## Practice Questions Session 2022-23 ECONOMICS (030) CLASS: XII

Time: 3 Hours Maximum Marks: 80

## **GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:

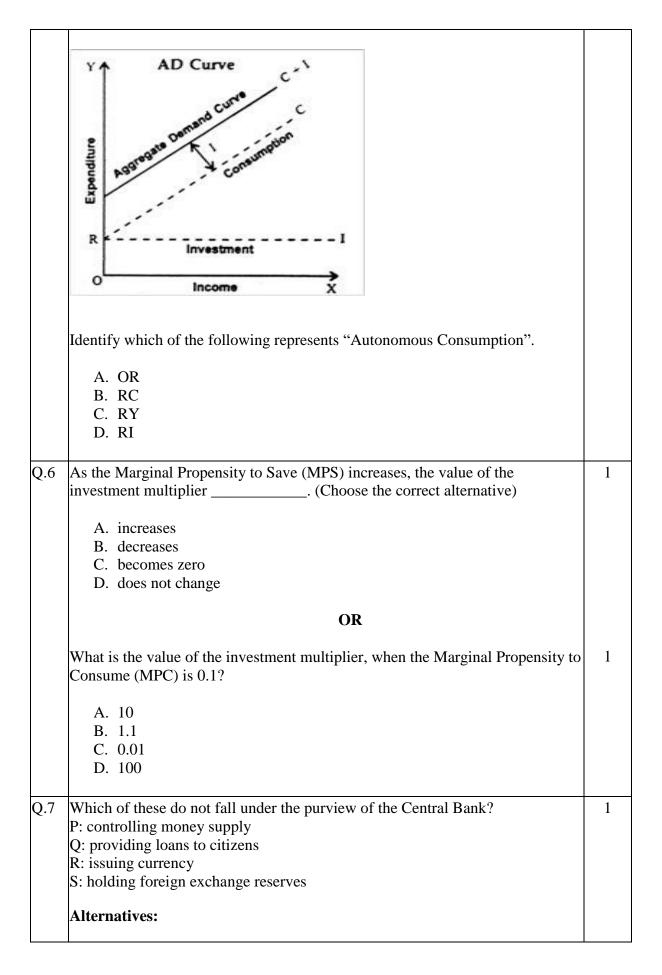
Section A – Macro Economics

Section B – Indian Economic Development

- 2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
- 3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
- 4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
- 5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

Q.No	SECTION A – MACRO ECONOMICS	Marks			
Q.1	Read the following statements carefully:				
	<b>Statement 1:</b> Aggregate demand is the sum total of consumption and investment expenditures.				
	<b>Statement 2:</b> Total consumption consists of an autonomous component and an induced component.				
	Choose the correct option based on the above statements.				
	<ul> <li>A. Statement 1 is true and statement 2 is false</li> <li>B. Statement 1 is false and statement 2 is true</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>				
Q.2	"The World Bank has been extending loans to Country X on favourable terms for infrastructure, poverty alleviation, and rural development projects for four decades."	1			
	Identify the reason for these loans to be listed as external assistance under the capital account of the Balance of Payments.				

	<ul> <li>A. The loans have been taken from an entity outside the country.</li> <li>B. The loans aim to improve the standard of living in the country.</li> <li>C. The loans have crossed the three-decade period.</li> <li>D. The loans can be paid off over a longer period.</li> </ul>	
Q.3	The Reserve Bank of India can increase the money supply in the economy by (Choose the correct alternative)	1
	<ul> <li>A. demonetisation of currency</li> <li>B. buying government bonds</li> <li>C. increasing the cash reserve ratio</li> <li>D. persuading banks to discourage loans</li> </ul>	
Q.4	There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option.	1
	Statement (1): The Balance of Payments is a key economic indicator of a country's economic well-being.  Statement (2): It is a summary of all economic transactions of a country and the rest of the world in a given financial year.	
	<ul> <li>A. Statement 1 is true and statement 2 is false</li> <li>B. Statement 1 is false and statement 2 is true</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>	
Q.5	Given below are some basic activities that occur in an economy.  Identify the activity that would not help to study the economy in its totality?	1
	<ul> <li>A. government introducing policies</li> <li>B. aggregate demand and supply of goods</li> <li>C. determination of the consumer's equilibrium</li> <li>D. determination of equilibrium level of income and employment</li> </ul>	
	OR	
	The total consumption and investment curves are given below:	1



