



B.K. BIRLA CENTRE FOR EDUCATION

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

PRE BOARD - III 2025-26
ECONOMICS (030)

SET 2

Class: XII
Date: 06.01.26
Admission no:

Time: 3hrs
Max Marks: 80
Roll no:

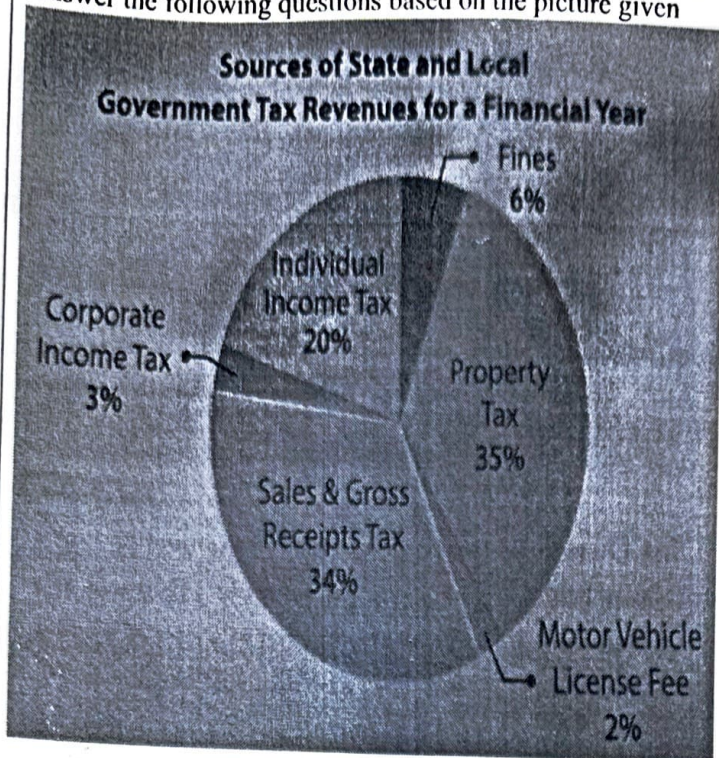
- I. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.
- III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.
- IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.
- V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

Q.NO.	SECTION A - MACRO ECONOMICS	MARKS
1	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) $S = 75 + 0.25y$	1
2	If the nominal gross domestic product of an economy is ₹15,000cr and Real Gross domestic Product is ₹12,000cr, then the value of GDP deflator would be _____ A) 125 B) 100 C) 150 D) 80	1
3	"Money is non-perishable and is acceptable to anyone at any point of time". Identify the function of money indicated in the aforesaid statement A) Store of value B) Medium of exchange C) Unit of account D) Standard of deferred payments	1
4	What does the following diagram represent <div style="text-align: center;"> <pre> graph TD Gov[Government Expenditure] --> Firms[Firms] Firms --> Households[Households] Households --> Gov Households --> Firms </pre> </div> A) Real flow B) Money flow C) Nominal Flow D) Both (A) and (B)	1

5	<p>Statement - I Depreciation of domestic currency may lead to a rise in exports</p> <p>Statement - II Due to depreciation of Indian Rupee (₹), Purchasing power of US Dollar (\$) may increase.</p> <p>In the light of the given statements, choose the correct alternative:</p> <p>A) Both the statement 1 and 2 are true</p> <p>B) Both the statement 1 and 2 are false</p> <p>C) Statement 1 is true and statement 2 is false</p> <p>D) Statement 1 is false and statement 2 is true</p>	1
6	<p>The value of _____ can be greater than one</p> <p>A) Marginal propensity to consume B) Average propensity to consume C) Marginal propensity to save D) Average propensity to save</p>	1
7	<p>Read the following statements. Assertion (A) and Reason (R) and choose the correct option from those given below:</p> <p>Assertion (A): Factor income is a bilateral income</p> <p>Reason (R): Factor income is earned for contributing to production process</p> <p>Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>B) Assertion (A) is true, but Reason (R) is false</p> <p>C) Assertion (A) is false, but Reason (R) is true</p>	1
8	<p>If the total deposits created by commercial banks is ₹10,000cr and legal reserve requirements is 40% then the amount of initial deposits will be</p> <p>A) ₹2000cr B) ₹3000cr C) ₹4000cr D) ₹5000cr</p>	1
9	<p>Supply of money refers to _____</p> <p>A) Currency held by public</p> <p>B) Currency held by Reserve Bank of India</p> <p>C) Currency held by Public and demand deposit held with commercial banks</p> <p>D) Currency held in government</p>	1
10	<p>Read the following statement. Assertion (A) and Reason (R) and choose the correct option from those below:</p> <p>Assertion (A) : The Balance of payments is in surplus if autonomous receipts are greater than autonomous payments</p> <p>Reason (R) : Autonomous transactions are determined by the difference in Balance of payments</p> <p>A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>C) Assertion (A) is true, but Reason (R) is false</p> <p>D) Assertion (A) is false, but Reason (R) is true</p>	1

