SET-A

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कक्षा बारहवीं प्री-बोर्ड I (2025-26)

Pre-Board I Examination 2025-26 FOR CLASS XII

SUBJECT : ECONOMICS (030)

M.M. : 80 Marks **TIME : 3 Hours**

GENERAL INSTRUCTIONS:

1. This question paper contains two sections: Section A – Macro Economics and 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.

Section A : Macro Economics

1 Suppose in an economy, planned spendings are greater than planned outputs. Identify the correct option with respect to effects on the economy: 1
(i) Decrease in planned inventories in the economy
(ii) Rise in National Income
(iii) Decrease in real output level in the economy
(iv) Decrease in employment level in the economy
Options:
(A) Only (i) (B) (i) and (ii) (C) (iii) and (iv) (D) (ii), (iii) and (iv)

2 If the total credit created by the banks is ₹ 500 and Reserve Ratio is 20%, the value of primary deposits would be _____ 1

(A) ₹ 200 (B) ₹ 300 (C) ₹ 100 (D) ₹ 500

3 Identify, which of the following is **not** a source of demand for foreign exchange. 1
(A) Imports of goods and services
(B) Gifts by Indians to their families living abroad
(C) Indian tourists visiting foreign countries
(D) Loans from Rest of the World

4 Using the given information , complete the following table : 1

Income (Y) (in ₹ crore)	Savings (in ₹ crore)	Consumption (in ₹ crore)	Average Propensity to Consume (APC)
0	...(i)...	30	--
100	0	...(ii)...	1
200	30	170	0.85
300	60	240	0.80

Options
(A) -30,120 (B) 30,120 (C) 0,70 (D) -30,100

5 On the basis of the given information , Money Supply (M1) would be ₹_____ crore. 1

S.No.	Components	Amount (in ₹ Crore)
(i)	Currency held by the Public	300
(ii)	Net Demand Deposit with commercial banks	220
(iii)	Stock of supply of money with Central Bank	200

Options :
(A) 520 (B) 420 (C) 200 (D) 720

6 If the value of Investment Multiplier (K) is 5, the relevant saving function would be : 1

(A) S = – 60 + 0.25 Y
(B) S = – 60 + 0.20 Y
(C) S = – 60 + 0.75 Y
(D) S = – 60 + 0.60 Y

7 Identify, which of the following items will **not** be included in estimating National Income of India. 1
(A) Salary to Indian residents working at the Russian Embassy in India
(B) Interest paid by a firm to a bank
(C) Payments to farm workers in the form of foodgrains
(D) Income generated from selling of shares

8 If an upward sloping straight line consumption function makes an intercept at the Y-axis at a positive coordinate, it implies that Marginal Propensity to Consume (MPC)____________ and Average Propensity to Consume (APC)____________ as the income increases. 1
(A) remains constant, falls
(B) rises, rises
(C) remains constant, rises
(D) falls, falls

9 Read the following statements carefully: 1
Statement 1: Lending to abroad is a source of demand of foreign currency.
Statement 2: Demand curve for foreign exchange is a upward sloping curve.
In the 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.

10 Read the following statements – Assertion (A) and Reason (R) carefully. Choose the correct option from those given below: 1
Assertion (A): Other things remaining constant, devaluation of domestic currency may lead to rise in National Income of the nation.
Reason (R): Devaluation of domestic currency refers to reduction in the value of domestic currency by the government with respect to foreign currency under the fixed exchange rate system

Options:
(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, but 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.

11 "Current Account Deficit is different from Capital Account Deficit." Do you agree with the statement. Give reasons in support of your answer. 3

OR

Distinguish between Current Account and Capital Account of balance of payment.