	A. only S	
	B. only Q	
	C. Q and S	
	D. P and R	
Q.8	The money exchanged in which of the following situations will not be considered as Invisible items under the Balance of Payments?	1
	<ul> <li>A. An Indian flying to the US for his medical treatment.</li> <li>B. Oil India Limited (OIL) purchasing crude oil from Iraq.</li> <li>C. The Indian diaspora remitting money to their families at home</li> <li>D. Tata consultancy services (TCS) providing cloud consulting to African nations.</li> </ul>	
	OR	
	Identify the situation that can be certainly deduced from a "capital and current account equilibrium"?	1
	A. The current account deficit is financed by the selling of foreign exchanges.	
	B. There is an inverse relationship between the current and the capital account.	
	C. The capital account has to be equal to the current account to achieve equilibrium.	
	D. The country is running into an economic deficit and requires borrowing from foreign reserves.	
Q.9	There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option.	1
	Statement (1) When aggregate supply is plotted as a 45°line graph, the economy is said to be at equilibrium.	
	Statement (2) The total amount spent on aggregate demand is equal to the total expenditure in the country.	
	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	
Q.10	Choose the equation that represents the equilibrium condition in a two-sector economy.	1
	A. $Y = \frac{\overline{C}}{MPS}$ B. $Y = \frac{\overline{C}}{1 - MPS}$	

	C. Y =	$= \frac{\overline{C} + \overline{I}}{1 - MPC}$		$D. Y = \frac{\overline{C} + \overline{MP}}{MP}$	<u>.Ī</u> C			
Q.11	1 Study the table given below which has information about two firms of an economy.					3		
	Wages (in ₹) Profits (in ₹) Interest (in ₹) Rent (in ₹)							
		Firm A	50	150	100	100		
		Firm B	90	210	100	100		
-	Further, it should be noted that- 1. Net Factor Income from Abroad is (-) ₹ 20 2. Employee's contribution to the Social Security Fund by Firm A and Firm B is ₹ 5 and ₹ 10 respectively  Calculate the National Income.							
Q.12	<ul><li>a) When does a Current Account Surplus situation arise?</li><li>b) Discuss its significance in an economy.</li></ul>							
	OR							
	Venture capital refers to the funding provided by investors to small or start-up businesses with strong potential for growth.						3	
	In light of the above statement, how does the process of devaluation of a currency affect Foreign Direct Investment or Portfolio investment?							
Q.13	In an economy, the initial income was ₹1000 crore which increased by ₹2500 crore.					4		
	Given MPS = 0.3, $\overline{c}$ = ₹500, calculate the investment expenditure at the increased level of income.							
Q.14	Assuming that there exists a situation of excess demand in an economy leading to an inflationary gap.  a) What is the impact of excess demand in the economy b) Explain any two monetary measures that can help to control this situation.				4			

