



# VISHNU BHAGWAN PUBLIC SCHOOL

Pre Board Exam (2023-24)

Class – 12

Subject –Economics

{SET-A}

Time: 3:00 Hours

M.M:80

## General Instructions:

- \* This question paper contains two sections: Section A - Macro Economics
- Section B - Indian Economic Development \*This paper contains 20 Multiple Choice Questions of 1 mark each.
- \*This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
- \* This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
- \* This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

## Section – A (Macro Economics)

### Multiple choice Questions (Q1 to Q10)

10 x 1=10

1. Read the following statements carefully:

Statement 1: The induced consumption shows the direct relation between consumption and income.

Statement 2: With a certain increase in income, induced consumption also increases.

In the light of 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. [1] 2.
2. When prices in the base year are less than prices in the current year, then which of the following is correct?  
(A) Real GDP is less than Nominal GDP (B) Real GDP is more than Nominal GDR  
(C) Market price is greater than factor cost. (D) Market price is greater than factor cost.
3. \_\_\_\_\_ refers to that level of Aggregate Demand which can be met by the corresponding supply in the economy.  
(Fill up the blank with correct alternative)  
(A) Autonomous Consumption (B) Effective Demand Demand (C) Excess (D) Deficient Demand

OR

Involuntary unemployment is a feature of (A) Excess demand (B) Effective demand

(C) Aggregate demand (D) Deficient demand [1]

4. As per the Reserve Bank of India (RBI) press report, dated 22nd June, 2022:

'Net Foreign Portfolio Investment (FPI) recorded an outflow of US \$15.2 billion mainly from the equality market.'

The above transaction will be recorded in the \_\_\_\_\_ account on \_\_\_\_\_ side of Balance of Payments Account of India. (Choose the correct alternative)

(A) current, credit (B) current, debit (C) capital, credit (D) capital, debit [1]

5. Mrs Iqra Ansari, a teacher, was explaining in her class about various types of deposits with the commercial banks. he quoted that-these deposits form a part of M1 measure of money supply and are payable on demand by the commercial banks."

Identity the type of deposits she was explaining about and choose the correct alternative:

- (i) Demand Deposits  
(ii) Time deposit  
(iii) the post office deposit

Alternatives :

(A) only (i) (B) only (ii) (C) (i) and (ii) (D) (i),(ii) and (iii)

6. Find the missing figures and choose the correct alternative

Round	Deposit	Loans(90%)	Reserve Ratio(10%)
I	1000	90	100
II	900	(I)	90
-	-	-	--
-	-	-	--
Total	(II)	(III)	(IV)

- (A) 810, 10000, 9000, 1000 (B) 810, 1000, 900,100  
(C) 90,1000,900, 100 (D) 720, 10000, 9000, 1000

7.What is the value investment multiplier, when the Marginal Propensity to consume (MPC) is 0.1?

(A) 10 (B) 1.1 (C) 0.01 (D) 100

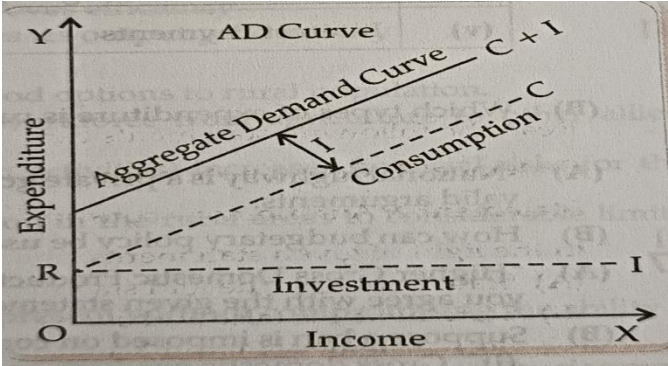
8. Which of the following will lead to an appreciation of domestic currency:

P. Increase demand for foreign exchange –

Q. Decreased demand for foreign exchange. R. Increased supply of foreign exchange –

S. Decreased supply of foreign exchange d R (A) P and R (B) P and S (C) Q and R (D) Q and S

9. The total consumption and investment curves are given here:  
Identify which of the following represents "Autonomous Consume



- (A) OR (B) RC (C) RY (D) RI
10. Two friends Mira and Sindhu were discussing the exchange rate  
'Under this system, The exchange rate are determined by market forces of demand and supply however, deliberate efforts are made by the competent authority to keep the exchange rate within a specified range'  
The above mentioned statement was given by sindhu identify the type of exchange rate she was talking about
- (A) fixed exchange rate (B) floating exchange rate  
(C) managed floating exchange rate (D) managed fixed exchange rate

**Short Answer Questions (Q11 to Q12) 2x 3 = 6**

11. Venture capital refers to the funding provided by investors to small or start-up businesses with strong potential . In light of the above statement, how does the process of devaluation of a currency affect Foreign vestment or Portfolio investment?

