



विद्या सर्वार्थ साधिका

ANANDALAYA
PRE-BOARD EXAMINATION
Class: XII

Subject : Economics
Date : 21-12-2024

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. **Statement 1:** Aggregate demand is the sum total of consumption and investment expenditures. (1)
Statement 2: Total consumption consists of an autonomous component and an induced component.
(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. Identify the correct formula to calculate Fiscal Deficit. (1)
(A) Total expenditure - Total Receipt (other than borrowings)
(B) Revenue Expenditure- Revenue Receipt
(C) Capital Expenditure- Capital Receipt
(D) Revenue Expenditure + Capital expenditure - Revenue Receipt
3. Which of the following will be included to calculate the GDP of the USA? (1)
(A) Cars manufactured by Americans in Germany.
(B) Famous British singer tours throughout the USA for concerts.
(C) USA citizens receiving unemployment benefits from the government.
(D) A singer from the USA holding a concert in India.
4. Under the _____ exchange rate system, market forces automatically adjust the surplus and deficit in the Balance of Payments account. (1)
(A) fixed (B) flexible (C) managed floating (D) dirty floating
5. If in an economy, the value of investment multiplier is 4 and Autonomous Consumption is ₹ 30 crore, the relevant consumption function would be _____. (1)
(A) $C = 30 + 0.75 Y$ (B) $C = (-)30 + 0.25 Y$
(C) $C = 30 - 0.75 Y$ (D) $C = 30 - 0.25 Y$
6. "In the Annual Budget of 2022-23, the Government of India sets up disinvestment targets of ₹ 65,000 crore." Such proceeds from disinvestment can be classified as _____ receipts in the Government Budget as it leads to _____ of the Government. (1)
(A) revenue, decrease in liabilities (B) revenue, increase in assets
(C) capital, increase in liabilities (D) capital, decrease in assets

7. **Assertion (A):** At the break-even level of income, the value of Average Propensity to Consume (APC) is zero. (1)
Reason (R): Sum of Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one.
 (A) Both (A) and (R) are true and (R) is the correct explanation of (A).
 (B) Both (A) and (R) are true and (R) is not the correct explanation of (A).
 (C) (A) is true but (R) is false.
 (D) (A) is false but (R) is true.

8. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be _____. (1)
 (A) 0.8 (B) 0.4 (C) 0.6 (D) 0.2

9. Suppose that the Balance of Trade (BOT) of a nation, exhibits a surplus of ₹ 20,000 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. (1)
 (A) 40,000 (B) 24,000 (C) 35,000 (D) 30,000

10. _____ is a revenue receipt of the government. (1)
 (A) Funds raised by the government by issuing National Saving Certificates
 (B) Sale of 80% shares of a public sector undertaking to a private enterprise
 (C) Profits of SAIL, a public enterprise
 (D) Amount borrowed from IMF

11. On the basis of the given data, estimate the value of Domestic Income: (3)

S. No.	Items	Amount (₹ in crores)
(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

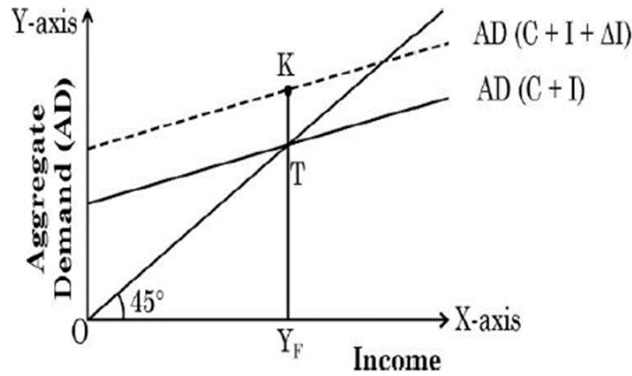
OR

- (B) 'GDP as an index of welfare of a country has some limitations.' Defend or refute the given statement with valid reasons.
12. "Government budget can be a useful instrument in reducing inequalities in the distribution of income and wealth in an economy." Comment. (3)
13. (I) In which sub-account and on which side of Balance of Payments, will sale of machinery to abroad be recorded? Give reasons in support of your answer. (2)
 (II) Distinguish between autonomous and accommodating transactions of balance of payments account. (2)
14. Define full employment in an economy. Discuss the changes that will take place in an economy, when aggregate demand is more than aggregate supply. (4)

OR

- (B) For a hypothetical economy, the government incurs a change in investment expenditure of ₹1,000 crore. If the value of Marginal Propensity to Save (MPS) is 0.10. Calculate the value of increase in income.

15. In the given figure, what does the gap 'KT' represent? State and discuss any two fiscal measures to correct the situation. (4)



16. Read the following text carefully:

Money has been an integral part of India's economic, cultural, and political evolution. From bartering systems to digital payments, the journey of money in India reflects the nation's socio-economic transformation over centuries.

