



# B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS  
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



## PRE BOARD – III (2025-26) ECONOMICS

Class: XII

Date: 06.01.26

SET - I

Time: 3 hrs

Max. Marks: 80

### GENERAL INSTRUCTIONS: -

1. This question paper contain two sections:

Section A – Macro Economics

Section B- Indian Economic Development

2. This paper contain 20 Multiple Choice Questions of 1 mark each.

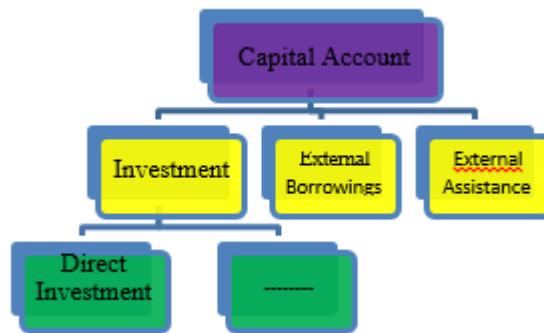
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.

4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.

5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

### SECTION A – MACRO ECONOMICS (40 MARKS)

1. Read the following chart carefully and choose the correct alternatives: (1)



#### Alternatives:

a) Interest received on loans  
c) Portfolio investment

b) Multilateral loans  
d) Government Aid

2. Read the following statements: Assertion (A) and Reason (R). Choose the correct option from the given below: (1)

Assertion (A): Ex-post investments represent planned investments, whereas ex-ante investments represent the actual level of investments.

Reason(R): At the equilibrium level, ex-ante savings and ex-ante investments are always equal.

#### 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

3. As per the Reserve Bank of India (RBI) report, 2024-25 “Net Foreign Portfolio Investment (FPI) recorded an outflow of USD 5.9 billion in fourth quarters mainly from the equity and debt market.” (1)

The above transactions will be recorded in the \_\_\_\_\_ account on \_\_\_\_\_ side of Balance of Payment account of India.

a) Current, credit  
c) Capital, credit

b) Current, debit  
d) Capital, debit

4. Dividends received from Public Sector Undertakings (PSUs) are a part of the government's \_\_\_\_\_ 1)

Choose the correct option to fill up the blank)

- a) Non-tax revenue receipts
- b) Tax receipts
- c) Capital receipts
- d) Capital expenditure

5. Complete the table: 1)

LRR	Money Multiplier 10%
10%	-----
<b>20%</b>	-----
25%	-----

Alternatives:

- a) 4,5,10
- b) 10,5,4
- c) 10,20,25
- d) 25,20,10

6. Read the following statements carefully: 1)

**Statement 1:** Foreign grants-in-aid receipts do not lead to any claim on the government.

**Statement 2:** Disposal of equity by the PSUs in the market may lead to a decrease in the assets of the government.

In the light of the given statement, choose the correct option 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

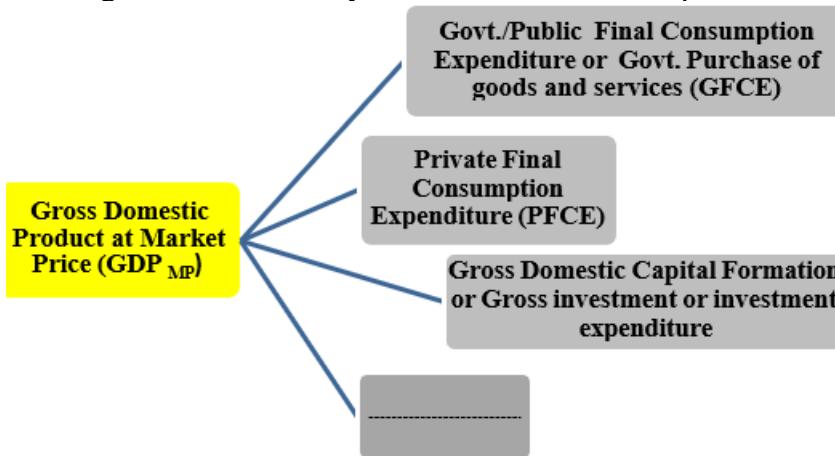
7. The Finance Minister Smt. Nirmala Sitharaman informed that for the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs.32.07 lakh crore and Rs.48.21 lakh crore respectively. 1)

The value of the \_\_\_\_\_ deficit would be Rs.16.14 lakh crore.

