BUDHA DAL PUBLIC SCHOOL PATIALA

Pre Board Examination (18 December 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. Which of the following is true? (1)

I) For higher income groups, MPC is lower than that of lower income groups.
II) Maximum value of MPC is one
III) Rise in MPS leads to fall in investment multiplier.

a) only I b) only III c) II and III d) I, II, III

Q2. Nominal GDP = 625 (1)

Price Index = 125

Real GDP = ?

Q3. **Assertion (A):** Money kept with RBI is the part of money supply in India. (1)

Reason (R): RBI regulates money supply in India.

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.

Q4. Suppose the price of one UK pound has decreased from Rs. 90 to Rs. 80, owing to market forces. This means that value of Indian currency has ______. (1)

a) Appreciated b) Revalued c) Depreciated d) Devalued

Q5. Flow of goods and services and factors of production across different sectors in a barter economy is known as: (1)

a) Circular flow b) Real flow c) Money flow d) Capital flow

Q6. In case of an under-employment equilibrium, which of the following alternative is not true (1)

a) AD = AS
b) There exists excess production capacity in the economy.
c) Resources are not fully and efficiently utilized.
d) Resources are fully and efficiently utilized.

Q7. Goods purchased for the following purpose are final goods: (1)

a) For satisfaction of wants
b) For investment in firm
c) Both (a) and (b)
d) None of these

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Q8. Is money supply a flow concept or stock concept? Why? (1)

Q9. Which of the following transactions is a debit item in current account? (1)

a) Exports of merchandise b) Import of services

c) Lending to rest of the world d) A gift from foreigners

Q10. **Assertion (A) :** Qualitative credit control tools control the total volume of credit. (1)

Reason (R) : Qualitative tools discourage or encourage lending which is done through selective credit control, margin requirements etc.

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).

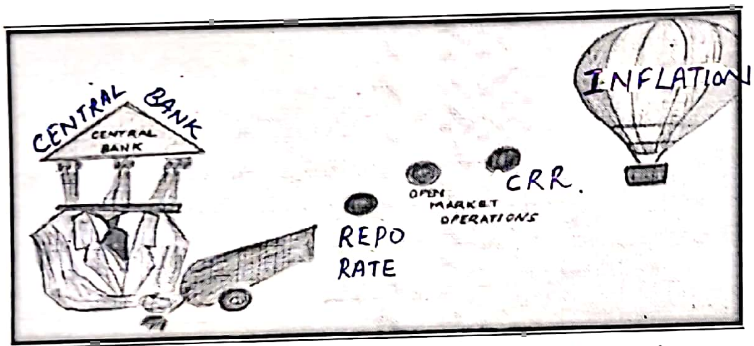
c) (A) is true, (R) is false.

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

Q11. Giving valid reason, explain how the following would be treated while estimating National Income. (3)

a) Broker's commission on the sale of second hand cars.
b) Rent paid by American Embassy to an Indian for his building.
c) Capital gain on sale of an asset.

Q12. Fill up the blank with correct word, referring to the picture given below: (3)



a) The economic issue indicated in the picture is ________. (Excess Demand/ Deficient Demand)
b) The picture shows ________ (selective/ quantitative) measures of ________ policy (monetary/ fiscal)
c) How will Central Bank use these measures to combat the macro-economic issue indicated here. (Explain any one out of the three given)

Q13. Calculate Factor Income from Abroad (4)

1)	Indirect Tax	= 1000
2)	Subsidy	= 800
3)	Rent	= 300
4)	Interest	= 500
5)	Royalty	= 200
6)	Profit	= 800
7)	Mixed Income	= 3500
8)	Wages and salaries	= 2000
9)	Consumption of fixed capital	= 200
10)	Factor Income to Abroad	= 600
11)	GNP_{MP}	= 9000
12)	Social security contribution by employer	= 500

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(4)

Q14. Whether the following statements are True or False. Give reasons.
  a) Indian Govt. borrowing from World Bank to finance deficit in BoP is accommodating item.
  b) Devaluation of Indian rupee during 1990 crisis was expected to increase exports of India.
  c) Indian trader importing readymade garments from abroad is recorded under debit side of current account.
  d) Family remittances received are recorded in capital account of BoP.

Q15. What is the relationship between LRR and Credit multiplier? (4)
To combat the recession phase of Business cycle, how can the concept of LRR & credit multiplier be used by economists.

Q16. (6)
  a) Define Investment Multiplier. How is it related to MPC?
  b) Calculate Investment multiplier and autonomous consumption from the following data. Note that economy is in equilibrium.

