

D.A.V. INSTITUTIONS, CHHATTISGARH

PRACTICE PAPER – 3 (2023-24)

SUBJECT – 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 – MACROECONOMICS	MARKS
1.	Read the following statements carefully: Statement 1: The rate at which consumption increases is more than the rate at which income increases Statement 2: Negative saving is a situation in which consumption expenditure exceeds income. In light of the given statements, choose the correct alternative 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.	1
2.	Which of the following is not correct? a) $NNP \text{ at Market Price} = GNP \text{ at market price} + \text{Depreciation}$ b) $NDP \text{ at Market Price} = NNP \text{ at market price} - \text{Net factor income from abroad}$ c) $NDP \text{ at Factor Cost} = NDP \text{ at market price} - \text{Indirect taxes} + \text{Subsidies}$ d) $GDP \text{ at Factor Cost} = NDP \text{ at factor cost} + \text{Depreciation}$	1
3.	Consumption function is a functional relationship between: a) income and saving b) price and consumption c) consumption and income d) consumption and saving	1
4.	'India has attracted total FDI inflow of US \$ 22.53 billion between April 2021 to June 2021.' This transaction will be recorded on _____ side of _____ account of balance of payments. a) Debit, current b) Credit, current	1

	c)Credit, capital.	d)Debit, capital																									
5.	In India, coins are issued by: a) State Bank of India c) Ministry of Finance	b) Reserve Bank of India d) Ministry of Urban Development	1																								
6.	Suppose in an economy, initial deposits of ₹500 crore lead to creation of total deposits worth ₹10,000 crore. The value of money multiplier will be: a)60 c)0.20	b)40 d)20	1																								
7.	According to the theory of Keynesian Economics, the value of average propensity to consume can never be _____ a)zero c)more than one	b)unity(1) d)less than one	1																								
8.	Demand for foreign currency depends upon: a) repayment of international loans b) investment in rest of the world c) direct foreign investment in the domestic economy d) both (a) and (b)		1																								
9.	If the value of APS is 0.2 and national income is ₹ 4000 crore, then consumption will be _____ a) ₹ 4000 crore c) ₹ 3800 crore	b) ₹ 3200 crore d) ₹ 2600 crore	1																								
10.	Cause of BoP imbalance relates to: a)Autonomous items c)both (a) and (b)	b)Accommodating items d)neither (a) nor (b)	1																								
11.	State giving valid reasons whether the following statements are true or false: (i) Trade deficit is always a great cause of worry for an economy. (ii) 'Indians investing in assets abroad' will be recorded under debit side of capital account in balance of payments.		3																								
12.	(A) Calculate the Gross National Product at Market Price: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Items:</th> <th style="text-align: right;">(₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>i) Compensation of employees</td> <td style="text-align: right;">2500</td> </tr> <tr> <td>ii) Profit</td> <td style="text-align: right;">700</td> </tr> <tr> <td>iii) Mixed income of self-employed</td> <td style="text-align: right;">7500</td> </tr> <tr> <td>iv) Government final consumption expenditure</td> <td style="text-align: right;">3000</td> </tr> <tr> <td>v) Rent</td> <td style="text-align: right;">400</td> </tr> <tr> <td>vi) Interest</td> <td style="text-align: right;">350</td> </tr> <tr> <td>vii) Net factor income from abroad</td> <td style="text-align: right;">50</td> </tr> <tr> <td>viii) Net current transfers to abroad</td> <td style="text-align: right;">100</td> </tr> <tr> <td>ix) Net Indirect taxes</td> <td style="text-align: right;">150</td> </tr> <tr> <td>x) Depreciation.</td> <td style="text-align: right;">70</td> </tr> <tr> <td>xi) Net exports</td> <td style="text-align: right;">40</td> </tr> </tbody> </table> <p>OR (B) How are dividends, corporate taxes and undistributed profits treated in national income? Give suitable reasons.</p>	Items:	(₹ in crore)	i) Compensation of employees	2500	ii) Profit	700	iii) Mixed income of self-employed	7500	iv) Government final consumption expenditure	3000	v) Rent	400	vi) Interest	350	vii) Net factor income from abroad	50	viii) Net current transfers to abroad	100	ix) Net Indirect taxes	150	x) Depreciation.	70	xi) Net exports	40		3
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13.	Find change in savings when 2/3rd of income is always spent as consumption expenditure and current income is 50% more than the initial income of ₹50,000.		4																								

14.	(A) Using a well-labelled diagram, show how saving curve can be derived from consumption curve. OR (B) How does the central bank control the credit with the help of 'Repo Rate'? Explain.	4 4										
15.	What role does credit multiplier play in determining the credit creation capacity of the banking system? Use a numerical illustration to explain.	4										
16.	(A) From the following data, find : (a) Fiscal Deficit (b) Primary Deficit <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Items:</td> <td style="text-align: right;">(₹ in crore)</td> </tr> <tr> <td>Revenue Expenditure</td> <td style="text-align: right;">70000</td> </tr> <tr> <td>Borrowings</td> <td style="text-align: right;">15000</td> </tr> <tr> <td>Revenue Receipts</td> <td style="text-align: right;">50000</td> </tr> <tr> <td>Interest Payments</td> <td style="text-align: right;">25% of revenue deficit</td> </tr> </table> (B) What do you mean by 'Progressive Tax'? OR (C) Briefly describe how the government budget contributes to the process of growth and stability. (D) Give the relationship between the revenue deficit and the fiscal deficit.	Items:	(₹ in crore)	Revenue Expenditure	70000	Borrowings	15000	Revenue Receipts	50000	Interest Payments	25% of revenue deficit	2 3 1 3 3
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17.	(A) Giving reason, explain the treatment assigned to the following while estimating national income: (a) Expenditure on maintenance of an office building. (b) Expenditure on adding a floor to the office building. (B) Describe the economic value of the distinction between gross investment and net investment.	3 3										

