



**DELHI PUBLIC SCHOOL RUBY PARK, KOLKATA**  
**SAMPLE QUESTION PAPER**

**Class – XII**

**Time: 3 Hours**

**Subject: Economics (030)**

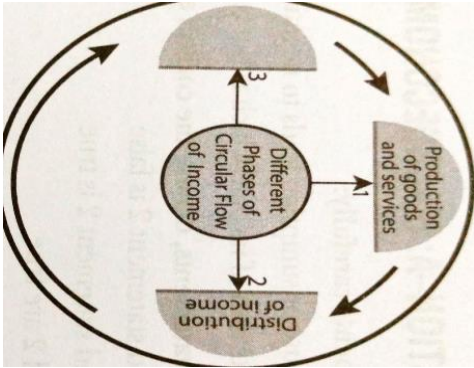
**Maximum Marks: 80**


**GENERAL INSTRUCTIONS:**

1	This question paper contains two sections: Section A - Macroeconomics (40 marks) Section B Indian Economic Development- (40 marks).
2	This paper contains 20 Multiple Choice Question type questions of 1 mark each
3	This paper contains 4 short answer type questions of 3 marks each to be answered in 60 to 80 words.
4	This paper contains 6 short answer type questions of 4 marks each to be answered in 80 to 100 words.
5	This paper contains 4 Long answer type questions of 6 marks each to be answered in 100 to 150 words each.

**SECTION A (MACROECONOMICS)**

1	Statement 1: Value of multiplier is directly proportional to MPC Statement 2: Higher the increase in investment, greater is the increase in national income. a. Statement 1 is true, 2 is false b. Statement 1 is false, 2 is true c. Both statements are true d. Both statements are false	1
2	In 2020, India's purchasing power parity was 22 national currency units (rupees) per US dollar. Source: OECD What does this mean? a. Goods that can be bought for 1 dollar in the US would require 22 rupees in India. b. Goods in India that can be bought for 1 dollar would require 22 dollars in the US. c. Goods that can be bought for 1 dollar in the US would require 22 dollars in India. d. Goods in India that can be bought for 1 rupee would require 22 dollars in the US	1
3	Supply of money refers to..... a) Currency held by the public b) Currency held by Reserve Bank of India (RBI) c) Currency held by the public and demand deposits with commercial banks d) Currency held in the government account	1
4	Statement 1: Value of APC can never be greater than one. Statement 2: Value of MPC can be greater than one. a. Statement 1 is true, 2 is false b. Statement 1 is false, 2 is true c. Both statements are true d. Both statements are false	1

5	<p>Statement 1: All capital goods are final goods.</p> <p>Statement 2: All expenditures in an economy are final expenditures.</p> <p>a. Statement 1 is true, 2 is false.</p> <p>b. Statement 1 is false, 2 is true.</p> <p>c. Both statements are true.</p> <p>d. Both statements are false.</p> <p style="text-align: center;">OR</p>  <p>Choose the correct alternative to be filled in the given blank and complete the three phases of circular flow of income given in the diagram above:</p> <p>a) Generation of income b) Disposition of income c) Expenditure of income d) Both b and c.</p>	1
6	<p>When autonomous consumption = ₹50, MPC=0.6 and Y= ₹800, value of saving will be a) ₹270 b) ₹320 c) ₹ 370 d) none of these.</p> <p style="text-align: center;">OR</p> <p>The minimum level of unemployment existing in an economy at the level of full employment equilibrium is called the</p> <p>a) underemployment, b) natural unemployment, c) involuntary unemployment, d) none</p>	1
7	<p>Assertion: Inflationary gap leads to wage price spiral.</p> <p>Reason: Output cannot be increased post full employment.</p> <p>a. Assertion and Reason are true and reason is true explanation of assertion.</p> <p>b. Assertion and reason are true but reason is incorrect explanation of assertion.</p> <p>c. Assertion is true, reason is false.</p> <p>d. Assertion is false, reason is true.</p>	1
8	<p>If an economy is to control recession like most of the Euro-Zone nations, which of the following can be appropriate? a) Reducing repo rate b) Reducing CRR c) Both a and b d) None of the above</p>	1
9	<p>Two friends, X and Y were discussing the exchange rate systems. 'Under this system, the exchange rates are determined by the market forces of demand and supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range'. The above-mentioned statement was given by Sindhu, identify the type of exchange rate system was she talking about? a) Fixed Exchange Rate b) Floating Exchange Rate c) Managed Floating Exchange Rate d) Managed Fixed Exchange Rate.</p>	1
10	<p>Suppose that the Balance of Trade (BOT) of a nation, exhibits a surplus of ₹ 20,000 crores. The import of merchandise of the nation is half of the exports of merchandise to the rest of the world. The value of exports would be ₹ _____ crores. (Fill up the blank with correct alternative) a) 30,000 b) 40,000 c) 24,000 d) 35,000</p>	1
11	<p>Real GDP is a better indicator of economic growth than Nominal GDP. Defend or refute the statement with reason.</p> <p style="text-align: center;">OR</p>	3


