

Deeksha  
XII-I.

No. of printed pages: 10

**CLASS-XII**  
**PREBOARD EXAMINATIONS 2023-24**  
**SUB: ECONOMICS**  
**SET-A1**

**TIME: 3HRS**

**MM:80**

**GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

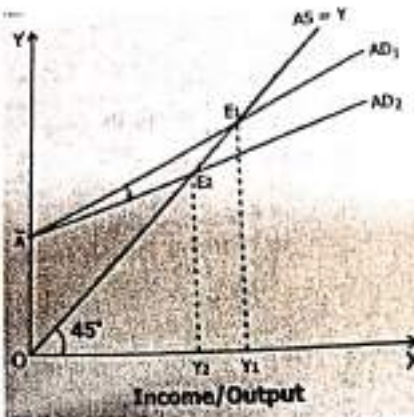
2. This paper contains 20 Multiple Choice Questions of 1 mark each.

3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.

4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.

5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

Q.No	SECTION-A MACROECONOMICS	MARKS
1.	<p>Read the following statements carefully: <b>Statement 1:</b> In an economy, if the consumption curve is parallel to x-axis, the value of investment multiplier will be zero. <b>Statement 2:</b> In an economy, if the savings curve is parallel to x-axis, the value of investment multiplier will be infinity.</p> <p>In light of the given statements, choose the correct alternative 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
2.	<p>Which of the following does not explain the concept of depreciation?</p> <p>a) An allowance for wear and tear of capital assets b) An allowance for wear and tear of financial assets c) Cost of capital goods divided by the number of years of its useful life. d) Maintenance and replacement cost.</p>	1

3.	<p>What causes the aggregate demand curve to swing downwards from AD<sub>1</sub> to AD<sub>2</sub> ?</p>  <p>a) Increase in MPC                      c) Increase in MPS b) Decrease in MPC                    d) Decrease in MPS</p>	1
4.	<p>Which of the following will be debited to the Capital Account of India's Balance of Payments Account?</p> <p>a) An Indian woman sending remittances home from the UK b) An Indian woman buying a Chinese company. c) An American company buying shares of an Indian company. d) An American company selling mobile phones to Indian customers.</p>	1
5.	<p>When the central bank <u>buys</u> the government security through an agreement which has a specification about the date and price of resale of this security. This type of agreement is called a Repurchase Agreement. The interest rate at which the money is lent in this manner is called the.....</p> <p>a) Bank rate    b) Repo rate    c) Reverse Repo rate    d) Lending rate</p>	1
6.	<p>State Bank of India receives a deposit of 40,000 and the reserve requirement is 5%. If the bank decides to hold reserves equal to 20% of the deposit instead of the required amount, how much excess reserve does the bank hold?</p> <p>a) 2,000    b) 4,000    c) 6,000    d) 8,000</p>	1
7.	<p>The consumption function of an economy is given by <math>C = 100 + 0.8Y</math>. In this economy, if the national income is increased by Rs.500 crores, what is the increase in the autonomous expenditure in the economy?</p> <p>a) Rs. 40 cr.    b) Rs. 100cr.    c) Rs. 500cr.    d) None of the above</p>	1

$C = 100 + 0.8Y$

$\Delta Y = 500$

$\Delta C = 0.8 \times 500 = 400$

$\Delta C = 400$

K agreed to pay ₹16,000. K also agreed to pay a lump sum payment of ₹4,000. Actual dissolution amount paid for

