

SAMPLE QUESTION PAPER (2023-24)

ECONOMICS (030) CLASS XII

TIME: 3 HOURS

M.M. – 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 of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

Q. No	SECTION A – MACRO ECONOMICS	MARKS
1	Assertion: In a recession, the government often implements expansionary fiscal policy. Reasoning: Expansionary fiscal policy involves increasing government spending and/or reducing taxes to stimulate economic activity. A. Both Assertion and Reasoning are true, and Reasoning explains the Assertion. B. Both Assertion and Reasoning are true, but Reasoning does not explain the Assertion. C. Assertion is true, but Reasoning is false. D. Both Assertion and Reasoning are false.	1
2	Which of the following is a component of aggregate demand (AD)? a) Government Spending b) Net Export c) Consumption d) all the above	1
3	Which of the following is a measure of the total output of an economy? A) Consumer Price Index (CPI) B) Gross Domestic Product (GDP) C) Unemployment Rate D) Money Supply (M2)	1
4	What is a common measure used to assess poverty that takes into account both the number of people in poverty and the depth of poverty? A. Absolute poverty line B. Relative poverty line C. Poverty gap index D. Gini coefficient	1


5	<p>What is the primary goal of macroeconomic policy?</p> <p>A) Maximum employment B) Stable prices C) Economic growth D) All of the above</p>	1
6	<p>Assertion: The Phillips curve suggests a trade-off between inflation and unemployment. Reasoning: According to the Phillips curve, an increase in inflation is associated with a decrease in unemployment.</p> <p>A. Both Assertion and Reasoning are true, and Reasoning explains the Assertion. B. Both Assertion and Reasoning are true, but Reasoning does not explain the Assertion. C. Assertion is true, but Reasoning is false. D. Both Assertion and Reasoning are false.</p>	1
7	<p>Graphically, Aggregate Demand function can be obtained by vertically adding the _____ and _____ function. (Choose the correct alternative to fill up the blanks)</p> <p>a) consumption, saving b) consumption, investment c) investment, saving d) aggregate supply, consumption</p>	1
8	<p>In the context of poverty reduction, what is the aim of conditional cash transfer programs?</p> <p>A. Providing unconditional financial assistance to all individuals B. Offering targeted support to specific groups based on need C. Encouraging entrepreneurial activities D. Promoting income inequality</p>	1
9	<p>Suppose for a given economy, $S = -60 + 0.1Y$ $I = 4,000$ crore (Where S = Saving Function, Y = National Income and I = Investment Expenditure) Equilibrium level of Income would be _____ crore. (Choose the correct alternative to fill up the blank)</p>	

