

PRE-BOARD - I EXAMINATION 2023-24

ECONOMICS (030)

Class: XII

Date: 13/12/2023

Admission No.:

Duration: 3 hrs

Max. Marks: 80

Roll No:

SECTION A – MACRO ECONOMICS

1. Read the following statements carefully and choose the correct alternative: 1)

Statement 1- If foreign exchange rate of a country increases, Demand of foreign exchange will also increase.

Statement 2- If foreign exchange rate increases supply of foreign exchange will also increase

- a) Both the statements are correct
- b) Both the statements are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

2. RBI imposes Rs 2.92 Cr. fine on Canara Bank for violation of various norms, including linking interest rates to external benchmark, opening savings accounts of ineligible entities. 1)

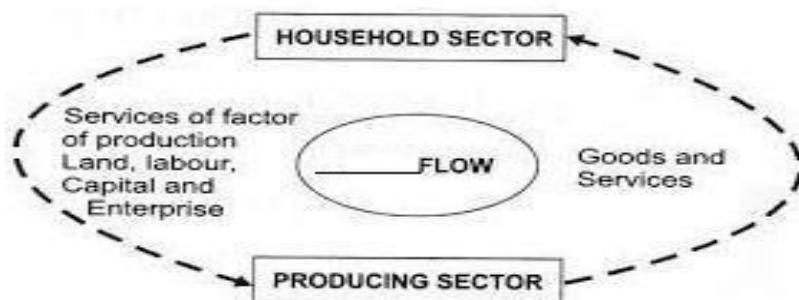
<https://www.business-standard.com> (May 12, 2023)

Which function RBI has performed while doing this?

- a) Issue of Money/Currency
- b) Banker's to government
- c) Banker's Bank and supervision
- d) Moral Suasion

3. Read the following figure carefully and choose the correct option from the alternatives given below: 1)

Alternatives :



- a) Nominal
- b) Circular
- c) Real
- d) none of these

4. The interest payments as per the government budget during a year are Rs.10,000 crores, which is 40% of primary deficit. Then fiscal deficit will be: 1)

- a) Rs 25,000 crores
- b) Rs 35,000 crores
- c) Rs 20,000 crores
- d) Rs 14,000 crores

12. A) Calculate 'Net Domestic Product at Factor Cost'.

3)

S. No	Items	Amount (in Rs. crore)
i	Net current transfers to abroad	15
ii	Private final consumption expenditure	800
iii	Net Imports	(-)20
iv	Net domestic capital formation	100
v	Net factor income to abroad	10
vi	Depreciation	50
vii	Change in stock	17
viii	Net indirect tax	120
ix	Government final consumption expenditure	200
x	Exports	30

OR

B) State any three precautions which must be taken while estimating income method.

13. Explain the process of money creation by the commercial banks with the help of a numerical example.

4)

14. A) "High fiscal deficit is inherently bad for the health of an economy." In the light of the above statement discuss the implications of Fiscal Deficit.

4)

OR

B) Through its budgetary policy, government allocates resources in accordance with the requirements of the country". Do you agree with the given statement? Justify your answer with valid reason.

15. A) State, whether the following statement is true or false:

1 + 3)

"The official reserve transactions are taken as the Accommodating item in Balance of Payment (BOP)."

B) Distinguish between a 'Current account deficit' and a 'Trade deficit'.

16. A) The saving function of an economy is given as: $S = (-)10 + 0.20Y$

4 + 2)

If the ex-ante investments are Rs 240 crores, calculate the following:

(i) Equilibrium level of income in the economy.

(ii) Additional investments which will be needed to double the present level of equilibrium income.

B) "Size of Multiplier varies directly with the size of the MPC. Defend or refute.

OR

C) If in an economy, Bank Rate is increased, how will it affect the demand for credit? Explain.

3 + 3)

D) State the meaning of the following:

(i) Ex-ante savings

(ii) Full Employment

(iii) Autonomous Consumption

17. A) “Management of a water polluting oil refinery says that it (oil refinery) ensures welfare through its contribution to Gross Domestic Product.” **3 + 3)**
 Defend or refute the argument of management with respect to GDP as a welfare measure of the economy.

B) How will you treat the following in the calculation of National Income?
 Give reasons for your answer.

- i) Wheat grown by a farmer but used entirely for family’s consumption.
- ii) Rent- free house given to an employee by an employer.

SECTION B -INDIAN ECONOMIC DEVELOPMENT

18. According to some economists, which of the following arguments against the subsidies is correct? **1)**

- a) Subsidies do not benefit the poor and small farmers
- b) Substantial amount of subsidies go to fertilizer industry
- c) Subsidies put a huge burden on government finances
- d) All of these *