(Choose the correct option to fill up the blank)

- a) revenue
- b) fiscal
- c) budgetary
- d) primary

8. Read the given chart carefully and choose the correct option from the alternatives given below: 1)



- a) Import
- b) Export
- c) Net export
- d) Net import

9. Read the following statements carefully: 1)

**Statement 1:** The maximum value of Marginal Propensity to Consume (MPC) can be unity.

**Statement 2:** As the income of an economy increases, the proportionate increase in the level of consumption is always more than the increase in the level of 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

10. Reserve Bank of India (RBI) was established in the year \_\_\_\_\_.

1)

(choose the correct option to fill up the blank)

a) 1934

b) 1935

c) 1936

d) 1937

11. Calculate the value of Net Value added at Factor Cost from the given data:

3)

Sr No.	Items	Amount in lakhs
(i)	Net factor income from abroad	30
(ii)	Sales	3500
(iii)	Purchase of intermediate goods	2000
(iv)	Consumption of fixed capital	500
(v)	Exports	400
(vi)	Indirect taxes	350
(vii)	Change in Stock	50

12.(A) The government budget of a country cannot have fiscal deficit without the existence of revenue deficit". Defend or refute the following statement.

3)

**OR**

(B) This type of budget is best suited for developing countries, such as India. Especially helpful at times of recession.

Based on the given text, explain which type of budget is being discussed and why this type of budget is suitable for India.

13. (A) If in an economy Saving function is given by  $S = (-)50 + 0.2Y$  and Y is Rs. 2000 crores, consumption expenditure for the economy would be Rs. 1650 crores and the autonomous investment is Rs.50 crores and the marginal propensity to consume is 0.8. **True or False?**

4)

**Justify your answer with proper calculation.**

**OR**

(B) Define Reverse Repo rate. Explain how the Reverse repo rate helps in correcting excess demand in an economy?

14. "When the price of foreign currency falls, supply of that currency also falls."

4)

Do you agree? Explain

15. "Managing the government's banking transactions is a key RBI role. Like individuals,

4)

Businesses and banks, governments need a banker to carry out their financial transactions in an efficient and effective manner, including the raising of resources from the public."

In the light of the above statement, explain the function performed by the Central Bank.

16. **Read the following text carefully:**

National income, measured by indicators like GDP, reflects the economic performance of a country. However, it does not account for environmental degradation caused by economic activities such as industrial production, pollution, a by-product of growth, leads to negative externalities like health issues, loss of biodiversity, and climate change, which are not deducted from GDP. While rising national income may indicate economic progress, it often overlooks the depletion of natural resources and long-term costs of pollution. To address this, the alternative measures like Green GDP, which adjusts GDP by factoring in environmental costs, provide a more sustainable and accurate representation of economic well-being. A manufacturing industry in a city has significantly increased its production, contributing to a higher GDP for the country.

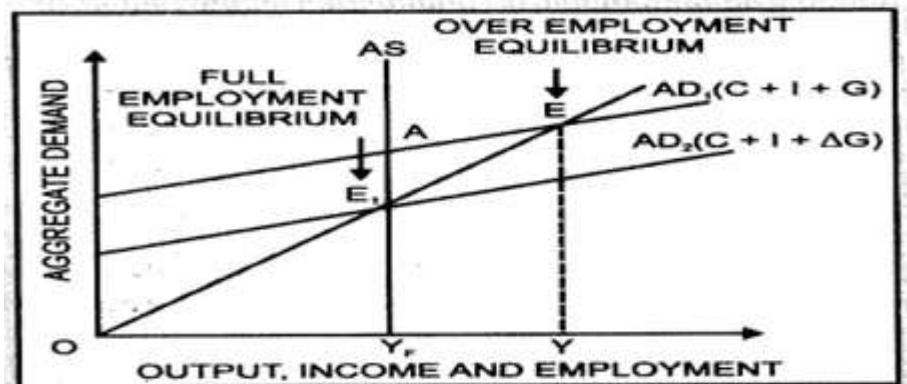
However, this has led to environmental degradation and health problems for the local population due to pollution.

a) Should GDP be considered the sole measure of economic well-being in this case? 3)

Why or why not?

b) What alternative indicators could be used to measure economic well-being? 3)

17. (A) a) In the given picture figure-1, what does the gap 'AE<sub>1</sub>' represent? State any three measures to correct the situation: 4)



b) Analyse the effect of an increase in Marginal Propensity to consume (MPC) on the equilibrium level of output. 2)

OR

(B) The government of Country X has decided to increase public expenditure on infrastructure projects such as roads, bridges, and schools. This results in an increase in employment and income in the economy.