11	Calculate net value added at factor cost from the following:	3																					
	<table border="1"> <tr> <td>1</td><td>Net factor income from abroad</td><td>30 lakhs</td></tr> <tr> <td>2</td><td>Sales</td><td>3500 lakhs</td></tr> <tr> <td>3</td><td>Purchase of intermediate goods</td><td>2000 lakhs</td></tr> <tr> <td>4</td><td>Consumption of fixed capital</td><td>500 lakhs</td></tr> <tr> <td>5</td><td>Exports</td><td>400 lakhs</td></tr> <tr> <td>6</td><td>Indirect taxes</td><td>350 lakhs</td></tr> <tr> <td>7</td><td>Change in stock</td><td>50 lakhs</td></tr> </table>	1	Net factor income from abroad	30 lakhs	2	Sales	3500 lakhs	3	Purchase of intermediate goods	2000 lakhs	4	Consumption of fixed capital	500 lakhs	5	Exports	400 lakhs	6	Indirect taxes	350 lakhs	7	Change in stock	50 lakhs	
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12(A)	Explain "Bankers" bank function of the Central Bank.	3																					
	Or																						
12(B)	"The Reserve Bank of India provides several banking services to the government". Do you agree with the given statement? Give valid explanation in support of your answer	3																					
13(A)	Giving reasons explain how should the following be treated in the estimation of national income (i) Payment of interest by a firm. (ii) Financial aid given to flood victims	4																					
	Or																						
13(B)	"Sale of private vehicles is increasing day by day". Discuss its impact on GDP and welfare	4																					
14	Many large Multinational Corporations (MNCs) have recently shifted their investments from China and have started their production in India, thereby boosting the 'Make in India plans of the Government'. Presuming other factors being constant, discuss the effects of the given statement on Foreign Exchange rates with reference to the Indian Economy	4																					
15	(i) Define Inflationary gap (ii) Discuss the role of Legal Reserve Requirement in reducing it	1 3																					
16(A)	The equilibrium level of income in an economy is ₹5,000 crores. The autonomous consumption expenditure is equal to ₹250 crores and investment expenditure ₹1,000 crores. Marginal propensity to consume is 0.75. Calculate (i) Consumption Expenditure at equilibrium level of national income (ii) Saving function (iii) Investment multiplier	6																					
	Or																						
16(B)	From the following data, calculate (i) Investment multiplier (ii) Equilibrium level of income in the economy a) Change in initial investment = ₹1000 crores b) Marginal Propensity to save = 0.5 c) Autonomous consumption = ₹50 crores d) Planned investment = ₹100 crores	6																					

Answer the following questions based on the picture given



(a) Categorise the given items in the picture into tax/non-tax receipts.

2

(b) "Government has started spending more on providing free services like education and health to the poor." In the light of the given statement, explain. how government can use the budgetary policy in reducing 'inequalities of income.

2

(c) Explain why public goods must be provided by the government.

2

SECTION B- INDIAN ECONOMIC DEVELOPMENT

18 From the set of statements given in Column I and Column II find the incorrect pair of statements

1

Column I	Column II
I. India became a member of WTO.	i. In 1995
II. India was a founder member of	ii. GATT
III. India followed	iii. Mixed Economy approach.
IV. India gave more importance to private sector	iv. Till 1991.

