



COMMON PRE-BOARD EXAMINATION 2022-23



Subject: ECONOMICS (030)

Class: XII

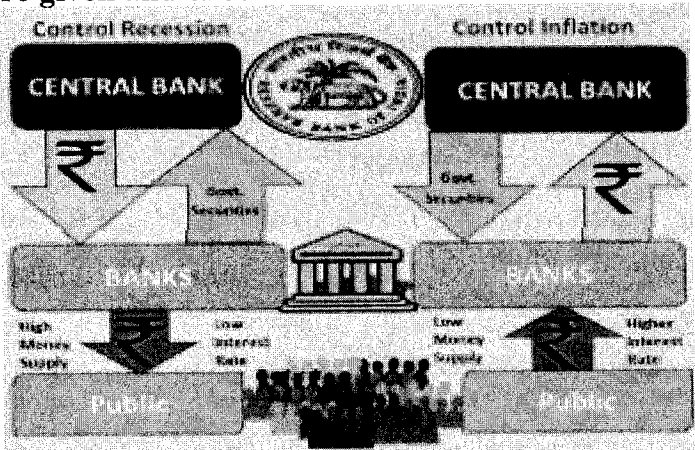
Date:

Time: 3 Hours

Max. Marks: 80

General Instructions:

1. Marks are indicated against each question
2. Answers should be brief and to the point.
3. Answers to questions carrying 3 marks may be from 50-75 words.
4. Answers to questions carrying 4 marks may be about 150 words.
5. Answers to questions carrying 6 marks may be about 200 words.
6. Attempt all parts of the questions together.

| Qn. No | Questions | Marks |
|-------------------------------|--|-------|
| SECTION - A – MACRO ECONOMICS | | |
| 1 | <p>Read the following statements carefully and choose the correct alternative from the following:</p> <p>Statement 1 – Fiscal deficit will be zero if there is no need for borrowings in the budget.</p> <p>Statement 2 – An increase in fiscal deficit does not affect the primary deficit.</p> <p>a) Both statements are true. b) Both statements are false. c) Statement 1 is true and Statement 2 is false d) Statement 2 is true and Statement 1 is false</p> | 1 |
| 2 | <p>If the BOT deficit is Rs (-) 5000 Crores and the value of imports is Rs 9000 crores then the value of exports will be</p> <p>a) Rs 4000 Crores b) Rs 14000 rores c) Rs 9000 Crores d) Rs 19000 Crores</p> | 1 |
| 3 | <p>Observe the picture given and choose the correct alternative from the following.</p>  <p>The given picture represents; a) Lending and borrowing of Reserve Bank of India.</p> | 1 |

72

- a) 1400 crores
c) 1700 crores

- b) 170 crores
d) 800 crores

OR

In an economy, investment is increased by Rs 2000 crores. The change in total income if the marginal propensity to save is 0.25 would be

- a) 8000 crores
c) 4000 crores
b) 1800 crores
d) 2000 crores

7 Because of ----- difficulties and inconvenience of the barter system, money came as a medium of exchange. (Choose the correct alternative)

1. Lack of divisibility of goods
2. Difficulty of transfer wealth
3. Chance of deferred payment
4. Lack of double coincidence of wants

Alternatives

- a) 1, 2, and 3 are correct
c) 2, 3 and 4 are correct
b) 1, 2, and 4 are correct
d) 1, 3, and 4 are correct

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

| | Column I | | Column II |
|---|-------------------------------|-----|--|
| A | External commercial borrowing | i | Available at the concessional rate of interest |
| B | Autonomous items | ii | Classified as 'below the line' items of BoP |
| C | Exports of goods and services | iii | Recorded as positive items in BoP accounts |
| D | Deposits held by NRIs | iv | A component of the current account |