In the earliest stages of Indian civilization, trade operated through the barter system. Goods and services were exchanged directly without a standardized medium of exchange. However, the limitations of the barter system, led to the search for a more efficient medium.

India was among the first regions in the world to use metal coins. The Mahajanapadas (ancient kingdoms of India) introduced punch-marked coins made of silver, copper, and other metals around the 6th century BCE. These coins, called Panas, often bore symbols representing animals, plants, or geometric designs.

During the medieval era, the coinage diversified under various dynasties:

Delhi Sultanate: Coins were predominantly made of copper and silver, inscribed with Islamic calligraphy.

Mughal Empire: Emperor Akbar introduced standardized coins made of gold, silver, and copper, often featuring Persian inscriptions. The Mughal coinage system influenced Indian monetary practices for centuries.

The arrival of European trading companies in the 17th century, especially the British East India Company, marked significant changes:

Introduction of Rupee: The silver rupee became the standard currency under British rule, replacing local currencies.

Paper Money: In 1770, the Bank of Hindostan issued the first paper currency in India. Later, the British government took over currency issuance, and the Reserve Bank of India (RBI) was established in 1935 as the sole issuer of banknotes.

After gaining independence in 1947, India undertook several reforms to modernize its monetary system:

Decimalization (1957): The Indian rupee was divided into 100 paise, replacing the earlier system of annas.

Design Changes: New coins and notes were issued featuring symbols of India's heritage and progress, such as the Ashoka Pillar.

India's monetary system has rapidly evolved in recent decades with the advent of technology:

Electronic Banking: The introduction of ATMs and online banking revolutionized monetary transactions.

Digital Wallets and UPI: Platforms like Paytm, PhonePe, and Google Pay, along with the Unified Payments Interface (UPI), have made cashless transactions ubiquitous.

Cryptocurrency: Though not yet regulated, cryptocurrencies like Bitcoin have sparked discussions about the future of money in India.

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

- (I) 'The limitations of the barter system, led to the search for a more efficient medium.' (3)

In the light of the given statement, discuss briefly how money has helped to overcome the 'Lack of store of value' limitation of the Barter system.

(II) 'RBI is the currency authority of the country.' Comment. (3)

17. (I) Explain the concept of Double Counting in the context of calculating National Income and (3)
(A) provide two ways to avoid it.

(II) Find Net Domestic Product at Factor Cost from the following: (3)

S No	Particulars	₹ crores
(i)	Rent	200
(ii)	Net current transfers to abroad	10
(iii)	National debt interest	60
(iv)	Corporate tax	100
(v)	Compensation to employees	900
(vi)	Interest	400
(vii)	Undistributed profits	50
(viii)	Dividend	250
(ix)	Net factor income to abroad	(-) 10

OR

(B) (I) State and discuss any two precautions to be considered while estimating national income by (2)
Expenditure Method.

(II) Suppose in a hypothetical economy there are only two Firms A and B, Firm A sold goods for (4)
₹ 2,000 to Firm B and purchased goods for ₹ 1,000. Firm B exported goods for ₹ 2,500 and
had domestic sales of ₹ 1,500. Calculate Net Domestic Product at market price, if
consumption of fixed capital is ₹ 200.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. _____ is not the strategy for Sustainable Development. (1)
(A) Use of bio-gas (B) Use of solar power
(C) Use of thermal power (D) Use of wind energy

19. Identify from the following which indicates the adverse impact of British rule in India. (1)
(A) Introduction of communication networks in India
(B) Change in composition of India's foreign trade
(C) Introduction of modern administrative system in India
(D) Introduction of railways in India

20. Read the following statements carefully. (1)
Statement 1: On-the-job trainings help to bridge a gap between theoretical concepts and practical experiences.
Statement 2: On-the-job trainings update the employees, with the latest changes in their work field.
(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

21. **Assertion (A):** The goal of equitable distribution of land was fully served by abolition of (1)
intermediaries, in the post-independence India.
Reason (R): Big landlords challenged the land ceiling legislation, delaying the implementation
and subsequently escaping from the legislation.
(A) Both (A) and (R) are true and (R) is the correct explanation of (A).
(B) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(C) (A) is true but (R) is false.
(D) (A) is false but (R) is true.

