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# **SAMPLE PAPERS** **CBSE EXAM 2025**



## **20 Sets**

### **Class : 12th**

### **Sub : Economics**

**How to see answers or marking scheme ?**

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# Sample Paper 01

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

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

**Assertion (A):** In the calculation of Gross Domestic Product (GDP) by the expenditure method, imports are subtracted from the total expenditure to avoid overstating the domestic output.

**Reason (R):** Imports are goods and services produced abroad and consumed domestically, so including them in total expenditure would inaccurately increase the measurement of domestic production.

Choose the correct option from those given below:

- (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.
- 
2. “The Reserve Bank of India has announced a reduction in the Statutory Liquidity Ratio (SLR) by 50 basis points. This policy decision aims to increase liquidity in the banking system and encourage commercial banks to provide more loans to businesses and consumers, thereby stimulating economic activity.”

Source: [RBI Monetary Policy Statement, 2023] ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54000](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54000))

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Which function of the central bank is being exercised through this monetary policy action?

- (A) Banker to the Government (B) Custodian of Foreign Exchange Reserves  
(C) Controller of Credit (D) Issuer of Currency

3. The sum total of consumption expenditure and investment expenditure in an economy is referred to as \_\_\_\_\_ demand, representing the overall demand for goods and services. Choose the correct option to fill in the blank.

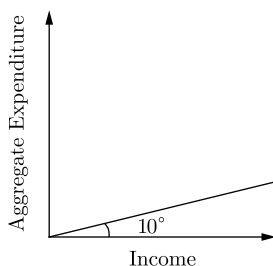
- (A) Aggregate (B) Effective  
(C) Marginal (D) Total

4. The difference between total revenue receipts and total revenue expenditure is known as the \_\_\_\_\_ deficit.

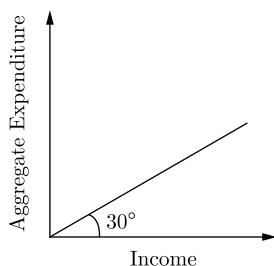
Choose the correct option to fill in the blank.

- (A) Fiscal (B) Revenue  
(C) Primary (D) Budgetary

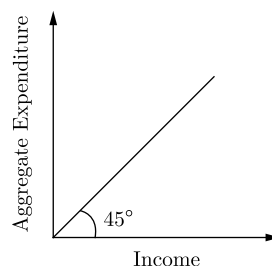
5. From the given diagrams, identify the correct option that indicates the 'Demand Curve' passing through the origin drawn at a particular slope.



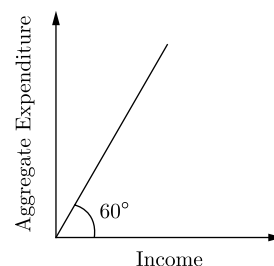
(i)



(ii)



(iii)



(iv)

- (A) (i) (B) (ii)  
(C) (iii) (D) (iv)

6. In the calculation of national income using the income method, the sum of wages, rent, interest, and profit is termed as \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) Net Domestic Product at Market Price (B) Gross National Product at Market Price  
(C) National Income at Factor Cost (D) Personal Income

7. Read the following statements carefully:

**Statement 1:** Money serves as a medium of exchange, a unit of account, a store of value, and a standard of deferred payment, facilitating transactions and economic activities in an economy

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**Statement 2:** The supply of money in an economy includes all financial assets, such as stocks and bonds, because they can be easily converted into cash and thus considered part of the money supply.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Both Statements 1 and 2 are true.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are false.

8. In Keynesian economics, the investment multiplier quantifies the ratio of the change in equilibrium income to the initial change in investment spending. The value of the multiplier is inversely related to the Marginal Propensity to \_\_\_\_\_ in the economy.

Choose the correct option to fill in the blank.

- (A) Consume
- (B) Tax
- (C) Invest
- (D) Save

9. Read the following statements carefully:

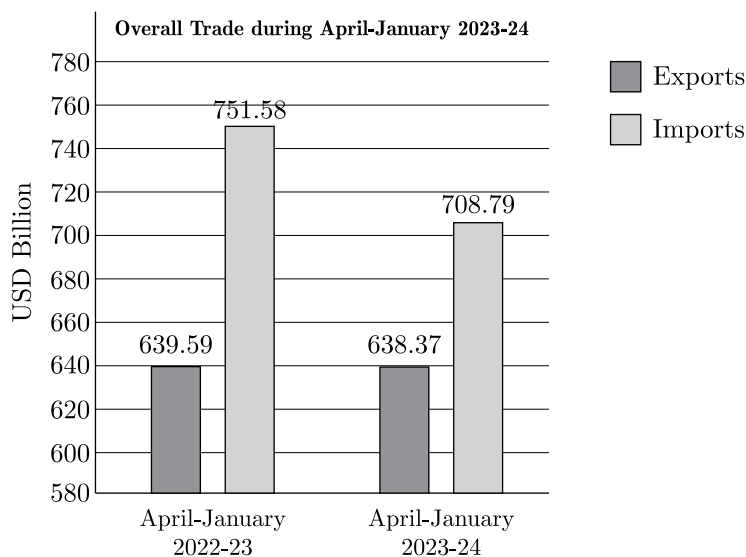
**Statement 1:** Fiscal deficit is the excess of total expenditure over total receipts excluding borrowings, indicating the total borrowing requirements of the government for that fiscal year.

**Statement 2:** A high fiscal deficit may lead to inflationary pressures in the economy if it is financed by printing new money rather than borrowing from the market.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are true.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are false.

10. Based on the given diagram:



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The trade under the current account during April-January 2023-24 reflects a \_\_\_\_\_ of USD \_\_\_\_\_ billion compared to April-January 2022-23.

(Choose the correct option to fill up the blank)

- (A) surplus, 1.22
- (B) surplus, 70.42
- (C) deficit, 1.22
- (D) deficit, 70.42

11. Calculate Net National Product at Market Price from the following data

Items	₹ (in crores)
Net factor income from abroad	(-) 5
Private final consumption expenditure	100
Personal tax	20
Gross national disposable income	170
Government final consumption expenditure	20
Corporation tax	15
Gross domestic capital formation	30
Personal disposable income	70
Net exports	(-) 10
Savings of private corporate sector	5
Net national disposable income	145

**OR**

Explain how the government can use its budgetary policy in reducing the inequality of income in the country.

- 12. Explain how the allocation of resources can be influenced in the government budget through taxes, expenditure and subsidies.
- 13. Elaborate the 'Banker's bank and supervisor' function performed by the Reserve Bank of India.
- 14. How is Real Gross Domestic Product (GDP) different from Nominal Gross Domestic Product (GDP)? Explain using a numerical example.

**OR**

Interpret the given picture on account of GDP and Welfare.

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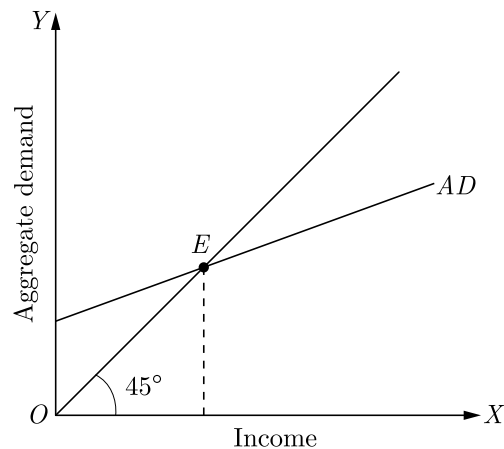
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**15.** Read the following text carefully :

The 'AD = AS' approach explains income determination in an economy. National income is in equilibrium when aggregate demand (AD) equals aggregate supply (AS). Graphically, equilibrium occurs at the point where the AD curve intersects the 45° line, indicating equality between AD and AS. At this point, the equilibrium income is OQ. If AD exceeds AS, it results in a reduction of inventories for producers. To restore the balance, producers increase production, which raises AS until it equals AD again.



What happens when AD exceeds AS in the theory of income determination, and how is equilibrium restored?

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

Externalities are the unintended effects of an economic activity on third parties, which are not reflected in the market price. Negative externalities, such as pollution caused by industries like oil refineries, harm societal welfare by affecting health and the environment. Additionally, the value-added approach measures the contribution of firms to the economy. For instance, the value-added by Firm A is calculated as 165 crores, while Firm B adds 390 crores to the economy. These calculations consider sales, stock changes, and inter-firm purchases.

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

- What is a negative externality? How does it impact welfare?
- How is the value-added by Firm A calculated? What is its value?

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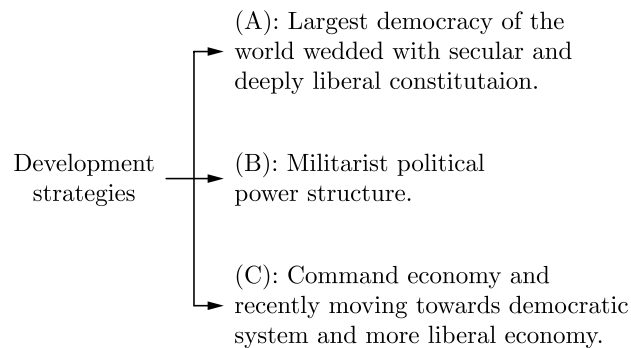
17. Why is AD curve also called C + I curve? What are its components? Explain.

OR

Show graphically the derivation of savings function from consumption function.

## SECTION-B - Indian Economic Development

18. In context of the given image, identify the correct option:



- (A) A - India; B - China; C - Pakistan  
(B) A - Pakistan; B - India; C - China  
(C) A - China; B - India; C - Pakistan  
(D) A - India; B - Pakistan; C - China
19. Read the following statements carefully:  
**Statement 1:** The Five Year Plans aimed to achieve rapid industrialization and self-sufficiency in India.  
**Statement 2:** The Agricultural Policy during 1950-1990 focused solely on traditional farming methods without introducing modern techniques.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Liberalisation policies led to a significant increase in Foreign Direct Investment (FDI) in India.  
**Reason (R):** Liberalisation reduced barriers to foreign investment, making India an attractive destination for global capital.

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Options:

- (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.

21. Human capital formation in India primarily depends on investments in \_\_\_\_\_ and \_\_\_\_\_ sectors, which are essential for enhancing workforce productivity and economic growth. Choose the correct option to fill up the blank.

- (A) manufacturing; agriculture
- (B) transportation; infrastructure
- (C) defense; technology
- (D) education; health

22. Which of the following are key issues in rural credit and marketing systems in India? Which of the following is/are correct ?

- (i) Limited access to credit
- (ii) Poor market infrastructure
- (iii) High interest rates
- (iv) Lack of cooperative societies

Option :

- (A) (i), (ii), and (iii)
- (B) (ii) and (iv)
- (C) (i) and (iv)
- (D) (i), (ii), (iii), and (iv)

23. Which of the following are characteristics of the informal sector in India? Which of the following is correct ?

- (A) High job security and benefits
- (B) Formal employment contracts
- (C) Regular working hours
- (D) Lack of job security and limited social benefits

24. Identify which of the following statements correctly describe sustainable development. Which of the following is correct ?

- (A) Prioritizing economic growth over environmental concerns
- (B) Ignoring social aspects in development
- (C) Balancing economic, social, and environmental goals
- (D) Depleting natural resources for immediate benefits

25. In comparison with China, India has \_\_\_\_\_ in terms of economic growth rates. Which of the following is correct ?

- (A) Higher
- (B) Similar
- (C) Lower
- (D) Unrelated

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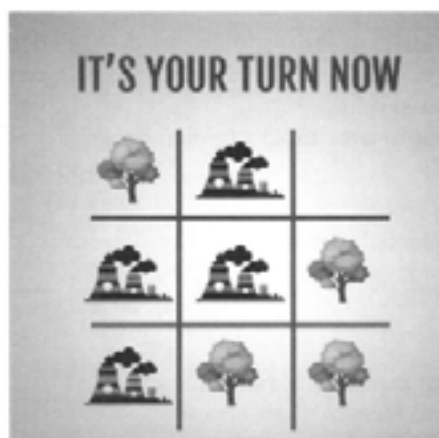


26. “During the colonial period, India’s agricultural sector was plagued by low productivity and stagnation, primarily due to outdated farming techniques, lack of modern inputs, and exploitative land revenue systems like the Zamindari system imposed by the British. Despite the majority of the population being dependent on agriculture, the sector failed to generate sufficient surplus for investment in other areas of the economy.”  
Identify the primary cause of low agricultural productivity in India during the British colonial era.
- (A) Absence of irrigation facilities
  - (B) Exploitative land revenue systems and lack of technological advancement
  - (C) Shortage of agricultural labor
  - (D) Excessive focus on industrialization
27. Which of the following was NOT a primary focus of India’s Five Year Plans between 1950 and 1990?  
Which of the following is correct ?
- (A) Enhancing agricultural productivity
  - (B) Promoting industrialization
  - (C) Reducing poverty and unemployment
  - (D) Expanding military capabilities
28. How are small scale industries distinguished from large scale industries?

**OR**

What were the drawbacks of the licensing policy followed by the government before 1991?

29. It is believed by some of the economists that ‘once the technology is found profitable and is widely adopted, subsidies should be phased out’. Accept/Refute the above statement.
30. Interpret the given picture on account of current environmental challenges.



31. What role can the government play in human capital formation in India?

OR

How is agricultural diversification helpful for farmers? Explain.

32. Elucidate the role played by the industrial sector in India.

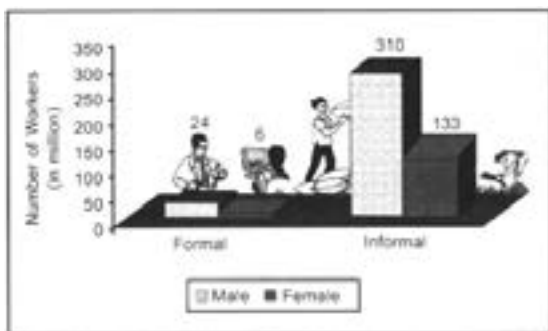
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The term 'sustainable development' was used by the Brundtland Commission (1987) which coined what has become the most often-quoted definition of sustainable development "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development does not focus solely on environmental issues. The United Nations 2005 World Summit Outcome Document refers to the four 'interdependent and mutually reinforcing pillars' of sustainable development as including: economic development, social development and environmental protection. The fourth pillar is indigenous people and culture. Proponents of Sustainable Development argue that it provides a context in which overall sustainability is improved where cutting edge Green development is unattainable. For example, a cutting edge treatment plant with extremely high maintenance costs may not be sustainable in regions of the world with fewer financial resources. Sustainability requires that human activity only use nature's resources at a rate, which they can be replenished naturally. Inherently, the concept of sustainable development is intertwined with the concept of carrying capacity.

- (a) What is sustainable development? Does sustainable development solely focus on environment? Why?
- (b) Explain any two strategies for sustainable development in India.
34. Compare the traditional approach with the recent approach towards environment.

OR

Study the following chart showing the workers in formal and informal sectors and analyse the trend of the two variables from 2011-12.



END

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# Sample Paper 02

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** An increase in the Cash Reserve Ratio (CRR) by the central bank reduces the lending capacity of commercial banks.  
**Reason (R):** A higher CRR means that banks must hold a larger fraction of their deposits as reserves, leaving less funds available for lending purposes.  
Choose the correct option from those given below:  
(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.
2. “The government implements a fiscal stimulus package that includes increased public expenditure on infrastructure projects. Economists predict that this will lead to a multiplied increase in national income, exceeding the initial spending amount due to the induced consumption.”  
Source: [Economic Times - Government Stimulus, 2023] (<https://economictimes.indiatimes.com/news/economy/policy/government-announces-fiscal-stimulus-package/articleshow/99000000.cms>)  
Which economic concept explains the amplified effect of this government spending on national income?

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- (A) Investment Multiplier
- (B) Marginal Propensity to Save
- (C) Aggregate Supply Curve
- (D) Paradox of Thrift

3. Revenue receipts of the government consist of tax revenue, such as income tax and GST, and \_\_\_\_\_ revenue, which includes interest receipts and dividends from public sector enterprises.

Choose the correct option to fill in the blank.

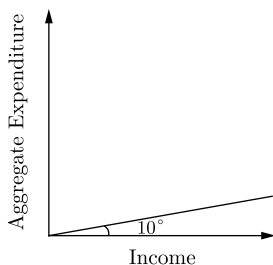
- (A) Borrowed
- (B) Capital
- (C) Non-tax
- (D) Investment

4. A sustained increase in the exchange rate (domestic currency price of foreign currency) is called a currency \_\_\_\_\_.

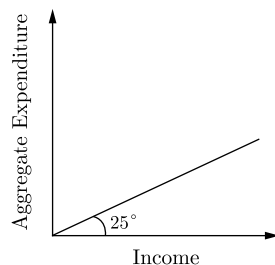
Choose the correct option to fill in the blank.

- (A) Depreciation
- (B) Appreciation
- (C) Devaluation
- (D) Revaluation

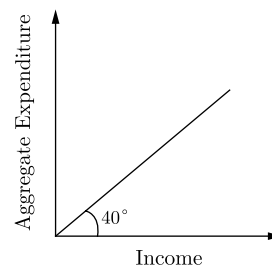
5. From the given diagrams, identify the correct option that indicates the 'Production Possibility Frontier' passing through the origin drawn at a particular angle.



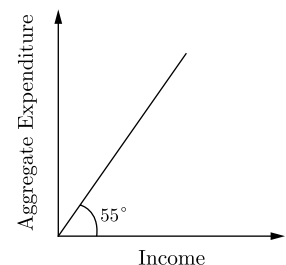
(i)



(ii)



(iii)



(iv)

- (A) (ii)
- (B) (iv)
- (C) (i)
- (D) (iii)

6. The component of money supply that includes currency held by the public and demand deposits with commercial banks is known as \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) M3 Money Supply
- (B) High-Powered Money
- (C) M1 Money Supply
- (D) Near Money





7. Read the following statements carefully:

**Statement 1:** Aggregate demand in an economy consists of the total demand for final goods and services and includes consumption, investment, government spending, and net exports, representing the overall spending in the economy.

**Statement 2:** When aggregate demand exceeds aggregate supply at full employment, it leads to demand-pull inflation, causing general price levels to rise due to excessive demand over available output.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is true and Statement 2 is false.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.
8. Revenue receipts of the government include tax revenues and non-tax revenues. An example of non-tax revenue is the \_\_\_\_\_ earned by the government from its investments in public sector enterprises.  
Choose the correct option to fill in the blank.
- (A) Excise Duty
  - (B) Dividends
  - (C) Income Tax
  - (D) Customs Duty

9. Read the following statements carefully:

**Statement 1:** Devaluation refers to the deliberate downward adjustment of the value of a country's currency relative to another currency under a fixed exchange rate system, making exports cheaper and imports more expensive.

**Statement 2:** Depreciation is a decrease in the value of a currency due to market forces under a flexible exchange rate system, also leading to cheaper exports and more expensive imports.

In light of the given statements, choose the correct option from the following:

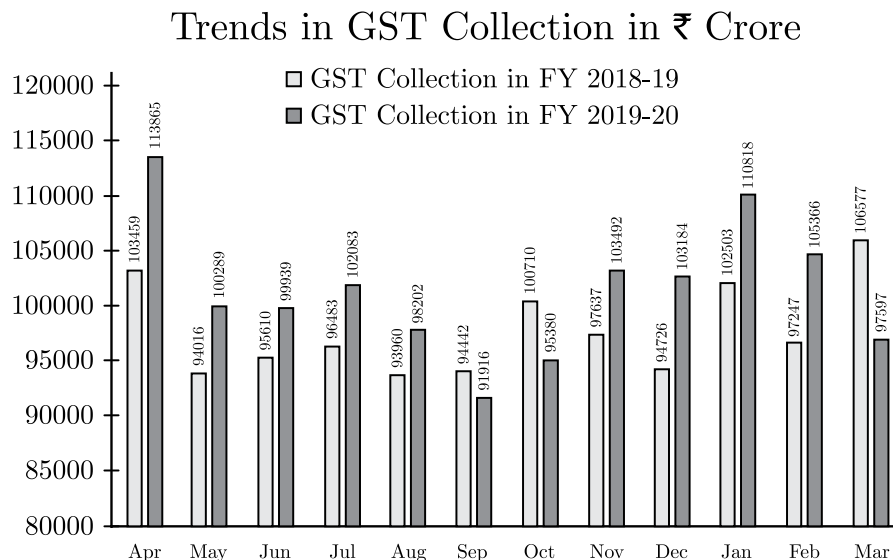
- (A) Statement 1 is false and Statement 2 is true.
- (B) Both Statements 1 and 2 are false.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are true.

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10. On the basis of the given bars, identify the percentage change in the collection of GST in February 2019-20



- (A) Negative  
(C) 8.10%
- (B) 8.5%  
(D) 8.20%
11. Calculate intermediate consumption from the following:

		(₹ in lakhs)
(i)	Value of output	2,000
(ii)	Depreciation	40
(iii)	Subsidy	10
(iv)	Sales tax	30
(v)	Net Value Added at factor cost	1,600

**OR**

If the Real GDP is ₹300 and Nominal GDP is ₹330, calculate the Price Index (base = 100).

12. “Foreign Institutional Investors (FIIs) remained net seller in the Indian capital markets over the last few weeks”.  
—The Economic Times  
State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy.
13. Explain the concept of ‘Excess demand’ with the help of a diagram.
14. Explain the concept of ‘deficient demand’ with the help of a suitable diagram.

**OR**

Explain any one fiscal and two monetary measures to correct the deflationary gap.

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15. Read the following text carefully :

The concept of the multiplier explains how an initial investment leads to a multiplied increase in national income. It operates on the principle that one person's expenditure is another's income. For instance, an investment of ₹100 crores with a marginal propensity to consume (MPC) of 0.8 leads to successive rounds of income increase. In the first round, income rises by ₹100 crores, and in the second, by ₹80 crores (80% of ₹100 crores). This process continues, with each round generating smaller increases, until the total income increase reaches ₹500 crores.

Explain how the multiplier works and determine the total increase in national income when the MPC is 0.8 and the initial investment is ₹100 crores.

16. Read the following text carefully and discuss briefly the relevant function of the Central Bank, indicated.

The Reserve Bank of India (RBI) is the central bank of India whose primary function is to manage and govern the financial system of the country. It is a statutory body established in the year 1935 under the Reserve Bank of India Act, 1934. The central bank regulates the issue and supply of the Indian rupee. It also looks after the central government's money. The central bank plays the role of the bankers' bank and regulates the banking sector. It also plays an important role in India's development story by supporting the government in its developmental projects and policies.

17. (a) Distinguish between stock and flow variables with suitable examples.  
(b) Calculate Gross Domestic Product at factor cost from the following data:

		₹ (in crores)
(i)	Gross national product at factor cost	3,750
(ii)	Compensation of employees	2,000
(iii)	Net exports	(—)50
(iv)	Profit	700
(v)	Net domestic capital formation	1,000
(vi)	Opening stock	150
(vii)	Closing stock	200
(viii)	Gross fixed capital formation	1,050
(ix)	Interest	600
(x)	Rent	400
(xi)	Factor income from abroad	20

OR

Explain the precautions that should be taken while estimating national income by value added method.

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## Section-B - Indian Economic Development

18. The environment performs vital functions like assimilating waste, providing resources, and sustaining life. Choose the correct combination of vital environmental functions from the options below:
- (i) Provides resources for production.
  - (ii) Absorbs waste generated by production and consumption activities.
  - (iii) Regulates the climate.
  - (iv) Ensures biodiversity.
- (A) (i) and (ii)  
(B) (ii) and (iii)  
(C) (i), (ii) and (iii)  
(D) (i) and (iv)
19. Read the following statements carefully:
- Statement 1:** Liberalisation policies in India led to increased foreign direct investment (FDI) in various sectors.
- Statement 2:** Privatization under the LPG policy involved the complete withdrawal of the government from all public sector enterprises.
- 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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:
- Assertion (A):** Human capital formation has no significant impact on economic development.
- Reason (R):** Economic development is solely dependent on natural resources.
- Options:
- (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.
21. In the context of rural development, credit facilities are often provided through \_\_\_\_\_, which play a crucial role in supporting farmers and rural entrepreneurs by offering accessible financing options.

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Choose the correct option to fill up the blank.

- (A) commercial banks; private investors
- (B) multinational corporations; government agencies
- (C) cooperative societies; microfinance institutions
- (D) foreign aid; non-governmental organizations

**22.** Which of the following are characteristics of the informal sector in India?

Which of the following is/are correct ?

- (i) Lack of job security
- (ii) Lower wages
- (iii) Limited social benefits
- (iv) Formal employment contracts

Option :

- (A) (i), (ii) and (iii)
- (B) (ii) and (iv)
- (C) (i) and (iv)
- (D) (i), (ii), (iii) and (iv)

**23.** Identify which of the following statements correctly describe sustainable development.

Which of the following is correct ?

- (A) Prioritizing economic growth over environmental concerns
- (B) Ignoring social aspects in development
- (C) Balancing economic, social, and environmental goals
- (D) Depleting natural resources for immediate benefits

**24.** In comparison with Pakistan, India has achieved higher levels of \_\_\_\_\_.

Which of the following is correct ?

- (A) Military expenditure
- (B) Human development indicators
- (C) Trade deficits
- (D) Population growth rates

**25.** Identify which of the following factors contributed to the low level of economic development in India on the eve of independence.

Which of the following is correct ?

- (A) Extensive industrialization
- (B) High dependency on agriculture
- (C) Advanced infrastructure
- (D) Balanced occupational structure

**CLICK HERE TO SEE ANSWERS**



- 26.** “Post-independence, India adopted a mixed economic system and initiated a series of Five-Year Plans aimed at achieving self-reliant and equitable growth. The Industrial Policy Resolution of 1956 emphasized the development of heavy industries and the public sector, envisioning a socialist pattern of society where the state would play a dominant role in economic activities.” What was the primary objective of the Industrial Policy Resolution of 1956?
- (A) Promotion of foreign investment in all sectors
  - (B) Strengthening the role of the private sector in the economy
  - (C) Establishment of a socialist pattern through state-led industrialization
  - (D) Encouraging small-scale industries over heavy industries
- 27.** Identify which of the following statements is correct about the Liberalisation, Privatisation, and Globalisation (LPG) policy introduced in India. Which of the following is correct ?
- (A) LPG policy aimed to increase state control over key industries
  - (B) LPG policy restricted foreign direct investment in India
  - (C) LPG policy involved deregulation of industries and reducing import tariffs
  - (D) LPG policy focused solely on agricultural reforms
- 28.** Elaborate the exploitative nature of the colonial government in India with the help of suitable examples.
- 29.** Why were the benefits of Green Revolution restricted to few states and few crops in initial stages of planning?

**OR**

How did the government promote regional equality in industrial development?

- 30.** (a) Interpret the given picture on account of current environmental challenges.



- (b) What do you mean by biocomposting? How is it helpful in promoting sustainable development?

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31. Evaluate the role of the rural banking system in India.

**OR**

“Is it possible to develop Information Technology as an alternate livelihood option”? Give reasons.

32. Enlist all the factors involved in the introduction of the economic reforms by way of the announcement of the New Economic Policy (NEP).

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The China-Pakistan Economic Corridor (CPEC) has deepened the decades-long strategic relationship between the two nations. But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its debt-trap diplomacy to gain access to strategic assets of Pakistan.

The foundations of CPEC, part of China's Belt and Road Initiative, were laid in May 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan's economy.

Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC's early harvest projects met this need, leading to a dramatic increase in Pakistan's power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralysed its country's economy. Years later, China's influence in Pakistan has increased at an unimaginable pace.

China as Pakistan's Largest Bilateral Creditor: China's ability to exert influence on Pakistan's economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad's largest creditor. According to documents released by Pakistan's Finance Ministry, Pakistan's total public and publicly guaranteed external debt stood at \$44.35 billion in June 2013, just 9.3 per cent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 per cent - \$24.7 billion - of its total external debt to China, according to International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding north-south connectivity to improve the efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (PoK). These investments were critical in better integrating the country's ports, especially Karachi, with urban centers in Punjab and Khyber-Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the long-term socio-economic welfare of Pakistani citizens.

- Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan.
- Analyse the implication of bilateral 'debt-trap' situation of Pakistan vis-a-vis the Chinese economy.

**CLICK HERE TO SEE ANSWERS**



- 34.** Suggest measures to make the rural areas in India more vibrant (Include two success stories of rural development experiments carried out in India).

**OR**

The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution.

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

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# Sample Paper 03

## Class - 12th Exam - 2024 - 25

### Economics (030)

**Time : 3 Hours**

**Max. Marks : 80**

**General Instructions :**

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** Involuntary unemployment exists when people who are willing and able to work at the prevailing wage rate cannot find employment.

**Reason (R):** Involuntary unemployment occurs due to insufficient aggregate demand in the economy, leading to an equilibrium below full employment.

Choose the correct option from those given below:

- (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.
2. “In the Union Budget 2023-24, the government has increased its allocation for healthcare and education sectors while reducing expenditure on defense. This shift aims to promote human capital development and achieve a more equitable distribution of income.”  
Source: [Union Budget Highlights, 2023-24] ([https://www.indiabudget.gov.in/doc/budget\\_highlights.pdf](https://www.indiabudget.gov.in/doc/budget_highlights.pdf))  
Which budgetary objective is the government primarily focusing on with these changes?
- (A) Reallocation of Resources (B) Economic Stability
- (C) Managing Public Enterprises (D) Reducing Fiscal Deficit

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3. The balance of payments is a comprehensive and systematic record of all \_\_\_\_\_ transactions made between residents of a country and the rest of the world over a specified period.

Choose the correct option to fill in the blank.

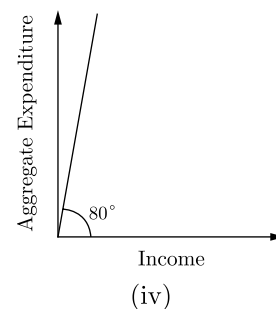
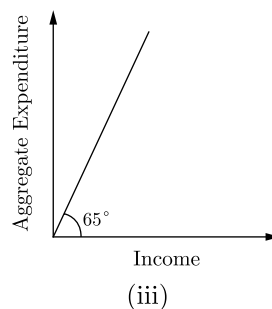
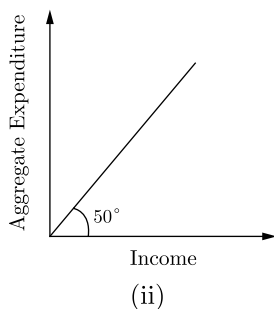
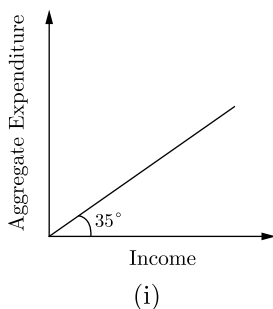
- (A) Economic (B) Political  
(C) Cultural (D) Social

4. According to the National Statistical Office, the Gross Domestic Product (GDP) at market price is ₹200 lakh crore, and Net Factor Income from Abroad (NFIA) is ₹(-5) lakh crore. The value of the \_\_\_\_\_ would be ₹195 lakh crore.

Choose the correct option to fill in the blank.

- (A) Gross National Product (GNP)  
(B) Net Domestic Product (NDP)  
(C) Net National Product (NNP)  
(D) Net Domestic Product at Factor Cost

5. From the given diagrams, identify the correct option that indicates the 'Marginal Cost Curve' passing through the origin drawn at a particular slope.



- (A) (iii) (B) (iv)  
(C) (ii) (D) (i)

6. The level of income at which Aggregate Demand equals Aggregate Supply is called the \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) Equilibrium Level of Income (B) Break-even Point  
(C) Full Employment Level (D) Inflationary Gap

7. Read the following statements carefully:

**Statement 1:** A balanced budget occurs when total government revenues equal total government expenditures in a fiscal year, resulting in neither a surplus nor a deficit.

**Statement 2:** Running a budget deficit can stimulate economic growth during a recession by increasing aggregate demand through higher government spending or lower taxes.



In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

8. The balance of payments is a comprehensive record of all economic transactions between the residents of a country and the rest of the world. It is divided into the current account and the \_\_\_\_\_ account.

Choose the correct option to fill in the blank.

- (A) Financial
- (B) Capital
- (C) Trade
- (D) Income

9. Read the following statements carefully:

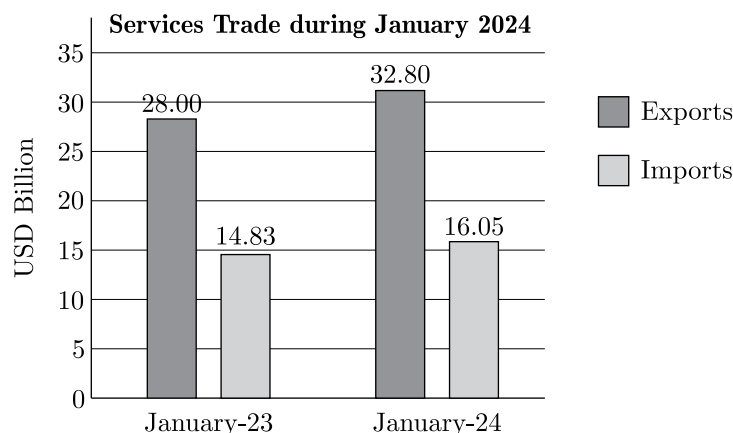
**Statement 1:** Nominal GDP measures the value of all final goods and services produced within a country's borders in a given period using current prices, without adjusting for inflation, thus reflecting changes in both price and output levels.

**Statement 2:** Real GDP is calculated by valuing output in a given year at the prices prevailing in the base year, thereby adjusting for changes in the price level and providing a measure of actual economic growth.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are true.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Statement 1 is false and Statement 2 is true.
- (D) Both Statements 1 and 2 are false.

10. Based on the given diagram:



Continue on next page.....

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The trade balance in services during January 2024 reflects a \_\_\_\_\_ of USD \_\_\_\_\_ billion.

(Choose the correct option to fill up the blank)

- (A) surplus, 16.75 (B) surplus, 18.90  
(C) deficit, 16.75 (D) deficit, 18.90

11. What are official reserve transactions (ORT)? Explain their importance in the Balance of Payments Account.

**OR**

Explain why there is a rise in demand for foreign exchange when its price falls.

12. What is depreciation of Rupee? What is its likely impact on Indian imports and how?
13. Suppose in the budget, the government proposed to raise the excise duty on cement. It also proposed to raise the income tax on individuals earning more than rupees one crore per annum.
- (a) Identify and explain the type of taxes proposed by the government.
- (b) Was the objective only to earn revenue for the government?
- (c) What possible welfare objective could the government be considering?
14. "Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy." Why so? Explain.

**OR**

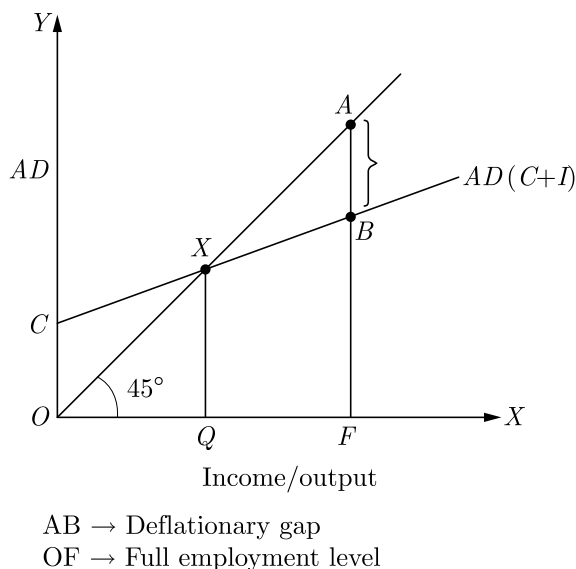
Explain all the changes that take place in an economy, when AD is not equal to output.

