

Total No. of Printed Pages—12

**HS/XII/A.Com/Ec/26**

**2 0 2 6**

**ECONOMICS**

*Full Marks : 80*

*Time : 3 hours*

*The figures in the margin indicate full marks for the questions*

*General Instructions :*

- (i) All questions in both the Parts are compulsory.
- (ii) Marks for questions are indicated against each question.
- (iii) Question Nos. **1–10** and **18–27** are MCQs (objective-type) questions carrying 1 (one) mark each.
- (iv) Question Nos. **11, 12, 28** and **29** are short answer-type questions carrying 3 (three) marks each. Answers to them should be 60 to 80 words each.
- (v) Question Nos. **13–15** and **30–32** are also short answer-type questions carrying 4 (four) marks each. Answers to them should be 80 to 100 words each.
- (vi) Question Nos. **16, 17, 33** and **34** are long answer-type questions carrying 6 (six) marks each. Answers to them should be 100 to 150 words each.

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PART—A

**( Introductory Macroeconomics )**

( Marks : 40 )

1. An activity which results in value addition is

- (a) consumption
- (b) investment
- (c) production
- (d) exchange

1

2. Read the following dialogue between Sara and Rahul :

Sara : I want to shift to Singapore. What do I do with my house?

Rahul : I can give you 10 antique pieces.

Sara : But I do not need antique pieces.

Rahul : Then let the house remain where it is.

Which of the following problems is being faced by Sara and Rahul in their exchange process?

1

- (a) Lack of medium of exchange
- (b) Lack of transfer of value
- (c) Lack of store of value
- (d) Lack of standard of deferred payment

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3. Currency with public = ₹ 570 crore  
Net demand deposits = ₹ 250 crore  
Time deposits with banks = ₹ 975 crore

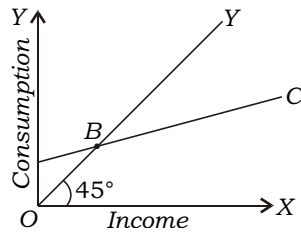
From the above information, the value of money supply ( $M_1$ ) in the economy is \_\_\_\_\_ crore. 1

- (a) ₹ 570  
(b) ₹ 820  
(c) ₹ 1,225  
(d) ₹ 1,795

4. Which of the following equations is correct? 1

- (a)  $MPC + MPS = 1$   
(b)  $1 - MPC = MPS$   
(c)  $1 - MPS = MPC$   
(d) All of the above

5. With reference to the given diagram, which of the following is true at point B? 1



- (a)  $APS = 1$   
(b)  $APC = 1$   
(c)  $APS = 0$   
(d) Both (b) and (c)

- 6.** Fiscal deficit equals
- (a) primary deficit – interest payments
  - (b) primary deficit + interest payments
  - (c) total budget expenditures – total budget receipts
  - (d) None of the above 1
- 7.** Which of the following receipts in the government budget increases its liability? 1
- (a) Borrowing
  - (b) Disinvestment
  - (c) Recovery of loans
  - (d) Dividend from PSUs
- 8.** Read the following statements and choose the correct answer from the given alternatives : 1
- Statement 1 :
- Balance of Trade records invisible items only.
- Statement 2 :
- Balance of Payments records visible items, invisible items, unilateral transfers and capital transfers.
- 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

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9. Read the following Assertion (A) and Reason (R). Choose the correct alternative given below : 1

Assertion (A) :

Devaluation of Indian rupee implies that more rupees are required to buy a dollar.

Reason (R) :

Devaluation of domestic currency makes foreign goods more expensive.

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, 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

10. Gifts and donations from abroad are recorded in the

- (a) credit side of Current Account of BOP
- (b) debit side of Current Account of BOP
- (c) credit side of Capital Account of BOP
- (d) debit side of Capital Account of BOP 1

11. Define GDP deflator. In an economy, if the real GDP is ₹ 300 crore and nominal GDP is ₹ 360 crore, calculate GDP deflator. 1+2=3

( 6 )

Or

Giving reasons, classify the following as intermediate or final goods : 1+1+1=3

- (a) Oranges purchased by a fruit seller
- (b) Milk purchased by a household
- (c) Wood purchased for making chairs

- 12.** What is balance of trade? The balance of trade shows a deficit of ₹ 500 crore. If the value of exports is ₹ 400 crore, what is the value of import? 1+2=3

Or

Explain the effects of increase in supply of foreign currency on equilibrium exchange rate. 3

- 13.** Differentiate between the Central Bank and Commercial Bank. Explain any one function of the Central Bank. 2+2=4

- 14. (a)** On the basis of the following hypothetical data—

<i>Income (Y)</i>	<i>Consumption (C)</i>
₹ 1,000 crore	₹ 750 crore
calculate (i) APC and (ii) APS. <span style="float: right;">1+1=2</span>	

- (b)** On the basis of the following hypothetical data—

<i>Income (Y)</i>	<i>Consumption (C)</i>
₹ 1,000 crore	₹ 750 crore
₹ 1,200 crore	₹ 900 crore
calculate (i) MPC and (ii) MPS. <span style="float: right;">1+1=2</span>	