for  
f

8.	<p>“ India has attracted total FDI inflow of US \$ 22.53 billion between April 2021 to June 2021. This transaction will be recorded on the _____ side of the _____ account of BOP.</p> <p>a) Debit, current                      c) credit, capital b) Credit, current                      d) debit, capital</p>	1																					
9.	<p>The interaction between the concept of the price level and the dynamics of aggregate demand in an economy is interconnected as:</p> <p>a) the price level increases, aggregate demand decreases b) the price level increases, aggregate demand increases c) changes in the price level have no impact on aggregate demand d) the relationship between the price level and aggregate demand is unpredictable</p>	1																					
10.	<p>“ Many large MNCs have recently shifted their investments from China and have started their production in India, thereby boosting the Make in India plans of the government.”</p> <p>What will be its likely effect on the foreign exchange rate and the value of domestic territory?</p> <p>a) Foreign exchange rate is likely to fall leading to appreciation of domestic currency. b) Foreign exchange rate is likely to remain unchanged, leading to no effect on the value of the domestic currency. c) Foreign exchange rate is likely to rise leading to depreciation of domestic currency. d) Foreign exchange rate is likely to remain unchanged, leading to depreciation of domestic currency.</p>	1																					
11.	<p>Find <u>National Income</u> from the following using <u>expenditure method</u>:</p> <table border="1" data-bbox="247 1467 1189 1870"> <thead> <tr> <th>S.no</th> <th>Particulars</th> <th>(Rs. in crores)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Current transfers from rest of the world</td> <td>50</td> </tr> <tr> <td>2.</td> <td>Net Indirect taxes</td> <td>100</td> </tr> <tr> <td>3.</td> <td>Net exports</td> <td>(-) 25</td> </tr> <tr> <td>4.</td> <td>Rent</td> <td>90</td> </tr> <tr> <td>5.</td> <td>Private Final Consumption Expenditure</td> <td>900</td> </tr> <tr> <td>6.</td> <td>Net Domestic Capital formation</td> <td>200</td> </tr> </tbody> </table>	S.no	Particulars	(Rs. in crores)	1.	Current transfers from rest of the world	50	2.	Net Indirect taxes	100	3.	Net exports	(-) 25	4.	Rent	90	5.	Private Final Consumption Expenditure	900	6.	Net Domestic Capital formation	200	3
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$900 + 200 - 25 + 100$   
 $1175 - 10 - 10 = 0$   
 $1165$

7.	Compensation of employees	500
8.	Net factor income from abroad	(-10)
9.	Government Final Consumption Expenditure	400
10.	Profit	220
11.	Mixed income of the self employed	400
12.	Interest	230

Or,  
What is Foreign Exchange Market ? State its functions.

12. Elucidate the distinction between Autonomous Items and Accommodating Items concerning a nation's Balance of Payments. Give examples to demonstrate a country's international economic interactions.

13. If National Income is 750 crore and Savings is 150 crore, find out Average Propensity to Consume. When National Income rises to 990 crore and Savings to 295 crore, what will be the Average Propensity to Consume and the Marginal Propensity to Save?

14. (a) In an economy, the consumption function is  $250 + 0.5Y$  and the investment expenditure is Rs. 500. Is the economy in equilibrium at an income level of Rs. 2000? Justify your answer.

(b) In an economy, 75 percent of the increase in income is spent on consumption. Investment is increased by Rs. 1000 crore. Calculate the total increase in consumption expenditure.

15. Explain the role of the Reserve Bank of India as the "lender of the last resort".  
Or,  
India is suffering from the problem of Current Account Deficit (CAD). How is it met or financed ?

16. (a) "Two friends Deepak and Krish were discussing the impact of an increase in GST rates on luxurious items, as recently undertaken by the government. Krish was of the view that most of the luxury items should be taxed exorbitantly, while the items related to daily consumption of the poor and middle class should be tax-free."  
Identify and explain the objective of the government budget that Krish is suggesting.

(b) State and explain any two examples of non-tax receipts of the government.

Or,

(c) "In recent times, the government of India has incurred a lot of expenditure on acquisition of indigenous defence items under 'Make-in-India' programme."

Discuss the two types of budget expenditures incurred in the government budget. Also, identify the type of expenditure incurred by the government as suggested in the statement given above.