Alternatives

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

OR

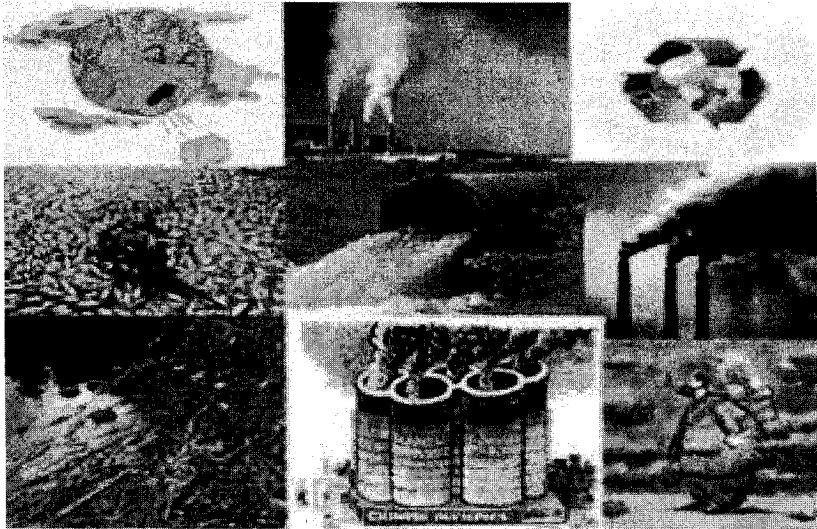
Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I.

| | Column I | | Column II |
|--|----------|--|-----------|
|--|----------|--|-----------|

| | | | | | | | | | | | | | | | | | | |
|----|---|-----|---|---|------------------------|---|-------------|----|---|---|------------------|-----|--------------------------|---|-------------------|----|----------------------------|--|
| | <table border="1"> <tr> <td>A</td><td>Trade deficit</td><td>i</td><td>Cause of BoP imbalance</td></tr> <tr> <td>B</td><td>Merchandise</td><td>ii</td><td>Export of goods greater < Import of goods</td></tr> <tr> <td>C</td><td>Autonomous items</td><td>iii</td><td>An element of invisibles</td></tr> <tr> <td>D</td><td>Current transfers</td><td>iv</td><td>Export and Import of goods</td></tr> </table> <p>Alternatives</p> <p>a) A – ii, B- iv, C – i, D- iii b) A – ii, B- iii, C – i, D- iv</p> <p>c) A – iv, B- i, C – ii, D- iii d) A – iv, B- i, C – iii, D- ii</p> | A | Trade deficit | i | Cause of BoP imbalance | B | Merchandise | ii | Export of goods greater < Import of goods | C | Autonomous items | iii | An element of invisibles | D | Current transfers | iv | Export and Import of goods | |
| A | Trade deficit | i | Cause of BoP imbalance | | | | | | | | | | | | | | | |
| B | Merchandise | ii | Export of goods greater < Import of goods | | | | | | | | | | | | | | | |
| C | Autonomous items | iii | An element of invisibles | | | | | | | | | | | | | | | |
| D | Current transfers | iv | Export and Import of goods | | | | | | | | | | | | | | | |
| 9 | <p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A): Sum of APC and APS is equal to one.</p> <p>Reason (R): The income of an economy is either saved or consumed.</p> <p>From the given alternatives choose the correct one:</p> <p>a) Both Assertion (A) and Reason (R) are true and (R) is the correct explanation of (A).</p> <p>b) Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A).</p> <p>c) Only Assertion (A) is true and Reason (R) is false.</p> <p>d) Assertion (A) is false but Reason (R) is true.</p> | 1 | | | | | | | | | | | | | | | | |
| 10 | <p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A): Reduction in public expenditure and increase in taxes will reduce the inflationary gap.</p> <p>Reason (R): The situation of excess demand can be corrected by reducing aggregate demand in an economy.</p> <p>From the given alternatives choose the correct one:</p> <p>a) Both Assertion (A) and Reason (R) are true and (R) is the correct explanation of (A).</p> <p>b) Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A).</p> <p>c) Only Assertion (A) is true and Reason (R) is false.</p> <p>d) Assertion (A) is false but Reason (R) is true.</p> | 1 | | | | | | | | | | | | | | | | |
| 11 | <p>Suppose the GDP at market price of a country in a particular year was Rs 1100 crores. Net Factor Income from Abroad was Rs 100 crores. The value of indirect taxes less subsidies was Rs 150 crores and the National Income was Rs 850 crores. Calculate the aggregate value of depreciation.</p> | 3 | | | | | | | | | | | | | | | | |