Q.15	'During the last few years' initiatives such as Jan Dhan Yojna, Aadhar-enabled payment systems, e-Wallets, National Financial Switch (NFS) and others have strengthened the government's resolve to go cashless.' Source: NCERT  Elaborate on how such initiatives may have affected the Indian economy.	4			
	OR				
	Explain the process of credit creation by commercial banks with the help of a numerical example.	4			
Q.16	<ul> <li>(a) In what situation will the Real Gross Domestic Product be greater than the Nominal Gross Domestic Product?</li> <li>(b) If the Nominal Gross Domestic Product is ₹2200 crores, and the price index (base = 100) is 110. Calculate the Real Gross Domestic Product.</li> </ul>	3 3			
Q.17	Answer the following questions.				
	(a) "National highway is a private good because it is funded by taxes." Defend or refute the given statement with valid arguments.	3			
	(b) How does the government budget ensure economic equality in an economy?	3			
	OR				
	(a) In the 2022-23 budget in India, a lot of importance has been given to reforming the education system and all-inclusive welfare. Analyse the value of such an allocation.	3			
	(b) State which category of receipts or expenditures the following are categorised as:	3			
	i) custom duty ii) government acquisition of land iii) Sale of PSUs				
	SECTION B – INDIAN ECONOMIC DEVELOPMENT				
Q.18	Identify the result of the large export surplus during the colonial period. (Choose the correct alternative)	1			
	<ul> <li>A. domestic markets flooded with raw materials</li> <li>B. an increase in gold and silver reserves</li> <li>C. scarcity of essential commodities</li> <li>D. cheap imported consumer goods</li> </ul>				

	Identify the classification that falls outside the purview of the Industrial Policy Resolution, of 1956. (Choose the correct alternative)	1
	<ul> <li>A. public-private industrial partnership</li> <li>B. multinational corporations</li> <li>C. public sector industries</li> <li>D. privately owned</li> </ul>	
	OR	1
		1
	Identify an argument that supports the agricultural subsidies in India.	
	(Or, Choose a justification that supports India's agricultural subsidies.)	
	A. reduces the gap between the rich and poor farmers	
	B. reduces government spending on agriculture	
	C. unpopularity of the HYV seeds D. supports fertiliser industries	
0.20		1
_	Under the Great Leap Forward (GLF) campaign in China initiated in 1958, people were encouraged to set up industries in their backyards.	1
	Identify the primary goods these backyard industries would have produced.	
	A. perishable food items	
	B. small car parts C. plastic toys	
	D. textiles	
	OR	
	Identify the developmental initiatives oriented by Pakistan during the 1970s and 80s that helped the country in stimulating economic growth.	1
	A. agrarian reforms	
	B. de-nationalisation	
	C. import substitution D. investment in education and health	
	Kavitha, a farmer in rural India, is a recipient of a government scheme named This scheme helps her set up a bank account and provides insurance, overdraft and other social security benefits.	1
	insurance, overdraft and other social security beliefits.	
	A. Sansad Adarsh Gram Yojana	
	B. Jan-Dhan Yojana C. Kudumbashree	

	D. NABARD				
Q.22	"In 1994, Maulik worked in an automotive manufacturing company owned by the government of India. It was soon to be disinvested and privatized by the government. As a result, Maulik planned for a job shift and explored other sectors that could guarantee him greater growth in the future."	1			
	In light of the nation's political and economic situation at the time, which of the following professions would have fulfilled his expectations?				
	A. mining B. tourism C. textile industry D. information technology				
Q.23	There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.	1			
	<b>Statement(1):</b> The ratio of employed women in urban areas is generally lower than that of employed women in rural areas.				
	<b>Statement(2):</b> There are a higher number of low-income employment opportunities available in rural areas than in urban areas.				
	<ul> <li>A. Statement 1 is true and Statement 2 is false.</li> <li>B. Statement 1 is false and Statement 2 is true.</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>				
Q.24	There are two statements given below, marked as Statement (1) and Statement (R). Read the statements and choose the correct option.	1			
	<b>Statement (1):</b> Both India and China initiated industrial reforms with the creation of agricultural communes.				
	<b>Statement (2):</b> Both countries are primarily agrarian in nature with all sectors depending on the primary one.				
	<ul> <li>A. Statement 1 is true and Statement 2 is false.</li> <li>B. Statement 1 is false and Statement 2 is true.</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>				

