

BUDHA DAL PUBLIC SCHOOL PATIALA
Pre Board Examination (28 January 2025)

Class XII (Commerce/Humanities)

Subject - Economics

(Set - A)

Time: 3hrs.

M.M. 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economy
2. Marks are indicated against each question.
3. Calculator is not allowed.

Part - A (Macro Economics) 40 Marks

- Q1.** Under its international aid programme, the United States provided free medical supplies to several developing nations during the pandemic. This type of expenditure is classified as (1)
a) revenue expenditure b) capital expenditure c) Both (a) and (b) d) Neither (a) nor (b)
- Q2.** Supply of money is a- (1)
a) flow variable b) stock variable c) real flow d) none of these
- Q3.** "It has been observed in recent times that Indian currency is depreciating against US Dollar." Which of the following reason can be accounted for the same? (1)
a) Rising inflation in the country
b) Fall in stock prices
c) Rise in global prices
d) All of the above
- Q4.** Read the following statements carefully (1)
Statement 1 : Balance of trade records the exports and imports of invisible items
Statement 2 : A surplus in balance of payment can rectify the deficit in balance of trade.
a) Statement 1 is true Statement 2 is false.
b) Statement 1 is false Statement 2 is true.
c) Both statements 1 and 2 are true.
d) Both statements 1 and 2 are false.
- Q5.** Read the following statements carefully (1)
Statement 1 : During inflationary gap, government prepares deficit budget as there is an excess demand in an economy.
Statement 2 : Inflationary gap is the gap by which actual aggregate demand falls short of the aggregate demand required to establish full employment equilibrium.
a) Statement 1 is true Statement 2 is false.
b) Statement 1 is false Statement 2 is true.
c) Both statements 1 and 2 are true.
d) Both statements 1 and 2 are false.

- Q6. Which of the following leads to increase in aggregate demand? (1)
 i) Fall in imports ii) Fall in exports iii) Increase in investment expenditure
 iv) Increase in government expenditure
 Codes
 (a) (i) and (iv) (b) (i), (iii) and (iv) (c) (i) and (iii) (d) (i), (ii) and (iii)
- Q7. Suppose primary deposits are ₹2000 crore and reserve deposit ratio is 10%. The money created by commercial banks would be Rs _____ crore in the economy. (1)
 (a) 10000 (b) 20000 (c) 2000 (d) 1000
- Q8. Calculate Net Value Added at Factor Cost (NVA) from the following data- (1)
 (Rs in lakhs)
 Value of Output 800
 Intermediate Consumption 200
 Indirect Taxes 30
 Depreciation 20
 Subsidies 50
 Purchase of Machinery 50
- Q9. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: (1)
Assertion (A) : The balance of payments is in surplus, if autonomous receipts are greater than autonomous payments.
Reason (R) : Autonomous transactions are determined by the difference in the balance of payments.
 a) Both (A) & (R) are true and (R) is the correct explanation of (A).
 b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
 c) (A) is true, (R) is false.
 d) (A) is false, (R) is true.
- Q10. High _____ gives a warning to the government either to cut its expenditure or increase its tax receipts. (1)
 (a) budget (b) revenue deficit (c) primary deficit (d) fiscal deficit
- Q11. "Subsidies to producers should be treated as transfer payments." Defend or refute. (3)
- OR**
- Distinguish between final goods and intermediate goods.
- Q12. "The capital account of the balance of payments includes several components that captures the flow of capital between countries." Explain the components of the capital account in the balance of payments. (3)
- Q13. (i) "Lack of store of value was the major problem under the barter system, however this problem has been solved with the introduction of money." Do you agree with the given statement? Explain. (4)
 (ii) What does 'lack of common unit of value' mean in the context of money?
- Q14. Given consumption (C) = $400 + 0.8Y$ (4)
 (i) Determine the value of MPC and MPS.
 (ii) Determine the corresponding saving function.

(iii) Calculate consumption at the income level of 4,000 crore and 6,000 crore.