15. Read the following text carefully :
- The barter system lacked a store of value, making future transactions difficult. While gold and diamonds could store value, they were not widely used due to their scarcity, high transaction costs, lack of liquidity, and divisibility issues, making them impractical for daily exchanges. Why were gold and diamonds not widely used as a store of value under the barter system despite their ability to retain value?
16. Read the following text carefully :
- Underemployment equilibrium occurs when an economy is in equilibrium but operates below full employment. As Keynes explained, this situation arises when aggregate demand (AD) is less than the output (Y) at full employment. In the diagram, point X represents underemployment equilibrium, where AD equals Y, but the output (OQ) is less than full employment output (OF). The gap AB represents deficient demand, and QF reflects idle capacity. An increase in investment boosts AD, production, and employment, shifting the equilibrium from point X to full employment equilibrium (point F), where AD equals Y at full employment.

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- (a) What is underemployment equilibrium, and how does it affect the economy?  
(b) How does an increase in investment help in achieving full employment equilibrium?

17. (a) From the following data, calculate National Income by Income Method:

		(₹ in crores)
(i)	Interest	150
(ii)	Rent	250
(iii)	Government final consumption expenditure	600
(iv)	Private final consumption expenditure	1,200
(v)	Profits	640
(vi)	Compensation of employees	1,000
(vii)	Net factor income to abroad	30
(viii)	Net indirect taxes	60
(ix)	Net exports	(—) 40
(x)	Consumption of fixed capital	50
(xi)	Net domestic capital formation	340

- (b) “India’s GDP is expected to expand 7.5% in 2019-20: World Bank” —The Economic Times

Does the given statement mean that welfare of people of India increase at the same rate? Comment with reason.

OR

- (a) On the basis of the following data about an economy which constitutes of only two firms, find out Value added by firms A and B.

Continue on next page.....

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		(₹ in lakhs)
(i)	Sales by firm A	300
(ii)	Purchases from firm B by firm A	120
(iii)	Purchases from firm A by firm B	180
(iv)	Sales by firm B	600
(v)	Closing stock of firm A	60
(vi)	Closing stock of firm B	105
(vii)	Opening stock of firm A	75
(viii)	Opening stock of firm B	135
(ix)	Indirect taxes by both firms	90

- (b) If the Real Gross Domestic Product is ₹200 and the Nominal Gross Domestic Product is ₹210, calculate the Price Index (base = 100).

## Section-B - Indian Economic Development

18. Observe the given picture carefully and answer the question that follows:



Roadside vending is an increasing variety of \_\_\_\_\_ unemployment.

- (A) informal (B) formal  
(C) Neither (A) nor (B) (D) Both (A) and (B)
19. Read the following statements carefully:  
**Statement 1:** Human capital refers solely to the educational qualifications of individuals.  
**Statement 2:** Investments in health and education are crucial for human capital formation.  
 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.



20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Credit facilities in rural areas are predominantly provided by cooperative societies.  
**Reason (R):** Cooperative societies offer easier access to credit for farmers and rural entrepreneurs.  
Options:  
(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.
21. Employment in the informal sector is characterized by \_\_\_\_\_ and \_\_\_\_\_ for workers, often leading to precarious job conditions.  
Choose the correct option to fill up the blank.  
(A) high salaries; extensive benefits  
(B) formal contracts; job security  
(C) technological advancements; skilled labor  
(D) lack of job security; minimal benefits
22. Sustainable development aims to \_\_\_\_\_.  
Which of the following is/are correct ?  
(i) Meet present needs  
(ii) Preserve resources for future generations  
(iii) Enhance economic growth at any cost  
(iv) Balance economic, social, and environmental goals  
Option :  
(A) (i) and (ii)  
(B) (ii) and (iii)  
(C) (i), (ii), and (iv)  
(D) (i), (ii), (iii), and (iv)
23. In comparison with Pakistan, India has achieved higher levels of \_\_\_\_\_.  
Which of the following is correct ?  
(A) Military expenditure  
(B) Human development indicators  
(C) Trade deficits  
(D) Population growth rates



- 24.** Identify which of the following statements is correct about the industrial sector in India on the eve of independence.  
Which of the following is correct ?  
(A) The industrial sector in India was significantly underdeveloped due to colonial policies.  
(B) India had a robust manufacturing base that rivaled British industries.  
(C) The majority of industrial growth was driven by indigenous entrepreneurs.  
(D) Industrial infrastructure was well-developed across rural areas.
- 25.** Which of the following was a common objective of India's Five Year Plans between 1950 and 1990?  
Which of the following is correct ?  
(A) Promoting rapid industrialization  
(B) Reducing agricultural output  
(C) Increasing dependency on imports  
(D) Decreasing public sector investments
- 26.** "In 1991, India faced a severe economic crisis characterized by high fiscal deficits, a depleting foreign exchange reserve, and rising inflation. In response, the government introduced the New Economic Policy focusing on liberalisation, privatisation, and globalisation to integrate the Indian economy with the global market."  
Which of the following was a key component of the New Economic Policy of 1991?  
(A) Nationalization of all private enterprises  
(B) Reduction of trade barriers and encouragement of foreign investment  
(C) Increase in government subsidies for public sector units  
(D) Implementation of protectionist trade policies
- 27.** Which of the following are considered sources of human capital formation in India?  
Which of the following is correct ?  
(A) Natural resources and capital goods  
(B) Education and healthcare services  
(C) Infrastructure and technology  
(D) Foreign investment and trade
- 28.** Explain the concept of 'Privatisation'. Throw light on the "different status designated to the Public Sector enterprises (PSEs)".
- 29.** Explain the 'Permit license raj'.

**OR**

Explain the 'policy of protection' in industries.

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- 30.** The Infant Mortality Rate (IMR) and percentage of undernourished children highlight health disparities. Pakistan has an IMR of 66 per 1000 live births, much higher than China's IMR of 9. Similarly, 45% of children in Pakistan are undernourished compared to just 9% in China, reflecting significant differences in health outcomes. Answer the following questions

- (a) Infant Mortality Rate (IMR) in Pakistan
- (b) Percentage of Undernourished Children among the given two countries.

- 31.** Mention any four features of small scale industries.

**OR**

How is agricultural diversification helpful for farmers? Explain.

- 32.** Analyse the growth of GDP and changing structure of employment.

- 33.** Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Chipko Movement, also called Chipko Andolan, non-violent social and ecological movement by rural villagers, particularly women, in India in the 1970s, aimed at protecting trees and forests slated for government-backed logging. The movement originated in the Himalayan region of Uttarakhand (then part of Uttar Pradesh) in 1973 and quickly spread throughout the Indian Himalayas. The Hindi word chipko means "to hug" or "to cling to" and reflects the demonstrators' primary tactic of embracing trees to impede loggers. The interior roads built for the conflict attracted many foreign-based logging companies that sought access to the region's vast forest resources. Although the rural villagers depended heavily on the forests for subsistence—both directly, for food and fuel, and indirectly, for services such as water purification and soil stabilisation—government policy prevented the villagers from managing the lands and denied them access to the lumber. Many of the commercial logging endeavours were mismanaged, and the clear-cut forests led to lower agricultural yields, erosion, depleted water resources and increased flooding throughout much of the surrounding areas.

- (a) What was Chipko Movement? How were villagers depended upon forest for their survival?
- (b) How have people tried to prevent indiscriminate cutting of trees? Discuss the two movements started by them for achieving the objective.

- 34.** "Global CO<sub>2</sub> levels hit new record in 2017."

— The United Nations

- (a) Why is the world faced with an environmental crisis?
- (b) Why do environmental problem emerge in recent times?

**OR**

"Existence of widespread unemployment in India is the cumulative result of many causes." Explain any four main causes of unemployment in India.

□□□□□□

**CLICK HERE TO SEE ANSWERS**



# Sample Paper 04

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** Capital receipts in the government budget include loans raised by the government from the public through the sale of government securities.

**Reason (R):** Capital receipts do not create any liability for the government and are a permanent source of funds.

Choose the correct option from those given below:

- (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.
2. “Due to a surge in imports of electronic goods and a slowdown in exports, the country’s current account deficit has widened to 2.5% of GDP in the first half of 2023. Policymakers are concerned about the sustainability of this deficit.”  
Source: [Balance of Payments Statistics, 2023] ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54004](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54004))  
What does a current account deficit signify in the balance of payments?
- (A) Exports exceed imports (B) Imports exceed exports
- (C) Capital inflows exceed outflows (D) Foreign exchange reserves are increasing

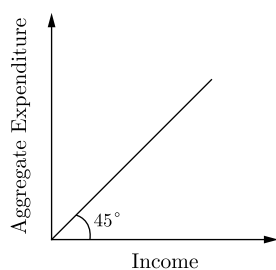
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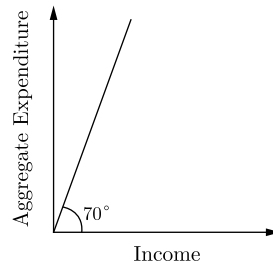
3. In the calculation of national income accounting, the value of \_\_\_\_\_ goods is deliberately excluded to prevent the issue of double counting of goods and services within the economy. Choose the correct option to fill in the blank.
- (A) Final (B) Intermediate  
(C) Capital (D) Consumer
4. The Reserve Bank of India increases the \_\_\_\_\_ Rate to control inflation by making borrowing more expensive for commercial banks. Choose the correct option to fill in the blank.
- (A) Statutory Liquidity (B) Repo  
(C) Reverse Repo (D) Cash Reserve
5. From the given diagrams, identify the correct option that indicates the 'Total Revenue Line' passing through the origin drawn at a particular angle.



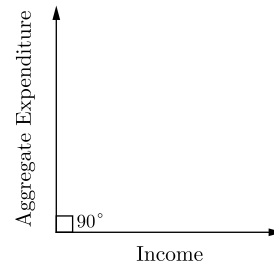
(i)



(ii)



(iii)



(iv)

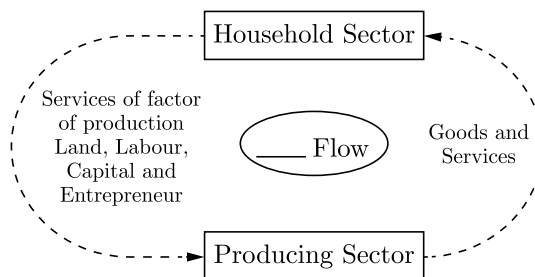
- (A) (i) (B) (ii)  
(C) (iii) (D) (iv)
6. "Considering the depreciation of Indian currency (₹) in the international market, the Reserve Bank of Indian (RBI) has decided to purchase Indian currency (₹) in the open market." This represents \_\_\_\_\_ exchange rate system.
- (A) fixed  
(B) flexible  
(C) managed floating  
(D) manipulated
7. Demand deposits include:
- (A) Saving account deposits and current account deposits  
(B) Saving account deposits and fixed deposits  
(C) Current account deposits and fixed deposits  
(D) All types of deposits



8. Which bank in India is the controller of credit?  
 (A) Axis bank  
 (B) State Bank of India  
 (C) Reserve Bank of India  
 (D) Punjab National Bank
9. Goods purchased for \_\_\_\_\_ purpose(s) are final goods.  
 (A) investment (B) satisfaction of wants  
 (C) Both (A) and (B) (D) None of these

OR

Read the following figure carefully and choose the correct option from the alternatives given below:



Alternatives:

- (A) Real (B) Nominal  
 (C) Circular (D) Both (A) and (C)
10. **Assertion (A):** A country always tries to balance the BoP, i.e., balance in current account equals to balance in capital account.  
**Reason (R):** Balanced BoP indicates stable economic relations with rest of the world.  
 In the light of the given statements, choose the correct alternative from the following:  
 (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)  
 (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  
 (C) Assertion (A) is false but Reason (R) is true  
 (D) Assertion (A) is true but Reason (R) is false
11. **Statement 1:** Balance of Payments is a systematic record of all economic transactions that take place between one country and the rest of the world during a given period (say a year).  
**Statement 2:** Balance of Trade is the difference between the value of goods exported and value of goods imported in a given year.

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is false and statement 2 is true
- (B) Statement 1 is true and statement 2 is false
- (C) Both statements 1 and 2 are false
- (D) Both statements 1 and 2 are true

12. “Indian Rupee (₹) plunged to all time low of ₹80.10 against the US Dollar (\$).”  
—The Economic Times

In the light of the above report, discuss the impact of the situation on Indian imports.

13. Government is incurring expenditure on “Child immunisation programme”. Does the given statement mean that welfare of the people of India will increase along with increase in its GDP. Comment with reason.

**OR**

Calculate net value added at factor cost from the following:

		(₹ in lakhs)
(i)	Net factor income from abroad	30
(ii)	Sales	3,500
(iii)	Purchase of intermediate goods	2,000
(iv)	Consumption of fixed capital	500
(v)	Exports	400
(vi)	Indirect taxes	350
(vii)	Change in stock	50

14. State whether the following statements are true or false. Give reason for your answer.
- (a) When MPC is greater than MPS, the value of investment multiplier will be greater than 5.
  - (b) The value of MPS can never be negative.
15. Define frictional and structural unemployment.
16. Define full employment. Can an equilibrium situation be reached in an economy at less than full employment level? Explain.

**OR**

Explain the role of margin requirements in dealing with the problem of excess demand.



17. (a) Calculate GNP<sub>FC</sub> from the given data:

		(₹ in crores)
(i)	Indirect tax	50
(ii)	Consumption of fixed capital	60
(iii)	Net factor income received from abroad	(—) 10
(iv)	NDP <sub>FC</sub>	120
(v)	Net current transfers paid to rest of the world	30
(vi)	Subsidies	25

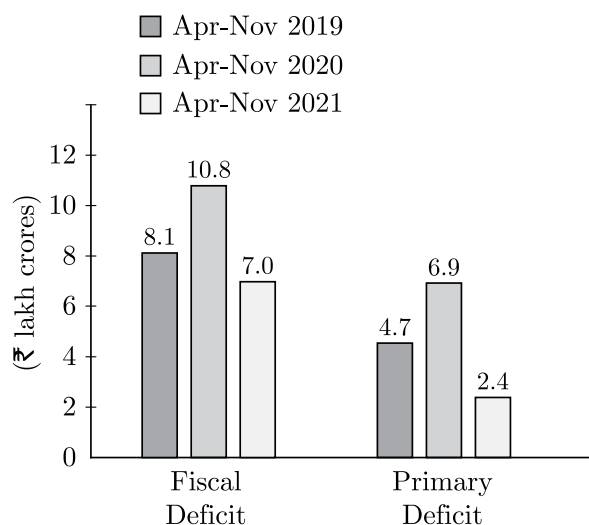
- (b) “Non-monetary exchanges are not included in the estimation of National Income.” Do you agree with the above statement? Give reasons.

**OR**

- (a) Explain the ‘mixed income of self-employed’ with the help of a suitable example.  
 (b) Find net value added at factor cost: (₹ in lakhs)

		(₹ in lakhs)
(i)	Durable use producer goods with a life span of 10 years	10
(ii)	Single use producer goods	5
(iii)	Sales	20
(iv)	Unsold output produced during the year	2
(v)	Taxes on production	1

18. (a) Interpret the given data on the basis of fiscal and primary deficit.



- (b) The government under “UJJWALA Yojana” is providing free LPG connections to the families ‘below the poverty line’. What objective the government is trying to fulfil through the government budget and how? Explain.

**CLICK HERE TO SEE ANSWERS**



## Section-B - Indian Economic Development

19. The main objective of the zamindars during the land settlement system was to
- (A) improve the economic condition of the cultivators
  - (B) improve the crop yield by making significant contributions in technology and fertilisers usage
  - (C) collect rent with no interest in the economic condition of the cultivators
  - (D) cooperate with colonial government to improve the condition of agriculture
20. What does the picture indicate about Indian economy on the eve of independence?



- (A) Low productivity
  - (B) Traditional methods of farming
  - (C) Lower yield of production
  - (D) All of the above
21. \_\_\_\_\_ are the institutional sources of agricultural credit.
- (A) Commercial Banks
  - (B) Cooperative Credit Societies
  - (C) Both (A) and (B)
  - (D) Neither (A) nor (B)
22. **Statement 1:** The emergence of Self-Help Groups (SHGs) ensured the reduction in the fissures of the formal credit system.  
**Statement 2:** The borrowings from SHGs mainly confined to consumption purposes by its members.
- In the light of the given statements, choose the correct alternative from the following:
- (A) Statement 1 is false and statement 2 is true
  - (B) Statement 1 is true and statement 2 is false
  - (C) Both statements 1 and 2 are false
  - (D) Both statements 1 and 2 are true



**23. Assertion (A):** Major policy initiatives (land reforms and green revolution) helped India to become self-sufficient in foodgrains production.

**Reason (R):** The proportion of people depending on agriculture did not decline as expected after the Green Revolution.

In the light of the given statements, choose the correct alternative from the following:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (C) Assertion (A) is false but Reason (R) is true
- (D) Assertion (A) is true but Reason (R) is false

**24.** Demonetisation is the \_\_\_\_\_ policy wherein the legal status of a currency unit is cancelled and new one comes into circulation.

- (A) Legal
- (B) Social
- (C) Political
- (D) Economic

**25.** \_\_\_\_\_ campaign aimed at industrialising the China on a large scale.

- (A) Great Proletarian Cultural Revolution
- (B) Commune System
- (C) Great Leap Forward
- (D) None of these

**26.** Arrange the following events of Pakistan in chronological order and choose the correct alternative:

- (i) Nationalisation of Capital goods
- (ii) First Five Year Plan
- (iii) Fertility Rate in Pakistan was 3.7
- (iv) Agriculture grew at the rate of 4%

Choose the correct alternative:

- (A) (iv), (ii), (i), (iii)
- (B) (iv), (i), (ii), (iii)
- (C) (ii), (iv), (i), (iii)
- (D) (ii), (i), (iv), (iii)

**27.** From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement:

	Column I		Column II
A.	Capital goods industry	(i)	industry which can produce machine tools
B.	Zamindari System	(ii)	the interest of the 'zamindars' was not only to collect rent.
C.	Demographic transition	(iii)	after 1935, the second stage of transition began
D.	Life expectancy	(iv)	was very low - 52 years

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**





Alternatives:

(A) B - (ii)

(B) C - (iii)

(C) A - (i)

(D) D - (iv)

28. Which one of the following is not a non-institutional source of credit?

(A) Relatives

(B) Moneylenders

(C) Land Development Bank

(D) Traders and commission agents

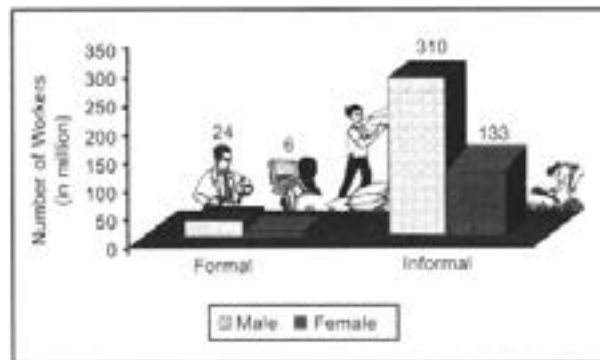
29. “Green Revolution enabled the government to procure sufficient food grains to build its stocks that could be used during times of shortage.” Do you agree with the above statement? Give reason.

30. “Industrial Policy Resolution of 1956 (IPR 1956) formed the basis of the Second Five Year Plan.” Elaborate.

**OR**

Explain the two forms of protection from imports.

31. Interpret the given chart in context of Employment as per 2011-12.



32. Explain the focus of the economic policies pursued by the colonial government in India. Analyse the impact of these policies.

**OR**

How did the government ensure that the small farmers also benefit from the Green Revolution as the rich farmers?



- 33.** Study the following table showing distribution by workforce by Industry, 2011-12 and analyse the trend of the workforce on the basis of industry and residence.

Distribution of Workforce by Industry, 2011-12

Industrial Category	Place of Residence	
	Rural	Urban
Primary Sector	64.1	6.7
Secondary Sector	20.4	35.0
Tertiary Sector	15.5	58.3
Total	100.0	100.0

- 34.** “Micro-credit programmes are playing vital role in meeting credit requirements of the poor.” Elaborate.

**OR**

Explain the principal role of human capital formation in accelerating the rate of economic growth.

- 35.** Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Special Economic Zones (SEZs) are intended to function as zones of rapid economic growth by using tax and business incentives to attract foreign investment and technology. The first four special economic zones were created in 1980 in southeastern coastal China and consisted of what were then the small cities of Shenzhen, Zhuhai, and Shantou in Guangdong province and Xiamen (Amoy) in Fujian province. In these areas, local governments have been allowed to offer tax incentives to foreign investors and to develop their own infrastructure without the approval of the central government. Business enterprises have made most of their own investment, production and marketing decisions, and foreign ownership of such ventures has been legalised. Though some of them began as little more than small towns, the new SEZs soon attracted foreign investment and became boom towns, with rapidly expanding light and consumer goods industries and growing population. Encouraged by the zones’ success, the Chinese government in 1984 opened 14 larger and older cities along the coast to foreign trade and investment. In 1988, Hainan Island was made a separate province and a special economic zone, and in 1990 the Pudong area within the Shanghai municipality became a special economic zone with policies even more flexible than those already in force in the original four Special Economic Zones (SEZs).

- (a) What are Special Economic Zones (SEZs)? Name any two cities in which special economic zones were started in China in 1980.
- (b) When were economic reforms initiated in China? What autonomy was given to local government for motivating foreign investors in China under Special Economic Zones?

□□□□□□

**CLICK HERE TO SEE ANSWERS**



# Sample Paper 05

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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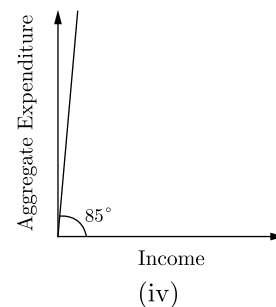
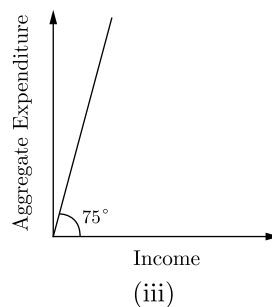
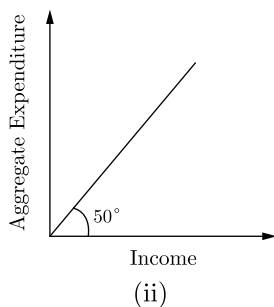
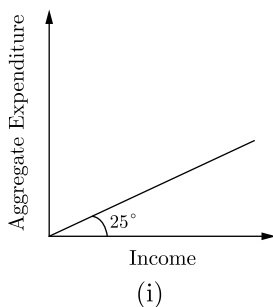
## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** Under a flexible exchange rate system, the exchange rate is determined by the forces of demand and supply in the foreign exchange market.  
**Reason (R):** In a flexible exchange rate system, the central bank frequently intervenes in the foreign exchange market to stabilize the currency.  
Choose the correct option from those given below:  
(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.
2. “The Ministry of Statistics and Programme Implementation reports that India’s Nominal Gross Domestic Product (GDP) grew by 10% in the fiscal year 2022-23, while the Real GDP increased by only 6%. This discrepancy highlights the impact of inflation on the overall price levels of goods and services in the economy during this period.”  
Source: [Ministry of Statistics and Programme Implementation, GDP Estimates 2023] (<http://mospi.gov.in/gdp-estimates-2023>)  
Which economic indicator is used to measure the effect of price level changes on GDP in this context?  
(A) GDP at Factor Cost  
(B) GDP Deflator  
(C) Net National Product  
(D) Gross Investment

**CLICK HERE TO SEE ANSWERS**



3. Money serves several crucial functions in an economy, including acting as a medium of exchange and a \_\_\_\_\_ of value, allowing individuals to save purchasing power for future use. Choose the correct option to fill in the blank.
- (A) Store (B) Measure  
(C) Unit (D) Standard
4. When aggregate demand equals aggregate supply at the level of full employment, the economy is said to be in \_\_\_\_\_ equilibrium. Choose the correct option to fill in the blank.
- (A) Partial (B) Underemployment  
(C) Overemployment (D) Full employment
5. From the given diagrams, identify the correct option that indicates the 'Saving Curve' passing through the origin drawn at a particular slope.



- (A) (ii) (B) (iv)  
(C) (iii) (D) (i)
6. The balance of payments account that records transactions related to trade in goods and services, income, and unilateral transfers is called the \_\_\_\_\_. Choose the correct option to fill in the blank.
- (A) Capital Account (B) Current Account  
(C) Financial Account (D) Official Reserve Account
7. Read the following statements carefully:
- Statement 1:** The circular flow of income in a two-sector economy illustrates how households and firms interact in product and factor markets, demonstrating that the real flow and money flow move in opposite directions, thereby maintaining the equilibrium in the economy.
- Statement 2:** In the calculation of national income using the expenditure method, transfer payments such as unemployment benefits and scholarships are included because they represent government expenditure that stimulates economic activity.

Continue on next page.....



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.

8. In the banking system, the Cash Reserve Ratio (CRR) is the percentage of a bank's total deposits that must be maintained with the central bank as reserves. A reduction in the CRR by the central bank will \_\_\_\_\_ the ability of commercial banks to create credit in the economy.

Choose the correct option to fill in the blank.

- (A) Decrease
- (B) Not affect
- (C) Increase
- (D) Eliminate

9. Read the following statements carefully:

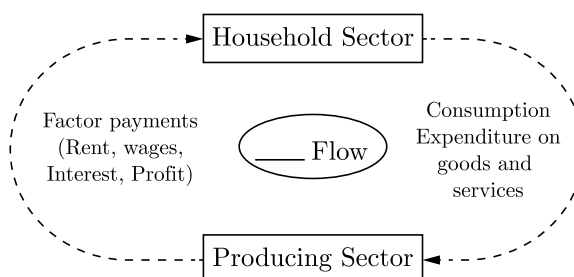
**Statement 1:** Full employment refers to a situation where all available resources in the economy are fully utilized, and there is no involuntary unemployment, implying that everyone willing to work at the prevailing wage rate is employed.

**Statement 2:** Involuntary unemployment occurs when individuals are willing to work at the current wage rate but cannot find employment due to insufficient aggregate demand in the economy.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

10. Read the following figure carefully and choose the correct option from the alternatives given below:



Alternatives :

- (A) Real
- (B) Circular
- (C) Nominal
- (D) Either (A), (B) or (C)



11. Explain “Bankers” bank function of the Central Bank.

**OR**

What do you know about the following?

- (a) Legal tender
  - (b) Fiat money
  - (c) High powered money
12. Read the given text carefully and answer the questions that follow:  
Money was historically an emergent market phenomenon that possess intrinsic value as a commodity; nearly all contemporary money systems are based on unbacked fiat money without use value. Its value is consequently derived by social convention, having been declared by a government or regulatory entity to be legal tender; that is, it must be accepted as a form of payment within the boundaries of the country, for “all debts, public and private”, in the case of the United States dollar. Contexts which erode public confidence, such as the circulation of counterfeit money or domestic hyperinflation, can cause good money to lose its value.
- (a) What is money?
  - (b) State the components of money supply.
13. Explain the ‘problem of double counting’ in the estimation of national income with the help of an example. How can this problem be avoided?

**OR**

What are ‘non-monetary exchanges’? Explain with suitable examples how they are a limitation of the GDP as an ‘indicator of welfare’.

14. Find Gross Value Added at Market Price from the given data:

		(₹Lakh)
(i)	Depreciation	20
(iv)	Domestic sales	200
(v)	Net change in stocks	(—)10
(vi)	Exports	10
(vii)	Single use producer goods	120

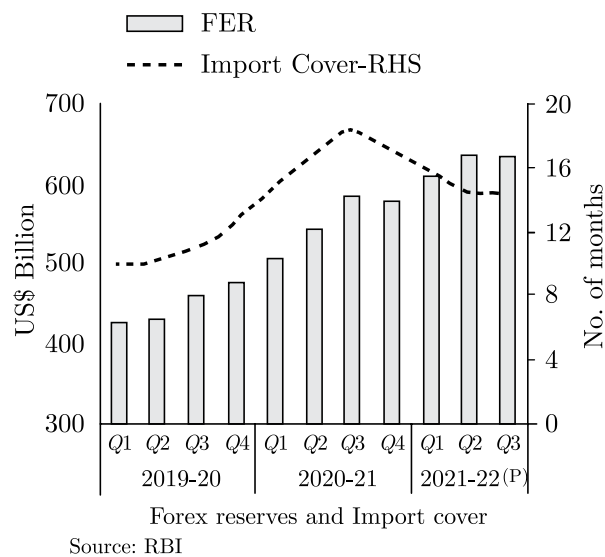
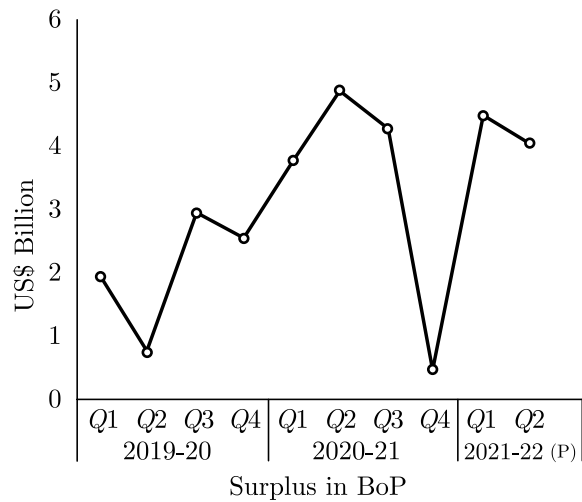
15. Read the given text carefully and explain the basis of classifying taxes into direct and indirect tax with examples.

To run a nation judiciously, the government needs to collect tax from the eligible citizens; paying taxes to the local government is an integral part of everyone’s life, no matter where we live in the world. Now, taxes can be collected in any form such as state taxes, central government taxes, direct taxes, indirect taxes, and much more. For your ease, taxation is divided into two categories, viz. direct taxes and indirect taxes. This segregation is based on how the tax is being paid to the government.

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16. (a) On the basis of given figures interpret India's performance in BoP and foreign exchange reserve.



- (b) Distinguish between depreciation of a currency and devaluation of a currency.

17. Draw a hypothetical propensity to consume curve and from it derive the propensity to save curve. Explain the steps involved.

OR

Explain the 'Consumption Function' with the help of a schedule and diagram.



## Section-B - Indian Economic Development

18. Observe the image given below and choose the most appropriate option.



- (A) Higher population is a bane for the country  
(B) Development is sustainable when there is inter-generational consideration  
(C) Growth always stimulates personal development  
(D) All of the above
19. Read the following statements carefully:  
**Statement 1:** The informal sector provides high job security and formal contracts to workers.  
**Statement 2:** Informalisation of the workforce refers to the increasing number of workers in the informal sector.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Sustainable development prioritizes economic growth over environmental concerns.  
**Reason (R):** Sustainable development aims to meet present needs without compromising the ability of future generations to meet their own needs.  
Options:  
(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.





- 21.** Compared to its neighbours, India's economic growth has been \_\_\_\_\_ due to its \_\_\_\_\_ strategies, which include a mix of agriculture, industry, and services sectors. Choose the correct option to fill up the blank.
- (A) slower; protectionist
  - (B) comparable; diversified
  - (C) higher; monopolistic
  - (D) inconsistent; isolationist
- 22.** Under colonial rule, which sector contributed the most to India's GDP on the eve of independence? Which of the following is/are correct ?
- (i) Industrial sector
  - (ii) Agricultural sector
  - (iii) Service sector
  - (iv) Mining sector
- Option :
- (A) (i) only
  - (B) (ii) only
  - (C) (iii) only
  - (D) (iv) only
- 23.** Which of the following was NOT a primary focus of India's Five Year Plans between 1950 and 1990? Which of the following is correct ?
- (A) Enhancing agricultural productivity
  - (B) Promoting industrialization
  - (C) Reducing poverty and unemployment
  - (D) Expanding military capabilities
- 24.** Identify which of the following statements is correct about the Liberalisation, Privatisation, and Globalisation (LPG) policy introduced in India. Which of the following is correct ?
- (A) LPG policy aimed to increase state control over key industries.
  - (B) LPG policy restricted foreign direct investment in India.
  - (C) LPG policy involved deregulation of industries and reducing import tariffs.
  - (D) LPG policy focused solely on agricultural reforms.
- 25.** Which of the following are components of human capital? Which of the following is correct ?
- (A) Physical assets and infrastructure
  - (B) Education and health
  - (C) Financial investments
  - (D) Natural resources



26. “Rural development involves improving the quality of life and economic well-being of people living in rural areas. One of the key issues is providing adequate credit facilities to farmers, which can help them invest in modern agricultural practices and improve productivity.” Which institution plays a crucial role in providing credit and supporting rural development in India?
- (A) Urban cooperative banks  
(B) Industrial Development Bank of India (IDBI)  
(C) National Bank for Agriculture and Rural Development (NABARD)  
(D) Securities and Exchange Board of India (SEBI)
27. Which of the following are key characteristics of the informal sector in India? Which of the following is correct ?
- (A) Formal employment contracts and job security  
(B) Lack of social security benefits and irregular wages  
(C) High levels of occupational safety  
(D) Flexible working hours and informal job arrangements
28. Give the steps taken towards ‘Privatisation’ in 1991.

**OR**

State the fiscal reforms introduced under the New Economic Policy in 1991.

29. Interpret the given picture on account of economic reforms of 1991.



30. India and Pakistan, two neighboring countries in South Asia, exhibit notable demographic differences. India has an annual population growth rate of 1.2%, while Pakistan’s growth rate is higher at 2.1%. This indicates that Pakistan’s population is growing at a faster pace compared to India. In terms of sex ratio, India has 929 females per 1000 males, whereas Pakistan has a slightly better sex ratio of 947 females per 1000 males. These statistics highlight the demographic challenges and differences faced by the two nations.
- (a) Comment upon the annual population growth rate in India and Pakistan.  
(b) Comment upon the Sex Ratio in both the above countries.



31. What do you mean by globalisation? Give its main features.

**OR**

Highlight the main features of Indian economy on the eve of independence.

32. What activities you would suggest to generate employment in rural areas?
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding: People, generally are emotionally attached to their place of birth. But millions of people leave their places of birth and residence. There could be variety of reasons. These reasons can be put into two broad categories, i.e., push factor, these cause people to leave their place of residence or origin; and pull factors, which attract the people from different places.

In India, people migrate from rural to urban areas mainly due to poverty, high population pressure on the land, lack of basic infrastructural facilities like healthcare, education, etc. Apart from these factors, natural disasters such as flood, drought, cyclonic storms, earthquake, tsunami, wars and local conflicts also give extra push to migrate. On the other hand, there are pull factors which attract people from rural areas to cities. The most important pull factor for majority of the rural migrants to urban areas is the better opportunities, availability of regular work and relatively higher wages. Better opportunities for education, better health facilities and sources of entertainment, etc., are also quite important pull factors.

Hence, migration is a response to the uneven distribution of opportunities over space. People tend to move from place of low opportunity and low safety to the place of higher opportunity and better safety. This, in turn, creates both benefits and problems for the areas, people migrate from and migrate to. Consequences can be observed in economic, social, cultural, political and demographic terms.

- (a) Explain, why in India people mainly migrate from rural to urban areas?
- (b) Explain, how expenditure on migration is a source of human capital formation?
34. Why is the world faced with an environmental crisis?

**OR**

Provide any three suggestions to improve agricultural marketing.

