



B K BIRLA CENTRE FOR EDUCATION
SARALA BIRLA GROUP OF SCHOOLS
SENIOR SECONDARY CO-ED DAY CUM BOYS' RESIDENTIAL SCHOOL
PRE BOARD -3 (2024-25)
ECONOMICS (030)



CLASS: XII
DATE: 16/01/2025
Admission no.:

TIME: 3 hrs
MAX. MARKS: 80
Roll No.:

General Instructions :

Read the following instructions carefully and follow them :

- (i) This question paper contains **34** questions. *All* questions are compulsory.
- (ii) This question paper contains **two** sections:
Section A – Macro Economics
Section B – Indian Economic Development
- (iii) This paper contains **20** Multiple Choice Questions type questions. Each question carries **1** mark..
- (iv) This paper contains **4** Short Answer Questions Type-I questions. Each question carries **3** marks. Answer these questions in **60** to **80** words.
- (v) This paper contains **6** Short Answer Questions Type-II questions. Each question carries **4** marks. Answer these questions in **80** to **100** words.
- (vi) This paper contains **4** Long Answer Questions. Each question carries **6** marks. Answer these questions in **100** to **150** words.
- (vii) Attempt all parts of a question together.
- (viii) There is no overall choice in the question paper. However, an internal choice has been provided in few questions. Only one of the choices in such questions has to be attempted.

SECTION – A

(MACRO ECONOMICS)

1. Read the following Statement (1) and Statement (2) and choose the correct alternative: 1

Statement 1: If MPC is 0.2, than MPS will be 0.8

Statement 2: MPC and MPS are related with each other.

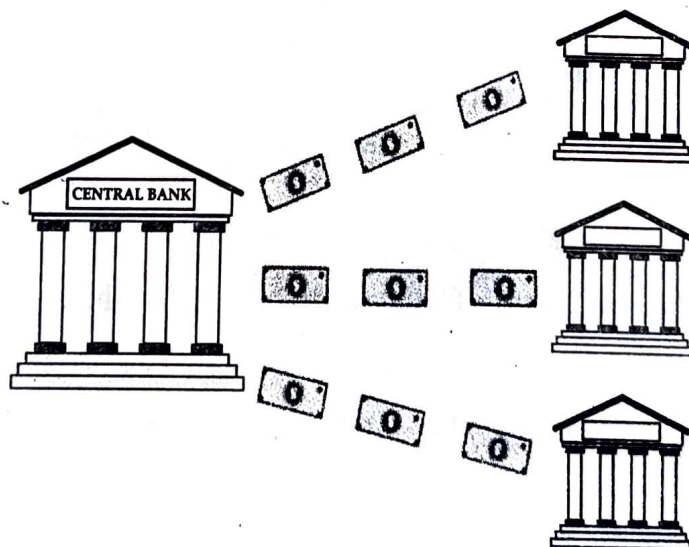
Alternative:

- (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.

2. _____ is a stock variable: 1

- (A) Income
- (B) Investment
- (C) Production
- (D) Money Supply

3. **Statement 1:** Aggregate demand is the total amount of goods and services that people actually buy in an economy.
Statement 2: Effective demand is the planned or desired demand of the people. 1
 In light of the given statements, 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.
4. As on 31st March, 2023, India's foreign exchange reserves saw an uptick of \$1.9 billion, taking the overall level to \$595.1 billion. (Source - Times of India)
 The above transaction will be recorded in the account. 1
 (A) Capital account
 (B) Current account
 (C) Official reserve account
 (D) Both Capital account & official reserve account
5. There is also such type of money in which commodity value is equal to money value.
 _____ type of money is mentioned in the above statement. 1
 (A) Fiat money
 (B) Full bodied money
 (C) Fiduciary money
 (D) Credit money
6. Based on the given image: 1



The Central bank performs the function of _____.

