



PRINCE ACADEMY

OF HIGHER EDUCATION

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BOARD SAMPLE PAPER- I (2025-26)

SUBJECT : ECONOMICS (030)

Time : 03:00 Hours

CLASS - XII COMMERCE

M.M. : 80

General Instructions:-

1. This paper contains 20 Multiple Choice type questions of 1 mark each.
2. This paper contains 4 Short Answer type questions of 3 marks each to be answered in 60 to 80 words.
3. This paper contains 6 Short Answer type questions of 4 marks each to be answered in 80 to 100 words.
4. This paper contains 4 Long Answer type questions of 6 marks each to be answered in 100 to 150 words.

SECTION A

Macro Economics

Multiple Choice Questions

1x10=10

1. Read the following statements carefully:

Assertion (A) : There exists a direct relationship between MPC and the value of multiplier.

Reason (R) : Higher MPC implies a greater proportion of income being spent on consumption leading to higher value of multiplier.

(a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.

(b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.

(c) Assertion is true but Reason is false.

(d) Assertion is false but Reason is true.

2. Which of the following statements about Central Bank functions is correct?

I. The central bank is the sole authority to issue currency in the country.

II. It acts as a banker to the government by managing its accounts and loans.

III. The central bank directly provides loans to the public for investments.

Alternatives:

(a) Only I and II are correct.

(b) Only II and III are correct.

(c) All statements are correct.

(d) Only I and III are correct.

3. Measuring the value of goods and services refers to which of the following functions of money?

(a) Store of value

(b) Unit of value

(c) Standard of deferred payments

(d) Medium of exchange

(v) Government final consumption expenditure	20
(vi) Corporation tax	15
(vii) Gross domestic capital formation	30
(viii) Personal disposable income	70
(ix) Net exports	(-) 10
(x) Savings of private corporate sector	5
(xi) Net national disposable income	145

OR

Calculate national income from the given information:

Particulars	Rs. In crores
(i) Compensation of employees	1000
(ii) Rent	300
(iii) Profit	500
(iv) Corporation tax	150
(v) Dividend	100
(vi) Mixed income of self employed persons	800
(vii) Factor income received from abroad	250
(viii) Subsidies	30
(ix) Interest	400
(x) Indirect taxes	40

12. Giving reasons, state whether the following changes by RBI will increase or decrease the money supply. 3
- (i) Decrease in bank rate.
- (ii) RBI increases the margin from 20% to 30%.
- (iii) Purchase of securities in the open market.
13. "Trade Deficit must exist, if a country is facing situation of Current Account Deficit (CAD)." Defend or refute the above mentioned statement with valid arguments. 4
14. (A) If the Real GDP is Rs300 and Nominal GDP is Rs330, calculate Price Index (base = 100). 4
- (B) With suitable examples, distinguish between final goods and intermediate goods.

OR

(A) Explain the precautions that are taken while estimating national income by value added method.

(B) How should the following be treated in the calculation of national income? Give reasons for your answer.

- (i) Government expenditure on street lighting.
- (ii) Sale of an old house
15. In an economy, every time increase in income, 80% is spent on consumption. If investment is rises by Rs. 500 crore, then calculate: 4
- (i) Increase in total income in the economy.
- (ii) Increment in consumption expenditure.
- (iii) Increment in saving.
16. (A) Classify the following into revenue and capital receipts. Give reasons. 6
- (i) Sale of shares of a PSU.
- (ii) Profit and dividend received from public sector undertakings.

(iii) Cash grants-in-aid from foreign countries and international organizations.

(iv) Recovery of loan

(B) Explain how taxes and subsidies can be used to influence allocation of resources.

OR

(A) How does capital expenditure benefit the economy?

(B) Explain the concept of 'fiscal deficit' in a government budget. What does it indicate?

17. (i) Read the following text carefully from 'The Economic Times' dated 8th June, 2023 :

"The Reserve Bank of India (RBI) rate setting panel unanimously decided to keep the benchmark lending rate unchanged at 6.5%. The committee voted to remain focused on the withdrawal of accommodating monetary Policy"

On the basis of given text and common understanding, answer the following questions : 3

(a) Identify and discuss the economic issue indicated in the above text.