(iv) Determine the break-even level of income

- Q15. 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)

(i) Identify and explain the type of taxes proposed by the government.

(ii) Was the objective only to earn revenue for the government?

(iii) What possible welfare objective could the government be considering?

- Q16. (i) Given the following data, find the missing value of

(a) government final consumption expenditure.

(b) mixed income of self-employed. (4)

Items -

[Rupees in crores]

National income 71,000

Gross domestic capital formation 10,000

Net factor income from abroad 1,000

Net indirect taxes 2,000

Profits 1,200

Wages and salaries 15,000

Net exports 5000

Private final consumption expenditure 40,000

Consumption of fixed capital 3,000

Operating surplus 30,000

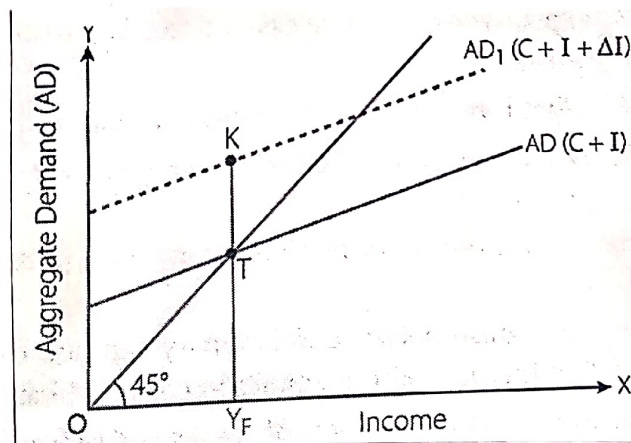


FIGURE-1 [Q17]

(ii) Give reasons for the following Rent received by an Indian from a property located abroad is included in national income of India but not in domestic income of India. (2)

- Q17. In the given figure¹, what gap does the gap KT represent? State and discuss four fiscal measures to correct the situation. (6)

Part - B (Indian Economy) 40 Marks

- Q18. Identify the correct alternative with reference to the following statement: (1)

"Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China."

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

- Q19. Read the following statements carefully (1)

Statement 1 : The British policies led to the collapse of India's world-famous handicraft industries.

Statement 2 : During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly.

- a) Statement 1 is true Statement 2 is false.
- b) Statement 1 is false Statement 2 is true.

- c) Both statements 1 and 2 are true.
- d) Both statements 1 and 2 are false.

- Q20.** Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below: (1)
- Assertion (A) :** The Education Commission (1964-66) had recommended that at least 4% of Gross Domestic Product (GDP) be spent on education.
- Reason (R) :** The Union and State Governments, have been stepping up expenditures in the education sector over the years to fulfil the objective of attaining cent per cent literacy.
- a) Both (A) & (R) are true and (R) is the correct explanation of (A).
 - b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
 - c) (A) is true, (R) is false.
 - d) (A) is false, (R) is true.
- Q21.** In the post-independence era, the policymakers of India adopted an economic system that fundamentally implies the coexistence of ____ and ____ (1)
- (Choose the correct option to fill up the blank)
- (a) small and large-scale industries
 - (b) small and medium-scale industries
 - (c) public and private sector
 - (d) private and foreign sector
- Q22.** The institutional structure of rural banking in contemporary India consists of a set of multi-agency institutions, namely, ____ (1)
- (Choose the correct option to fill up the blank)
- (i) Regional Rural Banks
 - (ii) Cooperative Banks
 - (iii) Land Development Banks
 - (iv) Commercial Banks
- Options:
- (a) (i) and (iv)
 - (b) (i), (iii) and (iv)
 - (c) (i), (ii) and (iii)
 - (d) (i), (ii), (iii), and (iv)
- Q23.** Identify, which of the following statement is incorrect about the financial sector reform introduced in 1991? (1)
- (a) Enabled the establishment of ^{banks in} private India well as foreign.
 - (b) Foreign investment limit in banks was raised to around 74%.
 - (c) Foreign Institutional Investors were allowed to invest in Indian financial markets.
 - (d) Change in the role of Reserve Bank of India from facilitator to regulator.
- Q24.** China's demographic problem of 4-2-1, resulted in a higher proportion of elderly individuals compared to the younger population. This was primarily due to the implementation of ____ (1)
- (a) Great Leap Forward Campaign
 - (b) Great Proletariat Cultural Revolution
 - (c) One Child Norm
 - (d) Special Economic Zones
- Q25.** ____ was setup in 1974 by the Indian government to address two major environmental concerns viz. water and air pollution. (1)
- (a) State Pollution Control Board
 - (b) Central Pollution Control Board
 - (c) Brundtland Commission
 - (d) Montreal Protocol