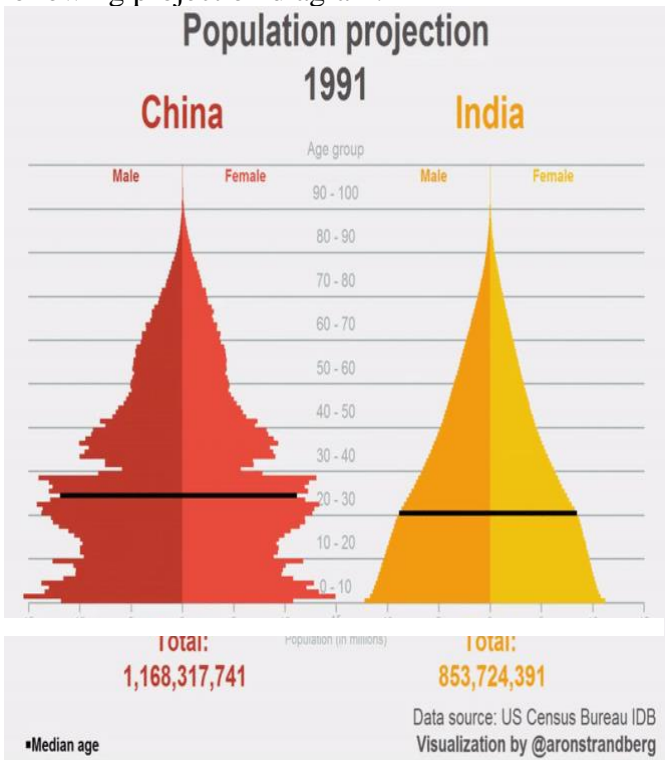
	 <p>Analyze the image given above and state the ways by which the problem can be avoided.</p>	
12	What is meant by official reserve transactions? Discuss their importance in BOP?	3
13	<p>In the present scenario when the industrial growth is low, do you think a cut in repo rate by the RBI would accelerate the pace of industrial growth?</p> <p style="text-align: center;"><b>OR</b></p> <p>Explain the 'medium of exchange' function of money. How has it solved the related problem created by barter?</p>	4
14	Discuss the working of the adjustment mechanism if a. Aggregate demand is greater than aggregate supply. b. Ex ante investments are lesser than ex ante savings.	4
15	<p>State the following statement as true or false. Give valid reason.</p> <p>a) According to Keynesian theory of employment, the state of full employment is obtained only when the economy is in equilibrium.</p> <p>b) Fiscal policy always aims at raising additional revenue for the government.</p>	4
16	<p>Read the following case study carefully and answer the question on the basis of the same:</p> <p>The government in its 2022-2023 union budget sees India's fiscal deficit to be 6.9% of GDP in 2021-2022 and 6.4% in 2022-23 as the government aims to boost spending on transport, infrastructure and construction projects, while it proposes to trim it down to 4.5% by 2025-2026. Government's total expenditure is projected at 39.45 trillion INR in 2022-23, with 480 billion INR estimated for affordable housing, 195 billion INR for solar projects and 200 billion INR for highways expansion. On tax front, unblended fuel will be imposed additional duty from October 2022 while customs duty would be revoked for stainless steel and steel products, reduced for chemicals and exemptions extended for steel scraps. However, the budget is not populist and lacked measures to combat the current inflationary and slowing economy.</p> <p>Source: Reserve Bank of India</p> <p>What type of budget should be followed to combat inflationary situation?</p> <p>Is fiscal deficit always inflationary in nature?</p>	3+3

