

CLAS XII PRE-BOARD EXAMINATION – 2024-25

Q.P. Code: 030/2/2

Roll No.

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Candidate must write the Q.P. Code on the title page of the answer-book.

- Please check that this question paper contains 9 printed pages.
- Please check that this question paper contains 34 questions.
- Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- **Please write down the serial number of the question in the answer-book before attempting it.**
- 15 minute time has been allotted to read this question paper. The students will read the question paper only and will not write any answer on the answer-book during this period.

ECONOMICS*Time allowed : 3 hours**Maximum Marks : 80***General Instructions:***Read the following instructions very carefully and strictly follow them:*

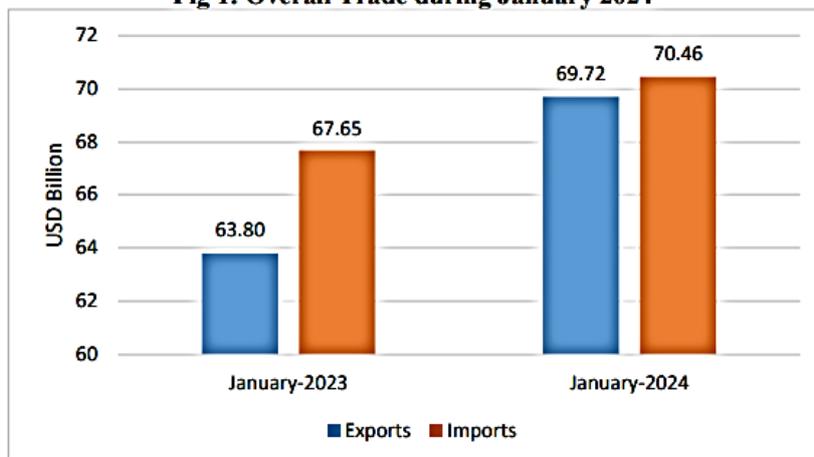
- This question paper contains 34 questions. All questions are compulsory.*
- The question paper contains two sections:*
 - Section A – Macro Economics*
 - Section B – Indian Economic Development*
- This question paper contains 20 Multiple Choice Questions. Each question carries 1 mark.*
- This question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

Q.NO.	SECTION A – MACRO ECONOMICS	MAR KS
1	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): The government can control deflation by decreasing taxes. Reason (R): Decreasing taxes increases disposable income, leading to an increase in consumer spending. 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.</p>	1
2	<p>The government has decided to allocate ₹20,000 crores for the development of rural infrastructure under the Bharatmala Pariyojana to improve connectivity and boost rural economy." Based on the aforesaid statement, identify the budgetary objective the government is trying to achieve and choose the correct option:</p> <p>A. Reallocation of resources B. Economic stability C. Redistribution of income D. Economic instability</p>	1
3	<p>Which of the following is excluded from the calculation of GDP? (Choose the correct option)</p> <p>A. Wages and salaries B. Rent from property C. Transfer payments D. Profits of private firms</p>	1
4	<p>Under the _____ exchange rate system, the government intervenes to maintain the value of market determined exchange rate. (Choose the correct option to fill up the blank)</p> <p>A. Floating B. Fixed C. Managed floating D. Free-floating</p>	1
5	<p>Which of the following best describes the concept of "Aggregate Demand"? (Choose the correct option)</p> <p>A. The total value of goods and services produced in an economy. B. The total amount of money consumers is willing to spend on goods and services at various price levels. C. The sum of consumption, investment, government spending, and net exports in an economy. D. The total income earned by factors of production in an economy.</p>	1
6	<p>According to the estimates presented in the Union Budget 2023-24, the total receipts of the government, excluding borrowings, are projected at ₹ 20 lakh crore, while</p>	1

	<p>the total expenditure is estimated at ₹ 40 lakh crore. The value of the _____ deficit would be ₹ 20 lakh crore.</p> <p>(Choose the correct option to fill up the blank)</p> <p>A. Revenue B. Fiscal C. Budgetary D. Primary</p>	
7	<p>Read the following statements carefully:</p> <p>Statement 1: The Marginal Propensity to Consume (MPC) can be zero. Statement 2: As income increases, the proportionate increase in consumption is always less than the increase in the level of income.</p> <p>In light of the given statements, choose the correct option from the following:</p> <p>A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.</p>	1
8	<p>In an economy, if planned investment exceeds planned savings at full employment, which of the following situations is likely to occur?</p> <p>Options:</p> <p>A. Inflationary Gap B. Deflationary Gap C. Fiscal Deficit D. Balanced Budget</p>	1
9	<p>Read the following statements carefully:</p> <p>Statement 1: The outflow of Foreign direct investment (FDI) contribute negatively to the capital account of the Balance of Payments. Statement 2: Lending by the government to other countries creates a liability for the government.</p> <p>In light of the given statements, choose the correct option from the following:</p> <p>A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false</p>	1
10	<p>Based on the given diagram:</p> <p>India's overall trade balance (exports minus imports) for January 2024 reflects a _____ of USD _____ billion.</p> <p>(Choose the correct option to fill up the blank)</p>	1

