

**DAV PUBLIC SCHOOLS, ODISHA**  
**PRE-BOARD EXAMINATION**  
**(2023-24)**

**SET-1**

- Please check that this question paper contains **6** printed pages.
- Check that this question paper contains **34** questions.
- Write down the Serial Number of the question in the left side of the margin before attempting it.
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed 15 minutes prior to the commencement of the examination. The students will read the question paper only and will not write any answer on the answer script during this period.

**CLASS-XII**  
**SUB-ECONOMICS (030)**

**Time Allowed: 3 Hours**

**Maximum Marks- 80**

**General Instructions:**

**Read the following instructions carefully and strictly follow them:**

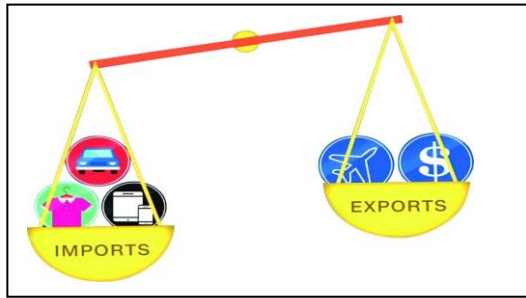
1. This question paper contains 34 questions. All questions are compulsory
2. This question paper contains two sections:  
Section A – Macro Economics  
Section B – Indian Economic Development
3. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
4. This paper contains 4 Short Answer Questions type- I questions of 3 marks each to be answered in 60 to 80 words.
5. This paper contains 6 Short Answer Questions type-II questions of 4 marks each to be answered in 80 to 100 words.
6. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.
7. Attempt all parts of a question together.

**Section-A Macro Economics**

1. Read the following statements carefully: (1)  
Statement I: If MPC is 0.8, then APC will also be 0.8.  
Statement II: APC is the ratio of change in consumption and change in income.  
In the light of the given statements, choose the correct alternative from the following:  
(a) Statement I is true and Statement II is false.  
(b) Statement I is false and Statement II is true.  
(c) Both the statements I and II are true.  
(d) Both the statements I and II are false.

2. Net factor income from abroad is zero when, \_\_\_\_\_. (Choose the correct option) (1)  
 (a) National income = Domestic Income (b)  $GDP_{FC} > GDP_{MP}$   
 (c)  $NNP_{FC} < NNP_{MP}$  (d)  $GDP_{FC} > GDP_{MP}$
3. In an Economy due to increase in investment by Rs. 125 crore, National Income increases by Rs.500 crore. Calculate MPC. (1)  
 (a) 0.25 (b) 0.75 (c) 0.85 (d) 0.5
4. Reena, a foreign investor, decides to invest in a company located in India. She purchases shares of the company and also buys some real estate properties in India. At the same time, a local company from India invests in a foreign country by acquiring a factory and machinery there. Which of the following components of the Capital Account of the Balance of Payments are being demonstrated here? (1)  
 (I) Foreign Direct Investment inflow and outflow (II) Portfolio Investment inflow and outflow  
 (III) Foreign Aid received by India (IV) Import and export of goods and services  
 Choose the correct options from the following:  
 (a) Option A and B (b) Option A and C (c) Option B and D (d) Option A and D
5. Ashok went to the supermarket with Rs 5,000 in his wallet to buy groceries for his family. He purchased vegetables, fruits, and other household items, paying the respective prices at the counter. Identify the functions of money demonstrated in this scenario. (1)  
 I) Unit of Labor II) Store of Value  
 III) Medium of Exchange IV) Measure of Creditworthiness  
 Choose the correct options from the following:  
 a) Option A and B b) Option B and C c) Option A, B and D d) Option A, C and D
6. State Bank of India receives a deposit of Rs. 60,000 and the reserve requirement is 15%. If the bank decides to hold reserves equal to 20% of the deposit instead of the required amount, the excess reserve which the bank holds \_\_\_\_\_(Choose the correct option) (1)  
 a) Rs.4,000 b) Rs.3,000 c) Rs.12,000 d) Rs.16,000
7. Suppose an economy experiences an increase in consumer confidence, leading to a surge in consumer spending on goods and services. At the same time, the government implements an infrastructure development plan, boosting public investments. How will these factors impact the equilibrium in the economy's AD and AS?( Choose the correct option) (1)  
 (a) AD will increase, and AS will decrease, resulting in inflationary pressures.  
 (b) AD will decrease, and AS will increase, causing deflationary pressures.  
 (c) AD will remain unchanged, and AS will decrease, leading to deflation.  
 (d) AD will increase, and AS will increase, promoting economic growth with stable prices.
8. Identify the correct reason(s) that may affect the demand for foreign exchange in an economy. (1)  
 I. Imports of visibles  
 II. Exports of invisibles  
 III. Remittances by residents working abroad  
 IV. Purchase of assets abroad  
 Alternatives:  
 a) I and II b) II and III c) III and IV d) I and IV
9. Find out the level of consumer spending (C) in the country when the disposable income (Y) is Rs.1,200cr, given that the consumption function is represented as  $C = 0.75Y + 100$ . The consumption function consists of an autonomous consumption of Rs.100cr and a marginal propensity to save is 0.25. (1)  
 (a) Rs.400 cr (b) Rs.600 cr (c) Rs.1,000 cr (d) Rs.1,200 cr