	<p style="text-align: center;">OR</p> <p>a) Explain how government budget be useful in influencing allocation of resources in an economy.</p> <p>b) Explain the concept of primary deficit in a government budget? What does it indicate?</p>	
17	<p>a) 'Subsidies to the producers should be treated as transfer payments.' Defend or refute the given statement with valid reason.</p> <p>b) Calculate Intermediate consumption from the following data:  i) NVA<sub>fc</sub> = ₹ 300 ii) Sales = ₹ 600 iii) Indirect Tax = ₹20 iv) Depreciation = ₹ 30 v) Change in stock = ₹ -50</p>	3+3

SECTION B: (INDIAN ECONOMIC DEVELOPMENT)

18	<p>Which of the following is not a feature of India's demography during the British rule?</p> <p>a. Female literacy as low as 7%</p> <p>b. 1921 being the year of great divide</p> <p>c. Rampant poverty among the Indians</p> <p>d. No incidence of diseases or epidemics</p>	1
19	<p>Foreign trade of India was formulated to achieve ----- and -----.</p> <p>a. Import substitution, export promotion</p> <p>b. Import substitution, protection</p> <p>c. Protection, export promotion</p> <p>d. Export promotion, self-reliance</p> <p style="text-align: center;">OR</p> <p>Industrial Policy Resolution of 1956 constituted the tenets of</p> <p>i. Greatest importance to the Private Sector Units</p> <p>ii. Promoting industrialization of backward regions of the country</p> <p>iii. Goods reserved to be manufactured by Small Scale Industries</p> <p>iv. Capital goods industries to be under the Public Sector Units to promote further industrialization of the country.</p> <p>The correct alternatives are:</p> <p>a. I, ii, iii</p> <p>b. I, iii, iv</p> <p>c. I, ii, iv</p> <p>d. Ii, iii, iv</p>	1
20	<p>China's growth of the manufacturing sector was driven by</p> <p>i. Privatization of State-owned enterprises</p> <p>ii. Foreign Investment was called for by opening Special Economic Zones</p> <p>iii. Private sector industries were promoted</p> <p>iv. Dual pricing system</p> <p>The correct alternatives are</p> <p>a. I, ii, iii</p> <p>b. Ii, iii, iv</p> <p>c. I, iii, iv</p> <p>d. I, ii, iv</p> <p style="text-align: center;">OR</p> <p>The failure of Great Leap Forward campaign of 1958 was due to</p> <p>a. Drought killing 30 million people in China</p> <p>b. Great Proletarian Cultural Revolution</p> <p>c. Commune system of farming</p> <p>d. Both b and c</p>	1

