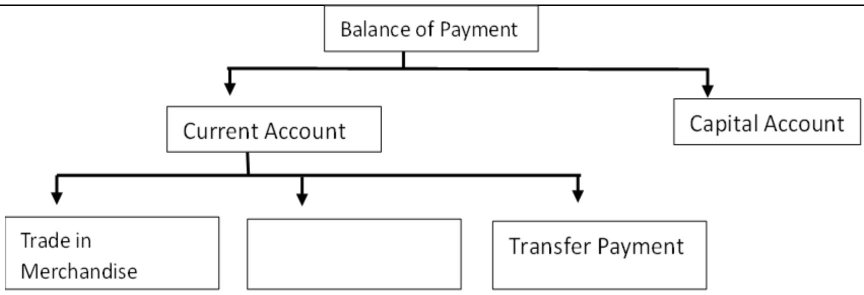
Sample Question Paper
Subject: Economics
Class – XII
Full Marks: 80 Time: 3 Hours

GENERAL INSTRUCTIONS:
1. This question paper contains 34 questions and is divided into two sections: Section A – Macro Economics and Section B – Indian Economic Development.
2. This paper contains 20 Multiple Choice Type Questions of 1 mark each (Q.1 to Q.10 and Q. 18 to Q. 27).
3. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words (Q. 11, Q. 12, Q. 28, and Q. 29).
4. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words (Q. 13 to Q.15 and Q. 30 to Q. 32).
5. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words (Q. 16, Q. 17, Q. 33 and Q. 34).
6. There is no overall choice. Internal choices have been provided in some questions.

Q. No.	Question	Marks
	Part – A Introductory Macroeconomics	40
1	Goods purchased for the following purposes are final goods: (a) for satisfaction of wants (b) for investment in firm (c) both (a) and (b) (d) none of these	1
2	'Money is an asset which can be stored for use in future'. In the light of the given statement, identify the function of money. (a) A measure of value (b) Standard of deferred payment (c) A store of value (d) A medium of exchange	1
3	Read the following statements and choose the correct answer among the given alternatives: **Statement 1**: Consumption function assumes that consumption changes at a constant rate as income changes. **Statement 2**: Autonomous consumption is the ratio of total consumption (C) to total income (Y) Alternatives: (a) Both the statements are true (b) Both the statements are false (c) Statement 1 is true and Statement 2 is false (d) Statement 2 is true and Statement 1 is false	1
4	Which of the following is not a capital expenditure? (a) Loans advanced by world bank (b) Construction of school building (c) Repayment of loans (d) Expenditure on machinery and equipment.	1

<table>
<tr><td>5</td><td>Appreciation of domestic currency encourages:
(a) imports
(b) exports
(c) foreign trade
(d) all of the above</td><td>1</td></tr>
<tr><td>6</td><td>In India, coins are issued by:
(a) State Bank of India
(b) Reserve Bank of India
(c) Ministry of Finance, Government of India
(d) Ministry of Urban Development</td><td>1</td></tr>
<tr><td>7</td><td>Identify the incorrect statement with reference to Cash Reserve Ratio (CRR).
(a) It is a certain percentage of demand and time deposit liabilities that every bank must hold as cash reserves with the central bank
(b) It is fixed by the Central Bank
(c) It is not binding on the commercial banks
(d) It is a tool used by the Central Bank to correct the credit creation in the economy</td><td>1</td></tr>
<tr><td>8</td><td>Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I :
<table>
<tr><th>Column I</th><th>Column II</th></tr>
<tr><td>A. Ex-ante saving</td><td>(i) Planned output</td></tr>
<tr><td>B. Multiplier</td><td>(ii) $\frac{\Delta Y}{\Delta I}$</td></tr>
<tr><td>C. Aggregate Supply</td><td>(iii) Multiplier = 5</td></tr>
<tr><td>D. MPC = 0.8</td><td>(iv) Desired Saving</td></tr>
</table>
Alternatives
(a) A – (iii), B – (ii), C – (iv), D – (i)
(b) A – (iv), B – (ii), C – (i), D – (iii)
(c) A – (iv), B – (i), C – (ii), D – (iii)
(d) A – (ii), B – (iv), C – (i), D – (iii)</td><td>1</td></tr>
<tr><td>9</td><td>As per the data presented in the Union Budget 2023 – 24, the total receipts of the government other than borrowing and the total expenditure are estimated at ₹ 27.2 Lakh Crore and ₹ 45 Lakh Crore respectively.
The value of the ___________ deficit would be ₹ 17.8 Lakh Crore.
(a) Revenue
(b) Fiscal
(c) Budgetary
(d) Primary</td><td>1</td></tr>
<tr><td>10</td><td>Study the following figure carefully and choose the correct alternative to fill in the blank box:</td><td>1</td></tr>
</table>

