



विद्या सर्वार्थ साधिका

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PRE-BOARD EXAMINATION  
Class: XII

Subject: Economics  
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M.M: 80  
Time: 3 Hours

**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.

**SECTION A: MACRO ECONOMICS**

1. Read the following statements carefully: (1)  
**Statement 1:** In a two-sector economy, consumption expenditure and investment expenditure are the two components of Aggregate Demand.  
**Statement 2:** Aggregate Demand curve always starts from point of origin with positive slope.  
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. If in an economy, the value of Net Factor Income from Abroad is ₹ 200 crores and the value of Factor Income to Abroad is ₹ 40 crores. Identify the value of Factor Income from Abroad. (1)  
(A) ₹ 200 crores (B) ₹ 160 crores (C) ₹ 240 crores (D) ₹ 180 crores
3. Average Propensity to Consume can never be \_\_\_\_\_. (1)  
(A) positive (B) zero (C) more than one (D) less than one
4. Which of the following items will be recorded in the credit side of current account in Balance of Payments of a country? (1)  
(A) Borrowings from Abroad (B) Import of Machinery  
(C) Foreign Direct Investment (D) Export of Tea
5. Two components of Money Supply are \_\_\_\_\_ and \_\_\_\_\_. (1)  
(A) stock, flow  
(B) CRR, SLR  
(C) currency with public, demand deposits held by commercial banks.  
(D) currency with public, time deposits held by commercial banks.
6. The process of buying and selling of securities by the Central Bank of a country is known as \_\_\_\_\_. (1)  
(A) margin requirements (B) open market operations  
(C) cash reserve ratio (D) statutory liquidity ratio

7. In an economy, autonomous consumption is ₹ 40 crores and MPS is 0.2, the resultant saving function is \_\_\_\_\_ (1)  
 (A)  $S = 40 + 0.8Y$  (B)  $S = -40 + 0.8Y$   
 (C)  $S = 40 + 0.2Y$  (D)  $S = -40 + 0.2Y$

8. “Many large Multi-National Corporations (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.” (1)  
 What will be the likely effect on the foreign exchange rate and the value of domestic currency?  
 (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 domestic currency.  
 (C) Foreign exchange rate is likely to rise leading to depreciation of domestic currency.  
 (D) None of the above.

9. If planned Investment = ₹ 200 crores. (1)  
 $C = 100 + 0.8Y$   
 What is the value of equilibrium level of Income?  
 (A) ₹ 200 crores (B) ₹ 3,000 crores (C) ₹ 1,500 crores (D) ₹ 600 crores

10. Suppose the following data is presented, for an imaginary economy. (1)  
 (all figures are in ₹ ‘000 crores)

Year	Visible Exports	Visible Imports
2010	280	240
2020	580	460

Identify which of the statements about the period 2010 to 2020 is correct?

- (A) Improvement in balance of trade (B) Increase in trade deficit  
 (C) Improvement in balance of invisible items (D) Deterioration of balance of trade
11. Distinguish between autonomous and accommodating transactions of balance of payments account. (3)
12. On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at factor cost ( $NDP_{FC}$ ): (3)

S. No.	Items	Amount (₹ in crores)
(i)	Household Consumption Expenditure	2,000
(ii)	Government Final Consumption Expenditure	1,500
(iii)	Gross Domestic Fixed Capital Formation	1,000
(iv)	Net Additions to Stock	300
(v)	Exports	700
(vi)	Net Indirect Taxes	350
(vii)	Imports	200
(viii)	Consumption of Fixed Capital	250

**OR**

Define the problem of double counting in the computation of National Income. State the two approaches to correct the problem of double counting. (3)

13. The saving function of an economy is given as: (4)  
 $S = -50 + 0.10Y$   
 If the ex-ante investments are ₹ 450 crores, calculate the following:  
 (i) Equilibrium level of income in the economy.  
 (ii) Additional investments which will be needed to gain an additional income level of ₹ 3,000 crores.

