



COMMON PRE-BOARD EXAMINATION
ECONOMICS-Code No. 030
Class-XII-(2025-26)



SET: 2

Time allowed: 3 Hrs.

Maximum Marks: 80

General Instructions:

Read the following instructions very carefully and follow them:

I This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

I This paper contains 20 Multiple Choice Type Questions of 1 mark each.

II This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.

III This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.

IV This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

SECTION A-MACRO ECONOMICS

Q. No.	Questions	Marks
1	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion: The ratio of nominal GDP to real GDP is called GDP Deflator. Reason: GDP deflator is an index number that shows variation in prices over the years.</p> <p>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.</p>	1
2	<p>When face value of money is more than intrinsic value of money, it is called</p> <p>(a) credit money (b) full-bodied money</p>	1

- (c) fiat money
(d) fiduciary money
- 3 **Consider the following statements:** 1
- I. M1 is a broad concept of money.
II. M2 is a narrow concept of money.
III. M3 includes both M1 and time deposit of public with bank.
Which of the following is true with respect to the concept of money supply?
- (a) I and II
(b) III only
(c) II and III
(d) I, II and III

- 4 **Read the following statements –** 1
- Statement 1: When people are willing and able to work at the existing wage rate but do not get any work is called involuntary unemployment.
Statement 2: Economy is always in full employment equilibrium.
In light of the given statements, choose the correct option from the following:
- 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.

- 5 In an economy saving function $S = -200 + 0.2Y$. Y is national income, what will be the value of investment multiplier? 1
- (a) 5
(b) 2.5
(c) 8
(d) 4

- 6 If the value of Average Propensity to Consume (APC) is 0.8, and the national income is Rs. 8000 crores, then the value of savings will be: 1
- (a) Rs. 1000
(b) Rs. 1800
(c) Rs. 6400
(d) Rs. 1600

- 7 Match the following from the set of terms given in Column I and corresponding statements given in Column II 1

COLUMN I	COLUMN II
A. Autonomous Transaction	i. Correct disequilibrium in BOP
B. Accommodating Transaction	ii. Difference between visible transactions
C. Balance of Trade	iii. Includes both visible and invisible items
D. Balance of Payment	iv. Above the line items

- (a) A-i , B-iv, C – iii , D –ii
- (b) A-iv , B-ii , C- ii , D – iii
- (c) A-iv , B- iii, C – i , D –ii
- (d) A- ii B- i , C – iv , D – iii

- 8 “The government will continue on its path of Fiscal consolidation and intends to reach Fiscal deficit of below 4.5% of GDP by 2025 -26”, Finance Minister said in her budget speech. 1
Which of the following statement is not true related to Fiscal Deficit?
(a) Fiscal deficit total borrowing requirement of the country.
(b) Fiscal deficit appears only when there is revenue deficit.
(c) Fiscal deficit may lead to inflation in the economy.
(d) Fiscal deficit can be managed by printing new currency notes
- 9 Which of the following is a part of capital expenditure of the government budget? 1
(a) Salary paid to the government employees
(b) Expenditure on the construction of roads
(c) Pension paid to retired government employees
(d) Interest paid on external borrowing
- 10 An Indian company receives a loan from a company located abroad. This transaction would be recorded on the _____ side of _____ account in Balance of Payment. 1
(a) credit , current
(b) debit , current
(c) credit , capital
(d) debit , capital
- 11 “The government spending on vaccination program and social medicine has increased”. 3
Explain the likely impact of this expenditure on GDP and welfare in an economy.
- 12 Justify the following statement with valid explanation: 3
“Ex-ante aggregate demand is always equal to Ex-ante aggregate supply”.
Or
Defend or Refute the given statements with valid explanation
(a) Value of MPC varies between 0 and 1
(b) APC can be negative or Zero
- 13 The Government of India is preparing its annual budget to promote balanced economic growth by various public provisions and public productions. 4
a) As an economic advisor, suggest suitable budgetary measures a government can adopt to achieve the stable economic growth. 2 marks
b) Distinguish between public provision and public production. 2 marks