- Q26. "Assuming in a hypothetical economy, Real Gross Domestic Product recorded a growth rate of 9% during a fiscal year. However, the economy faced a significant challenge in terms of creating an adequate number of employment opportunities. (1)

Identify the situation indicated in the given statement and choose the correct option.

- (a) Casualisation of workforce (b) Informalisation of workforce
(c) Formalisation of workforce (d) Jobless growth
- Q27. During the period 1951-2016, Which revolution led to an increase in the milk production in India by about ten times? (1)
- Q28. Critically appraise the disinvestment policy initiated by the government during the reforms of 1991. (3)

OR

"Globalisation is an essential outcome of liberalisation of an economy." Justify the given statement with a valid explanation.

- Q29. "India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Explain the given statement with valid arguments. (3)
- Q30. The reform process implemented in the late 1970s, commonly known as China's open door policy, encompassed a wide range of reforms across sectors like agriculture, investment, industry etc. These reforms played a pivotal role in driving the rapid growth of the Chinese economy over subsequent decades. (4)
- In the light of the given text, discuss any two reforms responsible for the rapid economic growth of China.
- Q31. "Active government intervention is essential in education and health sectors in India". Do you agree with the given statement? Give reasons in support of your answer. (4)
- Q32. Compare and analyse the sector-wise trends in employment, based on the following information: (4)

Trends in Employment (Sector-wise)

Sector	1999-2000	2011-12
Primary Sector	60.4	48.9
Secondary Sector	15.8	24.3
Tertiary Sector	23.8	26.8
Total	100	100

- Q33. Case Based Questions: (6)
- Read the following text carefully and answer the following questions on the basis of same and common understanding:

Employment generation has remained one of the top challenges of Indian policymakers, and over the years, this has only become more complex. India has experienced more or less consistent growth in the structure of the output of the economy, especially after the economic reforms which is measured by gross value added. However, the trend in employment did not reveal a consistent and clear pattern.

These complexities have led to a wide variation in the conclusions drawn by experts and variations in studies on workforce and employment.

The major sources of data on the workforce and employment have been the

(a) decennial population census and

(b) nationwide quinquennial surveys on employment and unemployment by the erstwhile NSSO under the Ministry of Statistics and Programme Implementation (MOSPI), Government of India.

The nationwide Employment and Unemployment (E&U) surveys have been replaced by the Periodic Labour Force Survey (PLFS) conducted by the National Statistical Office (NSO) of MoSPL, which started in the year 2017-18.

According to NSO, the PLFS data measure the dynamics in labour force participation, workers to population ratio and the employment status along with related, important parameters for both rural and urban areas.

Labour force includes persons who were either working (or employed) or those available for work (or unemployed). Some persons in the labour force are abstained from work for various reasons. Deducting that number from the labour force gives the number of actual workers. These workers are further categorised as persons who are engaged in any economic activity as self-employed or regular wage/salaried and casual labour. The difference between the labour force and the workforce gives the number of unemployed persons.

The size of the labour force in the country has increased from 485.3 million in the year 2017-18 to 497.4 million in the year 2018-19. The next year, the labour force increased by 8 per cent and reached 537.9 million. This increase was witnessed across male and female populations as well as rural and urban households.

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

1. State any two major sources of data on the workforce and employment. (2)
2. What is the difference between Labour Force and Labour Supply? (2)
3. Workers can be categorized into different types depending on their status."