Or

• Study the table given below which has information about two firms of an economy

	Wages (in ₹)	Profits (in ₹)	Interest (in ₹)	Rent (in ₹)
FirmA	50	150	100	100
FirmB	90	210	100	100

Net Factor Income from Abroad is (-) 20.

- (i) (ii) Employee's contribution to the Social Security Fund by Firm A and Firm B is ₹5 and ₹10 respectively.  
Calculate the National Income.

OR

Define the following:

- (i) Value Addition (ii) Gross domestic product (iii) flow variables

12. Explain any three major functions of foreign exchange market.

or State on which side of capital account/ current account will the following transactions be recorded and why?

- (i) Interest on loan received from Nepal  
(ii) Import of mobile phones from China

**Short Answer Questions (Q13 to Q15) 3 x 4 = 12**

13. As per the following news published in The Wire on 18th May, 2021

"The biggest toll of the COVID-19 second wave is in terms of a demand shock - loss of mobility, discretionary spending and employment, besides inventory accumulation, while the aggregate supply is less impacted".

In light of the above statement, explain the economic implications of an increase in government expenditure when the economy is in a state of depression

14. The saving function of an economy is given as  $S = -250 + 0.25Y$  / If the planned investment is ₹ 100 crores, calculate the following

- (i) Equilibrium level of income in the economy. (ii) Aggregate demand at income of ₹300 crores.
15. Giving a numerical example, explain the process of money creation by the commercial banks. or Government of India has launched 'Jan-Dhan Yojana' aimed at every household to have at least one bank account due to which credit creation capacity of banks has expanded manifold. Comment.

**Long Answer Questions (Q16 & Q17) 2x6=12**

16. (i) Explain how Non-monetary exchanges' act as a limitation in taking GDP as an index of welfare.  
(ii) Explain the treatment assigned to the following while estimating national income. Give reasons.  
(a) Family members working free on the farm owned by the family (b) Rent free house from an employer .
17. (i) In light of the given figure, explain in simple terms the meaning of revenue, fiscal and primary deficit.



- (ii) The government of a country is operating on 'Zero primary deficit and also follows 'Re-allocation of resources as an objective of budget'. Explain the above two concepts.

Or

- (i) Classify the following as revenue receipts and capital receipts'. Justify your answer.  
(a) Profit of public sector undertakings. (b) Market borrowing by the government.  
(c) Income from sale of its share in public sector undertakings.  
(ii) Distinguish between capital expenditure and revenue expenditure of the government. with suitable examples.

### **Section B -Indian Economic Development**

#### ***Multiple ('hoice Questions (Q18 to Q27) 10 x 1=10***

18. Which of the following factors are not considered while constructing the HDI Index?  
(a) A good environment as measured by appropriate environment policies (b) A decent standard of living as measured by GDP per capita  
(c) Long and healthy life measured by life expectancy at birth  
(d) Knowledge as measured by the adult literacy rate
19. The economic reforms under the New Economic Policy of 1991 were made so that  
(a) The public would drive the economy towards growth and development.  
(b) Market forces would drive the economy towards growth and development.  
(c) The government would drive the economy towards growth and development.  
(d) None of the above

Or

Indian Oil Corporation Limited has been granted the status of

- (a) Navratnas (b) Miniratnas (c) Newratnas (d) Maharatnas

20. \_\_\_\_\_ are voluntary organizations of workers formed to promote and protect the interests of workers through collective action

- (a) Trade unions (b) Labour unions  
(c) Cooperative organisation (d) None of the above

Or

Occupational structure refers to

- (a) nature of different occupations (b) size of labour force in a country  
(c) number of people living in a country (d) distribution of workforce among different sectors of an economy

21. Which of the given reasons is incorrect with regard to the introduction of Economic reforms in 1991 in India?

- (a) Depletion of the foreign exchange reserves (b) Persistent level of unemployment and poverty  
(c) A high level of fiscal deficit (d) Inflationary pressures

