

St. Paul's School
Class XII – Pre-Board Examination (2023-24)
Economics (030)

Time: 3 Hrs.

Max.Marks: 80

General instructions:

This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

- (i) *This paper contains 20 Multiple Choice Questions of 1 mark each.*
- (ii) *This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.*
- (iii) *This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.*
- (iv) *This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.*

Section A – Macro Economics

1. Read the following statements carefully: 1
- Statement 1:** Consumption function assumes that, consumption changes at a constant rate as income changes.
- Statement 2:** Autonomous consumption is the ratio of total consumption (C) to total income (Y).
- 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.
2. For a closed economy (with no foreign trade), which one of the following is correct? 1
- a) $GDP = GNP$
 - b) $GDP > GNP$
 - c) $GDP < GNP$
 - d) $GDP + GNP = 0$
3. The value of _____ can be greater than one. 1
- a) Marginal Propensity to Consume
 - b) Average Propensity to Consume
 - c) Marginal Propensity to Save
 - d) Average Propensity to Save

4. As per the Reserve Bank of India (RBI) press report, dated 29th December, 2022: "Net external commercial borrowings to India recorded an outflow of US\$ 0.4 billion in thesecond quarter (2022-23)"

The above transaction will be recorded in the _____ account on _____ side of Balance of payments account of India.

- a) current, credit
- b) current, debit
- c) capital, credit
- d) capital, debit

5. "The value of all goods and services can be expressed in monetary units." On the basis of the given statement, identify the function performed by money:

- a) Medium of exchange
- b) Store of Value
- c) Unit of account
- d) Means of standard of deferred payments

6. Find the missing figures and choose the correct alternative:

Round	Deposits	Loans (80%)	Reserve Ratio (20%)
I	1,000	800	200
II	800	...(i)...	160

Total	...(ii)...	...(iii)...	...(iv)...

Alternatives:

- a) 640,1000,4000,5000
- b) 960,5000,4000,1000
- c) 640,4000,1000,5000
- d) 640,5000,4000,1000

7. Graphically, Aggregate Demand function can be obtained by vertically adding the _____ and _____ function.(Choose the correct alternative to fill up the blanks)

- a) consumption, saving
- b) consumption, investment
- c) investment, saving
- d) aggregate supply, consumption

8. Identify the correct reason(s) that may affect the demand for foreign exchange in an economy.

- I. Imports of visibles
- II. Exports of invisibles
- III. Remittances by residents working abroad
- IV. Purchase of assets abroad

Alternatives:

- a) I and II b) II and III
- c) III and IV d) I and IV

9. Suppose for a given economy, $S = -60 + 0.1Y$
 $I = ₹ 4,000$ crore

(Where S = Saving Function, Y = National Income and I = Investment Expenditure) Equilibrium level of Income would be ₹ _____ crore.

10. Which one of the following is the component of Capital Account's Investment flow?

Alternatives:

- a) Interest received on loans b) Multilateral Loans
- c) Portfolio Investment d) Government Aid

11. How is current account deficit financed? Explain. Give valid reason(s) in support of your answer.

12. On the basis of the given data, estimate the value of Domestic Income:

S. No.	Items	Amount (₹ in crore)
I	Household Consumption Expenditure +	600 +
ii.	Gross Fixed Capital Formation } +	200 +
iii.	Change in stock	40
iv.	Government Final Consumption Expenditure +	200 +
V	Net Exports +	(-)40 +
vi.	Net Indirect Taxes	120
vii.	Net Factor Income From Abroad	20
viii.	Consumption of Fixed Capital +	40

13. For a hypothetical economy, the government incurs an investment expenditure of ₹ 1,000 crore. If the value of Marginal Propensity to Save (MPS) falls from 0.25 to 0.10.

Calculate the value of increase in income due to change in the value of Marginal Propensity to Save (MPS).