In the light of the given statement, state and ^{explain} any one type of employment. (2)

Q34. Explain the state of Agriculture on the eve of independence.

(6)

BUDHA DAL PUBLIC SCHOOL PATIALA

Pre Board Examination (28 January 2025)

Class XII (Commerce/Humanities)

Subject – Economics (Set - B)

Time: 3hrs.

M.M. 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economy
2. Marks are indicated against each question.
3. Calculator is not allowed.

Part – A (Macro Economics) 40 Marks

- Q1. "Net foreign investment in the year through September fell to \$13 billion, according to calculations from HSBC Holdings Plc, down from \$38 billion in the same period a year earlier. The figure was at a recent high of \$44 billion during India's 2021 fiscal year, which ends in March." (1)

This will be recorded in which account of balance of payments?

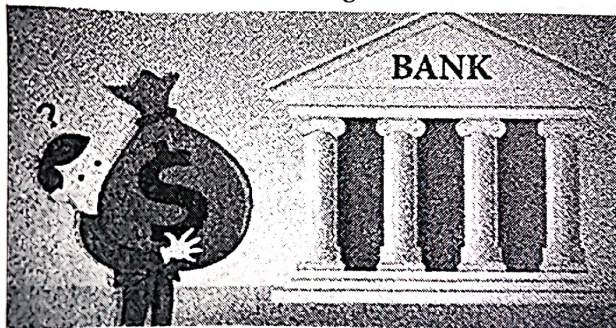
- (a) Current account (b) Capital account (c) Both (a) and (b) (d) Neither (a) nor (b)

- Q2. The Government of India has decided to vaccinate the adult population of India (with Covaxin/Covishield), without any charge. This would be categorised as _____. (1)

- (a) revenue nature income (b) capital nature expenditure
(c) revenue nature expenditure (d) capital nature income

- Q3. In the image given below, the person is looking to save his wealth with the bank. Which of the following functions of commercial bank can be related to the given scenario in the below image? (1)

- (a) Advancing loans
(b) Accepting deposits
(c) Agency function
(d) None of these



- Q4. Inventory is a ____ concept whereas the change in inventory is a ____ concept. (1)
- (a) stock, flow (b) flow, stock (c) stock, stock (d) flow, flow

- Q5. "Government of India has recently implemented various measures like cash transfers to senior citizens and widows". (1)

The government is trying to achieve the objective of ____ using such measures.

- (a) Reallocation of resources (b) Redistribution of income
(c) Regional Equality (d) Economic instability

Q6. Find the missing figures and choose the correct alternatives.

(1)

Consumption (C)	Saving (S)	Aggregate Supply
80	-80	0
240	(i)	200
(ii)	0	400
560	40	(iii)
(iv)	80	800

Alternatives:

(a) -40, 600, 400, 560 (b) 40, 400, 600, 720 (c) -40, 400, 600, 720 (d) -40, 400, 800, 560

Q7. Read the following statements carefully:

(1)

Statement 1 : Inflationary gap shows the measurement of excess demand.

Statement 2 : During recession, expansionary fiscal policy is followed by the government.

a) Statement 1 is true Statement 2 is false.

b) Statement 1 is false Statement 2 is true.

c) Both statements 1 and 2 are true.

d) Both statements 1 and 2 are false.

Q8. Identify which of the following is not an example of tax revenue for the government?

(1)

(a) Wealth tax (b) Special assessments (c) Income tax (d) Corporate tax

Q9. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

(1)

Assertion (A) : Fixed exchange rate system minimises the fluctuation in the price of foreign currency.

Reason (R) : When the price of foreign exchange is controlled by the central bank, it becomes more stable.

a) Both (A) & (R) are true and (R) is the correct explanation of (A).

b) Both (A) & (R) are true and (R) is not the correct explanation of (A).

c) (A) is true, (R) is false.

d) (A) is false, (R) is true.

Q10. Read the following statements carefully

(1)

Statement 1 : Present currency can work as money as it is a legal tender.

