# 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. Which of the following item will be entered on the credit side of current account in Balance of Payment of a country?
   a) Borrowings from Abroad
   b) Import of Machinery
   c) Export of Tea
   d) Foreign Direct Investment

2. Budget is used as an important policy instrument to combat fluctuations in an economy. In light of above line, identify the related objective of the government budget.
   a) Allocation of resources
   b) Stabilization of prices
   c) Growth of the economy
   d) Redistribution of the income

3. Which of the following item is included in capital account of Balance of payment of a country?
   a) Interest and rent received from assets abroad
   b) Income from banking services
   c) Remittances from abroad
   d) Foreign Direct Investment

4. Read the following statements carefully and choose the correct option.
   **Statement 1** – All the coins are issued by Finance Ministry of India.
   **Statement 2** – All the currency notes are issued by Reserve Bank of India.
   *Alternatives*
   a) Both statements are true.
   b) Both statements are false
   c) Statement 1 is true Statement 2 is false
   d) Statement 1 is false Statement 2 is true.

5. Which of the following statement is incorrect?
a) Gross Domestic Product (GDP) at Market price = GDP at factor cost plus Net indirect tax
b) Net national product (NNP) at market price = NNP at factor cost.
c) Gross national product (GNP) at market price = GDP at market price plus net factor income from abroad.
d) Net national product (NNP) at factor cost = National Income

6. If government borrowings for the fiscal year is Rs.35000 crores and interest payments are Rs.5000 crores, then the value of fiscal deficit will be…………..
a) Rs. 35000 b) Rs.30000 c) Rs. 40000 d) Rs. 50000

7. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
**Assertion (A):** Saving curve makes a negative intercept on the vertical axis at zero level of income.
**Reason (R):** Saving function refers to the functional relationship between saving and income.
*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.

8. If C= 100 + 0.75Y, then Saving Function will be expressed as :
a) S= 100 + 0.25Y b) S= (-)100 + 0.75Y c) S= (-)100 + 0.25Y d) S= 75 + 0.25Y

9. Read the Assertion and Reason carefully, and choose the correct option.
**Assertion (A) –** Full employment refers to absence of involuntary unemployment.
**Reason (R) –** Under full employment situation, all willing to work and able to bodied people get employment at prevailing wage rate.
*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.

10. Which of the following is correct:
a) Price Index = $\frac{\text{Real GDP}}{\text{Nominal GDP}}$ x 100 b) Price Index = $\frac{\text{Nominal GDP}}{\text{Real GDP}}$ x 100

c) Price Index = $\frac{\text{Real GDP}}{\text{Nominal GDP}}$ d) Price Index = $\frac{\text{Nominal GDP}}{\text{Real GDP}}$

**(Questions 11– 12 carries 3 marks each)**

11. a) Differentiate between Final goods and Intermediate goods with example. **2**
b) Define Double counting. **1**

12. If in an Economy Change in Initial Investment = Rs 500 crore, Marginal Propensity to save =0. Find the values of the following:

a) Investment Multiplier b) Change in Final Income

**OR**

If an economy plans to increase its income by ₹ 2,000 crore and the Marginal Propensity to Consume is 75%. Estimate the increase in investment required to achieve the targeted increase in income.

**(Questions 13 – 15 carries 4 marks each)**

13. Calculate: (a) 'Gross domestic product at market price' (b) 'Factor income from abroad' from the following information- **2+2**

| S.N | Particulars | In crore |
|---|---|---|
| 1. | Interest | 400 |
| 2. | Rent | 300 |
| 3. | Exports | 40 |
| 4. | Gross national product at factor cost | 2800 |
| 5. | Profits | 500 |
| 6. | Compensation of employees | 1500 |
| 7. | Gross fixed capital formation | 700 |
| 8. | Net indirect taxes | 250 |
| 9. | Net current transfer from rest of the world | 90 |
| 10 | Change in stock | 50 |
| 11. | Net domestic capital formation | 650 |
| 12. | Factor income to abroad | 120 |

14. a) Credit creation is inversely related to the reserve deposit ratio". Justify the given statement, using a hypothetical example. **3**
 b) Define foreign exchange rate. **1**

15. As per the following news published in The Economic Times on 26th December, 2021: 'Reserve Bank of India has sold government securities worth ₹ 8,710 crore in the secondary market, over the last four weeks, to drain out excessive liquidity'. Identify the likely cause and the consequences behind, this type of action plan of the Reserve Bank.