□□□□□□

**CLICK HERE TO SEE ANSWERS**



# Sample Paper 06

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** Net Domestic Product (NDP) is always less than Gross Domestic Product (GDP) due to the adjustment for depreciation.

**Reason (R):** Depreciation represents the wear and tear of capital goods over time, which must be subtracted from GDP to obtain NDP, reflecting the actual addition to the economy's productive capacity.

Choose the correct option from those given below:

- (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.
- 
2. “The Reserve Bank of India has decided to conduct Open Market Operations by purchasing government securities worth ₹20,000 crore. This move is intended to inject liquidity into the economy and make more funds available for lending by commercial banks.”  
Source: [RBI Press Release, 2023] ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54001](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54001))  
What immediate effect does this action have on the money supply in the economy?

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**CLICK HERE TO SEE ANSWERS**



- (A) Decrease in money supply  
(C) No change in money supply
- (B) Increase in money supply  
(D) Decrease in bank reserves
3. The ratio that measures the change in consumption resulting from a change in income is called the Marginal Propensity to \_\_\_\_\_, indicating consumer spending behavior. Choose the correct option to fill in the blank.  
(A) Save (B) Invest  
(C) Consume (D) Expend
4. If the fiscal deficit is ₹10 lakh crore and interest payments are ₹2 lakh crore, the \_\_\_\_\_ deficit is ₹8 lakh crore. Choose the correct option to fill in the blank.  
(A) Revenue (B) Budgetary  
(C) Primary (D) Capital
5. The difference between Gross Domestic Product (GDP) and Net Domestic Product (NDP) is \_\_\_\_\_. Choose the correct option to fill in the blank.  
(A) Depreciation (B) Net Indirect Taxes  
(C) Net Factor Income from Abroad (D) Personal Disposable Income
6. Read the following statements carefully:  
**Statement 1:** The process of money creation by commercial banks involves accepting deposits and making loans, where the initial deposit leads to a multiplied increase in the total money supply through the credit creation process.  
**Statement 2:** The reserve ratio set by the central bank has no impact on the money creation ability of commercial banks because banks can create unlimited credit regardless of reserve requirements.  
In light of the given statements, choose the correct option from the following:  
(A) Both Statements 1 and 2 are true.  
(B) Statement 1 is false and Statement 2 is true.  
(C) Both Statements 1 and 2 are false.  
(D) Statement 1 is true and Statement 2 is false.
7. When an economy is operating below its full employment level due to insufficient aggregate demand, it is experiencing a \_\_\_\_\_ gap. This situation can be mitigated by implementing expansionary fiscal policies such as increasing government expenditure or decreasing taxes. Choose the correct option to fill in the blank.  
(A) Inflationary (B) Deflationary  
(C) Recessionary (D) Expansionary



8. Read the following statements carefully:

**Statement 1:** The government budget is an annual financial statement that presents the estimated receipts and expenditures of the government for a particular fiscal year, serving as a tool for economic policy.

**Statement 2:** The primary deficit is calculated by subtracting interest payments from the fiscal deficit, reflecting the government's borrowing requirements excluding interest obligations.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Both Statements 1 and 2 are true.
- (C) Statement 1 is false and Statement 2 is true.
- (D) Both Statements 1 and 2 are false.

9. "During January to November 2007, India experienced a rise in overseas investment amounting to a net \$18.8 billion of stocks and bonds."

This will be recorded in which account of balance of payments?

- (A) Current account
- (B) Capital account
- (C) Both (A) and (B)
- (D) Neither (A) nor (B)

10. Which of the following gives a correct definition of the term 'near money'?

- (A) Asset which has no store of value function.
- (B) Asset which is a medium of exchange.
- (C) Asset which has 100% liquidity.
- (D) Asset which fulfils the store of value function and can be converted into a medium of exchange at a short notice.

11. Credit creation by commercial banks is determined by \_\_\_\_\_ .

- (A) Statutory Liquidity Ratio (SLR)
- (B) Initial deposits
- (C) Cash Reserve Ratio (CRR)
- (D) All of these

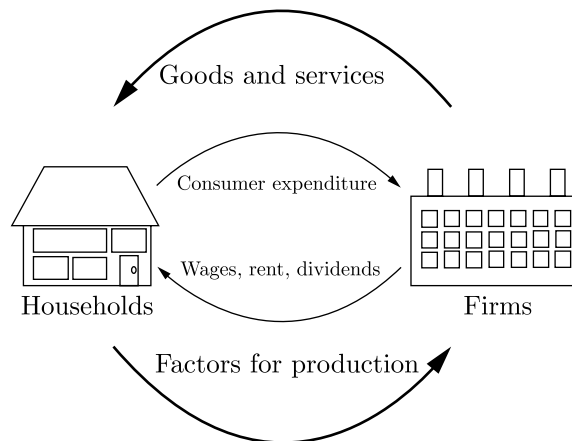
12. Choose the correct statement from given below.

- (A) Accommodating items are only recorded in capital account of BoP.
- (B) Import of machinery will be recorded in capital account of BoP.
- (C) Balance of trade records the exports and imports of invisible items.
- (D) A surplus in BoT can rectify the deficit in BoP.

**CLICK HERE TO SEE ANSWERS**



- 13. Statement I :** According to the theory of Keynesian Economics, the value of the Average Propensity to Consume (APC) can never be zero.  
**Statement II :** The Keynesian Aggregate Supply is perfectly elastic before the level of full employment is attained.  
 In the light of the given statements, choose the correct alternative from the following
- (A) Both statements are false  
 (B) Both statements are true  
 (C) Statement I is true and Statement II is false  
 (D) Statement I is false and Statement II is true
- 14.** The government of India has decided to vaccinate the adult population of India (with Covaxin/ Covishield), without any charge. This would be categorised as \_\_\_\_\_.
- (A) revenue nature income  
 (B) capital nature expenditure  
 (C) revenue nature expenditure  
 (D) capital nature income
- 15.** Analyse the following chart carefully and answer the given question



When money moves out of the circular flow of income, it is known as \_\_\_\_\_

- (A) Leakages  
 (B) Dividends  
 (C) Injections  
 (D) None of the above
- 16.** Which of the following is correct?
- (A)  $APC + APS = 1$   
 (B)  $APC = C/Y$   
 (C)  $MPC = 1 - MPS$   
 (D) All of these



17. Find the missing figures and choose the correct alternatives.

Consumption (C)	Saving (S)	Supply Aggregate (C + S)
80	-80	0
240	...(i)...	200
...(ii)...	0	400
560	40	...(iii)...
...(iv)...	80	800

Alternatives

- (A) -40, 600, 400, 560 (B) 40, 400, 600, 720  
 (C) -40, 400, 600, 720 (D) -40, 400, 800, 560
18. **Assertion :** There is an inverse relationship between the value of investment multiplier and marginal propensity to consume.  
**Reason :** Saving is a leakage in the circular flow of income. Greater the savings, greater the leakage and lower the value of investment multiplier.  
 In the light of the given statements, choose the correct alternative from the following  
 (A) Assertion is true, but Reason is false  
 (B) Assertion is false, but Reason is true  
 (C) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.  
 (D) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.
19. Calculate Net National Product at Market Price from the following data

Items	₹ (in crores)
Net factor income from abroad	(-) 5
Private final consumption expenditure	100
Personal tax	20
Gross national disposable income	170
Government final consumption expenditure	20
Corporation tax	15
Gross domestic capital formation	30
Personal disposable income	70
Net exports	(-) 10
Savings of private corporate sector	5
Net national disposable income	145





20. India's balance of payments is in disequilibrium. Enumerate some of the factors, which according to you, can be the causes of disequilibrium.

**OR**

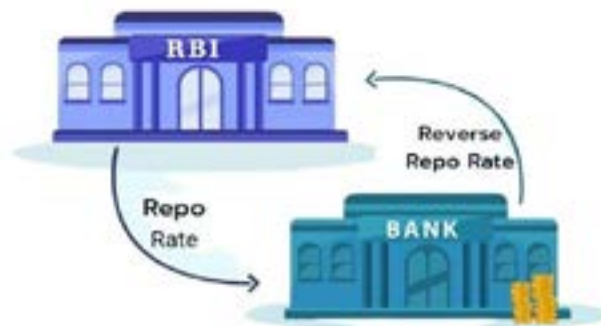
What is meant by managed floating?

21. In an economy, if initial investments are increased by ₹ 100 crores, discuss the working of investment multiplier presuming marginal propensity to consume is 0.8.
22. "There are various components of money supply as used by the RBI". Do you agree with the given statement? Explain.
23. 'Mission Develop India' is the plan of government to create basic infrastructure. It comprises of projects on irrigation, roads, housing, water supply and telecommunication connectivity. Above stated example is a government expenditure or government revenue. Elaborate it. Also, state the impact of this programme on rural growth.

**OR**

Can a fiscal deficit occur without a revenue deficit?

24. (i) Explain the circular flow of income.  
(ii) Distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product.
25. (i) The figure given explains the working of a 'reverse repo rate' in context of a given economy. In simple terms, explain how reverse repo rate helps in correcting the situation of 'excess demand'?



- (ii) What are the elements important in the determination of investment?

**OR**

- (i) Explain the concept of deflationary gap and the role of 'open market operations' in reducing this gap.
- (ii) Using a well-labelled diagram, show how saving curve can be derived from consumption curve.



## Section-B - Indian Economic Development

26. “Modernisation as a planning objective refers to the use of new and modern technology in production process.” In the context of the given statement, which of the following is/are the components of modernisation a planning objective?
- (A) Modernisation in the technology
  - (B) Modernisation in the outlook
  - (C) Both (A) and (B)
  - (D) Neither (A) and (B)
27. **Assertion :** Government policies have failed to address the vast majority of vulnerable people who are living on or just above the poverty line due to unemployment.  
**Reason :** High growth alone is not sufficient to reduce unemployment. Without the active participation of the poor, successful implementation of any programme is not possible.  
In the light of the given statements, choose the correct alternative from the following:
- (A) Assertion is true, but Reason is false
  - (B) Assertion is false, but Reason is true
  - (C) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
  - (D) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.
28. Which of the following provides a correct explanation of rural development?
- (A) Social and legal upliftment of rural areas
  - (B) Social and economic upliftment of rural areas
  - (C) Economic and legal upliftment of rural areas
  - (D) Social and technical upliftment of rural areas
29. The main objective of the zamindars during the land settlement system was to
- (A) collect rent with no interest in the economic condition of the cultivators
  - (B) cooperate with colonial government to improve the condition of agriculture
  - (C) improve the economic condition of the cultivators
  - (D) improve the crop yield by making significant contributions in technology and fertilisers usage
30. \_\_\_\_\_ means designing and shaping the socio-economic processes in such a way so as to achieve an objective.
- (A) Economic Planning
  - (B) Economic Growth
  - (C) Economic Process
  - (D) Economic Development

**CLICK HERE TO SEE ANSWERS**



31. Arrange the given events in chronological order and choose the correct alternative
- Great Proletarian Cultural Revolution
  - Great Leap Forward Campaign
  - Introduction of Economic Reforms
  - First Five Year Plan
- (ii), (iv), (i), (iii)
  - (ii), (iv), (iii), (i)
  - (iv), (i), (ii), (iii)
  - (iv), (ii), (i), (iii)
32. \_\_\_\_\_ has followed the classical development pattern of gradual shift from agriculture to manufacturing and then to service.
- India
  - China
  - Pakistan
  - All of these

33. Choose the correct pair

	Column I		Column II
(a)	Voluntary unemployment	(i)	Worker is willing to work but is not getting work
(b)	Involuntary unemployment	(ii)	Worker is not willing to work at existing wage rate
(c)	Frictional unemployment	(iii)	A worker is not getting work in a particular season
(d)	Disguised unemployment	(iv)	Marginal productivity of a worker is zero

Codes

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

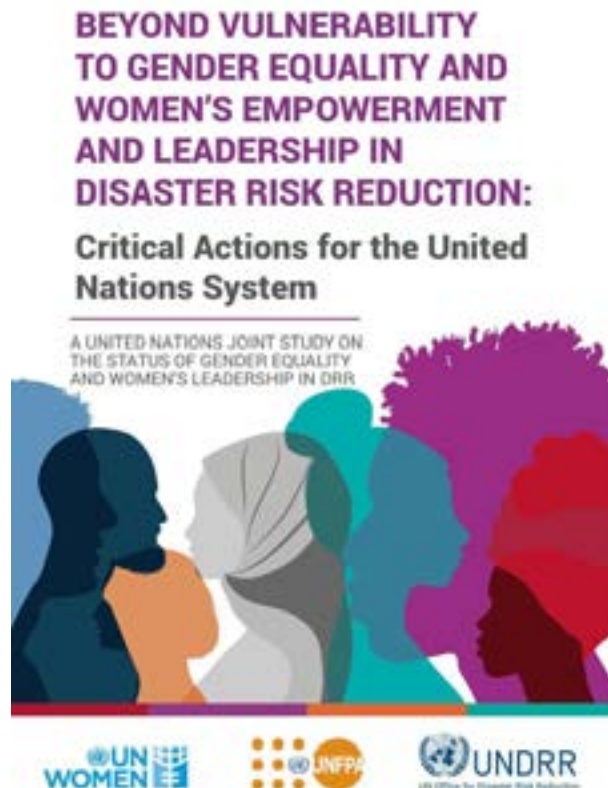
34. **Statement I :** Institutional credit availability is imperative for development of rural areas.  
**Statement II :** Reserve Bank of India is the apex institution in rural banking to regulate the banking system.
- In the light of the given statements, choose the correct alternative from the following:
- Both the statements are correct
  - Both the statements are incorrect
  - Statement I is correct and Statement II is incorrect
  - Statement II is correct and Statement I is incorrect



35. Observe the picture given below and choose the correct statement from the options given below.



- (A) Investment in human capital reinforces GDP  
(B) Health is the only component of human development  
(D) Both (A) and (B)  
(B) Both the statements are false
36. The figure given below provides a snapshot of the report published by UN WOMEN and other associates. It asks how the United Nations system, and each individual entity, can better support Member States to empower women and promote women's leadership in disaster and climate risk governance. On the basis of your understanding, can you comment on the relationship between 'Empowering women, means employing women'.



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37. Defend or refute the following statement with valid explanation.  
'Chinese structural reform process have always been appreciated for its success with no failures'.

**OR**

Critically evaluate various strategies that have been adopted by the Chinese government for its growth and development.

38. State whether the following statements are true or false, with valid arguments :
- (i) There has been a decline in growth rate of agricultural sector during the reform period.
  - (ii) There were several hurdles faced by the land reform and the land ceiling legislation during the pre-reform period.
39. The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution.

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	194
Urban	32	7	39

40. "India, China and Pakistan have many similarities in their development strategies." Elaborate.

**OR**

- (i) Define liberty indicators.
  - (ii) 'China's rapid industrial growth can be traced back to its reforms in 1978.' Support the given statement with valid explanation.
41. (i) Differentiate between a worker, non-worker and an unemployed person.
- (ii) Give two examples of overuse of environmental resources.
  - (iii) Give any two points of differences between physical and human capital.

**OR**

- (i) Read the given lines taken from the article on 'Sustainable human development means living in harmony with nature' published by International Science Council on 17th July, 2020.  
"We cannot be developed unless our lives become reconnected and in balance, cooperation and harmony with nature." In light of the given statement, explain how development has become a burden on the environment?
- (ii) "Micro credit has an important role to play in meeting the credit requirements of the poor". Defend or refute the statement with valid explanation.



42. Read the following text carefully and answer the given question on the basis of the same and common understanding

India agreed to the conditionalities of World Bank and IMF and announced the New Economic Policy (NEP). The NEP consisted of wide ranging economic reforms. The thrust of the policies was towards creating a more competitive environment in the economy and removing the barriers to entry and growth of firms. This set of policies can broadly be classified into two groups: the stabilisation measures and the structural reform measures. Stabilisation measures are short-term measures, intended to correct some of the weaknesses that have developed in the balance of payments and to bring inflation under control. In simple words, this means that there was a need to maintain sufficient foreign exchange reserves and keep the rising prices under control. On the other hand, structural reform policies are long-term measures, aimed at improving the efficiency of the economy and increasing its international competitiveness by removing the rigidities in various segments of the Indian economy. The government initiated a variety of policies which fall under three heads viz., liberalisation, privatisation and globalisation.

Another reform measure taken to simplify the tax structure and avoid cascading of taxes has been taken in the new millennium, in particular the Goods and Services Tax (GST). The genesis of the introduction of GST in the country was laid down in the historic Budget Speech of 28th February 2006, wherein the then

Finance Minister laid down 1st April, 2010 as the date for the introduction of GST in the country. Thereafter, there has been a constant endeavour for the introduction of the GST in the country whose culmination has been the introduction of the Constitution (122nd Amendment) Bill in December, 2014.

- (i) Justify the following statement with valid explanation

“Economic reforms have restricted the role of Public Sector Units (PSUs) in the country.”  
Discuss.

- (ii) On the basis of your knowledge and understanding, can you think of some reasons how GST is beneficial from trade and industry’s perspective.

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# Sample Paper 07

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** The Reserve Bank of India (RBI) acts as the lender of last resort for commercial banks.

**Reason (R):** The RBI provides liquidity to commercial banks by purchasing government securities in the open market when they face a shortage of funds.

Choose the correct option from those given below:

- (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.
- 
2. “In an economy, the Marginal Propensity to Consume (MPC) is calculated to be 0.8. This implies that for every additional rupee earned, consumers are spending 80 paise and saving the remaining amount.”  
Source: [National Economic Survey, 2023] (<https://www.indiabudget.gov.in/economicsurvey/>)  
What is the value of the Marginal Propensity to Save (MPS) in this economy?  
(A) 0.2 (B) 0.8  
(C) 1 (D) 0

**CLICK HERE TO SEE ANSWERS**



3. Expenditure incurred by the government on subsidies provided to the public is classified as \_\_\_\_\_ expenditure, as it does not result in the creation of assets.  
Choose the correct option to fill in the blank.

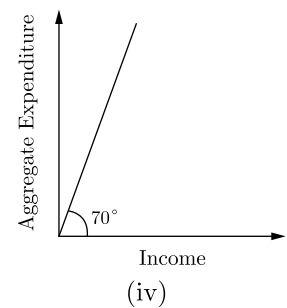
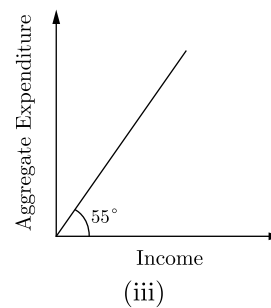
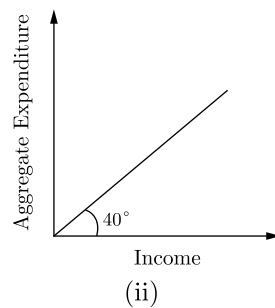
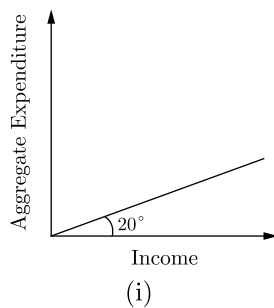
(A) Revenue (B) Capital  
(C) Development (D) Non-development

4. In the balance of payments account, foreign investments are recorded in the \_\_\_\_\_ account.

Choose the correct option to fill in the blank.

(A) Current (B) Capital  
(C) Trade (D) Invisible

5. From the given diagrams, identify the correct option that indicates the 'Aggregate Demand Curve' passing through the origin drawn at a particular angle.



(A) (iii) (B) (ii)  
(C) (iv) (D) (i)

6. When the Reserve Bank of India wants to reduce the money supply in the economy, it can \_\_\_\_\_ the Repo Rate.

Choose the correct option to fill in the blank.

(A) Decrease (B) Increase  
(C) Stabilize (D) Eliminate

7. Read the following statements carefully:

**Statement 1:** The investment multiplier indicates the ratio of the change in national income to the initial change in investment, showing how initial spending leads to a multiplied impact on income through induced consumption.

**Statement 2:** A higher Marginal Propensity to Consume (MPC) results in a lower value of the investment multiplier, as consumers save a larger proportion of additional income, reducing the multiplier effect.

Continue on next page.....





In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are false.
- (D) Both Statements 1 and 2 are true.

8. Expenditures by the government that result in the creation of assets or reduction of liabilities are classified as \_\_\_\_\_ expenditure in the government budget.

Choose the correct option to fill in the blank.

- (A) Revenue
- (B) Capital
- (C) Current
- (D) Transfer

9. Read the following statements carefully:

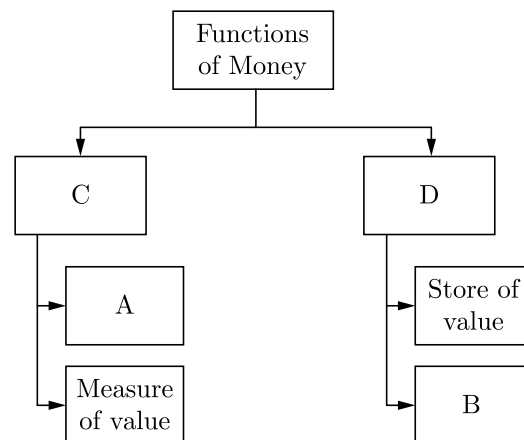
**Statement 1:** A managed floating exchange rate system combines elements of both fixed and flexible exchange rates, where the currency is allowed to fluctuate within a certain range, and the central bank intervenes to prevent excessive volatility.

**Statement 2:** Under this system, the central bank does not hold any foreign exchange reserves because it does not need to intervene in the foreign exchange market.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

10. Observe the given figure carefully and choose the correct pair from the alternatives given below:



Continue on next page.....

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Alternatives:

- (A) A : Medium of Exchange; B : Standard of Deferred Payment; C : Secondary Functions; Functions
- (B) A : Standard of Deferred Payment; B : Medium of Exchange; C : Primary Functions; D Functions
- (C) A : Standard of Deferred Payment; B : Medium of Exchange; C : Secondary Functions; Functions
- (D) A : Medium of Exchange; B : Standard of Deferred Payment; C : Primary Functions; D Functions

11. Study the given information carefully

Union Budget of India at a glance (in ₹ crore)		2014-15
(i)	Tax Revenue (net to centre)	9,86,417
(ii)	Non-Tax Revenue	1,80,714
(iii)	Capital Receipts	5,96,083
(iv)	Recoveries of Loans	10,527
(v)	Other Receipts	56,925
(vi)	Borrowing and Other Liabilities	5,28,631
(vii)	Non-plan Expenditure on Revenue Account	11,07,781
(viii)	Of which, Interest Payment	4,27,011
(ix)	Non-Plan Expenditure on Capital Account	1,00,111
(x)	Plan Expenditure on Revenue Account	4,42,273
(xi)	Plan Expenditure on Capital Account	1,13,049
(xii)	National GDP	1,28,39,952
(xiii)	Plan Expenditure of GDP Ratio	A

What is value of 'A' is equal ?

12. State giving valid reasons, whether the following statements are true or false:

- (a) Current account is a part of Balance of Trade.
- (b) External assistance is recorded in Balance of Payments account.

**OR**

Distinguish between fixed exchange rate and flexible exchange rate.

13. (a) Define money.
- (b) Explain the process of deposit creation by a commercial bank, using an hypothetical example.



14. In an economy, the consumption function is given as  $C = 100 + 0.5 Y$ . Show that in this economy as income increases, APC will decrease with the help of a numerical example.

**OR**

- (a) Define 'Investment Multiplier' and give its relationship with MPS.
- (b) Define 'Involuntary unemployment'. Is it taken into account while determining the labour force of the country?
15. Read the following text carefully :  
 "Currency is issued by the central bank, yet we say that commercial banks create money". Explain. How is this money creation by commercial banks likely to affect the national income?
16. Read the following text carefully  
 The government budget is a powerful tool for economic management, influencing resource distribution and ensuring financial stability. By utilizing instruments like taxes, subsidies, and public expenditure, the government can prioritize sectors, address economic disparities, and support developmental goals. Effective budgeting ensures a balance between short-term needs and long-term growth.
- (a) Elaborate how the "allocation of resources" can be influenced in the government budget through taxes, expenditure and subsidies.
- (b) Giving reason, classify the following items as revenue expenditure and capital expenditure:  
 (i) Subsidies  
 (ii) Repayment of Loan
17. (a) On the basis of given table, comment on the performance of Gross Fixed Capital Formation as a measure of Investment.

Components	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)	Recovery over 2019-20
Total Consumption	5.9	-7.3	7.0	99.2
Government Consumption	7.9	2.9	7.6	110.7
Private Consumption	5.5	-9.1	6.9	97.1
Gross Fixed Capital Formation	5.4	-10.8	15.0	102.6
Exports	-3.3	-4.7	16.5	111.1
Imports	-0.8	-13.6	29.4	111.8
GDP	4.0	-7.3	9.2	101.3

Source: NSO

Note: RE - Revised Estimates, PE - Provisional Estimates, AE - Advance Estimates

- (b) 'Should payment for which no service is rendered in return' be included/excluded in the estimation of national income. State with valid reason.

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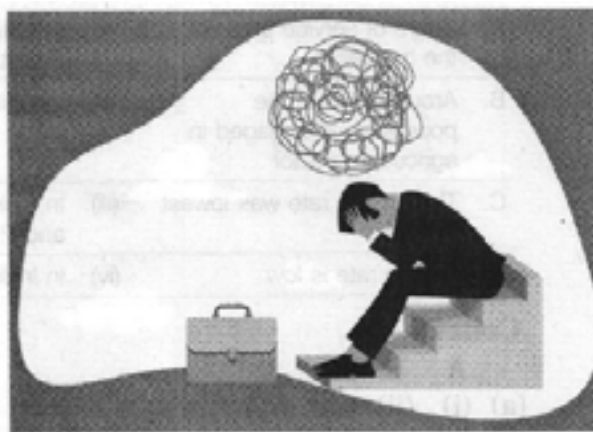
OR

Suppose GDP of Nation C was ₹4,000 crores in 2018-19, when GDP of Nation D in the same year was ₹ 2,40,000 crores. If GDP of Nation C rises to ₹8,000 crores in 2019-20 and GDP of nation D rises to ₹4,00,000 crores in 2019-20.

Compare the rate of change of GDP of nations C and D taking 2018-19 as the base year.

## SECTION-B - Indian Economic Development

18. Which adverse effect of unemployment is being depicted in the picture below?



- (A) Loss of output  
(B) Low productivity  
(C) Increase in inequalities  
(D) Depression
19. Read the following statements carefully:  
**Statement 1:** India's economic growth since independence has been faster than that of Pakistan.  
**Statement 2:** Population growth rates have been a major factor influencing the economic development of India and its neighbors.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** The British colonial rule led to the deindustrialization of India's indigenous industries.  
**Reason (R):** The import of British manufactured goods suppressed the growth of local industries in India.

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Options:

- (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.

21. From 1950 to 1990, the Indian Five Year Plans emphasized the development of \_\_\_\_\_ and \_\_\_\_\_ to achieve balanced economic growth and self-reliance.  
Choose the correct option to fill up the blank.

- (A) large-scale industries; foreign trade
- (B) agriculture; small-scale industries
- (C) services; infrastructure
- (D) technology; foreign investment

22. Which of the following was NOT a feature of the LPG (Liberalisation, Privatisation, Globalisation) policy?

Which of the following is/are correct ?

- (i) Deregulation of industries
- (ii) Reduction of import tariffs
- (iii) Nationalization of banks
- (iv) Encouragement of foreign investment

Option :

- (A) (i) only
- (B) (iii) only
- (C) (ii) and (iv)
- (D) (i), (ii), and (iv)

23. Which of the following are considered sources of human capital?

Which of the following is correct ?

- (A) Natural resources and capital goods
- (B) Education and health
- (C) Infrastructure and technology
- (D) Foreign investment and trade

24. Identify which of the following are key issues in rural credit systems in India.

Which of the following is correct ?

- (A) Limited access to credit and high interest rates
- (B) Abundance of credit facilities and low interest rates
- (C) Excessive formal banking presence
- (D) Overregulation of credit markets

**CLICK HERE TO SEE ANSWERS**



25. Which of the following are characteristics of informal employment in India?  
Which of the following is correct ?  
(A) Job security and regular wages  
(B) Lack of formal contracts and benefits  
(C) High levels of social security  
(D) Formal working hours
26. “China has achieved remarkable economic growth due to early reforms in agriculture and industry, export-led growth strategies, and significant investment in human capital. Its model differs from India and Pakistan in terms of the pace and sequencing of economic reforms.”  
Which factor significantly contributed to China’s rapid economic growth compared to India and Pakistan?  
(A) Late implementation of economic reforms  
(B) Focus on import substitution and protectionism  
(C) Early and phased economic reforms with a focus on exports  
(D) Minimal investment in education and health sectors
27. Identify which of the following factors significantly contributed to the low level of economic development in India on the eve of independence.  
Which of the following is correct ?  
(A) High dependency on agriculture with minimal industrial growth  
(B) Extensive industrialization and technological advancements  
(C) Strong domestic market supporting local industries  
(D) Well-developed transportation and communication infrastructure across the country
28. “The traditional handicraft industries were ruined under the British rule.” Accept/Refute the above statement by giving reasons.

**OR**

Were there any positive contributions made by the British in India? Discuss.

29. Interpret the given picture on account of current environmental challenges.



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30. State, giving valid reasons, whether the following statements are true or false:
- (a) Unemployment is the reason for the rural-urban migration in India.
  - (b) Human capital formation gives birth to innovation, invention and technological improvements.
31. Explain the role of non-farm employment in promoting rural diversification.

**OR**

Explain the steps taken by the government in developing rural markets.

32. Compare and analyse the given data of India and China with valid arguments.

Country	Annual Growth Rate of Population (2015)	Gender Ratio (per 1000 males)
India	1.2%	929
China	0.5%	941

33. (a) 'The Indian government has been taking steps for human capital formation, yet human capital formation facing problems.' Explain any three such problems of human capital formation.
- (b) 'Education Commission 1964-66 had recommended that at least 6 per cent of GDP must be spent on education.' How far India has been able to achieve the said goal?

**OR**

Critically evaluate the role of the rural banking system in the process of rural development in India.

34. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The cotton textile industry is one of the traditional industries of India. In the ancient and the medieval times, it used to be only a cottage industry. India was famous worldwide for the production of muslin, a very fine variety of cotton cloth, calicos, chintz and other different varieties of fine cotton cloth. The development of this industry in India was due to several factors. One, it is a tropical country and cotton is the most comfortable fabric for a hot and humid climate. Second, large quantity of cotton was grown in India. Abundant skilled labour required for this industry was available in this country. In fact, in some areas the people were producing cotton textiles for generations and transferred the skill from one generation to the other and in the process perfected their skills. Initially, the British did not encourage the development of the indigenous cotton textile industry. They exported raw cotton to their mills in Manchester and Liverpool and brought back the finished products to be sold in India. This cloth was cheaper because it was produced at mass scale in factories in UK as compared to the cottage based industries of India.

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



In 1854, the first modern cotton mill was established in Mumbai. This city had several advantages as a cotton textile manufacturing centre. It was very close to the cotton producing areas of Gujarat and Maharashtra. Raw cotton used to be brought to Mumbai port to be transported to England. Therefore, cotton was available in Mumbai city itself. Moreover, Mumbai even then was the financial centre and the capital needed to start an industry was available there. As a large town, providing employment opportunities attracted labour in large numbers. Hence, cheap and abundant labour too was available locally. The machinery required for a cotton textile mill could be directly imported from England. Subsequently, two more mills, the Shahpur Mill and the Calico Mill were established in Ahmedabad. By 1947, the number of mills in India went up to 423 but the scenario changed after partition, and this industry suffered a major recession. This was due to the fact that the most of the good quality cotton growing areas had gone to West Pakistan and India was left with 409 mills and only 29 per cent of the cotton producing area.

- (a) Where were cotton textile industries mainly located in India? How their location and ownership was different from that of Jute textile industries?
- (b) Why were cotton textile mills mainly located in western parts of the country (specially Mumbai) only?

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# Sample Paper 08

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** The investment multiplier is inversely related to the Marginal Propensity to Consume (MPC).  
**Reason (R):** A higher MPC leads to a larger multiplier effect because more of each additional unit of income is spent on consumption.  
Choose the correct option from those given below:  
(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.
2. “The government has reported a fiscal deficit of 5% of GDP for the fiscal year 2022-23, which it plans to finance by borrowing from the market. This borrowing is expected to cover the gap between total expenditure and total receipts.”  
Source: [Fiscal Policy Statement, 2023] (<https://www.finmin.nic.in/reports/fiscal-policy-statement-2023>)  
Which of the following best describes the fiscal deficit?  
(A) Total expenditure minus total revenue receipts  
(B) Total expenditure minus total capital receipts  
(C) Total expenditure minus total receipts excluding borrowings  
(D) Total revenue expenditure minus total revenue receipts

**CLICK HERE TO SEE ANSWERS**



3. Under a flexible exchange rate system, the foreign exchange rate is determined by the forces of demand and \_\_\_\_\_ in the foreign exchange market without direct government intervention.

Choose the correct option to fill in the blank.

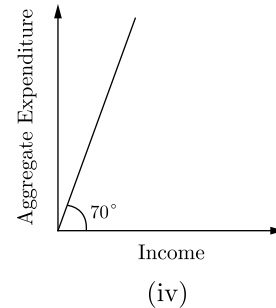
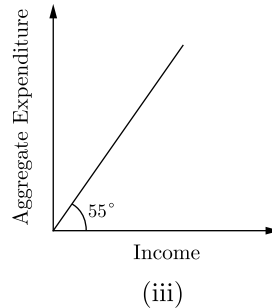
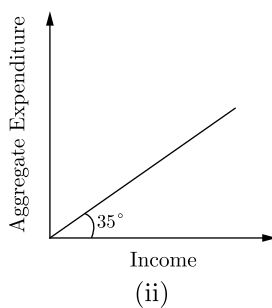
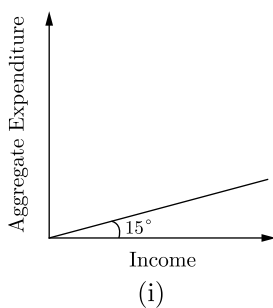
- (A) Policy (B) Supply  
(C) Government (D) Control

4. An economy's Nominal GDP increased from ₹150 lakh crore to ₹165 lakh crore, while the GDP deflator increased from 100 to 110. The Real GDP growth rate is \_\_\_\_\_ percent.

Choose the correct option to fill in the blank.

- (A) 10% (B) 5%  
(C) 15% (D) 0%

5. From the given diagrams, identify the correct option that indicates the 'Consumption Curve' passing through the origin drawn at a particular angle.



- (A) (i) (B) (iii)  
(C) (ii) (D) (iv)

6. If the Marginal Propensity to Consume (MPC) is 0.75, the value of the investment \_\_\_\_\_ would be 4.

Choose the correct option to fill in the blank.

- (A) Deflator (B) Multiplier  
(C) Accelerator (D) Propensity

7. Read the following statements carefully:

**Statement 1:** Capital receipts in a government budget include loans raised by the government, disinvestment proceeds, and recovery of loans given by the government, contributing to the financing of capital expenditures.

**Statement 2:** Revenue expenditures are those that lead to the creation of assets or reduction of liabilities, such as spending on infrastructure projects or repayment of public debt.

Continue on next page.....



In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are false.
- (D) Both Statements 1 and 2 are true.

8. In a flexible exchange rate system, the exchange rate is determined by the forces of demand and supply in the foreign exchange market without direct intervention from the \_\_\_\_\_. Choose the correct option to fill in the blank.