10. Observe the following image carefully and choose the correct alternative given below (1)



- a) Deficit in BOP      b) Surplus in BOP      c) Balance in BOP      d) None of these
11. State, giving valid reasons, whether the following statements are true or false: (3)
- Current account in Balance of Payments records only the exports and imports of goods and services.
  - Borrowings from abroad are recorded in the Capital Account of the Balance of Payments on the debit side.

**OR**

“Trade Deficit must exist if a country is facing a situation of Current Account Deficit”. Defend or refute the statement, with valid argument. (3)

12. Suppose the GDP at market price of a country in a particular year was Rs.1,100cr. Net Factor Income from Abroad was Rs.100 cr. The value of Net Indirect Tax was Rs.150 cr and National Income was Rs.850 cr. Calculate the aggregate value of depreciation. (3)
13. In an economy, the equilibrium level of income falls short by ₹ 500 crores. Calculate the additional investment needed to achieve the equilibrium level of income, if 80% of increased income is spent on consumption. (4)
14. Explain steps needed for derivation of Saving Curve from Consumption Curve

**OR**

Demonstrate your understanding of how the Reserve Bank of India can apply monetary policy tools to tackle a scenario of Deficient Demand in the economy. Identify and discuss four specific measures that the RBI can employ to effectively correct the situation. (4)

15. Explain ‘banker to the government’ function of RBI. (4)
16. From the following data about a Government budget, find out (3)
- Revenue deficit
  - Fiscal deficit

Sl. No	Items	(Rs arab)
(i)	Capital receipts net of borrowings	95
(ii)	Revenue expenditure	100
(ii)	Interest payments	10
(iv)	Revenue receipts	80
(v)	Capital expenditure	110

- (b) Imagine you are a financial advisor working with a government's finance ministry. One of your responsibilities is to educate the public about the government's budget and its various sources of revenue. Provide two real life examples of non-tax revenue receipts that a government might have in its fiscal year and briefly describe each of them. (3)

**OR**

- Explain the 'allocation of resources' objective of Government budget. (3)
  - Identify the following as capital receipts or revenue receipt with reasons. (3)
    - Profits of LIC, a public enterprise
    - Dividends paid to the Government by State Bank of India
    - Amount borrowed from Japan for construction of Metro
17. a) In the estimation of a country's National Income, are the following items included? Provide reasons for each. (3)

- (i) Rent-free house to an employee by an employer.
  - (ii) Purchases by foreign tourists.
  - (iii) Purchase of a truck to carry goods by a production unit.
- b) As a financial analyst working for a government economic research institute, you have been invited to speak at a public seminar on economic indicators. During the seminar, you are asked to define and elaborate on the concepts of Nominal Gross National Product (GNP) and Real Gross National Product (GNP). Additionally, you are requested to provide real-life examples to illustrate the significance of these measures in economic analysis and decision-making. (3)

### SECTION- B- INDIAN ECONOMIC DEVELOPMENT

18. In 1955, Karve committee was constituted for aiming \_\_\_\_\_. (Choose the correct option) (1)
- a) promotion of small scale industries
  - b) rural development
  - c) formulation of plan
  - d) development of large scale industries
19. In recent years, identify the major change which has been made to the One Child Policy in China. (1)
- (a) It was replaced with a "Two Child Policy."
  - (b) The policy was expanded to restrict immigration.
  - (c) The policy was strengthened to allow no exceptions.
  - (d) It was abolished and families can have as many children as they wish.
20. Inward looking trade strategy relies on \_\_\_\_\_. (Choose the correct option) (1)
- (a) Export promotion
  - (b) Import substitution
  - (c) MNC
  - (d) Foreign trade
21. Identify the correct answer from the image given below. (1)



