



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



PRE BOARD – I (2025-26) ECONOMICS (030)

Class: XII

Date: 10/11/2025

Admission No:

Duration: 3 Hrs

Max. Marks: 80

Exam No.

GENERAL INSTRUCTIONS: -

1. This question paper contain two sections:

Section A – Macro Economics

Section B- Indian Economic Development

2. This paper contain 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 (40 MARKS)

1. Read the following statements: Choose one of the correct alternatives given below.

1)

Assertion (A): During excess demand, there is no change in the level of employment.

Reason (R): At the time of excess demand, there is no involuntary unemployment.

Alternatives:

- (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.

2. 'The Government of India recently launched the 'Uttar Poorva Transformative Industrialization Scheme' (UNNATI) 2024, also known as the New Industrial Development Scheme. This Central Sector Scheme is specifically designed to boost industrialization and create employment opportunities in the north eastern states of India' Which broader government budgetary objective does the UNNATI 2024 scheme support?

1)

- (a) Economic stability
- (b) Reallocation of resources
- (c) Economic Growth
- (d) Reducing regional disparities

3. Two friends Riya and Surendra were discussing about aggregate demand. "The components of aggregate demand in an open economy are household consumption expenditure, private investment expenditure and government expenditure." Identify one of the components that is missing in the above statement.

1)

- (a) Household investment expenditure.
- (b) Net exports
- (c) Factor payments
- (d) Transfer payments

4. From the set of statements given in column I and column II, choose the correct pair of statements: 1)

Column I	Column II
A. Export of software to France	1. Debit side of current account
B. Import of machinery from China	2. Capital account of Balance of Payments
C. Remittances to relative staying abroad	3. Debit side of current account of Balance of Payments
D. Investment by Apple phones firm in India	4. Credit side of current account of Balance of Payments

Alternatives: -

- (a) A-1 (b) B-2
(c) C-3 (d) D-4

5. The value of can be less than, equal to, or more than one. 1)

(Choose the correct alternative to fill up the blank)

- (a) Marginal Propensity to Consume (b) Average Propensity to Consume
(c) Average Propensity to Save (d) None of the above

6. Which of the following statement is not true for fiscal deficit? A fiscal deficit: 1)

- (a) represents the borrowings of the government.
(b) is the difference between total expenditure and total receipts of the government.
(c) is the difference between total expenditure and total receipts other than borrowing.
(d) increase the future liability of the government.

7. Read the following statements carefully and choose the correct alternative from the following: 1)

Statement 1: -The minimum value of multiplier can be one and the maximum value can be infinity.

Statement 2: - Multiplier is directly related with MPS.

Alternatives: -

- (a) Both the statements are true. (b) Both the statements are false.
(c) Statement 1 is true, and Statement 2 is false. (d) Statement 1 is false and statement 2 is true

8. During deflation, it is advisable to: 1)

- (a) Lower the bank rate and purchase of securities in the open market
(b) Increase the bank rate and purchase of securities in the open market
(c) Lower the bank rate and sale of securities in the open market
(d) Increase the bank rate and sale of securities in the open market

9. Read the following statements carefully and choose the correct alternative from the following: 1)

Statement 1: Primary Deficit is borrowing requirements of government for making interest payments.

Statement 2: Primary Deficit is zero when fiscal deficit is equal to interest payment

Alternatives:

- (a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true, and Statement 2 is false.
(d) Statement 1 is false and statement 2 is true.

10. Identify which of the following statement is true: 1)

- (a) Under Flexible Exchange Rate system exports or imports are not affected.
(b) Reserve of foreign exchange is the part of current account of BOP.
(c) Unilateral transfer from foreign nation is recorded on the debit side of BOP.
(d) Fixed exchange rates are declared by the government

11. (A) Calculate National income from the following data:

3)

Sr. No.	Particulars	(₹ in crores)
i	Private final consumption expenditure	900
ii	Profit	100
iii	Government final consumption expenditure	400
iv	Net indirect taxes	100
v	Gross domestic capital formation	250
vi	Change in stock	50
vii	Net factor income from abroad	(-)40
viii	Consumption in fixed capital	20
ix	Net imports	30

OR

(B) State the various components of the Income method that are used to calculate National Income.