(a) I – (i)

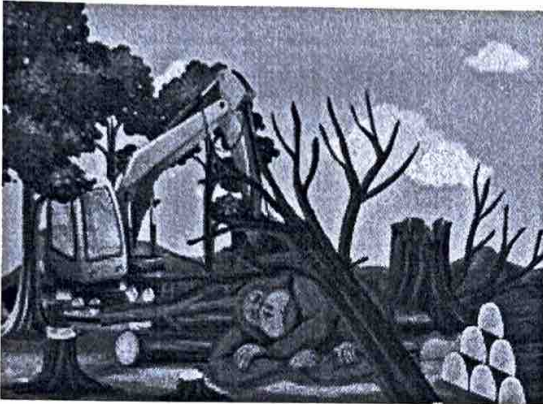
(b) II - (ii)

(c) III - (iii)

(d) IV- (iv)

19	Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I.	1								
	<table><tr><th>Column I</th><th>Column II</th></tr><tr><td>(i) Motive of the British de-industrialisation.</td><td>(a) To serve various colonial interests like mobilising the army, shifting the raw materials.</td></tr><tr><td>(ii) Motive of British behind Infrastructural development</td><td>(b) To use export surplus to make payments for expenses incurred by an office set up by the colonial government in Britain to meet expenses on war fought by the British government and to import invisible items.</td></tr><tr><td>(iii) Motive of the British behind monopoly control over India's exports and imports</td><td>(c) To get raw materials from India at cheap rates and to sell finished British products in India at higher prices.</td></tr></table> <p>(a) (i) - (a), (ii) - (b), (iii) - (c) (b) (i) - (b), (ii) - (a), (iii) - (c) (c) (i) - (a), (ii) - (c), (iii) - (b) (d) (i) - (c), (ii) - (a), (iii) - (b)</p>	Column I	Column II	(i) Motive of the British de-industrialisation.	(a) To serve various colonial interests like mobilising the army, shifting the raw materials.	(ii) Motive of British behind Infrastructural development	(b) To use export surplus to make payments for expenses incurred by an office set up by the colonial government in Britain to meet expenses on war fought by the British government and to import invisible items.	(iii) Motive of the British behind monopoly control over India's exports and imports	(c) To get raw materials from India at cheap rates and to sell finished British products in India at higher prices.	
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20	<p>Statement 1: Human capital formation is incomplete without women empowerment. Statement 2: Human development will also be influenced by women empowerment. In the light of the given statements, choose the correct alternative:</p> <p>(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.</p>	1								
21	<p>Read the following statement. Assertion (A) and Reason (R) and choose the correct option from those below:</p> <p>Assertion (A) : Rural Development lies in making flyovers, bridges, industries and malls in rural areas</p> <p>Reason (R) : Rural Development is an umbrella term which means overall development of rural areas.</p> <p>(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.</p>	1								
22	<p>Rohan, the owner of a land, grows only two crops in a year. He works for 8-9 months and for the rest of the year he remains unemployed. In the remaining part of the year, Rohan faces ----- unemployment.</p> <p>(a) Disguised (b) Frictional (c) Seasonal (d) Cyclical</p>	1								

23	Identify the correct statement from the following: (a) 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. (b) Effective trade policies of commodity production, trade and tariff pursued by the colonial government favourably affected the structure, composition and volume of India's foreign trade. (c) Liberal policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade. (d) Restrictive policies of commodity production, trade and tariff pursued by the colonial government favourably affected the structure, composition and volume of India's foreign trade.	1										
24	In response to rising energy costs and environmental concerns, a nation decided to invest heavily in renewable energy technologies domestically instead of importing traditional energy sources. What positive impact is expected from this import substitution approach? (i) High energy costs for consumers (ii) Promotion of domestic green energy sector through targeted investments. (iii) Enhanced self-sufficiency in energy production and greater sustainability. (iv) Increased dependence on foreign technology for renewable energy implementation. (a) (i) and (ii) (b) (ii) and (iii) (c) (iii) and (iv) (d) (iv) and (i)	1										
25	Identify which of the following alternatives indicate the correct component combination of Agriculture Marketing System: (a) Assembling, Storage, Processing, Packaging (b) Production, Assembling, Processing, Grading (c) Assembling, Processing, Packaging, Transportation (d) Processing, Packaging, Grading, Distribution	1										
26	"Co-operative marketing societies have faced a downfall in the recent years". Identify which of the following was behind its downfall. (a) Lack of co-ordination between processing and marketing societies. (b) Inefficient financial management. (c) Inadequate coverage of all the members. (d) None of the above	1										
27	From the set of statements given in column I and Column II find the incorrect pair of statement. <table><tr><td>Column I</td><td>Column II</td></tr><tr><td>(a) Great Leap Forward</td><td>i. 1958</td></tr><tr><td>(b) First five year plan of China</td><td>ii. 1953</td></tr><tr><td>(c) Reforms in Pakistan</td><td>iii. 1988</td></tr><tr><td>(d) Reforms in China</td><td>iv. 1978</td></tr></table> (a) A-(i) (b) B-(ii) (c) C-(iii) (d) D-(iv)	Column I	Column II	(a) Great Leap Forward	i. 1958	(b) First five year plan of China	ii. 1953	(c) Reforms in Pakistan	iii. 1988	(d) Reforms in China	iv. 1978	1
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(d) Reforms in China	iv. 1978											

