

**D.A.V. INSTITUTIONS, CHHATTISHGARH**  
**PRACTICE PAPER - 6 (2023-24)**

**ECONOMICS (030)**

**Class XII Session 2023-24**

**Time: 3 Hours**

**Max. Marks: 80**

**General Instructions:**

1. This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.

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

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

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5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

**Section A -Macro Economics**

**Multiple Choice Questions (Q1 to Q10)**

**1 x 10=10**

1. Under the Balance of Payments structure of a nation, the two main categories of accounts for the classification of the transactions are \_\_\_\_\_ and \_\_\_\_\_.

the transactions are \_\_\_\_\_ and \_\_\_\_\_.

(i) current account

(ii) unilateral transfer account

(iii) capital account

(iv) loan account

Identify the correct alternatives from the following: Alternatives:

(a) (iii) and (iv)      (b) (iv) and (i) (c) (i) and (iii) (d) (i) and (ii)

2. Which out of the following items is not included in money supply of a country?

(a) Demand deposits (b) Coins and Currency      (c) Time deposits      (d) All of these

3. 'Gifts and remittances to abroad' are recorded on the:

(a) Debit side of Current Account

(b) Credit side of Current Account

(c) Credit side of Capital Account

(d) Debit side of Capital Account

**or**

Excess of export of goods over import of goods is called

(a) Surplus in Balance of Payments

(b) Surplus in Balance of Trade

- (c) Neither (a) nor (b) (d) Either (a) or (b)

4. Read the following statements carefully:

Statement 1: Accommodating items of trade are undertaken in order to maintain the balance in the BoP account.

Statement 2: Accommodating items are net consequences of autonomous transactions that are undertaken to correct disequilibrium in autonomous items of BoP.

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

5. Aggregate demand can be increased by:

- (a) increasing cash reserve ratio  
(b) increasing bank rate  
(c) selling government securities by Reserve Bank of India  
(d) None of these

or

If the Marginal Propensity to Consume is greater than Marginal Propensity to Save, the value of the multiplier will be:

- (a) less than 2 (b) equal to 2 (c) equal to 5 (d) greater than 2

6. The following information is given for an imaginary country:

		(₹ in crores)
(i)	Imports of goods	400
(ii)	Export of goods	340
(iii)	Shipping	3
(iv)	Travel tourism, etc.	5
(v)	Interest, dividends, profits	50
(vi)	Unilateral transfers	40

The value of Balance of Trade would be

- (a) ₹ (-) 40 crores (b) ₹ 60 crores (c) ₹ 40 crores (d) ₹ (-) 60 crores

7. Read the following statements carefully:

Statement 1: In India, SLR and CRR are fixed by the commercial banks themselves.

Statement 2: Secondary deposits of a commercial bank are always less than its primary deposits.

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

or

Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Central bank, as a banker to the government, works as a financial adviser. Reason (R): Government borrows internally from banks and the general public. Alternatives:

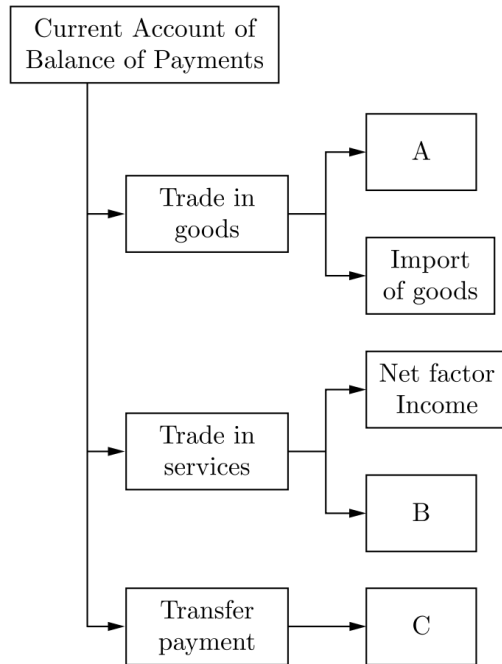
- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (c) Assertion (A) is false but Reason (R) is true
- (d) Assertion (A) is true but Reason (R) is false

8. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Import of goods and services reflects demand of foreign currency. Reason (R): Import of goods and services shows inflow of foreign exchange.