- (A) banker to the government
- (B) issuer of currency
- (C) lender of the last resort
- (D) custodian of foreign exchange

7. Diagrammatically, consumption function would be linear when _____ is constant. 1

- (A) MPC
- (B) MPS
- (C) APC
- (D) APS

8. **Assertion:** Fixed exchange rate system is controlled by the private individuals. 1

Reason: The central bank officially fixes the exchange rate.

- (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, but 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.

9. In a landmark announcement in the Budget, Union Minister for Finance and Corporate affairs, Smt. Nirmala Sitharaman introduced the Pradhan Mantri Janjatiya Unnat Gram Abhiyan for improving the socio-economic conditions of tribal communities. This initiative aims to provide saturation coverage for tribal families in tribal majority villages and aspirational districts, covering 63,000 villages and benefiting 5 crore tribal people.

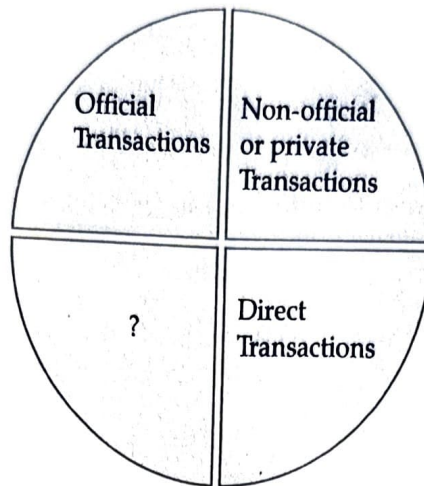
(Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2036245>).

Based on the statement, identify the objective the government is trying to achieve and choose the correct option: 1

- (A) Social Welfare
- (B) Economic stability
- (C) Reallocation of resources
- (D) Redistribution of income

10. Read the following chart carefully and choose the correct alternative for this situation.

1



- (A) Portfolio Investment
(B) Unilateral Transfer
(C) Invisible Trade Account
(D) Merchandise
11. Services rendered by commercial undertakings are included in current account. Do you agree with the above statement? If yes, Give reasons.
12. (A) Calculate the NDP_{FC} from the following data:

3

3

	Particulars	Amount (Cr.)
(i)	Private Final Consumption Expenditure	₹ 10,000
(ii)	Government Final Consumption Expenditure	₹ 8,000
(iii)	Net Export	₹ 850
(iv)	Consumption of Fixed Capital	₹ 900
(v)	Gross Domestic Fixed Capital formation	₹ 5,000
(vi)	Current Transfer from Rest of the World	₹ 1,000
(vii)	Net Factor Income from Abroad	₹ 1,500
(viii)	Indirect Tax	₹ 500
(ix)	Subsidies	₹ 300
(x)	Income Tax	₹ 1,100

OR

- (B) "Increase in domestic income always leads to increase in national income". Do you agree with the given statement. Support your answer with valid example. 3
13. (i) Y country received a foreign loan of US\$5 billion from the World Bank in 2023-24. Identify the sub-account and side of the Balance of Payments account for this transaction and explain your reasoning. 3
- (ii) State the meaning of marginal propensity to save. 1
14. (A) "In the situation of Inflationary Gap, production does not increase even after the aggregate demand increases."
- Justify the above statement by describing the Inflationary Gap and discuss its impact on output, employment and price level. 4

OR

- (B) For two hypothetical economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.4 and 0.8 respectively. Assuming for both the economies, Autonomous Consumption (c) to be ₹ 40 crore and Investment Expenditure (I) to be ₹ 200 crore. 4
- Calculate:**
- (i) Break-even level of income for Economy A
- (ii) Equilibrium level of income for Economy B
15. Read the following text carefully:
- "The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The Central Office of the Reserve Bank was initially established in Kolkata but was permanently moved to Mumbai in 1937. The Central Office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalisation in 1949, the Reserve Bank is fully owned by the Government of India." Discuss the principal functions of Central Bank. 4
16. Read the following text carefully:
- The Finance Minister informed that for the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at ₹ 32.07 lakh crore and

₹ 48.21 lakh crore respectively. The net tax receipts are estimated at ₹ 25.83 lakh crore and the fiscal deficit is estimated at 4.9 per cent of GDP.