1
1
1
3
3
NDPfc
NDPfc =

14. (A) "In an economy, ex-ante Aggregate Demand is more than ex-ante Aggregate Supply." Elaborate the possible impact of the same, on the level of output, income and employment. 4

15. Explain the RBI's Banker's Bank and supervisory role and Bank rate as policy tools to control the money supply in the economy. 4

16. (A) On the basis of the given information, calculate the value of: 4
- Fiscal deficit
 - Primary deficit
 - Revenue deficit

S.No.	Items	2021-22 (₹in crore)
(i)	Tax Revenue	47
(ii)	Capital Receipt	34
(iii)	Non-Tax Revenue	10
(iv)	Borrowings	32
(iv)	Revenue Expenditure	80
(v)	Interest payments	20

- (B) State any two features of public goods. 2

17. (a) Giving valid reasons, explain how the following would be treated while estimating domestic income? 1.5x2
- Payment made by American tourist for goods purchased in India.
 - Tomatoes grown by Ms. Puja in her kitchen garden.

- (b) "Circular flow of income in a two sector economy is based on the axiom that one's expenditure is other's income". Do you agree with the given statement? Support your answer with valid reasons. 3

Section B – Indian Economic Development

18. Identify the correct combination of the 'Goals of Indian Five Year Plans': 1
- Growth, Equality, Modernisation, Self-Reliance
 - Development, Equality, Modernisation, Sustainability
 - Good Health, Education, Modernisation, Sustainability
 - Growth, Equity, Modernisation, Self-Reliance

1

19. 'China has performed exceedingly well in various health and economic indicators'. Identify which of the following is not a health indicator?
- a) Infant Mortality Rate (per 1000 live births)
 - b) Life Expectancy at Birth (years)
 - c) Percentage of people below poverty line (National)
 - d) Maternal Mortality Rate (per 1 lakh births)

1

20. The shackles of agriculture during the colonial rule were permanently broken by the Green Revolution that resulted from the application of. (Choose the correct alternative to fill up the blank)
- I. High Yielding Varieties (HYV)
 - II. Mechanization of Agriculture
 - III. Chemical Fertilizers and Pesticides
 - IV. Organic Fertilizers and Pesticides
- Alternatives:**
- a) I, II, IV b) I, II, III
 - c) II, III, IV d) I, III, IV

1

21. Study the following picture and answer the given question:



Women in rural households take up bee-keeping as an entrepreneurial activity. Such kind of activities may be envisaged under ___ as diversification activity. (Choose the correct alternative to fill up the blank)

- a) Animal husbandry b) Fisheries
- c) Horticulture d) Poultry

22. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.

1

Assertion (A): In 1991, as an immediate measure to resolve the Balance of Payments crisis, the rupee was devalued against foreign currencies.

Reason (R): Devaluation of currency was eminent, to replenish the deteriorated foreign exchange reserves.

Alternatives:

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

- 27.
- 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.

23. Under _____ in China, farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government and the rest were purchased and sold at market prices 1
- a) Commune System
 - b) Great Leap Forward
 - c) Dual Pricing
 - d) Great Proletarian Cultural Revolution

24. Micro credit programmes play a vital role in ensuring an overall development of the ruraleconomy as they..... 1
- (i) provide financial support
 - (ii) lead to women empowerment
 - (iii) enhance the reach of formal credit system
 - (iv) do not help at all
- Alternatives:**
- a) (i) and (ii)
 - b) Only (iv)
 - c) (i) and (iii)
 - d) (i), (ii) and (iii)

25. _____ may be defined as the measure of the extent of demographic participation in the social and political decision making. 1
- a) Economic indicator
 - b) Liberty indicator
 - c) Health indicator
 - d) Demographic indicator

26. Read the following statements carefully: 1
- Statement 1:** The nature of unemployment problem in India is uni-faceted.
- Statement 2:** Worker-Population ratio is an indicator used for analysing the employment situation in a country.
- 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.

