

Apeejay Common Pre Board Examination
Session-2023-24
Class -XII
Subject - Economics(030)

MM: 80

Time: 3 hrs.

General Instructions:

1. This paper contains 34 questions.
2. Marks are indicated against each question.
3. Question number 1- 10 and 18-27 are multiple choice questions.
4. Question number 11- 12 and 28-29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60 words each.
5. Question number 13-15 and 30-32 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 70 words each.
6. Question number 16-17 and 33-34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed 100 words each.

Section A- Macro Economics		1
1	In an economy the consumption function is $C = 500 + 0.75 Y$. Determine the level of income where APC will be one. a) 500 b) 1000 c) 2000 d) 1500	1
2	Read the following statements- Assertion (A) and Reason (R), carefully and choose the correct alternatives given below: Assertion: During inflation Central bank increases reverse repo rate. Reason: Reverse repo rate is the rate at which commercial banks park their surplus fund with Central bank. Alternatives: 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 and 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.	1

Read the following statements carefully:

Statement 1: Inter-bank deposits do not form part of money supply, as they do not belong to public.

Statement 2: Saving deposits of post office are also included in M1 measure of money supply.

In light of the given statements, choose the correct alternative from the following:

- 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.

Read the following statements- Assertion (A) and Reason (R), carefully and choose the correct alternatives given below:

Assertion: Marginal propensity to consume cannot be greater than 1.

Reason: Consumption cannot be greater than income.

Alternatives:

- (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 and Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Reason (R) is true but Assertion (A) is false.

In a government budget primary deficit is ₹8000 crore and interest payments are ₹5000 crore. How much is the fiscal deficit?

- a) ₹3000 crore
- b) ₹13000 crore
- c) ₹ 5000 crore
- d) ₹ 8000 crore

Suppose that the Balance of Trade (BOT) of a nation, exhibits a surplus of ₹ 15,000 crores. The import of merchandise of the nation is half of the exports of merchandise to the rest of the world.

The value of exports would be ₹ _____ crores.

(Fill up the blank with correct alternative)

- a) 30,000
- b) 40,000
- c) 24,000
- d) 35,000

12	In an economy, the actual level of income is ₹ 400 crores. Whereas the full employment level of income is ₹ 700 crores. The marginal propensity to consume is 0.75. Calculate the increase in investment to achieve the full employment level of income. OR Defend or refute the following statements with reason: i) When Ex ante savings are more than Ex ante investments, producers tend to increase output. ii) According to Keynesian theory, equilibrium occurs only at full employment.	3
13	a) How does government budget help in maintaining economic stability? b) "The Government budget of a country can not have fiscal deficit without the existence of revenue deficit". Defend or refute the given statement with reason.	3 1
14	a) How does Central bank act as a Banker to the government, agent and advisor? b) "Central bank purchases securities from commercial banks during inflation". Defend or refute the statement with reason.	3 1
15	Distinguish between autonomous and accomodating transactions in balance of payment account. Or What is meant by official reserve transactions? Discuss their importance in Balance of payments.	4
16	Explain the concept of deflationary gap with the help of a diagram. Explain any one fiscal measure to control this situation.	6
17a)	Suppose firm A sold raw material to firm B for ₹1000 and to firm C for ₹600. Firm B sold its product partly to private consumers for ₹800 and remaining product was exported for ₹ 600. Firm C sold part of its product to the government for ₹ 500 for public consumption and remaining product worth ₹500 was unsold stock left with it. (assume that firm A buys no raw material). Find i) Value added by Firm A, B, C ii) Total consumption Expenditure b) State with valid reason, which of the following statement is true or false: i) Smart board purchased by school is included in the estimation of National income.	4 2

ii) Gross value added at market price and Gross domestic Product at market price are one and the same thing.

OR

From the following data calculate National Income by income method and expenditure method:-

Particulars	₹ in cr.
1 Private final consumption expenditure	2,000
2 Net capital formation	400
3 Change in stock	50
4 Compensation of employees	1,900
5 Rent	200
6 Interest	150
7 Operating Surplus	720
8 Net Indirect Taxes	400
9 Employers' contribution to the social security schemes	100
10 Net Exports	20
11 Net factor income from abroad	(-) 20
12 Government final consumption expenditure	600
13 Consumption of fixed capital	100

b) Giving Reason explain how the following should be treated in estimation of national income of India:

i) Profit earned by Levis company in India

ii) Interest received by Mr. Sham on his saving account in SBI bank

Section B- Indian Economic Development

18

Read the following statements carefully and choose the correct alternative from the following:-

Statement 1:- Density of population of India is more than that of China and Pakistan.