- (A) Central Bank
- (B) Commercial Banks
- (C) Government
- (D) Exporters

9. Read the following statements carefully:

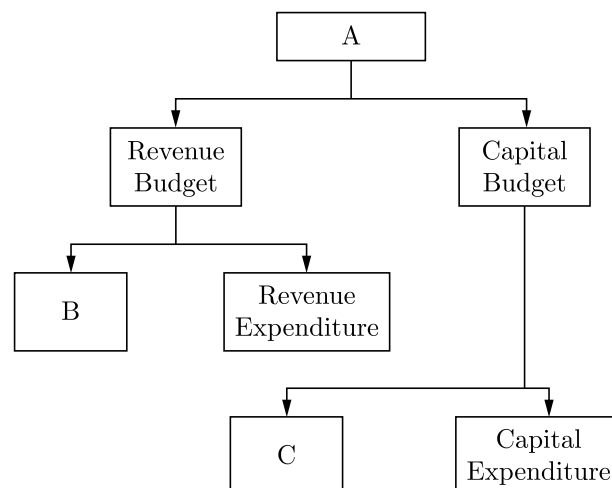
**Statement 1:** Net Factor Income from Abroad (NFIA) is the difference between factor income received from the rest of the world by domestic residents and factor income paid to the rest of the world, and it can be positive, negative, or zero depending on the economic interactions.

**Statement 2:** If NFIA is negative, it implies that the Gross National Product (GNP) of a country is greater than its Gross Domestic Product (GDP), indicating a net outflow of factor income to abroad.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Both Statements 1 and 2 are false.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are true.

10. Choose the correct alternatives to be filled in given blanks A, B and C.



Continue on next page.....

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- (A) A - Government budget, B - Revenue receipts, C - Capital receipts
- (B) A - Revenue receipts, B - Capital receipts, C - Government budget
- (C) A - Capital receipts, B - Revenue receipts, C - Government budget
- (D) A - Capital receipts, B - Government budget, C - Revenue receipts

11. 'Exchange rate of US\$ rose considerably in India.' Explain the impact of this statement on Indian exports and analyse its repercussion on the general masses.

**OR**

State the components of the current account of Balance of Payments.

12. '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.

13. How is GST administered in India?

**OR**

Explain the role of government budget in fighting inflationary and deflationary tendencies.

14. India's GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard".

— Hindustan Times, 1st September 2020

State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report.

15. Read the following text carefully and explain the relevant function of the money indicated here. It was virtually impossible to store surplus value in the barter economy. The discovery of money has eliminated this difficulty. With the help of money, people can store surplus purchasing power and use it whenever they wish to. Savings in the form of money are not only secure but the possibility of it being disrupted is very low. Besides, money can be carried around and is portable. By facilitating accumulation of money, money has become the only basis of promoting capital formation.

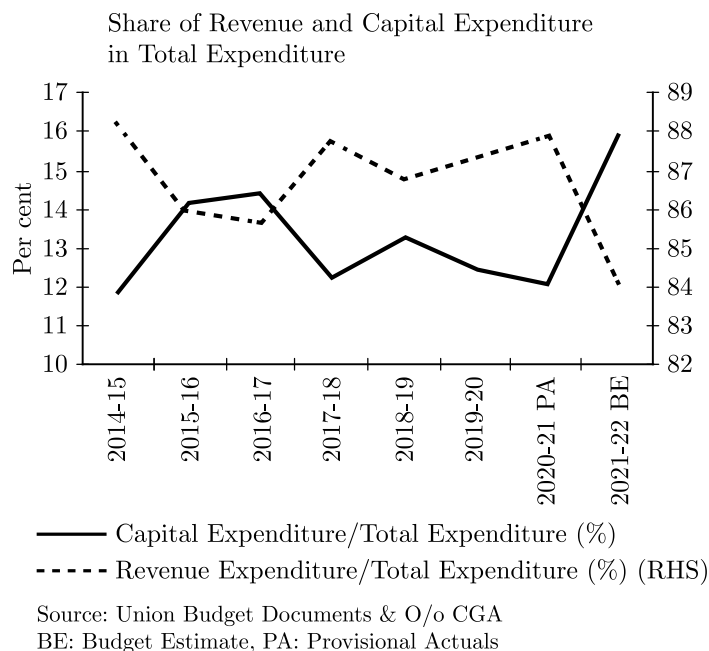
16. Read the following text carefully :

Capital expenditure refers to funds used by the government for acquiring or maintaining fixed assets such as infrastructure, machinery, or buildings. Analyzing its trends helps assess long-term investments and their impact on economic growth. Interpret the given shown trend in capital expenditure. Also state reason why government has relied on it after Covid-19 disruptions.

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17. (a) Calculate GDP at market price by Income Method:

		(₹ in crores)
(i)	Compensation of employees	120
(ii)	Exports	25
(iii)	Mixed Income of the self-employed	140
(iv)	Imports	30
(v)	Interest on national debt	5
(vi)	Private final consumption expenditure	255
(vii)	Gross fixed capital formation	65
(viii)	Consumption of fixed capital	40
(ix)	Subsidies	10
(x)	Government's final consumption expenditure	35
(xi)	Change in stocks	20
(xii)	Indirect tax	45
(xiii)	Net factor income from rest of the world	(—) 10
(xiv)	Rent, interest and profit	50

(b) Explain the basis of classifying goods into final goods and intermediate goods, with the help of suitable examples.

OR

Continue on next page.....

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(a) Calculate Net National Product at Market Price from the following data:

		(₹ in thousand crores)
(i)	Compensation of employees	250
(ii)	Mixed income of self-employeds	600
(iii)	Profit	80
(iv)	Interest	40
(v)	Rent	30
(vi)	Net factor income to abroad	(—) 10
(vii)	Net exports	15
(viii)	Consumption of fixed capital	20
(ix)	Net indirect taxes	10
(x)	Net current transfers to abroad	8

(b) Explain how the following should be treated while estimating national income:

- Free medical facilities by the employer
- Income arising out of the sale of shares

## SECTION-B - Indian Economic Development

18. As per the image given below, which of the following facilitates free trade?



- |                    |                      |
|--------------------|----------------------|
| (A) Liberalisation | (B) Privatisation    |
| (C) Globalisation  | (D) Both (A) and (C) |

19. Read the following statements carefully:

**Statement 1:** The British colonial rule significantly improved India's per capita income on the eve of independence.

**Statement 2:** The infrastructure developed during colonial rule primarily benefited the British economy rather than India's.

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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.

20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** The Five Year Plans aimed to achieve self-sufficiency in food production in India.

**Reason (R):** The Green Revolution was a part of the Five Year Plans to boost agricultural productivity.

Options:

- (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.

21. Liberalisation policies in India led to the reduction of \_\_\_\_\_ and \_\_\_\_\_, thereby attracting more foreign investment and fostering economic growth.

Choose the correct option to fill up the blank.

- (A) trade barriers; regulatory constraints
- (B) taxes; subsidies
- (C) agriculture; services
- (D) public sector; private sector

22. Human capital refers to the skills and knowledge possessed by individuals. Which of the following are sources of human capital?

Which of the following is/are correct ?

- (i) Education
- (ii) Health
- (iii) Training
- (iv) Natural resources

Option :

- (A) (i), (ii), and (iii)
- (B) (ii) and (iv)
- (C) (i) and (iv)
- (D) (i), (ii), (iii), and (iv)



- 23.** Identify which of the following are key issues in rural credit systems in India.  
Which of the following is correct ?  
(A) Limited access to credit and high interest rates  
(B) Abundance of credit facilities and low interest rates  
(C) Excessive formal banking presence  
(D) Overregulation of credit markets
- 24.** Which of the following are characteristics of the informal sector in India?  
Which of the following is correct ?  
(A) High job security and benefits  
(B) Formal employment contracts  
(C) Regular working hours  
(D) Lack of job security and limited social benefits
- 25.** Which of the following factors have contributed to India's slower economic growth compared to its neighbors?  
Which of the following is correct ?  
(A) Strong governmental planning  
(B) Bureaucratic red tape  
(C) Higher investment in infrastructure  
(D) Export-oriented policies
- 26.** "On the eve of India's independence, the industrial sector was characterized by the dominance of traditional handicrafts and cottage industries, which had declined significantly due to stiff competition from machine-made goods imported from Britain. The lack of modern industries and technological innovation led to regional imbalances and widespread unemployment among artisans and craftsmen."  
What was a significant consequence of the industrial scenario in pre-independent India?  
(A) Equitable regional development across the country  
(B) Growth of indigenous technological innovations  
(C) Massive unemployment and regional disparities  
(D) Increase in foreign direct investment in traditional industries
- 27.** Identify which of the following policies were introduced under the Industrial Policy Resolution of 1956.  
Which of the following is correct ?  
(A) Promotion of public sector enterprises  
(B) Deregulation of private industries  
(C) Encouraging foreign direct investment in all sectors  
(D) Privatization of key industries





28. Highlight the positive contributions made by the British in India.

**OR**

What was the two-fold motive behind the systematic deindustrialisation affected by the British in pre-independent India?

29. Observe the given figure carefully and answer the question that follows:



What was the offer before green revolution and why Indian farmers were not ready for the same offer after green revolution?

30. 'Under the colonial regime the real motive behind the development of infrastructure was to meet various colonial interests.' Accept/Refute the above statement. Give reason in support of your answer.
31. Elucidate the functions of Central Pollution Control Board (CPCB) to address the environmental concerns in India.

**OR**

"Indiscriminate felling of trees led to environmental problems." Do you agree? Give reason to justify your answer.

32. On the basis of the following data answer the following questions.

Country	Urbanisation	Infant Mortality Rate (Per 1,000 live births)
India	33	38
Pakistan	39	66

- (a) Comment on the Infant Mortality Rate among India and Pakistan.
- (b) 'Pakistan is more urbanised than India.' Do you agree?



- 33.** Read the following text carefully and answer the given questions on the basis of the same and common understanding:

India's land is undergoing degradation or desertification. In 2011-2013, it stood at 29.3 per cent of the total land, representing an increase of 0.57 per cent (which is 1.87 million hectares in area) compared with 2003-2005, according to a report-cum-atlas by ISRO's Space Applications Centre. Soil erosion due to water and wind, and degradation of vegetation cover were the main processes that has led to land degradation. Almost 90 per cent of the states experienced a rise — notably Delhi and the northeastern states — in land degradation in 2011-2013 compared with 2003-2005 while four states showed slight decreases in land degradation. Reclaiming degraded lands will require a strict land-use policy and better watershed management initiatives, say experts.

Land degradation can exacerbate climate change and threaten agricultural productivity, water quality, biodiversity, sustainable development, and the living conditions of humans and wildlife, among other effects. Globally, a third of our land is degraded, affecting 3 billion people, and it is expected to worsen with rising demand for food.

- (a) What is land degradation? State the factors responsible for land degradation.  
(b) State and discuss any two principal causes of environmental degradation.
- 34.** 'We have a moral obligation to hand over the planet earth in good order to the future generation'. Do you agree with the above statement? Suggest any five measures to achieve the above obligation.

**OR**

'The reform process initiated in the early 1990s resulted in a decline in the number of workers employed in the formal sector.' Critically analyse.

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# Sample Paper 09

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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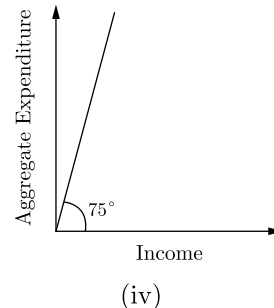
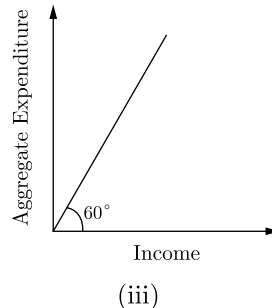
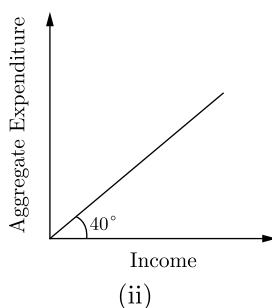
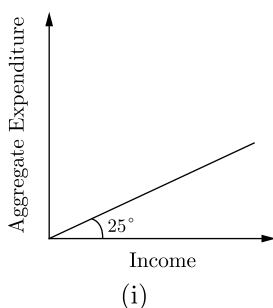
## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** Revenue expenditure does not result in the creation of assets or reduction of liabilities.  
**Reason (R):** Expenditures on salaries, pensions, and subsidies are examples of capital expenditure.  
Choose the correct option from those given below:  
(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.
2. “The country has adopted a managed floating exchange rate system, wherein the currency’s exchange rate is primarily determined by market forces but with occasional interventions by the central bank to stabilize excessive volatility.”  
Source: [RBI Annual Report, 2023] (<https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?year=2023>)  
Which of the following best describes a managed floating exchange rate system?  
(A) Exchange rate fixed by the government  
(B) Exchange rate determined purely by market forces  
(C) Exchange rate pegged to a basket of currencies  
(D) Exchange rate determined by market with central bank interventions

**CLICK HERE TO SEE ANSWERS**



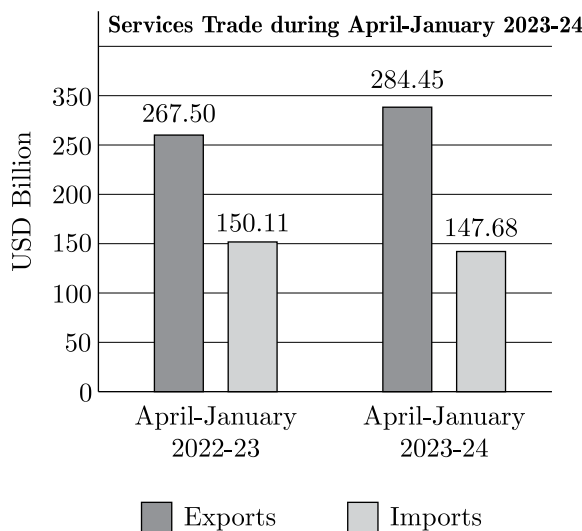
3. Depreciation, which represents the wear and tear of capital goods over time, is also commonly referred to as \_\_\_\_\_ consumption of fixed capital in national income calculations. Choose the correct option to fill in the blank.
- (A) Gross (B) Net  
(C) Normal (D) Abnormal
4. When the central bank reduces the \_\_\_\_\_ Ratio, commercial banks have more funds available to extend as loans, thereby increasing the money supply. Choose the correct option to fill in the blank.
- (A) Cash Reserve (B) Bank  
(C) Reverse Repo (D) Marginal Standing Facility
5. From the given diagrams, identify the correct option that indicates the 'Investment Line' passing through the origin drawn at a particular angle.



- (A) (iv) (B) (ii)  
(C) (iii) (D) (i)
6. Expenditures that do not result in the creation of assets or reduction of liabilities are known as \_\_\_\_\_ expenditure. Choose the correct option to fill in the blank.
- (A) Capital (B) Revenue  
(C) Development (D) Non-Plan
7. Read the following statements carefully:
- Statement 1:** Under a fixed exchange rate system, the value of a currency is set by the government or monetary authority and does not fluctuate with changes in the foreign exchange market.
- Statement 2:** A flexible exchange rate system allows the currency value to be determined by supply and demand forces in the foreign exchange market without any government intervention.
- In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are false.  
(B) Statement 1 is true and Statement 2 is false.  
(C) Both Statements 1 and 2 are true.  
(D) Statement 1 is false and Statement 2 is true.



8. When computing the Gross Domestic Product (GDP) at market prices, we consider the monetary value of all final goods and services produced within a country's borders in a specific time period. To obtain the Net Domestic Product (NDP) at market prices, we need to subtract \_\_\_\_\_ from the GDP to account for the wear and tear of capital goods. Choose the correct option to fill in the blank.
- (A) Indirect Taxes (B) Depreciation  
(C) Net Factor Income from Abroad (D) Subsidies
9. Read the following statements carefully:
- Statement 1:** An increase in the Cash Reserve Ratio (CRR) by the central bank reduces the lending capacity of commercial banks, thereby decreasing the money supply in the economy to control inflation.
- Statement 2:** A decrease in the Statutory Liquidity Ratio (SLR) requires banks to hold more liquid assets, such as cash and government securities, thus reducing their ability to create credit. In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are false.  
(B) Statement 1 is true and Statement 2 is false.  
(C) Statement 1 is false and Statement 2 is true.  
(D) Both Statements 1 and 2 are true.
10. According to the diagram, exports in services during April-January 2023-24 are \_\_\_\_\_ by USD \_\_\_\_\_ billion compared to April-January 2022-23.



(Choose the correct option to fill up the blank)

- (A) higher, 16.95  
(B) higher, 15.35  
(C) lower, 16.95  
(D) lower, 15.35



11. Calculate 'Gross National Product at Factor Cost' (GNP<sub>c</sub>) from the following data by expenditure method

Items	(in crores)
Private final consumption expenditure	1,000
Net domestic capital formation	200
Profits	400
Compensation of employees	800
Rent	250
Government final consumption expenditure	500
Consumption of fixed capital	60
Interest	150
Net current transfers from rest of the world	(-) 80
Net factor income from abroad	(-) 10
Net exports	(-) 20
Net indirect taxes	80

12. Describe any three sources of demand for foreign exchange.

**OR**

What is Balance of Payments? Give meanings of trade balance and current account balance.

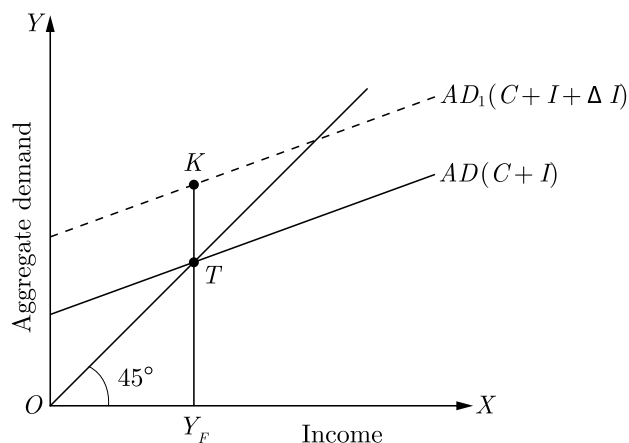
13. Derive the formula,

$$K = \frac{1}{MPS}$$

Where  $K$  = Investment Multiplier

$MPS$  = Marginal Propensity to Save

14. In the given figure, what does the gap 'KT' represent ? State and discuss any two fiscal measures to correct the situation.



15. Read the given excerpt taken from the article ‘What is ‘Money’ published by The Economic Times on 20th September 2022

“The money came into existence to overcome the drawbacks of the barter system. Earlier, people used to exchange goods and services as a form of commerce. This often led to many disadvantages, one of which was the double coincidence of wants. To solve this problem, a standard medium of exchange, money, was introduced.”

Explain in brief the function of money highlighted in the given excerpt.

**OR**

Define credit multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.

16. (i) “Management of a water polluting oil refinery says that the it (oil refinery) ensures welfare through its contribution to Gross Domestic Product”. Defend or refute the argument of management with respect to GDP as a welfare measure of the economy.
- (ii) Giving reason, explain the treatment assigned to the following while estimating national income
- Interest paid by banks on deposits by individuals
  - National debt interest
17. (i) From the following data about a government budget, find out the following
- Revenue deficit
  - Fiscal deficit
  - Primary deficit

Contents	₹ (in Arab)
Tax revenue	47
Capital receipts	34
Non-tax revenue	10
Borrowings	32
Revenue expenditures	80
Interest payments	20

- (ii) Explain the budgetary measures for achieving the objective of setting up of production units in backward regions.

**OR**

- (i) Classify the following taxes into direct and indirect tax. Give reasons for your answer.
- Corporation tax
  - Entertainment tax
  - Excise duty
- (ii) Distinguish between primary and revenue deficit?



## SECTION-B - Indian Economic Development

18. What does picture indicate about the movement of labour?



- (A) Informalisation of workforce  
(B) Casualisation of workforce  
(C) Jobless growth  
(D) Either (A) or (B)
19. Read the following statements carefully:  
**Statement 1:** Small Scale Industries (SSIs) were considered unimportant in India's economic framework post-independence.  
**Statement 2:** The Industrial Policy Resolution of 1956 aimed to regulate and control key industries through state ownership.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Privatization under the LPG policy resulted in complete government withdrawal from all public sector enterprises.  
**Reason (R):** Privatization aimed to enhance efficiency by involving the private sector in formerly state-owned enterprises.  
Options:  
(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.





- 21.** The expansion of the education sector in India has significantly contributed to the enhancement of \_\_\_\_\_ and \_\_\_\_\_, which are critical components of human capital.  
Choose the correct option to fill up the blank.
- (A) agricultural productivity; industrial output
  - (B) technological innovation; military strength
  - (C) infrastructure development; foreign trade
  - (D) human capital; economic development
- 22.** Agricultural diversification in rural India includes which of the following?  
Which of the following is/are correct ?
- (i) Shifting to cash crops
  - (ii) Engaging in allied activities
  - (iii) Adopting organic farming
  - (iv) Increasing livestock production
- Option :
- (A) (i) and (ii)
  - (B) (ii), (iii), and (iv)
  - (C) (i), (iii), and (iv)
  - (D) (i), (ii), (iii), and (iv)
- 23.** Which of the following are effects of economic development on the environment?  
Which of the following is correct ?
- (A) Increased biodiversity
  - (B) Improved air quality
  - (C) Enhanced natural resource conservation
  - (D) Deforestation and pollution
- 24.** Which of the following factors have contributed to China's rapid economic growth compared to India?  
Which of the following is correct ?
- (A) Lower investment in infrastructure
  - (B) Less emphasis on education
  - (C) Strong government planning and export-oriented policies
  - (D) Restricted foreign investment
- 25.** Which of the following statements correctly describes the occupational structure of India on the eve of independence?  
Which of the following is correct ?
- (A) Majority of the population was employed in the industrial sector
  - (B) Services sector was the largest employer
  - (C) Agriculture employed the majority of the population
  - (D) High percentage of workforce in the IT sector



26. “During the Green Revolution in the 1960s and 1970s, India introduced high-yielding variety seeds, modern irrigation facilities, and chemical fertilizers to boost agricultural production. While this strategy led to a significant increase in food grain output, it also resulted in regional disparities and benefited mainly the wealthy farmers.”  
Which of the following was a major drawback of the new agricultural strategy?
- (A) Decrease in overall agricultural production
  - (B) Equitable distribution of benefits among all farmers
  - (C) Neglect of small and marginal farmers leading to increased inequalities
  - (D) Reduction in the use of modern technology in agriculture
27. Which of the following is a feature of globalization as per the LPG policy?  
Which of the following is correct ?
- (A) Isolation of the Indian economy from global markets
  - (B) Increased foreign investment and trade
  - (C) Restriction on technology transfer
  - (D) Emphasis on self-reliance and closed markets
28. The figure given below depicts that India’s environmental problems pose a dichotomy- they are poverty induced and at the same time arise due to affluence in living standards. Do you agree with the given statement? Justify.



29. Bring out the need for on-the-job-training for a person.

**OR**

Defend or refute the statement with valid explanation

“There are more number of regular salaried employees found in urban areas than in rural areas”.



30. India and China show contrasting demographic trends as per the World Development Indicators, 2015. India's annual population growth rate was 1.2%, significantly higher than China's 0.5%, reflecting faster expansion. The gender ratio in India stood at 929 females per thousand males, while China reported a slightly better ratio of 941. These variations highlight the impact of differing policies and socio-economic factors on their populations.

Source World Development Indicators, 2015

31. (i) Give the meaning of demonetisation?  
(ii) Discuss briefly any two major steps taken by the Government of India on 'Financial Sector' front under the Economic Reforms of 1991.

**OR**

Deepesh argues that in the era of privatisation, there is no need for government intervention in education and health sectors. However, his friend Mahesh argues that education and health care services create social benefits and therefore there is a need for government intervention in education and health sectors. Decide with reasons, who is right?

32. State whether the following statements are true or false, with valid arguments
- (i) Substituting fertiliser subsidies with agricultural subsidies as the farmer was benefitting fertiliser industry and not the target group has been the topic of immense debate regarding provision of subsidies during 1960's and 70's.
  - (ii) The main reason for constituting Karve Committee in 1955 was setting capital good industries in rural areas and thus promoting rural development.

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding

One of the most compelling reasons for studying environmental science and management is the fact that, in the view of many leading authorities, we are now experiencing an environmental crisis, indeed, many authors have claimed that the present environmental crisis is unprecedented in its magnitude, pace and severity (Park 2001). Awareness of this environmental crisis has grown since the 1970s, partly as a result of the prominence given to major so-called 'environmental' disasters such as the Sahelian droughts of the 1970s and 1980s and the nuclear accident at Chernobyl in 1986.

A major assessment of the global environment published in 1999, the UNEP Global Environment Outlook 2000 Report (UNEP 1999), drew attention to two critical, recurring themes

- ✓ the fact that the global human ecosystem is threatened by grave imbalances in productivity and in the distribution of goods and services as evidenced by the fact that a large proportion of the human population lives in poverty and that a widening gap exists between those who benefit from economic and technological development and those who do not
- ✓ the fact that accelerating changes are occurring at the global scale, with rates of economic and social development outstripping progress in achieving internationally co-ordinated environmental stewardship-with the result that improvements in environmental protection due to new technologies are being 'cancelled out' by the magnitude and pace of human population growth and economic development.

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



Consequently, a wide range of environmental problems has emerged, those problems include anthropogenic climate change ('global warming'), the depletion of stratospheric ozone (the 'ozone hole'), the acidification of surface waters ('acid rain'), the destruction of tropical forests, the depletion and extinction of species, and the precipitous decline of biodiversity. Yet, while all of these problems have physical (environmental) manifestations, their causes - and their potential solutions - are invariably bound up with human attitudes, beliefs, values, needs, desires, expectations and behaviours. Thus, the symptoms of the environmental crisis cannot be regarded purely as physical problems requiring solutions by environmental 'specialists', instead, they are intrinsically human problems and they are intimately related to the question of what it means to be human.

- (i) "Opportunity costs of negative environmental impact are high." Comment.
- (ii) There exists a positive correlation between environmental sustainability and economics development. Do you agree? Give suitable reason in support of your answer.

34. (i) Define worker population ratio.
- (ii) What do you understand by the term 'distress sale'?
- (iii) Literacy rates in India have increased but so has the absolute number of illiterates. Why?

**OR**

- (i) Enlist some problems faced by farmers during the initial years of organic farming.
- (ii) "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 casualisation of the workforce in the light of the above statement.

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# Sample Paper 10

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** A deficit in the balance of payments occurs when the total outflow of foreign exchange exceeds the total inflow.

**Reason (R):** A balance of payments deficit can be corrected by increasing exports and decreasing imports.

Choose the correct option from those given below:

- (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.
- 
2. “An economy is experiencing a situation where firms are producing more goods than are being sold, leading to an unplanned accumulation of inventories. This unintentional stock buildup directly affects the calculation of national income, as it reflects changes in inventory investment within the economy.”

Source: [National Statistical Office Report, 2023] (<http://mospi.gov.in/nso-report-2023>)

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



Which component of the national income accounts is directly impacted by this unplanned inventory accumulation?

- (A) Depreciation
- (B) Change in Stock (Inventory Investment)
- (C) Gross Fixed Capital Formation
- (D) Net Exports

3. An increase in the Cash Reserve Ratio (CRR) mandated by the central bank will \_\_\_\_\_ the lending capacity of commercial banks by requiring them to hold more reserves.

Choose the correct option to fill in the blank.

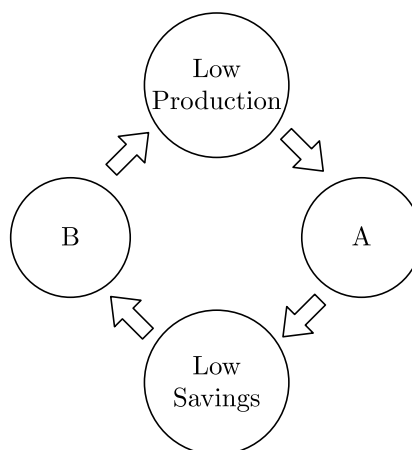
- (A) Increase
- (B) Decrease
- (C) Not affect
- (D) Double

4. If the Marginal Propensity to Save (MPS) is 0.25, the value of the investment multiplier is \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) 4
- (B) 2
- (C) 5
- (D) 1.25

5. Choose the correct alternatives to be filled in given blanks A and B.



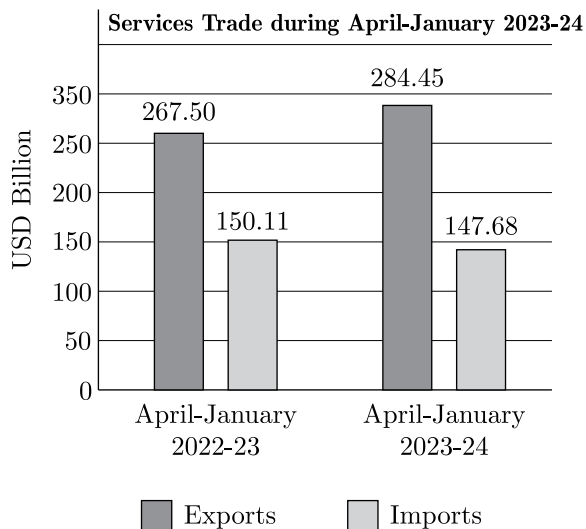
- (A) Low level of investment and low level of income
- (B) Low level of income and low level of investment
- (C) Low level of investment and low savings
- (D) Low mobilisation of savings and low level of investment



6. Under the fixed exchange rate system, the value of the currency is \_\_\_\_\_ by the government or monetary authority.  
Choose the correct option to fill in the blank.
- (A) Determined by Market Forces
  - (B) Allowed to Float Freely
  - (C) Fixed or Pegged
  - (D) Ignored
7. Read the following statements carefully:
- Statement 1:** Intermediate goods are those goods that require further processing before they are ready for final use, and their values are not included separately in the calculation of Gross Domestic Product to avoid the problem of double counting.
- Statement 2:** Depreciation refers to the decrease in the value of fixed capital assets due to wear and tear over time, and it is added to Net Domestic Product to obtain Gross Domestic Product at factor cost.
- In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is false and Statement 2 is true.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is true and Statement 2 is false.
8. The central bank employs various monetary policy tools to regulate the money supply in the economy. One such tool is the \_\_\_\_\_ rate, which is the interest rate at which commercial banks can borrow short-term funds from the central bank against government securities.  
Choose the correct option to fill in the blank.
- (A) Bank
  - (B) Repo
  - (C) Reverse Repo
  - (D) Prime Lending
9. Read the following statements carefully:
- Statement 1:** The Average Propensity to Consume (APC) is the fraction of total income that is consumed, calculated as total consumption divided by total income, reflecting the overall consumption behavior in the economy.
- Statement 2:** As income increases, the APC remains constant because consumption and income increase by the same absolute amount, indicating a linear consumption function.
- In light of the given statements, choose the correct option from the following:
- (A) Statement 1 is false and Statement 2 is true.
  - (B) Both Statements 1 and 2 are true.
  - (C) Statement 1 is true and Statement 2 is false.
  - (D) Both Statements 1 and 2 are false.



10. If exports in services during April-January 2023-24 were to increase by 7%, the new export value would be closest to:



- (A) 300.46 billion  
 (B) 284.45 billion  
 (C) 294.16 billion  
 (D) 305.16 billion
11. From the information given below, find Net Value Added at Factor Cost.

Item	(₹ in crore)
Durable use capital goods with a life span of 10 years	100
Single use producer goods	50
Sales	200
Unsold output produced during the year	20
Taxes on production	10

12. Giving reasons, explain whether the given statements are true or false.
- Current account of balance of payments account records only export and import of goods and services.
  - Foreign investments are recorded in the capital account of balance of payments.

**OR**

What is meant by flexible exchange rate system and fixed exchange rate systems?

13. Read the following statements carefully and write true or false with a reason
- Excess demand raises the market value of output.
  - Prices and output increase in a situation of inflationary gap in an economy.

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14. Consider the information given below

- (i) Autonomous consumption = ₹ 5,000
- (ii) Marginal Propensity to Save (MPS) = 0.2
- (iii) Investment = ₹ 20,000

On the basis of the above informations, calculate

- (a) Equilibrium level of national income
- (b) Investment multiplier

15. 'Lack of store of value' was a major problem under barter system, but goods like diamond, gold can be easily stored for future use. Then why this was not a popular mean under barter system?

**OR**

Explain the 'unit of account' function of money. How has it solved the related problem created by barter?

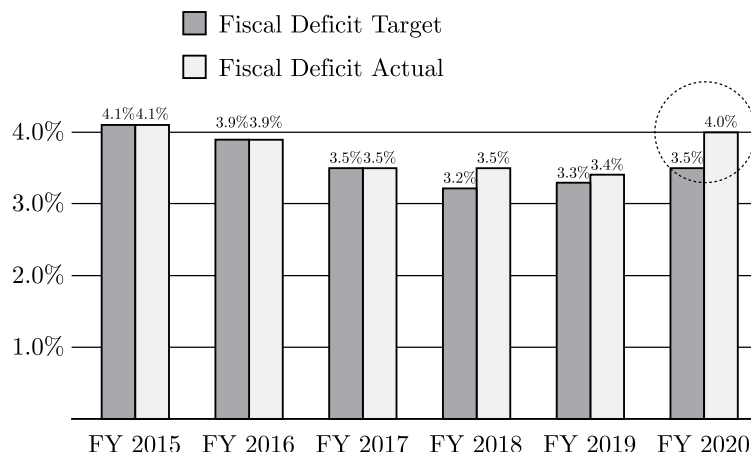
16. Read the following text carefully :

Export receipts are not part of net factor income from abroad as they represent payments for domestically produced goods and services sold internationally. In national income estimation, corporate tax is excluded as a transfer payment, machinery purchase is included as investment, and uniforms for nurses are treated as intermediate consumption.

- (i) Why are export receipts not a part of net factor income from abroad?
- (ii) Giving reasons explain how should the following be treated in estimation of national income
  - (a) Payment of corporate tax by a firm
  - (b) Purchase of machinery by a factory for own use
  - (c) Purchase of uniforms for nurses by a hospital

17. (i) The figure given below explains the situation of mounting fiscal deficit in context of Indian economy.

Explain any three implications of large fiscal deficit.



Source GOI Controller General Accounts

**CLICK HERE TO SEE ANSWERS**



- (ii) Explain how government budget can be helpful in bringing economic stabilisation in the economy.

**OR**

- (i) In the context of government budget, giving reasons, explain whether the following are a revenue receipt or a capital receipt.
- (a) Interest received on the loans given to Sri-Lankan government during Covid-19
  - (b) Sale of public sector undertaking
- (ii) Public expenditure is necessary for the development of the country. In the light of the statement, explain any two significance of public expenditure.

## SECTION-B - Indian Economic Development

18. Following image indicates which of the following source of human capital formation?



Above image indicates which of the following source of human capital formation?

- (A) Investment in health
  - (B) Migration
  - (C) Investment in education
  - (D) On-the-job training
19. Read the following statements carefully:
- Statement 1:** Demonetization was a core component of the LPG (Liberalisation, Privatization, Globalisation) policy.
- Statement 2:** The Goods and Services Tax (GST) was introduced to simplify the indirect tax structure in India.
- 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.