28	<p>Answer the following questions on the basis of the given data:</p> <p>(a) Comment upon the population growth rates among the three countries.</p> <p>(b) Which country is most skewed in sex ratio?</p> <table><tr><th>Country</th><th>Estimated Population (in million)</th><th>Annual Growth of Population (in %)</th><th>Sex Ratio</th></tr><tr><td>India</td><td>1311</td><td>1.2</td><td>929</td></tr><tr><td>China</td><td>1371</td><td>0.5</td><td>941</td></tr><tr><td>Pakistan</td><td>188</td><td>2.1</td><td>947</td></tr></table>	Country	Estimated Population (in million)	Annual Growth of Population (in %)	Sex Ratio	India	1311	1.2	929	China	1371	0.5	941	Pakistan	188	2.1	947	2 1
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29(A)	<p>Interpret the picture given below on the basis of the given questions:</p> <p>a. Discuss two economic consequences of the below depicted picture on land degradation regarding the rural livelihoods in India.</p> <p>b. How does it conflict with the objectives of sustainable development?</p> <p>c. Suggest two policy measures the government can take to reduce and promote environmental sustainability.</p> 	1 1 1																
29(B)	<p>OR</p> <p>Meena is a housewife. Besides taking care of household chores, she works in the cloth shop, which is owned and operated by her husband. Can she be considered as a worker? Why?</p>	3																
30(A)	<p>The introduction of Railways affected the structure of the Indian economy in two important ways." How would you justify the statement?</p> <p>OR</p>	4																
30(B)	<p>During the colonial period the occupational structure showed lopsided movements. Do you agree with the given statement? Justify your answer with valid arguments.</p>	4																
31	<p>a) "United Nations Department of Economic and Social affairs indicated that India has overtaken China as the world's most populous country in the month of April 2023." Explain the impact of one child policy adopted by China in 1970.</p> <p>(b) Discuss the impact of special economic zones on the economic growth of China.</p>	2 2																
32	<p>a. Rohit visited his uncle in Solan during summer vacation. He noticed that his uncle supplied plums at the rate of Rs.6 per kg from his orchard. He was surprised to find that plums are usually sold at Rs.35-40 per kg in his city. He realised that the long chain of middlemen leads to high profit margin. What do you suggest to solve this inefficiency?</p> <p>b. In recent years, people have become more aware of the harmful effects of chemical based fertilisers and pesticides used in traditional farming on their health. As an health aware citizen, what suggestions will you give to improve farming system in India?</p>	2 2																

33(A)	<p>(I) "Every coin has two sides - debate over farm subsidies is one such classic example of the same." Justify the given statement with two arguments each in favour of and against the contribution of the farm subsidies.</p> <p>(II) Which institution has been replaced by "National Insitution for Transforming India "? Who is the ex officio Chairman of "National Insitution for Transforming India"?</p>	<p>4</p> <p>2</p>
33(B)	<p style="text-align: center;">OR</p> <p>I)"Indian economy has certain advantages which have made it a favourable outsourcing destination." Do you agree with the given statement? Give valid reasons in support of your answer.</p> <p>(II) Under the liberalization, measures taken by the government of India, regulation of industrial sector was extremely crucial." Reject or support the given statement with valid arguments.</p>	<p>3</p> <p>3</p>
34	<p>a. Ravi and Seema are both 25 years old. Ravi is a graduate with vocational skills, while Seema has no formal education. Discuss how their productivity might differ and what role human capital plays here.</p> <p>b. Despite having a large population, India still faces challenges in human capital formation. Highlight any two such challenges.</p> <p>c. A developing country like India invests heavily in education and health. Justify how this investment is considered a form of capital formation.</p>	<p>2</p> <p>2</p> <p>2</p>

*****END OF THE PAPER*****