Statement 2 : The central bank deals directly with the general public.

a) Statement 1 is true Statement 2 is false.

b) Statement 1 is false Statement 2 is true.

c) Both statements 1 and 2 are true.

d) Both statements 1 and 2 are false.

- Q11. Given the following data, find net value added at factor cost by Sambhav (a farmer) producing wheat: (3)
- (Rs. in crores)
- Sale of wheat by farmer in the local market 6800
- Purchase of tractor 5000
- Procurement of wheat by the government from the farmers 200
- Consumption of wheat by farming family during the year 50
- Expenditure on maintenance of existing capital stock 100
- Subsidy 20
- Q12. "Foreign investments in India have a significant impact on the exchange rate." (3)
- Explain the effects of foreign investment on the exchange rate.
- Q13. (i) "There are various components of money supply as used by the RBI." In the light of the above statement, explain the 'M₁' measurement. (4)
- (ii) What does the term 'money supply' encompass in terms of the components used by the RBI?
- Q14. An economy experiences an initial investment of ₹3,000 crore, which results in an increase in income of ₹3,000 crore in the first round, ₹2,400 crore in the second round, and continues in subsequent rounds. (4)
- (i) Estimate the Marginal Propensity to Consume (MPC). (2)
- (ii) Estimate the total increase in income. (2)
- Q15. "The government budget of a country cannot have fiscal deficit without the existence of revenue deficit." Defend or refute the given statement. (4)
- OR
- "An increase in tax rates on higher income group reflects an economic value of equality of social welfare." Do you agree with the given statement? Explain.
- Q16. 16. (i) From the following data, calculate (6)
- (a) Gross Domestic Product at Market Price
- (b) Factor Income to Abroad
- (Rs. in crores)
- Compensation of Employees 1000
- Net Exports -50
- Profits 400
- Interest 250
- Rent 150
- GNP _{fc} 1850
- Gross domestic capital formation 220
- Net Indirect Tax 100
- Net domestic capital formation 170
- Factor income from abroad 30
- (ii) Distinguish between nominal GDP and real GDP.
- Q17. In a simple Keynesian two-sector model, government sector is expected not to involve in the production activity. Government is expected to stay out of market and maintain law and order. (6)

However, in a general economy, government has to play its part directly or indirectly. Directly, government is involved in production activities where market mechanism fails to attain desirable target. Indirectly, government is involved in terms of collecting tax and non-tax revenues.

(i) Explain the impact on aggregate demand if government involves in the economy both directly and indirectly.

(ii) "Monetary measures offer a valid solution to the problem of inflationary gap in an economy." State and discuss any four monetary measures to justify the given statement.

Part - B (Indian Economy) 40 Marks

Q18. Rohan, the owner of a land, grows only two crops in a year. He works 8-9 months and for the rest of year remains unemployed. In the remaining part of the year, Rohan faces ____ unemployment. (1)

(Choose the correct option to fill up the blank)

- (a) Disguised (b) Seasonal (c) Frictional (d) Cyclical

Q19. Read the following statements carefully: (1)

Statement 1 : Reduction in tariff and quotas was one way of enhancing our external trade.

Statement 2 : Increase in trade is always a sign of a positive balance of payments.

- a) Statement 1 is true Statement 2 is false.
b) Statement 1 is false Statement 2 is true.
c) Both statements 1 and 2 are true.
d) Both statements 1 and 2 are false.

Q20. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: (1)

Assertion (A) : Expenditure on health increases the physical and mental ability of human beings.

Reason (R) : Expenditure on health makes long-term impacts, and these can be easily reversed.

- a) Both (A) & (R) are true and (R) is the correct explanation of (A).
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).
c) (A) is true, (R) is false.
d) (A) is false, (R) is true.

Q21. Following is a practice of _____. (Choose the correct option to fill up the blank) (1)

- (a) Fixing the maximum holding-size for an individual farmer.
(b) Leaving land free of cultivation for some time so that it regains its fertility.
(c) Allotment of land to the farmer at one place, in lieu of his scattered pieces of land at several places.
(d) None of these.