12 Calculate value of "Interest" from the following data : 3

S.No.	Particulars	₹ in crore
1	Subsidies	1500
2	Indirect tax	700
3	Consumption of Fixed Capital	600
4	Profit	1500
5	Gross National Product at market price	20500
6	Compensation of Employee	7500
7	Interest	?
8	Mixed Income of self employed	3350
9	Rent	500
10	Net Factor Income from Abroad	220

13 "In the 1990s, on the advice of Reserve Bank of India (RBI), the Government of India took a decision of hypothecation of gold reserves to different nations." 4
In the light of the above statement, discuss briefly the role of the Central Bank as a Banker to the Government and Banker's Bank.

14 **(A)**Suppose in a hypothetical economy, people save 40% of their additional income. Ex-Ante Investments equals ₹ 100 and the equilibrium level of income stands at ₹ 600. Calculate dissavings at zero level of income. 4
(B) Explain the adjustment mechanism to attain the level of Effective Demand, if ex-ante Aggregate Demand is more than ex-ante Aggregate Supply.

OR

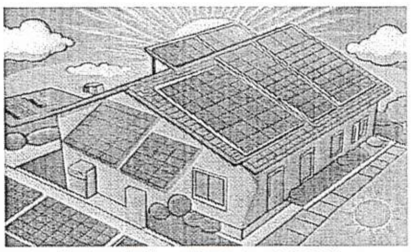
How a given initial increase in investment by ₹ 1000 affects the level of final income of the economy when MPC is 0.80.Explain the working of multiplier with schedule.

15 Economy is in equilibrium. Calculate the National Income and Consumption Expenditure on the basis of following data : 4
(i) Autonomous Investment = ₹ 50 crore
(ii) Marginal propensity to save = 0.25
(iii) Level of Income = ₹ 4500 crore
(iv) Autonomous consumption expenditure = ₹ 50 crore

16 **(A)** How will you treat the following in the calculation of Gross Domestic Product of India ? Give reasons for your answer. 6
(i) Profit earned by a branch of foreign bank in India.
(ii) Interest paid by an Individual on a car loan taken from a bank.
(iii) Rent received by an Japanese from Indian Embassy in Japan.
(B) Explain the likely impact of the constructions of heavy industries in a nation on Gross Domestic Product and welfare in an economy.

OR

(A) Distinguish between Factor Income and Transfer Income.
(B)



As per a news report dated April 11, 2025:

"Sales of household solar panels crossed one million marks in FY 2025."
Analyse its impact on Gross Domestic Product (GDP) and economic welfare.

17 **Read the following text carefully:** 6

Government provides certain goods and services which cannot be provided by the market mechanism. Examples of such goods are national defence, roads, government administration, etc. which are referred to as public goods.

There are two major differences between public and private goods. One, the benefits of public goods are available to all and are not only restricted to one particular consumer. For example, if a person wears a shirt, it will not be available to others. It is said that this person's consumption stands in rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits will be available to all. One person's consumption of a good does not reduce the amount available for consumption for others and so several people can enjoy the benefits, that is, the consumption of many people is not 'rivalrous'.

Two, in the case of private goods, anyone who does not pay for the goods can be excluded from enjoying its benefits. If you do not buy a ticket, you will not be allowed to watch a movie at a local cinema hall. However, in the case of public goods, there is no feasible way of excluding anyone from enjoying the benefits of the good. That is why public goods are called non-excludable. Even if some users do not pay, it is difficult and sometimes impossible to collect fees for the public good. These non-paying users are known as 'free- riders'. Consumers will not voluntarily pay for what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and consumer which occurs through the payment process is broken and the government must step in to provide for such goods.

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

(A) Describe how the Government's role in providing public goods impacts community welfare.

(B) Define free-riders. Explain the challenges posed by the free-riders in the context of public goods.

Section B: Indian Economic Development

18 Identify the correct sequence of implementation of the Five-Year planning structure of economic development : 1

(A) India , Pakistan , China
(B) China , Pakistan , India
(C) India , China , Pakistan
(D) Bangladesh, China , India , Pakistan

19 Read the following statements carefully: 1

Statement 1: Employment is an activity which enables a person to earn means of livelihood for his/her family.

