

ROLL NUMBER				
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SET	1
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QP.Code:030/01/1



**INDIAN SCHOOL MUSCAT
FIRST PRE BOARD EXAMINATION 2023
ECONOMICS (030)**



CLASS : XII
DATE: 17-01-2023

TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two parts:
Part A - Macro Economics (40 marks)
Part B - Indian Economic Development (40 marks).
2. Marks for questions are indicated against each question.
3. Question No. 1-10 and Question No. 18 – 27 are 1 mark questions and are to be answered in one word/sentence.
4. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
5. Case Based Questions (CBQ's) are Question No. 14 and Question No. 30.
6. Question No. 14-15 and Question No. 31 – 32 are 4 marks questions and are to be answered in 80-100 words each.
7. Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

MACROECONOMICS (40 Marks)

1. Read the following data carefully and choose the correct option from the alternatives given below: (Choose the correct alternative.) 1

Particulars	Farmer	Baker
Total production	100	200
Intermediate goods used	0	50
Value added	100	—

(A) 200

(B) 100

(C) 150

(D) 50

2. _____ is exercised through discussions, letters and speeches to banks. (Choose the correct alternative.) 1
 - (A) Moral suasion
 - (B) Selective credit control
 - (C) Margin requirement
 - (D) Open market operation

(Handwritten mark)

3. Banks create credit: (Choose the correct alternative.)
- (A) On the basis of assets (B) On the basis of deposits
(C) On the basis of securities (D) None of these

OR

_____ bank controls the banking and monetary structure of India. (Choose the correct alternative.)

- (A) Reserve Bank of India (B) State Bank of India
(C) Punjab National Bank of India (D) Oriental Bank of Commerce

4. From the given data of an imaginary economy, find the value of consumption expenditure: (Choose the correct alternative.)

- (i) Autonomous Consumption = ₹150 crore
(ii) Marginal Propensity to Consume = 0.75
(iii) National Income = ₹1,000 crore
- (A) ₹900 crore (B) ₹700 crore
(C) ₹850 crore (D) ₹800 crore

OR

From the given data of an imaginary economy, find the value of national income: (Choose the correct alternative.)

- (i) Autonomous Consumption = ₹200 crore
(ii) Marginal Propensity to Consume = 0.70
(iii) Investment = ₹700 crore
- (A) ₹4,000 crore (B) ₹3,000 crore
(C) ₹1,000 crore (D) ₹2,000 crore

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

Assertion (A): Above full employment equilibrium creates inflationary pressures

Reason (R): Above full employment equilibrium signifies that planned expenditure is less than planned output leading to increase in general price level

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(C) Assertion (A) is false but Reason (R) is true
(D) Assertion (A) is true but Reason (R) is false

OR

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

Assertion (A): If planned investment falls short of planned saving, then stock of goods tend to pile up.

Reason (R): Excess of planned saving indicate that households are not consuming as much as the firms expected them to:

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(C) Assertion (A) is false but Reason (R) is true

- (D) Assertion (A) is true but Reason (R) is false
6. Fees of government college is a revenue receipt because: (Choose the correct alternative.) 1
- (A) It increases assets of the government.
 (B) It creates liabilities of the government.
 (C) It neither creates any liability nor reduces any asset of the government.
 (D) It neither creates any asset nor reduces any liability of the government.
7. Identify the correct pair from the following Column I and Column II: 1
- | Column I | Column II |
|--|---------------------------|
| A. Expenditure on collection of taxes | (i) Capital expenditure |
| B. Expenditure on scholarships | (ii) Revenue expenditure |
| C. Expenditure on purchasing computers | (iii) Revenue expenditure |
| D. Expenditure on building a bridge | (iv) Revenue expenditure |
- Alternatives: (Choose the correct alternative.)
- (A) D - (iv) (B) C - (iii)
 (C) B - (ii) (D) A - (i)
8. A company located in India receives a loan from a company located abroad. How is this transaction recorded in India's balance of payments account _____? (Choose the correct alternative) 1
- (A) Credit side of current account
 (B) Debit side of current account
 (C) Credit side of capital account
 (D) Debit side of capital account
9. Read the following statements carefully and choose the correct alternative from the following: - 1
- Statement 1:** - Devaluation refers to reduction in price of domestic currency in terms of all foreign currencies under fixed exchange rate regime.
Statement 2: - Devaluation of the domestic currency makes import cheaper.
- Alternatives: - (Choose the correct alternative.)
- (A) Both the statements are true.
 (B) Both the statements are false.
 (C) Statement 1 is true and Statement 2 is false.
 (D) Statement 1 is false and statement 2 is true.
10. Under the Balance of Payments structure of a nation, the two main categories of accounts for the classification of the transactions are _____ and _____. 1
- (i) Current account
 (ii) Unilateral transfer account
 (iii) Capital account
 (iv) Loan account
- Identify the correct alternatives from the following:
 Alternatives: (Choose the correct alternative.)
- (A) (iii) and (iv) (B) (iv) and (i)
 (C) (i) and (iii) (D) (i) and (ii)
11. State, giving reasons, whether the following will be included in national income: 3
- (a) Rent – free house given to an employee by employer.
 (b) Payment of wealth tax
 (c) Salaries to Indian residents working in the Russian embassy in India

12. What is Balance of Payments account? Where are the borrowings from abroad recorded in it and why? 3

OR

13. Explain why there is a rise in demand for foreign exchange when its price falls. Suppose in the budget, the government proposed to raise the excise duty on cement. It also proposed to raise the income tax on individuals earning more than rupees one crore per annum. 4
- (a) Identify and explain the type of taxes proposed by the government.
- (b) Was the objective only to earn revenue for the government?
- (c) What possible welfare objective could the government be considering?