Alternatives:

- (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



9. Choose the correct alternatives to be filled in given blanks A, B and C.

- (a) A - Export of goods, B - Gifts, remittances and grants, C - Net non-factor income

- (b) A - Gifts, remittances and grants, B - Export of goods, C - Net non-factor income  
 (c) A - Net non-factor income, B - Export of goods, C - Gifts, remittances and grants  
 (d) A - Export of goods, B - Net non-factor income, C - Gifts, remittances and grants

10. Suppose in a hypothetical economy, the income rises from ₹5,000 crores to ₹6,000 crores. As a result, the consumption expenditure rises from ₹4,000 crores to ₹4,600 crores. Marginal propensity to consume in such a case would be\_\_\_\_\_.

- (a) 0.8 (b) 0.6  
 (c) 0.4 (d) 0.2

**Short Answer Questions (Q11 to Q12)**

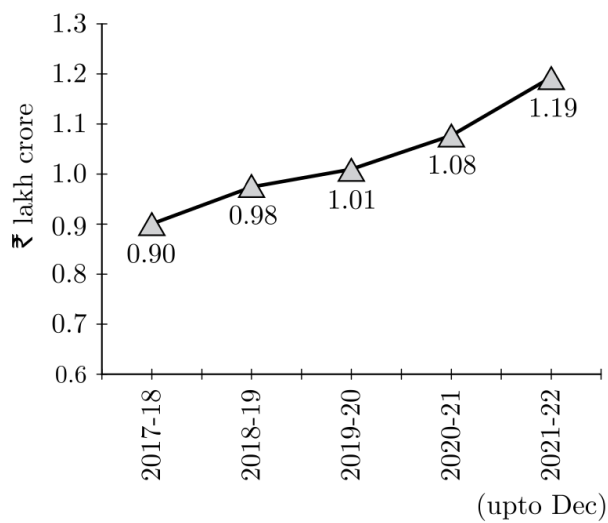
**3 x 2 = 6**

11. 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.

12. 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.

**or**



Rising year average of monthly gross GST collections

On the basis of given figure, answer the questions that follow:

- (a) Interpret the above trends of GST collections.  
 (b) When was GST implemented in India?

**Short Answer Questions (Q13 to Q15)**

**4 x 3 = 12**

- 13.** Suppose a ban is imposed on consumption of tobacco. Examine its likely effects on (a) gross domestic product and  
 (b) welfare.

**or**

Government spends on child immunisation programme. Analyse its impact on Gross Domestic Product and welfare of the people.

- 14.** Explain the role of the Reserve Bank of India as the “lender of last resort”.

- 15.** In an economy, investment expenditure is increased by ₹400 crores and marginal propensity to consume is 0.8.

Calculate total increase in income and savings.

**Long Answer Questions (Q16 to Q17)**

**6 x 2 = 12**

- 16.** (a) Calculate Net Domestic Product at Factor Cost from the given data:

	(₹ in crores)	
(i)	Net factor income to abroad	30
(ii)	Sales	2,000
(iii)	Subsidies	20
(iv)	Consumption of fixed capital	50
(v)	Closing stock	100
(vi)	Opening stock	200
(vii)	Intermediate costs	1,000
(viii)	Indirect tax	150

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

**or**

	(₹ 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

(a) Given nominal income, how can we find real income?

(b) Calculate National Income:

**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 -Indian Economic Development**

**1 x 10 = 10**

#### **Multiple Choice Questions (Q18 to Q27)**

**18.** In \_\_\_\_\_, the Great Proletarian Cultural Revolution was introduced in China.

- (a) 1985                      (b) 1965                      (c) 1995                      (d) 1975

**or**

In \_\_\_\_\_, the Special Economic Zones (SEZs) were set up in China.

- (a) 1979                      (b) 1972                      (c) 1982                      (d) 1975

**19.** Read the following statements carefully:

Statement 1: SAARC stands for South Asian Association for Regional Cooperation.

Statement 2: ASEAN stands for Association of South-East Asian Nations.

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

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. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Rural development in India is of key significance.

Reason (R): Nearly two-third of population in India is dependent on agriculture.