| 12 | <p>a) What do you mean by currency depreciation? Explain with an example. How do it affect the foreign trade of a country?</p> <p style="text-align: center;">OR</p> <p>b) What do you mean by autonomous transactions? Why did these items are known as 'above the line items' in BoP?</p> | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------|---|--------------|-------------|--------------|---|--|------|---|------------------------------------|-------|---|--------------------|-------|---|----------|------|---|------|------|---|----------|------|---|--------------------------------|------|---|---------|------|---|--|------|----|-------------|------|----|------|-------|----|------------------------------|-----|-------|
| 13 | <p>Explain the situation of under-employment equilibrium with the help of a suitable diagram.</p> <p>State two monetary policy measures that the government can take to make the economy reach full employment equilibrium.</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | <p>Explain the determination of National Income using the AD and AS approach. What happens when the planned spending (AD) is less than the planned output (AS)? Use a suitable diagram.</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | <p>a) 'Reserve ratio and credit creation are inversely related'. Do you agree with the statement? Justify your answer with a suitable numerical example.</p> <p style="text-align: center;">OR</p> <p>b) What do you understand by money? Explain briefly any three points which highlight the significance of money.</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16 | <p>a) Differentiate consumption of fixed capital and capital loss.</p> <p>b) Calculate National income by using expenditure method from the given details.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>S l No</th><th>Particulars</th><th>Rs in crores</th></tr> </thead> <tbody> <tr> <td>1</td><td>Current transfers from the rest of the world</td><td>1000</td></tr> <tr> <td>2</td><td>Govt final consumption expenditure</td><td>10000</td></tr> <tr> <td>3</td><td>Wages and salaries</td><td>38000</td></tr> <tr> <td>4</td><td>Dividend</td><td>5000</td></tr> <tr> <td>5</td><td>Rent</td><td>2000</td></tr> <tr> <td>6</td><td>Interest</td><td>1500</td></tr> <tr> <td>7</td><td>Net domestic capital formation</td><td>5000</td></tr> <tr> <td>8</td><td>Profits</td><td>8000</td></tr> <tr> <td>9</td><td>Employers' contribution to social security schemes</td><td>2000</td></tr> <tr> <td>10</td><td>Net Exports</td><td>-500</td></tr> <tr> <td>11</td><td>NFIA</td><td>-3000</td></tr> <tr> <td>12</td><td>Consumption of fixed capital</td><td>400</td></tr> </tbody> </table> | S l No | Particulars | Rs in crores | 1 | Current transfers from the rest of the world | 1000 | 2 | Govt final consumption expenditure | 10000 | 3 | Wages and salaries | 38000 | 4 | Dividend | 5000 | 5 | Rent | 2000 | 6 | Interest | 1500 | 7 | Net domestic capital formation | 5000 | 8 | Profits | 8000 | 9 | Employers' contribution to social security schemes | 2000 | 10 | Net Exports | -500 | 11 | NFIA | -3000 | 12 | Consumption of fixed capital | 400 | 2+4=6 |
| S l No | Particulars | Rs in crores | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Current transfers from the rest of the world | 1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Govt final consumption expenditure | 10000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Wages and salaries | 38000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Dividend | 5000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Rent | 2000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Interest | 1500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Net domestic capital formation | 5000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Profits | 8000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Employers' contribution to social security schemes | 2000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Net Exports | -500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | NFIA | -3000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Consumption of fixed capital | 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | |
|----|--|-----|-----------|--|-----------|---|-------------------|---|----------|---|-----------------------------------|----|-------|---|------------------------|-----|-------|---|
| 21 | The golden revolution is related to a) Fish production c) Egg production b) Jewelry production d) Horticulture | 1 | | | | | | | | | | | | | | | | |
| 22 | From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statements: <table><tr><td></td><td>Column I</td><td></td><td>Column II</td></tr><tr><td>A</td><td>Highest sex ratio</td><td>i</td><td>Pakistan</td></tr><tr><td>B</td><td>The highest density of population</td><td>ii</td><td>China</td></tr><tr><td>C</td><td>Highest fertility rate</td><td>iii</td><td>India</td></tr></table> a) A-i , B- ii, C – iii c) A-ii , B- iii, C – i b) A-ii , B- i, C - iii d) A-iii , B- ii, C – i | | Column I | | Column II | A | Highest sex ratio | i | Pakistan | B | The highest density of population | ii | China | C | Highest fertility rate | iii | India | 1 |
| | Column I | | Column II | | | | | | | | | | | | | | | |
| A | Highest sex ratio | i | Pakistan | | | | | | | | | | | | | | | |
| B | The highest density of population | ii | China | | | | | | | | | | | | | | | |
| C | Highest fertility rate | iii | India | | | | | | | | | | | | | | | |
| 23 | Read the following statements carefully. Statement 1: The spread of education is necessary to control the population growth rate. Statement 2: The formation of human capital raises the life expectancy of the people. In 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. | 1 | | | | | | | | | | | | | | | | |
| 24 | Read the following statements carefully. Statement 1: Pakistan follows a mixed economy model with the co-existence of public sector and private sectors. Statement 2: Reforms introduced in 1978 in Pakistan brought remarkable growth in secondary sector. In 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 | 1 | | | | | | | | | | | | | | | | |
| 25 | The absorptive capacity of the environment is defined as ----- a) Resource generation capacity of the environment. b) An average number of organisms living in a given environment. c) Minimum population surviving in the world as a whole d) Ability of the environment to absorb degradation. OR ----- is not a cause of land degradation in India. a) Overgrazing b) Use of bio manures | 1 | | | | | | | | | | | | | | | | |