14. Read the following text carefully and answer the question that follows: 4
- Right from the beginning, money has been performing the various important functions in the society. Money facilitates transactions of goods and services. Producers sell their goods to wholesalers. Wholesalers, in turn, sell their goods to the retailers and the retailers sell these goods to the consumers. In the same way, all sections of society sell their services for money and with that money, buy goods and services which they need.

- (a) Discuss briefly the relevant function of the money indicated here.
- (b) Discuss briefly the store of value function of money.
15. "Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy." Why so? Explain. 4

OR

Distinguish between APS and MPS. Can the value of APS be negative? If yes, when? Justify with an example.

16. (a) From the following data, calculate National Income by Income Method: 6

		(₹ in crores)
(i)	Interest	150
(ii)	Rent	250
(iii)	Government final consumption expenditure	600
(iv)	Private final consumption expenditure	1,200
(v)	Profits	640
(vi)	Compensation of employees	1,000
(vii)	Net factor income to abroad	30
(viii)	Net indirect taxes	60
(ix)	Net exports	(-) 40
(x)	Consumption of fixed capital	50
(xi)	Net domestic capital formation	340

- (b) Briefly explain the meaning of compensation of employees.

OR

- (a) On the basis of the following data about an economy, which constitutes of only two firms, find out Value added by firms A and B.

		(₹ in lakhs)
(i)	Sales by firm A	300
(ii)	Purchases from firm B by firm A	120
(iii)	Purchases from firm A by firm B	180
(iv)	Sales by firm B	600
(v)	Closing stock of firm A	60
(vi)	Closing stock of firm B	105
(vii)	Opening stock of firm A	75
(viii)	Opening stock of firm B	135
(ix)	Indirect taxes by both firms	90

(b) If the Real Gross Domestic Product is ₹200 and the Nominal Gross Domestic Product is ₹210, calculate the Price Index (base = 100).

17. Briefly explain the concept of under-employment equilibrium with the help of diagram. How does an increase in investment help in achieving full employment equilibrium? 6

INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. _____ campaign aimed at industrialising the China on a large scale. (Choose the correct alternative:) 1
- (A) Great Proletarian Cultural Revolution
 - (B) Commune System
 - (C) Great Leap Forward
 - (D) Liberalisation, Privatisation and Globalisation
19. Name the state, which is held as a success story in the efficient implementation of milk cooperatives. (Choose the correct alternative.) 1
- (A) Gujarat
 - (B) Maharashtra
 - (C) Andhra Pradesh
 - (D) Punjab
20. Identify which of the following is not a step taken by the government to improve rural marketing. (Choose the correct alternative.) 1
- (A) Maintenance of buffer stocks
 - (B) Regulation of markets to create transparent marketing conditions
 - (C) Promotion of cooperative marketing
 - (D) Promoting trade by big rural merchants.

21. From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement: 1

Column I	Column II
A. Agrarian Economy	(i) An economy with about 50% of the country's population earning their living from agriculture.
B. Export Surplus	(ii) During the British regime, India's imports exceeded its exports.
C. Mortality Rate	(iii) Annual number of deaths per 100 people
D. Occupational Structure	(iv) Distribution of workforce as per their occupation

Alternatives :

- (A) B - (ii)
- (B) A - (i)
- (C) D - (iv)
- (D) C - (iii)

OR

India entered the ----- stage of demographic transition after the year 1921. (Choose the correct alternative.)

- (A) Second
- (B) Fourth
- (C) Fourth
- (D) Third

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

Assertion (A): Human capital treats human beings as a means to an end (increase in productivity).

Reason (R): Human Capital Formation decreases by way of investments in education and health.

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

23. National Bank for Agriculture and Rural Development (NABARD) was set up in _____. 1
(Choose the correct alternative.)

- (A) 1981
- (B) 1980
- (C) 1983
- (D) 1982

OR

Diversification of growth process can be achieved through the development of -----
- sector. (Choose the correct alternative.)

- (A) Industrial
- (B) Agricultural
- (C) Service
- (D) None of these

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

Assertion (A): Globalization means integration of various economics of the world leading towards the emergence of a cohesive global economy.

Reason (R): For globalization, the important ingredient is to facilitate the migration of human resources.

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

OR

Assertion (A): Goods and services tax (GST) solved the problem of the cascading tax effect.

Reason(R): It is charged on value addition and not the entire value of output. Due to this, the final price of goods became cheaper.