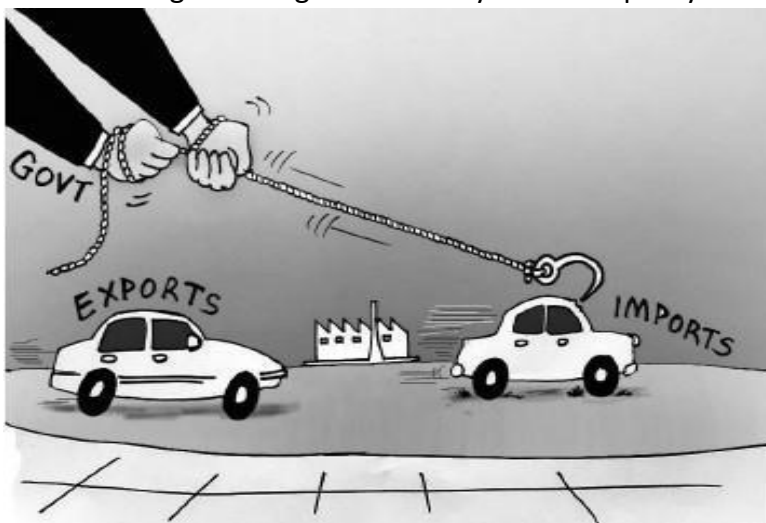
19. From the set of statements given in column I and column II, choose the correct pair of statements: **1)**

COLUMN I	COLUMN II
(a) Financial Sector reforms	(i) Rationalization of Direct Taxes
(b) Foreign Exchange reforms	(ii) Devaluation of Rupee *
(c) Industrial Sector reforms	(iii) Change in Role of RBI
(d) Tax Reforms	(iv) Removal of Export Duties

20. Which one of the following was one of the objectives of demonetization in 2016? **1)**

- a) To gift new notes to people of India
- b) To reduce and prevent circulation of black money in the market
- c) To increase the interest rate
- d) To increase the value of currency

21. Observe the given image and identify the trade policy followed in India between 1950-1990. **1)**



- a) Liberal trade policy
- b) Import substitution policy
- c) Inward looking strategy
- d) both b and c

22. Read the following statements carefully. 1)
- Statement 1:** It is easy to prove cause and effect relation between human capital and economic growth.
- Statement 2:** Human capital formation promotes inventions, innovations and technological improvements.
- Alternatives:**
- a) Both the statements are true.
 - b) Both the statements are false.
 - c) Statement 1 is true and statement 2 is false.
 - d) Statement 1 is false and statement 2 is true.

23. An establishment with four hired workers is known as _____ (formal/informal) sector establishment. 1)

24. At the G20 Summit 2023, under the theme of _____ important issues such as food security, climate and energy, development, health and digitalization were discussed. (Choose the correct alternative to fill up the blank) 1)
- a) Shaping an Interconnected World
 - b) Fighting poverty with rigidity
 - c) One Earth-One Family-One Future
 - d) Making the world together

25. Study the following information and fill in the blank by choosing the correct alternative: 1)

HUMAN DEVELOPMENT	COUNTRY A	COUNTRY B	COUNTRY C
VALUE (HDI)	0.648	0.759	0.562

Country _____ (A/B/C) can be termed as the best on HDI indicator.

26. Read the following statements: **Assertion (A) and Reason (R).** 1)

Choose one of the correct alternatives given below:

Assertion (A): Dual Pricing policy was initiated in the reforms process of China.

Reason (R): In order to attract foreign investors, special economic zones were set up.

Alternatives:

- a) 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.

27. Choose the correct alternative showing chronological order of the following events: 1)

- (i) One child policy in China
- (ii) Economic Reforms in Pakistan
- (iii) New Economic Policy in India
- (iv) Commune system in agriculture in China

Alternatives:

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

28. (A) How does investment in Human Capital contribute to growth? 3)

OR

(B) Argue in favour of the need for different forms of government intervention in education and health sectors.

29. 'In recent times the Indian Economy has experienced the problem of Casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19.'
Do you agree with the given statement? Discuss any two disadvantages of casualization of the workforce in light of the above statement. 3)

30. During the reforms, growth of agriculture and Industry have gone down. Explain. 4)

31. Interpret the given image on account of Population Policy and resultant effects in China. 4)



32. A) State and elaborate whether the following statements are true or false, with valid arguments: (2 + 2)

(i) Under the British Raj, discriminatory tariff policy was pursued with a view to protecting the Indian industry.

(ii) The tillers of the soil could not leave agriculture even when they were always exploited.

OR

B) Briefly discuss the various reasons for development of infrastructure by the British Government.

33. A) Explain the steps taken by the government in developing rural markets. (3 + 3)

B) "The Prime Minister urged to increase the rural income by increasing non - farm activities."

Explain how non-farm activities can lead to rise in income of people in rural sector.?

OR

C) "SHG has emerged as the major micro finance programme in the country in recent years."

In the light of the above explain the role of micro credit in meeting credit requirements of the poor.

D) "Do you think the various measures taken by the government to improve agricultural marketing are sufficient? Discuss.

34. Read the following text carefully. (1 + 2 + 3)

The rising population of developing countries, affluent consumption and production standards has put huge stress on the environment. Many resources have been become extinct and the wastes generated are beyond 'Absorptive Capacity' of the environment. The population explosion and the advent of industrial revolution has increased the demand for environmental resources but their supply is limited due to overuse and misuse. The intensive and extensive extraction of both renewable and non-renewable resources have exhausted some of the vital resources. Due to this, huge amount of money is spent on technology and research to explore new resources.

The development process has polluted the atmosphere and waters and there is decline in air and water quality. The expenditure on health is also rising. Global environmental issues such as global warming and ozone depletion also contribute to the increased financial commitments for the government.

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

- (i) Two major environmental issues facing the world today are _____ and _____.
- (ii) Opportunity cost of negative environment impact is high. Explain
- (iii) “Environmental problems are new to this century.”
Justify the statement with valid arguments.