22. Agriculture marketing does not comprise of _____ . (1)
 (A) Transportation of the produce to the market place for sale.
 (B) Grading of the produce according to the quality.
 (C) Storage of the produce for sale in future.
 (D) Credit taken to meet expenditure on agriculture.
23. Liberalisation of the economy under the new economic policy changed the role of RBI in the economy from _____ to _____. (1)
 (A) regulator, controller (B) regulator, facilitator
 (C) manager, regulator (D) facilitator, regulator
24. _____ 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
25. United Nations General Assembly has enlisted a list of 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Accordingly, SDG 7 is to "Ensure that everyone has access to enough, trustworthy, sustainable, and modern energy."
 _____ does not constitute a step toward achieving SDG 7. (1)
 (A) CNG (B) solar energy
 (C) thermal power (D) mini-hydel plants
26. Despite witnessing economic growth, the Indian economy has been struggling to create sufficient employment opportunities to absorb the growing workforce. This is known as _____, which has been a significant challenge in the Indian economy in recent years. (1)
 (A) Informalisation (B) Casualisation
 (C) Workforce- population ratio (D) Jobless growth
27. The "Golden Revolution" was a period of very high productivity in _____. (1)
 (A) Agriculture (B) Horticulture
 (C) Wheat (D) Jute
28. Discuss briefly the major steps taken by the Government of India on "Financial Sector" front (A) under the Economic Reforms of 1991. (3)

OR

- (B) 'The industrial sector performed poorly in the reform period.' Justify the statement by giving reasons responsible for the same.
29. "China's rapid industrial growth can be traced back to its reforms in 1978." Elucidate. (3)
30. Compare and analyse the given data of India and China with valid reasons: (4)

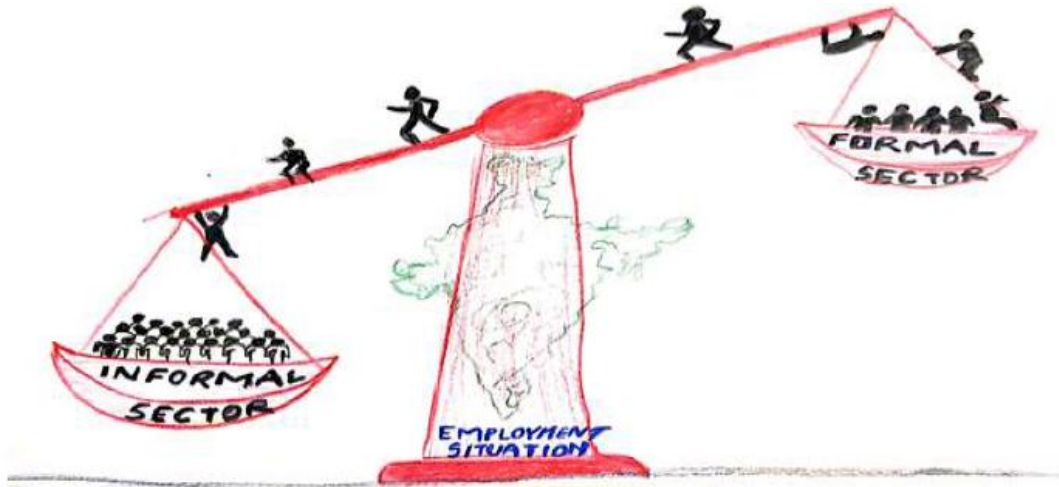
Country	Annual growth rate of population	Sex Ratio (per thousand males)
India	1.03	924
China	0.46	949
Pakistan	2.05	943

Source: World Development Indicators 2019, www.worldbank.org

31. "India's environmental problems are both poverty induced as well as the consequence of affluence." Comment. (4)

(A) OR
(B) Distinguish between Physical Capital and Human Capital.

32.



- (I) Identify the situation depicted in the given image. (1)
(II) Give two examples of people employed in informal sector in India. (1)
(III) State the problems faced by the workers in the informal sector. (2)

33. Read the following text carefully.

Recently, Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system because the formal credit delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development. Since some kind of collateral is required, vast proportion of poor rural households were automatically out of the credit network. Self Help Groups are voluntary association of poor people who come together for the purpose of solving of their common problems through mutual help. 'Kudumbashree' is a woman-oriented community-based poverty reduction programme being implemented in Kerala. In 1995, a thrift and credit society was started as a small savings bank for poor women with the objective to encourage savings. The thrift and credit society mobilized ₹1 crore as thrift savings. These societies have been acclaimed as the largest informal banks in Asia in terms of participation and savings mobilized.

Source: www.kudumbashree.com, NCERT

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

- (I) Discuss briefly the importance of micro-credit programmes in rural development. (3)
(II) Give two examples of other institutional sources of rural credit, apart from Self Help Groups (SHGs). (2)
(III) What was the limitation of the formal credit system, which has been overcome by the emergence of Self Help Groups (SHGs)? (1)

34. (I) "In order to protect domestic industries, India followed the regime of restrictions on imports." (3)
(A) Briefly outline and discuss such steps taken by the government to promote import substitution policy. What was the aim of import substitution?
(II) "British rule adversely hampered the Industrial sector of India." Justify. (3)

OR

(B) (I) 'Green Revolution is the spectacular advancement in the field of agriculture.' Justify the given statement by stating benefits of Green Revolution. (4)
(II) 'The primary motive of British rule behind the systematic de-industrialisation was two-fold.' Comment. (2)