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20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Human development and human capital formation are identical concepts.  
**Reason (R):** Both focus exclusively on improving the educational qualifications of individuals.  
Options:  
(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.
21. Agricultural diversification in rural areas aims to \_\_\_\_\_ dependence on a single crop and \_\_\_\_\_ income sources, thereby enhancing economic stability for farmers.  
Choose the correct option to fill up the blank.  
(A) increase; limit  
(B) maintain; stabilize  
(C) reduce; diversify  
(D) expand; consolidate
22. Which of the following are effects of economic development on the environment?  
Which of the following is/are correct ?  
(i) Deforestation  
(ii) Air pollution  
(iii) Water contamination  
(iv) Biodiversity loss  
Option :  
(A) (i) and (ii)  
(B) (i), (ii), and (iii)  
(C) (ii), (iii), and (iv)  
(D) (i), (ii), (iii), and (iv)
23. Which of the following factors have contributed to China's rapid economic growth compared to India?  
Which of the following is correct ?  
(A) Lower investment in infrastructure  
(B) Less emphasis on education  
(C) Strong government planning and export-oriented policies  
(D) Restricted foreign investment



- 24.** Which of the following were significant challenges faced by the agricultural sector in India on the eve of independence?  
Which of the following is correct ?  
(A) High levels of mechanization  
(B) Low productivity and dependence on monsoons  
(C) Excessive use of fertilizers  
(D) Surplus agricultural produce
- 25.** Identify which of the following policies were part of the agricultural strategies in India's Five Year Plans.  
Which of the following is correct ?  
(A) Green Revolution  
(B) Nationalization of banks  
(C) Import substitution  
(D) Establishment of Special Economic Zones
- 26.** "Liberalisation refers to the relaxation of previous government restrictions, usually in areas of social and economic policies. In the Indian context, it involved deregulation of industries, reduction in tariffs, and allowing private sector participation in sectors previously reserved for the public sector."  
What was the primary aim of liberalisation in India?  
(A) To increase government control over the economy  
(B) To make the economy more market-oriented and increase efficiency  
(C) To isolate the Indian economy from global influences  
(D) To restrict the entry of multinational corporations
- 27.** Identify which of the following statements correctly describe the relationship between human capital and economic development.  
Which of the following is correct ?  
(A) Human capital has no significant impact on economic development  
(B) Increased human capital leads to higher unemployment rates  
(C) Human capital enhances productivity and drives economic growth  
(D) Economic development reduces the need for human capital investment
- 28.** 'Farmers resort to onion distress sale', an article published by Orissa Post on 17th May, 2021. On account of the figure given below, give the meaning of 'distress sale'. Also explain any two obstacles that hinders the mechanism of agricultural marketing.

Continue on next page.....





29. How does finance sector be regularised so that the objective of rural development can be achieved?

**OR**

Defend or refute the statement with valid explanation.

“Population explosion and the advent of industrial revolution have resulted in environmental crisis.”

30. Compare and analyse the ‘women worker population ratio’ in rural and urban areas based on following information

Worker Population Ratio in India, 2017-2018

Sex	Worker Population Ratio		
	Total	Rural	Urban
Men	52.1	51.7	53.0
Women	16.5	17.5	14.2
Total	34.7	35.0	33.9

31. State whether the following statements are true or false, with valid arguments
- It was quintessential for a developing country like India to pursue the goal of self-reliance on the eve of independence.
  - Indian government followed inward looking trade policy before initiation of economic reforms in 1991.
32. (i) Define a plan.  
(ii) “The New Economic Policy is said to be liberal.” Comment.

**OR**

Discuss briefly the condition of agricultural sector at the time of independence.



- 33.** Read the following text carefully and answer the given questions on the basis of the same and common understanding.

Comparative development of India and its neighbours is an important knowledge to possess as an Indian citizen.

As a rational citizen of a country, it is crucial to have a deep understanding of the developments in your country. In fact, it is also very important to learn about the developmental processes of your neighbouring countries.

Not only citizens but countries are also eager to understand the developmental system of their neighbours. This understanding enables comprehension of strengths and weaknesses of yours as well as the neighbouring countries. Due to the process of globalisation, it is essential for every nation to compete with developed countries.

Hence, it is important to study the comparative development of India and its neighbours.

The Chinese reform process began more strongly and comprehensively during the 1980s. At this time, India was in the mid-stream of a rather slow growth process. Although the two countries (Pakistan and India) started together, Pakistan has seen a better result in certain areas.

However, India is better placed than Pakistan in the area of skilled manpower and research and development institutions. It is common to find developmental strategies of a country as a model to others for lessons and guidance for their own development. It is particularly evident after the introduction of the reform process in different parts of the world.

In order to learn from economic performance of our neighbouring countries, it is necessary to have an understanding of the roots of their successes and failures. It is also necessary to distinguish between and contrast, the different phases of their strategies.

- (i) "India, China and Pakistan have many similarities in their development strategies". Elaborate any three points.
- (ii) Mention the areas where Pakistan have performed better than India.

- 34.** (i) What is meant by the term 'affluence trap'?
- (ii) Explain the concept of sustainable development.
- (iii) Sometimes people prefer to be voluntarily unemployed. Why?

**OR**

- (i) "Multinational companies have not only contributed towards the IT sector but also have a tremendous role to play towards rural development".

Justify the given statement with valid arguments.

- (ii) "The opportunity costs of negative environmental impacts are high". Defend or refute the given statement with valid reasons.

□□□□□□



# Sample Paper 11

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** The value of intermediate goods is included in the calculation of GDP to accurately measure the total economic activity in the country.

**Reason (R):** Including intermediate goods in GDP calculations leads to double counting, as their value is already embodied in the final goods and services.

Choose the correct option from those given below:

- (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.
- 
2. “Commercial banks in India are required to maintain a certain percentage of their total deposits as reserves with the Reserve Bank of India. Recently, the Cash Reserve Ratio (CRR) was increased by the RBI to control inflation by reducing the funds available for banks to lend.”  
Source: [RBI Monetary Policy Update, 2023] ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54002](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54002))

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What is the primary purpose of increasing the Cash Reserve Ratio in this context?

- (A) To encourage banks to lend more
- (B) To reduce the liquidity in the banking system
- (C) To increase foreign exchange reserves
- (D) To boost investment in the economy

3. The equilibrium level of income and output in an economy is determined at the point where Aggregate Demand equals Aggregate \_\_\_\_\_, ensuring that planned spending matches planned production.

Choose the correct option to fill in the blank.

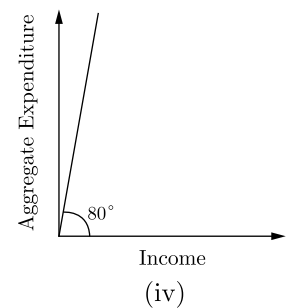
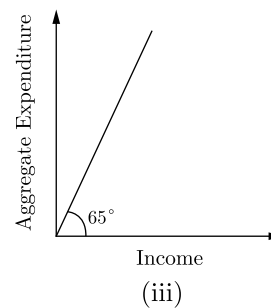
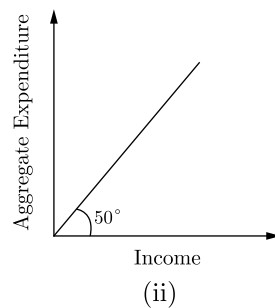
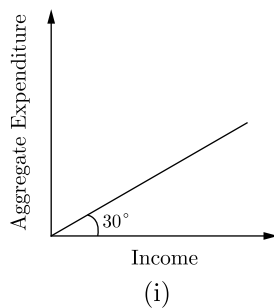
- (A) Supply
- (B) Consumption
- (C) Investment
- (D) Output

4. Non-tax revenue receipts of the government include \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) Income Tax
- (B) Goods and Services Tax
- (C) Dividends and Profits
- (D) Customs Duty

5. From the given diagrams, identify the correct option that indicates the 'Average Cost Curve' passing through the origin drawn at a particular slope.

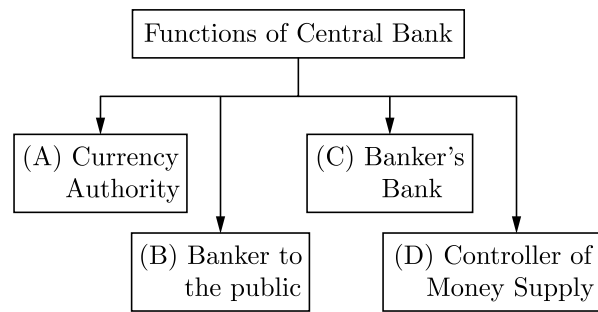


- (A) (ii)
- (B) (i)
- (C) (iv)
- (D) (iii)





6. From the following functions of the Central Bank, identify the odd one out:



(A) D  
(C) B

(B) C  
(D) A

7. In the expenditure method, Gross Domestic Product (GDP) is calculated by adding Consumption (C), Investment (I), Government Spending (G), and \_\_\_\_\_. Choose the correct option to fill in the blank.

(A) Net Indirect Taxes  
(B) Net Exports (X - M)  
(C) Depreciation  
(D) Net Factor Income from Abroad

8. Read the following statements carefully:

**Statement 1:** The Repo Rate is the rate at which the central bank lends short-term funds to commercial banks against securities, and an increase in the Repo Rate makes borrowing more expensive for banks.

**Statement 2:** An increase in the Reverse Repo Rate encourages banks to borrow more from the central bank, thereby increasing the money supply in the economy.

In light of the given statements, choose the correct option from the following:

(A) Statement 1 is false and Statement 2 is true.  
(B) Both Statements 1 and 2 are true.  
(C) Both Statements 1 and 2 are false.  
(D) Statement 1 is true and Statement 2 is false.

9. The Marginal Propensity to Consume (MPC) represents the proportion of additional income that is spent on consumption. If the MPC is 0.75, the Marginal Propensity to Save (MPS) would be \_\_\_\_\_.

Choose the correct option to fill in the blank.

(A) 0.75  
(B) 0.25  
(C) 1.0  
(D) 0.5



10. Read the following statements carefully:

**Statement 1:** A surplus budget occurs when the government's total receipts exceed its total expenditures during a fiscal year, which can be used to reduce public debt or save for future needs.

**Statement 2:** Implementing a surplus budget during a period of recession can help stimulate economic growth by increasing aggregate demand through higher government spending.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
  - (B) Both Statements 1 and 2 are false.
  - (C) Statement 1 is true and Statement 2 is false.
  - (D) Both Statements 1 and 2 are true.
11. Government provides essential items of food grains almost free to the families below the poverty line. Which objective the government is trying to fulfil through the government budget and how? Explain.

**OR**

The Government, under Ujjwala Yojana, is providing free LPG kitchen gas connections to the families 'below the poverty line'. What objective the government is trying to fulfil through the government budget and how? Explain.

12. The single tax implemented from 1st July 2017 was likely to reduce prices of which kind of products? Give example of any three items which are exempted from GST and why? Give reason.
13. "Central bank utilises both qualitative and quantitative tools in order to control the credit creation process in the economy". Briefly explain any two qualitative tools used to control money supply in the economy.
14. "Government incurs expenditure to popularise yoga among the masses." Analyse its impact on Gross Domestic Product and welfare of the people.

**OR**

How is Real GDP different from Nominal GDP? Which of these is a better indicator of economic welfare?

15. Read the following text carefully :

Underemployment equilibrium occurs when resources, especially labor, are underutilized due to insufficient aggregate demand. To achieve full employment, monetary measures like reducing interest rates to boost investment and increasing money supply to enhance spending can be implemented.

Explain the meaning of 'underemployment equilibrium'. Give two monetary measures by which full employment equilibrium can be reached.



16. (a) On the basis of given table, comment on the performance of total consumption, private consumption and government consumption in context or their recovery.

Components	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)	Recovery over 2019-20
Total Consumption	5.9	-7.3	7.0	99.2
Government Consumption	7.9	2.9	7.6	110.7
Private Consumption	5.5	-9.1	6.9	97.1
Gross Fixed Capital Formation	5.4	-10.8	15.0	102.6
Exports	-3.3	-4.7	16.5	111.1
Imports	-0.8	-13.6	29.4	111.8
GDP	4.0	-7.3	9.2	101.3

Source: NSO

Note: RE - Revised Estimates, PE - Provisional Estimates, AE - Advance Estimates

- (b) From the following data, calculate Gross Domestic Product at market price.

		(₹ in crores)
(i)	Compensation of employees	1,000
(ii)	Net exports	(-)50
(iii)	Profits	400
(iv)	Interest	250
(v)	Rent	150
(vi)	Gross national product at factor cost	1,850
(vii)	Gross domestic capital formation	220
(viii)	Net fixed capital formation	150
(ix)	Change in stock	20
(x)	Factor income from abroad	30
(xi)	Net indirect taxes	100

OR

Find the missing values of 'Private Final Consumption Expenditure' and 'Operating Surplus' from the following data:

		(₹ in crores)
(i)	Profits	500
(ii)	Wages and Salaries	10000
(iii)	National Income	25000
(iv)	Net Indirect Taxes	200
(v)	Private Final Consumption Expenditure	?

**CLICK HERE TO SEE ANSWERS**



(vi)	Gross Domestic Capital Formation	9000
(vii)	Government Final Consumption Expenditure	6500
(viii)	Consumption of Fixed Capital	400
(ix)	Mixed Income of Self-employeds	7000
(x)	Net Exports	1000
(xi)	Operating Surplus	?
(xii)	Net Factor Income from Abroad	250

**17.** Read the following text carefully

In an economy, the increase in investment leads to a corresponding change in income, determined by the multiplier effect and the marginal propensity to save (MPS). The multiplier effect amplifies the impact of investment on income, depending on the MPS. Understanding this relationship helps in analysing economic growth and policy impacts.

In a economy, investment increased by 1,100 and as a result of it, income increased by 5,500. Had the marginal propensity to save been 25%, what would have been the increase in income?

## SECTION-B - Indian Economic Development

**18.** Read the following statements carefully:

**Statement 1:** Human development is synonymous with human capital formation.

**Statement 2:** The education sector in India has expanded, contributing significantly to human capital formation.

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.

**19.** Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** Agricultural diversification aims to reduce dependence on a single crop by introducing multiple crops.

**Reason (R):** Diversification leads to income stability and risk mitigation for farmers.

Options:

- (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.



- 20.** The phenomenon of informalisation refers to the increasing number of \_\_\_\_\_ in the \_\_\_\_\_ sector, often leading to challenges in labor rights and job stability.  
Choose the correct option to fill up the blank.
- (A) formal workers; manufacturing
  - (B) skilled professionals; public sector
  - (C) corporate employees; services
  - (D) workers; informal
- 21.** Which of the following strategies promote sustainable development in India?  
Which of the following is/are correct ?
- (i) Renewable energy adoption
  - (ii) Waste recycling
  - (iii) Conservation of natural resources
  - (iv) Expansion of fossil fuel industries
- Option :
- (A) (i), (ii), and (iii)
  - (B) (ii) and (iv)
  - (C) (i) and (iv)
  - (D) (i), (ii), (iii), and (iv)
- 22.** When comparing human development indicators, India stands \_\_\_\_\_ compared to its neighboring countries.  
Which of the following is correct ?
- (A) Ahead in all indicators
  - (B) Behind in all indicators
  - (C) At par in most indicators
  - (D) Behind in some and ahead in others
- 23.** Identify which of the following statements is correct about foreign trade in India before independence.  
Which of the following is correct ?
- (A) India primarily exported finished manufactured goods.
  - (B) India had a balanced trade with Britain.
  - (C) India exported raw materials and imported manufactured goods.
  - (D) India's foreign trade was self-sufficient without reliance on colonial powers.
- 24.** Which of the following was a key feature of the Industrial Policy Resolution (IPR) of 1956?  
Which of the following is correct ?
- (A) Encouraging private monopolies
  - (B) Promoting public sector enterprises
  - (C) Reducing state intervention in industry
  - (D) Limiting industrial growth to specific regions



25. “The introduction of the Goods and Services Tax (GST) in 2017 was a significant step in the field of indirect tax reforms in India. It aimed to unify multiple indirect taxes under a single system to streamline the taxation process and reduce the cascading effect of taxes.”

Which of the following is a direct benefit of implementing GST in India?

- (A) Increase in the overall tax rate for consumers  
 (B) Simplification of the tax structure and removal of tax barriers between states  
 (C) Introduction of additional taxes at the state level  
 (D) Decrease in tax compliance among businesses
26. Which of the following factors have significantly contributed to the growth of the education sector in India?  
 Which of the following is correct ?  
 (A) Decline in private educational institutions  
 (B) Expansion of vocational and technical training programs  
 (C) Reduction in government spending on education  
 (D) Limited access to higher education for women
27. From the set of events/systems given in Column I and corresponding relevant fact given in Column II, choose the correct pair of statement:

	Column I		Column II
A.	Human capital	(i)	Overall development and well-being of a nation's human capital
B.	Human development	(ii)	Movement of people in search of jobs from one place to another
C.	Migration	(iii)	Stock of nation's skill and expertise at a particular point of time
D.	Physical capital	(iv)	Capital completely mobile between countries except for trade restriction imposed

Alternatives:

- (A) D - (iv) (B) C - (iii)  
 (C) B - (ii) (D) A - (i)
28. Answer the following questions on the basis of given data on employment pattern in India:  
 Employment pattern (Status wise) 1972-2012 (in %)

Status	1972-73	2011-12
Self-employed	61.4	52.0
Regular salaried employees	15.4	18.0
Casual wage labourers	23.2	30.0
Total	100.0	100.0



- (a) Analyse the trend in the employment pattern on the basis of the above table.
- (b) Which source is the major employment provider?
- (c) What is the above process of status movement termed as?

**OR**

How is agricultural diversification helpful for farmers? Explain.

- 29.** On the basis of given image, answer the questions that follow in context to National Education Policy, 2020.



- (a) How much gross enrolment ratio is expected in Pre-school to Secondary Level by 2030?
  - (b) How much investment in education sector of GDP is targeted and what is the current level of investment in education sector?
- 30.** 'Colonial era was responsible for the decline of traditional handicraft industries.' Accept/Refute the above statement by giving reason.
- OR**
- Enumerate the main causes of limited success of planning in India.
- 31.** 'A skilled worker like software professional generates more income than an unskilled worker.' Substantiate the above statement.
- 32.** Write a short note on the following:
- (a) SAARC
  - (b) European Union
  - (c) ASEAN
  - (d) G-8 or G-7

**CLICK HERE TO SEE ANSWERS**



- 33.** Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Indian agricultural economy was largely subsistence in nature before Independence. It had dismal performance in the first half of twentieth century. This period witnessed severe droughts and famines. During partition, about one-third of the irrigated land in undivided India went to Pakistan. This reduced the proportion of irrigated area in independent India. After independence, the immediate goal of the Government was to increase foodgrains production by switching over from cash crops to food crops; intensification of cropping over already cultivated land; and increasing cultivated area by bringing cultivable and fallow land under plough. Initially, this strategy helped in increasing foodgrains production. But agricultural production stagnated during late 1950s. To overcome this problem, Intensive Agricultural District Programme (IADP) and Intensive Agricultural Area Programme (IAAP) were launched. But two consecutive droughts during mid-1960s resulted in food crisis in the country. Consequently, foodgrains were imported from other countries.

New seed varieties of wheat (Mexico) and rice (Philippines) known as High Yielding Varieties (HYVs) were available for cultivation by mid-1960s. India took advantage of this and introduced package technology comprising HYVs, along with chemical fertilisers in irrigated areas of Punjab, Haryana, Western Uttar Pradesh, Andhra Pradesh and Gujarat. Assured supply of soil moisture through irrigation was a basic pre-requisite for the success of this new agricultural technology. This strategy of agricultural development paid dividends instantly and increased the foodgrains production at very fast rate. This spurt of agricultural growth came to be known as 'Green Revolution'. This also gave fillip to the development of a large number of agro-inputs, agro-processing industries and small-scale industries. This strategy of agricultural development made the country self-reliant in foodgrain production. But Green Revolution was initially confined to irrigated areas only. This led to regional disparities in agricultural development in the country till 1970s, after which the technology spread to the Eastern and Central parts of the country.

- (a) Why was Green Revolution implemented and how did it benefit the farmers?
- (b) What were the spillover benefits of Green Revolution and how did it led to regional disparities?

- 34.** Define environment. What are its main functions?

**OR**

Elaborate how the following factors contribute to the environmental crisis in India:

- (a) Air pollution
- (b) Water contamination
- (c) Illiteracy

□□□□□□





# Sample Paper 12

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

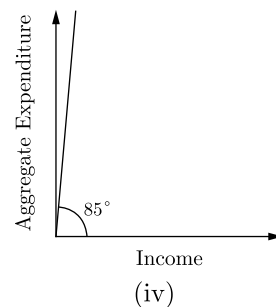
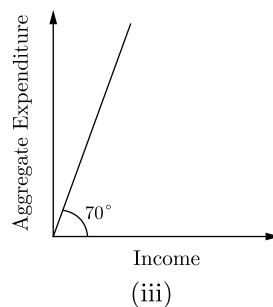
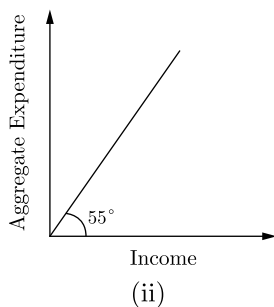
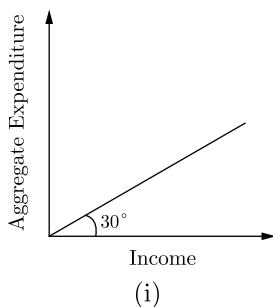
## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** Money supply in the economy is influenced solely by the central bank's policies and is independent of the actions of commercial banks.  
**Reason (R):** Commercial banks create money through the process of credit creation when they extend loans to the public.  
Choose the correct option from those given below:  
(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.
2. "The economy is experiencing involuntary unemployment due to insufficient aggregate demand. The government is considering measures such as tax cuts and increased transfer payments to boost consumption and reach full employment levels."  
Source: [Ministry of Finance Report, 2023] (<https://www.finmin.nic.in/reports/ministry-finance-report-2023>)  
Which type of policy is the government planning to implement to address this issue?  
(A) Monetary Policy  
(B) Fiscal Policy  
(C) Trade Policy  
(D) Exchange Rate Policy

**CLICK HERE TO SEE ANSWERS**



3. A budget in which the estimated revenues are projected to exceed the estimated expenditures is referred to as a \_\_\_\_\_ budget, indicating a surplus.  
Choose the correct option to fill in the blank.
- (A) Deficit (B) Surplus  
(C) Balanced (D) Zero
4. Under a fixed exchange rate system, the central bank maintains the exchange rate by buying and selling foreign currency to bridge the gap between demand and \_\_\_\_\_.  
Choose the correct option to fill in the blank.
- (A) Supply (B) Investment  
(C) Imports (D) Exports
5. From the given diagrams, identify the correct option that indicates the 'Supply Line' passing through the origin drawn at a particular angle.



- A. (iv) B. (ii)  
C. (iii) D. (i)
6. The function of money that allows it to serve as a means for transferring purchasing power from the present to the future is known as \_\_\_\_\_.  
Choose the correct option to fill in the blank.
- (A) Medium of Exchange  
(B) Unit of Account  
(C) Store of Value  
(D) Standard of Deferred Payment
7. Read the following statements carefully:  
**Statement 1:** When there is deficient demand in the economy, it leads to underemployment equilibrium, where resources are not fully utilized, resulting in unemployment and lower levels of output.  
**Statement 2:** To correct deficient demand, the government can implement contractionary fiscal policy by increasing taxes and reducing public expenditure to boost aggregate demand.

Continue on next page.....



In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

8. When the government's total expenditure exceeds its total receipts (excluding borrowings) during a fiscal year, the resulting shortfall is referred to as the \_\_\_\_\_ deficit.  
Choose the correct option to fill in the blank.

- (A) Revenue
- (B) Budgetary
- (C) Primary
- (D) Fiscal

9. Read the following statements carefully:

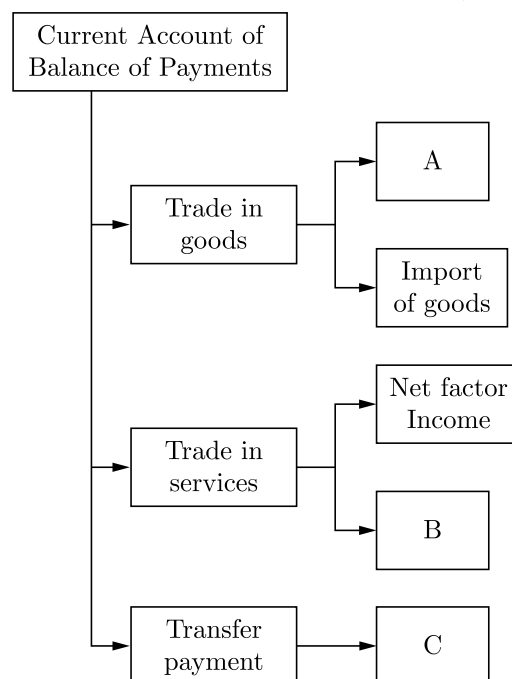
**Statement 1:** A deficit in the balance of payments means that the total inflows of foreign exchange are less than the total outflows, which may lead to a depletion of foreign exchange reserves if not financed appropriately.

**Statement 2:** One way to correct a balance of payments deficit is by imposing tariffs and quotas on imports to reduce import expenditure and protect domestic industries.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

10. Choose the correct alternatives to be filled in given blanks A, B and C.

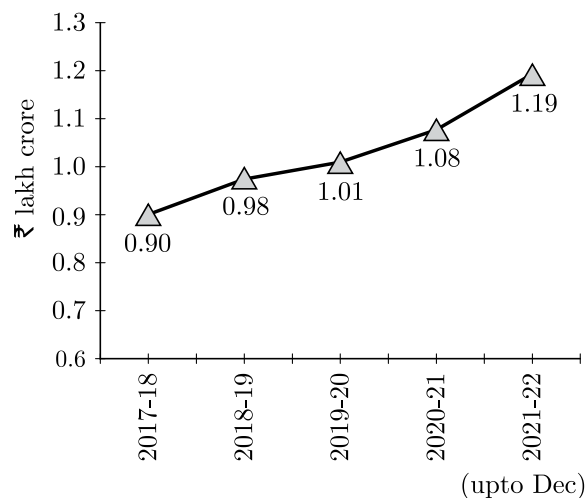


- (A) A - Export of goods, B - Gifts, remittances and grants, C - Net non-factor income  
 (B) A - Gifts, remittances and grants, B - Export of goods, C - Net non-factor income  
 (C) A - Net non-factor income, B - Export of goods, C - Gifts, remittances and grants  
 (D) A - Export of goods, B - Net non-factor income, C - Gifts, remittances and grants

11. State whether the following statements are true or false. Support your answer with reason.  
 (a) Taxation is an effective tool to reduce the inequalities of income.  
 (b) Revenue deficit increases when government fails to recover loans forwarded to different nations.

**OR**

On the basis of given figure, answer the questions that follow:



Rising year average of monthly gross GST collections

- (a) Interpret the above trends of GST collections.  
 (b) When was GST implemented in India?
12. It is stated that “amalgamation of many central and state taxes into a single tax called ‘Goods and Services tax (GST)’ would facilitate a common national market.” Do you agree with the statement? Justify your answer.
13. Suppose a ban is imposed on consumption of tobacco. Examine its likely effects on (a) gross domestic product and (b) welfare.

**OR**

Government spends on child immunisation programme. Analyse its impact on Gross Domestic Product and welfare of the people.

14. “Lack of store of value was the major problem under the barter system, however this problem has been solved with the introduction of money.” Do you agree with the given statement? Explain.

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

In an economy, investment expenditure plays a crucial role in determining income and savings. When investment increases, the total income is calculated using the multiplier, which depends on the marginal propensity to consume (MPC). Similarly, savings are derived from the marginal propensity to save (MPS).

In an economy, investment expenditure is increased by ₹400 crores and marginal propensity to consume is 0.8. Calculate total increase in income and savings.

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

The adjustment mechanism balances economic imbalances. When aggregate demand exceeds supply, producers increase output to meet demand. Similarly, when ex-ante investment is lower than savings, interest rate adjustments or government measures restore equilibrium. Discuss the working of the adjustment mechanism in the following situations.

- Aggregate demand is greater than aggregate supply.
- Ex-ante investment are lesser than Ex-ante savings.

**17.** (a) Calculate Net Domestic Product at Factor Cost from the given data:

	(₹ in crores)	
(i)	Net factor income to abroad	30
(ii)	Sales	2,000
(iii)	Subsidies	20
(iv)	Consumption of fixed capital	50
(v)	Closing stock	100
(vi)	Opening stock	200
(vii)	Intermediate costs	1,000
(viii)	Indirect tax	150

- (b) Transfer payments should not be included in the estimation of National Income? Do you agree? Give reason in support of your answer.

**OR**

- Given nominal income, how can we find real income?
- Calculate National Income:

	(₹ in crores)	
(i)	Compensation of employees	2,000
(ii)	Profit	800
(iii)	Rent	300
(iv)	Interest	250
(v)	Mixed income of self-employed	7,000
(vi)	Net current transfers to abroad	200

**CLICK HERE TO SEE ANSWERS**



(vii)	Net exports	(—) 100
(viii)	Net indirect taxes	1,500
(ix)	Net factor income to abroad	60
(x)	Consumption of fixed capital	120

## SECTION-B - Indian Economic Development

18. Identify the type of unemployment reflected in the picture below.



- (A) Open unemployment  
(B) Seasonal unemployment  
(C) Disguised unemployment  
(D) None of the above
19. Read the following statements carefully:  
**Statement 1:** Agricultural diversification aims to reduce dependence on a single crop by introducing multiple crops.  
**Statement 2:** Organic farming is unrelated to sustainable rural development.  
 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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Self-employment is a predominant form of employment in the informal sector.  
**Reason (R):** Many workers in the informal sector engage in their own businesses or freelance activities.

Continue on next page.....

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Options:

- (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.

21. Economic development has led to the \_\_\_\_\_ of natural resources and \_\_\_\_\_ of the environment, posing significant challenges to sustainability.

Choose the correct option to fill up the blank.

- (A) depletion; degradation
- (B) conservation; improvement
- (C) restoration; protection
- (D) growth; sustainability

22. Which of the following factors have contributed to China's rapid economic growth compared to India?

Which of the following is/are correct ?

- (i) Strong government planning
- (ii) Higher investment in infrastructure
- (iii) Export-oriented policies
- (iv) Limited foreign investment

Option :

- (A) (i), (ii), and (iii)
- (B) (ii) and (iv)
- (C) (i) and (iv)
- (D) (i), (ii), (iii), and (iv)

23. Which of the following were significant challenges faced by the agricultural sector in India on the eve of independence?

Which of the following is correct ?

- (A) High levels of mechanization
- (B) Low productivity and dependence on monsoons
- (C) Excessive use of fertilizers
- (D) Surplus agricultural produce

24. Identify which of the following policies were introduced under the Industrial Policy Resolution of 1956.

Which of the following is correct ?

- (A) Promotion of public sector enterprises
- (B) Deregulation of private industries
- (C) Encouraging foreign direct investment in all sectors
- (D) Privatization of key industries

**CLICK HERE TO SEE ANSWERS**



25. Which of the following is a feature of globalization as per the LPG policy?  
Which of the following is correct ?  
(A) Isolation of the Indian economy from global markets  
(B) Increased foreign investment and trade  
(C) Restriction on technology transfer  
(D) Emphasis on self-reliance and closed markets
26. “Human development is a broader concept than human capital. It is based on the idea that education and health are integral components of human well-being and not merely means to increase productivity.”  
How does human development differ from human capital?  
(A) Human development focuses solely on economic growth  
(B) Human capital emphasizes well-being over productivity  
(C) Human development considers education and health as ends in themselves  
(D) Human capital ignores the role of education in economic growth
27. Agricultural diversification in rural India involves which of the following activities?  
Which of the following is correct ?  
(A) Shifting from traditional crops to high-yielding varieties  
(B) Engaging in allied activities like dairy, poultry, and fisheries  
(C) Reducing the variety of crops to focus on a single cash crop  
(D) Incorporating organic farming practices and sustainable agriculture
28. “Subsidies were needed to encourage farmers.” Discuss the importance of subsidies in relevance to the Indian farmers.

**OR**

“Small scale and cottage industries are important in the development of Indian economy.”  
Elaborate.

29. Interpret the given picture on account of World Trade Organisation (WTO).



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30. Answer the following questions on the basis of the following data:
- Comment upon the People Below Poverty line among the three countries.
  - Comment upon the percentage of Undernourished Children among China and Pakistan.

Country	People Below Poverty Line (%)	Undernourished Children (%)
India	37	39
China	32	9
Pakistan	44	45

31. Elaborate any four positive contributions made by Britishers in India.

**OR**

Throw light on the 'economic drain' during the colonial period.

32. Discuss the importance of credit in rural development.

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Blessed with a varying climate and soil conditions, India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. These crops play a vital role in providing food and nutrition, besides addressing employment concerns. Horticulture sector contributes nearly one-third of the value of agriculture output and six per cent of Gross Domestic Product of India. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables. Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas.

- Differentiate how the term 'Golden Revolution' is different from 'Green Revolution'?
  - How horticulture as an alternative source of employment improves the economic condition of farmers?
34. Elucidate the function of Pollution Control Board in India to address the environmental concerns in India.

**OR**

- Give any three causes of backwardness of Indian agriculture.
- Give any three challenges facing Indian education system.

□□□□□□

**CLICK HERE TO SEE ANSWERS**



# Sample Paper 13

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** To combat excess demand in an economy, the government should increase its spending and reduce taxes.

**Reason (R):** Increasing government spending and reducing taxes will stimulate aggregate demand, thereby reducing inflationary pressures.

Choose the correct option from those given below:

- (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) Both Assertion (A) and Reason (R) are false.
- 
2. “The government’s revenue receipts include tax revenues such as income tax and GST, as well as non-tax revenues like fees and fines. These receipts are crucial for funding public services without increasing the public debt.”  
Source: [Government Revenue Report, 2023] (<https://www.finmin.nic.in/reports/government-revenue-report-2023>)  
Which of the following is considered a non-tax revenue receipt?  
(A) Customs Duty (B) Corporate Tax  
(C) Dividends from Public Enterprises (D) Excise Duty

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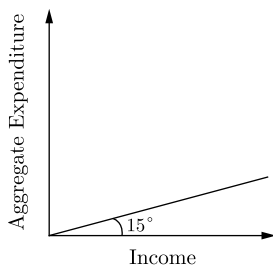
3. A depreciation of the domestic currency in the foreign exchange market makes exports \_\_\_\_\_ expensive for foreign buyers, potentially increasing export volumes.  
Choose the correct option to fill in the blank.

(A) More (B) Less  
(C) Equally (D) Not

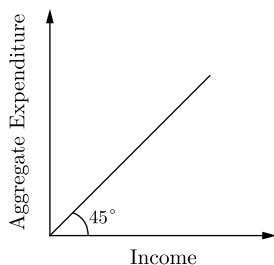
4. If Gross Domestic Product at Factor Cost (GDP at FC) is ₹180 lakh crore and depreciation is ₹20 lakh crore, then the \_\_\_\_\_ would be ₹160 lakh crore.  
Choose the correct option to fill in the blank.

(A) Net National Product at Market Price  
(B) Gross National Product at Factor Cost  
(C) Net Domestic Product at Factor Cost  
(D) Net Domestic Product at Market Price

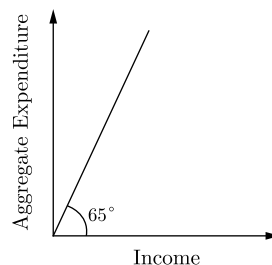
5. From the given diagrams, identify the correct option that indicates the 'Marginal Utility Curve' passing through the origin drawn at a particular slope.



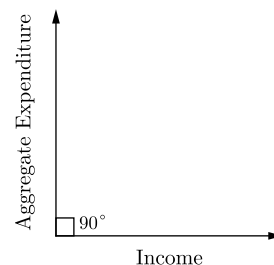
(i)



(ii)



(iii)



(iv)

(A) (ii) (B) (iv)  
(C) (iii) (D) (i)

6. An economy is experiencing involuntary unemployment due to insufficient Aggregate Demand. This situation indicates a(n) \_\_\_\_\_.  
Choose the correct option to fill in the blank.

