



# COMMON PRE-BOARD EXAMINATION 2023-24

Subject: ECONOMICS (030)

Class XII



Time: 3 Hrs.

Max. Marks: 80

## SET - A

### **General Instructions:**

Read the following instructions carefully:

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**

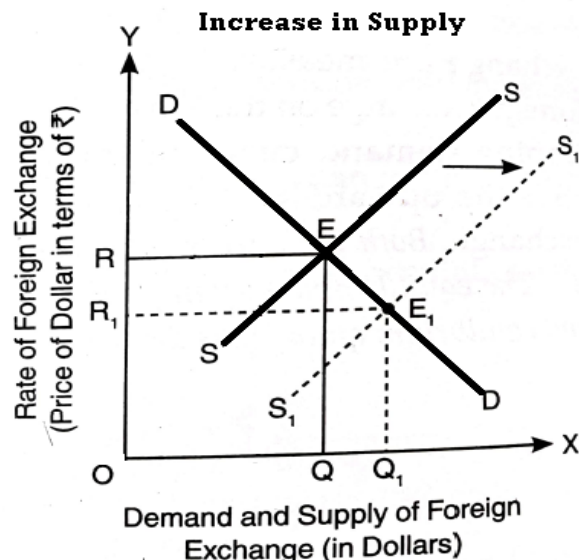
1. Classification of goods as intermediate goods or final goods depend on: (Choose the correct alternative) 1  
(a) Consumption of goods  
(b) First-use of goods  
(c) Production of goods  
(d) End-use of goods
2. Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below: 1  
Assertion (A): Money supply is a flow concept.  
Reason (R): Money supply refers to total currency circulation at a point of time.  
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 the not 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
3. Which of the following function is not performed by Central Bank? (Choose the correct alternative) 1  
(a) Lender of last resort  
(b) Accepting deposits of general public  
(c) Banker's Bank  
(d) Currency authority

4. Read the following statements carefully and choose the correct alternative from the following: 1
- Statement 1: Budget is the detailed financial statement of the estimated receipts and estimated expenditures for the coming financial year.
- Statement 2: Budget estimates are based on the last year's financial performance of the government.
- 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. Match the column I and column II and find out the correct sequence from the following alternatives: 1
- | Column I               | Column II   |
|------------------------|---|
| A. Disinvestment       | (i) Government. Expenditure is greater than government receipts |
| B. Capital expenditure | (ii) Capital receipts   |
| C. Deficit budget      | (iii) Loans granted to state governments                        |
| D. Borrowings          | (iv) Withdrawal of existing investment                          |
- Alternatives:
- A—(ii), B—(i), C—(iv), D—(iii)
  - A—(iii), B—(ii), C—(iv), D—(i)
  - A—(iv), B—(iii), C—(i), D—(ii)
  - A—(iv), B—(i), C—(ii), D—(iii)
6. Marginal Propensity to Save is the: (Choose the correct alternative) 1
- Additional income that is not to be saved
  - Ratio of change in saving to change in income
  - Level of saving at which saving and consumption are equal
  - Tendency of the consumer towards higher saving
7. The value of multiplier is: (Choose the correct alternative) 1
- $\frac{1}{MPC}$
  - $\frac{1}{MPS}$
  - $\frac{1}{1 - MPS}$
  - $\frac{1}{MPC - 1}$
8. BOP is an accounting statement that shows systematic records of all economic transactions between \_\_\_\_\_ and \_\_\_\_\_. (Choose the correct alternative) 1
- Government, public
  - Agriculture, industry
  - A country, rest of the world
  - Industry, services sector
9. If the value of exports is ₹1,000 lakhs and the value of imports is ₹1,650 lakhs, then the balance of trade shows: (Choose the correct alternative) 1
- Surplus of ₹650 lakhs
  - Deficit of ₹650 lakhs

- (c) Balance of ₹2,650 lakhs
- (d) Deficit of ₹2,650 lakhs

10 Study the given diagram carefully and choose the correct alternative:

1



- (a) Domestic currency has depreciated
- (b) Domestic currency has appreciated
- (c) Domestic currency has devalued
- (d) No change in the rate of exchange

11. (A) Explain 'non-monetary exchanges' as a limitation of using gross domestic product as an index of welfare of a country.

3

(OR)

(B) What is real GDP? The nominal GDP of a country is ₹180 crores and price index is 120. Find the real GDP.