14 Why does the demand curve for foreign exchange slope downward? 4

Or

How does the exchange rate determine in a free market system. Use diagram

15 Reserve Bank of India (RBI) is the central bank of the country. RBI is a statutory body. It is responsible for the printing of currency notes and managing the supply of money in the Indian economy. It plays multifaceted role by executing multiple functions such as overseeing monetary policy, issuing currency, managing foreign exchange, working as a bank of government and as banker of scheduled commercial banks, among others. It also works for overall economic growth of the country. 4

a) Currency notes issued by Reserve bank of India is called as High-Powered Money. Give the reason behind the statement. 1 mark

b) Explain how changing the reserve ratio helps RBI to manage money supply in Indian Economy. 3 marks

16 In an economy, the actual aggregate demand $AD = Rs\ 200cr + 0.75 Y$. The full employment level of income is Rs 500cr. 6

a) State whether the situation in the economy is excess demand or deficient demand? Give valid reasons to support your answer. 4 marks

b) Explain any one monetary policy measure to combat the situation identified in (a). 2 marks

Or

a) In a hypothetical Economy, every time income increases, 25% income is saved. If there is an additional investment of Rs . 500 crore, calculate the value of additional income and additional consumption. 3marks

b) Draw graphical derivation of saving curve from consumption curve by stating the equation of consumption and saving function. 3 marks

17 Calculate gross national product at market price (GNPmp) by (a) income method (b) expenditure method: 6

S.NO	ITEMS	RS (IN CRORE)
1.	Mixed income of self-employed	800
2.	Corporation tax	50
3.	Interest	100
4.	Rent	80
5.	Undistributed profit	150
6.	Dividends	70
7.	Employer's contribution to social security	120
8.	Compensation of employees	1200
9.	Govt. final consumption expenditure	730
10.	Private final consumption expenditure	1580

11.	Net Factor income paid to abroad	20
12.	Gross domestic capital formation	300
13.	Change in stocks	40
14.	Net indirect taxes	100
15.	Current replacement cost	50
16.	Net exports	(-) 10

SECTION B -INDIAN ECONOMIC DEVELOPMENT

- 18 **Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:** 1
- Assertion:** As per IPR 1956, license to expand production was given only if the government was convinced that the economy required a larger quantity of goods.
- Reason:** The objective this policy to ensure that the quantity of goods produced was not more than what the economy required.
- (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.
- 19 Which of the following is not an objective of sustainable development? 1
- (a) Control over growth rate of population
- (b) Maintain ecological balance
- (c) Maintain a dynamic balance of water resources by reducing water consumption
- (d) To bring about a gradual and sometimes, catastrophic transformation of environment
- 20 **Read the following statements –** 1
- Statement1:** Government intervention is essential in the field of Education and health.
- Statement 2:** Expenditures on education and health make substantial short-term impact in the economy.
- In light of the given statements, choose the correct option from the following:
- 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.
- 21 The commercialization of agriculture began in India during the British Period. Normally speaking this policy should have acted as a catalyst in increasing agricultural productivity and enhance the financial condition of peasants. But in reality this did not happen in India during the British period. One of the main reasons was ----- 1

- (a) A large section of tenants and sharecroppers neither had resources and technology nor had incentive to invest in agriculture.
- (b) Most of the fertile land went to Pakistan due the divide and rule policy.
- (c) Due to the British Export – import policy many farmers migrated to urban area.
- (d) The zamindari system forced the farmers to sell their cultivable land.

22 **Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:** 1

Assertion: The expansion and promotion of the Rural banking sector has taken a backseat after reforms.

Reason: Farmers are deliberately refusing to pay back loans and become wilful defaulters

- (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.