Alternatives:

- (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

22. Read the following statements carefully:

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

	Column I		Column II
A.	The growth rate of agriculture sector decelerated to about 3% per annum.	(i)	1995
B.	A major change occurred when India adopted social banking.	(ii)	after 1989
C.	A thrift and credit society was started in Kerala.	(iii)	1995
D.	By March end more than seven lakh SHG's been credit linked.	(iv)	2010

23. From the set of events/systems given in Column I and corresponding relevant fact given in column II, choose the correct pair of statement:

Alternatives:

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

24. States where land reforms were successful on account of they being committed to the policy of 'land to the tiller' are:

- (a) Punjab and Kerala (b) Kerala and West Bengal  
(c) Andhra Pradesh and West Bengal (d) Kerala and Andhra Pradesh

**or**

Identify the option which is/are not true in the context of demographic condition of India during the British rule ?

- (i) High Birth Rate  
(ii) Low Death Rate  
(iii) Low Infant Mortality Rate  
(iv) High life expectancy
- (a) (i) and (iii) (b) (i) and (ii) (c) (i), (ii) and (iii) (d) (ii), (iii) and (iv)

25. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): The growth rate of population of Pakistan is lowest as compared to India and China in 2017-18. Reason (R): China adopted one child policy to control population in the year 1979.

Alternatives:

- (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

26. 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

**or**

The apex body which coordinates the functioning of different financial institutions working for the expansion of rural credit is:



- (a) Regional Rural Banks
- (c) Commercial Banks

- (b) NABARD
- (d) Self-help Groups

27. Which of the following is not true for small scale industries?

- (a) SSI is capital intensive and therefore, increases productivity.
- (b) SSI is labour intensive and therefore, employment oriented.
- (c) SSI shows locational flexibility and is therefore, equality oriented.
- (d) SSI needs small investment and is therefore, equity oriented.

**Short Answer Questions (Q28 to Q29)**

**3 x 2 = 6**



28. Interpret the given picture on account of World Trade Organisation (WTO).

29. "Subsidies were needed to encourage farmers." Discuss the importance of subsidies in relevance to the Indian farmers.

**or**

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

**Short Answer Questions (Q30 to Q32) 4 x 3 = 12**

**30.** Answer the following questions on the basis of the following data:

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

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

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

**31.** Elaborate any four positive contributions made by Britishers in India.

**or**

Throw light on the 'economic drain' during the colonial period.

**32.** Discuss the importance of credit in rural development.

### **Long Answer Questions (Q33 to Q34)**

**6 x 2 = 12**

**33.** Elucidate the function of Pollution Control Board in India to address the environmental concerns in India.

**or**

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

(b) Give any three challenges facing Indian education system.

**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?

# D.A.V. INSTITUTIONS, CHHATTISGARH

## PRACTICE PAPER-7 -2023-24

### CLASS –XII

### SUBJECT: ECONOMICS

**Time Allowed: 3 Hours**

**Maximum Marks: 80**

#### **GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:  
Section A – Macro Economics  
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.
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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. Read the following statements carefully: 1  
**Statements 1:** Value of Average Propensity to Save can never be less than zero.  
**Statements 2:** Average Propensity to Save can be negative at low level of income when consumption expenditure is greater than income.  
In the light of the given statements, choose the correct alternative 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
2. “Policies of surplus budget during inflation” is a part of which objective of government budget? 1  
a) Economic Growth  
b) Reducing Regional Disparities  
c) Economic Stability  
d) Reallocation of Resources
3. If investment falls to zero, national income does not fall to zero because of: 1  
a) Autonomous consumption  
b) Induced investment  
c) Autonomous investment  
d) Multiplier
4. A situation of excess export of goods over import of goods is termed as: 1  
a) Current account Surplus  
b) Trade surplus  
c) Capital Account Surplus  
d) Balance of payments Surplus
5. What happens when there is an increase in the margin requirements? 1  
a) It reduces the borrowing capacity and money supply  
b) Encourages people to borrow more and money supply.  
c) No change in money supply.  
d) It reduces RBI capacity to lend.
6. If the Legal Reserve Ratio is 20% and initial deposit is Rs. 2000, then value of money multiplier and total money creation will be \_\_\_\_\_ and \_\_\_\_\_. 1