



PRINCE ACADEMY

OF HIGHER EDUCATION

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BOARD SAMPLE PAPER-I (2025-26)

SUBJECT : ECONOMICS (030)

CLASS - XII ARTS

TIME : 3:00 Hours

M.M. : 80

GENERAL INSTRUCTIONS:

I. This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

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

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

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

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

(Section-A)

- Under statutory Liquidity Ratio commercial bank are require to keep a fraction of in the form of liquid assets.
 - Total deposits
 - Term deposits
 - Total demand and term deposits
 - Current deposits
- Credit cards are excluded from all measures of the quantity of money, because they are not really a method of payment, but of method of deferring payment. When you buy a meal with a credit card, the bank that issued the card pays the restaurant the amount that is due. At a later date, you will have to repay the bank, perhaps with interest. For this, you might use the money in your demand deposits, and that money is included in the economy's stock of money. Which of the following can happen with an increased use of credit cards in an economy. 1
 - increase in money supply
 - decrease in money supply
 - increase in money demand
 - decrease in money demand
- Assertion (A) :** Economy always operates on the level of fall employment.
Reason (R) : Due to changes in the aggregate demand full employment may not always exist.
 - Both Assertion (A) and Reason (R) are true and Reason (R) are true and Reason (R) is the correct explanation for Assertion (A).

(b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation for Assertion (A).

(c) Assertion (A) is true but Reason (R) is false.

(d) Assertion (A) is false but Reason (R) is true.

OR

Statement I - Effective demand is defined as that level of output and employment where Aggregate Demand is equal to Aggregate Supply.

Statement II : As per Keynesian theory in an economy, full employment can never exist.

(a) Both the statements are true

(b) Both the statements are false.

(c) Statement I is true, Statement II is false.

(d) Statement II is true, Statement I is false.

4. If in an economy the value of Investment multiplier is 5 and dissavings (-) Rs. 100 Crore the relevant savings at income level of Rs. 1400 Crore would be Rs. Crore

(a) 80

(b) 180

(c) 140

(d) 240

5. The Union Government has set an ambitious disinvestment target of Rs. 1.75 trillion for the financial year 2023-24. Income received from disinvestment can be classified as in the Government Budget. 1

(a) Capital Receipts

(b) Revenue Receipts

(c) Capital Expenditure

(d) Revenue Expenditure

6. Identify the incorrect statement from the following about the Revenue Budget of the Government: 1

(a) It records all the transactions which are recurring in nature.

(b) Proceeds from disinvestment are recorded under this category.

(c) It has two components - revenue receipts and revenue expenditure.

(d) Payment of salaries by government departments is recorded in revenue budget.

7. Dividends received from public sector undertakings (PSUs) are a part of the government's

(a) Non-tax revenue receipts

(b) Tax receipts

(c) Capital receipts

(d) Capital Expenditure

OR

'Government of India has recently implemented various measures (like cash transfers to senior citizens and widows)'.
The government is trying to achieve the objective of using such measures.

(a) Reallocation of resources

(b) Redistribution of income

(c) Regional equality

(d) Economic instability

8. An Indian company receives a loan from a company located abroad. This transaction would be recorded on the side of account in India's Balance of Payment.

(a) Credit, Current

(b) Debit, Current

(c) Credit, Capital

(d) Debit Capital

9. From the following, which of the item would appear on the credit side of capital account of the balance of payment in India ? 1

(a) Education consultation from a firm in New York.

(b) Borrowings from rest of thw world.

(c) Earthquake relief aid received from France.

(d) Imports of edible oils.

10. Consider the following statement about 'Portfolio Investment in India' and choose the correct alternative. 1
- (i) Investment by a foreign company to start its subsidiary company in India.
(ii) Investments by a foreign company to acquire some company in India.
(iii) A foreign investor buying shares in Indian markets.
(iv) A foreign investor buying Goods in Indian markets.
- (a) (i), (ii) and (iii) (b) (ii), (iii) and (iv) (c) (iii) only (d) (iii) and (iv)
11. "All those receipts of the government which create liability or reduce financial assets are termed capital receipts". Define or refute the statement with valid reasons. 3
12. What is the role of a Central Bank in the following exchange rate ? 3
- (a) Fixed exchange (b) Floating exchange (c) Managed floating

OR

Distinguish between Autonomous and accommodating transactions in the Balance of Payments Accounts.