12. What are the sources of supply of foreign exchange?

3

13. (A) The Central Bank acts as a banker, adviser and agent to the government." Explain

4

(OR)

(B) The Central Bank acts as a Bankers' bank and supervisor." Explain

14. An economy is in equilibrium. From the following information, calculate autonomous consumption.

4

- (i) Income (Y) = ₹10,000
- (ii) Marginal propensity to save (MPS) = 0.2
- (iii) Investment = ₹1,500

15. Read the following article and answer the questions given below

4

India has scaled back expenditure, including on productive assets that aid economic growth, as the government is confronted with the risk of its budget deficit blowing out. The government's Controller General of Accounts show that capital expenditure i.e. the money spent on creating, maintaining, or improving fixed assets like roads and factories stood at 40% of the budgeted amount, down from 55.5% in the year-ago. The overall spending during the period was 49% of the budget aim compared to 53% last year, that's despite prime minister Narendra Modi's government outlining measures worth more than 21 trillion rupees (\$ 281 billion) to counter the economic and social fallout of

the Covid-19 outbreak. A closer look at the numbers show the bulk of the spending was directed toward the poor and the farmers, with crucial sectors such as coal, power, shipping and steel receiving less than a third of their annual budget allocation. The data released last week shows spending on capital assets has so far trailed the so-called revenue expenditure that includes interest payments and overheads such as salaries. Modi's government placed spending curbs on some ministries from April through December to manage its cash flow.

Source: The Economic Times

Questions:

- (A) A reduction in capital expenditure i.e., the money spent on creating maintaining or improving fixed assets is done to reduce the risk of \_\_\_\_\_ deficit. (revenue/budget). (Choose the correct alternative)
- (B) Allocation of resources in the budget is directed towards \_\_\_\_\_. (Choose the correct alternative)
- Economic upliftment of the economy
  - Political upliftment of the economy
  - The rich and affluent farmers
  - To favour the private sector.
- (C) Capital expenditure refers to the estimated expenditure of the government in a fiscal year which \_\_\_\_\_ (reduces/increases) liabilities of the government. (Choose the correct alternative)
- (D) Identify which of the following statements is false: (Choose the correct alternative)
- The government can finance its budgetary deficit through borrowings, disinvestment and deficit financing
  - Fiscal deficit equals borrowings
  - Recovery of loans is a revenue receipt
  - Interest on loans is a non-tax revenue receipt

16. (a) State any two components of 'net factor income from abroad'. (2 Marks)
- (b) From the following data calculate the value of domestic income: (4 Marks)

6

S. No.	Items	Amount (in ₹Crores)
(i)	Compensation of Employees	2000
(ii)	Rent and Interest	800
(iii)	Indirect Taxes	120
(iv)	Corporate Tax	460
(v)	Consumption of Fixed Capital	100
(vi)	Subsidies	20
(vii)	Dividend	940
(viii)	Undistributed Profits	300
(ix)	Net Factor Income from Abroad	150
(x)	Mixed Income of Self Employed	200

17. Why must Aggregate Demand be equal to Aggregate supply at the equilibrium level of income and output? Explain with the help of a diagram.

6

## Section B – Indian Economic Development

18. Identify the incorrect statement from the following: 1
- (a) Colonial government enforced discriminatory tariff policy, which allowed free export of raw materials from India and free import of final goods of British industry to India.
  - (b) Indian agricultural sector did not suffer during the Colonial rule
  - (c) During British rule, India inherited the features of both feudal and capitalist system in the Indian economy.
  - (d) At the time of independence, Indian economy was a 'depleted economy'.

19. Inward looking trade policy aimed at: (Choose the correct alternative) 1
- (a) Substituting imports with domestic production
  - (b) Substituting exports of consumer goods with capital goods
  - (c) Follow an open economy model
  - (d) Restrictions on movement of currency flows

20. Match the statements given in Column I with the statements Column II with the correct statements: (Choose the correct alternative) 1

Column I	Column II
(A) Demonetisation	1. Selling equity of public sector units to private sector
(B) Goods & Services Tax	2. End poverty in all forms everywhere
(C) Disinvestment	3. One Nation One tax
(D) NITI Aayog	4. Declaring some currency as no longer a legal tender

Alternatives:

- (a) (A) – 4, (B) – 1, (C) – 2, (D) – 3
  - (b) (A) – 3, (B) – 1, (C) – 4, (D) – 2
  - (c) (A) – 4, (B) – 3, (C) – 1, (D) – 2
  - (d) (A) – 2, (B) – 1, (C) – 3, (D) – 4
21. Read the following statements carefully and choose the correct alternative from the following: 1
- Statement 1: Human capital benefits not only the owner but also society in general.
- Statement 2: Human capital and human development are similar terms.
- 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

22. \_\_\_\_\_ is the apex body which coordinate the functioning of different financial institution working for expansion of rural credit? (Choose the correct alternative) 1
- (a) NABARD
  - (b) Self-help group.
  - (c) Regional rural banks.
  - (d) Commercial banks.