(A) Inflationary Gap (B) Deflationary Gap  
(C) Equilibrium at Full Employment (D) Supply-Side Shock

7. Read the following statements carefully:

**Statement 1:** Progressive taxation is a policy where the tax rate increases as the taxable amount increases, aimed at redistributing income more equitably across society.

**Statement 2:** The reallocation of resources through the budget involves government intervention to influence the allocation of resources in a manner that may not be achieved through market forces alone.

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In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are true.

8. An appreciation of the domestic currency makes imports cheaper and exports more expensive, potentially leading to a \_\_\_\_\_ in the country's trade surplus.  
Choose the correct option to fill in the blank.

- (A) Increase
- (B) Deficit
- (C) Reduction
- (D) Stabilization

9. Read the following statements carefully:

**Statement 1:** In the value-added method of calculating GDP, the contribution of each producing unit is measured by the difference between the value of output and the value of intermediate consumption, ensuring that only the net output is counted.

**Statement 2:** This method can lead to the problem of double counting if care is not taken to exclude the value of intermediate goods and services at each stage of production.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Both Statements 1 and 2 are false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

10. Find the missing figures and choose the correct alternative.

Income (Y)	Consumption (C)	Saving (S)	APS (Average Propensity to Save)
0	300	-300	—
200	350	-150	...(i)...
400	400	...(iii)...	0
600	...(iii)...	150	(iv)

Alternatives

- (A) -0.75, 0, 400, 0.25
- (B) -0.75, 0, 450, 0.25
- (C) -0.5, 0, 350, 0.25
- (D) -0.5, 0, 350, 0.75



**11. Find Net Value Added at Market Price.**

	Items	(in lakhs)
(i)	Fixed Capital Good with a Life Span of 5 Years	30
(ii)	Raw Materials	12
(iii)	Sales	50
(iv)	Net Change-in-stock	(-) 4
(v)	Taxes on Production	2

**12. Explain any three major functions of foreign exchange market.****OR**

State on which side of capital account/ current account will the following transactions be recorded and why?

- (i) Interest on loan received from Nepal
- (ii) Import of mobile phones from China

**13. As per the following news published in The Wire on 18th May, 2021**

“The biggest toll of the COVID-19 second wave is in terms of a demand shock - loss of mobility, discretionary spending and employment, besides inventory accumulation, while the aggregate supply is less impacted”.

In light of the above statement, explain the economic implications of an increase in government expenditure when the economy is in a state of depression.

**14. The saving function of an economy is given as**

$$S = -250 + 0.25Y$$

If the planned investment is ₹ 100 crores, calculate the following

- (i) Equilibrium level of income in the economy.
- (ii) Aggregate demand at income of ₹ 300 crores.

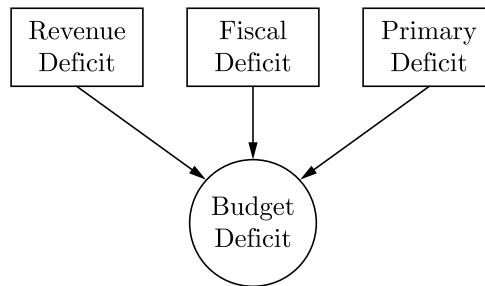
**15. Giving a numerical example, explain the process of money creation by the commercial banks.****OR**

Government of India has launched ‘Jan-Dhan Yojana’ aimed at every household to have atleast one bank account due to which credit creation capacity of banks has expanded manifold. Comment.

- 16.** (i) Explain how Non-monetary exchanges’ act as a limitation in taking GDP as an index of welfare.
- (ii) Explain the treatment assigned to the following while estimating national income. Give reasons.
- (a) Family members working free on the farm owned by the family
  - (b) Rent free house from an employer



17. (i) In light of the given figure, explain in simple terms the meaning of revenue, fiscal and primary deficit.



- (ii) The government of a country is operating on 'Zero primary deficit' and also follows 'Re-allocation of resources as an objective of budget'. Explain the above two concepts.

**OR**

- (i) Classify the following as revenue receipts and capital receipts. Justify your answer.
- Profit of public sector undertakings.
  - Market borrowing by the government.
  - Income from sale of its share in public sector undertakings.
- (ii) Distinguish between capital expenditure and revenue expenditure of the government, with suitable examples.

## SECTION-B - Indian Economic Development

18. Look at the picture given below and identify the policy, which lead to the lower population growth in china in 1970s.



- Great Proletarian Cultural Revolution
- 1978 Reforms
- One Child Norm
- Great Leap Forward (GLF) campaign

**CLICK HERE TO SEE ANSWERS**



19. Read the following statements carefully:

**Statement 1:** Self-employment is a common form of employment in the informal sector.

**Statement 2:** The formal sector in India has seen a decline in employment opportunities since independence.

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.

20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** Economic development has no impact on natural resources and the environment.

**Reason (R):** Economic activities can lead to the depletion of natural resources and environmental degradation.

Options:

- (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.

21. Population growth rates have \_\_\_\_\_ India's economic development compared to \_\_\_\_\_, affecting resource allocation and per capita income.

Choose the correct option to fill up the blank.

- (A) positively impacted; Bangladesh
- (B) posed challenges for; China
- (C) had no effect on; Nepal
- (D) enhanced growth in; Sri Lanka

22. Which of the following was a major issue in India's foreign trade during colonial rule?

Which of the following is/are correct ?

- (i) Trade imbalance
- (ii) High tariffs on exports
- (iii) Limited access to international markets
- (iv) Excessive export of finished goods

Option :

- (A) (i) and (iii)
- (B) (ii) and (iv)
- (C) (i), (ii), and (iii)
- (D) (i), (ii), (iii), and (iv)



- 23.** Identify which of the following policies were introduced under the Industrial Policy Resolution of 1956.  
Which of the following is correct ?  
(A) Promotion of public sector enterprises  
(B) Deregulation of private industries  
(C) Encouraging foreign direct investment in all sectors  
(D) Privatization of key industries
- 24.** Which of the following is an objective of demonetization as part of economic reforms?  
Which of the following is correct ?  
(A) To increase the number of high-denomination currency notes  
(B) To decrease the velocity of money in the economy  
(C) To make currency more convenient for digital transactions  
(D) To curb black money and counterfeit currency
- 25.** Identify which of the following statements correctly describes the role of human capital in economic development.  
Which of the following is correct ?  
(A) Human capital has no significant impact on economic growth  
(B) Human capital increases productivity and innovation  
(C) Human capital solely focuses on physical labor  
(D) Human capital reduces the need for technological advancement
- 26.** “Agricultural diversification refers to the shift of the workforce and resources from crop farming to other areas like livestock, fisheries, and non-agricultural activities. This helps in reducing the risk associated with agriculture and provides alternative sources of income.”  
What is a significant benefit of agricultural diversification in rural areas?  
(A) Increased dependency on a single crop  
(B) Reduction in employment opportunities  
(C) Enhanced income stability for rural households  
(D) Decreased production of high-value crops
- 27.** Identify which of the following factors contribute to unemployment in India.  
Which of the following is correct ?  
(A) Rapid population growth and insufficient job creation  
(B) High levels of skill development and vocational training  
(C) Economic downturns and recession  
(D) Technological advancements leading to automation





28. Interpret the given picture and suggest any two traditional methods for replacement of the chemical pesticides.



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 casualisation of the workforce in the light of the above statement.

**OR**

“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.

30. India has made significant progress in improving its literacy rate, yet the absolute number of illiterates remains high due to population growth. Additionally, regional disparities persist as a major challenge. Despite development efforts, economic and social inequalities among states have widened in recent years, highlighting the need for targeted policies to address these issues effectively.

State whether the following statements are true/false, with valid arguments

- (i) Literacy rate in India have increased but so has the absolute number of illiterates.
  - (ii) Regional disparities in India are high and have been rising in recent years.
31. (i) Why are less women found in regular salaried employment? Give any one reason.  
(ii) Analyse the recent trends in sectoral distribution of workforce in India

Trends in Employment Pattern (sector-wise),

1993 – 2012 (in %)

Sector	1993 – 94	1999 – 2000	2011 – 2012
Primary	64	60.4	48.9
Secondary	16	15.8	24.3
Service	20	23.8	26.8



- 32.** “India is often called as outsourcing destination of the world.” Discuss the prime reasons for this name given to India.

**OR**

State the meaning of import substitution.

Explain how import substitution can protect the domestic industries.

- 33.** Sino-Pak Friendship Corridor

The China-Pakistan Economic Corridor (CPEC) has deepened the decades-long strategic relationship between the two nations.

But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its, debt-trap diplomacy to gain access to strategic assets of Pakistan. The foundations of CPEC, part of China’s Belt and Road Initiative, were laid in May, 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan’s economy.

Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC’s early harvest projects met this need, leading to a dramatic increase in Pakistan’s power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralysed its country’s economy. Years later, China’s influence in Pakistan has increased at an unimaginable pace.

China as Pakistan’s Largest Bilateral Creditor China’s ability to exert influence on Pakistan’s economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad’s largest creditor. According to documents released by Pakistan’s finance ministry, Pakistan’s total public and publicly guaranteed external debt stood at \$ 44.35 billion in June 2013, just 9.3 percent of which was owed to China. By April 2021, this external debt had ballooned to \$ 90.12 billion, with Pakistan owing 27.4 percent – \$ 24.7 billion – of its total external debt to China, according to the International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding North-South connectivity to improve the efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (POK). These investments were critical in better integrating the country’s ports, especially Karachi, with urban centers in Punjab and Khyber-Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the long-term socio-economic welfare of Pakistani citizens.

- (i) Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan.
- (ii) Analyse the implication of bilateral ‘debt-trap’ situation of Pakistan vis-a-vis the Chinese economy.



34. (i) Discuss briefly, the rationale behind “equity with growth” as planning objectives for Indian economy.
- (ii) “Institutional reforms such as land reforms has played a significant role in transforming Indian agriculture.” Defend or refute the given statement with valid reason.

**OR**

- (i) State any two positive contributions made by the British in India.
- (ii) Comment upon any two salient features of demographic conditions of India on the eve of Independence.
- (iii) What was the two-fold motive behind the systematic de-industrialisation effected by the British in pre-independent India?

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# Sample Paper 14

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** A budget deficit occurs when total government expenditure exceeds total government revenue.  
**Reason (R):** A surplus budget is used during a period of inflation to reduce aggregate demand.  
Choose the correct option from those given below:  
(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.
2. “An appreciation of the domestic currency makes imports cheaper and exports more expensive on the international market. This change can adversely affect the trade balance by increasing imports and reducing exports.”  
Source: [International Trade Analysis, 2023] (<https://commerce.gov.in/international-trade-analysis-2023>)  
What is one likely consequence of the domestic currency appreciating?  
(A) Improvement in trade balance  
(B) Decrease in import expenditure  
(C) Increase in export revenue  
(D) Widening of trade deficit

**CLICK HERE TO SEE ANSWERS**



3. If the Net Factor Income from Abroad (NFIA) is negative for a country, then its Gross National Product (GNP) will be \_\_\_\_\_ than its Gross Domestic Product (GDP) due to the outflow of income.

Choose the correct option to fill in the blank.

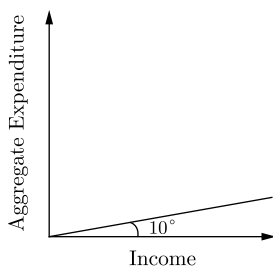
- (A) Equal to (B) Less  
(C) Greater (D) Unchanged

4. Open Market Operations involve the buying and selling of \_\_\_\_\_ by the central bank to regulate the money supply.

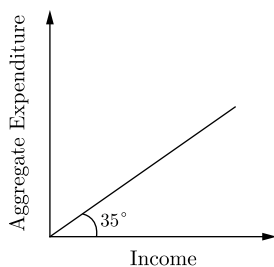
Choose the correct option to fill in the blank.

- (A) Foreign currencies (B) Corporate bonds  
(C) Government securities (D) Gold reserves

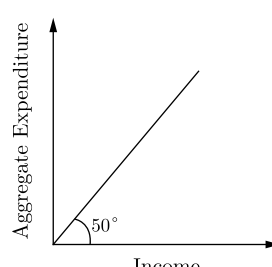
5. From the given diagrams, identify the correct option that indicates the 'Average Revenue Line' passing through the origin drawn at a particular angle.



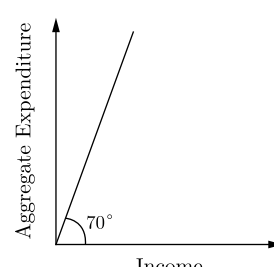
(i)



(ii)



(iii)



(iv)

- (A) (i) (B) (iii)  
(C) (ii) (D) (iv)

6. Taxes like Goods and Services Tax (GST) and excise duties, which are levied on goods and services, are examples of \_\_\_\_\_ taxes.

Choose the correct option to fill in the blank.

- (A) Direct (B) Progressive  
(C) Indirect (D) Regressive

7. Read the following statements carefully:

**Statement 1:** An appreciation of the domestic currency in a flexible exchange rate system occurs when the value of the currency rises due to increased demand or decreased supply, making imports cheaper and exports more expensive.

**Statement 2:** Central banks can directly control exchange rates in a flexible exchange rate system by setting the currency's value and restricting market forces.

Continue on next page.....



In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Both Statements 1 and 2 are false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

8. In national income accounting, goods that are utilized entirely in the production process within the same accounting year and are not included separately in GDP calculations to avoid double counting are known as \_\_\_\_\_ goods.

Choose the correct option to fill in the blank.

- (A) Final
- (B) Consumer
- (C) Capital
- (D) Intermediate

9. Read the following statements carefully:

**Statement 1:** Money supply in an economy is determined solely by the central bank through its monetary policy tools, and commercial banks play no role in influencing the total money supply.

**Statement 2:** High-powered money includes currency held by the public and reserves of commercial banks with the central bank, forming the basis for credit creation in the banking system.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is true and Statement 2 is false.
- (B) Both Statements 1 and 2 are false.
- (C) Statement 1 is false and Statement 2 is true.
- (D) Both Statements 1 and 2 are true.

10. Find net value added at market price.

S.No.	Items	₹ (in crores)
(i)	Output sold (units)	800
(ii)	Price per unit of output	20
(iii)	Excise	1,600
(iv)	Import duty	400
(v)	Net change in stock	(-)500
(vi)	Depreciation	1,000
(vii)	Intermediate cost	8,000

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



- (A) ₹5,500 crore  
(C) ₹7,500 crore
- (B) ₹6,500 crore  
(D) ₹8,500 crore

11. Suppose the GDP at market price of a country in a particular year was ₹ 2,200 crore. Net Factor Income from Abroad was ₹ 200 crore. The value of Indirect taxes – Subsidies was ₹ 300 crore and National Income was ₹ 1700 crore. Calculate the aggregate value of depreciation.
12. Name the broad categories of transactions recorded in the capital account of the balance of payments account.

**OR**

Give the difference between devaluation and depreciation of domestic currency.

13. As per the following news published in The Economic Times on 13th April, 2020  
“Monetary policy by itself may not be effective in mitigating the economic crisis created by the Covid pandemic in a demand deficient economy like India, according to MPC member Chetan Ghate who voted for only a 50 bps points cut in repo rate against a 75 bps reduction vote by the majority. Instead he called for wider structural reforms along with tax stimulus for the revival of the economy from the Covid induced slowdown.”  
In the light of the above statement, give the meaning of deficient demand. What fiscal measures would you recommend to the Gol to correct the situation of deficient demand?
14. If the ratio of marginal propensity to consume and marginal propensity to save is 3 : 1, the value of investment multiplier will be 5. True or false? Justify your answer.
15. Read the following text carefully :  
“Managing the government’s banking transactions is a key RBI role. Like individuals, 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.

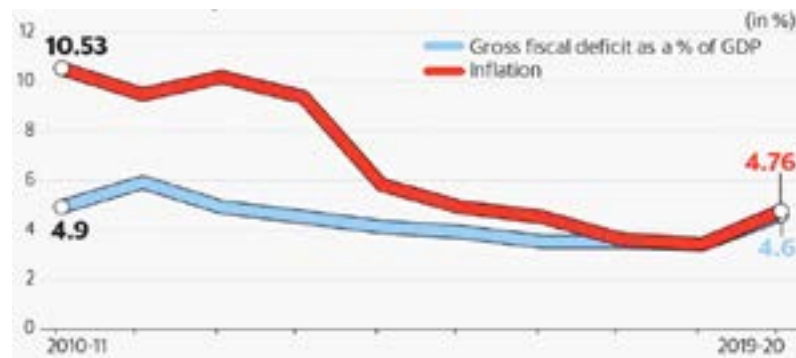
**OR**

Currency is issued by the Central Bank, yet we say that commercial banks create money. Explain. How is this money creation by commercial banks likely to affect the national income? Explain.

16. (i) Social welfare may not increase even when real GDP increases. Explain.  
(ii) Define the problem of double counting in the estimation of national income. Discuss two approaches to correct the problem of double counting.



17. (i) In light of the given figure, explain how fiscal deficit has a bearing on inflationary woes?



Source Economic survey and CGA; RBI

- (ii) State any three objectives of government budget.

OR

- (i) Is the following, a revenue receipt or a capital receipt in the context of government budget and why?
- Tax receipt
  - Disinvestment
- (ii) Can a fiscal deficit occur without a revenue deficit?

## SECTION-B - Indian Economic Development

18. Read the following statements carefully:

**Statement 1:** Global warming is one of the adverse effects of economic development on the environment.

**Statement 2:** Strategies for sustainable development ignore the conservation of natural resources. In light of the given statements, choose the correct option from the following:

- Statement 1 is true and Statement 2 is false.
- Statement 1 is false and Statement 2 is true.
- Both Statements 1 and 2 are true.
- Both Statements 1 and 2 are false.

**Ans :**

- (A) Statement 1 is true and Statement 2 is false.

19. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** India's per capita income is higher than that of its neighbor, China.

**Reason (R):** India has a smaller population compared to China, leading to higher per capita income.

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**





Options:

- (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.

**20.** The British colonial rule in India resulted in the deindustrialization of \_\_\_\_\_ industries, severely impacting the country's indigenous production capabilities and economic structure. Choose the correct option to fill up the blank.

- (A) textile
- (B) automobile
- (C) software
- (D) pharmaceutical

**21.** Which policy was introduced in 1956 to regulate industrial development in India? Which of the following is/are correct ?

- (i) Industrial Policy Resolution
- (ii) Import Policy Regulation
- (iii) Foreign Trade Act
- (iv) Nationalization Act

Option :

- (A) (i) only
- (B) (ii) and (iii)
- (C) (i) and (iv)
- (D) (i), (ii), and (iii)

**22.** Which of the following is an objective of demonetization as part of economic reforms? Which of the following is correct ?

- (A) To increase the number of high-denomination currency notes
- (B) To decrease the velocity of money in the economy
- (C) To make currency more convenient for digital transactions
- (D) To curb black money and counterfeit currency

**23.** Identify which of the following statements correctly describes the relationship between human capital and economic development.

Which of the following is correct ?

- (A) Human capital has no significant impact on economic development.
- (B) Increased human capital leads to higher unemployment rates.
- (C) Human capital enhances productivity and drives economic growth.
- (D) Economic development reduces the need for human capital investment.



- 24.** Agricultural diversification in rural India involves which of the following activities?  
Which of the following is correct ?
- (A) Focusing solely on traditional crops  
(B) Engaging in allied activities like dairy and poultry  
(C) Reducing the variety of crops cultivated  
(D) Increasing reliance on a single crop
- 25.** “The informal sector in India constitutes a significant portion of the workforce engaged in unorganized activities without formal contracts or social security benefits. Informalisation of the workforce poses challenges like job insecurity and lack of worker rights.”  
Which of the following is a characteristic of employment in the informal sector?
- (A) Job security and formal work contracts  
(B) Access to social security benefits  
(C) Unregulated working conditions and low wages  
(D) Mandatory compliance with labor laws
- 26.** Identify which of the following practices are essential for promoting sustainable development in India.  
Which of the following is correct ?
- (A) Increasing reliance on non-renewable energy sources  
(B) Promoting renewable energy adoption like solar and wind power  
(C) Implementing waste recycling and management systems  
(D) Expanding industrial activities without environmental regulations

- 27.** Match the following :

	Column I		Column II
A.	Economic Development in China	(i)	Mao
B.	India's new Development Policy	(ii)	China
C.	The Great Leap Forward	(iii)	1978
D.	Commune	(iv)	1991

Codes

- |     |       |      |       |       |
|-----|-------|------|-------|-------|
|     | A     | B    | C     | D     |
| (A) | (i)   | (ii) | (iii) | (iv)  |
| (B) | (ii)  | (i)  | (iv)  | (iii) |
| (C) | (iii) | (iv) | (i)   | (ii)  |
| (D) | (iv)  | (ii) | (i)   | (iii) |

**CLICK HERE TO SEE ANSWERS**



28. Explain how health and expenditure on information are a source of human capital formation?

**OR**

Compared to women, more men are found working in India. It has been observed that for every 100 urban females, only about 15 work.

In rural areas, for every 100 rural women, only about 25 work. Why are women not working? Give any three reasons.

**OR**

Explain how health and expenditure on information are a source of human capital formation?

29. In light of the given figure, give the meaning of sustainable development and list any four strategies towards sustainable development in India.



30. Economic growth is a key indicator of a nation's progress and reflects its ability to generate wealth and improve living standards. Comparing the GDP growth rates of India and China reveals significant insights into their economic trajectories over time. Compare and analyse the given data of India and China with valid arguments.

Annual Growth of Gross Domestic

Product (%) , 1980-2017

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8

Source Key Indicators for Asia and Pacific 2016, Asian Development Bank, Philippines; World Development Indicators, 2018.



31. State whether the following statements are true or false, with valid argument
- Private moneylenders are being replaced by institutional source of credit.
  - 'Economic growth' and 'Economic Development' means on end the same.
32. Agricultural sector appears to be adversely affected by the reform process. Why?

**OR**

- What were the objectives behind demonetisation?
  - Import restrictions were imposed in India with the dual objective to save foreign exchange reserves and to be self-sufficient. Justify the given statement with valid arguments.
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding
- In the late 1980s, government expenditure began to exceed its revenue by such large margins that meeting the expenditure through borrowings became unsustainable. Prices of many essential goods rose sharply. Imports grew at a very high rate without matching growth of exports. Foreign exchange reserves declined to a level that was not adequate to finance imports for more than two weeks. There was also not sufficient foreign exchange to pay the interest that needs to be paid to international lenders. Also, no country or international funder was willing to lend to India.
- India approached to World Bank and the International Monetary Fund (IMF), and received \$7 billion a loan to manage the crisis. India agreed to the conditionalities of World Bank and IMF and announced to New Economic Policy (NEP).
- This new set of policy measures changed the direction of our development strategies.
- What does the New Economic Policy of 1991 means in context of the Indian economy? Enlist some reasons for its introduction?
  - "IMF and World Bank granted \$7 billion loan to India with a major restriction to follow a closed economy model." Do you agree with the given statement? Justify.
34. (i) The Education Commission in 1966, had recommended that at least 6% of GDP should be spent on education in India. However, even after 50 years of such a recommendation, the government continues to spend 3-4% of GDP on education.
- How has this affected the education sector in India? What value stands violated by the Central Government?
- "Unemployment is related to poverty." Comment.

**OR**

- What do you mean by agricultural marketing?
- State the meaning of subsidy.
- Agricultural marketing refers to the farmers' act of bringing their produce to the market for sale'. Is the statement correct?

□□□□□□

**CLICK HERE TO SEE ANSWERS**



# Sample Paper 15

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** Managed floating exchange rate combines features of both fixed and flexible exchange rate systems.  
**Reason (R):** Under managed floating, the exchange rate is kept completely fixed by the central bank to avoid any fluctuations.  
Choose the correct option from those given below:  
(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.
2. “The Gross National Product (GNP) of a country is reported to be lower than its Gross Domestic Product (GDP) due to significant income payments made to foreign factors of production operating within the country. This situation indicates substantial outflow of factor income to the rest of the world.”  
Source: [Economic Survey of India 2023] (<https://www.indiabudget.gov.in/economicsurvey/>)

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What does this scenario imply about the Net Factor Income from Abroad (NFIA) for the country?

- (A) NFIA is positive
- (B) NFIA is zero
- (C) NFIA is negative
- (D) NFIA does not affect GNP

3. The process by which commercial banks expand the total money supply within the economy through the mechanism of accepting deposits and extending loans is called \_\_\_\_\_ creation.

Choose the correct option to fill in the blank.

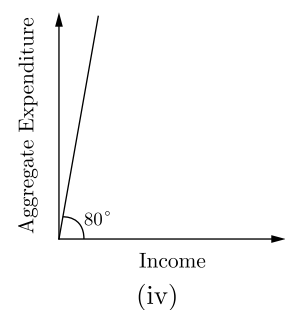
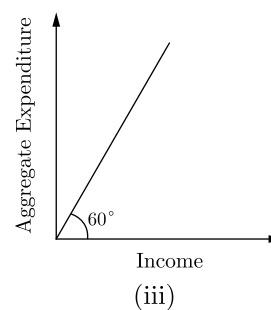
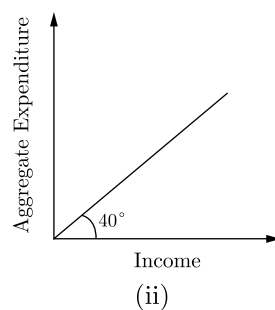
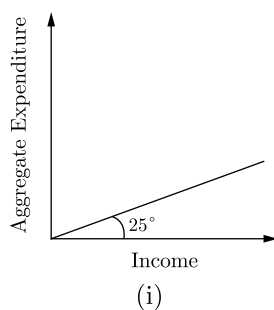
- (A) Credit
- (B) Deposit
- (C) Investment
- (D) Capital

4. A situation where planned aggregate demand exceeds aggregate supply at full employment leads to an \_\_\_\_\_ gap.

Choose the correct option to fill in the blank.

- (A) Inflationary
- (B) Deflationary
- (C) Recessionary
- (D) Equilibrium

5. From the given diagrams, identify the correct option that indicates the 'Aggregate Supply Curve' passing through the origin drawn at a particular angle.



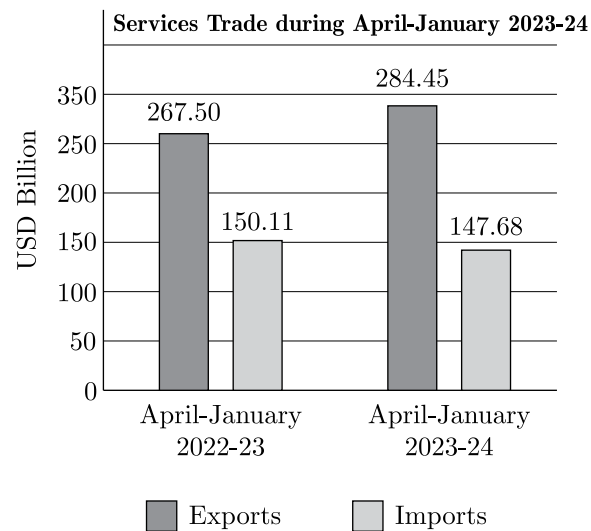
- (A) (iii)
- (B) (ii)
- (C) (iv)
- (D) (i)



6. An increase in the value of domestic currency in terms of foreign currency under a flexible exchange rate system is called \_\_\_\_\_.  
Choose the correct option to fill in the blank.
- (A) Appreciation
  - (B) Depreciation
  - (C) Devaluation
  - (D) Revaluation
7. Read the following statements carefully:  
**Statement 1:** The expenditure method of calculating national income sums up all expenditures made on final goods and services by households, firms, government, and net exports, ensuring that the value of output is equal to total spending in the economy.  
**Statement 2:** Transfer payments, such as pensions and unemployment benefits, are included in the expenditure method because they represent government spending that directly contributes to the production of goods and services.  
In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is true and Statement 2 is false.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.
8. As the “lender of last resort,” the central bank provides financial assistance to commercial banks facing short-term liquidity shortages. This critical function helps maintain \_\_\_\_\_ in the banking and financial system.  
Choose the correct option to fill in the blank.
- (A) Inflation
  - (B) Instability
  - (C) Liquidity
  - (D) Competition
9. Read the following statements carefully:  
**Statement 1:** An increase in government spending, financed through borrowing, can lead to crowding out of private investment due to higher interest rates, potentially reducing the effectiveness of fiscal policy in stimulating the economy.  
**Statement 2:** In a liquidity trap situation, monetary policy becomes ineffective because changes in the money supply do not influence interest rates or investment spending.  
In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is true and Statement 2 is false.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.



10. The change in imports of services between April-January 2022-23 and April-January 2023-24 reflects a \_\_\_\_\_ of USD \_\_\_\_\_ billion.  
(Choose the correct option to fill up the blank)



- (A) increase, 2.43  
(B) increase, 3.50  
(C) decrease, 2.43  
(D) decrease, 3.50
11. Calculate 'value of output' from the following data:

		(₹ in lakhs)
(i)	Net value added at factor cost	100
(ii)	Intermediate consumption	75
(iii)	Excise duty	20
(iv)	Subsidy	5
(v)	Consumption of fixed capital	10

12. Distinguish between devaluation and depreciation of domestic currency.

**OR**

How does giving incentives for exports influence foreign exchange rate? Explain.

13. Explain how the following measures can be used to correct the excess demand situation?
- (a) Bank Rate  
(b) Cash Reserve Ratio

**OR**

What is marginal propensity to consume? How is it related to marginal propensity to save?





14. Explain the equilibrium level of national income with the help of Saving and Investment Curves.

15. Read the following text carefully :

In any economy, equilibrium is achieved when aggregate demand equals aggregate supply, ensuring stable prices and efficient resource allocation. However, when there is a mismatch between the two, significant adjustments occur. These changes impact production, employment, prices, and overall economic stability, depending on whether demand exceeds supply or falls short.

Explain all the changes that will take place in an economy when aggregate demand is not equal to aggregate supply.

16. Read the following text carefully :

Government expenditure is broadly classified into revenue and capital expenditure based on its nature and impact on the economy. Revenue expenditure includes spending that does not create assets or reduce liabilities, while capital expenditure involves investments that generate assets or reduce liabilities. Understanding this distinction helps in analyzing the economic implications of government spending.

Giving reasons, categorise the following into revenue and capital expenditure.

- Subsidies
- Grants given to state governments
- Repayment of loans
- Construction of school building

17. Calculate (a) GDP at market price (b) GNP at factor cost from the following data.

	₹ in crores)	
(i)	Intermediate consumption	
	(a) Primary Sector	500
	(b) Secondary Sector	400
	(c) Tertiary Sector	300
(ii)	Value of output:	
	(a) Primary Sector	1000
	(b) Secondary Sector	900
	(c) Tertiary Sector	70
(iii)	Compensation of employees	400
(iv)	Net factor income from abroad	(—)20
(v)	Consumption of fixed capital	40
(vi)	Net indirect taxes	10
(vii)	Net current transfers to abroad	(—)15

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**OR**

(a) Find net national product at market price:

		(₹ Crores)
(i)	Personal taxes	200
(ii)	Wage and salaries	1,200
(iii)	Undistributed profit	50
(iv)	Rent	300
(v)	Corporation tax	200
(vi)	Private income	2,000
(vii)	Interest	400
(viii)	Net indirect tax	300
(ix)	Net factor income to abroad	20
(x)	Profit	500
(xi)	Social security contributions by employers	250

(b) Find net value added at market price:

		(₹ Lakhs)
(i)	Fixed capital good with a life span of 5 years	15
(ii)	Raw materials	6
(iii)	Sales	25
(iv)	Net change in stock	(—)2
(v)	Taxes on production	1

## SECTION-B - Indian Economic Development

18. Observe the given figure carefully and answer the question that follows:



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Wagah Border is not only a tourist place but also used for trade between \_\_\_\_\_ and \_\_\_\_\_.

- (A) India; Pakistan (B) India; China  
(C) India; Russia (D) China; Pakistan

19. Read the following statements carefully:

**Statement 1:** China has adopted an export-led growth strategy, which differs from India's approach post-liberalisation.

**Statement 2:** India and China have similar human development indicators.

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.

20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** The agricultural sector was the largest contributor to India's GDP on the eve of independence.

**Reason (R):** Industrialization was highly advanced in India before independence.

Options:

- (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.

21. The Industrial Policy Resolution of 1956 aimed to promote \_\_\_\_\_ sectors and regulate \_\_\_\_\_ sectors through state ownership and control to guide economic development.

Choose the correct option to fill up the blank.

- (A) public; private (B) key; small-scale  
(C) small-scale; key (D) agricultural; industrial

22. What is the primary objective of the Goods and Services Tax (GST) in India?

Which of the following is/are correct ?

- (i) To unify the tax structure  
(ii) To increase tax revenues  
(iii) To simplify the taxation system  
(iv) To promote export industries

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Option :

- (A) (i) and (iii)
- (B) (ii) and (iv)
- (C) (i), (ii), and (iii)
- (D) (i), (ii), (iii), and (iv)

- 23.** Identify which of the following statements correctly describes the relationship between human capital and economic development.

Which of the following is correct ?

- (A) Human capital has no significant impact on economic development.
- (B) Increased human capital leads to higher unemployment rates.
- (C) Human capital enhances productivity and drives economic growth.
- (D) Economic development reduces the need for human capital investment.

- 24.** Agricultural diversification in rural India involves which of the following?

Which of the following is correct ?

- (A) Solely focusing on traditional crops
- (B) Shifting to cash crops and engaging in allied activities
- (C) Reducing livestock production
- (D) Limiting crop varieties to manage resources

- 25.** Identify which of the following factors contribute to unemployment in India.

Which of the following is correct ?

- (A) Rapid population growth
- (B) High levels of skill development
- (C) Economic downturns
- (D) Adequate job creation

- 26.** “Economic development often leads to environmental degradation due to overexploitation of natural resources, pollution, and loss of biodiversity. Sustainable development aims to meet the needs of the present without compromising the ability of future generations to meet their own needs.”

Which of the following best defines sustainable development?

- (A) Unlimited use of resources for rapid economic growth
- (B) Development that ensures economic gains regardless of environmental costs
- (C) Balanced approach integrating economic growth with environmental protection
- (D) Prioritizing industrial development over environmental concerns



27. Which of the following factors have significantly contributed to China's rapid economic growth compared to India?

Which of the following is correct ?

- (A) Strong centralized government planning and strategic economic policies
- (B) Limited investment in infrastructure and technology
- (C) Restrictive foreign investment policies
- (D) High levels of bureaucratic inefficiency

28. "The government should continue with agricultural subsidies." Do you agree? Give reason in support of your answer.

**OR**

"Globalisation has produced some negative results for India." Explain.

29. Elaborate one hurdle faced by the land ceiling legislation.
30. "Inward looking trade strategy' adopted by India in the first seven plans basically aimed at substituting imports with domestic products." Discuss.
31. Give any three benefits of solar power.

**OR**

Mention any three limitations of organic farming.

32. "Existence of widespread unemployment in India is the cumulative result of many causes." Explain any four main causes of unemployment in India.
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The reform and open-door policy of China began with the adoption of a new economic development strategy at the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCPCC) in late 1978. Under the leadership of Deng Xiaoping, the Chinese government began to pursue an open-door policy, in which it adopted a stance to achieve economic growth through the active introduction of foreign capital and technology while maintaining its commitment to socialism. The obvious aim of this policy shift was to rebuild its economy and society that were devastated by the Cultural Revolution. The government subsequently established a number of areas for foreign investment, including the special economic zones, open coastal cities, the economic and technology development zones, the delta open zones, the peninsula open zones, the open border cities, and the high-tech industrial development zones. The establishment of these zones provided the trigger for massive inflows of foreign investment, primarily from companies in Hong Kong and Taiwan. At the same time,

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China promoted its socialist market economy concept. The changes brought an entrepreneurial boom that resulted in the emergence of huge numbers of entrepreneurs and venture businesses within China.