- A. deficit, 0.74
- B. surplus, 0.74
- C. deficit, 0.85
- D. surplus, 3.85

Fig 1: Overall Trade during January 2024*



Source: <https://commerce.gov.in/wp-content/uploads/2024/02/PIB-Press-Release-January-2024-1.pdf>

11 On the basis of the given data, estimate the value of Gross National Product at Factor Cost (GNP_{fc}):

Sl. No.	Items	Amount (₹ in crore)
I	Household Consumption Expenditure	900
Ii	Gross Business Fixed Capital Formation	200
Iii	Government final consumption expenditure	250
Iv	Net Indirect Taxes	80
V	Net Factor Income from Abroad	30
Vi	Consumption of Fixed Capital	60

3

OR

State the steps for estimating National Income under the Product (Value Added) method.

3

12 Explain the two types of non-tax revenue collected by the government.

3

13 "Foreign Direct Investment (FDI) inflows witnessed significant growth during 2024-25."

(I) In which sub-account and on which side of the Balance of Payments account will this transaction be recorded? Provide reasons for your answer.

1

(II) Define the term 'Current Account Surplus'.

3

14 "Consumption curve can be derived from the savings curve." Justify this statement with steps and a well-labelled diagram.

4

OR

For two hypothetical economies X and Y, the value of Marginal Propensity to Save (MPS) is 0.4 and 0.2 respectively. Assume Autonomous Consumption to be ₹ 50 crore and Investment expenditure to be ₹ 120 crores.

	Calculate: (I) Break-even level of income for Economy X. (II) Equilibrium level of income for Economy Y.	2 2
15	During the Budget 2024-25, the government announced a significant increase in public spending on infrastructure by ₹800 crores, highlighting the potential of this investment to boost economic growth and create employment opportunities." Based on this information, explain the working process of how an increase in government spending will impact the National Income, assuming the Marginal Propensity to Consume (MPC) is 0.75.	4
16	Read the following text carefully: As human societies have evolved, the concept of exchange and trade has grown more complex. Initially, trade was conducted through barter, but as the limitations of barter became apparent, societies moved toward using commodity money, such as gold and silver. Over time, the idea of money as a store of value and medium of exchange became more abstract. Today, we see the rise of digital forms of currency, including cryptocurrencies and central bank digital currencies (CBDC), which are seen as the future of money. Many proponents argue that digital currencies offer a more efficient and secure way of conducting transactions, but they also come with risks, such as technological vulnerabilities and privacy concerns. (I) "Money has taken many forms throughout history." In light of this statement, briefly discuss any two forms of money used historically. (II) "Digital currencies, such as CBDCs, are increasingly viewed as essential in the modern financial system, though they come with potential risks." Do you agree with this statement? Provide arguments to support your view.	3 3
17	(I) A country's economic data for the year 2023 is as follows (all figures in ₹ crores): Nominal GDP: ₹5,000 crores GDP Deflator: 125 (with the base year as 2018) Calculate the Real GDP for the year 2023 using 2018 as the base year. (II) "Public investment in green energy projects may reduce the carbon footprint in the long term." On the basis of this statement, discuss the potential impact of this investment on Gross Domestic Product (GDP) and welfare in the economy. OR (I) Explain the difference between final goods and intermediate goods with suitable examples. (II) Discuss the significance of distinguishing between final and intermediate goods in National Income Accounting.	3 3 3 3
	SECTION B – INDIAN ECONOMIC DEVELOPMENT	
18	The environment serves as a life support system by regulating climate, purifying air and water, maintaining biodiversity, and acting as a sink for pollutants, ensuring sustainability of ecosystem and economic activities. Choose the correct option that represents the key functions of the environment.	1

	<p>i. Provides resources for production ii. Absorbs and recycles waste iii. Regulates climate iv. Destroys all pollutants</p> <p>Options: A. (i) and (iv) B. (ii) and (iii) C. (i) and (ii) D. (iii) and (iv)</p>	
19	<p>Read the following statements carefully:</p> <p>Statement 1: The introduction of HYV technology increased the gap between the rich and poor farmers. Statement 2: The British colonial policies promoted the development of mechanisation of Indian agriculture.</p> <p>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.</p>	1
20	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Assertion (A): Investment in human capital is essential for economic growth and development. Reason (R): Higher levels of education and skills lead to increased productivity and innovation in the workforce.</p> <p>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.</p>	1
21	<p>In the context of the economic reforms initiated in India in 1991, the primary focus was on the process of _____ and _____ to promote economic growth.</p> <p>(Choose the correct option to fill up the blank) A. regulation and control B. liberalisation and privatisation C. nationalisation and protectionism D. decentralisation and agrarian reform.</p>	1
22	<p>The framework of the agricultural credit system in India comprises several key institutions, including _____. (Choose the correct option to fill up the blank)</p> <p>(i) National Bank for Agriculture and Rural Development (NABARD) (ii) Microfinance Institutions</p>	1