(b) Discuss the likely consequence on money supply if the rate setting panel would have decreased the said rate.

(ii) Read the following text carefully : 3

The adjustment mechanism balances economic imbalances. When aggregate demand exceeds supply, producers increase output to meet demand. Similarly, when ex-ante investment is lower than savings, interest rate adjustments or government measures restore equilibrium. Discuss the working of the adjustment mechanism in the following situations.

(a) Aggregate demand is greater than aggregate supply.

(b) Ex-ante investment are lesser than Ex-ante savings

SECTION - B

Indian Economic Development

Multiple Choice Questions

1x10=10

18. "During the colonial period, India's agricultural sector was plagued by low productivity and stagnation, primarily due to outdated farming techniques, lack of modern inputs, and exploitative land revenue systems like the Zamindari system imposed by the British. Despite the majority of the population being dependent on agriculture, the sector failed to generate sufficient surplus for investment in other areas of the economy."

Identify the primary cause of low agricultural productivity in India during the British colonial era.

(a) Absence of irrigation facilities

(b) Exploitative land revenue systems and lack of technological advancement

(c) Shortage of agricultural labour

(d) Excessive focus on industrialization

19. How does the excessive use of chemical fertilizers and pesticides contribute to environmental degradation?

(a) It improves crop yield and biodiversity

(b) It contaminates soil and water resources

(c) It enhances the fertility of the soil

(d) It reduces deforestation in agricultural areas

20. Read the following statements carefully:
Statement 1: Human capital refers solely to the educational qualifications of individuals.
Statement 2: Investments in health and education are crucial for human capital formation.
 In 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
21. **Assertion (A) :** Less women are found in regular, salaried employment.
Reason (R) : Jobs generally require skills and a high level of literacy.
 Choose the correct option from those given below:
 (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 but Reason (R) is false.
 (d) Assertion (A) is false but Reason (R) is true.
22. **Assertion (A):** In 1982, India adopted social banking approach.
Reason (R): Moneylenders were charging high rate of interest from poor people and manipulate their account.
 Choose the correct option from those given below:
 (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.
23. "In 1991, India faced a severe economic crisis characterized by high fiscal deficits, a depleting foreign exchange reserve, and rising inflation. In response, the government introduced the New Economic Policy focusing on liberalisation, privatisation, and globalisation to integrate the Indian economy with the global market."
 Which of the following was a key component of the New Economic Policy of 1991?
 (a) Nationalization of all private enterprises
 (b) Reduction of trade barriers and encouragement of foreign investment
 (c) Increase in government subsidies for public sector units
 (d) Implementation of protectionist trade policies
24. Compared to its neighbours, India's economic growth has been _____ due to its _____ strategies, which include a mix of agriculture, industry, and services sectors.
 Choose the correct option to fill up the blank.
 (a) slower; protectionist
 (b) comparable; diversified
 (c) higher; monopolistic
 (d) inconsistent; isolationist

25. **Statement 1** : The British colonial policies aimed to protect India's economic interests.
Statement 2 : These policies were more focused on promoting British economic interests.
 Alternatives:
 (a) Statement 1 is true, and Statement 2 is false.
 (b) Statement 1 is false, and Statement 2 is true.
 (c) Both Statement 1 and Statement 2 are true.
 (d) Both Statement 1 and Statement 2 are false.

26. Which of the following are key issues in rural credit and marketing systems in India?
 (i) Limited access to credit
 (ii) Poor market infrastructure
 (iii) High interest rates
 (iv) Lack of cooperative societies

Option :

- (a) (i), (ii), and (iii) (b) (ii) and (iv) (c) (i) and (iv) (d) (i), (ii), (iii), and (iv)
27. The process in which the proportion of workers hired on a temporary basis increases over time, reducing job security and regular wages, is termed as _____.
 (a) Informational (b) Casualization
 (c) Disguised unemployment (d) Seasonal unemployment
28. "Active Government intervention is essential in education and health sectors in India." Do you agree with the given statement? Give reasons in support of your answer. 3

OR

Differentiate between Physical Capital and Human capital.