- (a) Co-operatives
  - (b) Green revolution
  - (c) Golden revolution
  - (d) Operation Flood
22. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: (1)
- Assertion:** The industrial sector reforms implemented under liberalization policies in a country led to an increase in Foreign Direct Investment in the manufacturing sector.
- Reason:** Liberalization policies aimed to toughen trade barriers, regulate industries, and provide a conducive environment for indigenous investors, making the manufacturing sector more attractive for FDI.
- (a) Both the assertion and reason are true, and the reason is the correct explanation of the assertion
  - (b) Both the assertion and reason are true, but the reason is not the correct explanation of the assertion
  - (c) The assertion is true, but the reason is false.
  - (d) The assertion is false, but the reason is true.
23. A campaign in China in 1958, where people were encouraged to set up industries in their backyard, was named as \_\_\_\_\_. (Choose the correct option) (1)
- (a) Great Leap Forward
  - (b) Great Proletarian Cultural Revolution
  - (c) Both (a) and (b) movement
  - (d) During economic reforms
24. Education is still a challenging proposition in the country on account of \_\_\_\_\_. (Choose the correct option) (1)
- (a) Large number of illiterates
  - (b) Inadequate vocationalisation of education
  - (c) Gender bias
  - (d) All of these



33. (A). Consider the concept of Agricultural Subsidies, provided by governments to support farmers and agricultural production. As a policymaker, evaluate the virtues and analyze the vices of agricultural subsidies on the agricultural sector, the economy, and society as a whole. (4)
- (B) “In India, after 1947 land reforms were introduced on a large scale.” In the light of the given statement, discuss any one such land reform. (2)

**OR**

- (A) “The demonetisation of currency undertaken by the Government of India as on November 8 2016 had an adverse impact on the economic activities.” Do you agree with the statement? Give reason in support of your answer. (3)
- (B) “In the post-reform period, the Government of India decided to retain profit-making Public Sector Undertakings (PSUs). It provided a special status to PSUs to enable them to expand in the global market.”. Give valid reasons in support of your answer. (3)
34. Read the following passage on the causes of the environmental crisis and answer the questions that follow:
- The world is facing an unprecedented environmental crisis characterized by various interconnected challenges. Several factors have contributed to this alarming situation, threatening the delicate balance of ecosystems and the well-being of both humans and wildlife. One of the primary causes of the environmental crisis is the rapid growth of human population. The increasing demand for resources, food, and energy has led to extensive deforestation, habitat destruction, and overconsumption of natural resources. Industrialization and modernization have played a significant role in exacerbating the environmental crisis. The reliance on fossil fuels and the emission of greenhouse gases have resulted in global warming and climate change, leading to extreme weather events, rising sea levels, and disruptions in natural cycles. The unchecked discharge of pollutants and waste from industries has further contaminated air, water, and soil, endangering human health and biodiversity. Another critical factor contributing to the environmental crisis is the expansion of agriculture and urbanization. The conversion of forests and natural habitats into agricultural lands and urban areas has led to the loss of biodiversity and fragmentation of ecosystems. This has disrupted the natural habitats of numerous species, leading to the extinction of many plants and animal species. Moreover, human activities such as irresponsible waste management and improper disposal of plastics have resulted in the accumulation of plastic waste in oceans and landfills, causing harm to marine life and contaminating the environment. The excessive use of chemical fertilizers and pesticides in agriculture has also led to soil degradation, water pollution, and loss of biodiversity. In summary, the environmental crisis is a complex issue with various interconnected causes. The rapid growth of human population, industrialization, urbanization, and irresponsible waste management practices are some of the major contributors to this crisis. Addressing these causes requires a collective effort from governments, industries, and individuals to adopt sustainable practices and promote environmental conservation. On the basis of the given text and common understanding, answer the following question:
- A) Identify the primary causes of the environmental crisis described in the passage. (2)
- B) ‘Industrialization has contributed to the environmental crisis’ .Justify. (2)
- C) Explain the impact of agriculture and urbanization on the environment. (2)

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