| | | |
|----|--|---|
| | <p>c) Shifting cultivation</p> <p>d) Soil erosion</p> | |
| 26 | <p>Read the following statements - Assertion (A) and Reason (R): Assertion (A): All those who are engaged in economic activities are workers. Reason (R): Economic activities are those which contribute to the gross national product.</p> <p>From the given alternatives choose the correct one:</p> <p>a) Both Assertion (A) and Reason (R) are true and (R) is the correct explanation of (A). b) Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A). c) Only Assertion (A) is true and Reason (R) is false. d) Assertion (A) is false but Reason (R) is true.</p> | 1 |
| 27 | <p>Read the following statements - Assertion (A) and Reason (R): Assertion (A): In 1990's poverty re-emerged in Pakistan. Reason (R): More than the green revolution, agricultural growth, and better food supply was actually based on a good harvest, which was a temporary feature in Pakistan.</p> <p>From the given alternatives choose the correct one:</p> <p>a) Both Assertion (A) and Reason (R) are true and (R) is the correct explanation of (A). b) Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A). c) Only Assertion (A) is true and Reason (R) is false. d) Assertion (A) is false but Reason (R) is true.</p> | 1 |
| 28 | <p>Interpret the given picture on account of the current environmental challenges, and answer the following question.</p>  <p>Explain the strategies for sustainable development to overcome these problems in the Indian context.</p> | 3 |