14. How an initial increase in investment affects the level of final income of the economy. Show its working with a suitable numerical example. (4)

**OR**

‘Monetary measures offer a valid solution to the problem of inflationary gap in an economy.’ State and discuss any two monetary measures to justify the given statement.

15. Explain the function of Central Bank as ‘Banker’s Bank and Supervisor.’ (4)

16. (a) From the following data, calculate: (i) Revenue Deficit (ii) Fiscal Deficit (6)

Items	Amount (₹ in crores)
Tax revenue	1,200
Revenue expenditure	3,700
Non-tax revenue	2,000
Recovery of loans	145
Capital expenditure	500
Disinvestent	120
Interest payments	1,070

**OR**

- (b) “Through its budgetary policy, the government allocates resources as per the requirements of the country.” Do you agree with the given statement? Support your answer with the valid reasons. (3)
- (c) Identify the nature of following expenditures in the context of government budget and justify with reasons. (3)
- (i) Expenditure on building a bridge.
- (ii) Expenditure on providing free medicines to economically backward section of society, under Ayushman Bharat Scheme.
17. (a) “GDP growth estimated at 6.3percent for 2023-23: FICCI Economic Outlook Survey.” (3)  
-The Economic Times  
Does the given statement mean that welfare of people of India increase at the same rate? Comment with reasons.
- (b) Giving reasons explain how the following should be treated in estimation of National Income. (3)
- (i) Expenditure on engine oil by car service station.
- (ii) Expenditure on purchasing a machine installed in a production unit.
- (iii) Money received from the sale of second-hand car.

### SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Identify which of the following is not an advantage of Green Revolution. (1)
- (A) India has become self-sufficient in the production of food grains.
- (B) India has built sufficient buffer stock of food grains.
- (C) Increased marketed surplus.
- (D) Increase in the price of food grains.
19. \_\_\_\_\_ and \_\_\_\_\_ are the reasons for the slowdown of the Pakistan economy since independence. (1)
- I. political instability
- II. over-dependence on remittances from abroad
- III. stable performance of agriculture sector
- IV. growth of service sector
- (A) I and II (B) II and III (C) III and IV (D) I and IV

20. In 1955, the Village and Small-Scale Industries Committee, also called as \_\_\_\_\_ (1)  
committee was set up for the development and promotion of small-scale industries in India.  
(A) Tapas Majumdar (B) Karve (C) Mahalanobis (D) Amartya Sen
21. Which of the following was not the benefit accruing from 'Golden Revolution'? (1)  
(A) Increase in income of farmers.  
(B) Increase in production of milk and related products.  
(C) Increase in production and exports of fruits and vegetables.  
(D) Employment for women in rural areas.
22. Read the following statement -Assertion and Reason. Choose one of the correct alternatives given (1)  
below:  
**Assertion:** At the time of Independence, the government had to play an extensive role in promoting the industrial sector.  
**Reason:** Indian industrialists did not have the capital to undertake investment in industrial ventures required for the development of our economy; nor was the market big enough to encourage industrialists to undertake major projects even if they had the capital to do so.  
(A) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.  
(B) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.  
(C) Assertion is true but Reason is false.  
(D) Assertion is false but Reason is true.
23. Identify the incorrect statement from the following: (1)  
(A) China's economic growth rate is better than that of Pakistan.  
(B) Pakistan is behind India in HDI ranking.  
(C) One Child Policy norm was adopted in Pakistan.  
(D) In 1991, India adopted New Economic Reforms.
24. \_\_\_\_\_ is an apex body to coordinate the activities of all institutions involved in the (1)  
rural financing system.  
(A) Cooperative Credit Societies (B) Regional Rural Banks  
(C) Self-Help Groups (D) NABARD
25. Identify demographic indicator from the following: (1)  
(A) Urbanisation (B) GNP  
(C) Mean years of schooling (D) Percentage of undernourished children.
26. Read the following statements carefully. (1)  
**Statement 1:** Government is the major informal sector employer in the country.  
**Statement 2:** Under disguised unemployment, marginal product gained by employing one additional unit of labour is zero.  
In the light of the given statements, choose the correct alternative:  
(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: (1)