	<p>Alternatives:</p> <p>a) 4,000 b) 40,000 c) 40,600 d) 60,400</p>	1																											
10	<p>Which of the following statements reflects the actual relationship between the marginal opportunity cost and production possibility frontier?</p> <p>1) When the marginal opportunity cost remains constant, the production possibility frontier is a downward sloping straight line 2) When the marginal opportunity cost remains constant, the production possibility frontier is an upward sloping straight line 3) When the marginal opportunity cost remains constant, the production possibility frontier is a central sloping straight line 4) There is no relation between the marginal opportunity cost and the production possibility frontier</p>	1																											
11	<p>‘Current account deficit in an economy must be financed by a corresponding capital account surplus’.</p> <p>Do you agree with the given statement? Give valid reason(s) in support of your answer.</p>	3																											
12	<p>(A) On the basis of the given data, estimate the value of Domestic Income:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">S. No.</th> <th style="width: 60%;">Items</th> <th style="width: 30%;">Amount (₹in crore)</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Household Consumption Expenditure</td> <td>600</td> </tr> <tr> <td>ii.</td> <td>Gross Fixed Capital Formation</td> <td>200</td> </tr> <tr> <td>iii.</td> <td>Change in stock</td> <td>40</td> </tr> <tr> <td>iv.</td> <td>Government Final Consumption Expenditure</td> <td>200</td> </tr> <tr> <td>v.</td> <td>Net Exports</td> <td>(-)40</td> </tr> <tr> <td>vi.</td> <td>Net Indirect Taxes</td> <td>120</td> </tr> <tr> <td>vii.</td> <td>Net Factor Income From Abroad</td> <td>20</td> </tr> <tr> <td>viii.</td> <td>Consumption of Fixed Capital</td> <td>40</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>(B) State the meanings of the following: (i) Externalities (ii) Operating Surplus (iii) Consumption Goods</p>	S. No.	Items	Amount (₹in crore)	i.	Household Consumption Expenditure	600	ii.	Gross Fixed Capital Formation	200	iii.	Change in stock	40	iv.	Government Final Consumption Expenditure	200	v.	Net Exports	(-)40	vi.	Net Indirect Taxes	120	vii.	Net Factor Income From Abroad	20	viii.	Consumption of Fixed Capital	40	3
S. No.	Items	Amount (₹in crore)																											
i.	Household Consumption Expenditure	600																											
ii.	Gross Fixed Capital Formation	200																											
iii.	Change in stock	40																											
iv.	Government Final Consumption Expenditure	200																											
v.	Net Exports	(-)40																											
vi.	Net Indirect Taxes	120																											
vii.	Net Factor Income From Abroad	20																											
viii.	Consumption of Fixed Capital	40																											
13	<p>For a hypothetical economy, the government incurs an investment expenditure of 1,000 crore. If the value of Marginal Propensity to Save (MPS) falls from 0.25 to 0.10. Calculate the value of increase in income due to change in the value of Marginal Propensity to Save (MPS).</p>	4																											

14	<p>(A) "In an economy, ex-ante Aggregate Demand is more than ex-ante Aggregate Supply." Elaborate the possible impact of the same, on the level of output, income and employment.</p> <p style="text-align: center;">OR</p> <p>(B) "With an objective to reduce inflation, Reserve Bank of India may promote the commercial banks to park their surplus funds with it." Discuss the rationale behind the step taken by the Reserve Bank of India.</p>	4 4																		
15	Elaborate the 'Banker's Bank and Supervisor' function performed by the Reserve Bank of India.	4																		
16	<p>(A) On the basis of the given information, calculate the value of:</p> <p>(i) Fiscal deficit (ii) Primary deficit</p> <table border="1" data-bbox="402 634 1253 940"> <thead> <tr> <th>S.No.</th> <th>Items</th> <th>2021-22 (₹in crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Revenue Receipts</td> <td>20</td> </tr> <tr> <td>(ii)</td> <td>Capital Expenditure</td> <td>15</td> </tr> <tr> <td>(iii)</td> <td>Revenue Deficit</td> <td>10</td> </tr> <tr> <td>(iv)</td> <td>Non-debt creating capital receipts</td> <td>50% of revenue receipts</td> </tr> <tr> <td>(v)</td> <td>Interest Payments</td> <td>4</td> </tr> </tbody> </table> <p>(B) State any two features of public goods.</p> <p style="text-align: center;">OR</p> <p>(C) Explain the economic stability objective of Government Budget.</p> <p>(D) 'Under the <i>Ashman Bharat</i> Scheme, the Government provides free medicines to the economically backward section of the society'. Identify and discuss the nature of the government expenditure indicated in the given statement.</p>	S.No.	Items	2021-22 (₹in crore)	(i)	Revenue Receipts	20	(ii)	Capital Expenditure	15	(iii)	Revenue Deficit	10	(iv)	Non-debt creating capital receipts	50% of revenue receipts	(v)	Interest Payments	4	3 2 1 3 3
S.No.	Items	2021-22 (₹in crore)																		
(i)	Revenue Receipts	20																		
(ii)	Capital Expenditure	15																		
(iii)	Revenue Deficit	10																		
(iv)	Non-debt creating capital receipts	50% of revenue receipts																		
(v)	Interest Payments	4																		
17	<p>(a) Giving valid reasons, explain how the following would be treated while estimating domestic income?</p> <p>(i) Payment made by American tourist for goods purchased in India. (ii) Tomatoes grown by Ms. Puja in her kitchen garden.</p> <p>(b) "Machine purchased by a firm is always a capital good." Do you agree with the given statement? Give valid reasons for your answer.</p>	3 3																		
SECTION B – INDIAN ECONOMIC DEVELOPMENT																				
18	<p>In the context of poverty reduction, what is the aim of conditional cash transfer programs?</p> <p>A. Providing unconditional financial assistance to all individuals B. Offering targeted support to specific groups based on need C. Encouraging entrepreneurial activities D. Promoting income inequality</p>	1																		

