



VISHNU BHAGWAN PUBLIC SCHOOL

Pre Board Exam (2023-24)

Class – 12

Subject –Economics

Time: 3:00 Hours

{SET-B}

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)

10X1=10

1. Read the following statements [1] carefully:
Statement 1: The consumption curve is an upward sloping straight line curve due to the direct relationship between income and consumption and the assumption of constant Marginal Propensity to Consume.
Statement 2: Aggregate Demand curve and Consumption curve are parallel to each other.
In light of the given statements, choose the correct alternative from the following:
(A) Statement 1 is true and statement 2 is false.
(B) Statement 1 is false and statement 2 is true.
(C) Both statements 1 and 2 are true. (D) Both statements 1 and 2 are false.
2. When subsidies are greater than indirect taxes, (1)
(A) $GDP_{mp} = GDP_{fc}$ (B) $GDP_{mp} > GDP_{fc}$
(C) $GDP_{mp} < GDP_{fc}$ (D) None of these
3. Which among the following can be greater than one: (1)
(A) Marginal Propensity to Consume (B) Average Propensity to Consume (D)
(C) Marginal Propensity to Save (D) Average Propensity to Save [1]
4. 'Owing to the Russia-Ukraine crisis, the world is experiencing rising crude prices due to supply-side issues. (1)
' Identify the most likely impact on the Balance of Payment situation of the Indian economy from the following:
(A) Production of cars in India will rise. (B) Production and sale of cycles in India will rise
(C) Inflow of US Dollars in India will rise. (D) Outflow of US Dollars from India will rise.
5. "Mr. Sarvesh was not able to find a buyer for his surplus production of milk which can be exchanged with cloth". Which function of money can resolve this problem? (1)
(A) Medium of exchange (B) Store of Value
(C) Unit of account (D) Means of standard of deferred payments
6. Complete the table: (1)

| LRR | Money Multiplier |
|-----|------------------|
| 10% | - |
| 20% | - |
| 25% | - |

Alternative

- (A) 4,5,10 (B) 10,5,4 (C) 10,20,25 (D) 25,20,10

7. If increase in National Income is equal to increase in Savings, the value of Marginal Propensity to Consume would be _____. (Fill up the blank with correct alternative) (1)
(A) equal to unity (B) greater than one (C) less than one (D) equal to zero [1]

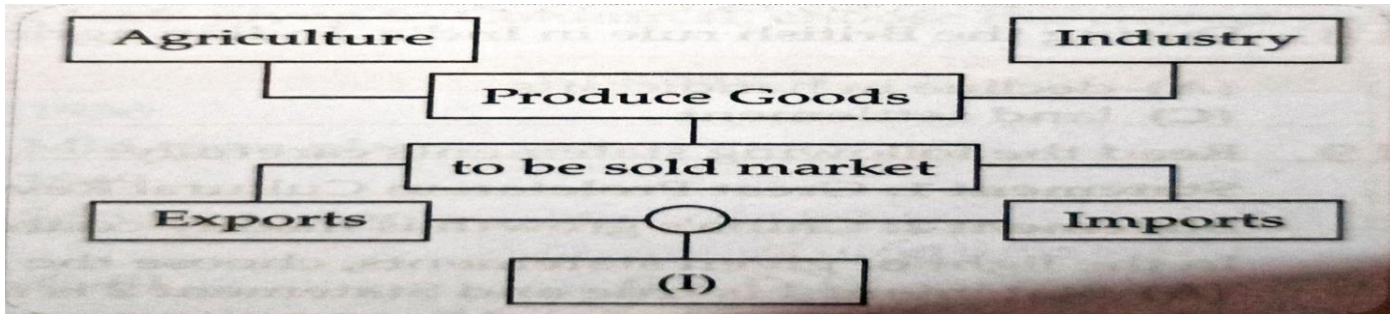
8. Suppose, Country X, has more inflation than Country Y. Which of the following is most likely situation to happen in such a case, assuming other factors being constant? (1)
(Choose the correct alternative
(I) A surplus trade balance in Country X
(II) A deficit trade balance for Country X

- (III) A rise in exports from Country X to Country Y
 (IV) A surplus trade balance for Country Y
 Alternatives:
 (B) (A) I and II (B) H and III
 (C) (C) II and IV (D) I and IV [1]

9. In an economy, autonomous consumption is Z. 40 cr and MPS is 0.2, the resultant saving function is _____. (1)

- (D) (A) $S = 40 + 0.8 Y$ (B) $S = -40 + 0.8 Y$
 (E) (C) $S = 40 + 0.2 Y$ (D) $S = -40 + 0.2 Y$ [1]

10. Read the following chart carefully and choose the correct alternative: (1)



- (F) (A) Balance of payment
 (G) (B) Balance of invisible items
 (H) (C) Balance of visible items
 (I) (D) Balance on capital account [1]

Short Answer Questions (Q11 to Q12)

2X3 = 6

11. Suppose the price of one UK Pound (£) has increased from Z 7 to Z 8, owing to market forces. This indicates that Indian currency has devalued. Do you agree with the given statement? Give valid reason(s) in support of your answer. [3]