12. Elaborate the objective of 'Reallocation of Resources' in the government budget.

3)

13. (I) What will be the effect of the following on the Balance of Payments?

2)

a. Make in India Programme

b. Import of pulses

(II) State the components of Current Account of the Balance of Payment Account.

2)

14. (A) If in an economy Saving function is given by $S = (-) 50 + 0.2 Y$ and $Y = ₹ 2000$ crores; consumption expenditure for the economy would be ₹ 1,650 crores and the autonomous investment is ₹ 50 crores and the marginal propensity to consume is 0.8. True or False? Justify your answer with proper calculations.

4)

OR

(B) An economy is operating at the under-employment level of income'. What is meant by the given statement? Use diagram.

Discuss one fiscal measure and one monetary measure to tackle the situation.

15. Discuss the working of the adjustment mechanism in the following situations.

(I) If Aggregate demand is greater than Aggregate supply.

2)

(II) If Ex-ante Investments are less than Ex-ante Savings.

2)

16. Read the following case study paragraph carefully and answer the questions on the basis of the same. India's Commerce Minister, Piyush Goyal, has called for interest rate cuts to stimulate economic growth, sparking a debate about the central bank's focus on inflation. Minister Goyal argues that food inflation should be excluded from policy rate decisions, a view contrasting with the Reserve Bank of India's stance. Soon after Minister Goyal's comments, RBI governor Shaktikanta Das said at an event that it is targeting a "holistic" view of stability encompassing "price stability, financial stability and sustained growth.

Source- <https://economictimes>.

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

(I) How can a reduction in interest rates stimulate economic growth?

2)

(II) Describe any two methods by which Reserve Bank of India can regulate money supply.

2)

(III) Explain the role of Central Bank as Banker's Bank and supervisor.

2)

17. (A)

(I) If the Nominal Gross Domestic Product = ₹4,400 crore and the Price Index (base = 100) = 110, calculate the Real Gross Domestic Product. 2)

(II) The generalization that higher GDP indicates greater welfare of people may not always be correct. Explain the reasons. 4)

OR

(B)

(I) How will you treat the following in the calculation of National Income of India? Give reasons for your answer. 3)

- a. Rent free house given to an employee by an employer.
- b. Payment of fees to a lawyer engaged by a firm
- c. Profits earned by an Indian bank from its branches abroad.

(II) Circular flow of income in a two-sector economy is based on the axiom that one's expenditure is other's income'. Do you agree with the given statement? Support your answer with valid reasons. Use diagram. 3)

SECTION-B-INDIAN ECONOMIC DEVELOPMENT (40 MARKS)

18. Which of the following is not used as a strategy for sustainable development? 1)
(a) Use of biogas. (b) Use of solar power.
(c) Use of thermal power (d) Use of Hydel power

19. Read the following statements carefully and choose the correct alternative from the following: - 1)
Statement 1: -Subsidies do not add any burden on the financial health of a nation.
Statement 2: -. Complete removal of subsidies may violate the aim of equitable distribution of income.

20. Read the following statements Assertion (A) and Reason (R). 1)
Assertion (A): In developing countries, growth of human capital has been faster than the growth of per capita real income.
Reason (R): Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous.