22. Select the correct combination between the following columns

Column I	Column II
A. Trade Barriers	(i) Reduction in the value of domestic currency in comparison to foreign currencies as a result of market forces
B. Devaluation	(ii) Tariff and Quota
C. Depreciation (	(iii) Selling part of equity of PSEs to the public D. Disinvestment
D. Disinvestment	iv) Deliberate downward adjustment of domestic currency with respect to foreign currencies

Code

- (A) (ii) (iii) (I) (iv) (b) (ii) (iv) (i) (iii) (c) (iii) (Iv) (i.) (ii) (d) (ii) (i) (iv) (iii)

23. Statement I : Agricultural diversification implies diversification of crop production and shifting of workforce to other allied activities such as livestock, poultry etc. Statement II : MSME sector suffered to a large extent in Covid-19 pandemic situation due to liquidity crunch.

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

- (a) Both the statements are true (b) Both the statements are false  
(c) Statement I is false and Statement II is true (d) Statement I is true and Statement I I is false

24. Statement I : There is a need to bridge the skill-gap in India in order to enhance human capital and bring about more productive labour force.

Statement II : Skills are tangible in nature and can be separated from its owner. In the light of the given statements,.

choose the correct alternative from the following

- (a) Both statements are true (b) Both statements are false (c) Statement I is true and Statement II is false  
(d) Statement I is false and Statement II is true

25. \_\_\_\_\_ is the population density, the \_\_\_\_\_ is the pressure of population on land and the more the economic problems. (a) Higher, lower (b) Higher, higher (c) Lower, higher (d) Lower, lower

or

\_\_\_\_\_ marked the introduction of economic reforms in Pakistan.

- (a) 1991 (b) 1978 (c) 1980 (d) 1988

26. Assertion India, Pakistan and China have started planning their developmental strategies in the same way.

Reason India, China and Pakistan have started working on their developmental plans at the same time.

- (a) Assertion is true. but Reason is false. (b) Assertion is false, but Reason is true.

- (c) Both Assertion and Reason are true and Reason is the correct explanation of Assertion. (
- d) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.
27. Assertion : Government policies have failed to address the vast majority of vulnerable people who are living on or just above the poverty line due to unemployment.
- Reason High growth alone is not sufficient to reduce unemployment. Without the active participation of the poor, successful implementation of any programme is not possible.
- (a) Assertion is true, but Reason is false. (b) Assertion is false, but Reason is true.
- (c) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- (d) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.

**Short Answer Questions (Q28 to Q29) 2x 3 = 6**

28. On account of the figure given below, give the meaning of 'distress sale'. Also explain any two obstacles that hinders the mechanism of agricultural marketing.
29. How does finance sector be regularised so that the objective of rural development can be achieved?

OR

Defend or refute the statement with valid explanation. "Population explosion and the advent of industrial



revolution have resulted in environmental crisis."

**Short Answer Questions (Q30 to Q32) 3 x 4 = 12**

30. State whether the following statements are true or false, with valid arguments
- (i) It was quintessential for a developing country like India to pursue the goal of self reliance on the eve of independence.
- (ii) Indian government followed inward looking trade policy before initiation of economic reforms in 1991.
31. (i) Define a plan.
- (ii) "The New Economic Policy is said to be liberal." Comment. or Discuss briefly the condition of agricultural sector at the time of independence.
32. (a) State and elaborate whether the following statement is true or false, with valid arguments:
- (b) "Indian economy has showed satisfactory progress towards formalisation of workforce in the recent past." ( 4)

Or

(b) "In India, the self-employed constitute around 60% employees. The possible incidence of underemployment is the highest among the self-employed."

As an economist, suggest and elaborate any two measures that may be taken to ensure more productive employment for the self-employed.

**Long Answer Questions (Q33 & Q34) 2x6=12**

33. (a) (i) Why are less women found in regular salaried employment? (3)
- (ii) Distinguish between human capital and physical capital. (3 )

Or

- (b) (i) State and discuss any one strategy involved in attaining sustainable development in India. (3 )
- (ii) Discuss briefly the importance of micro credit programme in rural India. (3)

'34. Read the following text carefully: According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog, in its report titled "Digital Banks: A proposal for Licensing and Regulatory Regime for India", offers a template and roadmap for a digital bank licensing and regulatory regime for a country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this.

With Aadhar, India is at the cusp of operationalising its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to setup automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

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

- (a) Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog? (2)
- (b) State and discuss any two main advantages of digital banking. (4)