12. Suppose only one Good 'X' is produced in the country. Output of Good X during year 2018 and 2019 were 100 units and 110 units, respectively. The market price of the product during the two years was no and Z55 per unit, respectively. Calculate the percentage change in Real Gross Domestic Product (GDP) in year 2019 using 2018 as the base year. [3]

OR

State the meaning of the following. (3)

- (A) Real flow (B) Value added (C) Domestic income

Short Answer Questions (Q13 to Q15)

3X4 = 12

13. Calculate equilibrium level of income if consumption function is $C = 150 + 0.8 Y$ and investment level in an economy is 2700 cr. [4]

14. (A) Explain the impact of excess demand in economy. How it can be minimised? (4)

OR

(B) As per the following news published in "The Hindu" on 6th August, 2022, The Monetary Policy Committee (MPC) of the Reserve Bank of India raised the Repo Rate by 50 basis points.

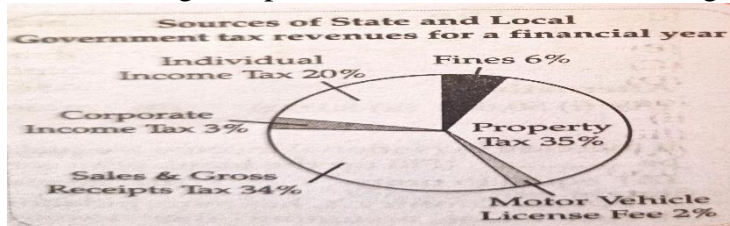
Identify and explain the likely cause and consequences behind this type of action taken by the Reserve Bank of India. [4]

15. Define Reverse Repo Rate. Discuss briefly, how this instrument helps in controlling credit creation by commercial banks. [4]

Long Answer Questions (Q16 & Q17)

2X6=12

16. (A) Read the given picture and answer the following questions :



- (i) Categorize the items mentioned in the picture as tax and non-tax revenue receipts.
 (ii) How the tax receipts mentioned above are used to stabilise the economy? [3]
 (B) Why disinvestment proceeds are capital receipts? (3)

OR

- (A) Differentiate between direct and indirect tax with the help of an example. [3]
(B) "Government has started spending more on providing free services like education and health to the poor." In the light of above statement, explain how the government can use the budgetary policy in reducing 'inequalities of income'. [3]
17. (A) How should the following be treated in estimating National Income of a country? Give valid reasons.
(i) Profits earned by Foreign Banks in India
(ii) Expenditure on upgradation of fixed asset by a firm. [3]
(B) "While estimating Gross Domestic Product (GDP) by expenditure method, entire focus is on expenditures incurred by the residents of the country."
Do you agree with the given statement? Give valid reason in support of your answer. [3]

Section – B

Multiple choice Questions (Q18 to Q27)

10X1=10

18. During the British rule in India, Indian agricultural output witnessed stagnation due to _____. (1)
(Choose the correct alternative)
(A) decline in handicrafts (B) drain of Indian wealth
(C) land settlement (D) introduction of railways [1]
19. Read the following statements carefully:
Statement 1: Great Proletarian Cultural Revolution was introduced in China in 1950's.
Statement 2: China's growth is mainly contributed by the manufacturing sector.
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)
20. Which of the following was /were adopted before 1990 with an objective to promote Indian industries. (1)
I. Import substitution. II. Mechanization of Agriculture
III. Privatization of Industries IV. Key role of public sector
Alternatives:
(A) I, II, IV (B) I, II, III (C) II, III, IV (D) I, III, IV
21. Study the following picture and answer the given question: (1)
Activity reflected in the given picture is _____.



- alternative to fill up the blank)
(A) Animal husbandry (B) Fisheries (C) Horticulture (D) Poultry
22. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below :
Assertion (A): Under foreign exchange reforms, Rupee was devalued.
Reason (R): Rupee was devalued in order to promote self-sufficiency in the country.
Alternatives: (1)
(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, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true,
23. China initiated in 1958, that aimed at industrializing the country on a massive scale. (Fill up the blank with correct alternative. (1)
(A) Great Proletarian Cultural Revolution (B) Setting up of Special Economic Zones
(C) Economic Reforms (D) Great Leap Forward Campaign

24. Choose the correct statements. (1)

- (i) Human capital is not traded in the market; however, its services are traded.
- (ii) Human capital is intangible in nature
- (iii) Human capital and human development are identical concepts. Alternatives:
(A) (i) and (ii) (B) (ii) and (iii) (C) (i) and (iii) (D) (i), (ii) and (iii) [1]

25. _____ and _____ are the reasons for the slowdown of Pakistan economy since independence. (1)

I. Political instability II. Over-dependence on remittances from abroad

III. Stable performance of agriculture sector IV Growth of service sector

Alternatives:

- (A) I and II (B) II and III (C) III and IV (D) I and IV [1]

26. _____ committee was set up for the development and promotion of small scale industries in India. (1)

- (A) Karve (B) Tapas Majumdar (C) Mahalanobis (D) TRYSEM

27. Read the following statement carefully: Statement 1: Amongst India, China and Pakistan, China is the largest nation and has the highest population density. (1)

Statement 2: One-child policy introduced in the late 1970s in China led to a considerable decline in the population growth.