21. Name the Committee formed for the Village and Small-scale Industries in 1955. 1)
(a) Karve Committee (b) Bansal Committee
(c) Rangarajan Committee (d) Narsimha Committee

22. Kavitha, a farmer in rural India, is a recipient of a government scheme named..... 1)
This scheme helps her to set up a bank account and provides insurance, overdraft and other social security benefits.
(a) Sansad Adarsh Gram Yojana (b) Jan-Dhan Yojana
(c) Kudumbashree (d) NABARD

23. Which one of the following is related to Foreign Exchange Reform under Liberalisation? 1)
(a) Devaluating the rupee against foreign currency
(b) Introducing the fixed exchange rate system
(c) Determination of the foreign exchange rate by market forces
(d) Both (a) and (c)

- 24.** Arrange the following events of China in chronological order and choose the correct alternative: 1)
- (i) Special Economic Zones (ii) Great Proletarian Cultural Revolution
(iii) Commune System (iv) Establishment of People's Republic of China
- Choose the correct alternative:
- (a) (iv), (i), (ii), (iii) (b) (iv), (iii), (ii), (i)
(c) (ii), (iv), (iii), (i) (d) (ii), (iv), (i), (iii)

- 25.** Environmental crisis occurs when: 1)
- (a) Absorptive capacity of environment exceeds the generation of wastes
(b) Generation of wastes exceeds the absorptive capacity of environment
(c) Wastes occur due to production and consumption activities in the economy
(d) None of these

- 26.** Identify the classification that falls outside the purview of the Industrial Policy Resolution, of 1956. (Choose the correct alternative) 1)
- (a) Public-private industrial partnership (b) Multinational Corporations
(c) Public sector industries (d) Private sector industries

- 27.** In which of the following type of unemployment, is the marginal productivity of the worker zero? 1)
- (a) Structural Unemployment (b) Involuntary Unemployment
(c) Seasonal Unemployment (d) Disguised Unemployment

- 28. (A)** "The British rulers thoroughly exploited the Indian economy through economic Drain". 3)
Explain. **OR**

(B) "Small scale and cottage industries are important in the development of the Indian economy." Elaborate.

- 29.** Give reasons for the slow growth and reemergence of poverty in Pakistan. 3)

- 30.** Critically evaluate the development strategies of China during the pre-reforms period and post reform period. 4)

- 31. (A)** State giving valid reasons, whether the following statements are true or false: 2)
- (I) Global warming is a wake-up call to save environment. 2)
(II) Check on population growth in India will lead to a check on environmental pollution. 2)

OR

(B) Discuss the important problems faced by farmers and Different Policy Instruments initiated by the government to improve Agricultural Marketing.

- 32.** Interpret the given picture in the context of the Rural Development process. 4)



33. Read the text carefully and answer the questions.

The PLFS (Periodic Labour Force Survey) Quarterly Bulletin [April – June 2024] data indicates that WPR i.e. employment for Secondary and above level has increased from 43.2% in 2017-18 to 52.1% in 2023-24. Further, WPR (Worker Population Ratio) for Postgraduate and above level has increased from 57.9%, 2017- 18 to 62.2% in 2023-24. Similarly, employment for Graduates has also increased from 49.7% in 2017-18 to 57.5% in 2023-24. This shows that employment for educated people in the country has substantially increased in last seven years. The LFPR (Labour Force Participation Rate) for Secondary and above level has also increased from 48.8% in 2017-18 to 56.1% in 2023-24. Further, LFPR for Postgraduate and above level has increased from 67.8% 2017- 18 to 71.0% in 2023- 24. Similarly, LFPR for Graduate has also increased from 60% in 2017- 18 to 66.2% in 2023-24. The data indicates high participation of educated person in Labour force as well as employment with increasing trend in last seven years. On the basis of the given text and common understanding, answer the following questions:

- (I) Based on the data, how does employment growth differ among various education levels (Secondary, Graduate, and Postgraduate)? 1)
- (II) Why are regular salaried employees more in Urban areas than in rural areas? 3)
- (III) What factors could explain the increasing employment rate for educated individuals over the past seven years? 2)
34. (I) Why was public sector given a leading role in industrial development during the planning period? 3)
- (A)
- (II) Discuss briefly, any three major steps taken by the government of India on Financial Sector front under the Economic reforms of 1991. 3)

OR

- (I) Discuss briefly, the rationale behind choosing 'Modernisation' as a planning objective for the Indian economy.
- (II) Comment upon any three salient features of demographic conditions of India on the eve of Independence.

*****ALL THE BEST*****