- (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

25. Read the following statements carefully: (Choose the correct alternative.) 1
Statement 1: Brundtland Commission emphasises on adoption of techniques, which help in sustainable development.
Statement 2: Appiko movement took place in the Himalayas.
 In the light of the given statements, choose the correct alternative from the following:
 (A) Statement 1 is false and statement 2 is true
 (B) Statement 1 is true and statement 2 is false
 (C) Both statements 1 and 2 are false
 (D) Both statements 1 and 2 are true

26. Which of the following is not a feature of economic policy pursued under planning till 1990? 1
 (A) Free flow of foreign capital
 (B) Regulated development of the private sector
 (C) Development of heavy industries
 (D) Focus on import substitution

27. Read the following statements carefully: (Choose the correct alternative.) 1
Statement 1: A worker is an individual who is engaged in some productive activity.
Statement 2: Women's household work is also a work and included in Gross Domestic Product.
 In the light of the given statements, choose the correct alternative from the following:
 (A) Statement 1 is false and statement 2 is true
 (B) Statement 1 is true and statement 2 is false
 (C) Both statements 1 and 2 are false
 (D) Both statements 1 and 2 are true

28. Explain the concept of 'Privatisation'. Throw light on the "different status designated to the Public Sector enterprises (PSEs)". 3

OR

Economic reforms completely transformed the Indian economy. At present India enjoys a leading position in terms of foreign exchange reserves.

How do you think India's liberalisation policy in external sector has helped in correcting the foreign exchange reserves?

29. India, China and Pakistan have travelled more than seven decades of development path with varied results. Explain the given statement with valid arguments. 3

30. Read the following information carefully and answers the given questions. 4

Country	1980-90			2011-2015		
	Agriculture	Industry	Services	Agriculture	Industry	Services
India	3.1	7.4	6.9	2.3	5	8.4
China	5.9	10.8	13.5	4.1	8.1	8.4
Pakistan	4	7.7	6.8	2.7	3.4	4.4

- (a) Compare the growth of India and China in light of above information.
 (b) Compare the growth of India and Pakistan in light of above information.

31. How is agricultural diversification helpful for farmers? Explain. 4

OR

Explain the following diversification activities:

- (a) Diversification of crop production:
 (b) Diversification of Productive Activities:

32. Analyse the growth of GDP and changing structure of employment. 4
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding: 6
- Sustainable development is the synonymous in the minds of many with the colour green and for good reasons. Twenty years ago, at the First Earth Summit at Rio de Janeiro, in Brazil, world leaders set out what today is conventional wisdom: SOCIAL AND ECONOMIC HUMAN PROGRESS - cannot be divorced from environmental protection unless both are advanced together, both will flounder together. Sustainable development is as much about health, education and jobs, as it is about the ecosystems. It is about ever widening inclusion and movement away from decisions that erode democratic space and do not address social inequality, intolerance, and violence. Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated healthy and productive societies. It is about wealth creation that generates equality and opportunity. Sustainable Development is about consumption and production patterns that respect planetary boundaries; it is also about increasing tolerance and respect for human rights at all levels. Building on human development legacy that oriented with Economists like Amartya Sen and MahbubUIHaq and was captured by the first Human Development Report in 1990. United Nations Development Programme (UNDP) has long promoted alternative approaches to measure human progress, along with the Human Development Index (HDI). Today, we are building on this legacy by exploring how to adjust the index to reflect environmental sustainability, so that governments and citizens might better track real progress towards truly sustainable development. This must be our collective objective.
- (a) Explain any two necessities to adopt sustainable development strategy?
- (b) Explain two alternatives approach of UNDP to major economic development.
34. Describe the main land reforms undertaken in India during the planning period. 6

OR

Why were small scale industries relied upon to achieve the goal of employment and equity?

****End of the question paper****

ROLL NUMBER				
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SET	2
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QP.Code:030/01/2



**INDIAN SCHOOL MUSCAT
FIRST PRE BOARD EXAMINATION 2023
ECONOMICS (030)**



CLASS : XII
DATE: 17-01-2023

TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two parts:
Part A - Macro Economics (40 marks)
Part B - Indian Economic Development (40 marks).
2. Marks for questions are indicated against each question.
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7. Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

MACROECONOMICS (40 Marks)

1. _____ is exercised through discussions, letters and speeches to banks. (Choose the correct alternative.) 1
(A) Moral suasion (B) Selective credit control
(C) Margin requirement (D) Open market operation
2. Fees of government college is a revenue receipt because: (Choose the correct alternative.) 1
(A) It increases assets of the government.
(B) It creates liabilities of the government.
(C) It neither creates any liability nor reduces any asset of the government.
(D) It neither creates any asset nor reduces any liability of the government.
3. From the given data of an imaginary economy, find the value of consumption expenditure: 1
(Choose the correct alternative.)
(i) Autonomous Consumption = ₹150 crore
(ii) Marginal Propensity to Consume = 0.75
(iii) National Income = ₹1,000 crore
(A) ₹900 crore
(B) ₹700 crore
(C) ₹850 crore
(D) ₹800 crore

OR

From the given data of an imaginary economy, find the value of national income: (Choose the correct alternative.)