Statement 2: A worker is the one who contributes to the process of Gross Domestic Product (GDP) but not in Gross National Product (GNP) by rendering his productive services.

In the light of 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.

20 _______________ indicator may be defined as the measure of the extent of demographic participation in social and political decision-making. 1

(A) Economic (B) Liberty (C) Health (D) Demographic

21 Golden Revolution is associated with ________________. 1

(A) Horticulture (B) Fisheries

(C) Dairy Production (D) Animal Husbandry

22 In China, under ______________, peasants were provided with pooled land to create larger fields that could yield greater output and they shared farm implements. 1

(A) Joint Farming System (B) Commune System

(C) Great Proletarian Cultural Revolution (D) Green Revolution

23 Read the following statements – Assertion (A) and Reason (R) carefully. Choose the correct alternative from those given below: 1

Assertion (A): The year 1921 is called as the Year of Great Divide.

Reason (R): After the year 1921, India experienced a sharp fall in its population growth rate.

Options:

(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, but 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.

24 Mao initiated the 'Great Leap Forward' movement in the year ___________. 1

(A) 1951 (B) 1955 (C) 1958 (D) 1962

25 "The Indian Government adopted a policy of fixing maximum land holding limit (ownership) for an individual."

It is commonly known as ________________. 1

(A) Green Revolution (B) Land Ceiling

(C) Marketable Surplus (D) Golden Revolution

26 Study the following image and identify the issues of farmers in rural areas. 1

(A) Winter season (B) Bumper production

(C) Failure of crops (D) Minimum support price

27 Identify, which of the following correctly defines liberalization. 1

(A) Removal of restrictions imposed by government on different sectors of the economy

(B) Outright sale of part of shares of Public Sector Undertakings (PSUs)

(C) Increased integration with the rest of the world

(D) Focus on import substitution

28 "During the British rule, contribution of industrial sector to the Gross Domestic Product (GDP) remained very low." 3

Justify the given statement with valid arguments in support of your answer.

OR

"The real motive behind infrastructural development under the British rule was not to provide basic amenities to the people of India but to subserve various colonial interests."

29 On the basis of the given image, explain the source of human capital formation which may contribute to the economic growth in India. 3

30 "It is necessary to generate more employment in the formal sector rather than in the informal sector." 4

Justify the given statement with valid arguments.

31 Evaluate any two factors that led to the rapid growth in economic development in China. 4

32 "IT can play a critical role in achieving sustainable development and food security in the 21st century in the country." 4

Justify the given statement with valid arguments

OR

Critically evaluate the credit system of rural areas. Suggest two solutions of rural banking system.

33 Explain the measures of liberalisation that government adopted to solve the following economic problem of Indian economy in 1991: 6

(A) Fall in Foreign exchange reserves

(B) Inefficient management of public sector enterprises.

OR

(A) "Steps taken by the government for improve agriculture marketing helped to revive the agriculture market." Defend or refute the given statement with valid explanation.

(B) "To protect the indigenous industries from foreign competition , Indian government adopted the inward looking trade policy."Justify the given statement with valid explanation.

34 **Read the following text carefully:** 6

Growing carbon footprint of industries have put power and steel sector in the spotlight as the major contributor to the climate crisis. The challenge of climate change can be tackled only by making our industries and businesses follow practices and processes that reduce their carbon footprint. It can be possible only with green financing.

Green financing aims to increase the level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities.

Global green finance has also started chasing Indian companies. Global development finance institutions and funds are ready to offer long-term support (both equity and debt) at cheap rates to projects like solar energy and hydropower.

Green finance can positively affect environment quality, economic development and financial issues that promote the green economy, such as reducing greenhouse gas emissions, improving energy efficiency or enhancing the organic economy.

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

(A) State the meaning and two benefits of green finance.

(B) Discuss three strategies of sustainable development to protect the environment.