- (a) What was open-door policy? Why was it initiated in China?
- (b) How did the policy of open-door helped Chinese economy? Also, name the areas established by the Chinese government for foreign investment.

34. What is rural development? “Co-operative marketing is considered as the third aspect of government initiative.” Explain.

**OR**

Analyse the distribution of workforce by the industrial sectors in India.

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# Sample Paper 16

## Class - 12th Exam - 2024 - 25

### Economics (030)

**Time : 3 Hours**

**Max. Marks : 80**

**General Instructions :**

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** Real GDP can increase even if there is no increase in the production of goods and services.

**Reason (R):** Real GDP is adjusted for inflation, so a decrease in the price level can lead to an increase in Real GDP even if the output remains the same.

Choose the correct option from those given below:

- (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.
- 
2. “The Reserve Bank of India acts as the ‘lender of last resort’ by providing financial assistance to banks facing short-term liquidity shortages. This function is crucial in maintaining stability and confidence in the banking system.”  
Source: [RBI Functions and Responsibilities, 2023] (<https://www.rbi.org.in/Scripts/AboutUsDisplay.aspx>)

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Which of the following best describes this role of the RBI?

- (A) Banker to the Government
- (B) Banker's Bank
- (C) Controller of Credit
- (D) Issuer of Currency

3. When an economy is operating at full employment levels, any further increase in Aggregate Demand tends to lead to \_\_\_\_\_, as output cannot increase further in the short run. Choose the correct option to fill in the blank.

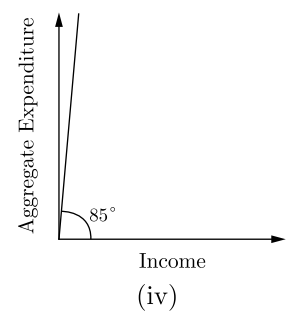
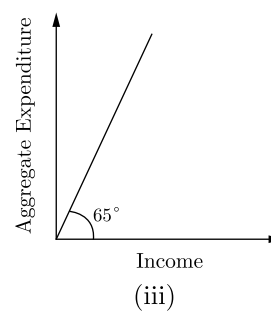
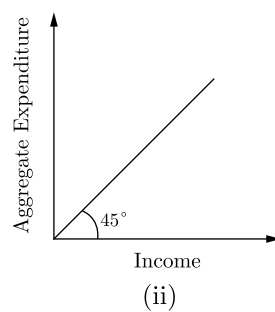
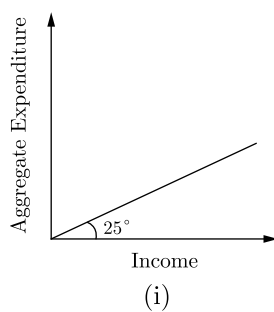
- (A) Deflation
- (B) Unemployment
- (C) Inflation
- (D) Stagnation

4. Expenditures that lead to the creation of assets or reduction in liabilities are termed as \_\_\_\_\_ expenditure.

Choose the correct option to fill in the blank.

- (A) Revenue
- (B) Capital
- (C) Transfer
- (D) Administrative

5. From the given diagrams, identify the correct option that indicates the 'Marginal Product Curve' passing through the origin drawn at a particular slope.



- (A) (iv)
- (B) (ii)
- (C) (iii)
- (D) (i)

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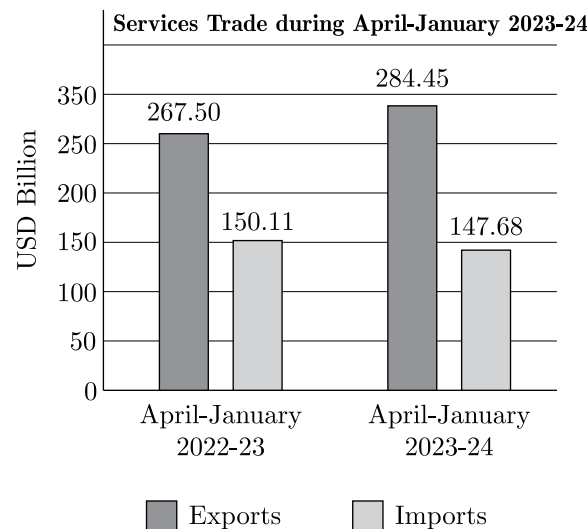


6. In the circular flow of income in a two-sector model, households receive factor incomes and use them to purchase goods and services from firms, demonstrating the concept of \_\_\_\_\_. Choose the correct option to fill in the blank.
- (A) Leakages
  - (B) Injections
  - (C) Real Flow
  - (D) Transfer Payments
7. Read the following statements carefully:
- Statement 1:** Margin requirements refer to the difference between the current value of the security offered for a loan and the amount of the loan granted, which the central bank adjusts to control the volume of credit in specific sectors.
- Statement 2:** By increasing margin requirements, the central bank effectively reduces the borrowing capacity of individuals and firms, thereby curbing excessive speculative activities in the economy.
- In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is true and Statement 2 is false.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.
8. In macroeconomic terms, full employment refers to the condition where all individuals who are willing and able to work at the prevailing wage rate are employed, and there is an absence of \_\_\_\_\_ unemployment in the economy. Choose the correct option to fill in the blank.
- (A) Frictional
  - (B) Voluntary
  - (C) Involuntary
  - (D) Seasonal
9. Read the following statements carefully:
- Statement 1:** Deficit financing refers to the practice of funding government deficits through borrowing or printing new money, which can lead to inflation if not managed properly.
- Statement 2:** One of the primary objectives of a government budget is to achieve economic stability by controlling cyclical fluctuations and maintaining steady growth rates.
- In light of the given statements, choose the correct option from the following:
- (A) Both Statements 1 and 2 are true.
  - (B) Statement 1 is true and Statement 2 is false.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.



10. Based on the given diagram:

The trade balance in services during April-January 2023-24 reflects a \_\_\_\_\_ of USD \_\_\_\_\_ billion compared to April-January 2022-23.



(Choose the correct option to fill up the blank)

- (A) surplus, 136.77
- (B) surplus, 106.77
- (C) deficit, 136.77
- (D) deficit, 106.77

11. Why does the demand for foreign currency falls and supply rises, when its price rises? Explain.

**OR**

State the components of the current account of balance of payments account.

12. The nominal GDP of a country is ₹180 crores and price index is 120. Find the real GDP.

13. What is the sum of expenditure on consumption and investment in an economy called? State its components.

**OR**

Define 'APC'. Among APC and MPC, whose value can be zero and why? Explain.

14. Giving reasons, state whether the following statements are true or false:

- (a) There is an inverse relationship between the value of marginal propensity to save and investment multiplier.
- (b) When the value of average propensity to save is negative, the value of marginal propensity to save will also be negative.



**15. Read the text carefully :**

Deflationary gap occurs when aggregate demand in an economy falls short of the aggregate supply, leading to unemployment and underutilization of resources. To bridge this gap, central banks use various monetary policy tools, including Open Market Operations (OMO). By influencing money supply, OMO plays a crucial role in stabilizing the economy and boosting demand.

Explain the role of Open Market Operations in reducing deflationary gap.

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

Banks play a significant role in expanding the availability of funds within an economy through the process of credit creation. This process is influenced by various factors, including the reserves maintained by banks and the regulatory framework they operate within. Understanding the mechanism that determines the extent of credit expansion helps in assessing the banking system's contribution to economic growth.

Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.

**17. (a) Calculate  $GDP_{MP}$  from the given data:**

(₹ in crores)		
(i)	Net factor income to abroad	10
(ii)	Indirect tax	240
(iii)	Net exports	40
(iv)	Private final consumption expenditure	1200
(v)	Consumption of fixed capital	70
(vi)	Opening stock	20
(vii)	Closing stock	10
(viii)	Net current transfers to abroad	(—) 30
(ix)	Subsidies	40
(x)	Net domestic capital formation	220
(xi)	Government final consumption expenditure	200

(b) Explain how shall the payment of electricity bill by a school be treated while estimating National Income.

**OR**

(a) Calculate 'Net domestic Product at Factor Cost' from the given data:

(₹ in crores)		
(i)	Net factor income to abroad	30
(ii)	Sales	2000

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(iii)	Subsidies	20
(iv)	Consumption of fixed capital	50
(v)	Net current transfers to abroad	(—) 10
(vi)	Closing stocks	100
(vii)	Opening stocks	200
(viii)	Intermediate costs	1000
(ix)	Indirect tax	150

- (b) What treatment is assigned to the 'Payment of Interest on borrowings' by general government.

## SECTION-B - Indian Economic Development

18. Observe the given figure carefully and answer the question that follows:



Poultry has the \_\_\_\_ share of total livestock in India.

- (A) second largest (B) largest  
(C) third largest (D) None of these
19. Read the following statements carefully:  
**Statement 1:** Agriculture was the dominant sector in India's economy on the eve of independence.  
**Statement 2:** The industrial sector contributed more to India's Gross Value Added (GVA) than the agricultural sector during colonial rule.  
 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.



- 20.** Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Small Scale Industries (SSIs) were considered unimportant in India's economic framework post-independence.  
**Reason (R):** SSIs were not promoted because they were unable to generate significant employment.  
Options:  
(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.
- 21.** Under the LPG (Liberalisation, Privatization, Globalisation) framework, the introduction of \_\_\_\_\_ aimed to simplify the indirect tax structure in India and enhance compliance efficiency.  
Choose the correct option to fill up the blank.  
(A) Income Tax Act  
(B) Goods and Services Tax (GST)  
(C) Corporate Tax Amendment  
(D) Capital Gains Tax
- 22.** What role does human capital play in economic development?  
Which of the following is/are correct ?  
(i) Enhances productivity  
(ii) Drives innovation  
(iii) Increases unemployment  
(iv) Promotes economic growth  
Option :  
(A) (i), (ii), and (iv)  
(B) (ii) and (iii)  
(C) (i) and (iv)  
(D) (i), (ii), (iii), and (iv)
- 23.** Agricultural diversification in rural India involves which of the following?  
Which of the following is correct ?  
(A) Solely focusing on traditional crops  
(B) Shifting to cash crops and engaging in allied activities  
(C) Reducing livestock production  
(D) Limiting crop varieties to manage resources



- 24.** Unemployment in India can be attributed to which of the following factors?  
Which of the following is correct ?  
(A) Rapid population growth and lack of skill development  
(B) High levels of foreign investment  
(C) Robust economic growth  
(D) Effective education system
- 25.** Identify which of the following practices are essential for sustainable development.  
Which of the following is correct ?  
(A) Renewable energy adoption  
(B) Deforestation  
(C) Waste recycling  
(D) Increasing carbon emissions
- 26.** “Among India, China, and Pakistan, India has the highest population growth rate, which poses challenges for economic development, resource management, and provision of public services.”  
Which country among the three has the highest population growth rate impacting its development?  
(A) China  
(B) India  
(C) Pakistan  
(D) All have the same growth rate
- 27.** Which of the following statements accurately describe the demographic conditions in India on the eve of independence?  
Which of the following is correct ?  
(A) High literacy rates across all regions  
(B) Rapid population growth with limited access to education  
(C) Balanced gender ratio with equal employment opportunities  
(D) Low life expectancy due to widespread healthcare facilities
- 28.** “During the British rule in India, India’s population witnessed the worsening profile of India’s population of the time”. Analyse the factors responsible for it.

**OR**

Analyse the main causes of India’s agricultural stagnation during the colonial period?

- 29.** Explain the policy of ‘land to the tiller’ and its benefits.



30. What is the need for diversification?

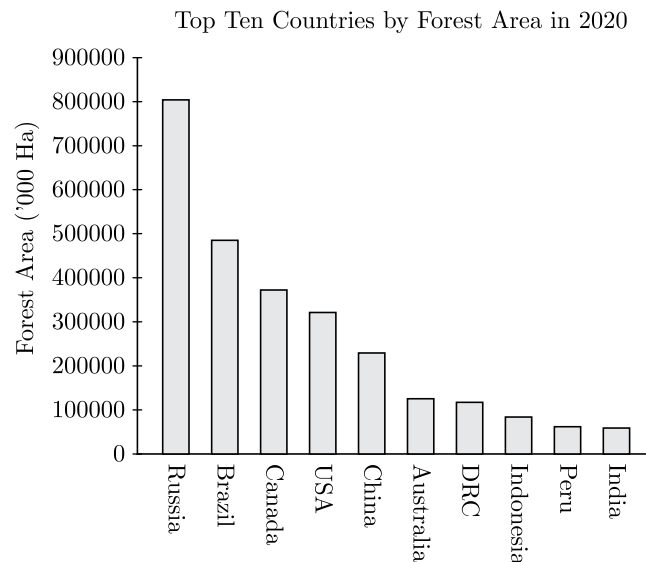
OR

Explain the system of “Operation Flood”.

31. Distinguish between:

- (a) Bilateral trade and Multilateral trade
- (b) Tariff barriers and Non-tariff barriers

32. Interpret the result of forest area as per 2022.



Source: India State of Forest Report 2021

Note: DRC: Democratic Republic of the Congo

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Pakistan adopted economic stabilisation and structural reform policies in 1988 in an effort to reduce domestic financial imbalances and external deficits. However, there have been problems with the implementation of these policies, in terms of consistency and sequencing. The period 1988-1996 was characterised by repeated attempts to stabilise the economy amid weak efforts at structural reforms. Since policy measures were not able to achieve their objectives, the Pakistan economy continued to be trapped in a vicious circle of poverty, low growth, low savings, and low investment, which further hampered growth and poverty alleviation.

Economic difficulties worsened as a financial crisis hit Pakistan at the end of May 1988. Reserves plummeted from \$1.2 billion to about \$0.6 billion, and default seemed imminent. The crisis was triggered by the country's testing of nuclear devices on 28 May 1998 amid threats of economic sanctions from the United States and other countries. Unjustifiably, fearing capital outflows, the government froze all foreign currency accounts. As a natural response, private sector remittances also practically ceased, cutting off about \$2.5 billion in inflows projected

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for that fiscal year. Commercial bank short-term lending to the government and State Bank of Pakistan (SBP) dropped drastically. Two sources of foreign exchange borrowing-official sources and private transfers-which had remained seemingly insensitive to changes in economic fundamentals, now due to political reasons (in the case of official inflows) and poor decisions by the government (in case of foreign currency accounts) suddenly dried up and precipitated a financial crisis.

- (a) When did Pakistan initiate its economic reforms? Why was economic growth low in Pakistan after reform period?
- (b) What were the reasons of re-emergence of poverty in Pakistan?

**34.** Discuss how the use of Information Technology can help in rural development of India.

**OR**

Give the four vital functions of environment - “the total planetary inheritance”.

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# Sample Paper 17

## Class - 12th Exam - 2024 - 25

### Economics (030)

**Time : 3 Hours**

**Max. Marks : 80**

**General Instructions :**

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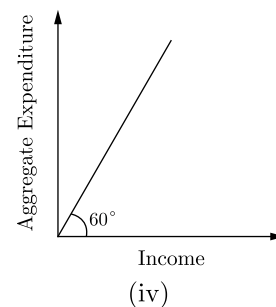
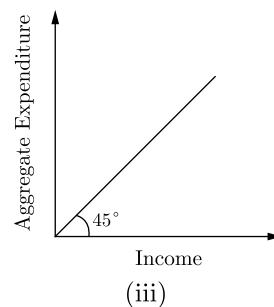
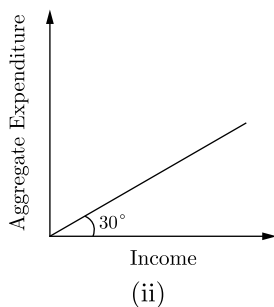
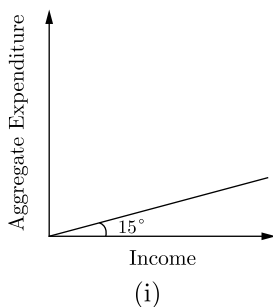
## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** Open Market Operations refer to the purchase and sale of government securities by the central bank to control the money supply.  
**Reason (R):** When the central bank buys government securities, it reduces the liquidity in the economy, thus decreasing the money supply.  
Choose the correct option from those given below:  
(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.
2. “An economy is facing a situation of excess demand, leading to inflationary pressures. The central bank decides to increase the Repo Rate to make borrowing more expensive, thereby reducing consumption and investment spending.”  
Source: [RBI Monetary Policy Review, 2023] ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54003](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54003))  
What is the central bank aiming to achieve by increasing the Repo Rate in this context?  
(A) Decrease aggregate demand  
(B) Increase aggregate supply  
(C) Promote economic growth  
(D) Reduce government deficit

**CLICK HERE TO SEE ANSWERS**



3. Fiscal deficit is calculated as the difference between the total expenditure of the government and its total receipts excluding \_\_\_\_\_, reflecting the borrowing requirements. Choose the correct option to fill in the blank.
- (A) Taxes (B) Borrowings  
(C) Grants (D) Loans
4. An exchange rate system where the value of the currency is determined entirely by market forces without any government intervention is called a \_\_\_\_\_ exchange rate. Choose the correct option to fill in the blank.
- (A) Fixed (B) Floating  
(C) Managed (D) Pegged
5. From the given diagrams, identify the correct option that indicates the 'Indifference Curve' passing through the origin drawn at a particular angle.



- (A) (iv) (B) (iii)  
(C) (i) (D) (ii)
6. Statutory Liquidity Ratio (SLR) refers to the percentage of deposits that commercial banks are required to maintain in the form of \_\_\_\_\_. Choose the correct option to fill in the blank.
- (A) Cash with the RBI  
(B) Gold and Government Securities  
(C) Foreign Currency Reserves  
(D) Corporate Bonds
7. Read the following statements carefully:
- Statement 1:** The Marginal Propensity to Save (MPS) is the additional amount of income that is saved from an additional unit of income, and it is equal to one minus the Marginal Propensity to Consume (MPC).
- Statement 2:** If the MPC is 0.75, then the value of the investment multiplier will be 4, showing the relationship between MPC, MPS, and the multiplier effect.

Continue on next page.....



In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are true.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are false.

8. The primary deficit is obtained by subtracting the interest payments on previous borrowings from the \_\_\_\_\_ deficit, indicating the government's borrowing requirements excluding interest obligations.

Choose the correct option to fill in the blank.

- (A) Revenue
- (B) Capital
- (C) Fiscal
- (D) Budgetary

9. Read the following statements carefully:

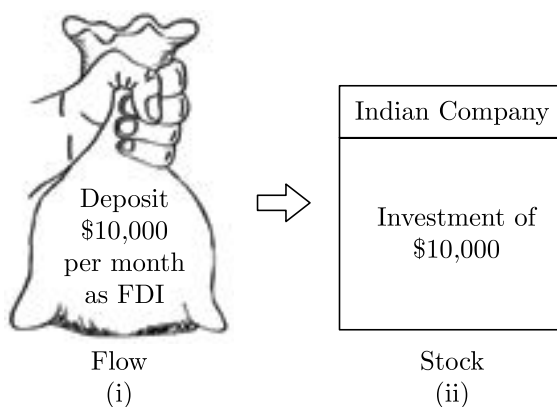
**Statement 1:** In the foreign exchange market, the exchange rate is determined by the interaction of demand and supply of foreign currency, where an increase in demand for foreign goods leads to a depreciation of the domestic currency.

**Statement 2:** A depreciation of the domestic currency makes exports more expensive and imports cheaper, potentially worsening the trade balance of the country.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Both Statements 1 and 2 are false.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are true.

10. Observe the given figure carefully and choose the correct pair from the alternatives given below:



- (A) Flow, Flow
- (B) Stock, Stock
- (C) Flow, Stock
- (D) Stock, Flow



11. Find net value added at market price.

Contents	₹ (in crore)
Output sold (units)	800
Price per unit of output	20
Excise	1,600
Import duty	400
Net change in stock	(-) 500
Depreciation	1,000
Intermediate cost	8,000

12. Differentiate between current and capital account of BoP.

**OR**

Giving reasons, explain whether the given statements are true or false.

- Improvement in exchange rate of the country's currency is always beneficial for Balance of Payment (BoP).
- Rise in foreign exchange rate cause a rise in its supply.

13. Read the following text carefully :

Keynesian theory tell us that inflationary gap emerges only when full employment is reached. But, in India we often find high rate of inflation along with high rate of unemployment. How do you explain this paradox?

14. An economy is in equilibrium. Calculate the investment expenditure from the following. National Income = ₹ 800

Marginal Propensity to Save = 0.3

Autonomous Consumption = 100

15. "Credit creation is inversely related to the reserve deposit ratio". Justify the given statement, using a hypothetical example.

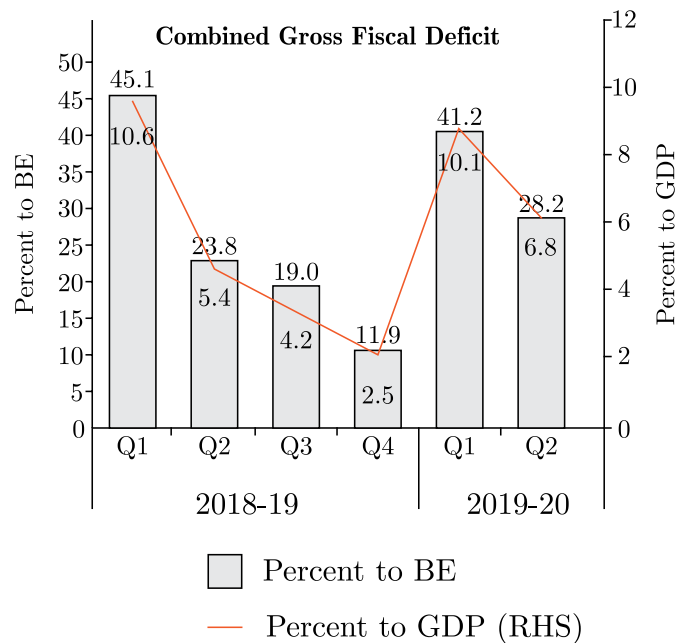
**OR**

Explain the 'standard of deferred payment' function of money. How has it solved the related problem created by barter?

- Government incurs expenditure to popularise yoga among the masses. Analyse its impact on Gross Domestic Product and welfare of the people.
- Explain the precautions that are taken while estimating national income by value added method.



17. (i) The graph given below highlights the situation of gross fiscal deficit in context of the Indian economy taken from RBI's Bulletin on 'Government Finances 2019-20: A half yearly review'. In context of the figure given below, give the meaning of fiscal deficit and explain any two ways to deal with such a problem.



- (ii) Tax rates on higher income group have been increased. Which economic value does it reflect? Explain.

**OR**

- (i) Explain the role of government budget in fighting inflationary tendencies.  
 (ii) Explain why public goods should be provided by the government.

## SECTION-B - Indian Economic Development

18. Observe the image given below and identify the type of economic structure



Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



- (A) Socialism
- (B) Capitalism
- (C) Mixed economy
- (D) None of these

19. Read the following statements carefully:

**Statement 1:** The common goals of the Five Year Plans included poverty alleviation and equitable distribution of resources.

**Statement 2:** Foreign trade policies during 1950-1990 were aimed at complete isolation from the global economy.

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.

20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** The Goods and Services Tax (GST) was introduced to replace the direct tax structure in India.

**Reason (R):** GST unified multiple indirect taxes into a single tax system to simplify the tax structure.

Options:

- (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.

21. Future prospects of human capital formation in India are closely linked to improvements in \_\_\_\_\_ and \_\_\_\_\_, ensuring a skilled and healthy workforce for sustained economic growth.

Choose the correct option to fill up the blank.

- (A) foreign trade; defense
- (B) transportation; infrastructure
- (C) natural resources; agriculture
- (D) education; healthcare



- 22.** What is the primary purpose of cooperative societies in rural India?  
Which of the following is/are correct ?  
(i) Providing credit facilities  
(ii) Marketing agricultural produce  
(iii) Offering insurance services  
(iv) Regulating prices  
Option :  
(A) (i) and (ii) (B) (ii) and (iii)  
(C) (i), (ii), and (iii) (D) (i), (ii), (iii), and (iv)
- 23.** Unemployment in India can be attributed to which of the following factors?  
Which of the following is correct ?  
(A) Rapid population growth and lack of skill development  
(B) High levels of foreign investment  
(C) Robust economic growth  
(D) Effective education system
- 24.** Which of the following are effects of economic development on the environment?  
Which of the following is correct ?  
(A) Increased biodiversity  
(B) Improved air quality  
(C) Enhanced natural resource conservation  
(D) Deforestation and pollution
- 25.** When comparing human development indicators, India stands \_\_\_\_\_ compared to its neighboring countries like China and Pakistan.  
Which of the following is correct ?  
(A) Ahead in all indicators (B) Behind in some and ahead in others  
(C) Ahead in none (D) Uniformly ahead
- 26.** “Under British colonial rule, India’s foreign trade was structured to serve the interests of the British economy. The country became an exporter of primary goods like raw cotton and an importer of finished goods from Britain, leading to a drain of India’s wealth and resources without corresponding benefits to the Indian economy.”  
Which term best describes this economic phenomenon experienced by India during colonial times?  
(A) Economic self-sufficiency  
(B) Colonial exploitation and economic drain  
(C) Favorable balance of trade  
(D) Industrial revolution in India



27. Which of the following were objectives of Small Scale Industries (SSI) in India's post-independence economy?

Which of the following is correct ?

- (A) Consolidation of large enterprises  
(B) Employment generation and balanced regional development  
(C) Dominance of foreign industries  
(D) Focus solely on export-oriented production
28. On the basis of the figure given below, explain what type of unemployment can this industry result in? Suggest for two measures for reducing this kind of unemployment?



29. Defend or refute the statement with valid explanation.  
"It is necessary to replace the private moneylenders by institutional sources of credit."

**OR**

According to the National Sample Survey Office's (NSSO's) data, the share of regular salaried workers in employment was on the rise in 2017-18 with respect to 2011-12. For the year 2017-18, the proportion of regular salaried workers rose to 13.1% in 2017-18 for rural areas, and 47% for urban areas. State any three reasons for this observed trend across rural-urban areas?

30. (i) Define worker-population ratio.  
(ii) Analyse the trends in sectoral distribution of work force in India on the basis of data Trends in Employment Pattern (Sector-wise), 1972-2012 (in%)

Sector	1972-73	1983	1993-94	1999-2000	2011-2012
Primary	74.3	68.6	64	60.4	48.9
Secondary	10.9	11.5	16	15.8	24.3
Services	14.8	16.9	20	23.8	26.8
Total	100.0	100.0	100.0	100.0	100.0





31. State whether the following statements are true or false, with valid arguments
- The percentage share of agricultural sector in the exports of the country declined in the period 1950-1990.
  - The Gulf crisis and the collapse of Soviet Block was responsible, to a certain extent for the economic crisis of 1991.
32. The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.

**OR**

- What do you understand by the term economy?
  - How are economies classified in the economic system?
33. Read the following text carefully and answer the given questions on the basis of the same and common understanding.

The 20th century included the inception of modern family planning, which restricted the fertility of hundreds of millions of couples around the world. Due to concerns about the world's unprecedented rate of population growth in the mid-20th century, some aid agencies and international organisations began to support the establishment of family planning programs. About 40 years later, in the mid-1990s, large-scale family planning programs were active in 115 countries.

China's One Child Policy (OCP) is the largest among the World's family planning programs. In the 1970s, after two decades of explicitly encouraging population growth, policy-makers in China began enacting a series of measures to curb it. The OCP was formally initiated in 1979 and firmly established across the country in 1980.

It was the first time that family planning policy became formal law in China. Differing from birth control policies in many other countries, the OCP assigned a compulsory general 'one-birth' quota to each couple, though its implementation has varied considerably across regions for different ethnicities at different times. The policy affected millions of couples and lasted more than 30 years.

According to the World Bank, the fertility rate in China dropped from 2.81 in 1979 to 1.51 in 2000. The reduced fertility rate is likely to have affected the Chinese labour market profoundly. In 1979, the Chinese government formally initiated the OCP to alleviate social, economic, and environmental problems such as the high unemployment rate and scarcity of land resources.

As opposed to many family planning policies in other countries, the OCP was compulsory rather than voluntary. As the name suggests, the policy restricted a couple to having only one child. However, there were some exemptions.

The birth quota varied according to residence (urban/rural) and ethnicity (Han/non-Han).

Since Han ethnicity is by far the largest in China, accounting for 93% of the population, the policy mainly restricted the fertility of people with Han ethnicity. In general, Han households in urban regions were only allowed to have one child, while most households in rural areas could have a second child if their first was female (this exception is called the "one-and-a-half-child policy"). Meanwhile, in most regions, households of non-Han ethnicity were allowed to have two or three children, regardless of gender.

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In March 1991, to show resoluteness, the Central Government listed family planning among the three basic state policies in China's Eighth Five Year Plan passed by the National People's Council. The Eighth Five Year Plan explicitly set a goal of reducing the natural growth rate of the country's population to less than 1.25% on average during the following decade. To achieve such a challenging objective, national leaders employed a "responsibility system" to induce subnational or provincial officials to set high fine rates.

- (i) Enumerate the effects of the policy of one child norm in China.
- (ii) Comment on the growth rate trends witnessed in China and India in the last two decades.

34. (i) Unemployment in India is considered to be a chronic problem. Why?
- (ii) What is meant by 'jobless growth'?
- (iii) Why have Self Help Groups (SHGs) been established?

**OR**

- (i) Enlist some problems faced by farmers during the initial years of organic farming.
- (ii) "Human capital formation gives birth to innovation, invention and technological improvements". Do you agree with the given statement? Support your answer with valid arguments.

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# Sample Paper 18

## Class - 12th Exam - 2024 - 25

### Economics (030)

**Time : 3 Hours**

**Max. Marks : 80**

**General Instructions :**

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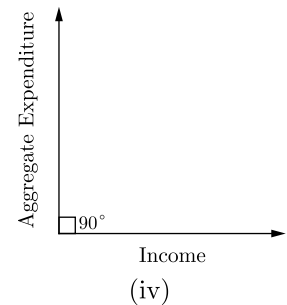
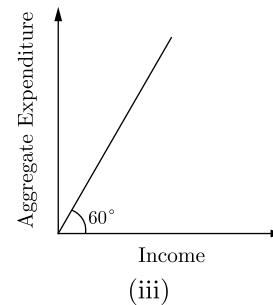
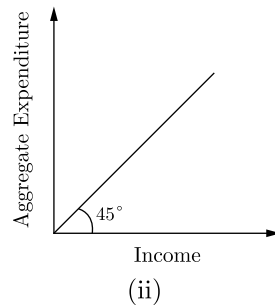
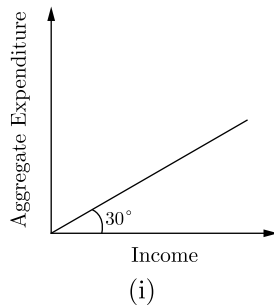
## SECTION-A - Macro Economics

1. Read the following statements carefully:  
**Assertion (A):** An increase in the Marginal Propensity to Save (MPS) will lead to a decrease in the value of the investment multiplier.  
**Reason (R):** The value of the investment multiplier is directly proportional to the MPS.  
Choose the correct option from those given below:  
(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.
2. “In its efforts to reduce income inequalities, the government has introduced a progressive tax system where higher income earners are taxed at higher rates. The additional revenue generated is used to fund welfare programs for the underprivileged sections of society.”  
Source: [Taxation Policy Document, 2023](<https://www.incometaxindia.gov.in/documents/taxation-policy-2023.pdf>)  
Which budgetary objective is being pursued through this taxation policy?  
(A) Economic Stability  
(B) Reallocation of Resources  
(C) Redistribution of Income  
(D) Promotion of Exports

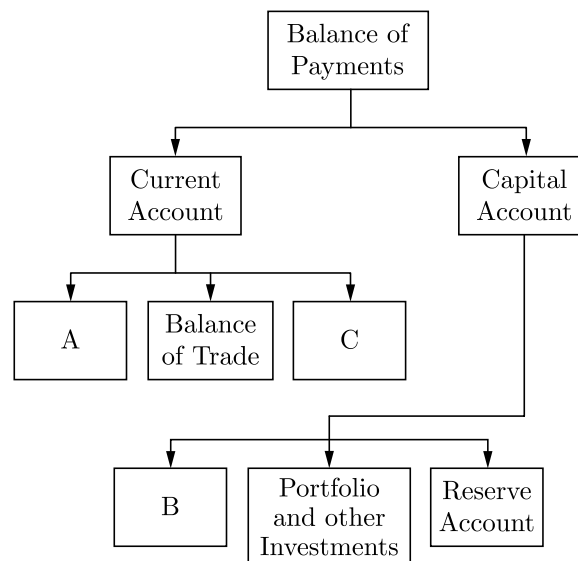
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3. A balance of payments surplus indicates that the total receipts from foreigners are \_\_\_\_\_ than the total payments made to them, leading to an accumulation of foreign exchange reserves. Choose the correct option to fill in the blank.
- (A) Less (B) Greater  
(C) Equal (D) Unrelated
4. In calculating national income using the expenditure method, the sum of Consumption (C), Investment (I), Government Spending (G), and Net Exports (X-M) equals the \_\_\_\_\_. Choose the correct option to fill in the blank.
- (A) Gross National Product (B) Gross Domestic Product  
(C) Net Domestic Product (D) Net National Product
5. From the given diagrams, identify the correct option that indicates the 'Total Cost Curve' passing through the origin drawn at a particular angle.



- (A) (ii) (B) (iii)  
(C) (iv) (D) (i)
6. Read the following figure carefully and choose the correct pair from the alternatives given below:



Continue on next page.....



**Alternatives:**

- (A) A : Net income from abroad; B : Foreign direct investment; C : Net current transfers
- (B) A : Net current transfers; B : Net income from abroad; C : Foreign direct investment
- (C) A : Foreign direct investment; B : Net current transfers; C : Net income from abroad
- (D) A : Net current transfers; B : Foreign direct investment; C : Net income from abroad

7. Measures like reducing government spending and increasing taxes are used to correct a situation of \_\_\_\_\_ demand.

Choose the correct option to fill in the blank.

- (A) Deficient
- (B) Excess
- (C) Autonomous
- (D) Induced

8. Read the following statements carefully:

**Statement 1:** Revenue receipts include both tax revenues and non-tax revenues, such as income from government services, interest, and dividends from public sector undertakings.

**Statement 2:** Capital expenditures are those that do not result in the creation of assets or reduction of liabilities but are necessary for the day-to-day functioning of the government.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are true.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Statement 1 is false and Statement 2 is true.
- (D) Both Statements 1 and 2 are false.

9. A managed floating exchange rate system is one where the exchange rate is primarily determined by market forces but with occasional intervention by the \_\_\_\_\_ to prevent excessive volatility.

Choose the correct option to fill in the blank.

- (A) International Monetary Fund
- (B) World Bank
- (C) Ministry of Finance
- (D) Central Bank

10. Read the following statements carefully:

**Statement 1:** Stocks refer to economic variables measured at a particular point in time, such as wealth or inventory levels, representing quantities that do not have a time dimension.

**Statement 2:** Flows are economic variables measured over a period of time, such as income or investment, representing quantities that accumulate between two points in time.

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is true and Statement 2 is false.
- (C) Both Statements 1 and 2 are true.
- (D) Statement 1 is false and Statement 2 is true.