- (i) Autonomous Consumption = ₹200 crore
 - (ii) Marginal Propensity to Consume = 0.70
 - (iii) Investment = ₹700 crore
- (A) ₹4,000 crore
(B) ₹3,000 crore
(C) ₹1,000 crore
(D) ₹2,000 crore

4. Read the following data carefully and choose the correct option from the alternatives given below: (Choose the correct alternative.) 1

Particulars	Farmer	Baker
Total production	100	200
Intermediate goods used	0	50
Value added	100	—

- (A) 200 (B) 100
(C) 150 (D) 50

5. Identify the correct pair from the following Column I and Column II: 1

Column I	Column II
A. Expenditure on collection of taxes	(i) Capital expenditure
B. Expenditure on scholarships	(ii) Revenue expenditure
C. Expenditure on purchasing computers	(iii) Revenue expenditure
D. Expenditure on building a bridge	(iv) Revenue expenditure

Alternatives: (Choose the correct alternative.)

- (A) D - (iv) (B) C - (iii)
(C) B - (ii) (D) A - (i)

6. A company located in India receives a loan from a company located abroad. How is this transaction recorded in India's balance of payments account _____? (Choose the correct alternative) 1

- (A) Credit side of current account
(B) Debit side of current account
(C) Credit side of capital account
(D) Debit side of capital account

7. Under the Balance of Payments structure of a nation, the two main categories of accounts for the classification of the transactions are _____ and _____. 1

- (i) Current account
(ii) Unilateral transfer account
(iii) Capital account
(iv) Loan account

Identify the correct alternatives from the following:

Alternatives: (Choose the correct alternative.)

- (A) (iii) and (iv)
(B) (iv) and (i)
(C) (i) and (iii)
(D) (i) and (ii)

8. Banks create credit: (Choose the correct alternative.)

- (A) On the basis of assets
- (B) On the basis of deposits
- (C) On the basis of securities
- (D) None of these

1

OR

_____ bank controls the banking and monetary structure of India. (Choose the correct alternative.)

- (A) Reserve Bank of India
- (B) State Bank of India
- (C) Punjab National Bank of India
- (D) Oriental Bank of Commerce

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

1

Assertion (A): Above full employment equilibrium creates inflationary pressures

Reason (R): Above full employment equilibrium signifies that planned expenditure is less than planned output leading to increase in general price level

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

OR

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

Assertion (A): If planned investment falls short of planned saving, then stock of goods tend to pile up.

Reason (R): Excess of planned saving indicate that households are not consuming as much as the firms expected them to:

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
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- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

10. Read the following statements carefully and choose the correct alternative from the following: -

1

Statement 1: - Depreciation of domestic currency leads to rise in exports

Statement 2: - Devaluation and depreciation of currency are one and the same thing.

Alternatives: - (Choose the correct alternative.)

- (A) Both the statements are true.
- (B) Both the statements are false.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Statement 1 is false and statement 2 is true.

11. What is Balance of Payments account? Where are the borrowings from abroad recorded in it and why?

3

OR

Explain why there is a rise in demand for foreign exchange when its price falls.

12. GDP only measures goods and services produced in an economy and ignore those transactions that do not come under non-monetary terms. in the view of the above statement, discuss the limitations of GDP as an index of welfare. 3
13. Read the following text carefully and answer the question that follows: 4
 Right from the beginning, money has been performing the various important functions in the society. Money facilitates transactions of goods and services. Producers sell their goods to wholesalers. Wholesalers, in turn, sell their goods to the retailers and the retailers sell these goods to the consumers. In the same way, all sections of society sell their services for money and with that money, buy goods and services which they need.
 (a) Discuss briefly the relevant function of the money indicated here.
 (b) Discuss briefly the store of value function of money.
14. Classify the following statements into revenue receipts and capital receipts give valid reasons in support of your answer. 4
 (a) Financial help from a multinational corporation for victims in a flood affected area
 (b) Sale of shares of a public sector undertaking to a private company
 (c) Dividend paid to the government by the state bank of India
 (d) Borrowing from the international monetary fund.
15. "Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy." Why so? Explain. 4

OR

Distinguish between APS and MPS. Can the value of APS be negative? If yes, when? Justify with an example.

16. Briefly explain the concept of under-employment equilibrium with the help of diagram. How does an increase in investment help in achieving full employment equilibrium? 6
17. (a) From the following data, calculate Net National Product at market price by Income Method: 6

		(₹ in crores)
(i)	Interest	150
(ii)	Rent	250
(iii)	Government final consumption expenditure	600
(iv)	Private final consumption expenditure	1,200
(v)	Profits	640
(vi)	Compensation of employees	1,000
(vii)	Net factor income to abroad	30
(viii)	Net indirect taxes	60
(ix)	Net exports	(-) 40
(x)	Consumption of fixed capital	50
(xi)	Net domestic capital formation	340

- (b) Briefly explain the meaning of operating surplus.

OR

- (a) On the basis of the following data about an economy, which constitutes of only two firms, find out Value added by firms A and B.

	Items	(₹ in lakhs)
(i)	Sales by firm A	300
(ii)	Purchases from firm B by firm A	120
(iii)	Purchases from firm A by firm B	180
(iv)	Sales by firm B	600
(v)	Closing stock of firm A	60
(vi)	Closing stock of firm B	105
(vii)	Opening stock of firm A	75
(viii)	Opening stock of firm B	135
(ix)	Indirect taxes by both firms	90

(b) If the Real Gross Domestic Product is ₹200 and the Nominal Gross Domestic Product is ₹210, calculate the Price Index (base = 100).

INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement: 1

Column I	Column II
A. Agrarian Economy	(i) An economy with about 50% of the country's population earning their living from agriculture.
B. Export Surplus	(ii) During the British regime, India's imports exceeded its exports.
C. Mortality Rate	(iii) Annual number of deaths per 100 people
D. Occupational Structure	(iv) Distribution of workforce as per their occupation

Alternatives:

- (A) B - (ii)
(C) D - (iv)

- (B) A - (i)
(D) C - (iii)

OR

India entered the ----- stage of demographic transition after the year 1921. (Choose the correct alternative.)

- (A) Second
(C) Fourth

- (B) Fourth
(D) Third

19. Identify which of the following is not a step taken by the government to improve rural marketing. 1
(Choose the correct alternative.)

- (A) Maintenance of buffer stocks
(B) Regulation of markets to create transparent marketing conditions
(C) Promotion of cooperative marketing
(D) Promoting trade by big rural merchants.

20. National Bank for Agriculture and Rural Development (NABARD) was set up in _____. 1
(Choose the correct alternative.)

- (A) 1981
(B) 1980
(C) 1983
(D) 1982

OR

Diversification of growth process can be achieved through the development of -----
- sector. (Choose the correct alternative.)

- (A) Industrial
(B) Agricultural
(C) Service
(D) None of these

21. 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 not the correct explanation of Assertion (A)
(B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(C) Assertion (A) is false but Reason (R) is true
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22. _____ campaign aimed at industrialising the China on a large scale. (Choose the correct alternative:) 1
(A) Great Proletarian Cultural Revolution
(B) Commune System
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(D) Liberalisation, Privatisation and Globalisation
23. Name the state, which is held as a success story in the efficient implementation of milk cooperatives. (Choose the correct alternative.) 1
(A) Gujarat
(B) Maharashtra
(C) Andhra Pradesh
(D) Punjab
24. Which of the following is not a feature of economic policy pursued under planning till 1990? 1
(A) Free flow of foreign capital
(B) Regulated development of the private sector
(C) Development of heavy industries
(D) Focus on import substitution
25. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1
Assertion (A): Globalization means integration of various economies of the world leading towards the emergence of a cohesive global economy.
Reason (R): For globalization, the important ingredient is to facilitate the migration of human resources.
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

OR

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

Assertion (A): Goods and services tax (GST) solved the problem of the cascading tax effect.

Reason(R): It is charged on value addition and not the entire value of output. Due to this, the final price of goods became cheaper.

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
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- (C) Assertion (A) is true but Reason (R) is false.
- (D) Assertion (A) is false but Reason (R) is true

26. Read the following statements carefully: (Choose the correct alternative.)

Statement 1: Brundtland Commission emphasises on adoption of techniques, which help in sustainable development.

Statement 2: Appiko movement took place in the Himalayas.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is false and statement 2 is true
- (B) Statement 1 is true and statement 2 is false
- (C) Both statements 1 and 2 are false
- (D) Both statements 1 and 2 are true

27. Read the following statements carefully: (Choose the correct alternative.)

Statement 1: A worker is an individual who is engaged in some productive activity.

Statement 2: Women's household work is also a work and included in Gross Domestic Product.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is false and statement 2 is true
- (B) Statement 1 is true and statement 2 is false
- (C) Both statements 1 and 2 are false
- (D) Both statements 1 and 2 are true

28. Explain the concept of 'Privatisation'. Throw light on the "different status designated to the Public Sector enterprises (PSEs)".

OR

Economic reforms completely transformed the Indian economy. At present India enjoys a leading position in terms of foreign exchange reserves.

How do you think India's liberalisation policy in external sector has helped in correcting the foreign exchange reserves?

29. India, China and Pakistan have completed more than seven decades of development. Write any three observations related to economic development experiences of India, Pakistan and China.

30. Name the two government organizations that regulate the health and education sector in India. Also explain the two problems of Human capital formation in India.

31. How is agricultural diversification helpful for farmers? Explain.

OR

Explain the following diversification activities:

- (a) Diversification of crop production:
- (b) Diversification of Productive Activities:

32. Read the following information carefully and answers the given questions.

Country	1980-90			2011-2015		
	Agriculture	Industry	Services	Agriculture	Industry	Services
India	3.1	7.4	6.9	2.3	5	8.4
China	5.9	10.8	13.5	4.1	8.1	8.4
Pakistan	4	7.7	6.8	2.7	3.4	4.4

- (a) Compare the growth of India and China in light of above information.
 (b) Compare the growth of India and Pakistan in light of above information.

33. Describe the main land reforms undertaken in India during the planning period.

OR

Why were small scale industries relied upon to achieve the goal of employment and equity?

