

COMMON PRE-BOARD EXAMINATION-2023
ECONOMICS (030)
CLASS 12

Max.Time:3 Hours

Max. Marks: 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 type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

SECTION A
(MACROECONOMICS)

1. Read the following statements carefully: 1
Statement 1 - Net investment is a stock concept.
Statement 2 - Capital is a flow concept.
 In the 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. Money supply in India may increase if, _____(Choose the correct alternative) 1
 - i. Reserve Bank of India(RBI) injects more money in circulation
 - ii. the commercial banks expand their credit operation
 - iii. tax rates are reduced by the Central Government
 - iv. Reserve Bank of India increases the Bank Rate

Alternatives:

 - a) i, ii and iii are correct
 - b) ii, iii and iv are correct
 - c) i, iii and iv are correct
 - d) i, ii and iv are correct

3. _____ (choose the correct alternative) is a revenue receipt of the government. 1
- Funds raised by the government by issuing National Saving Certificates
 - Sale of 40% shares of a public sector undertaking to a private enterprise
 - Profits of LIC, a public enterprise
 - Amount borrowed from Japan for construction of Bullet Train
4. Read the following statements carefully and choose the correct alternative from the following: 1
- Statement 1** –Total quantity or stock of money available in the economy at particular point of time is known as money supply.
Statement 2– Demand deposit is not the part of money supply.
 Alternatives:
- Both the statements are true.
 - Both the statements are false.
 - Statement 1 is true and Statement 2 is false
 - Statement 2 is true and Statement 1 is false
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
- $C=30+0.75 Y$
 - $C= (-)30+0.25Y$
 - $C=30-0.75Y$
 - $C=30-0.25Y$

OR

- If increase in National Income is equal to increase in consumption, identify the value of Marginal Propensity to Save:
- Equal to unity
 - Greater than one
 - Less than one
 - Equal to zero
6. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
- Assertion (A):** Ex-post Investments represent planned Investments; whereas ex-ante Investments represent actual level of investments.
Reason (R): At equilibrium level, Ex-ante Savings and Ex-ante Investments are always equal.
Alternatives:
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion (A) is true but Reason (R) is false.
 - Assertion (A) is false but Reason (R) is true

7. The non-tax revenue in the following is: (choose the correct alternative) 1
- a) Export duty
 - b) Import duty
 - c) Dividends
 - d) Excise

OR

The amount collected by the government as taxes and duties is known as _____

- a) Capital receipts
 - b) Tax revenue receipts
 - c) Non-tax revenue receipts
 - d) Non- receipts
8. Other things remaining unchanged, when in a country the price of foreign currency rises, national income is: (choose the correct alternative) 1
- a) Likely to rise
 - b) Likely to fall
 - c) Likely to rise and fall both
 - d) Not affected

OR

Demand for foreign exchange is _____ related to the rate of foreign exchange.

- a) Certainly
 - b) Negatively
 - c) Directly
 - d) Positively
9. Read the following statements carefully and choose the correct alternative from the following: 1
- Statement 1** – Fines and Penalties are a source of non-tax revenue for the government.
- Statement 2** – A fine of ₹500 was imposed on not wearing a mask.
- 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.

10. Read the following statements -Assertion (A) and Reason(R), choose one of the correct alternatives given below: 1
- Assertion (A):** Import of machines is recorded in current account.
- Reason (R):** All imports and exports of goods are recorded in the current account, because it is simply import/ export of a good.
- 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.

11. Giving valid reasons explain which of the following will not be included in estimation of National Income of India? 3
- a) Purchase of shares of X. Ltd. by an investor in the National Stock Exchange.
 - b) Salaries paid by the French Embassy, New Delhi to the local workers of the housekeeping department.
 - c) Compensation paid by the Government of India to the victims of floods.

OR

In an economy, following transactions took place. Calculate value of output and value added by Firm B:

- a) Firm A sold to firm B goods of ₹ 80 crore; to firm C ₹ 50 crore; to household ₹30 crore and goods of value ₹ 10 crore remains unsold
 - b) Firm B sold to firm C goods of ₹ 70 crore; to firm D ₹40 crore; goods of value ₹30 crore were exported and goods of value ₹ 5 crore was sold to government
12. Distinguish between revenue expenditure and capital expenditure in Government budget. Give an example of each. 3
13. Giving reasons explain whether the given statements are true or false. 4
- i. Current account of balance of payments account records only export and import of goods and services.
 - ii. Foreign investments are recorded in the capital account of balance of payments.
 - iii. Improvement in exchange rate of the country's currency always beneficial for Balance of Payment (BoP).
 - iv. Rise in foreign exchange rate cause a rise in its supply.
14. Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? 4

OR

State the components of M1 measure of money supply.

15. Calculate Marginal Propensity to Consume from the following data about an economy which is in equilibrium: 4
- National income = ₹ 2000
 Autonomous consumption expenditure = ₹ 200
 Investment expenditure = ₹100

16. 'An economy is operating at under employment level of income'. What is meant by the given statement. Discuss one fiscal measure and one monetary measure to tackle the situation. 6

OR

Outline the steps taken in deriving saving curve from the consumption curve. Use diagram.