She said, the gross and net market borrowings through dated securities during 2024-25 are estimated at ₹ 14.01 lakh crore and ₹ 11.63 lakh crore respectively.

Smt. Sitharaman emphasised that the fiscal consolidation path announced by her in 2021 has served economy very well, and the government will aim to reach a deficit below 4.5 per cent next year.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2035618>

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

- (i) What do you mean by unbalanced budget of the government? 3
- (ii) "A high fiscal deficit can impact economic growth and stability." Do you agree with this statement? Give valid reasons to support your answer. 3

17.(A) (i) Study the following table and calculate the fiscal deficit from the given information: 3

	Items	(₹) in crore
(i)	Revenue Receipts of the Government	17,88,424
(ii)	Revenue Expenditure of the Government	29,29,000
(iii)	Capital Receipts of the Government	16,94,812
(iv)	Capital Expenditure of the Government	5,54,236
(v)	Recovery of Loan and Other Receipts	1,88,000
(vi)	Borrowing and Other Liabilities	15,06,832
(vii)	Interest Payment	8,09,701

- (ii) "Deficit budget is helpful in coming out from depression." Defend or refute the statement, giving valid reasons. 3

OR

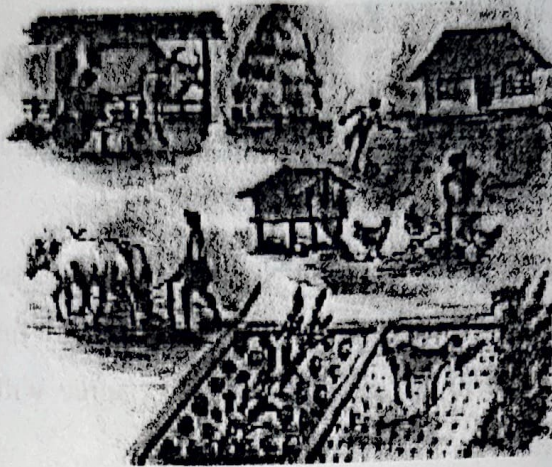
- (B) (i) "Precautions should always be taken while estimating national income."
Discuss the precautions to be taken while calculating national income by value added method.
- (ii) "Salaries of an Indian working in the Indian embassy in America, and the income received by an Indian resident abroad from his entrepreneurship are included in the national income." Do you agree with the statement? Give reason.

SECTION – B

(INDIAN ECONOMIC DEVELOPMENT)

18. In the context of PSUs in India, _____ PSU is acquiring Navratna status:
- (A) ONGC (B) HFC
(C) Indian Railways (D) All of these
19. Identify, which of the following statement is incorrect in the context of Industrial Policy Resolution (IPR) 1956?
- (A) Ownership and management of the core industries were given to public sector.
(B) Tax benefits were given to industries being established in backward region to promote regional equalities.
(C) A few industries were allowed to owned by the private sector.
(D) Goods produced by small scale industries were deserved.
20. "The green revolution led to high productivity of crops through modernisation and using scientific approach in agriculture." Identify which of the following were used in the green revolution:
- (A) HYV seeds (B) pesticides
(C) irrigation (D) All of these

21. Study the following picture and answer the given question. 1



In the above picture, which activities are the farmers engaged in to get additional income? Choose the correct alternative:

- (A) Horticulture (B) Animal husbandry
(C) Poultry farming (D) Milk-farming
22. Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from those given below. 1

Assertion (A): After 1991, the process of disinvestment started in the country.

Reason (R): It is not possible for the government to run the losses of sick industries in the country for a long time.