(d) Utilizing the provided data, compute Revenue Deficit, Fiscal Deficit and Primary Deficit:

S.no	Particulars	(Rs.in cr)
(i)	Capital receipts	74,000
(ii)	Borrowings	53,650
(iii)	Revenue receipts	63,875
(iv)	Interest payments	12,000
(v)	Capital expenditure	92,000
(vi)	Revenue expenditure	80,000


17.

(A) Are the following included in the estimation of National Income a country? Give Reasons.

- Salaries paid to Americans working in the Indian embassy in America.
- Profits earned by a resident of India from his company in Singapore.
- Festival gift from an employer.

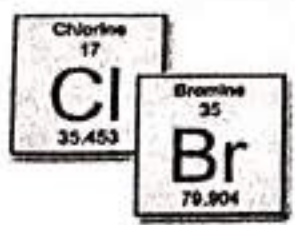
(B) Only one product X was produced in an economy during a particular year. Its output in the year 2019 and 2020 was 100 units and 110 units respectively. The market price was Rs.50 and Rs. 55 per unit in the respective years. Calculate the percentage change in real GDP and nominal GDP in the year 2020, using 2019 as the base year.

$$\begin{array}{r} 63875 \\ 2035 \\ \hline 8422 \end{array}$$

Q.No	SECTION-B INDIAN ECONOMIC DEVELOPMENT	MARKS
18/	<p>In the light of the given text and common knowledge, identify the incorrect statement:</p> <p>a) A severe balance of payments problem triggered an acute economic crisis in 1991. ✓</p> <p>b) In 1991, the economic and political leadership launched a multipronged reforms agenda to repair the macroeconomic situation of the nation. ✓</p> <p>c) In the post 1991 situation, the state was given the role of the primary regulator of the economy.</p> <p>d) Post pandemic, individual sectors must be looked at closely. ✓</p>	1
19/	<p>Identify the situation depicted in the image below:</p>  <p>a) Informalisation of workforce      (c) Cultural gap</p> <p>b) Formalisation of workforce      (d) Seasonal unemployment</p>	1
20/	<p>The main aim of the ' Great Leap Forward campaign in China was to ensure rapid increase of _____.</p> <p>a) agriculture    b) industries    c) trade    d) services</p>	1
21/	<p>Read the following statements - Assertion (A) and Reason (R ). Choose one of the alternatives given below:</p> <p><b>Assertion (A) :</b> Some economists argue that fertilizer and pesticide subsidies lead to overuse and wasteful use of resources. ✓</p> <p><b>Reason (R) :</b> Subsidies do not allow price to indicate the supply of goods.</p> <p><b>Alternatives:</b></p> <p>a) The Assertion (A) is true, but the Reason (R) is false.</p> <p>b) The Assertion (A) is false, but the Reason (R) is true.</p> <p>c) Both the Assertion (A) and Reason (R) are true, but the Reason (R) is not the correct explanation of the assertion.</p> <p>d) Both the Assertion (A) and Reason (R) are true, and the Reason (R) is the correct explanation of the assertion.</p>	1

22

Study the following picture and answer the given question :



The origin of chlorine and bromine compounds are:  
 a) Chlorofluorocarbons    b) Zinc    c) carbons    d) Both (a) and (b)

1

23

Arrange the following event in the correct chronological order:

- (I) The year of great divide.
- (II) Establishment of TISCO.
- (III) Introduction of Railways in India
- (IV) Opening of Suez canal

Alternatives:

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

1

24

Today, total fish production in the country accounts for \_\_\_\_ of the GDP.

- a) 0.8%
- b) 1%
- c) 1.8%
- d) 2%

1

25

On the basis of the information given below, answer the following question.

Particulars	1951	1981	1991	2001	2016
Real per capita income	7651	12174	15784	23095	77659
Crude Death rate	25.1	12.5	9.8	8.1	6.3
Literacy rate	16.67	43.57	52.21	65.20	76
Infant mortality rate	146	110	80	63	33

The Real Per Capita Income of India has increased by \_\_\_\_ (approximately) between 1951 and 2016.