Or

What is full employment? Compare between Voluntary unemployment and Involuntary unemployment. 1+3=4

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- 15.** Giving reasons, categorize the following into revenue expenditure and capital expenditure : 1+1+1+1=4

- (a) Repayment of loan borrowed from the World Bank
- (b) Provision of subsidies by the government
- (c) Expenditure on law and order
- (d) Expenditure on construction of a dam

*Or*

What does it imply if primary deficit is zero? Find borrowing by the government if interest payment is ₹ 1,950 crore which is 25% of primary deficit. 1+3=4

- 16.** Explain the circular flow of income in a two-sector model. 6

*Or*

Explain the expenditure method of measuring national income. 6

- 17.** Explain the determination of equilibrium level of output and income with the help of aggregate demand and aggregate supply curves. 6

*Or*

The saving function of an economy is given by  $S = 50 - 0.5Y$  and the investment is ₹ 7,000 crore. Calculate—

- (a) equilibrium level of income;
  - (b) consumption level at the equilibrium level of income;
  - (c) level of savings at ₹ 12,000 crore income level.
- 2+2+2=6

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PART—B

( **Indian Economic Development** )

( Marks : 40 )

**18.** After Independence, in order to bring equity in agriculture, land reforms/policies were introduced by the government that include

- (i) abolition of Zamindari system
- (ii) Green Revolution
- (iii) land ceiling

*Alternatives :*

- (a) Only (i)
- (b) Only (ii)
- (c) Both (i) and (iii)
- (d) (i), (ii) and (iii)

1

**19.** Selling off part of the equity of PSUs is called

- (a) globalization
- (b) privatization
- (c) disinvestment
- (d) None of the above

1

**20.** \_\_\_\_\_ and \_\_\_\_\_ currency notes of old Mahatma Gandhi Series were banned as legal tender money on 8th November, 2016.

1

- (a) ₹ 50, ₹ 100
- (b) ₹ 200, ₹ 500
- (c) ₹ 500, ₹ 1,000
- (d) ₹ 500, ₹ 2,000



**21.** Which of the following is the correct formula for calculating worker–population ratio? 1

(a)  $\frac{\text{Total labour force}}{\text{Total population}} \times 100$

(b)  $\frac{\text{Total workers}}{\text{Total population}} \times 100$

(c)  $\frac{\text{Total population}}{\text{Total labour force}} \times 100$

(d)  $\frac{\text{Total population}}{\text{Total workers}} \times 100$

**22.** Choose the correct pair : 1

*Column—I*

*Column—II*

- |                                  |   |
|----------------------------------|---|
| (a) Short-term credit            | (i) Sustains soil fertility   |
| (b) Chemical farming             | (ii) Tastier and healthier food                                     |
| (c) Cooperative credit societies | (iii) Adequate credit to the farmers at reasonable rate of interest |
| (d) Regular workers              | (iv) Daily wages  |

**23.** Regular workers are hired on \_\_\_\_\_ basis and are entitled to social security benefits. 1

- (a) temporary  
(b) permanent  
(c) Both (a) and (b)  
(d) Neither (a) nor (b)

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- 24.** Read the following Assertion (A) and Reason (R). Choose the correct alternative given below : 1

Assertion (A) :

China has the highest life expectancy in the world.

Reason (R) :

Maternal mortality rate of India is higher than that of China.

*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, 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

- 25.** In China, commune system is related to \_\_\_\_\_ sector. 1

- (a) agriculture
- (b) industry
- (c) service
- (d) None of the above

- 26.** \_\_\_\_\_ initiated its process of economic reforms in 1991. 1

- (a) China
- (b) Pakistan
- (c) India
- (d) All of the above

- 27.** Read the following statements carefully and choose the correct answer among the given alternatives : 1

Statement 1 :

In both India and Pakistan, the service sector has been emerging as a major source of development.

Statement 2 :

Among China, Pakistan and India, Pakistan has the lowest life expectancy rate.

*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
- 28.** Give a quantitative appraisal of India's demographic profile during the colonial period. 3

*Or*

What are the measures adopted by the government to promote globalization in the Indian economy? 3

- 29.** "Use of public transport in place of personal transport reduces environmental degradation." Justify the given statement. 3

- 30.** "Active government intervention is essential in education and health sectors in India." Do you agree with the given statement? Give reasons. 4

*Or*

What is agricultural diversification? Why is agricultural diversification essential for sustainable livelihood? 1+3=4

( 12 )

**31.** Differentiate between : 2+2=4

- (a) Regular worker and Casual worker
- (b) Formal sector and Informal sector

**32.** Compare the economies of India and China on the following two parameters : 2+2=4

- (a) Human Development Index
- (b) GDP growth

**33.** What was the state of the industrial sector of the Indian economy on the eve of Independence? 6

*Or*

Elucidate the importance of small-scale industries in the economy of India. 6

**34.** Define human capital formation. What factors contribute to human capital formation? 1+5=6

*Or*

What is agricultural marketing? Spell out the measures taken by the government to improve agricultural marketing system. 1+5=6

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