17. Given the following data, find the missing value of Government Final Consumption Expenditure' and Mixed Income of Self Employed: 6

SR.NO:	Particulars	Amount (in ₹ crores)
i	National Income	71,000
ii	Gross Domestic Capital formation	10,000
iii	Government Final Consumption Expenditure	?
iv	Mixed income of the self employed	?
v	Net factor income from abroad	1,000
vi	Net indirect tax	2,000
vii	Profits	1,200
viii	Wages & Salaries	15,000
ix	Net Exports	5,000
x	Private Final Consumption Expenditure	40,000
xi	Consumption of fixed capital	3,000
xii	Operating surplus	30,000

SECTION: B
INDIAN ECONOMIC DEVELOPMENT

18. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain.

Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's Foreign Trade

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.
19. Occupational structure refers to: 1
- a) Distribution of working force among the different occupations
 - b) Nature of different occupations
 - c) Size of working force in a country
 - d) Number of people living in a country

OR

Land reform measures were successful in which of the given states?

- a) Punjab and Haryana
 - b) Maharashtra and West Bengal
 - c) Uttar Pradesh and Madhya Pradesh
 - d) Kerala and West Bengal
20. Read the following statements carefully and choose the correct alternative from the following: 1

Statement 1 – Most of the small farmers are in debt-trap.

Statement 2 – They borrow money from money lenders who charge high rate of interest that push them in to chronic indebtedness.

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.

21. Select the correct combination between the following columns.

1

Column A	Column B
A. Tariff	(i) Inward looking trade policy
B. Quota	(ii) Policy governing international trade
C. Make in India	(iii) Tax on imported goods
D. Trade Policy	(iv) Quantitative restriction on imports

Alternatives:

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

22. Read the following statements -Assertion (A) and Reason(R), choose one of the correct alternatives given below:

1

Assertion (A): Human capital formation is required for effective use of physical capital.

Reason (R): Formation of human capital raises life expectancy of the people.

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.

23. People's Republic of China was established in _____.

1

- a) 1947
- b) 1944
- c) 1949
- d) 1950

OR

Full form of ASEAN is:

- a) American of South East All Countries
- b) Association of South East Asian Countries
- c) All South East American Nations
- d) Association of Selected East Asian Countries

24. _____ is not a cause for environmental degradation. (Choose the correct alternative) 1
- a) Waste management
 - b) Deforestation
 - c) Global warming
 - d) Guarding green cover

OR

- _____ is not the strategy for Sustainable Development. (Choose the correct alternative)
- a) Use of bio-gas
 - b) Use of solar power
 - c) Use of thermal power
 - d) Use of hydel power
25. The scheme of microfinance is extended through _____ (Choose the correct alternative) 1
- a) Land Development Banks
 - b) Self-help groups
 - c) NABARD
 - d) Regional rural banks
26. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
- Assertion (A):** Chinas import driven manufacturing is the key parameter of its success story in economic growth.
- Reason(R):** China has witnessed an increase in the proportion of elderly people owing to stringent family planning programmes.
- 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

27. Read the following statements carefully. 1
- Statement 1:** Both India and Pakistan initiated their economic reforms without any external pressures.
- Statement 2:** Pakistan has successfully implemented the SEZ policy and reaped its benefits using the Export Promotion policy.
- 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

28. Trace the relationship between human capital and economic growth. 3

OR

Explain the role of non-farming employment in promoting the rural diversification.

29. Interpret the given picture on account of current environmental challenges. 3



Resource extraction exceeds that of their regeneration

Source: <https://www.theenvironmentalblog.org/current-environmental-issues>

30. a) “India has failed to implement the recommendations of Education Commission of 1964 -66.” Give valid arguments in support of the given statement. 2

b) ‘Casual wage work is the major source of employment in rural India ‘. Defend or refute the given statement with valid reason. 2

31. a) Name any one Maharatana company. 4

b) ‘Land ceiling promotes equity.’ Support the given statement with valid explanation.

OR

Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.

32. Compare and analyse the following information related to Imports and Exports of the three neighbouring nations: 4

Country	Exports from India (in ₹ crore)			Imports to India (in ₹ crore)		
	2004- 05	2018-19	Annual rate of growth (%)	2004- 05	2018-19	Annual rate of growth (%)
Pakistan	2,341	14,426	3.7	427	3,476	5.1
China	25,232	1,17,289	2.6	31,892	4,92,079	10.3

33. Though public sector is very essential for industries, many public sector undertakings incur huge losses and are a drain on the economy's resources. Discuss the usefulness of public sector undertakings in the light of this fact. 6

OR

Agriculture sector appears to be adversely affected by the reform process. Why?

34. Read the following text carefully and answer the given questions on the basis of the same and common understanding: 3+3=6

An important lesson that the COVID-19 pandemic has taught the policymakers in India is to provide greater impetus to sectors that make better allocation of resources and reduce income inequalities. COVID-19 has also taught a lesson that in crisis the population returns to rely on the farm sector. India has a large arable land, but the farm sector has its own structural problems. However, directly or indirectly, 50 percent of the households still depend on the farm sector. Greater support to MSMEs, higher public expenditure on health and education and making the labour force a formal employee in the economy are some of the milestones that the nation has to achieve.

One of the imminent reforms to be done in the country is labour reforms. Labour laws are outmoded in India, and some of these date back to the last century. India's complex labour laws have been blamed for keeping manufacturing businesses small and hindering job creation. Industry hires labour informally because of complex laws and that is responsible for low wages.

Questions:

- a. Which types of structural problems are faced by the agricultural sector?
- b. "It is necessary to create employment in the formal sector rather than in the informal sector." Defend or refute the given statement with valid argument.