DOON GLOBAL SCHOOL

FIRST PRE BOARD EXAMINATION (2024-25)

CLASS - XII

SUBJECT- ECONOMICS (030)

TIME – 3 hrs. **M. MARKS- 80**

INSTRUCTIONS:

- **There are 2 sections in the question paper.**
- **All questions must be attempted.**
- **Read the questions carefully. Questions containing sub-parts consists equal marks, if not mentioned.**
- **Use Blue/Black pen to write your answers.**
- **Diagrams must be drawn with a pencil.**
- **Number every answer according to the number in the question paper.**
- **There is no overall choice however internal choice has been given.**

SECTION – A

(Questions 1 – 10 carry 1 mark each)

1. In 2020, the government said that despite the current resource crunch, it has decided to hike its capital expenditure by 34.5%. Which of the following could be a reason for this hike?
   a. increasing salaries of government employees
   b. repayment of mounting interests on international loans
   c. paying pending pensions to the government employees
   d. rapid employment generation through infrastructural projects

2. In an economy, the Investment Multiplier is 4 and autonomous consumption is Rs.30 crore, the relevant consumption function would be ……………….
   a) C= 30 + 0.75Y b) C = (-)30 + 0.25Y c) C = 30 + 0.25Y d) C = (-)30 - 0.25Y

3. Balance of Payments of an economy records_____________ for a fiscal year.
   a) income and expenditure of the government
   b) inflow and outflow of funds of the government
   c) inflow and outflow of foreign exchange to/from the economy
   d) inflow and outflow of loans to/from the rest of the world

4. Which of the following can help reduce the fiscal deficit?
   a. increasing subsidies b. increasing the PSU profits
   c. investing in improving public goods d. decreasing the burden and incidence of tax.

5. Two friends Mira and Sindhu were discussing the exchange rate systems. ‘Under this system, the

exchange rates are determined by the market forces of demand and supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range'. The above-mentioned statement was given by Sindhu, identify the type of exchange rate system was she talking about?

a) Fixed Exchange Rate b) Floating Exchange Rate
c) Managed Floating Exchange Rate d) Managed Fixed Exchange Rate

6. Demand Deposits include______ and _________.
   i. Saving account deposits ii. Fixed deposits
   iii. Current Account Deposits iv. Post Office Savings

   Alternatives:
   a) i and ii b) ii and iii c) i and iii d) i and iv

7. **Statement 1**: Value of Average Propensity to Save can never be less than zero.
   Statement 2: Average Propensity to Save can be negative at low level of income when consumption expenditure is greater than income.
   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

8. In order to increase the supply of Money in the Indian economy, RBI may
   1. Lower the margin requirement. 2. Sell government securities in the open market.
   3. Reduce the Statutory Liquidity Ratio. 4. Lower the Reverse Repo Rate.

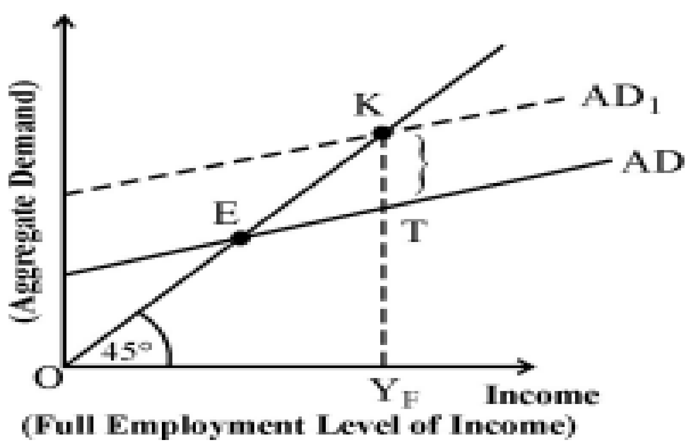
   Alternatives:
   a) 1,2 and 3 are correct b) 2,3 and 4 are correct
   c) 1,3 and 4 are correct d) 1,2 and 4 are correct