**OR**

Explain the working of Investment multiplier with help of numerical example.

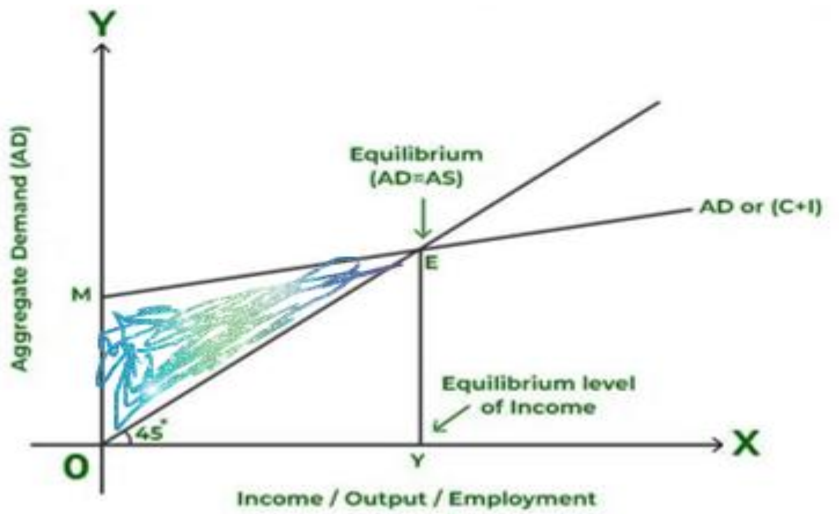
**(Questions 16 – 17 carries 6 marks each)**

16. a) Identify the following as Revenue Expenditure and Capital expenditure. Give reasons. **1+1**
 (i) Expenditure on construction of Metro
 (ii) Pension paid to retired Government Employees.

 b) Explain the changes that take place when the economy is not in equilibrium using Saving and Investment functions. Use diagram. **4**

**OR**

a) Elaborate the objective of 'allocation of resources' in the Government budget.
b) Look carefully at the figure given below and identify what does the shaded area represents? Also explain adjustment mechanism to correct this disequilibrium.




17. a) Explain, how exchange rate is determined under a free-market exchange rate system.
    b) Explain any three precautions while estimating National Income through income method.

## (SECTION – B)

### (Questions 18 – 27 carry 1 mark each)

18. During the British rule in India, Indian agricultural output witnessed stagnation due to …………
   a) Decline in handicrafts
   b) Drain of Indian wealth
   c) Land settlement
   d) Introduction of railways

19. …………….was the Indian Finance Minister in 1991, acknowledged for his capabilities to steer away the economic crisis looming large on the erstwhile Indian Economy.
   a) a. Dr. Subramanian Swamy
   b) Pranab Mukherjee
   c). Dr. Manmohan Singh
   d) Dr. Urjit Patel

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. Proletatrian Cultural Revolution | iii. Students were sent to work and learn from the countryside |
| D. Economic reforms in China | iii. 1988 |

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

21. Micro credit programs play a vital role in ensuring an overall development of the rural economy as they__________.
   (i) provide financial support
   (ii) lead to women empowerment
   (iii) enhance the reach of formal credit system

*Alternatives:*
a) (i) and (ii) b) (ii) and (iii) c) (i) and (iii) d) (i), (ii) and (iii)

22. Which of the following could aid in human capital formation?
a) expanding the labour market by increasing supply of jobs
b) creating larger industries with more complex equipment
c) creating open markets with increased stability
d) promoting gender equality in the family

23. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.
**Assertion (A):** India's Green Revolution is an example of how the productivity of scarce land resources can be increased with improved production technology.
**Reason (R**): Because of the Green Revolution, farmers produced far larger quantities of foodgrains than was possible earlier, on the same piece of land.
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.