- (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, but 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.
23. Pakistan followed a process of _____ for promoting domestic industrialisation in the initial years of independence. 1

- (A) Import substitution (B) LPG policy
(C) Micro finance policy (D) All of these

24. Farmers are not able to produce up to yield level due to lack of _____ on time. 1
(A) cheap credit (B) subsidies
(C) irrigation facilities (D) All of these
25. _____ Indicator explains the birth, death, marriage and fertility rate to the population of a country. 1
(Choose the correct alternative to fill up the blank)
(i) Demographic (ii) IMR (iii) Health
Alternatives:
(A) Only (i) (B) (ii) and (iii)
(C) (i) and (iii) (D) (i), (ii) and (iii)
26. Read the following statements carefully: 1
Statement 1: Workers working in the formal sector get social security benefits.
Statement 2: Formal source refers to the institutional source of employment.
(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.
27. China initiated _____ in 1958, that aimed at industrialising the country on a massive scale. 1
(Fill up the blank with correct alternative)
(A) the Great Proletarian Cultural Revolution
(B) setting up of Special Economic Zones
(C) introduction of Economic Reforms
(D) the Great Leap Forward Campaign
28. (A) The land settlement system was one of the main reasons for the plight of Indian farmers during the colonial period. State any three consequences of this arrangement. 3

OR

(B) Discriminatory Tariff Policy was the main reason for decline of Handicraft industry during colonial period. Justify the above statement by giving valid reason.

3

29. Through the "New Education policy" (NEP) 2020 the government of India has increased the expenditure on education by 13%. The government has allocated ₹ 68,805 crore on education sector.

Explain the impact of government's decision on human capital formation.

3

30. "Compared to India and Pakistan, China did its economic development faster, while these three countries started their economic development together.

Do you agree with the above statement? Give valid reason in the support of your answer.

4

31. (A) "Cooperative marketing acts as a tool between the farmer and the government." Discuss the statement with valid arguments.

4

OR

(B) According to an article published in the Times of India, India has seen a remarkable decline in the IMR in the last 75 years. It was 146 in the year 1951, which has come down to 30 in 2019. Which element is responsible for this change? Discuss.

4

32. Study the following picture and answer the given question:



(i) Identify the situation depicted in the given image.

1

(ii) Discuss the impact of the indicated situation on Indian workforce.

3

33. Read the following text carefully:

The Indian economy faced a major change in its financial policy in the year 1991 as LPG (Liberalization, Privatization and Globalization). Government framed a new economic policy and introduced it on July 24, 1991. The idea of adopting this policy was to build the Indian economy more strong and powerful. In 1990 country faced a severe financial crisis, then this reform took place as a safety measure from the financial crisis. "New Industrial Policy" (NIP) was introduced in 1991 by the Government for the liberalization of the Indian economy. Business, manufacturing and financial service industry was influenced by the reforms and significantly it impacted the overall economic growth.

Source: <https://www.ijcrt.org/papers/IJCRT2004624.pdf>

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

- (i) "Economic reform in 1991 liberalised the Indian economy." In the light of the given statement, discuss the process of liberalisation in Indian economy. 2
- (ii) "In the post-reform period, Indian market was filled with foreign products and we were completely dependent on multinational companies." Justify the above statement, state three bad effects of excessive dependency on foreign products. 3
- (iii) Briefly outline any reason for the initiation of Economic Reforms in 1991. 1

- 34.(A) (i) "On 8 September, 1983, when the felling of trees was started in Salkani forest in Sirsi district, 160 men, women and children hugged the trees and forced the woodcutters to leave. They kept vigil in the forest over the next six weeks." Which movement is mentioned here? Discuss the objectives of the people involved in this movement. 4
- (ii) "Discuss the steps that can be taken to stop deforestation. 2

OR

- (B) (i) Explain the rationale behind choosing 'sustainable development' as an objective of the Indian government. 3
- (ii) "Organic farming helps to promote sustainable development." Justify the statement with valid arguments. 3

□□