

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

Time: 3 Hours

Maximum Marks: 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:

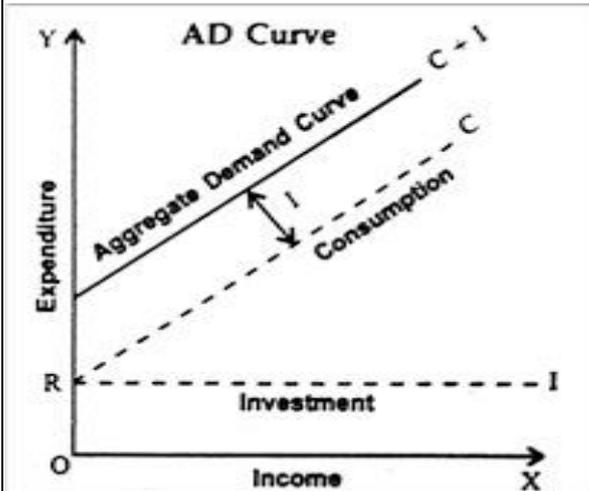
Section A – Macro Economics

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	<p>Read the following statements carefully:</p> <p>Statement 1: Aggregate demand is the sum total of consumption and investment expenditures. Statement 2: Total consumption consists of an autonomous component and an induced component.</p> <p>Choose the correct option based on the above statements.</p> <p>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</p>	1
Q.2	<p>“The World Bank has been extending loans to Country X on favourable terms for infrastructure, poverty alleviation, and rural development projects for four decades.”</p> <p>Identify the reason for these loans to be listed as external assistance under the capital account of the Balance of Payments.</p>	1

	<p>A. The loans have been taken from an entity outside the country. B. The loans aim to improve the standard of living in the country. C. The loans have crossed the three-decade period. D. The loans can be paid off over a longer period.</p>	
Q.3	<p>The Reserve Bank of India can increase the money supply in the economy by _____ . (Choose the correct alternative)</p> <p>A. demonetisation of currency B. buying government bonds C. increasing the cash reserve ratio D. persuading banks to discourage loans</p>	1
Q.4	<p>There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option.</p> <p>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.</p> <p>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</p>	1
Q.5	<p>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?</p> <p>A. government introducing policies B. aggregate demand and supply of goods C. determination of the consumer's equilibrium D. determination of equilibrium level of income and employment</p> <p style="text-align: center;">OR</p> <p>The total consumption and investment curves are given below:</p>	1



Identify which of the following represents “Autonomous Consumption”.

- A. OR
- B. RC
- C. RY
- D. RI

Q.6 As the Marginal Propensity to Save (MPS) increases, the value of the investment multiplier _____. (Choose the correct alternative)

- A. increases
- B. decreases
- C. becomes zero
- D. does not change

OR

What is the value of the investment multiplier, when the Marginal Propensity to Consume (MPC) is 0.1?

- A. 10
- B. 1.1
- C. 0.01
- D. 100

Q.7 Which of these do not fall under the purview of the Central Bank?
 P: controlling money supply
 Q: providing loans to citizens
 R: issuing currency
 S: holding foreign exchange reserves

Alternatives:

	$C. Y = \frac{\bar{C} + \bar{I}}{1 - MPC}$ $D. Y = \frac{\bar{C} + \bar{I}}{MPC}$																
Q.11	<p>Study the table given below which has information about two firms of an economy.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Wages (in ₹)</th> <th>Profits (in ₹)</th> <th>Interest (in ₹)</th> <th>Rent (in ₹)</th> </tr> </thead> <tbody> <tr> <td>Firm A</td> <td>50</td> <td>150</td> <td>100</td> <td>100</td> </tr> <tr> <td>Firm B</td> <td>90</td> <td>210</td> <td>100</td> <td>100</td> </tr> </tbody> </table> <p>Further, it should be noted that-</p> <ol style="list-style-type: none"> 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 <p>Calculate the National Income.</p>		Wages (in ₹)	Profits (in ₹)	Interest (in ₹)	Rent (in ₹)	Firm A	50	150	100	100	Firm B	90	210	100	100	3
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Q.12	<p>a) When does a Current Account Surplus situation arise? b) Discuss its significance in an economy.</p> <p style="text-align: center;">OR</p> <p>Venture capital refers to the funding provided by investors to small or start-up businesses with strong potential for growth.</p> <p>In light of the above statement, how does the process of devaluation of a currency affect Foreign Direct Investment or Portfolio investment?</p>	3 3															
Q.13	<p>In an economy, the initial income was ₹1000 crore which increased by ₹ 2500 crore.</p> <p>Given $MPS = 0.3$, $\bar{C} = ₹500$, calculate the investment expenditure at the increased level of income.</p>	4															
Q.14	<p>Assuming that there exists a situation of excess demand in an economy leading to an inflationary gap.</p> <ol style="list-style-type: none"> 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															

	D. NABARD	
Q.22	<p>" 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."</p> <p>In light of the nation's political and economic situation at the time, which of the following professions would have fulfilled his expectations?</p> <p>A. mining B. tourism C. textile industry D. information technology</p>	1
Q.23	<p>There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.</p> <p>Statement(1): The ratio of employed women in urban areas is generally lower than that of employed women in rural areas.</p> <p>Statement(2): There are a higher number of low-income employment opportunities available in rural areas than in urban areas.</p> <p>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</p>	1
Q.24	<p>There are two statements given below, marked as Statement (1) and Statement (R). Read the statements and choose the correct option.</p> <p>Statement (1): Both India and China initiated industrial reforms with the creation of agricultural communes.</p> <p>Statement (2): Both countries are primarily agrarian in nature with all sectors depending on the primary one.</p> <p>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</p>	1

	OR	
	<p>(a) <i>'Modernisation does not refer only to the use of new technology but also to changes in the social outlook.'</i> Source: NCERT</p> <p>Analyse the above statement with reference to the core ideas that the government aimed to promote in the newly independent India.</p> <p>(b) List some economic costs of unemployment.</p>	
Q.34	<p>Read the passage given below and answer the questions that are followed.</p> <p>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 non-permanent 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)</p> <p>(a) How did the primary goals listed in the five-year plans aim to deal with the given crisis?</p> <p>(b) 'Recession and unemployment go hand in hand.' Explain the above statement in context to the given passage.</p>	<p>3</p> <p>3</p>

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