BUDHA DAL PUBLIC SCHOOL PATIALA

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

I) MPC can never be zero
II) Investment multiplier can work both backward as well as forward.
III) There is direct relation between income and induced investment.

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

Q2. Estimate the value of Nominal GDP for a hypothetical economy if the value of Real GDP and price index are given as Rs. 500 crores and 125 respectively. (1)

Q3. **Read the following statements carefully and choose the correct alternative-** (1)

Statement 1 : Money is defined as anything that is generally accepted as a medium of exchange and at the same time acts as a measure and store of value.

Statement 2 : Money supply is stock of money in circulation in the country at a particular point of time.

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

Q4. Suppose the price of one UK pound has increased from Rs. 70 to Rs. 80, owing to market forces. This means that value of Indian currency has ______. (1)

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

Q5. Flow of factor payments and expenditure for goods and services is known as: (1)

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

Q6. The impact of Excess Demand under Keynesian theory of Income and employment in an economy is: (1)

a) Decrease in income, output, employment and general price level
b) Decrease in income but no change in real output
c) Increase in income, output, employment and general price level
d) No change in output and employment but increase in general price level

Q7. Final Goods refer to those goods which are used either for ______ or for ______. (1)

a) Consumption, investment
b) Consumption, resale
c) Resale, investment
d) Resale, further production

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8. Money supply in India may increase if: (1)

i) RBI injects more money in circulation.
ii) The commercial banks expand their credit operation
iii) Tax rates are reduced by Central Bank
iv) RBI increases the Bank rate

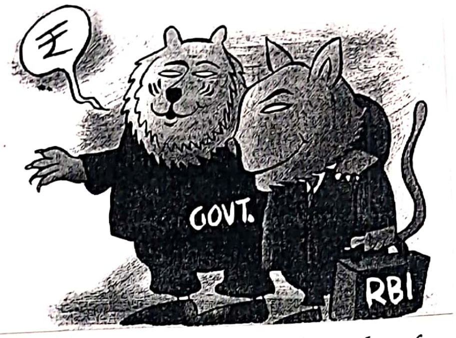
Alternatives

a) (i), (ii), (iii) b) (ii), (iii), (iv) c) (i), (iii), (iv) d) (i), (ii), (iv)

Q9. "The World Bank has been extending loans to country X on favourable terms for infrastructure, poverty alleviation and rural development projects for three decades." How will it be recorded in BoP account of country X? Choose one option: (1)

a) Credit side of current A/c b) Debit side of current A/c
c) Credit side of capital A/c d) Debit side of capital A/c

Q10. In the cartoon given here, identify the function of Central Bank shown : (1)



Q11. a) Interest is paid by the borrower on the loan taken for a variety of purposes, however every interest that is paid is not included in the domestic income. Briefly explain, why? (3)
b) Write any two precautions to calculate National Income by expenditure method.

Q12. What is Credit Multiplier? How "varying reserve requirements" affect the credit creation capacity of commercial banks. (3)

Q13. Calculate Factor Income to Abroad (4)

1) Factor Income from Abroad = 1400
2) GNP_{MP} = 9000
3) Replacement of Fixed Capital = 200
4) Indirect Tax = 600
5) Rent = 500
6) Royalty = 400
7) Interest = 300
8) Profit = 600
9) Mixed income of self employeds = 4000
10) COE = 2000
11) Subsidies = 400

Q14. State, giving valid reasons, whether the following statements are true or false: (4)

a) Depreciation of currency always has the same effect on exports as devaluation of currency.
b) Indians investing in assets abroad will be recorded under debit side of capital account of BoP.

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c) The Govt. of a country borrowing from IMF to finance the deficit in BoP is autonomous item.

d) Imports are credit item in BoP.

Q15. An economy is in equilibrium. Calculate MPS from the following information. Also calculate MPC. (4)

i) National Income = 1000
ii) Autonomous Consumption = 100
iii) Investment = 120

Q16. What is short-run equilibrium according to Keynesian theory? Is equilibrium possible in under-employment situation? How Govt. may use it's fiscal policy to combat under-employment situation. (6)