| 29 | <p>a) Why are regular salaried employees more in urban areas than in rural areas?</p> <p style="text-align: center;">OR</p> <p>b) What is meant by the term worker population ratio? Give any two features of the worker population ratio in India.</p> | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|----------|---------|-------------|----------|-----------|--|--|-------------|----------|---------|-------------|----------|---------|-------|-----|-----|-----|-----|-----|-----|-------|-----|------|------|-----|------|-----|----------|---|-----|-----|-----|-----|-----|---|
| 30 | <p>Compare and analysis the following information related to the sectoral output growth of three neighboring countries.</p> <table border="1"><thead><tr><th rowspan="2">Country</th><th colspan="3">1980-90</th><th colspan="3">1990-2002</th></tr><tr><th>Agriculture</th><th>Industry</th><th>Service</th><th>Agriculture</th><th>Industry</th><th>Service</th></tr></thead><tbody><tr><td>India</td><td>3.1</td><td>7.4</td><td>6.9</td><td>2.7</td><td>6.6</td><td>7.9</td></tr><tr><td>China</td><td>5.9</td><td>10.8</td><td>13.5</td><td>3.9</td><td>11.8</td><td>8.8</td></tr><tr><td>Pakistan</td><td>4</td><td>7.7</td><td>6.8</td><td>3.7</td><td>3.9</td><td>4.3</td></tr></tbody></table> | Country | 1980-90 | | | 1990-2002 | | | Agriculture | Industry | Service | Agriculture | Industry | Service | India | 3.1 | 7.4 | 6.9 | 2.7 | 6.6 | 7.9 | China | 5.9 | 10.8 | 13.5 | 3.9 | 11.8 | 8.8 | Pakistan | 4 | 7.7 | 6.8 | 3.7 | 3.9 | 4.3 | 4 |
| Country | 1980-90 | | | 1990-2002 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Agriculture | Industry | Service | Agriculture | Industry | Service | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| India | 3.1 | 7.4 | 6.9 | 2.7 | 6.6 | 7.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| China | 5.9 | 10.8 | 13.5 | 3.9 | 11.8 | 8.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pakistan | 4 | 7.7 | 6.8 | 3.7 | 3.9 | 4.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | <p>a) Why did India adopt the new economic policy in 1991? Explain any four causes.</p> <p style="text-align: center;">OR</p> <p>b) What is meant by ‘fiscal policy measures’? What were the fiscal policy measures introduced in India in 1991?</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32 | What are the factors that contribute to human capital formation? | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 33 | <p>a) What do you mean by rural development? Bring out the key issues in rural development.</p> <p>b) Describe the need for agriculture diversification in India.</p> <p style="text-align: center;">OR</p> <p>a) Mention some obstacles that hinder the mechanism of agricultural marketing in India.</p> <p>b) Explain the role of micro-credit or self-help groups in meeting the credit requirements of the poor in India.</p> | 3+3=6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 34 | <p>Read the following text carefully and answer the given questions on the basis of the same and common understanding:</p> <p>Industrial Policy is the set of standards and measures set by the Government to evaluate the progress of the manufacturing sector that ultimately enhances economic growth and development of the country. The government takes measures to encourage and improve the competitiveness and capabilities of various firms. Industrial policy resolution 1956 was the clear declaration of the government on the leading role of the public sector in the process of industrialization.</p> <p>This resolution laid the road map for the second five-year plan also. In IPR-1956, industries were classified into three categories. The public sector was given a primary role in the industrial development of the country. Industries in the</p> | 2x3=6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

private sector could be established only through a license from the government. The main idea of industrial licensing was to encourage industries in the backward regions of the country. The private sector was offered many types of industrial concessions for establishing industries in backward regions like tax holidays and subsidized power supply. Karve committee (1955) also focused on the role of small-scale industries to achieve the goal of industrial development. As far as possible, domestic industries were protected from foreign competition. Protection was provided through heavy import tariffs and by fixing import quotas.

Import substitution policy is a set of measures aimed at stimulating the production and competitiveness of domestic goods, increasing of domestic demand and to minimize the demand for imports. It is determined by the need to reduce the dependence on foreign economy for goods and services. The main objective of the policy of import substitution is to encourage national production, and to develop the new products to stimulate domestic and international markets. Import substitution has, thus been, an important constituent of our trade policy. In view of this policy, we have started production of many important goods and their imports have been curtailed.

- a) Small Scale Industries were considered important in achieving the goals of employment and equity in the Indian economy. Explain
- b) What were the features of Industrial Policy Resolution 1956?
- c) 'Import substitution is a solution for BoP deficit and employment generation'. Explain