Q.No.	SECTION B – INDIAN ECONOMIC DEVELOPMENT	MARKS
18.	Which two planning objectives contradict with each other? a) Modernisation and full employment b) Self-reliance and full employment c) Modernisation and poverty alleviation d) Modernisation and equity	1
19.	Railways were introduced in India in the year: a)1850 b)1853 c)1854 d)1855	1
20.	Investment limit for small-scale industries is: a)₹ 1 crore b)₹ 5 crore c)less than ₹ 10 crore d)less than ₹ 20 crore	1
21.	Identify which of the following is not a step taken by the government to improve rural marketing. a) Maintenance of buffer stocks b) Regulation of markets to create transparent marketing conditions c) Promotion of cooperative marketing d) Promoting trade by big rural merchants	1

27.	<p>Choose the correct alternative showing chronological order of the following events:</p> <p>(i) One child policy in China (ii) Economic reforms in Pakistan (iii) New Economic Policy (NEP) in India (iv) Commune system in agriculture in China</p> <p>Alternatives:</p> <p>(a) (ii), (iv), (iii), (i) (b) (iv), (ii), (i), (iii) (c) (iii), (iv), (i), (ii) (d) (iv), (i), (ii), (iii)</p>	1																																							
28.	<p>(A) The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.</p> <p>OR</p> <p>(B) Were there any positive contributions made by the British in India? Justify your answer.</p>	3 3																																							
29.	<p>'There is a downward trend in inequality world-wide with a rise in the average education levels.' Do you agree with the statement? Justify.</p>	3																																							
30.	<p>Do you agree with the opinion that structure of growth is more complementary with the GDP growth in China than India? Explain.</p>	4																																							
31.	<p>(A) (i) How is diversification of crop production different from diversification of production activity? (ii) How does grading of output raise revenue of the farmer?</p> <p>OR</p> <p>(B) There is a mismatch between 'GDP growth' and 'employment growth' in India. How do you justify this statement?</p>	2 2																																							
32.	<div data-bbox="479 1136 1133 1486" data-label="Figure"> <table border="1"> <caption>Growth of Employment and Gross Domestic Product, 1951-2012 (%)</caption> <thead> <tr> <th>Year</th> <th>GDP (%)</th> <th>Employment (%)</th> </tr> </thead> <tbody> <tr><td>1951-56</td><td>3.6</td><td>0.39</td></tr> <tr><td>1956-61</td><td>4.2</td><td>0.85</td></tr> <tr><td>1961-66</td><td>2.8</td><td>2.03</td></tr> <tr><td>1966-71</td><td>3.3</td><td>1.99</td></tr> <tr><td>1971-76</td><td>4.8</td><td>1.84</td></tr> <tr><td>1976-81</td><td>5.7</td><td>1.73</td></tr> <tr><td>1981-86</td><td>5.8</td><td>1.89</td></tr> <tr><td>1986-91</td><td>3.4</td><td>1.5</td></tr> <tr><td>1991-96</td><td>6.1</td><td>0.98</td></tr> <tr><td>1996-2001</td><td>6.1</td><td>2.28</td></tr> <tr><td>2001-06</td><td>8.7</td><td>0.28</td></tr> <tr><td>2006-11</td><td>7.8</td><td>1.12</td></tr> </tbody> </table> <p>Compare and analysis the trends (from 1990-2012) of gross domestic product and growth of employment from the above chart.</p> </div>	Year	GDP (%)	Employment (%)	1951-56	3.6	0.39	1956-61	4.2	0.85	1961-66	2.8	2.03	1966-71	3.3	1.99	1971-76	4.8	1.84	1976-81	5.7	1.73	1981-86	5.8	1.89	1986-91	3.4	1.5	1991-96	6.1	0.98	1996-2001	6.1	2.28	2001-06	8.7	0.28	2006-11	7.8	1.12	4
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33.	<p>(A) "Large-scale industry is not a substitute of small-scale industry in the Indian economy." Justify the statement.</p> <p>(B) How has the shift from inward looking strategy to outward looking strategy impacted India's exports in the post NEP era?</p> <p>OR</p> <p>(C) State the meaning of import substitution. Explain how import substitution can protect the domestic industries.</p> <p>(D) 'GDP growth often leads to decline in percentage contribution of agriculture to GDP'. Defend or refute the given statement by giving suitable reason</p>	3 3 3 3																																							

34.	<p>Read the following text carefully:</p> <p>The ideology of sustainable development refers to the process of development in a sustainable way Sustainable development in the words of Baylis and Smith is "economic and social development that meets the needs of the present without compromising the ability of future generations to meet their own needs; programmes which maintain an appropriate balance between economic development, social development, and environmental protection. In practice, this is a contested concept, in that groups with differing political, economic, social, and environmental perspectives disagree about its exact meaning.</p> <p>Though there were few discussions about the importance of the environment in the era of Aristotle and Montesquieu but as the development activities of those days were not identical to these days, the environment had not degraded as it is today and hence importance of sustainable development was not realised. It is only after the two world wars, people have started realising the environmental degradation and started working towards its protection both nationally and internationally. The concept and importance of sustainable development was even realised much later in the 1980s.</p> <p>On the basis of given text and common understanding, answer the following questions:</p> <p>(a) According to Brundtland Commission, how present generation can protect the future generation?</p> <p>(b) Discuss the concept of sustainable development in the context of resource endowment and environment.</p>	<p>2</p> <p>4</p>
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