23 Five months into the lockdown, India has witnessed a sharp decline in the number of jobs in the formal sector — the largest source of salaried employment in the country. Even after unlocking the economy, there has been no improvement in the salaried jobs space. The government has cited the unprecedented economic crisis behind the job situation in the country. However, the coronavirus pandemic may not be the only reason why salaried jobs — one of the most secure forms of employment — are losing prominence in India 1

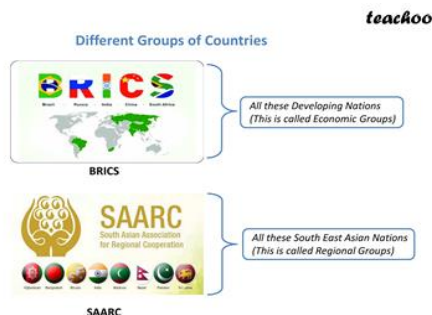
What could be the possible consequence, if salaried job lose its prominence in India?

- (a) Informalization of work force only
- (b) Reducing the gap between male and female employment participation.
- (c) Casualization and informalisation of work force
- (d) Formalization of work force

24 The National Education Policy 2020 states that, “By 2030-2032 India will be the third largest economy at over ten trillion. Our ten trillion economy target will be achieved by the efficient use of ----- 1

- (a) Natural resources
- (b) Knowledge resources
- (c) Manmade resources
- (d) Land and labour.

25 Study the Picture given below and identify which of the following statement is true? 1



- (a) India is a member of both economic groupings
- (b) Pakistan is not a member of any of these groups
- (c) India, China and Pakistan are the members of both the groups
- (d) All are true

26 A type unemployment in which their actual contribution to productivity is zero is called ----- 1

- (a) Structural unemployment
- (b) Frictional Unemployment
- (c) Seasonal Unemployment
- (d) Disguised unemployment

27 **Read the following statements –** 1

Statement 1: Absorptive capacity means the ability of the environment to absorb degradation.

Statement 2: The resource extraction is not above the rate of regeneration of the resource is called absorptive capacity.

In light of the given statements, choose the correct option from the following:

- 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.

28 A) Give the meaning of Environmental Crisis? 1 mark 3

B) India's environmental problems poses a dichotomy -comment on this statement. 2 marks

29 Write the salient features of economic reforms introduced in china in 1978. 3

Or

Write the similarities of developmental strategies of India and Pakistan.

30 Analyze the reasons for the need for government intervention in the field of Human capital formation. 4

Or

The government of India must generate employment in formal sector. Argue in favor of the statement by giving reasons.

31 State and elaborate whether the following statement are **true / false** with valid arguments. 4

- A) Britain had monopoly over India's foreign trade during the colonial administration
- B) Green revolution has proved to be successful in bringing equity in agriculture.

32 **Read the following text carefully:** 4

Global population grew roughly 2% per annum from 1960-2000, a level that is unsustainable in the long-term, as it translate into population doubling every 35 years. India's population is currently growing at a rate of 1.4% per year, far surpassing China's rate of 0.7%. The differential between India and China will result in India surpassing China with respect to population size in less than 20 years. During the past few decades, rapid population growth has been accompanied by an unparalleled decline in mortality rates and by an increase in per capita income, both globally and in India.

On the basis of given text and common understanding compare and analyze the population policy of China and India.

33 Critically evaluate the industrial policy followed by India during the first seven five-year plans. 6

Or

- A) Explain the nature of privatization in India by stating its objectives . 4marks
- B) Give the rationale behind the providing status of Maharatnas to certain Pubic Sector Undertakings. 2 marks

34 **Read the Text Carefully.** 6

The village of Sundara is heavily reliant on subsistence farming, primarily cultivating rice. In recent years, the village has faced a series of challenges: a major drought last season led to a significant crop failure, and the monsoon has become increasingly unpredictable. The local market for rice is volatile, and the farmers have limited access to credit for investing in new equipment or technology. There is only one primary health center, and many young people have migrated to nearby cities for work, leading to an aging population and labor shortages.

On the basis of the given text and common understanding answer the following questions:

- a) What are the main challenges affecting the rural development of Sundara? 1 mark
- b) Farmers have limited access to rural credit in investing in new technology. Explain any two initiatives taken by government of India to provide rural credit to the farmers. 3 marks
- c) State two measures taken by government to reform agricultural marketing in India. 2 marks