	<p>(iii) Self-Help Groups (SHGs) (iv) Public Sector Banks</p> <p>Options: A. (i) and (ii) B. (ii), (iii), and (iv) C. (i), (ii), and (iv) D. (i), (ii), (iii), and (iv)</p>	
23	<p>Identify which of the following statements is incorrect regarding the economic reforms implemented in India after 1991. (Choose the correct option)</p> <p>A. The automatic route for foreign direct investment was introduced. B. Import duties were significantly increased to protect domestic industries. C. The role of the Planning Commission was diminished in favour of market-driven approaches. D. The Indian economy was opened up to global trade and investment.</p>	1
24	<p>_____ is the international agreement established in 1997 that commits its parties to reduce greenhouse gas emissions, based on the premise that global warming exists and human-made CO₂ emissions have caused it. (Choose the correct option to fill up the blank)</p> <p>A. Paris Agreement B. Montreal Protocol C. United Nations Framework Convention on Climate Change (UNFCCC) D. Kyoto Protocol.</p>	1
25	<p>The drastic decline in birth rates and subsequent aging population in China can be largely attributed to the implementation of _____.</p> <p>A. Great Leap Forward Campaign B. One Child Policy C. Urbanization Policy D. Economic Reform Policy</p>	1
26	<p>In a hypothetical scenario, a country experiences a substantial increase in its Gross Domestic Product (GDP) due to advancements in technology and productivity. However, this growth does not lead to a corresponding rise in the number of jobs available for the population. Identify the situation indicated in the given statement and choose the correct option.</p> <p>A. Structural unemployment B. Jobless growth C. Underemployment D. Labour market saturation</p>	1
27	<p>Significant government initiatives and cooperative movements in India in the 1970s led to a substantial increase in milk production, transforming the nation into one of the largest milk producers in the world. Identify the initiative indicated in the statement.</p> <p>A. Blue Revolution B. White Revolution C. Yellow Revolution D. Red Revolution</p>	1

28	<p>Critically evaluate the impact of privatization on the Indian economy since the economic reforms of 1991.</p> <p style="text-align: center;">OR</p> <p>"Privatization plays a crucial role in enhancing the efficiency of public sector enterprises." Justify the statement with a valid explanation.</p>	3 3
29	<p>The Human Development Index (HDI) is a more comprehensive measure of a country's development than Gross Domestic Product (GDP) alone."</p> <p>Do you agree with this statement? Justify your answer with valid reasons.</p>	3
30	<p>"China's rapid economic growth since the late 20th century is often attributed to a unique combination of government control and market-driven reforms. This model helped China become one of the largest economies in the world."</p> <p>In light of this statement, explain any two key factors that contributed to China's economic development.</p>	4
31	<p>"India's economic reforms initiated in 1991, known as the New Economic Policy, encompassed significant changes in various sectors such as trade, finance, and industry. These reforms were key drivers of India's rapid economic growth in the following decades."</p> <p>In light of the given text, discuss any two reforms responsible for India's economic growth post-1991.</p> <p style="text-align: center;">OR</p> <p>"Sustainable development strategies are crucial for ensuring long-term economic growth without depleting natural resources or harming the environment."</p> <p>In light of this statement, explain two key strategies for achieving sustainable development.</p>	4 4
32	<p>(I) Interpret the given picture based on rural development initiatives undertaken by the Government of India. Explain how these initiatives contribute to the overall socio-economic development of rural areas.</p> <div data-bbox="517 1151 1107 1590" data-label="Image"> </div> <p>(ii) Identify any two alternative marketing channels that have emerged in India due to advancements in technology and changes in consumer behaviour.</p>	2 2
33	<p>Read the following text carefully:</p> <p>India's rural economy plays a significant role in the overall economic development of the country. Over the years, the government has implemented various policies to generate employment in rural areas, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which ensures at least 100 days of employment to rural households. The rural workforce predominantly depends on agriculture, with small-scale industries also contributing to employment. As a part of workforce reforms, the Periodic Labour Force Survey (PLFS) captures key data</p>	

	<p>on employment patterns, providing critical information on labour force participation and employment rates in rural areas.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(I) State one major government initiative aimed at providing employment in rural areas.</p> <p>(II) 'The rural workforce in India primarily depends on agriculture for employment.' Defend or refute the statement with valid reasons.</p> <p>(III) 'Employment generation in rural areas is a critical component of India's economic development.' In light of this statement, state one challenge in generating employment in rural areas.</p>	<p>2</p> <p>2</p> <p>2</p>
34	<p>(I) "The Green Revolution in India, which started in the 1960s, was aimed at addressing food shortages by improving agricultural productivity."</p> <p>Justify the given statement with valid arguments.</p> <p>(II) "Discuss the rationale behind the implementation of the Land Reforms during the early years of India's Five-Year Plans."</p> <p style="text-align: center;">OR</p> <p>(I) "The introduction of economic planning in India post-independence was driven by the need to achieve rapid economic growth and social justice." Justify the statement with valid arguments.</p> <p>(II) "Explain the significance of the Public Sector in India's economic strategy during the initial years of planning."</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p>