	 Alternatives: (a) Investments (b) Trade of services (c) External Borrowings (d) External Assistance	
11	Distinguish between stock and flow variables with suitable examples.	3
12	A) Distinguish between Repo rate and Bank rate. Or B) State M_1 measure of money supply.	3 3
13	Explain how government budget can be helpful in reducing inequalities in income and wealth and in bringing economic stabilization on economy.	4
14	A) Define Aggregate Demand. What are its components in a four-sector economy. Explain any two of its components. Or B) What is saving? Find saving if autonomous consumption is ₹ 75, MPC = 0.6 and level of income is ₹ 1000.	1+1+2=4 1+3=4
15	Explain how is exchange rate is determined under floating exchange rate system with the help of a diagram?	4
16	A) Explain the expenditure method of estimating national income. Or B) From the following data, calculate (a) NDP_{MP} (b) NNP_{FC} (c) GNP_{MP}	6 2+2+2=6

Sl. No.	Particulars	₹ in crores
(i)	Depreciation	1000
(ii)	Net factor income from abroad	8000

	(iii)	Gross domestic product market price (GDP_{MP})	1,50,000	
	(iv)	Subsidies by government	500	
	(v)	Indirect taxes	750	

17	A) Explain the determination of equilibrium level of income using Saving-Investment Approach with the help of a table and diagrams. Or B) Assuming that additional investment is ₹ 100 crore and MPC = 0.5, illustrate the working of the multiplier mechanism with the help of a table.	6 6
	Part – B **(Indian Economic Development)** **Marks : 40**	
18	Identify the false statement in context of India's foreign trade on the eve of independence. (a) Exporter of raw materials (b) Surplus in foreign trade (c) Importer of finished goods (d) Import of gems and pearls from Britain	1
19	Read the following Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): Goods and Services Tax (GST) was implemented by the Government of India on 8th November, 2016. Reason (R): GST was introduced to implement a Unified Indirect Tax System in India. Alternatives: (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 and Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true but Reason (R) is false (d) Assertion (A) is false but Reason (R) is true.	1
20	Production of diverse varieties of crops rather than one specialized crop is called: (a) diversification of crops (b) diversification of agricultural production. (c) diversification of sectors (d) diversification of employment	1
21	An arrangement in which a worker uses his own resources to make a living is known as _____________ employment (a) Self (b) Regular-salaried (c) Casual (d) Cyclical	1

<table>
<tr><td>22</td><td>During 1980s, the growth rate in Pakistan improved on account of which of the following reason?
(a) Institutional process of technical change
(b) A good harvest
(c) Sustainable export of manufactured goods
(d) High amount of foreign direct investment inflow.</td><td>1</td></tr>
<tr><td>23</td><td>Inward looking trade strategy relies on:
(a) Export promotion
(b) Import substitution
(c) Both (a) and (b)
(d) None of these</td><td>1</td></tr>
<tr><td>24</td><td>Identify which of the following is a source of non-institutional credit in the rural areas of India.
(a) NABARD
(b) Regional Rural Banks
(c) Money lenders
(d) Commercial Banks</td><td>1</td></tr>
<tr><td>25</td><td>Disadvantages of casualisation of workforce:
A. No paid leave
B. No regular income
C. No access to training
D. Permission to take leave is not required
E. Less working hours.
Choose the correct answer from the options given below:
(a) A, C and E only
(b) B, C and D only
(c) A, B and C only
(d) C, D and E only</td><td>1</td></tr>
<tr><td>26</td><td>China was able to control its rapid population growth rate owing to ___
(a) Economic reforms
(b) Great Proletarian Cultural Revolution
(c) Great Leap Forward Campaign
(d) One-Child policy</td><td>1</td></tr>
<tr><td>27</td><td>From the set of statement given in Column I and Column II, choose the correct pair of statements:
<table>
<tr><th>Column I</th><th>Column II</th></tr>
<tr><td>A. One Child Policy</td><td>(i) 1958</td></tr>
<tr><td>B. Great Proletarian Cultural Revolution</td><td>(ii) 1956</td></tr>
<tr><td>C. Reforms in India</td><td>(iii) 1992</td></tr>
<tr><td>D. Reforms in China</td><td>(iv) 1978</td></tr>
</table>
Alternatives :
(a) A – (i)
(b) B – (ii)
(c) C – (iii)
(d) D – (iv)</td><td>1</td></tr>
</table>

28	A) Explain briefly the rationale behind choosing 'modernization' and 'self – reliance' as planning objectives for the Indian economy. Or B) 'Green revolution transformed India from a subsistent food grain economy to a food surplus economy'. Justify the statement, giving reasons in support of your answer.	3 3
29	Explain briefly some of the challenges facing organic farming.	3
30	Explain the changing structure of employment (Sector-wise).	4
31	A) What is horticulture? How does it promote rural development? Or B) Increase in air, noise and water pollution has an adverse effect on environment and causes environmental degradation. As a conscious citizen, what do you think should be done to minimize environmental degradation?	1+3=4 4
32	Compare the economies of India and China on the basis of: (a) GDP (b) HDI	2+2 = 4
33	A) Define Liberalization. Briefly explain the Industrial Sector reforms. Or B) Explain the role of Small-Scale Industries (SSI) in achieving the goals of employment, equity and regional balance.	1+5=6 6
34	A) Highlight the Role of human capital in economic development. Or B) Describe the strategy to achieve sustainable development.	6 6

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