13. Read the following News Report and answer the questions that follow. 4
- During Covid - 19, the Reserve Bank of India (RBI), cut Repo Rate to 4.4% the lowest in at least 15 years. Also, it reduced the CRR by 100 basis points. Previously, it was 4% . RBI governor Dr. Shaktikanta Das predicted a big global recession and said India will not be immune. It all depends how India responds to the situation. Aggregate demand may weaken and ease core inflation.
- (i) What is CRR ?
(ii) What is the likely effect of cut in Repo Rate by RBI on the aggregate demand in the Indian economy.
(iii) "... reduced the CRR by 100 basis points. Previously, it was 4%". Thus, CRR is reduced to
- (iv) Besides reduction in CRR and Repo Rate, what other measure can be taken by the Government of India through its budgetary policy to combat recession ? State any one.
14. Calculate Gross National Product at market price. 4

	Items	Amount (In Rs. Crores)
(i)	National Income	50000
(ii)	Net Indirect Taxes	1000
(iii)	Private final Consumption Expenditure	?
(iv)	Gross Domestic Capital formation	17000
(v)	Profit	1000
(vi)	Govt. Final Consumption Expenditure	12500
(vii)	Wages & Salaries	20000
(viii)	Consumption of fixed Capital	700
(ix)	Mixed Income of Self Employment	13000
(x)	Operating Surplus	?
(xi)	Net factor Income from Abroad	500
(xii)	Net Export	2000

OR
Compute National Income.

	Particulars	(In Rs. Crores)
(i)	Private final consumption expenditure	900
(ii)	Government final consumption expenditure	400
(iii)	Net imports	30
(iv)	Gross domestic capital formation	250
(v)	Change in stock	50
(vi)	Net domestic fixed capital formation	180
(vii)	Net indirect taxes	100
(viii)	Net factor income from abroad	(-) 40
(ix)	Profits	100

15. For a hypothetical economy the government incurs an investment expenditure of Rs. 1000 Crore. If the value of marginal propensity to save (MPS) falls from 0.25 to 0.10, calculate the increase in income due to change in the value of marginal Propensity to Save (MPS).

16. (a) Calculate the value of Nominal Gross Domestic Product (GDP) for a hypothetical economy. The values of Real Gross Domestic Product (GDP) and Price Index are given as Rs. 1,000 crores and 250 respectively.

(b) Giving valid reasons, explain which of the following will not be included in the estimation of National Income of India? 3+3

(i) Purchase of shares by an investor in the Bombay Stock Exchange.

(ii) Salaries paid to Russian workers in Indian Embassy in Russia.

(iii) Imputed rent of self-occupied houses.

OR

(a) Giving valid reasons, explain how the following would be treated while estimating National Income.

(i) Payment of indirect taxes by a firm.

(ii) Purchase of goods by foreign tourists.

(b) Using the following information, calculate and analyse the value of Gross Domestic Product (GDP) deflator. 3+3

Year	2021-22	2022-23
Nominal GDP	6.5	9
Real GDP	6.5	7.2

17. (a) "In an economy ex-ante Aggregate Demand is more than ex-ante Aggregate Supply". 3+3

Explain its impact on the level of output, income, employment and price level in the economy.

(b) Explain the role of the following in correcting the deflationary gap in an economy.