29. Discuss the main reasons responsible for the emergence of poverty in Pakistan. 3
30. Discuss any two measures initiated by the government to improve Agricultural marketing in India. 4

OR

Elaborate any two reasons owing to which lesser number of women are found in regular salaried employment.

31. On the basis of the data given below, discuss the shift in output and employment sector wise, in India and China: 4

Sectoral share of Employment and GVA (%) in 2018 - 2019						
Sector	Contribution to GVA			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Service	54	52	57	32	46	35
Total	100	100	100	100	100	100

32. Trade and Investment Policy of India had undergone comprehensive changes in the post reforms period of 1991.
 Do you agree with the given statement ? Justify your answer with any two valid arguments. 4

33. State and elaborate whether the following statements are true or false, with valid arguments : 6
- (i) Organic Farming has essentially become the need of the hour.
 - (ii) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources.
 - (iii) Rural credit is the only lingering challenge of rural development.

OR

Gender disparities persist in human capital development, impacting access to education, healthcare, and economic opportunities. Women and girls often face barriers such as societal norms, discrimination, and lack of resources, limiting their potential for skill enhancement and economic empowerment. Gender gaps in education result in lower literacy rates, limited access to higher education, and fewer opportunities for skill development among women. Moreover, disparities in healthcare access and reproductive rights further exacerbate gender inequalities, affecting women's well-being and workforce participation. Addressing gender disparities requires targeted interventions such as gendersensitive education policies, affirmative action programs, and initiatives to promote women's leadership and entrepreneurship. Empowering women and girls with equal access to education, healthcare, and economic opportunities is essential for achieving inclusive and sustainable human capital development.

- (a) How are the women affected due to gender disparities prevail in the society?
- (b) Suggest some ways to address gender disparities.

34. Read the following text carefully and answer the given questions on the basis of the same and common understanding 6

One of the most compelling reasons for studying environmental science and management is the fact that, in the view of many leading authorities, we are now experiencing an environmental crisis, indeed, many authors have claimed that the present environmental crisis is unprecedented in its magnitude, pace and severity (Park 2001). Awareness of this environmental crisis has grown since the 1970s, partly as a result of the prominence given to major so-called 'environmental' disasters such as the Sahelian droughts of the 1970s and 1980s and the nuclear accident at Chernobyl in 1986.

A major assessment of the global environment published in 1999, the UNEP Global Environment Outlook 2000 Report (UNEP 1999), drew attention to two critical, recurring themes 9 the fact that the global human ecosystem is threatened by grave imbalances in productivity and in the distribution of goods and services as evidenced by the fact that a large proportion of the human population lives in poverty and that a widening gap exists between those who benefit from economic and technological development and those who do not the fact that accelerating changes are occurring at the global scale, with rates of economic and social development outstripping progress in achieving internationally co-ordinated environmental stewardship-with the result that improvements in environmental protection due to new technologies are being 'cancelled out' by the magnitude and pace of human population growth and economic development. Consequently, a wide range of environmental problems has emerged, those problems include anthropogenic climate change ('global warming'), the depletion of stratospheric ozone (the 'ozone hole'), the acidification of surface waters ('acid rain'), the destruction of tropical forests, the depletion and extinction of species, and the precipitous decline of biodiversity. Yet, while all of these problems have physical (environmental) manifestations, their causes - and their potential solutions - are invariably bound up with human

attitudes, beliefs, values, needs, desires, expectations and behaviours. Thus, the symptoms of the environmental crisis cannot be regarded purely as physical problems requiring solutions by environmental 'specialists', instead, they are intrinsically human problems and they are intimately related to the question of what it means to be human.

(i) "Opportunity costs of negative environmental impact are high." Comment.

(ii) There exists a positive correlation between environmental sustainability and economic development. Do you agree? Give suitable reason in support of your answer.