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

Sustainable development is the synonymous in the minds of many with the colour green and for good reasons. Twenty years ago, at the First Earth Summit at Rio de Janeiro, in Brazil, world leaders set out what today is conventional wisdom: SOCIAL AND ECONOMIC HUMAN PROGRESS - cannot be divorced from environmental protection unless both are advanced together, both will flounder together. Sustainable development is as much about health, education and jobs, as it is about the ecosystems. It is about ever widening inclusion and movement away from decisions that erode democratic space and do not address social inequality, intolerance, and violence. Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated healthy and productive societies. It is about wealth creation that generates equality and opportunity. Sustainable Development is about consumption and production patterns that respect planetary boundaries; it is also about increasing tolerance and respect for human rights at all levels. Building on human development legacy that oriented with Economists like Amartya Sen and MahbubUIHaq and was captured by the first Human Development Report in 1990. United Nations Development Programme (UNDP) has long promoted alternative approaches to measure human progress, along with the Human Development Index (HDI). Today, we are building on this legacy by exploring how to adjust the index to reflect environmental sustainability, so that governments and citizens might better track real progress towards truly sustainable development. This must be our collective objective.

- (a) Explain any two necessities to adopt sustainable development strategy?
 (b) Explain two alternatives approach of UNDP to major economic development.
 (c)

******End of the question paper******

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SET	3
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QP.Code:030/01/3



**INDIAN SCHOOL MUSCAT
FIRST PRE BOARD EXAMINATION 2023
ECONOMICS (030)**



CLASS : XII
DATE: 17-01-2023

TIME ALLOTTED : 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two parts:
Part A - Macro Economics (40 marks)
Part B - Indian Economic Development (40 marks).
2. Marks for questions are indicated against each question.
3. Question No. 1-10 and Question No. 18 – 27 are 1 mark questions and are to be answered in one word/sentence.
4. Question No. 11-12 and Question No. 28 – 29 are 3 marks questions and are to be answered in 60 - 80 words each.
5. Case Based Questions (CBQ's) are Question No. 14 and Question No. 30.
6. Question No. 14-15 and Question No. 31 – 32 are 4 marks questions and are to be answered in 80-100 words each.
7. Question No. 16-17 and Question No. 33 – 34 are 6 marks questions and are to be answered in 100-150 words each.
8. Answers should be brief and to the point and the above word limit be adhered to as far as possible.

MACROECONOMICS (40 Marks)

1. Banks create credit: (Choose the correct alternative.) 1
 (A) On the basis of assets
 (B) On the basis of deposits
 (C) On the basis of securities
 (D) None of these

OR

_____ bank controls the banking and monetary structure of India. (Choose the correct alternative.)

- (A) Reserve Bank of India
- (B) State Bank of India
- (C) Punjab National Bank of India
- (D) Oriental Bank of Commerce

2. _____ is exercised through discussions, letters and speeches to banks. (Choose the correct alternative.) 1
 (A) Moral suasion
 (B) Selective credit control
 (C) Margin requirement
 (D) Open market operation

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

Assertion (A): Above full employment equilibrium creates inflationary pressures

Reason (R): Above full employment equilibrium signifies that planned expenditure is less than planned output leading to increase in general price level

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

OR

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

Assertion (A): If planned investment falls short of planned saving, then stock of goods tend to pile up.

Reason (R): Excess of planned saving indicate that households are not consuming as much as the firms expected them to:

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

4. Identify the correct pair from the following Column I and Column II: 1

Column I	Column II
A. Expenditure on collection of taxes	(i) Capital expenditure
B. Expenditure on scholarships	(ii) Revenue expenditure
C. Expenditure on purchasing computers	(iii) Revenue expenditure
D. Expenditure on building a bridge	(iv) Revenue expenditure

Alternatives: (Choose the correct alternative.)

- (A) D - (iv)
- (B) C - (iii)
- (C) B - (ii)
- (D) A - (i)

5. Read the following data carefully and choose the correct option from the alternatives given below: (Choose the correct alternative.) 1

Particulars	Farmer	Baker
Total production	100	200
Intermediate goods used	0	50
Value added	100	—

- (A) 200
- (B) 100
- (C) 150
- (D) 50

6. Under the Balance of Payments structure of a nation, the two main categories of accounts for the classification of the transactions are _____ and _____. 1

- (i) Current account
- (ii) Unilateral transfer account

- (iii) Capital account
- (iv) Loan account

Identify the correct alternatives from the following:

Alternatives: (Choose the correct alternative.)

- (A) (iii) and (iv)
- (B) (iv) and (i)
- (C) (i) and (iii)
- (D) (i) and (ii)

7. Fees of government college is a revenue receipt because: (Choose the correct alternative.) 1
- (A) It increases assets of the government.
 - (B) It creates liabilities of the government.
 - (C) It neither creates any liability nor reduces any asset of the government.
 - (D) It neither creates any asset nor reduces any liability of the government.
8. From the given data of an imaginary economy, find the value of consumption expenditure: 1
(Choose the correct alternative.)
- (i) Autonomous Consumption = ₹150 crore
 - (ii) Marginal Propensity to Consume = 0.75
 - (iii) National Income = ₹1,000 crore
- (A) ₹900 crore
 - (B) ₹700 crore
 - (C) ₹850 crore
 - (D) ₹800 crore

OR

From the given data of an imaginary economy, find the value of national income: (Choose the correct alternative.)