19	<p>Identify the correct combination of the ‘Goals of Indian Five Year Plans’:</p> <p>a) Growth, Equality, Modernization, Self-Reliance b) Development, Equality, Modernization, Sustainability c) Good Health, Education, Modernization, Sustainability d) Growth, Equity, Modernization, Self-Reliance</p>	1
20	<p>What is the term for a situation where a person is working part-time but would prefer full-time employment?</p> <p>A. Frictional unemployment B. Structural unemployment C. Cyclical unemployment D. Underemployment</p>	1
21	<p>Study the following picture and answer the given question:</p>  <p>Women in rural households take up bee-keeping as an entrepreneurial activity. Such kind of activities may be envisaged under _____ as diversification activity. (Choose the correct alternative to fill up the blank)</p> <p>a) Animal husbandry b) Fisheries c) Horticulture d) Poultry</p>	1
22	<p>Statement: A community with a high poverty rate implemented a microfinance program to empower local entrepreneurs. Reasoning: The program successfully provided small loans to individuals, enabling them to start their own businesses and improve their economic conditions.</p> <p>A) Both the statement and reasoning are true, and the reasoning is a correct explanation of the statement. B) Both the statement and reasoning are true, but the reasoning is not a correct explanation of the statement. C) The statement is true, but the reasoning is false. D) Both the statement and reasoning are false.</p>	1

23	<p>Under _____ in China, farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government and the rest were purchased and sold at market prices.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) Commune System b) Great Leap Forward c) Dual Pricing d) Great Proletarian Cultural Revolution</p>	1																				
24	<p>Micro credit programmes play a vital role in ensuring an overall development of the rural economy as the .(Choose the correct alternative to fill up the blank)</p> <p>(i) provide financial support (ii) lead to women empowerment (iii) enhance the reach of formal credit system</p> <p>Alternatives:</p> <p>a) (i) and (ii) b) (ii) and (iii) c) (i) and (iii) d) (i), (ii) and (iii)</p>	1																				
25	<p>Which of the following factors is NOT typically considered a cause of poverty?</p> <p>A. Lack of education and skills B. Discrimination C. Economic growth D. Unemployment</p>	1																				
26	<p>The unemployment rate is calculated as the:</p> <p>A) Number of unemployed people divided by the total population B) Number of unemployed people divided by the labor force C) Number of employed people divided by the total population D) Number of employed people divided by the labor force</p>	1																				
27	<p>From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statements:</p> <table border="1" data-bbox="310 1398 1403 1682"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Adoption of mixed economic system</td> <td>I.</td> <td>The common development policy of India and China</td> </tr> <tr> <td>B.</td> <td>Introduction of economic reforms in China</td> <td>II.</td> <td>Imposed by World Bank</td> </tr> <tr> <td>C.</td> <td>Great Leap Forward Campaign</td> <td>III.</td> <td>Focused on massive industrialization</td> </tr> <tr> <td>D.</td> <td>First Five Year Plan of Pakistan</td> <td>IV.</td> <td>Announced in 1953</td> </tr> </tbody> </table> <p>Alternatives:</p> <p>a) A-I b) B-II c) C-III d) D-IV</p>		Column I		Column II	A.	Adoption of mixed economic system	I.	The common development policy of India and China	B.	Introduction of economic reforms in China	II.	Imposed by World Bank	C.	Great Leap Forward Campaign	III.	Focused on massive industrialization	D.	First Five Year Plan of Pakistan	IV.	Announced in 1953	1
	Column I		Column II																			
A.	Adoption of mixed economic system	I.	The common development policy of India and China																			
B.	Introduction of economic reforms in China	II.	Imposed by World Bank																			
C.	Great Leap Forward Campaign	III.	Focused on massive industrialization																			
D.	First Five Year Plan of Pakistan	IV.	Announced in 1953																			