Q17. Disinvestment, in this context, is when the Govt. sells its assets or a subsidiary, such as a central or state PSU. Govt. many consider Minority disinvestment, majority disinvestment or complete privatization. On fruition of minority disinvestment, the government retains a majority in the company, typically greater than 51%, then ensuring management control. In the case of majority disinvestment, the Govt. hands over control to the acquiring entity but retains some stakes whereas in complete privatization, 100% control of the company is passed on to the buyer. The Union Finance Ministry has a separate department for undertaking disinvestment related procedures called Department of Investment and Public Asset management. The Govt. may disinvest in order to reduce the fiscal burden or bridge the revenue short fall for the year. It also uses disinvestment proceeds to finance the fiscal deficit, to invest in the economy and development or social sector programmes and to retire Govt. debt. Disinvestment also encourages private ownership of assets and trading in the open market. If successful it also means that the Govt. does not have to fund the losses of a loss making unit anymore. (6)

a) Define disinvestment – what are the different approaches to disinvestment.
b) Why disinvestment route is adopted by the Govt.?
c) Giving the reason, identify disinvestment as a component of Govt. Budget out of the four:
- Revenue receipt
- Capital receipts
- Revenue expenditure
- Capital expenditure

Part – B (Indian Economy) 40 Marks

Q18. Under trade and investment policy reforms, tariff on imports were: (1)

a) Reduced b) Increased c) Abolished d) Remained unchanged

Q19. The colonial Govt. made no sincere attempts to estimate India's National and per Capita income, but most studies found that India's national income growth rate in pre-independence era was _______ % and per capita growth rate was _______ %. (1)

Q20. Before introducing new technology, a firm provides the basic skills to the workers regarding it's usage. Identify the source of human capital formation indicated here. (1)

Q21. **Assertion (A) :** The major policy initiatives i.e. land reforms helped India to become self sufficient in food grains production. (1)

Reason (R) : The proportion of people depending on agriculture did not decline as expected.

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

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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.

Which of the following is true? (1)

a) Higher education takes a major share of total Govt. expenditure in India.
b) No educational cess has been imposed by the Govt. in India.
c) Educational achievements in a country are indicated in terms of adult literacy level only.
d) In 2009, Govt. made education free and compulsory for children of age 6 – 14 years.

Q23. Jobless growth leads to unemployment because ______ (1)

a) Labour refuses to migrate b) Labour is very expensive
c) Growth rate is low d) Growth is due to technological development

Q24. The reversal of supply demand relationship of environment resources has occurred due to (1)

i) Population explosion
ii) Advent of industrial revolution
iii) Environment crisis

a) All b) Both (i) and (iii) c) Both (ii) and (iii) d) Both (i) and (ii)

Q25. Name the apex institution which plans and evaluates policies related to rural credit needs. (1)

Q26. ________ is the state which has an effective implementation of milk co-operatives. (1)

Q27. In China, reforms were introduced in phased manner. In second phase, reforms were introduced in ______ sector. (1)

a) Agriculture b) Industrial c) Foreign d) Service

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

a) Reforms in ______ were introduced in 1988.
b) Proportion of people below poverty line is least in ______.
c) Growth rate of population is highest in ______.

Q29. Use of chemical fertilizers, to compensate food shortage, gives good dividends at one time in form of increased production, but becomes a disaster later in form of adverse effects on health. How can we overcome this problem? (3)

Q30. "Indian agricultural sector did not suffer due to partition". Defend or refute. Give justification. (4)

Q31. Why was public sector given a leading role in industrial development? (4)

Q32. What are miracle seeds? What is the role of miracle seeds in changing the scenario of Indian agriculture? (4)

Q33. (2+4)

a) Outline any two reasons for the initiation of economic reforms in India in 1991.
b) "Trade and Investment policy of India had undergone comprehensive changes in post reform period". Explain.

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***he following* news report and answer the following questions on the basis of same:** (6)

ndian Education system is often criticized for being too focused on theoretical knowledge *d lacking* on practical, employment - oriented skills, resulting in employability gap for *aduates.* Lack of industry - academia collaboration and vocational options, outdated *urriculum*, low academic standards combine to create this gap. Highlighted by various reports *and surveys*, significant portion of educated youth remains unemployed. The large young *population* which should be demographic advantage, risks becoming a liability due to lack of *job ready* skills. A large gap between what students learn and the skills employers actually need *reduces* employability of young graduates. Employers often find lack for skills & competencies *relevant* to the job markets. A robust approach is needed to include Hands-on-experiences, scientific shift and industry involvement in General Education.

(i) "Indian Education system is considered faulty from the employment angle". Do you agree? Explain. (2)

(ii) Suggest potential solutions to improve our education system and enhance employability of youth. (2)

(iii) Is a large population an asset or a liability? Explain. (2)

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