Statement 2:- HDI ranking of India is better than China.

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 1 is false and statement 2 is true.

Micro credit programmes play a vital role in ensuring an overall development of the rural economy as they _____.

(Choose the correct alternative to fill up the blank)

- i) provide financial support

4

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- ii) lead to women empowerment
- iii) enhance the reach of formal credit system

Alternatives:

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

20

Read the following statements carefully:

Statement 1: The nature of unemployment problem in India is uni-faceted.

Statement 2: Primary sector is the main source of employment for majority of workers in India.

In light of the given statements, choose the correct alternative from the following:

- 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.

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Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Acquiring information is a source of human capital formation.

Reason (R): People update themselves with the information of labour market and available job opportunities .

- 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 and 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.

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Read the following statements carefully:

Statement 1: India and China are members of G-20 group.

Statement 2: G20 Presidency in 2023 is taken over by India.

In light of the given statements, choose the correct alternative from the following:

- 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

1

committee was set up for the development and promotion of small scale industries in India.

- a) Karve
- b) Tapas Majumdar
- c) Mahalanobis
- d) TRYSEM

1

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Read the following statements carefully:

Statement 1: Indian Government has replaced planning commission with NITI AYOOG.

Statement 2: Chairman of NITI AYOOG is Finance minister Mrs Nirmala Sitaraman.

In light of the given statements, choose the correct alternative from the following:

- 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.

1

25

Read the following statements carefully and choose the correct alternatives given below:

Statement 1 – Subsidies do not add any burden on the financial health of a nation.

Statement 2 – Complete removal of subsidies may violate the aim of equitable distribution of income.

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

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Read the following statements- Assertion (A) and Reason (R), carefully and choose the correct alternatives given below:

Assertion: China started Great leap forward campaign in 1958.

Reason: Its aim was to promote industrial sector of the economy.

Alternatives:

(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 and Reason (R) is not the correct explanation of Assertion (A).

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

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

27

From the set of events/systems given in column I and corresponding relevant fact given in column II, about China, Choose the correct pair of statement:

COLUMN I	COLUMN II
A. Great Leap Forward Campaign	i) Students and professionals were sent to work and learn from the country side.
B. Great proletarian Cultural Revolution	ii) People were encouraged to set up industries in their backyards
C. Economic reforms in China	iii) 1988
D.) Commune system	iv) Cultivating land collectively

