



PRINCE ACADEMY

OF HIGHER EDUCATION

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CBSE SAMPLE PAPER (2024-25)

Time : 03:00 Hours

CLASS – XII ECONOMICS (030)

M.M. : 80

General Instructions :

- (i) All questions are compulsory.
- (ii) This paper contains 20 Multiple Choice Questions of 1 mark each.
- (iii) This paper contains 4 short answer Questions of 3 mark each.
- (iv) This paper contains 6 short answer Questions of 4 mark each.
- (v) This paper contains 4 Long answer Questions of 6 mark each.

SECTION-A

1. "Indian government initiated many schemes to attract foreign investment".
Which of the following statements is correct from below?
 - (a) It leads to rightward shift in supply curve of foreign exchange
 - (b) It leads to leftward shift in supply curve foreign exchange
 - (c) It leads to rightward shift in demand curve of foreign exchange
 - (d) It leads to leftward shift in demand curve of foreign exchange
2. "Money is an asset which can be used for making future payment." In the light of given statement, identify the function of money.
 - (a) A measure of value
 - (b) A standard of deferred payment
 - (c) A store of values
 - (d) A medium of exchange
3. Read the given news taken from the article "Currency caution: On the Indian rupee's depreciation" published in The Hindu on 23rd July, 2022.
"The Indian rupee is experiencing its worst slump in four years. Since the start of 2022, the currency has depreciated by more than 7% against the U.S. dollar, weakening past a historic low of 80 to a dollar mark earlier this week."
In layman terms, which of the following is the reason for depreciation of Indian rupee?
 - (a) Increase in supply of US dollar and decrease in demand of US dollar
 - (b) Decrease in both demand and supply of US dollar
 - (c) Increase in demand of US dollar and decrease in supply of US dollar
 - (d) Increase in both demand and supply of US dollar

4. If primary deficit is Rs 4,500 and interest payment is RS 750, the fiscal deficit is
 (a) Rs 4,100 (b) Rs 4,200 (c) Rs 5,250 (d) Rs 4,000

5. Assertion (A): Government should reduce subsidies to curb revenue deficit.

Reason (R): Providing subsidies on a LPG cylinder is a part of revenue expenditure.

In the light of the given statements, choose the correct alternative from the following:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (c) Assertion (A) is false but Reason (R) is true
 (d) Assertion (A) is true but Reason (R) is false
6. Identify the correct pair from the following Column I and Column II:

Column I	Column II
A. Indian investors borrowing from abroad	(i) Current account of the BoP
B. Indian investors leading abroad	(ii) Capital account of the BoP
C. Foreign investment in India	(iii) Current account of the BoP on the credit side
D. Transfers from and to abroad	(iv) Capital account of the BoP

Alternatives:

- (a) C - (iii) (b) D - (iv) (c) A - (i) (d) B - (ii)
7. Suppose in a hypothetical economy, the income rises from Rs 5,000 crore to Rs 6,000 crore. As a result, the Consumption expenditure rises from Rs 4,000 crore to Rs 4,600 crore. Marginal propensity to consume in such a case would be _____.
 (a) 0.2 (b) 0.6 (c) 0.8 (d) 0.4
8. If utensils worth Rs 100 are produced with steel worth Rs 50, wages paid are Rs 10, depreciation of machinery is 0 and other material purchased is Rs 10, then the value added in the process is
 (a) Rs 100 (b) Rs 10 (c) Rs 40 (d) Rs 50
9. Statement 1: The Goods and Services Tax (GST) is a direct tax.
 Statement 2: Direct tax is called direct tax because it is collected from the buyers of goods.
 In the light of the given statements, choose the correct alternative from the following:
 (a) Statement 1 is false and statement 2 is true
 (b) Statement 1 is true and statement 2 is false
 (c) Both statements 1 and 2 are false
 (d) Both statements 1 and 2 are true
10. Which of the following statements do not support with the function of RBI as supervisor to the commercial banks?
 (a) Extend loans to the commercial bank.
 (b) Inspection of operations of banks.
 (c) Regulates the expansion, merger, acquisition etc. of the bank.
 (d) Formulates all rules and regulations for commercial bank.

11. The nominal GDP of a country is Rs180 crores and price index is 120. Find the real GDP.
12. It is stated that "amalgamation of many central and state taxes into a single tax called 'Goods and Services tax (GST)' would facilitate a common national market." Do you agree with the statement? Justify your answer.

OR

State whether the following statements are true or false. Support your answer with reason.

- (a) Taxation is an effective tool to reduce the inequalities of income.
 - (b) Revenue deficit increases when government fails to recover loans forwarded to different nations.
13. In an economy, investment expenditure is increased by Rs 400 crores and marginal propensity to consume is 0.8. Calculate total increase in income and savings.
 14. "Credit creation is inversely related to the reserve deposit ratio". Justify the given statement, using a hypothetical example.