Q22. In which year was nationalisation of commercial banks started? (1)

- (a) 1969 (b) 1979 (c) 1980 (d) 1991

Q23. _____ is one of the main positive contributions made by the British in India. (1)

(Choose the correct option to fill up the blank)

- (a) Introduction of Railways (b) Opening of Suez Canal
(c) Introduction of Population Census (d) None of these

- Q24. Mao initiated the 'Great Leap Forward' in the year _____. (1)
(Choose the correct option to fill up the blank)
(a) 1951 (b) 1955 (c) 1958 (d) 1962
- Q25. The Chipko movement was launched in _____. (1)
(Choose the correct option to fill up the blank)
(a) Uttarakhand (b) Karnataka (c) Jharkhand (d) None of these
- Q26. Which of the following is an abiotic component of the environment? (1)
(a) Bacteria (b) Animal (c) Humans (d) Mineral
- Q27. Which of the following is a core element of the action-plan of rural development? (1)
(a) Diversification of productive activities (b) Rural marketing (c) Rural credit (d) All of these
- Q28. Why did RBI have to change its role from controller to facilitator of the financial sector in India? (3)

OR

Do you think outsourcing is good for India? Why are developed countries opposing it? (3)

- Q29. Some Selected Indicators of Human Development, 2017-2019

Items	India	China	Pakistan
Human Development Index (Value)	0.645	0.761	0.557
Rank (Based on HDI)	130	87	154
Life Expectancy at Birth (Years)	69.7	76.9	67.3
Mean years of Schooling (% aged 15 and above)	6.5	8.1	5.2
Gross National Income Per Capita (PPP US\$)	6,681	16,057	5,005
Percentage of People living Below Poverty Line (National)	21.9*	1.7**	24.3*
Infant Mortality Rate (per 1,000 live births)	29.9	7.4	57.2
Maternal Mortality Rate (per 1 lakh births)	133	29	140
Population using at least Basic Sanitation (%)	60	75	60
Population using at least Basic Drinking Water Source (%)	93	96	91
Percentage of Undernourished Children	37.9	8.1	37.6

Note: * for the year 2011; ** for the year 2015.
Sources: Human Development Report 2019 and 2020.

- (i) Identify one income indicator and one health indicator.
(ii) Compare India and China on the basis of any one of the indicator identified above in part (i). (4)
- Q30. Answer the following questions on the basis of the following data:

Country	Estimated population (in million)	Annual growth rate of population (in %)	Sex Ratio
India	1311	1.2	929
China	1371	0.5	941
Pakistan	188	2.1	947

Source: World Development Indicators 2015

- (a) Comment upon the population growth rates among the three countries.
(b) Which country has the most skewed sex ratio?

- Q31. (i) How is literacy different from education? (1) (4)
 (ii) Explain how investment in education stimulates economic growth. (3)

Q32. "In order to protect the future of our planet, it is important to tackle carbon emissions." and "Serious concerns over the climate change is taking over the attention of the world." In the light of above statement, discuss any four strategies to tackle this global concern of environmental degradation. (4)

Q33. **Case Based Questions:** (6)

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

It is very difficult to manage the economy with a high rate of unemployment. Demand and supply of the labour force are part of the labour market, which is affected by increasing and decreasing employment. Existing demographic conditions and movement of a country significantly influence the balance of the labour force market regarding the supply of the labour force. According to the "Wage Fund Theory," wages of the labour force are fixed in advance, but because of the lack of capital, the manufacturers appoint only a small number of labour forces, which results in unemployment.

Source: Chandi, Khem & Tiwari, Rajesh & Phuyal, Manish. (2018). Economic Growth and Unemployment Rate: An Empirical Study of Indian Economy, Journal of Indian Economy

Questions:

- (a) Distinguish between labour force and labour supply. (2)
 (b) Differentiate between Formal Sector workers and Informal Sector workers. (4)

- Q34. (i) Is agricultural subsidy vice or virtue? (2) (6)
 (ii) Why was there a need for State-led industrial development in the country on the eve of independence? Discuss. (4)