24. Read the following statements carefully.
**Statement 1:** Special Economic Zones were set up in China to attract domestic investors.
**Statement 2:** Both India & Pakistan have successfully implemented the SEZ policy.
In the light of the given statements, choose the correct *alternative:*
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

25. Worker who own and operate an enterprise to earn their livelihood are known as-
a) Wage employed b) Causal Employed c) Self-employed d) none of these

26. Read the statement carefully:
**Statement 1**: According to Industrial policy resolution 1956 the industries were classified into three categories.
**Statement 2:** Schedule A comprised of industries which would be exclusively owned by the state.
a) Statement 1 is true and statement 2 is false b) Statement 1 is false and statement 2 is true
c) Both statement 1 and 2 is true d) Both statement 1 and 2 are false.

27. Read the statement carefully:
**Statement1**: Rural development includes only agricultural development.
**Statement2:** Rural development aim at improving the economic and social condition of the people Living in villages.
a) Statement 1 is true and statement 2 is false b) Statement 1 is false and statement 2 is true
c) Both statement 1 and 2 is true. d) Both statement 1 and 2 are false.

## (Questions 28 – 29 carries 3 marks each)

28. Explain how import substitution can protect domestic industry.

OR

Explain the rationale behind choosing 'Self-reliance' as a central planning objective in India's development strategy.

29. Read the following passage on the causes of the environmental crisis and answer the questions

that follow:

The world is facing an unprecedented environmental crisis characterized by various interconnected challenges. Several factors have contributed to this alarming situation, threatening the delicate balance of ecosystems and the well-being of both humans and wildlife. One of the primary causes of the environmental crisis is the rapid growth of human population. The unchecked discharge of pollutants and waste from industries has further contaminated air, water and soil, endangering human health and biodiversity. Another critical factor contributing to the environmental crisis is the expansion of agriculture and urbanization. The conversion of forests and natural habitats into agricultural lands and urban areas has led to the loss of biodiversity and fragmentation of ecosystems. This has disrupted the natural habitats of numerous species, leading to the extinction of many plants and animal species. Moreover, human activities such as irresponsible waste management and improper disposal of plastics have resulted in the accumulation of plastic waste in oceans and landfills, causing harm to marine life and contaminating the environment. The excessive use of chemical fertilizers and pesticides in agriculture has also led to soil degradation, water pollution and loss of biodiversity. The environmental crisis is a complex issue with various interconnected causes. The rapid growth of human population, industrialization, urbanization, and irresponsible waste management practices are some of the major contributors to this crisis. Addressing these causes requires a collective effort from governments, industries and individuals to adopt sustainable practices and promote environmental conservation.

a) On the basis of the given text and common understanding, answer the following question:

i). Elucidate the primary causes of the environmental crisis described in the passage. $1\frac{1}{2}$

ii) Explain the impact of agriculture and urbanization on the environment. $1\frac{1}{2}$

**(Questions 30 – 32 carries 4 marks each)**

30. Critically evaluate the role of the rural banking system in the process of rural development. **4**

31. Agricultural sector appears to be adversely affected by reforms process. Why?

**OR** **4**

Discuss briefly any three major steps taken by the Government of India on “Financial Sector“ Front under the Economic Reforms of 1991.

32. “Since independence, the government has been playing an important role in generating directly or indirectly.” Discuss. **4**

**(Questions 33 – 34 carries 6 marks each)**

33. India, China & Pakistan have travelled seven decades of developmental paths with varied results. Discuss.

**OR**

a) Analyze and compare the various human development indicators among India, China & Pakistan given below. **4**

| **Items** | **India** | **China** | **Pakistan** |
|---|---|---|---|
| Human Development Index (Value) | 0.645 | 0.761 | 0.557 |
| Life expectancy at birth (years) | 69.7 | 76.9 | 67.3 |
| Infant mortality rate (per 1000 live births) | 29.9 | 7.4 | 57.2 |
| Mean year of schooling (%) | 6.5 | 8.1 | 5.2 |

b) Define liberty indicator with example. **2**

34. a) "Agricultural marketing is a process that ensures the transportation of various agricultural commodities only." State with valid reason, whether the given statement is true or not. **1**

b) Analyze the complex challenges posed by India's foreign trade situation on the eve of independence. Investigate the factors that led to the trade imbalances and dependence on imports during this period. **2**

c) "Ravya was initially working as an office clerk in a firm. In the pursuit to attain a higher position and income, she attended a few on- the job training sessions, These sessions contributed positively to her skills and expertise."
Explain the impact of Ravya's decision on human capital formation. **3**