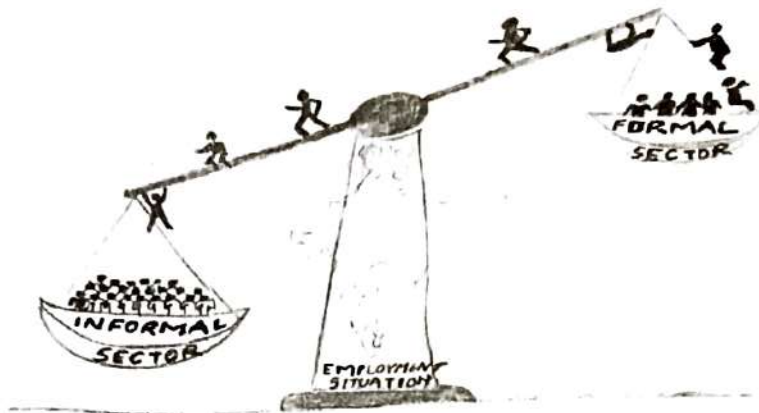
27. From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statements:

	Column I		Column II
A.	Adoption of mixed economic system	I.	The common development policy of India and China
B.	Introduction of economic reforms in China	II.	Imposed by World Bank
C.	Great Leap Forward Campaign	III.	Focussed on massive industrialization
D.	First Five Year Plan of Pakistan	IV.	Announced in 1953

Alternatives:

- a) A-I b) B-II
c) C-III d) D-IV
28. "The pre-independent India's occupational structure experienced growing regional variation."
Justify the above statement with valid explanation. 3
29. "Ravya was initially working as an office clerk in a firm. In the pursuit to attain, a higher position and income, she attended a few on-the-job training sessions. These sessions contributed positively to her skills and expertise."
Explain the impact of Ravya's decision on human capital formation. 3
30. "In the late 1970s, China introduced the One-child policy that led to arrest in the population coupled with skewed sex ratio."
Justify the given statement with valid arguments in support of your answer. 4
31. (A) State and elaborate whether the following statements are true or false, with valid arguments: 2x2
- (i) Agricultural marketing is a process that ensures the transportation of various agricultural commodities only.
- (ii) Jan-Dhan Yojana has been a crucial step for financial resource mobilization in the Indian economy.

32. Identify the situation depicted in the given image. Suggest the impact of the indicated situation, on the Indian economy. 4



33. (A) Green revolution transformed India from a subsistent food grain economy to a foodsurplus economy.” 3
Justify the statement, giving reasons in support of your answer.
- (B) “In the post-reform period, the Government of India decided to retain profit-making Public Sector Undertakings (PSUs). It provided a special status to PSUs to enable them to expand in the global market.” 3
Do you agree with the given statement? Give valid reasons in support of your answer.
34. Read the following text carefully:

Sustainable development is the development that meets the needs of the present, without compromising the ability of future generations to meet their own needs. India is critical in determining the success in a pursuit to achieve sustainable development. According to a Science report, the global carbon di-oxide emissions from fossil fuels increased by 1% in 2022 compared to the previous year, mainly due to the growth in oil use in the aviation sector. The report also highlighted that the planet is “far off track” in meeting its climate goals and only 15% of the sustainable development goals are on track.

In a bid to counter the climate threat, India has committed to achieving net zero by 2070; released a low-carbon development strategy; and introduced the concept of 'LiFE' (Lifestyle for Environment) to promote responsible consumption.

The Green Growth actions include several pointed measures that would facilitate the much-needed steady decarbonization of Indian industries, reduce dependency on fossil fuel imports and establish technology and market leadership in this sunrise sector.

Moreover, to encourage the optimal use of wetlands, enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities, the Amrit Dharohar scheme will be implemented over three years.

Source: <https://economictimes.indiatimes.com/industry/renewables/view-budget-2023-ensured-india-is-primed-for-green-growth>

On the basis of the given text and common understanding, answer the following questions: 2

- (i) Define sustainable development. 4
- (ii) Briefly elaborate, any two reasons behind the objective of Green Growth being set up by the Indian Government.