21	The formal credit programs as launched by the self-help groups can be termed as a. Relationship banking b. Social banking c. Formal credit programs d. Micro-credit programs	1
22	Choose the correct pair of statements: COLUMN1 1. Worsening economic indicators post reforms 2. Double-digit growth rate through 1980s 3. Ownership rights conferred after land reform 4. Growth driven by manufacturing and service sector Alternatives: a. 1-a b. 2-b c. 3-c d. 4-d COLUMN 2 a. China b. India c. Pakistan d. China	1
23	Read the statements and choose the correct alternative: Statement 1: Migration provides better opportunities to people in terms of education and earning. Statement 2: Migration involves a cost which needs to be overshadowed by higher income. a. Statement 1 is true, 2 is false b. Statement 1 is false, 2 is true c. Both statements are true d. Both statements are false	1
24	Statement 1: Pakistan's GDP constitutes a large share of agricultural output Statement 2: Agricultural produce is the main source of Pakistan's foreign exchange earning. e. Statement 1 is true, 2 is false f. Statement 1 is false, 2 is true g. Both statements are true h. Both statements are false	1
25	When the ----- exceeds what the earth has to offer, it results in environmental pollution. a. Rate of pollution b. Rate of degradation of land c. Rate of extraction d. Rate of regeneration OR ----- is a way of tracking backwards towards traditional practices as a step towards sustainable development. a. Use of chemical fertilizers b. Use of herbal skin products c. Consumption of antibiotics d. Consumption of preserved food products	1
26	Assertion: Government has direct and indirect ways of employment generation in the economy. Reason: Government sector jobs are essentially formal source of employment. a. Assertion and Reason are true and Reason is true explanation of Assertion b. Assertion and reason are true but reason is incorrect explanation of assertion c. Assertion is true, reason is false d. Assertion is false, reason is true	1
27	Assertion: China's reform led to tremendous growth in manufacturing and service sector, unlike India	3

	<p>Reason: China had a strong agricultural base and retained b public investment in social infrastructure</p> <ol style="list-style-type: none"> <li>Assertion and Reason are true and Reason is true explanation of Assertion</li> <li>Assertion and reason are true but reason is incorrect explanation of assertion</li> <li>Assertion is true, reason is false</li> <li>Assertion is false, reason is true</li> </ol>	
28	 <p>Interpret the picture above in context of environment in India. In this context, explain how environmental in India is a dichotomy?</p>	3
29	<p>Defend or refute the statement with valid argument: Formal sector employment is more essential than informal ones in light of vulnerability of workers.</p> <p style="text-align: center;">OR</p> <p>Throw light on dairy farming as an alternative source of employment in the rural areas.</p>	3
30	<p>Compare and analyze the following information on population of India and China from the following projection diagram.</p> 	4
31	<ol style="list-style-type: none"> <li>Name one government policy reform that enabled farmers to buy fertilizers at a cheap rate.</li> <li>Why do you think agriculture suffered badly in the post reform period?</li> </ol>	1+3

	<p style="text-align: center;">OR</p> <p>Enlist the different policy formulation that completely changed the financial and banking sector after the reforms of 1991.</p>	4
32	<p>State whether the following statements are true or false with valid reasons:</p> <ol style="list-style-type: none"> <li>Government supervision is needed to ensure proper functioning of private health and education sector.</li> <li>There is a mutual relation between human capital formation and health and educational growth of a nation</li> </ol>	2+2
33	<ol style="list-style-type: none"> <li>Define agricultural diversification.</li> <li>Discuss briefly the importance of Self-Help Groups in upgradation of rural women.</li> <li>Give two benefits of organic farming.</li> </ol> <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> <li>In India, universalization of elementary education is a far cry. Elucidate the statement.</li> <li>Explain the phenomenon of gradual shift of workforce in India from self-employment to casual wage work.</li> </ol>	2+2 +2  3+3
34	<p>As the newspaper industry suffers in the recent years, they adopted certain cost cutting measures as off-shore outsourcing of certain departments like US newspapers are outsourcing their editorial work to India.</p> <ol style="list-style-type: none"> <li>What is meant by outsourcing? How did outsourcing became a common feature of India's service sector?</li> <li>Why do you think India is a suitable outsourcing destination?</li> </ol>	6  3+3