(a) Open Market Operation

(b) Marginal Requirement

Section - B

18. Read the following statements relating to foreign trade during British rule and choose the correct sequence of these statements. 1
- (i) India was exporter of products like raw silk, cotton etc.
 - (ii) Britain maintained monopoly control over India's foreign trade.
 - (iii) India generated large export surplus.
 - (iv) Exports did not result in any flow of wealth into the country.
- (a) (i), (ii), (iii), (iv) (b) (iv), (iii), (ii), (i) (c) (ii), (i), (iii), (iv) (d) (iv), (i), (ii), (iii)
19. **Assertion (A):** In developing countries, growth of human capital has been faster than growth of per capita real income. 1
- Reason (R):** Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous.
- (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 and Reason (R) is false.
 - (d) Assertion (A) is false and Reason (R) is true.
20. "In order to reduce over-dependence on agriculture sector it is necessary to opt for diversification". With reference to the given statement diversification includes
- (i) Change in cropping pattern
 - (ii) Shift of workforce to agriculture allied activities.
 - (iii) Shift of workforce to non-agriculture sector Alternatives:-
- (a) (i) and (ii) (b) (i), (ii) and (iii) (c) (i) and (iii) (d) only (i)
21. Find the odd man out: 1
- (a) A clerk in the electricity office
 - (b) Computer operator in the state government office working on a temporary basis
 - (c) Worker in a hotel which has seven hired workers and three family workers.
 - (d) A police constable
22. Rohan the owner of a land grows only two crops in a year he work for 8-9 months and for the rest of the year he remains unemployed. In the remaining part of the year Rohan faces unemployment.
- (a) Disguised (b) Seasonal (c) Open (d) Cyclical
23. "Unemployment is a situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing condition of work and remunerations." This definition is given by: 1
- (a) Economists
 - (b) The National Statistical Office
 - (c) Census of India
 - (d) Directorate general of Employment and Training

OR

In urban areas with high population density, the challenge which is often associated with housing and living conditions?

- (a) High home ownership rates, leading to limited rental options

- (b) Difficulty in accessing essential services due to congested living conditions
- (c) Limited open spaces and recreational areas, affecting quality of life
- (d) Inadequate housing and overcrowding, leading to slum settlements

24. Statement - 1 : Jobless growth has been a Significant challenge in the Indian economy in recent years,

Statement - 2 : Despite witnessing economic growth, the Indian economy has been struggling to create sufficient employment opportunities to absorb the growing workforce. 1

- (a) Statement 1 is true and Statement 2 is false. (b) Statement I is false and Statement 2 is true
- (c) Both Statements 1 and 2 are true. (d) Both Statements 1 and 2 are false

25. means the ability of the environment to absorb degradation. 1

- (a) Absorptive capacity (b) Carrying capacity
- (c) Assimilating capacity (d) Sustainable development

OR

Two major environmental issues facing the world today are and

- (a) Rising population. Air pollution
- (b) Global warming, Ozone depletion
- (c) Overuse of environmental resources, Misuse of environmental resources
- (d) Water contamination, Poaching

26. India is not a member of which of the following regional/global economic groups ?

- (a) European Union (b) BRICS (c) G20 (d) SAARC

OR

The main objective of China's One Child Policy, which was implemented from 1979 to 2016 was;

- (a) to provide financial incentives for families with multiple children
- (b) to promote gender equality by limiting the number of male children.
- (c) to control the population growth and address overpopulation concerns.
- (d) to encourage families to have more children and increase the population.

27. Identify the correct sequence of alternatives given in Column I by matching them with respective events in Column II: 1

Column - I	Column - II
A. Introduction of economic Reforms in China	(i) 1949
B. Establishment of People's Republic of China	(ii) 1953
C. Chibna announced its first five year plan	(iii) 1978
D. Great Leap Forward compaign initiated in China	(iv) 1958

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

28. What was the focus of the economic policies pursued by the colonial government in India? What were the impacts of these policies? 3

OR

What do you understand by the drain of Indian wealth during the colonial period?