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

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

Short Answer Questions (Q28 to Q29)

2X3 = 6

28. (A) Name any one Maharatana company.

(B) Explain how the implementation of land ceilings promotes equity. (3)

OR

"India has emerged as a hotspot for medical tourism". Defend the statement with valid arguments

. 29. State with valid reason whether the following statement is true or false: (3)

'Self employed workers are different from hired workers'.

Short Answer Questions (Q30 to Q32)

3X4 = 12

30. If we look at the global population, out of every six persons living in this world, one is an Indian and another a Chinese. Justify the given statement with valid arguments in support of your answer. [4]

31. 'If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment.' Discuss the rationale of the given statement with valid reasons. [4]

OR

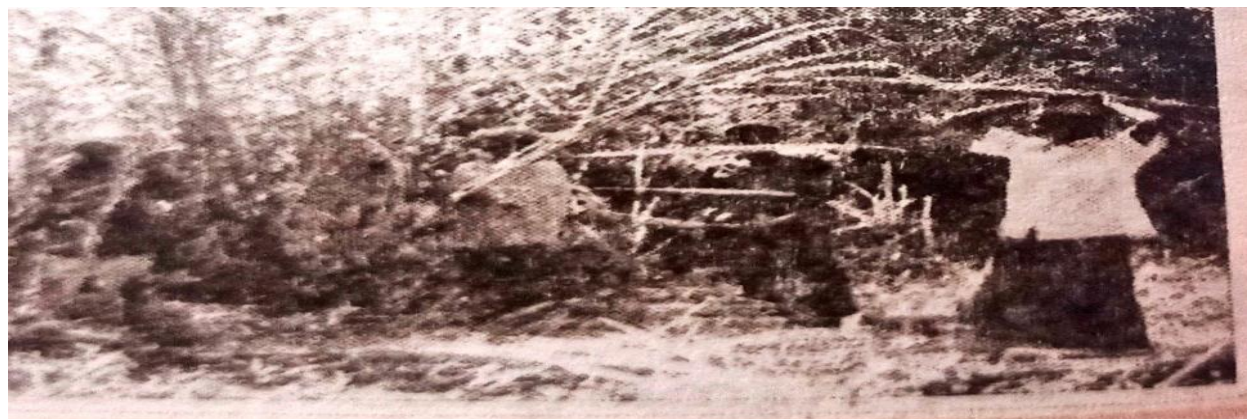
(A) "Human development is a broader concept than human capital." Explain.

(B) Explain, how does 'Investment in Human Capital' contribute to growth of an economy.

32. Identify and explain the type of unemployment given in the given image. What , factors might have led to this type of employment? Explain any two factors. [4]

Long Answer Questions (Q33 & Q34)

2×6=12



33. (A) "Foreign exchange crisis was the basis of economic policies of liberalisation, privatisation and globalisation." Justify. [3]

(B) "Recently the Government of India has decided to merge MTNL and BSNL on account of rising losses." Justify the step taken by the Government of India. [3]

OR

(A) "Some economists believe that the economic reforms have adversely affected the agriculture sector in India." Do you agree with the given statement? Justify your answer with valid reason. [3]

(B) India is often called as 'Outsourcing Destination' of the world. Discuss the prime reasons for this name given to India. [3]

34. Read the following text carefully:

Title: "Achieving Sustainable Development: A Key Challenge for Global Economies"

In recent years, sustainable development has emerged as a crucial focus for governments, organizations, and individuals around the world. As economies continue to grow, concerns about the long-term viability of development practices have come to the forefront. Sustainable development aims to meet the needs of the present without compromising the ability of future generations to meet their own needs.

One of the main challenges in achieving sustainable development lies in striking a balance between economic growth and environmental conservation. Traditional development models have often prioritized economic growth at the expense of environmental degradation. However, this approach is increasingly being recognized as unsustainable in the long run. Governments and businesses are now realizing the importance of integrating environmental considerations into their development strategies.

Furthermore, achieving sustainable development requires addressing social issues such as poverty, inequality, and access to basic services. Economic growth alone is not sufficient to ensure a sustainable future. It is essential to ensure that development benefits are distributed equitably among all members of society and that marginalized groups are not left behind.

In addition, sustainable development necessitates a shift towards renewable energy sources and efficient resource management. This involves reducing reliance on fossil fuels, promoting clean technologies, and implementing sustainable practices in industries such as agriculture and manufacturing. Transitioning to a low-carbon economy is not only beneficial for the environment but also presents economic opportunities in terms of job creation and innovation.

Overall, sustainable development requires a holistic approach that encompasses economic, environmental, and social dimensions. It calls for a fundamental rethinking of development strategies and the adoption of sustainable practices at all levels. Only by embracing this paradigm shift can we ensure a prosperous and resilient future for generations to come.

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

(A) Explain the concept of sustainable development and why it is considered crucial in the current global scenario. [3]

(B) What are the main challenges faced in achieving sustainable development? Discuss the need to balance economic growth with environmental conservation. [3]