23. According to nature of employment in India, the largest part of workers belongs to the category of: (Choose the correct alternative) 1
- (a) Casual wage labourers
  - (b) Self-employed worker
  - (c) Regular salaried employees
  - (d) Workers seeking employment
24. Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below: 1
- Assertion (A): Rapid expansion of the banking system had a positive effect on rural farm and non- farm output, income and employment.
- Reason (R): The institutional credit arrangement continues to be inadequate as they have failed to cover the entire rural farmers of the country.
- 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.
25. Which of the following does not form part of a strategy of sustainable development? 1
- (Choose the correct alternative)
- (a) Relying more on organic farming
  - (b) Reducing the use of personal vehicles and promoting public transport
  - (c) Safeguarding the habitats of native communities, flora and fauna
  - (d) Not compromising on the needs of the present generation with respect to the needs of future generations
26. Study the given diagram carefully and choose the correct alternative: 1



- (a) The use of Compressed Natural Gas (CNG) as fuel cannot be used for public transport system to lower air pollution
- (b) The use of Compressed Natural Gas (CNG) as fuel in public transport system can significantly lower air pollution
- (c) The use of Compressed Natural Gas (CNG) as fuel in public transport system can help control soil degradation.
- (d) The use of Compressed Natural Gas (CNG) as fuel in public transport system can significantly control water pollution

27. Special Economic Zones were set up by China to: (Choose the correct alternative) 1  
 (a) To develop the backward regions  
 (b) To maintain economic equality  
 (c) Attract foreign investors  
 (d) To promote private sector
28. There were several hurdles faced by the land reforms and the land ceiling legislation during the planning period. With reference to the given statement, state any three hurdles faced in the implementation of land reforms. 3
29. (A) Explain the Great Leap Forward campaign of China and state the problems which Great Leap Forward campaign met with. 3  
 (OR)  
 (B) "The present day fast industrial growth in China can be traced back to the reforms introduced in 1978" Defend or refute the above statement.
30. (A) "Human capital formation gives birth to innovation, invention and technological improvements." Do you agree with the given statement? Support your answer with valid Arguments 4  
 (OR)  
 (B) "The Prime minister urged to increase the rural income by increase non- farming activities" Explain how non-farming activities can lead to rise in income of people in rural sector.
31. Read the passage given below and answer the following questions. 4

### **Economic Survey: 2020**

The survey said the number of self-employed, regular wage earners and casual wage earners have come down by 17 lakhs in six years till 2017-18. Quoting various government sources, it pegged India's workforce at 47.12 crore in FY18 compared with 47.29 crore in FY12, even as employment was getting more formal in nature. There was also drop in female employment in the overall job space. From 12.91 crore in 2011-12, their number came down to 10.85 crore in 2017-18. Stressing on the need to set things right, the survey said, "In an era of globalization, no country can develop and achieve its full potential if half of its population is locked in non-remunerative, less productive and non-economic activities".

The survey also found that the number of self-employed people too, came down during the period to 24.21 crore from 24.54 crore, but that is due to a significant drop in the number of unpaid family labour category. The share of regular salaries employed in the total employment landscape has, however, increased by five percentage points to 23% in 2017-18 from 18% in 2011-12. In absolute terms, the jump is significant, around 2.62 crore: 1.39 crore in urban areas 1.21 crore in rural India. On the other hand, the distribution of workers in casual labour category decreased by 5 percentage points from 30% in 2011-12 to 25% in 2017-18, with the decline being in rural areas.

Questions:

- (A) A situation where percentage of workforce in the formal sector tends to decline and that in the informal sector tends to rise is known as:  
 (a) Informalisation  
 (b) Casualisation  
 (c) Jobless growth  
 (d) Regular employment

- (B) An arrangement where a worker uses his own resources to make living is known as:
- Wage employment
  - Regular employment
  - Casual employment
  - Self-employment
- (C) Less employment of females in comparison to males is an indication of:
- Economic backwardness
  - Social Backwardness
  - Both Economic and Social backwardness
  - General unemployment
- (D) All non-farm casual wage labourers who work for more than one employer such as construction workers and head-load workers are \_\_\_\_\_  
(Formal/Informal) sector workers.

32. (a) Define liberty indicators. Name any one liberty indicator. 4
- (b) Compare and analyse the given data of India and China with valid arguments.

Country	Annual Growth Rate of Population (2015)	Gender Ratio (per 1000 males)
India	1.2%	929
China	0.5%	941

33. (a) Discuss in brief industrial reforms introduced under the new economic policy. 6
- (b) How did the change of role of Reserve Bank of India from controller to facilitator of under the new economic policy influence the financial sector?
- (OR)
- (a) "Economic reforms have restricted the role of Public Sector Units (PSUs) in the country." Defend or refute the statement with valid explanation
- (b) How has the implementation of Goods and Services Tax (GST) been beneficial to the Indian economy?
34. (a) Why do farmers need credit? What is the role of Self Help Groups (SHGs) in the provision of rural credit? 6
- (b) Enlist some problems faced by farmers during the initial years of organic farming.

END OF QUESTION PAPER