11. “India is taking huge leaps in the index of Ease of Doing Business; as a result many MNCs are shifting their production base to India.” In the light of the given statement, comment upon the flow of foreign exchange and its likely impact on Indian economy.

**OR**

‘Devaluation and Depreciation of the currency are one and the same thing.’ Defend or refute the above statement with valid arguments.

12. “India’s GDP is expected to expand 7.5% in 2019-20: World Bank” —The Economic Times  
Does the given statement mean that welfare of people of India increase at the same rate?  
Comment with reason.
13. (a) ‘We say that commercial banks create money, while we also say that the central bank has the sole right to issue currency.’ Justify the given statement.  
(b) What is the likely impact of money creation by the commercial banks on national income?
14. In an economy, Savings function is given by  $S = (-) 50 + 0.2 Y$  and  $Y$  is ₹2,000 crores. Consumption expenditure for the economy would be ₹1,650 crores and the autonomous investment is ₹50 crores and the Marginal Propensity to Consume is 0.8. True and False? Justify your answer with proper calculations.

**OR**

Explain the meaning of:

- (a) Aggregate supply
  - (b) Under-employment equilibrium
15. Read the following text carefully:  
“Indian economy saw its worst contraction in decades. It is in a deep vicious cycle where demand is contracting heavily.”

The Hindu; August 31st, 2020

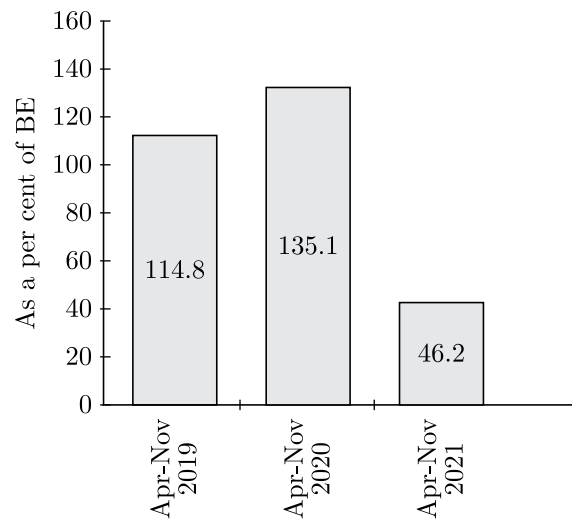
State and discuss any two monetary measures that may be taken by the government of India to correct the situation indicated in the above news report.



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

The fiscal deficit indicates the gap between government expenditure and revenue, reflecting fiscal management efficiency. The government budget also plays a role in reducing income inequalities through targeted fiscal measures, ensuring economic and social stability.

- (a) On the basis of given chart, interpret the trend of fiscal deficit as a percent of budget estimates.



Fiscal deficit as a percent of budget estimate

- (b) Discuss briefly how can the government budget help in reducing inequalities of income in the economy.
- 17.** (a) 'All products do not contribute equally to economic welfare.' Defend or refute the given statement with valid reasons.
- (b) 'Commission received from sale of second hand goods' should be included/not included in the estimation of national income. State with valid reason.

**OR**

- (a) The value of Nominal GNP of an economy was ₹2,500 crores in a particular year. The value of GNP of that country during the same year evaluated at the prices of base year was ₹3,000 crores. Calculate the GNP deflator of the year in percentage terms. Has the price level risen between the base year and the year under consideration?
- (b) Giving reason, state how will the following be treated in the estimation of National Income:
- Payment of interest by an individual to a bank on a loan to buy a car
  - Expenditure by government on providing free services



## SECTION-B - Indian Economic Development

18. Following image indicates which of the following to help generation of sustainable livelihood?



Handicraft



Poultry



Dairy

- (A) Diversification in production techniques  
(B) Diversification in the production activities  
(C) Agricultural marketing  
(D) None of the above
19. Read the following statements carefully:  
**Statement 1:** Globalisation has led to greater integration of the Indian economy with the world economy.  
**Statement 2:** Liberalisation policies have reduced the role of the government in economic activities.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Investments in education and health are vital for human capital formation in India.  
**Reason (R):** Enhancing education and health directly improves the productivity and well-being of the workforce.  
Options:  
(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.





21. Sustainable rural development emphasizes practices like \_\_\_\_\_ farming to ensure long-term environmental health and productivity while maintaining agricultural sustainability. Choose the correct option to fill up the blank.
- (A) intensive; conventional
  - (B) monoculture; chemical
  - (C) organic; eco-friendly
  - (D) mechanized; large-scale
22. Unemployment in India can be attributed to which of the following factors? Which of the following is/are correct ?
- (i) Rapid population growth
  - (ii) Lack of skill development
  - (iii) Economic recession
  - (iv) High levels of education
- Option :
- (A) (i), (ii), and (iii)
  - (B) (ii) and (iv)
  - (C) (i) and (iv)
  - (D) (i), (ii), (iii), and (iv)
23. Which of the following strategies promote sustainable development in India? Which of the following is correct ?
- (A) Adoption of renewable energy and waste recycling
  - (B) Expansion of fossil fuel industries
  - (C) Increasing deforestation for agriculture
  - (D) Reducing investment in clean technologies
24. When comparing human development indicators, India stands \_\_\_\_\_ compared to its neighboring countries. Which of the following is correct ?
- (A) Ahead in all indicators
  - (B) Behind in all indicators
  - (C) At par in most indicators
  - (D) Behind in some and ahead in others
25. Identify which of the following statements is incorrect about India's foreign trade on the eve of independence. Which of the following is correct ?
- (A) India exported primarily raw materials
  - (B) India imported finished British goods
  - (C) Foreign trade contributed significantly to India's GDP
  - (D) Trade policies favored domestic industries



- 26.** “Between 1950 and 1990, India’s foreign trade policy was inward-looking, focusing on import substitution to protect domestic industries from foreign competition. High tariffs and quantitative restrictions were imposed on imports to encourage the growth of indigenous industries.”  
What was the main objective of India’s import substitution policy during this period?  
(A) To promote foreign investment and reduce domestic production  
(B) To protect and develop domestic industries by limiting imports  
(C) To increase dependency on imported goods and services  
(D) To liberalize the economy by removing trade barriers
- 27.** Identify which of the following statements is incorrect regarding the role of the Reserve Bank of India (RBI) post-liberalization.  
Which of the following is correct ?  
(A) RBI shifted its role from facilitator to regulator of the financial system  
(B) RBI continued to control all aspects of foreign trade policies  
(C) RBI focused on maintaining financial stability and regulating banks  
(D) RBI played a key role in implementing monetary policies to control inflation
- 28.** “Subsidies provide an incentive for wasteful use of resources.” Defend the statement with valid arguments.

**OR**

“India failed to develop a strong export sector.” Defend the statement with valid reasons.

- 29.** Comment upon the trend of output growth in different sectors from 1980-2015 among India, China and Paksitan.

Country	1980-90		
	Agriculture	Industry	Service
India	3.1	7.4	6.9
China	5.9	10.8	13.5
Pakistan	4	7.7	6.8

Country	2011-15		
	Agriculture	Industry	Service
India	2.3	5	8.4
China	4.1	8.1	8.4
Pakistan	2.7	3.4	4.4



30. “It is necessary to generate more employment in the formal sector.” Do you agree with the above statement? Justify.
31. State, giving valid reasons, whether the following statements are true or false:
- (a) Casualisation of workforce refers to a situation when the percentage of casually hired workers in the total workforce tends to rise over time.
  - (b) Global warming is caused by man-made factors.

**OR**

Argue in favour of the need for different forms of government intervention in education sector.

32. Compare and analyse the given data of India and China with valid arguments.

Country	People below the poverty line (%)	Infant Mortality Rate (per 1000 live births)
India	37	38
China	32	9

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Human development is a process of enlarging the range of people's choices, increasing their opportunities for education, healthcare, income and empowerment and covering the full range of human choices from a sound physical environment to economic, social and political freedom. Thus, enlarging the range of people's choices is the most significant aspect of human development. People's choices may involve a host of other issues, but, living a long and healthy life, to be educated and have access to resources needed for a decent standard of living including political freedom, guaranteed human rights and personal self-respect, etc. are considered some of the non-negotiable aspects of the human development.

Concerted efforts were made to look at development critically at various times in the past. But, most systematic effort towards this was the publication of the First Human Development Report by United Nations Development Programme (UNDP) in 1990. Since then, this organisation has been bringing out World Human Development Report every year. This report does not only define human development, make amendments and changes its indicators but also ranks all the countries of the world based on the calculated scores. According to the Human Development Report 1993, “progressive democratisation and increasing empowerment of people are seen as the minimum conditions for human development”. Moreover, it also mentions that “development must be woven around people, not the people around development” as was the case previously.

- (a) The concept of human development is different from that of human capital. How?
- (b) What are the important aspects of human development?

**CLICK HERE TO SEE ANSWERS**



34. (a) “The colonial era was responsible for the decline of traditional handicraft industries.” Discuss the rationale of the given statement with valid reasons.
- (b) “The Green Revolution enabled the government to procure sufficient food grains to build its stocks that could be used during the times of shortage.” Establish the rationale of the given statement with valid reasons.

**OR**

- (a) Analyse the trend in the growth of GDP in the major sectors post 1991 on the basis of the data given below.
- (b) Which sector has witnessed growth higher than the overall GDP growth in 2014-15?
- Growth of GDP and major sectors (in %)

Sectors	1980-91	2007-12	2013-14	2014-15
Agriculture	3.6	3.2	4.2	-0.2
Industry	7.1	7.4	5.0	7.0
Services	6.7	10.0	7.8	9.8
Total	5.6	8.2	6.6	7.4

Source: Economic Survey for various years

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# Sample Paper 19

## Class - 12th Exam - 2024 - 25

### Economics (030)

Time : 3 Hours

Max. Marks : 80

#### General Instructions :

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

## SECTION-A - Macro Economics

1. Read the following statements carefully:

**Assertion (A):** The primary deficit is equal to the fiscal deficit minus interest payments.

**Reason (R):** The primary deficit indicates the amount of borrowing that the government needs to meet expenditures other than interest payments.

Choose the correct option from those given below:

- (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.
- 
2. “The government is considering policies to promote export-oriented industries to improve the balance of payments situation, as persistent deficits can lead to depletion of foreign exchange reserves and affect currency stability.”  
Source: [Ministry of Commerce and Industry Report, 2023] (<https://commerce.gov.in/reports-documents/>)  
Which of the following measures can help reduce a balance of payments deficit?  

(A) Imposing tariffs on exports	(B) Devaluing the domestic currency
(C) Increasing subsidies on imports	(D) Restricting foreign investments

**CLICK HERE TO SEE ANSWERS**



3. The \_\_\_\_\_ method of calculating national income involves summing up the value added by each producing unit in the economy, thus avoiding double counting and accurately measuring output.

Choose the correct option to fill in the blank.

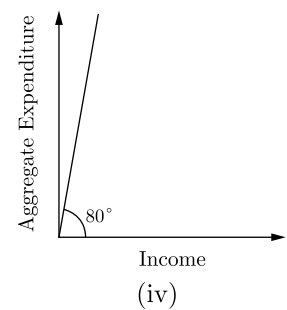
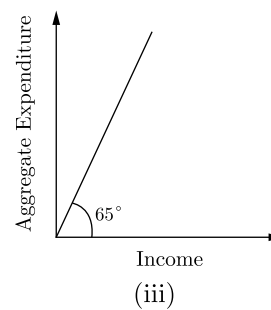
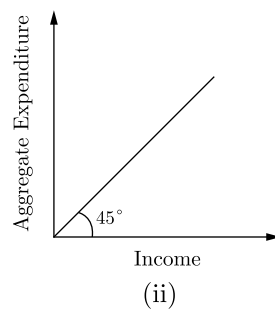
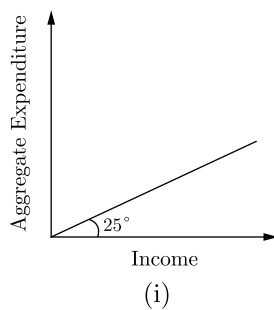
- (A) Income (B) Expenditure  
(C) Product (D) Investment

4. The function of money that allows it to be saved and retrieved in the future, maintaining its value over time, is known as a \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) Medium of exchange  
(B) Unit of account  
(C) Store of value  
(D) Standard of deferred payment

5. From the given diagrams, identify the correct option that indicates the 'Marginal Revenue Curve' passing through the origin drawn at a particular angle.



- (A) (ii) (B) (iii)  
(C) (iv) (D) (i)

6. When the government's total expenditure equals its total revenue, the budget is said to be \_\_\_\_\_.

Choose the correct option to fill in the blank.

- (A) Balanced (B) Deficit  
(C) Surplus (D) Capitalized

7. Read the following statements carefully:

**Statement 1:** The current account in the balance of payments records transactions related to the trade of goods and services, income receipts and payments, and unilateral transfers.

**Statement 2:** The capital account records all international purchases and sales of assets such as stocks, bonds, and real estate, reflecting changes in a country's ownership of foreign assets.

Continue on next page.....



In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is false and Statement 2 is true.
- (B) Both Statements 1 and 2 are true.
- (C) Both Statements 1 and 2 are false.
- (D) Statement 1 is true and Statement 2 is false.

8. The GDP Deflator is an economic metric that adjusts the nominal Gross Domestic Product for changes in price levels to reflect real GDP. It is calculated by dividing Nominal GDP by \_\_\_\_\_ and then multiplying the result by 100.

Choose the correct option to fill in the blank.

- (A) Net National Product
- (B) Real GDP
- (C) Gross National Product
- (D) Per Capita Income

9. Read the following statements carefully:

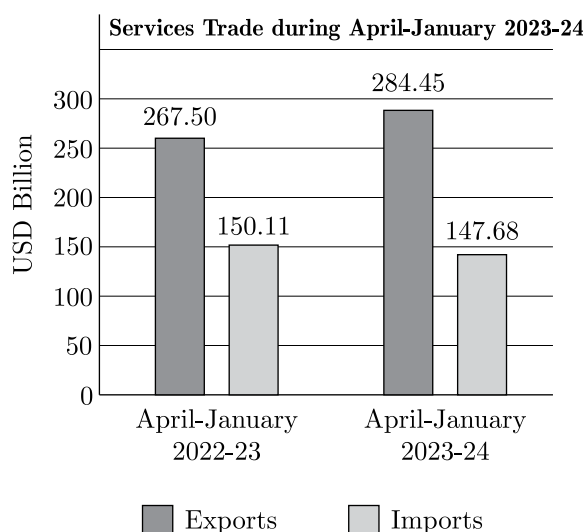
**Statement 1:** The central bank acts as the lender of last resort by providing financial assistance to commercial banks facing liquidity crises, ensuring stability in the financial system.

**Statement 2:** This function is unnecessary in modern economies because commercial banks have sufficient reserves to manage their liquidity needs without central bank support.

In light of the given statements, choose the correct option from the following:

- (A) Both Statements 1 and 2 are false.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Statement 1 is true and Statement 2 is false.
- (D) Both Statements 1 and 2 are true.

10. Based on the given diagram:



Continue on next page.....

[CLICK HERE TO SEE ANSWERS](#)



The trade surplus in services during April-January 2022-23 is \_\_\_\_\_ by USD \_\_\_\_\_ billion compared to April-January 2023-24.

(Choose the correct option to fill up the blank)

- (A) higher, 19.56 (B) higher, 16.55  
(C) lower, 19.56 (D) lower, 16.55

11. Where are 'borrowings from abroad' recorded in the Balance of Payments Accounts? Give reasons.

**OR**

Name the broad categories of transactions recorded in the 'current account' of the Balance of Payments Accounts.

12. What is Balance of Payments account? Where are the borrowings from abroad recorded in it and why?

13. An economy is in equilibrium. Calculate Marginal Propensity to Save from the following:

National Income = ₹1,000 crores

Autonomous Consumption = ₹100 crores

Investment Expenditure = ₹200 crores

14. Explain 'primary deficit' in a government budget. What does it indicate?

**OR**

Explain the concept of fiscal deficit in a government budget. What does it indicate?

15. Read the following text carefully and explain the relevant function of the Central Bank indicated here. The Reserve Bank of India imposed a penalty of ₹25 lakh on Chhattisgarh Rajya Sahakari Bank Maryadit, Raipur, for non-compliance with certain provisions of the 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016'. The penalty comes after the statutory inspection of the bank conducted by NABARD concerning the bank's financial position as of March 31, 2020.

The Inspection Report pertaining thereto and examination of all related correspondence revealed, inter alia, that the bank had failed to put in place a system of periodic review of risk categorization of customers, RBI said.

16. Read the following text carefully

In economics, understanding how individuals allocate their income between saving and consumption is essential for analyzing economic behavior. Key measures, such as the average and marginal propensities, provide insights into these patterns. These concepts help economists understand income distribution and its implications for economic growth.

Distinguish between APS and MPS. Can the value of APS be negative? If yes, when? Justify with an example.

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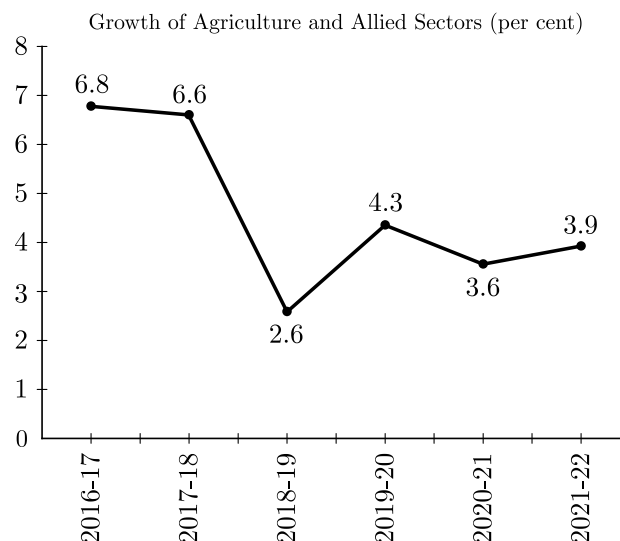
17. (a) Calculate National Income from the following data:

		(₹in crores)
(i)	Net domestic capital formation	220
(ii)	Consumption of fixed capital	70
(iii)	Private final consumption expenditure	1,200
(iv)	Net current transfers to abroad	( - ) 30
(v)	Net imports	40
(vi)	Net factor income to abroad	10
(vii)	Subsidies	50
(viii)	Government final consumption expenditure	200
(ix)	Indirect tax	240
(x)	Net change in stocks	( - ) 20

- (b) Distinguish between stocks and flows. Give examples.

**OR**

- (a) Interpret the recent growth of agriculture and allied sectors and also state the causes behind the same.



Source: First Advance Estimates of National Income, 2021-22

- (b) Calculate 'Gross Value Added at factor cost' from the following data:

		(₹lakhs)
(i)	Sales	180
(ii)	Rent	5
(iii)	Subsidy	10
(iv)	Change in stock	15
(v)	Purchase of raw materials	100
(vi)	Profit	25

**CLICK HERE TO SEE ANSWERS**



## SECTION-B - Indian Economic Development

18. Observe the picture given below and choose the correct statement from the options given below.



- (A) Investment in human capital reinforces GDP  
(B) Health is the only component of human development  
(C) Both (A) and (B)  
(D) Both the statements are false
19. Read the following statements carefully:  
**Statement 1:** Human capital formation has no significant impact on economic development.  
**Statement 2:** Enhancing human capital leads to increased productivity and economic growth.  
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.
20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:  
**Assertion (A):** Sustainable development in rural areas excludes the use of organic farming practices.  
**Reason (R):** Organic farming does not contribute to environmental sustainability.  
Options:  
(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.



- 21.** Government employment generation schemes in India primarily aim to \_\_\_\_\_ unemployment and \_\_\_\_\_ job opportunities, especially in the public sector and rural areas. Choose the correct option to fill up the blank.
- (A) reduce; limited (B) ignore; traditional  
(C) exacerbate; formal (D) mitigate; create
- 22.** What was a significant infrastructural limitation in India before independence? Which of the following is/are correct ?
- (i) Poor transportation networks  
(ii) Lack of irrigation facilities  
(iii) Inadequate power supply  
(iv) Limited communication systems
- Option :
- (A) (i) and (ii) (B) (ii) and (iii)  
(C) (i), (iii), and (iv) (D) (i), (ii), (iii), and (iv)
- 23.** Which of the following were objectives of Small Scale Industries (SSI) in India's post-independence economy? Which of the following is correct ?
- (A) Consolidation of large enterprises  
(B) Employment generation and balanced regional development  
(C) Dominance of foreign industries  
(D) Focus solely on export-oriented production
- 24.** Which of the following were objectives of Small Scale Industries (SSI) in India's post-independence economy? Which of the following is correct ?
- (A) Consolidation of large enterprises  
(B) Employment generation and balanced regional development  
(C) Dominance of foreign industries  
(D) Focus solely on export-oriented production
- 25.** Identify which of the following statements is incorrect about the Goods and Services Tax (GST) in India. Which of the following is correct ?
- (A) GST replaced multiple indirect taxes with a single tax  
(B) GST was introduced to simplify the tax structure  
(C) GST is a uniform tax rate applicable to all goods and services  
(D) GST is administered by the GST Council



26. “Despite significant growth in the education sector, India still faces challenges like low literacy rates, high dropout rates, and inadequate infrastructure, particularly in rural areas. These issues hinder the formation of human capital and affect overall economic development.” Which of the following is a major obstacle to human capital formation in India?
- (A) Overinvestment in higher education  
(B) Equal access to quality education across regions  
(C) Inadequate public expenditure on education and health  
(D) Surplus of skilled labor in the economy
27. Which of the following are primary roles of cooperative societies in rural India? Which of the following is correct ?
- (A) Providing credit facilities to farmers  
(B) Facilitating the marketing of agricultural produce  
(C) Offering insurance and other financial services  
(D) Monopolizing agricultural markets to control prices
28. In your opinion why did the government resort to the measure of “demonetisation”?

**OR**

Define ‘GST’. According to you, how good is a system of GST as compared to the old tax system? State its categories.

29. In context of the given image, give reason why India become a favourable destination for outsourcing. Also, state some services outsourced to India.



30. Elaborate the economic reforms in India in the light of “Social justice and welfare”.

**OR**

“The benefit of being a member of the WTO is limited for countries like India.” Explain, why?

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31. 'If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment.' Discuss the rationale of the given statement with valid reasons.
32. Answer the following questions on the basis of the following data.
- (a) Comment upon the Maternal Mortality Rate among India and China.
- (b) Life expectancy at birth among these two countries.

Country	Maternal Mortality Rate (per lakh births)	Life Expectancy at birth (years)
India	174	68.3
China	27	76

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

Ozone depletion, gradual thinning of earth ozone layer in the upper atmosphere caused by the release of chemical compounds containing gaseous chlorine or bromine from industry and other human activities. The thinning is most pronounced in the polar regions, especially over Antarctica. Ozone depletion is a major environmental problem because it increases the amount of ultraviolet radiation that reaches earth's surface, which increases the rate of skin cancer, eye cataracts and genetic and immune system damage. The Montreal Protocol, ratified in 1987, was the first of several comprehensive international agreements enacted to halt the production and use of ozone-depleting chemicals. As a result of continued international cooperation on this issue, the ozone layer is expected to recover over time.

- (a) What is ozone layer depletion? Why is it a major environmental problem?
- (b) What has been the result of ozone depletion?
34. Trace the relationship between human capital formation and economic growth.

OR

- (a) 'A skilled worker like software professional generates more income than an unskilled worker.' Why?
- (b) Mention the vital functions of environment.

□□□□□□



**Sample Paper 20**  
**Class - 12th Exam - 2024 - 25**  
**Economics (030)**

**Time : 3 Hours**

**Max. Marks : 80**

**General Instructions :**

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

**SECTION-A - Macro Economics**

1. Read the following statements carefully:

**Assertion (A):** Under a fixed exchange rate system, the government or central bank intervenes in the foreign exchange market to maintain the exchange rate at a predetermined level.

**Reason (R):** A fixed exchange rate eliminates all risks associated with foreign exchange fluctuations, ensuring complete stability for international traders.

Choose the correct option from those given below:

- (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.
2. “The Central Statistical Office includes only final goods and services in the calculation of Gross Domestic Product to ensure an accurate measure of economic output. This approach avoids the problem of double counting that would occur if intermediate goods were also included in the GDP computations.”

Source: [CSO National Accounts Statistics, 2023] (<http://mospi.gov.in/cso-statistics-2023>)

Continue on next page.....

**CLICK HERE TO SEE ANSWERS**



Why are intermediate goods excluded from the GDP calculations in national income accounting?

- (A) They have no market value
- (B) To prevent the double counting of goods
- (C) They are not produced within the domestic economy
- (D) They are durable goods consumed over time

3. The rate at which the central bank lends short-term funds to commercial banks against government securities is known as the \_\_\_\_\_ rate, influencing overall interest rates in the economy.

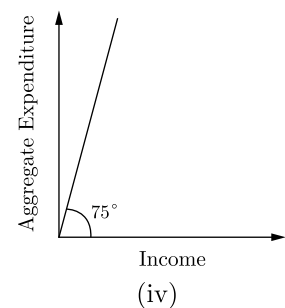
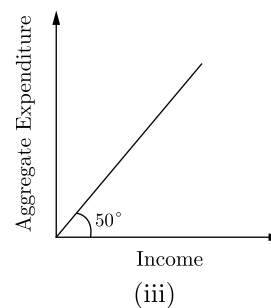
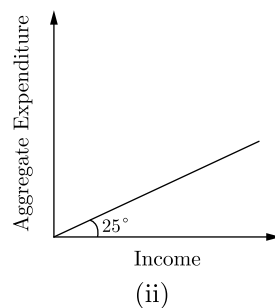
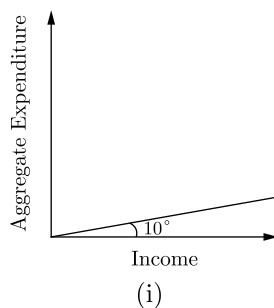
Choose the correct option to fill in the blank.

- (A) Bank
- (B) Repo
- (C) Reverse Repo
- (D) Prime

4. The fraction of total income that is consumed is called the Average Propensity to \_\_\_\_\_. Choose the correct option to fill in the blank.

- (A) Invest
- (B) Consume
- (C) Save
- (D) Spend

5. From the given diagrams, identify the correct option that indicates the 'Investment Curve' passing through the origin drawn at a particular slope.



- (A) (iii)
- (B) (ii)
- (C) (iv)
- (D) (i)



6. A system where exchange rates are determined by market forces but are subject to government intervention is known as \_\_\_\_\_ exchange rate.  
Choose the correct option to fill in the blank.
- (A) Flexible
  - (B) Fixed
  - (C) Managed Floating
  - (D) Pegged
7. Read the following statements carefully:  
**Statement 1:** Gross Investment refers to the total expenditure on purchase of new capital assets and replacement of depreciated capital, indicating the overall investment activity in the economy without adjusting for depreciation.  
**Statement 2:** Net Investment is calculated by subtracting depreciation from Gross Investment, thereby representing only the addition to the capital stock that contributes to productive capacity expansion.  
In light of the given statements, choose the correct option from the following:
- (A) Statement 1 is false and Statement 2 is true.
  - (B) Both Statements 1 and 2 are true.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is true and Statement 2 is false.
8. Open Market Operations involve the buying and selling of government securities by the central bank in the open market. When the central bank sells government securities, it \_\_\_\_\_ the money supply within the economy by absorbing liquidity from the market.  
Choose the correct option to fill in the blank.
- (A) Increases
  - (B) Decreases
  - (C) Stabilizes
  - (D) Has no effect on
9. Read the following statements carefully:  
**Statement 1:** To correct an inflationary gap caused by excess demand, the central bank can decrease the money supply by selling government securities, increasing reserve requirements, or raising policy interest rates.  
**Statement 2:** Such contractionary monetary policy measures lead to lower interest rates, encouraging borrowing and spending, which further increases aggregate demand.  
In light of the given statements, choose the correct option from the following:
- (A) Statement 1 is true and Statement 2 is false.
  - (B) Both Statements 1 and 2 are true.
  - (C) Both Statements 1 and 2 are false.
  - (D) Statement 1 is false and Statement 2 is true.





10. Observe the image given below carefully and identify the objective that government should pursue to deal with this situation.



- (A) Increase in economic growth  
 (B) Reducing inequality of income and wealth  
 (C) Reallocation of resources  
 (D) None of the above
11. Calculate (a)  $GNP_{MP}$  and (b)  $NNP_{FC}$  from the following data.

		(₹ in crores)
(i)	$GDP_{FC}$	25,215
(ii)	Net indirect taxes	1,575
(iii)	Depreciation	1,000
(iv)	Net factor income from abroad	40

OR

Interpret the picture on account of domestic and national income.



12. Name the broad categories of transactions recorded in the 'capital account' of the Balance of Payments Accounts.



13. Explain the concept of 'Break-even point' with the help of a diagram.
14. Distinguish between average propensity to consume and average propensity to save. What is the relation between the two?
15. Explain the components of savings function  $S = -\bar{C} + (1 - b)Y$ .

**OR**

Explain the components of aggregate demand.

16. The government budget plays a significant role in shaping an economy by influencing various sectors and addressing critical challenges. It serves as a framework for decision-making, aiming to balance growth, development, and economic stability through targeted interventions and planning.  
How can the instrument of government budget in an economy be used for proper allocation of resources and economic stability?
17. (a) Calculate Gross National Product at Factor Cost from the following data by the Income Method:

		(₹ in crores)
(i)	Private final consumption expenditure	1,000
(ii)	Net domestic capital formation	200
(iii)	Profits	400
(iv)	Compensation of employees	800
(v)	Rent	250
(vi)	Government final consumption expenditure	500
(vii)	Consumption of fixed capital	60
(viii)	Interest	150
(ix)	Net current transfers from rest of the world	(—) 80
(x)	Net factor income from abroad	(—) 10
(xi)	Net exports	(—) 20
(xii)	Net indirect taxes	80

- (b) Find out Net Value Added at market price:

		(₹ Lakhs)
(i)	Fixed capital good with a life span of 5 years	15
(ii)	Raw materials	6

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(iii)	Sales	25
(iv)	Net change in stock	(—)2
(v)	Taxes on production	1

**OR**

(a) Calculate National Income:

		(₹ crores)
(i)	Corporation tax	100
(ii)	Private final consumption expenditure	900
(iii)	Personal income tax	120
(iv)	Government final consumption expenditure	200
(v)	Undistributed profits	50
(vi)	Change in stocks	(-) 20
(vii)	Net domestic capital formation	120
(viii)	Net imports	10
(ix)	Net indirect tax	150
(x)	Net factor income from abroad	(-) 10
(xi)	Private income	1,000

(b) Explain the treatment assigned to the contribution to provident fund by an employee.

## SECTION-B - Indian Economic Development

18. Observe the given image carefully and answer the question that follows:



Dam construction work is a \_\_\_\_\_ way of employment generation by the government.

- (A) hidden  
(C) direct

- (B) indirect  
(D) None of these

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19. Read the following statements carefully:

**Statement 1:** Rural development focuses only on agricultural growth and ignores non-agricultural activities.

**Statement 2:** Sustainable development in rural areas includes practices that do not deplete natural resources.

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.

20. Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

**Assertion (A):** The workforce participation rate in India has been consistently increasing across all sectors.

**Reason (R):** Economic growth in India has created ample employment opportunities in both formal and informal sectors.

Options:

- (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.

21. One of the major challenges to sustainable development in India is \_\_\_\_\_, which contributes significantly to environmental degradation and loss of biodiversity.

Choose the correct option to fill up the blank.

- (A) pollution
- (B) biodiversity
- (C) conservation
- (D) deforestation

22. When comparing human development indicators, India stands \_\_\_\_\_ compared to its neighboring countries.

Which of the following is/are correct ?

- (i) Ahead
- (ii) Behind
- (iii) At par
- (iv) Variable across different indicators

Option :

- (A) (i) and (ii)
- (B) (ii) and (iv)
- (C) (i), (iii), and (iv)
- (D) (i), (ii), and (iii)



- 23.** Identify which of the following statements is correct about foreign trade in India before independence.  
Which of the following is correct ?  
(A) India primarily exported finished manufactured goods.  
(B) India had a balanced trade with Britain.  
(C) India exported raw materials and imported manufactured goods.  
(D) India's foreign trade was self-sufficient without reliance on colonial powers.
- 24.** Identify which of the following statements is incorrect about privatization in India's LPG policy.  
Which of the following is correct ?  
(A) Privatization involved transferring ownership of public sector enterprises to private entities.  
(B) Privatization aimed at reducing government intervention in the economy.  
(C) Privatization led to increased public sector dominance.  
(D) Privatization was intended to improve efficiency and competitiveness.
- 25.** Which of the following factors have positively influenced the growth of the education sector in India?  
Which of the following is correct ?  
(A) Decline in private educational institutions  
(B) Increase in government funding  
(C) Expansion of vocational training  
(D) Reduction in literacy programs
- 26.** "Global warming, a significant increase in Earth's average surface temperature, is primarily caused by the emission of greenhouse gases due to human activities like burning fossil fuels and deforestation. It leads to climate change and has severe implications for the environment and human life."  
Which of the following is a major consequence of global warming?  
(A) Stabilization of sea levels  
(B) Increased biodiversity  
(C) Extreme weather events and melting of polar ice caps  
(D) Decrease in average global temperatures
- 27.** Which of the following are adverse effects of economic development on the environment?  
Which of the following is correct ?  
(A) Enhanced biodiversity and ecosystem stability  
(B) Water pollution and air pollution due to industrial activities  
(C) Deforestation and loss of natural habitats  
(D) Sustainable resource management and conservation



28. How does a socialist society answer the three questions, related to What, How and For Whom?

**OR**

Give any three goals of the Five Year Plans in India.

29. “The British intended to achieve their colonial interests through their policies of infrastructure development in India.” Do you agree? Give their main objectives.

30. Answer the following questions on the basis of the following data:

- (a) Comment upon the contribution to GDP sectorwise in India and China during 2014-2015.  
(b) Which sector is a major player in both the countries?

<b>Sectoral contribution to GDP(%) in 2014-15</b>		
<b>Sector</b>	<b>Contribution to GDP</b>	
	<b>India</b>	<b>China</b>
Agriculture	17	9
Industry	30	43
Services	53	48
Total	100	100

31. “Eliminating subsidies will violate the goal of equity.” Accept/Refute. Give reason in support of your answer.

32. Explain the ‘Operation Flood’.

**OR**

“Horticulture sector contributes to nearly one-third of the value of agricultural output.” Substantiate.

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

From political leaders to grassroot activists, just about everyone has an opinion on environmental issues. While view points may differ, there is no denying that the environment affects everyone of us. Environmental issues are defined as harmful effects to earth and its natural systems due to the actions of humans. Although climate change can also occur from natural causes, human behaviour has led to an increase in greenhouse emissions. While climate change is discussed frequently now, it has been occurring since the industrial revolution. Climate change affects everyone and the ramifications are visible by the variation in temperatures and an increase of intense natural disasters. It contributes to even broader problems like loss of biodiversity in our food systems. What’s more, the negative impacts are likely to affect those who are already the most vulnerable. An additional concern is pollution and its influence on public health. Research

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shows that black carbon is making dangerous bacteria harder to kill and resistant to antibiotics. Moreover, black carbon increases risks of heart attacks, strokes and even lung cancer.

- (a) "Opportunity cost of negative environment impact are high." Explain.  
(b) "Environmental problems are new to this century." Justify the statement with valid arguments.

**34.** Explain the various types of unemployment.

**OR**

Discuss any four sources of human capital formation in India.

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