- (i) Autonomous Consumption = ₹200 crore
 - (ii) Marginal Propensity to Consume = 0.70
 - (iii) Investment = ₹700 crore
- (A) ₹4,000 crore
 - (B) ₹3,000 crore
 - (C) ₹1,000 crore
 - (D) ₹2,000 crore

9. In which of the following categories are economic transactions of balance of trade recorded? 1
(Choose the correct alternative.)
- (A) Visible items
 - (B) Invisible items
 - (C) Capital items
 - (D) Unilateral Transfers
10. Read the following statements carefully and choose the correct alternative from the following: - 1
- Statement 1:** - Devaluation refers to reduction in price of domestic currency in terms of all foreign currencies under fixed exchange rate regime.
- Statement 2:** - Devaluation of the domestic currency makes import cheaper.
- Alternatives: - (Choose the correct alternative.)
- (A) Both the statements are true.
 - (B) Both the statements are false.
 - (C) Statement 1 is true and Statement 2 is false.
 - (D) Statement 1 is false and statement 2 is true.

11. Will the following be included in Gross Domestic Product / Domestic Factor Income of India? Give reasons for each answer. 3
- (a) Compensation of employees given to residents of China working in Indian embassy in China.
 - (b) Profit earned by a company in India, which is owned by a non-resident.
 - (c) Profit earned by an Indian company from its branch in Singapore.

12. What is Balance of Payments account? Where are the borrowings from abroad recorded in it and why? 3

OR

Explain why there is a rise in demand for foreign exchange when its price falls.

13. Suppose in the budget, the government proposed to raise the excise duty on cement. It also proposed to raise the income tax on individuals earning more than rupees one crore per annum. 4
- (a) Identify and explain the type of taxes proposed by the government.
 - (b) Was the objective only to earn revenue for the government?
 - (c) What possible welfare objective could the government be considering?

14. Read the following text carefully and answer the question that follows: 4
- The money supply is all the currency and other liquid instruments in a country's economy on the date measured. The money supply roughly includes both cash and deposits that can be used almost as easily as cash. Government's issue paper currency and coins through some combination of their central banks and treasuries. Bank regulators influence money supply available to the public through the requirements placed on banks to hold reserves, how to extend credit and other regulations.
- Economists analyse the money supply and develop policies revolving around it through controlling interest rates and increasing or decreasing the amount of money flowing in the economy. An increase in the supply of money typically lowers interest rates, which in turn, generates more investment and inputs more money in spending. Businesses respond by ordering more raw materials and increasing production. The increased business activity raises the demand for labour. The opposite can occur if the money supply falls or when its growth rate declines.
- (a) State the measures of money supply used by the central bank in India
 - (b) Explain the process of money creation by the commercial banks.

15. "Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy." Why so? Explain. 4

OR

Distinguish between APS and MPS. Can the value of APS be negative? If yes, when? Justify with an example.

16. (a) From the following data, calculate Gross National Product at factor cost by Income Method: 6

		(₹ in crores)
(i)	Interest	150
(ii)	Rent	250
(iii)	Government final consumption expenditure	600
(iv)	Private final consumption expenditure	1,200
(v)	Profits	640
(vi)	Compensation of employees	1,000

(vii)	Net factor income to abroad	30
(viii)	Net indirect taxes	60
(ix)	Net exports	(-) 40
(x)	Consumption of fixed capital	50
(xi)	Net domestic capital formation	340

(b) Briefly explain the meaning of mixed income of self employed.

OR

(a) On the basis of the following data about an economy, which constitutes of only two firms, find out Value added by firms A and B.

		(₹ in lakhs)
(i)	Sales by firm A	300
(ii)	Purchases from firm B by firm A	120
(iii)	Purchases from firm A by firm B	180
(iv)	Sales by firm B	600
(v)	Closing stock of firm A	60
(vi)	Closing stock of firm B	105
(vii)	Opening stock of firm A	75
(viii)	Opening stock of firm B	135
(ix)	Indirect taxes by both firms	90

(b) If the Real Gross Domestic Product is ₹200 and the Nominal Gross Domestic Product is ₹210, calculate the Price Index (base = 100).

17. Briefly explain the concept of under-employment equilibrium with the help of diagram. How does an increase in investment help in achieving full employment equilibrium? 6

INDIAN ECONOMIC DEVELOPMENT (40 Marks)

18. Read the following statements carefully: (Choose the correct alternative.) 1

Statement 1: A worker is an individual who is engaged in some productive activity.

Statement 2: Women's household work is also a work and included in Gross Domestic Product.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is false and statement 2 is true
 (B) Statement 1 is true and statement 2 is false
 (C) Both statements 1 and 2 are false
 (D) Both statements 1 and 2 are true

19. From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement: 1

Column I	Column II
A. Agrarian Economy	(i) An economy with about 50% of the country's population earning their living from agriculture.
B. Export Surplus	(ii) During the British regime, India's imports exceeded its exports.
C. Mortality Rate	(iii) Annual number of deaths per 100 people
D. Occupational Structure	(iv) Distribution of workforce as per their occupation

Alternatives:

- (A) B - (ii)
 (B) A - (i)
 (C) D - (iv)
 (D) C - (iii)

OR

India entered the ----- stage of demographic transition after the year 1921. (Choose the correct alternative.)