Column I	Column II
(a) Dual Pricing	(i) Economic Reforms of 1991
(b) First Five Year plan of Pakistan	(ii) 1988
(c) Setting up of Special Economic Zones in China	(iii) To attract Foreign Direct Investment
(d) Great Proletarian Cultural Revolution	(iv) Introduced in Pakistan

- (A) a-i                      (B) b-ii                      (C) c - iii                      (D) d-iv

28. “There was huge drain of wealth during British Rule.” Justify. (3)

**OR**

“The basic objective of British Government to develop infrastructure was not to provide basic amenities to the people, but to serve their own colonial interest.” (3)

Discuss any three main objectives behind infrastructural development by the British rule.

29. ‘Expenditure on education and health assumes great importance on the formation of human capital. Hence, active government intervention is essential in education and health sectors.’ (3)

In the light of the above statement, argue in favour of the need for different forms of government intervention in education and health sectors.

30. ‘China initiated a campaign aimed at industrialising the country and to modernize China’s economy.’ Discuss. (4)

31. “Organic farming is the need of the hour to promote sustainable development but, it has its own limitations.” (4)

Elaborate any two advantages and two limitations of organic farming in the light of the above statement.

**OR**

(a) Explain why regular salaried employees are generally more in urban areas than in rural areas. (2)

(b) “The gap between the growth of GDP and employment is widening.” State and explain the trend which highlights this phenomenon. State any one reason behind the same. (2)

32. Identify the situation depicted in the given image. Discuss the different types of the indicated situation, prevailing in India. (4)



33. (a) Discuss briefly the rationale behind choosing ‘Self-reliance’ as a planning objective for the Indian economy. (3)

(b) Why has the industrial sector performed poorly in the reform period? (3)

**OR**

(c) ‘Subsidies put a huge burden on government finances, but are necessary for marginal farmers.’ In the light of the given statement, discuss any two arguments in favour of and two arguments against subsidies. (4)

(d) Define the terms: (i) outsourcing and (ii) bilateral trade. (2)

34. Read the following text carefully:

Killer heat waves are putting "unprecedented burdens" on India's agriculture, economy and public health, with climate change undermining the country's long-term efforts to reduce poverty, inequality and illness, a new study showed.

Extreme heat has caused more than 24,000 deaths since 1992 and has also driven up air pollution and accelerated glacial melt in northern India, said a team of scholars led by the University of Cambridge's Ramit Debnath.

India is now "facing a collision of multiple, cumulative climate hazards", with extreme weather happening almost every day from January to October last year, they said.

As much as 90 per cent of India's total area now lies in extreme heat danger zones, and it is not fully prepared, he warned.

"India has already done quite a bit in terms of heat mitigation — they actually now recognise heat waves as part of their disaster relief package," he said. "But there's a need to optimise the pace of these plans."

Extreme heat could ultimately lead to a 15 per cent decline in "outdoor working capacity", reduce the quality of life of up to 480 million people and cost 2.8 per cent of GDP by 2050, they said.

The researchers also warned that heat waves were weakening India's efforts to meet its "SDG", a list of 17 UN objectives to cut poverty, hunger, inequality and disease.

Falling productivity caused by extreme high temperatures could already be costing India 5.4 per cent of its GDP, according to the Climate Transparency Report published by environmental groups last year.

Source: <https://www.thehindubusinessline.com/news/national/indias-heatwaves-putting-economy-development-goals-at-risk-study/article66758378.ece>

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

- (a) Define global warming. State any two causes of global warming. (2)
- (b) State any one impact of extreme heat. Also suggest any six strategies of sustainable development. (4)