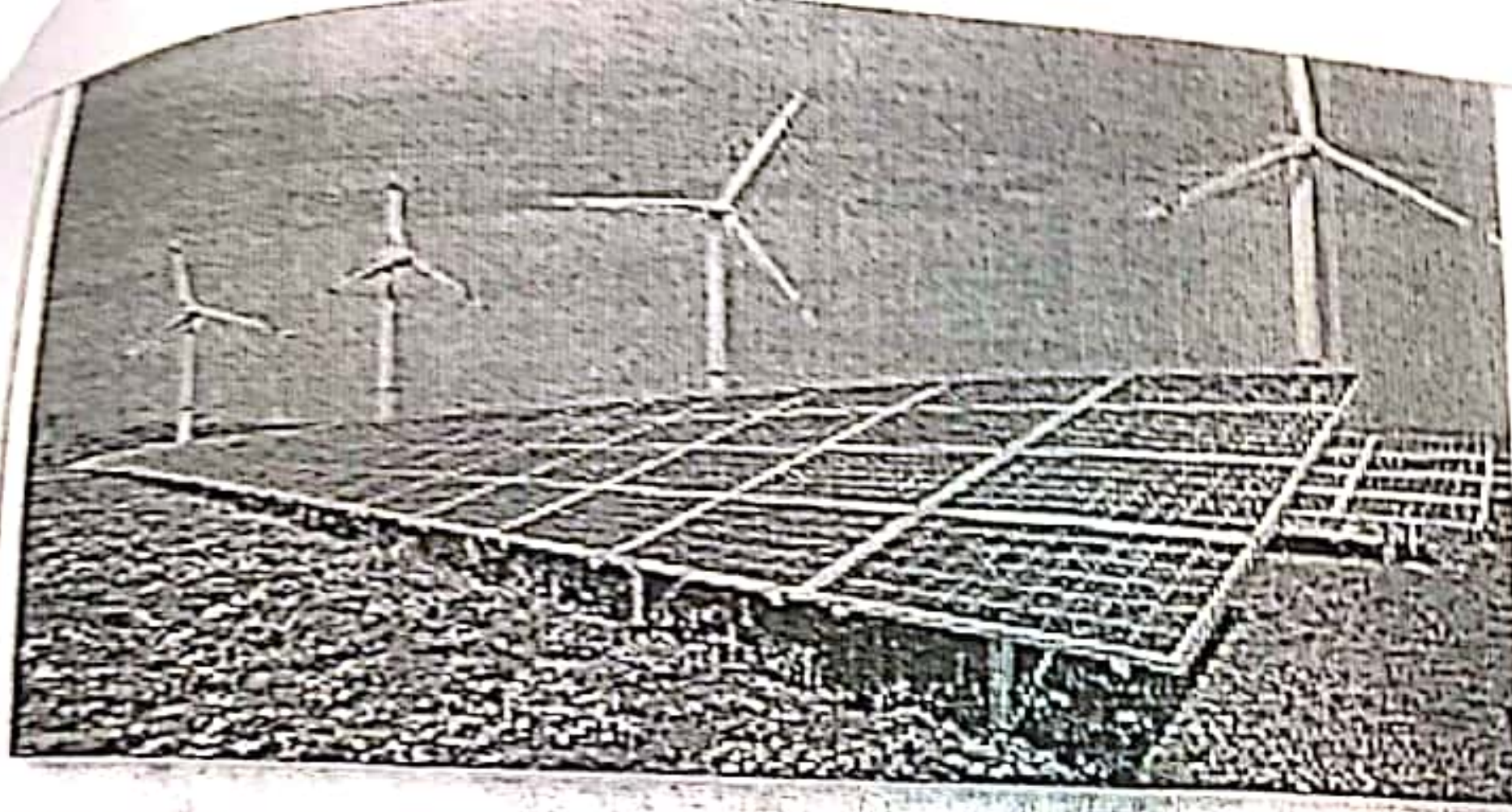
Alternatives:-

a) A-(i)

b) B-(ii)

c) C-(iii)

d) D-(iv)



3

Interpret the above picture in the context of sustainable development.

29

“While the nation had immensely benefitted from the green revolution, the technology involved was not free from risks”. Justify the statement with valid arguments.

3

Or

How railways introduced by Britishers affected the structure of the Indian economy in two important ways?

30

“Education is considered to be important input for the development of a nation”. Give arguments in support of this statement.

4

Or

Explain the measures taken by Government to improve agricultural marketing system in India.

31

Read the following text carefully. On the basis of the given text and common understanding, answer the following questions:

The impact of artificial intelligence on labour economics

Source: The Times of India Blogs July 21, 2023

Over the past few years, Artificial Intelligence has emerged as a transformative technology across various industries, profoundly impacting the global economy. While AI has the potential to replace some occupations, it can also change current job positions and create new ones. The need for workers with

superior technical and problem-solving skills rises as routine operations are mechanized. Jobs requiring creativity, agility in making decisions, and interpersonal abilities are less susceptible to automation. Labour economists contend that rather than eliminating jobs, AI will cause a change in the composition of the workforce. Human contact, emotional intelligence, and strategic thinking-intensive jobs will increase in an AI-driven economy.

However, this change emphasizes the necessity of the workforce's ongoing reskilling and upskilling to stay relevant in the evolving employment market. Income inequality and job polarization are also directly related to how AI affects labour economics. As the use of AI spreads, there is rising worry that the advantages could favour a small number of people or businesses, widening income gaps. High-skilled individuals who know how to build, implement, and manage AI systems might see a rise in demand and pay. Low-skilled workers, on the other hand, can experience stagnant pay and fewer job possibilities. Decreasing employment prospects for middle-skilled positions and increasing in high- and low-skilled occupations result in "Job polarization".

- a) "AI will cause a change in the composition of the workforce" Defend or refute the statement with reason. 2
- b) What can be done to reduce the negative effects of Artificial intelligence on job market? 2

2 Interpret the following data of sectoral share of GVA and GDP (%) in 2018-19 of India, China and Pakistan. 4

Sector	Contribution to GVA			Distribution of workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	100	100	100	100	100	100

- a) Goods and service tax was a major reform introduced in 2017. What were the objectives of introducing Goods and services tax? How has it benefitted Indian Economy? 3
- b) "Foreign exchange crisis was the basis of introduction of economic policies of Liberalisation, Privatisation and Globalisation". Justify this statement. 3

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i) "The environment is able to perform its functions as long as demand on these functions is within its carrying capacity". Justify the statement with valid arguments. 3

ii) "Rapid expansion of the banking system has a positive effect on rural farm and non farm output" Justify the statement with valid arguments. 3

Or

i). "Rural Economic development is essential for Indian Economic development". Explain three areas which are challenging and need fresh initiatives for development in rural India. 3

ii) "Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment". Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development? 3