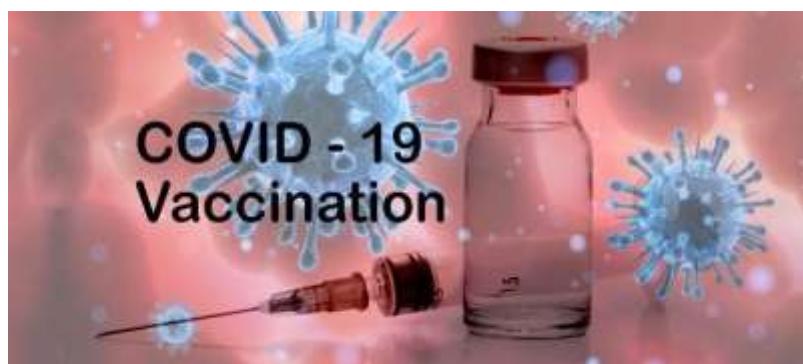
a) Explain how the increase in government expenditure affects Aggregate Demand (AD). 2)

b) If the Marginal Propensity to Consume (MPC) is 0.75, calculate the investment multiplier. 2)

c) If the government spends an additional ₹500 crores on infrastructure, what will be the total increase in income? 2)

### SECTION-B (INDIAN ECONOMIC DEVELOPMENT)

18. Study the following picture and answer the given question. 1)



During Covid-19 period India ensured equitable access to vaccination for all.

In light of the statement as given, identify vaccine as:

a) Curative medicine b) Social medicine

c) Traditional medicine d) Preventive medicine

19. The system in which Chinese people collectively cultivated lands was named as: 1)

a) The Great Leap Forward b) Commune system

c) The Great Proletarian Cultural Revolution d) Special Economic Zones

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

**Assertion (A):** The Green revolution led to an increase in food grain production in India.

**Reason (R):** The introduction of High Yielding Varieties (HYV) seeds, chemical fertilizers and modern irrigation techniques contributed to higher agricultural productivity.

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

21. Choose the correct pair: 1)

Column I	Column II
<b>(A) Voluntary Unemployment</b>	<b>(i)</b> Worker is willing to work but is not getting work
<b>(B) Involuntary Unemployment</b>	<b>(ii)</b> Worker is not willing to work at existing wage rate
<b>(C) Frictional Unemployment</b>	<b>(iii)</b> A worker is not getting work in a particular season
<b>(D) Disguised Unemployment</b>	<b>(iv)</b> Marginal productivity of a worker is zero

Codes:

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

22. “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) Casualization of workforce
- b) Jobless growth
- c) Formalisation of workforce
- d) Informalisation of workforce

23. \_\_\_\_\_ and \_\_\_\_\_ are the reasons for the slowdown of the Pakistan’s economy since independence. 1)

- i) Political instability
- ii) Over-dependence on remittances from abroad
- iii) Stable performance of agriculture sector
- iv) Growth of service sector

- a) (i) and (ii)
- b) (ii) and (iii)
- c) (iii) and (iv)
- d) (i) and (iv)

24. The Great Leap Forward (GLF) campaign in China initiated in \_\_\_\_\_ year where people were encouraged to set up industries in their backyards. 1)

- a) 1956
- b) 1957
- c) 1958
- d) 1959

25. Match the following: 1)

Column I	Column II
<b>(A) Economic Development in China</b>	<b>(i)</b> Karnataka
<b>(B) India’s New Economic Policy</b>	<b>(ii)</b> China
<b>(C) Appiko Movement</b>	<b>(iii)</b> 1978
<b>(D) One Child Policy</b>	<b>(iv)</b> 1991

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

26. Micro credit programmes play a vital role in ensuring overall development of the rural economy 1) as they \_\_\_\_\_ (choose the correct alternative to fill up the blank)

- (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)

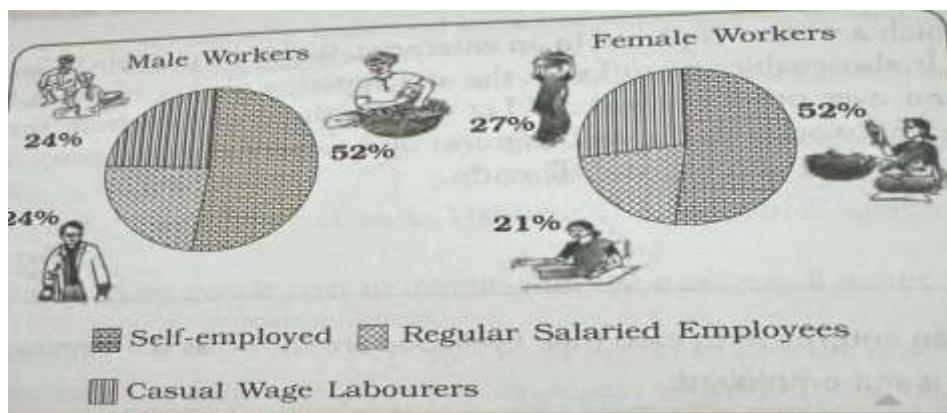
27. Compared to China, India \_\_\_\_\_ 1)

