. "In recent times, Indian economy has experienced the problem of casualisation of the workforce." Do you agree with the given statement? Discuss. (4)

or

Industrial licensing and industrial sets were used to promote regional equality and redistribution of income during the IPR-1956. Comment.

P.T.O.

Q32. "The state of Indian agriculture at the time of independence was characterised by various challenges." Discuss [4]

or

"The occupational structure at the time of Indian independence was primarily characterised by a predominantly agrarian economy, while industries and services were relatively underdeveloped." Comment.

Q33 (i) The need for diversification arises from the fact that there is greater risk in depending exclusively on farming. Defend or refute with reasons.

(ii) Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to the environment. Explain how adopting traditional practices can be helpful in achieving sustainable development. (6)

Q34 (i) Discuss any two measures initiated by the govt. to improve agricultural marketing in India.

(ii) Elaborate the importance of credit in rural development. (6)

or

(i) How does expenditure on information and on-the-job training lead to human capital formation.

(ii) Argue in favour of the need for different forms of govt. intervention in education & health sectors.

— x —

ECONOMICS (030)

CLASS XII (2024-25) SAMPLE QUESTION PAPER

TIME: 3 HOURS

M.M. – 80

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SECTION – A (INTRODUCTORY MACROECONOMICS)

1. The Cabinet led by PM has decided that the Central Government will provide free food grains to 81.35 crores (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of 5 years with effect from 1st January, 2024. (1×10=10)

Based on the aforesaid statement, identify the Budgetary objectives the Government is trying to achieve and choose the correct option.

- a) Reallocation of resources
 - b) Economic stability
 - c) Redistribution of Income
 - d) Economic instability
2. The RBI announced pivotal forecasts for FY 2024-25, maintaining RR at 6.50 % and forecasting inflation at 4.5% for FY-25. Which of the following actions did the RBI recently take to address inflation?
 - a) Reduced the RR to stimulate borrowing
 - b) Increased the RR to tackle inflation
 - c) Introduced a new financial inclusion
 - d) Implement a subsidy programme for essential goods
 3. Credit creation by commercial banks is determined by
 - a) CRR
 - b) SLR
 - c) Initial deposits
 - d) All of these
 4. For a closed economy, which of the following is correct?
 - a) GDP = GNP

- b) $GDP > GNP$
 - c) $GDP < GNP$
 - d) $GDP + GNP = 0$
5. Given below Assertion (A) and reason (R), read the statements carefully and choose the correct option
 Assertion (A) stock variables represent quantities measured at a specific point of time, while flow variables represent quantities measured over a period of time.
 Reason (R) stock variables such as level of inventory are dynamic and subject to change, while flow variables, such as income or expenditure, are static and remain constant
- (a) Both Assertion (A) and Reason (R) are the true and Reason (R) is a correct explanation of Assertion (A).
 - (b) Both Assertion (A) and Reason (R) are the true but Reason (R) is not a correct explanation of Assertion (A).
 - (c) Assertion (A) is true and Reason (R) is false.
 - (d) Assertion (A) is false and Reason (R) is true Stock variables represent quantities
6. Statement -I Real GDP adjust for inflation or deflation by expressing the value of goods and services produced at constant price of a base year.
 Statement – II Nominal GDP does not adjust for changes in the price level and reflects the value of goods and services produced at current market prices.
- a) Both statements are correct
 - b) Both statements are incorrect
 - c) Statement I is correct and statement II is incorrect
 - d) Statement I is incorrect and statement II is correct
7. What does fixed business investment refer to?
- a) Addition to machinery, factory buildings and equipments
 - b) Purchase of stocks and bonds
 - c) Spending on advertising and marketing
 - d) Investment on residential housing facilities
8. In a hypothetical economy, the income rises from Rs. 5000 crores to Rs. 6000 crores. As a result, the consumption expenditure rises from Rs. 4000 crores to Rs. 4600 crores. MPC in such case would be
- a) 0.8
 - b) 0.4
 - c) 0.2
 - d) 0.6
9. If a straight-line consumption function makes a positive intercept at the Y-axis, it implies that the MPC and APC as the level of income rises.
10. Break-even point is a point where
- a) $APC = 1$
 - b) $APS = 0$
 - c) Both (a) and (b)

d) Neither (a) nor (b)

11. For a hypothetical economy, assuming there is an increase in the MPC from 80% to 90% and change investment to be Rs. 1000 crores. Using the concept of investment multiplier, calculate the increase in income due to change in MPC. (3)

OR

Assuming that increase in investment is Rs. 1000 crores and MPC is 0.9, explain the working of multiplier.

12. With valid reasons, classify the following into capital receipts or revenue receipts of the Government.

- i. Dividend received by the Government from Maharatna company.
- ii. Receipts of Government from sale of shares of a Public Sector Undertaking (PSU) in an open market. (3)
- iii. Debt cleared by Sri Lanka Government to the Indian Government.

13. "The Government budget serves as a comprehensive financial plan outlining expected revenues and expenditures for the upcoming fiscal year, impacting various aspects of the economy."

How does the Government budget influence economic decision make and resource allocation within a country?

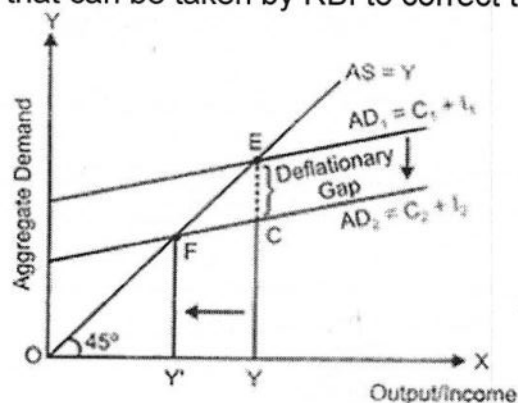
Provide examples to illustrate its significance in shaping economic policies and priorities. (4)

14. In a flexible exchange rate system, the foreign exchange rate is primarily determined by market forces of supply and demand. Defend/Refute. Also, explain the sources that lead to the demand and supply of foreign currency.