28	<p>(A) “During the colonial period, a number of socio-economic indicators were in a dilapidated state.” List any three such indicators that led to the worsening of India’s demographic profile.</p> <p style="text-align: center;">OR</p> <p>(B) “The pre-independent India’s occupational structure experienced growing regional variation.” Justify the above statement with valid explanation.</p>	3 3
29	<p>“Kannan was initially working as an office clerk in a firm. In the pursuit to attain, a higher position and income, she attended a few on-the-job training sessions. These sessions contributed positively to her skills and expertise.” Explain the impact of Kannan’s decision on human capital formation.</p>	3
30	<p>“In the late 2022s, China introduced the two-child policy that led to arrest in the population coupled with skewed sex ratio.” Justify the given statement with valid arguments in support of your answer.</p>	4
31	<p>(A) State and elaborate whether the following statements are true or false, with valid arguments: (i) Agricultural marketing is a process that ensures the transportation of vary us agricultural commodities only. (ii) <i>Jan Dhan Yojana</i> has been a crucial step for financial resource mobilization in the Indian economy.</p> <p style="text-align: center;">OR</p> <p>(B) “Since independence, the government has been playing an important role in Industrial employment directly or indirectly.” Discuss.</p>	2 2 4
32	<p>Identify the situation depicted in the given image. Suggest the impact of the indicated situation, on the Urban Economy.</p> 	4
33	<p>(A) 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.</p> <p>(B) “In order to protect domestic industries, India followed the regime of restrictions on imports.”</p>	3 3

	<p>Briefly outline and discuss such steps taken by the government to promote import substitution policy.</p> <p style="text-align: center;">OR</p> <p>(C) “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.</p> <p>(D) “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.” Do you agree with the given statement? Give valid reasons in support of your answer.</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">3</p>
<p>34</p>	<p>Read the following text carefully: In recent years, the agricultural sector has undergone significant transformations,</p> <p>Liberalization: One of the central goals of the NEP was to liberalize various sectors of the economy. This involved reducing government control and intervention, dismantling industrial licensing, and allowing market forces to play a more significant role in determining economic outcomes.</p> <p>Globalization: The NEP aimed to integrate the Indian economy with the global economy. By reducing trade barriers, encouraging exports, and attracting foreign direct investment (FDI), the policy sought to make India a more active participant in the international economic arena.</p> <p>Stabilization of Balance of Payments: India faced a severe balance of payments crisis in the late 1980s and early 1990s. The NEP was designed to stabilize the external sector by addressing the trade deficit, attracting foreign exchange reserves, and ensuring a more sustainable balance of payments position.</p> <p>Promotion of Private Sector: The policy aimed to boost the role of the private sector in economic activities. This involved reducing restrictions on private businesses, encouraging entrepreneurship, and promoting a competitive market environment.</p> <p>Modernization and Technological Upgradation: The NEP recognized the importance of technological advancements and sought to modernize industries. This objective aimed to enhance productivity, improve efficiency, and make Indian industries more competitive globally.</p> <p>On the basis of the given text and common understanding, answer the following questions: (i) Define NEP (ii) Briefly elaborate, any two reasons behind the objective of NEP and Aims being set up by the Indian Government.</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">4</p>