- a) has a high dependency on the agriculture sector
- b) has a lower population growth rate
- c) spends a lower percentage of GDP on health

(Choose the correct option to fill up the blank)

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

28. Interpret the following data and answer the questions given: 3)



Compare the distribution of employment among male and female workers.

What does this indicate about gender differences in employment patterns?

29. (A) Anirudha is a small farmer who lives in a village and doing the organic farming for his 3) minimum sustenance of living through sustainable environment.

How does organic farming benefit small and marginal farmers in rural India?

**OR**

(B) "Sandeep takes a loan of Rs.100000 for his start-up business at a low rate of interest and repays the same in time. For this he also gets 30% subsidy."

**Identify the source of credit from which Sandeep has taken loan and also mention some other sources of rural credit and their benefits.**

30. (A) "It would be unclear to say that, the growth of human capital lays the ground for economic 4) growth of a nation."

Do you agree with the given statement? Support your answer with valid illustrations.

**OR**

(B) 'Kudumbashree' is a woman-oriented community-based poverty reduction programme being implemented in Kerala. In 1995, a thrift and credit society was started as a small savings bank for poor women with the objective to encourage savings. The thrift and credit society mobilised ₹1 crore as thrift savings. These societies have been acclaimed as the largest informal banks in Asia in terms of participation and savings mobilised.

**Source: [www.kudumbashree.com](http://www.kudumbashree.com), NCERT**

**Based on this passage:**

a) Discuss the role of Self-Help Groups (SHGs) in meeting the credit requirements of the poor. 2)  
 b) List some of the drawbacks of such micro-credit programmes. 2)

31. "China's economic growth has been driven by a combination of factors including agriculture, industries, investments, exports etc." 4)

Discuss various factors that led to the rapid growth in economic development in China.

32. Study the following table and answer the questions given below:

**Growth of GDP and major sectors in percentage**

Year	Agriculture(%)	Industry(%)	Service(%)
1950-51	51.81	14.16	33.25
1960-61	42.56	19.30	38.25
1970-71	41.95	20.48	37.22
1980-81	35.39	24.29	39.92
1990-91	29.02	26.49	44.18
2000-01	23.02	26.00	50.98
2010-11	18.21	27.16	54.64
2011-12	17.86	27.22	54.91
2012-13	17.52	26.21	56.27
2013-14	18.20	24.77	57.03
2015-16	17.07	29.08	52.05
2016-17	17.09	29.03	52.08
2017-18	17.01	29.01	53.09

Source: Central Statistical Organisation

(a) Analyze the trend in growth rate of the agriculture sector from 1950-51 to 2017-18. 2)  
 What observations can be made?

(b) Compare the growth performance of the industry and services sector in the post liberalization period (1991-2017). Which sector performed better? 2)

33 (A) (a) "Modernisation extends beyond just the implementation of new technology." 3)  
 Justify the given statement, focusing on the economic planning goals.

(b) "Economic reforms of 1991 changed the structure of the financial sector in India to a large extent." Justify the given statement, highlighting any two reforms introduced in the financial sector. 3)

**OR**

**(B)**

(a) "Casualization of employment is becoming increasingly common in India." 2)  
 What are the two main reasons behind this trend?

(b) Why are children not included in working population? 2)

(c) "The opportunity costs of negative environmental impacts are high" 2)

Do you agree with this statement? 2)

34. Read the following text carefully:

**THE NEED FOR ECO-FRIENDLY AGRICULTURE IN INDIA**

A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth. This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long term vision of eco-friendly agriculture. The need for eco-friendly agriculture in India Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India. Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term. It also accelerates land degradation and desertification by destroying the natural soil properties.

Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon.

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

- (a) Explain the draw backs of organic farming.
- (b) Make a critical evaluation of rural development.

3)  
3)

\*\*\*\*\* ALL THE BEST\*\*\*\*\*