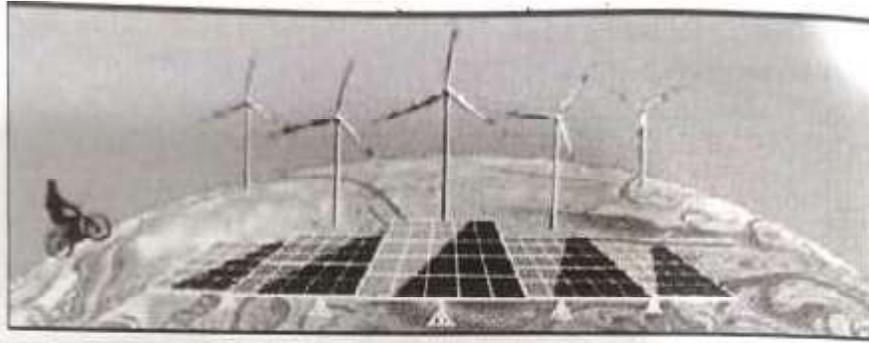
29. "Expensive on different level of education in India is in the same proportion". Defend or refute the given statement giving valid reason.

30. Why was it necessary for a developing country like India to follow self-reliance as a planning objective. 4

OR

Discuss briefly how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture.

31. (i) As a form of economic activity outsourcing has intensified in recent times. Justify the statement.
(ii) What factors have made India a destination for global outsourcing in the post-reform period?
32. What are the emerging alternate marketing channels for agricultural products ? Explain their benefits. 4
33. "Serious concerns over the climate change is taking over the attention of the world. 6



In the light of the above statement and image, discuss any two strategies to tackle this global concern of Environmental degradation.

OR

(a) Explain how 'Bio-composting' and 'Bio-pest control' can be helpful in achieving the objective of sustainable development.

(b) India's environmental problems pose a dichotomy- they are poverty induced and at the same time due to affluence in living standards - Is this true?

34. Read the following text carefully and answer the given questions on the basis of the same and common understanding.

The 20th century included the inception of modern family planning, which restricted the fertility of hundreds of millions of couples around the world. Due to concerns about the world's unprecedented rate of population growth in the mid-20th century, some aid agencies and international organisations began to support the establishment of family planning programs.

About 40 years later, in the mid-1990s, large-scale family planning programs were active in 115 countries.

China's One Child Policy (OCP) is the largest among the World's family planning programs. In the 1970s, after two decades of explicitly encouraging population growth, policy-makers in China began enacting a series of measures to curb it. The OCP was formally initiated in 1979 and firmly established across the country in 1980.

It was the first time that family planning policy became formal law in China. Differing from birth control policies in many other countries, the OCP assigned a compulsory general 'one-birth' quota to each couple, though its implementation has varied considerably across regions for different ethnicities at different times. The policy affected millions of couples and lasted more than 30 years.

According to the World Bank, the fertility rate in China dropped from 2.81 in 1979 to 1.51 in 2000. The reduced fertility rate is likely to have affected the Chinese labour market profoundly. In 1979, the Chinese government formally initiated the OCP to alleviate social, economic, and environmental problems such as the high unemployment rate and scarcity of land resources.

As opposed to many family planning policies in other countries, the OCP was compulsory rather than voluntary. As the name suggests, the policy restricted a couple to having only one child. However, there were some exemptions.

The birth quota varied according to residence (urban/rural) and ethnicity (Han/non-Han).

Since Han ethnicity is by far the largest in China, accounting for 93% of the population, the policy mainly restricted the fertility of people with Han ethnicity. In general, Han households in urban regions were only allowed to have one child; while most households in rural areas could have a second child if their first was female (this exception is called the "one-and-a-half-child policy"). Meanwhile, in most regions, households of non-Han ethnicity were allowed to have two or three children, regardless of gender.

In March 1991, to show resoluteness, the Central Government listed family planning among the three basic state policies in China's Eighth Five Year Plan passed by the National People's Council. The Eighth Five Year Plan explicitly set a goal of reducing the natural growth rate of the country's population to less than 1.25% on average during the following decade. To achieve such a challenging objective, national leaders employed a "responsibility system" to induce subnational or provincial officials to set high fine rates.

(i) Enumerate the effects of the policy of one child norm in China.

(ii) Comment on the growth rate trends witnessed in China and India in the last two decades.