OR

Explain the 'standard of deferred payment' function of money. How has it solved the related problem created by barter?

15. As per the following news published in The Wire on 18th May, 2021
 "The biggest toll of the COVID-19 second wave is in terms of a demand shock - loss of mobility, discretionary spending and employment, besides inventory accumulation, while the aggregate supply is less impacted".
 In light of the above statement, explain the economic implications of an increase in government expenditure when the economy is in a state of depression.

16. Calculate National Income:

Items	(Rs in crores)
(i) Compensation of employees	2,000
(ii) Profit	800
(iii) Rent	300
(iv) Interest	250
(v) Mixed income of self-employed	7,000
(vi) Net current transfers to abroad	200
(vii) Net exports	(-) 100
(viii) Net indirect taxes	1,500
(ix) Net factor income to abroad	60
(x) Consumption of fixed capital	120

(b) Transfer payments should not be included in the estimation of National Income? Do you agree? Give reason in support of your answer.

OR

- (a) Explain how Non-monetary exchanges' act as a limitation in taking GDP as an index of welfare.
- (b) Explain the precautions that are taken while estimating national income by value added method.

17. 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

18. "The origin of the financial crisis can be traced from the inefficient management of the Indian economy." Which of the following reasons are responsible for the same?

- (a) Government did not able to generate sufficient revenue
- (b) Government expenditure began to exceed its revenue
- (c) Government borrowed money for meeting consumption needs
- (d) All of the above

19. A person got two job offers, one from Mumbai while other from Chennai. Before deciding which one to opt, he go through the cost and benefit analysis. Which source of human capital formation he takes into account?

- (a) Expenditure on Training
- (b) Expenditure on Education
- (c) Expenditure on Migration
- (d) Expenditure on Health

20. Arrange the following events of China in chronological order and choose the correct alternative:

- (i) Special Economic Zones
- (ii) Great Proletarian Cultural Revolution
- (iii) Great Leap Forward Campaign
- (iv) Economic reforms were initiated

Choose the correct alternative:

- (a) (iii), (ii), (iv), (i)
- (b) (iv), (i), (ii), (iii)
- (c) (iv), (ii), (i), (iii)
- (d) (ii), (iv), (iii), (i)

21. Statement 1: Seasonal workers are the worst affected by seasonal unemployment in India.

Statement 2: Population is the total number of people who reside in a particular locality at a particular point of time.

In the light of the given statements, choose the correct alternative from the following:

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

22. Statement I Self Help Groups (SHGs) have emerged to fill the gap in formed credit system.

Statement II Formal credit system in India, is not only inadequate but also not fully integrated with rural social community development.

In the light of the given statements, choose the correct alternative from the following

- (a) Both statements are false
- (b) Both statements are true
- (c) Statement I is true and Statement II is false
- (d) Statement I is false and Statement II is true

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

OR

Defend or refute the statement with valid explanation.

"It is necessary to replace the private moneylenders by institutional sources of credit."

30. State whether the following statements are true or false, with valid arguments

(i) Literacy rate in India have increased but so has the absolute number of illiterates.

(ii) The Gulf crisis and the collapse of Soviet Block was responsible, to a certain extent for the economic crisis of 1991.

31. Answer the following questions on the basis of the following data:

(a) Comment upon the People Below Poverty line among the three countries.

(b) Comment upon the percentage of Undernourished Children among China and Pakistan.

Country	People Below Poverty Line (%)	Undernourished Children (%)
India	37	39
China	32	9
Pakistan	44	45

32. (i) Discuss briefly, the rationale behind "equity with growth" as planning objectives for Indian economy.

(ii) "Institutional reforms such as land reforms have played a significant role in transforming Indian agriculture." Defend or refute the given statement with valid reason.

OR

(i) Unemployment in India is considered to be a chronic problem. Why?

(ii) Why have Self Help Groups (SHGs) been established?

33. (a) Give any three causes of backwardness of Indian agriculture.

(b) "Human capital formation gives birth to innovation, invention and technological improvements". Do you agree with the given statement? Support your answer with valid arguments.

OR

(a) Define worker-population ratio.

(b) Discuss how the use of Information Technology can help in rural development of India.

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

Blessed with a varying climate and soil conditions, India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. These crops play a vital role in providing food and nutrition, besides addressing employment concerns. Horticulture sector contributes nearly one-third of the value of agriculture output and six per cent of Gross Domestic Product of India.

India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables.

Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas.

(a) Differentiate how the term 'Golden Revolution' is different from 'Green Revolution'?

(b) How horticulture as an alternative source of employment improves the economic condition of farmers?

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