- (A) Second
- (B) Fourth
- (C) Fourth
- (D) Third

20. Read the following statements carefully: (Choose the correct alternative.)

Statement 1: Sustainable development is essential for the economic growth of the country.
Statement 2: Sustainable development ensures that environment-friendly measures are adopted for carrying out the production process.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is false and statement 2 is true
- (B) Statement 1 is true and statement 2 is false
- (C) Both statements 1 and 2 are false
- (D) Both statements 1 and 2 are true

21. Identify which of the following is not a step taken by the government to improve rural marketing. (Choose the correct alternative.)

- (A) Maintenance of buffer stocks
- (B) Regulation of markets to create transparent marketing conditions
- (C) Promotion of cooperative marketing
- (D) Promoting trade by big rural merchants.

22. _____ campaign aimed at industrialising the China on a large scale. (Choose the correct alternative:)

- (A) Great Proletarian Cultural Revolution
- (B) Commune System
- (C) Great Leap Forward
- (D) Liberalisation, Privatisation and Globalisation

23. Name the state, which is held as a success story in the efficient implementation of milk cooperatives. (Choose the correct alternative.)

- (A) Gujarat
- (B) Maharashtra
- (C) Andhra Pradesh
- (D) Punjab

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

Assertion (A): Human capital treats human beings as a means to an end (increase in productivity).

Reason (R): Human Capital Formation decreases by way of investments in education and health.

Alternatives:

- (E) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (F) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (G) Assertion (A) is false but Reason (R) is true
- (H) Assertion (A) is true but Reason (R) is false

25. National Bank for Agriculture and Rural Development (NABARD) was set up in _____. 1
(Choose the correct alternative.)
(A) 1981
(B) 1980
(C) 1983
(D) 1982

OR

Diversification of growth process can be achieved through the development of -----
- sector. (Choose the correct alternative.)

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

Assertion (A): Globalization means integration of various economics of the world leading towards the emergence of a cohesive global economy.

Reason (R): For globalization, the important ingredient is to facilitate the migration of human resources.

Alternatives:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
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OR

Assertion (A): Goods and services tax (GST) solved the problem of the cascading tax effect.

Reason(R): It is charged on value addition and not the entire value of output. Due to this, the final price of goods became cheaper.

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27. Which of the following is not a feature of economic policy pursued under planning till 1990? 1
(A) Free flow of foreign capital
(B) Regulated development of the private sector
(C) Development of heavy industries
(D) Focus on import substitution

28. "The process of globalisation through liberalisation and privatisation policies has produced positive, as well as, negative results for India and other countries." Defend or refute the above statement. 3

OR

What were the objectives behind Trade and Investment Policy reforms in the new economic policy introduced in 1991?

29. India, China and Pakistan have travelled more than seven decades of development path with varied results. Explain the given statement with valid arguments. 3

30. Read the following information carefully and answers the given questions. 4

Country	1980-90			2011-2015		
	Agriculture	Industry	Services	Agriculture	Industry	Services
India	3.1	7.4	6.9	2.3	5	8.4
China	5.9	10.8	13.5	4.1	8.1	8.4
Pakistan	4	7.7	6.8	2.7	3.4	4.4

- (a) Compare the growth of India and China in light of above information.
(b) Compare the growth of India and Pakistan in light of above information.

31. How is agricultural diversification helpful for farmers? Explain. 4

OR

Explain the following diversification activities:

- (a) Diversification of crop production:
(b) Diversification of Productive Activities:

32. "Human capital formation give birth to innovation, invention and technological improvement" 4
Do you agree with the given statement? Support your answer with valid argument.

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding: 6

Sustainable development is the synonymous in the minds of many with the colour green and for good reasons. Twenty years ago, at the First Earth Summit at Rio de Janeiro, in Brazil, world leaders set out what today is conventional wisdom: SOCIAL AND ECONOMIC HUMAN PROGRESS - cannot be divorced from environmental protection unless both are advanced together, both will flounder together. Sustainable development is as much about health, education and jobs, as it is about the ecosystems. It is about ever widening inclusion and movement away from decisions that erode democratic space and do not address social inequality, intolerance, and violence. Sustainable Development is about changes that transform impoverished people, communities, and countries into informed, educated healthy and productive societies. It is about wealth creation that generates equality and opportunity. Sustainable Development is about consumption and production patterns that respect planetary boundaries; it is also about increasing tolerance and respect for human rights at all levels. Building on human development legacy that oriented with Economists like Amartya Sen and Mahbub UI Haq and was captured by the first Human Development Report in 1990. United Nations Development Programme (UNDP) has long promoted alternative approaches to measure human progress, along with the Human Development Index (HDI). Today, we are building on this legacy by exploring how to adjust the index to reflect environmental sustainability, so that governments and citizens might better track real progress towards truly sustainable development. This must be our collective objective.

- (a) Explain any two necessities to adopt sustainable development strategy?
(b) Explain two alternatives approach of UNDP to major economic development.

34. Describe the main land reforms undertaken in India during the planning period. 6

OR

Why were small scale industries relied upon to achieve the goal of employment and equity?

******End of the question paper******