- a) 715%
- b) 815%
- c) 915%
- d) 1015%

1

1

26.

Read the following statements carefully:

**Statement 1:** Jobless growth has not been a significant challenge in the Indian economy in recent years.

**Statement 2:** Despite witnessing economic growth, the Indian economy has been struggling to create sufficient employment opportunities to absorb the growing workforce.

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

27.

From the set of statements given in Column I and Column II, choose the correct pair of statements:

	Column I		Column II
A	Regional and economics grouping for eg. SAARC, G-20	(i)	Students and professionals were sent to work and learn from the countryside.
B	The Great Leap Forward Campaign	(ii)	Means to strengthen their own domestic economics
C	The Commune system in China	(iii)	People collectively cultivated lands.
D	The Great Proletarian Cultural Revolution introduced by Mao.	(iv)	Industrializing the country on a massive scale

Alternatives:

- (a) A-II, B-IV, C-III, D-I
- (b) A-III, B-IV, C-I, D-II
- (c) A-I, B-II, C-IV, D-III
- (d) A-IV, B-III, C-II, D-I

3

28.

(A) Underscore some of the most crucial economic challenges at the time of independence.

Or,

(B) Give a quantitative appraisal of India's demographic profile during the colonial period.



29. "Human Capital Formation gives birth to innovation, invention and technological improvements." Do you agree with the statement? Support your answer with valid reasons.

3

30. Study the following table showing the growth of employment and Gross Domestic Product and analyze the trend of the two variables.

4

**Table 1. Structure of Growth (Sectoral share in output and Employment)**  
**India, Pakistan and China**

Sector	Percent Share in GDP			Percent share in Employment		
	India	Pakistan	China	India	Pakistan	China
Primary	15.4	24.4	7.9	47	42.3	27.7
Secondary	23.1	19.1	40.5	22	22.6	28.8
Tertiary	61.5	56.5	51.6	31	35.1	43.5

31. (A) Discuss some of the institutional weaknesses in Indian agriculture.  
Or,

4

(B) Critically evaluate the role of the rural banking system in the process of rural development in India.

32. Define Worker-Population Ratio and from the following table, calculate the missing figures(a,b,c) :

4

Region	Estimated Population (in cr.)	Estimated number of workers (in cr.)	Workforce participation rate(%)
Rural	140	70	(a)---
Urban	(b)---	40	80
Total	—	—	(c)---

33. (A) While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.

3+3

(B) Highlighting three significant adverse impacts, conduct a comprehensive analysis to evaluate the potential negative repercussions of implementing the economic strategy of Import Substitution in developing nations.

Or,

(C) What was the focus of the economic policies pursued by the colonial government in India? What were the impacts of these policies?

(D) Indicate the volume and direction of trade at the time of independence.

34.

**"Climate contradictions key at UN talks. Less future warming is projected, yet there's more current pain."**  
- The Times of India

2+2+2

Environmental crises are distinguished by rapid and largely unexpected changes in environmental quality that are difficult if not impossible to reverse. Examples would be major extinctions and significant degradations of an ecosystem. The argument is that there are three preconditions for a crisis: failures in governance, an ecological system exhibiting a tipping point, and an economy/environment interaction with positive feedback. If we develop a simple model to illustrate how a crisis may arise, and draw on our knowledge of past and present crises to highlight the mechanisms involved, then speculate as to whether climate change is indeed a crisis in the making.

The most compelling case for a serious consideration of catastrophic climate change comes not from a physical scientist, but from the economist Martin Weitzman at Harvard. In a series of papers, Weitzman makes a powerful argument for a reconsideration of climate change policies that suggest a slow ramp up of emission cutbacks.

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

- (i) Elucidate the primary causes of the environmental crisis described in the passage.
- (ii) Discuss the connection between industrialization and the ongoing environmental crisis.
- (iii) Explain the impact of agriculture and urbanization on the environment.