Q.25	Resources are becoming extinct as degradation surpasses the capacity of the environment. (Choose the correct alternative)					
	A. carrying B. absorptive C. assimilation D. regeneration					
	OR					
	United Nations General Assembly has enlisted a list of 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Accordingly, SDG 7 is to "Ensure that everyone has access to enough, trustworthy, sustainable, and modern energy."	1				
	does not constitute a step toward achieving SDG 7.					
	A. CNG B. solar energy C. thermal power D. mini-hydel plants					
Q.26	There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option.	1				
	Statement(1): Air India, a fully owned Public Sector Undertaking (PSU) was disinvested and sold to a private entity.  Statement(2): Public Sector Undertakings (PSU) are sold to create more direct and/or indirect employment opportunities in the country.					
	<ul> <li>A. Statement 1 is true and Statement 2 is false.</li> <li>B. Statement 1 is false and Statement 2 is true.</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>					
Q.27	There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option.	1				
	Statement (1): The contribution of the industrial sector to the GVA in India and Pakistan is much lower than that of China.  Statement (2): India and Pakistan are directly moving from agriculture to services.					
	<ul> <li>A. Statement 1 is true and Statement 2 is false.</li> <li>B. Statement 1 is false and Statement 2 is true.</li> <li>C. Both statements 1 and 2 are true</li> <li>D. Both statements 1 and 2 are false</li> </ul>					

Q.28	(a) Define sustainable development.  (b) Everyone has a moral obligation to promote sustainable development.  Do you agree with the given statement? Justify your answer with a valid argument.				3	
Q.29	Amazon has been outsourcing to various customer support companies in India to accommodate more local and international buyers and sellers.  In light of the above statement, how has the process of globalisation impacted the Indian economy?  OR				3	
		you are a small farmer to face while shifting t		<u> </u>	allenges you	3
Q.30	Given bel	low are some statistics	related to Indi	ia, China and Pakis	stan.	4
	Country	Population (millions)	Fertility rate	Urbanisation (%)		
	India	1352	2.2	34		
	China	1393	1.7	59		
	Pakistan	212	3.6	37		
	Compare and contrast China's demographic statistics with its neighbours.					
Q.31	a hybrid o	ld has experienced two one" on the given statement		s of economic syst	ems along with	4
			OR			
	Briefly describe why the government had to intervene in the implementation of the Green Revolution, and the various steps it took to protect small farmers.					
Q.32		ald migration and social ustify with reasons.	l medicine be	viewed as investm	nents in human	4
Q.33	3 'Kudumbashree' is a woman-oriented community-based poverty reduction programme being implemented in Kerala. In 1995, a thrift and credit society was started as a small savings bank for poor women with the objective to encourage savings. The thrift and credit society mobilised ₹1 crore as thrift savings. These societies have been acclaimed as the largest informal banks in Asia in terms of participation and savings mobilised.  Source: www.kudumbashree.com, NCERT					6
	Based on this passage,  a) Discuss the role of Self-Help Groups (SHGs) in meeting the credit requirements of the poor.  b) List some of the drawbacks of such micro-credit programmes.					3
						3

## OR (a) 'Modernisation does not refer only to the use of new technology but also to changes in the social outlook. Source: NCERT Analyse the above statement with reference to the core ideas that the government aimed to promote in the newly independent India. (b) List some economic costs of unemployment. Q.34 Read the passage given below and answer the questions that are followed. In the early 1980s, textile mills all over the country began to close down. In some places, such as Mumbai, the mills closed rapidly. In Ahmedabad, the process of closure was long drawn out and spread over 10 years. Over this period, approximately over 80,000 permanent workers and over 50,000 nonpermanent workers lost their jobs and were driven to the informal sector. The city experienced an economic recession and public disturbances, especially communal riots. A whole class of workers was thrown back from the middle class into the informal sector, into poverty. There was widespread alcoholism and suicides, and children were withdrawn from school and sent to work. (Source: NCERT) (a) How did the primary goals listed in the five-year plans aim to deal with the 3 given crisis?

(END)

3

(b) 'Recession and unemployment go hand in hand.'

Explain the above statement in context to the given passage.