9. **Statement 1 –** National Income of a country is a stock concept.
   Statement 2 - Capital is a flow concept.
   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

10. If in an economy the value of Net Factor Income from Abroad is ₹ 200 crores and the value of Factor Income to Abroad is ₹ 40 crores. Identify the value of Factor Income from Abroad.
    a) ₹ 200 crores b) ₹ 160 crores c) ₹ 240 crores d) ₹ 180 crores

(Questions 11 – 12 carries 3 marks each)

11. In the given figure, what does the gap "KT" represent? State any one fiscal measure to correct the situation.



12. "Circular flow principle is based on the assumption that one's expenditure will become other's income." Explain the given statement.

OR

Whether the following statements will be included in National Income or not. Give valid reason.
a) Commission on sale of second-hand goods.
b) Purchase of equipment's for installation in a factory.
c) Harish works in USA and sends money to his family in India.

(Questions 13 – 15 carries 4 marks each)

13. As per the following news published in "The Hindu on 10th August, 2024: "The Monetary Policy Committee (MPC) of the Reserve Bank of India raised 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.

OR

Explain the adjustment mechanism to be made when the economy is not in equilibrium using Saving and Investment functions. Use diagram.

14. a) Explain the banker's Bank function of the central bank. **3**
b) Define Fixed exchange rate system. **1**

15. From the given data, find the missing values of "Private Final Consumption Expenditure" and "Operating surplus".

S.No.	Particulars	Amount (In ₹ crores)
(i)	National Income	50,000
(ii)	Net Indirect Taxes	1,000
(iii)	Private Final Consumption Expenditure	?
(iv)	Gross Domestic Capital Formation	17,000
(v)	Profits	1,000
(vi)	Government Final Consumption Expenditure	12,500
(vii)	Wages & Salaries	20,000
(viii)	Consumption of Fixed Capital	700
(ix)	Mixed Income of Self Employed	13,000
(x)	Operating Surplus	?
(xi)	Net Factor Income from Abroad	500
(xii)	Net Exports	2,000

(Questions 16 – 17 carries 6 marks each)

16. a) Tax rates on higher income groups have been increased. Which objective of government budgetary policy is fulfilled here? Explain.
b) If in an economy : Change in initial Investments (ΔI) = ` 500 crores , Marginal Propensity to Save (MPS) = 0.2

Find the values of the following : i) Investment multiplier (k) ii) Change in final income (ΔY)

OR

a) How are capital receipts different from revenue receipts? Discuss briefly.

b) If in an economy: a) Consumption function is given by C = 100 + 0.75 Y, and Autonomous investment is 150 crores.

Estimate : (i) Equilibrium level of income

(ii) Consumption and Savings at the equilibrium level of income.

17. a) Distinguish between Balance of Trade and Balance of Payment.

b) Explain any three precautions while estimating National Income through expenditure method.

SECTION – B

(Questions 18 – 27 carry 1 mark each)

18. Which of the following is not used as a strategy for sustainable development?

a) Use of bio-gas b) use of solar gas

c) Use of thermal power d) Use of hydel power

19. Read the following statements –

Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain.

Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.

Alternatives:

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 and 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.

20. From the set of events/systems given in column I and corresponding relevant fact given in column II, about China, choose the correct pair of statement:

Column I	**Column II**
A. Great Leap Forward	I. Cultivating land Collectively
B. Commune System	II. Opening of the Industries in their homes
C. Proletarian Cultural revolution	III. Students were sent to work and learn from the countryside.
D. Economic Reforms in China	IV. 1988

Alternatives:

a) A - i b) B - ii c) C – iii d) D – iv

21. C. Rajagopalachari, a founder of the Swatantra Party, coined the term 'permit-license raj' to encapsulate the party's frustrations with Nehru's policies, writing in his magazine Swarajya*: I want the corruptions of the Permit/Licence Raj to go... I want real, equal opportunities for all and no private monopolies created by the Permit/Licence Raj.*

How were these private monopolies indulging in the corruption that C. Rajagopalachari talks about?
a). They led to lobbying and personal benefits for big industrial houses.
b). They continued to function even when running into losses.
c). They exploited the people by grossly increasing prices.
d). They could not compete with international products.

22. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.
Assertion (A): Devaluation of the Indian rupee in 1991 resulted in the inflow of foreign exchange.
Reason (R): Devaluation of the Indian rupee was a step to get taken to get more foreign investments.
Alternatives:
A. A is true but R is false.
B. A is false but R is true.
C. Both A and R are true and R explains A.
D. Both A and R are true but R does not explain A.

23. Identify the incorrect statement from the following:
a) Diversification in agriculture sector provides sustainable livelihood rural population.
b) Diversification includes - change in cropping pattern, shift of workforce from agriculture to other allied activities and non-agriculture sector.
c) Objective of investment in new agricultural avenues (non-farm activities) increases financial risks for the rural population.
d) Diversification reduces the proportion of unemployed population in the rural areas to considerable limits.

24. The basic goal of “Equity” under the five-year plans refers to:
a) Increasing the capacity of the country to produce goods.
b) Adoption of new technology & change in social outlook.
c) Raising the standard of living of all people & promoting social justice
d) Making the economy self-reliant.

25. Choose one of the correct alternatives given below:
Assertion (A): Great Proletarian Cultural Revolution in China was launched to address economic recession.
Reason(R): Great Leap Forward Campaign gave a strong base but failed to achieve desired pace of economic take-off in China.
Alternatives:
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 and 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.

26. Identify, which of the following is the correct formula for calculating “worker- population ratio”?
a) $\frac{Total\ Labour\ Force}{Total\ Population} x\ 100$ b) $\frac{Total\ Workers}{Total\ Population} x\ 100$

c) $\frac{Total\ Population}{Total\ Labour\ Force} x\ 100$ d) $\frac{Total\ Population}{Total\ Worker} x\ 100$

27. Choose one of the correct alternatives given below:

Assertion(A): Diversification towards a new area is necessary not only to reduce the risk from agriculture sector but also to provide productive sustainable livelihood options to rural people.

Reason (R): Rural diversification includes two aspects – to change in cropping pattern to shift from subsistence farming to commercial farming and the other relates to a shift of work force from agriculture to other allied activities.

Alternatives:

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 and 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.

(Questions 28 – 29 carries 3 marks each)

28. Compare and analyze the given data of India & China, with valid reasons.

Country	Annual Growth rate of population	Gender Ratio (per thousand males)	Density
India	1.2%	929	455
China	0.5%	941	148
Pakistan	2.05	943	275

OR

a) Define liberty indicator. Give example. **2**

b) Define 'Commune system' of China. **1**

29. Interpret the given picture on account of current environmental challenges.

(Questions 30 – 32 carries 4 marks each)

30. a) How institutional reforms (land reforms) have played a significant role transforming Indian agriculture? Discuss any one such reform. **3**

    b) Define Agricultural Diversification. **1**

31. a) In 1991, government took few steps to 'De-regulate the Industrial sector' as a part of economic reform. Discuss. **3**

    b) State the meaning of Privatization. **1**

32. Explain the role of 'micro credit system' in meeting the credit requirements of the poor.

OR **4**

Discuss the various measures taken by the government to improve the agricultural marketing.

(Questions 33 – 34 carries 6 marks each)

33. a) Compare to urban women, more rural women are found working. Why? 4

    b) Explain any two main causes of India's agricultural stagnation during the colonial period? **2**

OR

a) Is it necessary to generate employment in formal sector rather than in the informal sector? Why? **4**

b) Were there any positive contributions made by the British in India? Discuss. **2**

34. a) Discuss the need for promoting women's education in India.

    b) Describe any 3 indicators of Human Development.