OR

Distinguish between currency appreciation and currency depreciation. (4)

15. Explain the situation represented in the below figure and highlight and two qualitative measures that can be taken by RBI to correct the situation.



(4)

16. What are the components of Net Factor Income and Abroad?

Given the following data, find the values of 'Gross Domestic Capital Formation' and 'operating surplus'.

(2+4=6)

| S. No. | ITEMS | Rs. Crores |
|--------|-------|------------|
|--------|-------|------------|

| | | |
|-----|--|---------|
| 1. | National Income | 22,100 |
| 2. | Wages and salaries | 12,000 |
| 3. | Private final consumption expenditure | 7,200 |
| 4. | Net indirect taxes | 700 |
| 5. | Gross domestic capital formation | ? |
| 6. | Depreciation | 500 |
| 7. | Government final consumption expenditure | 6,100 |
| 8. | Mixed income of self-employed | 4,800 |
| 9. | Operating surplus | ? |
| 10. | Net exports | 3,400 |
| 11. | Rent | 1,200 |
| 12. | Net factor income from abroad | (-) 150 |

OR

How are dividends, corporate taxes and undistributed profits treated in National Income?

Find Wages and Salaries from the following data: (3+3=6)

| S. No. | ITEMS | Rs. Crores |
|--------|---|------------|
| 1. | Royalty | 50 |
| 2. | Rent | 100 |
| 3. | Interest | 400 |
| 4. | Net indirect tax | 70 |
| 5. | Net national product at market price | 1,700 |
| 6. | Profit | 300 |
| 7. | Net factor income from abroad | (-) 20 |
| 8. | Consumption of fixed capital | 120 |
| 9. | Social security contribution by employers | 60 |
| 10. | Social security contribution by employees | 40 |

17. Show derivation of S-function from C-function. Give a diagrammatic illustration.

SECTION -B (INDIAN ECONOMIC DEVELOPMENT)

18. Identify, which of the following indicates the adverse impact of British rule in India. (1×10=10)

- Introduction of communication networks in India
- Change in composition of India's foreign trade
- Introduction of modern administrative system in India
- Introduction of railways in India

19. Arrange the following in chronological order:

- Year of Great divide
- Opening of Suez Canal
- Introduction of railways
- First official census

- iii, ii, i, iv
- iii, ii, iv, i
- iii, iv, ii, i

d) iii, i, iv, ii

20. The following picture depicts the expenditure on the To form human capital formation.



21. Which of the following best defines the concept of diversification of crops in agriculture?

- a) Planting of single type of crop across multiple fields to increase yield
- b) Rotating crops seasonally to maintain soil fertility and reduce pest infestation
- c) Introduction of variety of crops within a single field to minimize risks associated with market fluctuations and environmental forces
- d) Using genetically modified organism to enhance crop resilience and adaptability to different climates.

22. Jobless growth leads to unemployment because

- a) Labour refuse to migrate
- b) Labour is very expensive
- c) Growth rate in low
- d) Growth due to technological development

23. Identify the incorrect statement from the following;

- a) Pakistan has achieved self-sufficiency in the production of food
- b) Pakistan has succeeded inn developing its service and industry sector at a fast rate
- c) The use of modern technology is improving in Pakistan
- d) The growth rate of GDP and its sectoral constituents have fallen in the 1990s

24. Read the passage given below and answer the questions that follows-

When we talk about economic growth, human capital is the main reason for accelerated growth and expansion for many countries which provide investment in human capital.

This gives the best advantage in generating a stable environment for growth

is that the nation has the expanded high quality of human capital in fields like health, science, management, education and other fields.

Here the main components of human capital are definitely human beings but presently, the principal component is creative, and educated and

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enterprising person, with a high level of professionalism.

25. Human capital increases

- i. Labour in market
- ii. Labour in productivity
- iii. Trained labour
- iv. None of the above

'Innovation leads to

26. The human capital in the economy manages the central portion of the of the country.

27. In, first 'Industrial Policy Resolution' of independent India was announced.

28. When all three countries, India, China and Pakistan started their development journey almost at the same time, then which policies of all the three countries make them standing apart? (3)

OR

Critically evaluate various strategies that have been adopted by the Chinese government for its growth and development.

29. Explain the main objective of Rural Development. (3)

30. Explain global environmental issues – (1) global warming and (2) ozone depletion. (4)

31. Explain the following terms- (4)

- i. Jobless growth
- ii. Informalization of Indian workforce
- iii. Casualisation of workers
- iv. Stabilisation of reforms and Structural reforms.

32. 'Up to 1991, Indian government followed an inward-looking trade policy to protect and promote domestic industry'. Briefly explain the benefits credited to the country by following this trade policy. (4)

OR

State the following statements as true or false with valid explanation.

- a) 'Atamirbhar Bharat' had been at the roots of the Indian planning process in the form of 'self-reliance' as an objective of the planning process.
- b) Those Public Sector Undertakings (PSUs) which are making profits should be privatized.

33. Explain briefly the problems faced by Indian farmers post-independence. (6)

34. Education is considered to be an important input for the development of a nation. How? (6)

OR

Explain any three sources of Human Capital Formation.

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