Income = 5000

MPS = 0.2

Investment = 800

Q17. GST is the single comprehensive indirect tax, operational from 1st July 2017, on supply of goods & services, right from the manufacturer/ service provider to the consumer. (6)
It is a destination based consumption tax with facility of input tax credit in the supply chain. It is applicable throughout the country with one rate for one type of good/service. This has simplified the multiplicity of taxes on goods & services.
GST replaced large number of taxes on goods and services levied on production/ sale of goods or provision of services such as Central Excise Duty, Service tax, Central Sales tax, VAT, sales tax etc. The laws and rates of taxes across the country were standardised and it facilitated the freedom of movement of goods and services and created a common market in the country.
The tax collection is distributed between Central and State Govt. under CGST & SGST in case of intra-state transactions.
  a) Identify GST as a component of Govt. Budget. Give reason also. Why is it an indirect tax?
  b) What do you understand by GST? How good is the system of GST as compared to the old tax system?
  c) Name the categories of GST.

Part – B (Indian Economy) 40 Marks

Q18. What status was granted to PSU's to improve their efficiency? (1)

Q19. **Assertion (A) :** During the British rule, production of cash crops improved the economic conditions of farmers. (1)
Reason (R) : Farmers were given higher price & even advance payments to produce cash crops.
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.

Q20. In _______ Govt. of India made education free and compulsory for all children between age of 6 – 14 years. (1)
a) 1991   b) 2009   c) 2014   d) 2017

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Read the following statements carefully and choose the correct alternative- (1)

Q21. Statement 1 : In the first seven 5-year plans, trade was characterised by an inward looking trade strategy, known as import substitution.

Statement 2 : The basic aim of policy of import-substitution was to protect domestic industries from foreign competition.

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

Q22. What is the full form of NCERT? (1)

Q23. ________ force is sum total of employed and unemployed persons who are willing to and able to work.(work/labour) chose one word. (1)

Q24. ________ means the ability of the environment to absorb waste and to regenerate resources. (1)

Q25. In order to reduce over dependence on agriculture sector, it is necessary to opt for diversification, with reference to the given statement, diversification of employment includes: (1)

i) change in cropping pattern
ii) shift of workforce from agriculture to allied activities
iii) shift of workforce from agriculture to non agriculture sector

a) (i) and (ii) b) (i), (ii), (iii) c) (i) and (iii) d) only (iii)

Q26. 14 major Commercial Banks were nationalized in the year ______. (1)

Q27. 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. (1)

What the above statement is referring to? Identify.

Q28. Following Blanks are to be filled with correct name of the country out of the three:- India, China & Pakistan. (3)

a) First five year plan of ________ commenced in year 1956.
b) Proportion of people below poverty line is more in _____.
c) Reforms in _______ were introduced in 1978.

Q29. Explain the classification of Industries under Industrial Policy Resolution 1956. (3)

Q30. "The restrictive policies pursued by the colonial govt. adversely affected the composition and direction of foreign trade". Comment. (4)

Q31. **Read the following text carefully and answer Questions Numbers (a) and (b) given below:** (4)

Green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change. India has pledged to seek solutions for the future.

Government schemes and policies such as Swachh Bharat Mission, Pradhan Mantri Awas Yojana, Smart Cities, Deen Dayal Upadhyay Gram Jyoti Yojana among other, all contribute towards achieving sustainable development goals. The government has contributed to maintain economic growth by introducing and implementing various policies and measures relating to sustainable development, climate change, energy efficiency and air pollution.

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Pradhan Mantri Ujjwala Yojana Scheme, has actively contributed to cleaner air. It has resulted in drastic reduction of respiratory diseases and ultimately death as per recent medical report.

The Jal Jeevan Mission was launched with the objective of achieving water security. We have seen 68 per cent decline in the size of population of various animal species and amphibian over the last 60 years. The issue of green house gases and rising temperature of the earth are a global concern. India is one of those countries that will be affected by the over 2 degree celsius rise in global temperature.

'India has already taken a lot of steps in the area of innovation and development of different production methodologies which are environmentally friendly in the long run.' *The Economic Times; Oct. 27, 2021*

a) State and discuss any 2 steps involved in attaining sustainable development in India.

b) From the given text state any two factors which challenged the carrying capacity of environment.

Q32. "Organic farming is about searching for and discovering nature's pathways as opposed to the formulaic approach of conventional farming". Compare and contrast the two types of farming systems mentioned in the above statement. (4)

Q33. To solve 1990 crisis, govt. of India introduced major structural reforms. Explain about those structural reforms introduced in India. (6)

Q34. Identify and explain the source of Human Capital Formation indicated in the following cases: **(6)**

(i) "In India, National Education Policy 2020 has stressed a lot on in-service training of the teachers"

(ii) Dr. Mehta, a dentist ran his clinic in a small city. He is earning comparatively a low income. So he decided to move to a city for which he needs to spent a lot of money.

(iii) India's Govt. policy on polio drops centres on the Pulse Polio Immunization Programme (PPI) launched in 1995, to eradicate polio through mass vaccination of small children below 5 years age. (2+2+2)