

# D.A.V. INSTITUTIONS, CHHATTISHGARH

## PRACTICE PAPER - 4 (2023-24)

### ECONOMICS (030)

#### CLASS XII

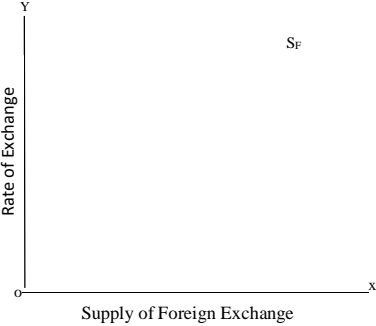
TIME: 3 HOURS

M.M. – 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.
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.

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	<p>Read the following statements carefully:</p> <p>Statement 1: Minimum level of expenditure is independent of the level of income in the economy.</p> <p>Statement 2: Exports in an open economy indicate demand for goods produced in the domestic economy</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>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.</p>	1
2	<p>Factor income from NDP accruing to private sector is <math>NDP_{FC}</math> minus income from property and entrepreneurship accruing to government administrative department minus:</p> <p>(a) Savings Of non—departmental govt. enterprise (b) Savings (c) Net indirect (d) Corporate taxes</p>	1

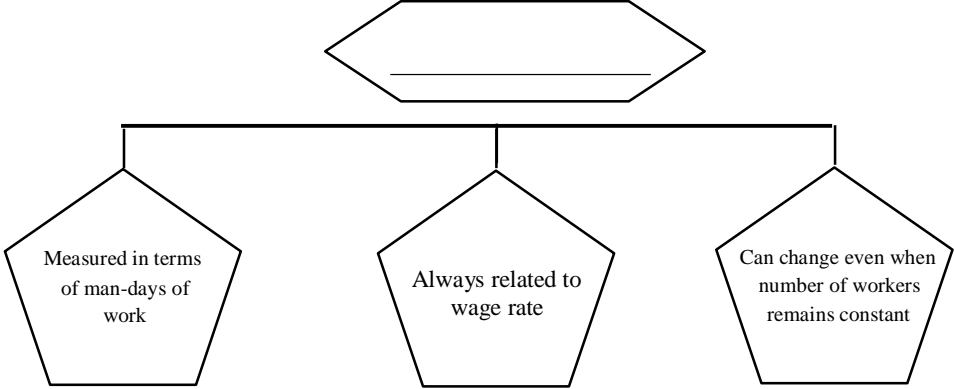
3	<p>According to the theory of Keynesian Economics, the value of average propensity to consume can ever be:</p> <p>(a) Zero (b) unity (1) (c) More than one (d) less than one</p>	1												
4	<p>'India has attracted total FDI inflow of US \$ 22.53 billion between April 2021 to June 2021.' This transaction will be recorded on _____ side of _____ account of balance of payments.</p> <p>(a) debit, current (b) credit, current (c) credit, capital (d) debit, capital</p>	1												
5	<p>Which of the following is not the instrument of credit control?</p> <p>(a) CRR (b) SLR (c) Bank rate (d) Managed floating</p>	1												
6	<table border="1" data-bbox="277 810 1382 972"> <thead> <tr> <th>Rounds</th> <th>Deposits (₹ in crore)</th> <th>Loans (₹ in crore)</th> <th>Cash Reserves (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>1st Round</td> <td>1,000</td> <td>800</td> <td>200</td> </tr> <tr> <td>2nd Round</td> <td>800</td> <td>640</td> <td>160</td> </tr> </tbody> </table> <p>On the basis of the above-mentioned information answer the following question: The value of cash reserve ratio will be:</p> <p>(a) 5% (b) 10% (c) 15% (d) 20%</p>	Rounds	Deposits (₹ in crore)	Loans (₹ in crore)	Cash Reserves (₹ in crore)	1st Round	1,000	800	200	2nd Round	800	640	160	1
Rounds	Deposits (₹ in crore)	Loans (₹ in crore)	Cash Reserves (₹ in crore)											
1st Round	1,000	800	200											
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7	<p>Equilibrium level of income/output and employment is viewed from which of the following approaches?</p> <p>(a) AS = AD approach (b) S = I approach (c) Both (a) and (b) (d) None of these</p>	1												
8	 <p>On the basis of the above diagram, state the relation between supply of foreign exchange and exchange rate.</p> <p>(a) Inverse (b) Direct (c) One to one (d) No relationship</p>	1												

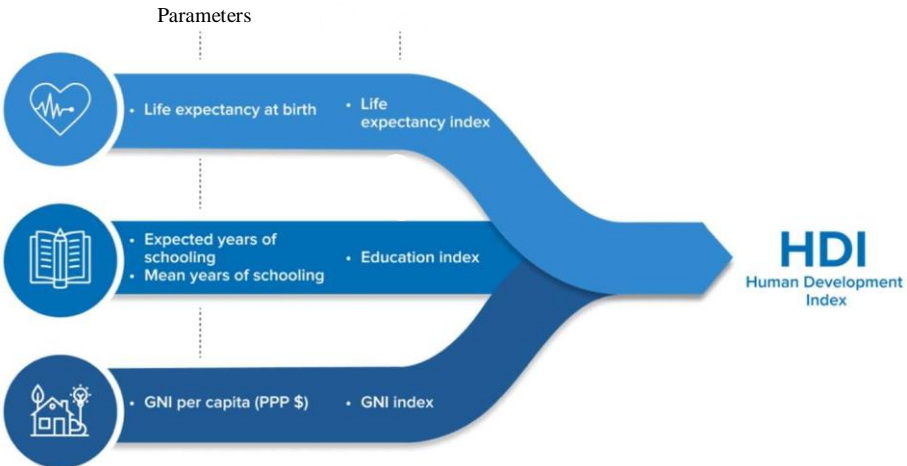
9	<p>Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:</p> <table border="1" data-bbox="131 159 1226 396"> <thead> <tr> <th data-bbox="131 159 690 201">Column I</th> <th data-bbox="690 159 1226 201">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="131 201 690 396">           A. AD curve            B. Saving            C. <math>Y=C</math>            D. MPC         </td> <td data-bbox="690 201 1226 396">           (i) Income – Consumption            (ii) <math>\Delta C/\Delta Y</math>            (iii) Saving is Zero            (iv) Digramatic presentation of AD schedule         </td> </tr> </tbody> </table> <p>Alternatives:</p> <p>(a) A-(ii), B-(i), C-(iv), D-(iii)                      (b) A-(iii), B-(iv), C-(i), D-(ii)</p> <p>(c) A-(iv), B-(ii), C-(i), D-(iii)                      (d) A-(iv), B-(i), C-(iii), D-(ii)</p>	Column I	Column II	A. AD curve B. Saving C. $Y=C$ D. MPC	(i) Income – Consumption (ii) $\Delta C/\Delta Y$ (iii) Saving is Zero (iv) Digramatic presentation of AD schedule	1																
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10	<p>Identify which of the following is not included in balance of trade?</p> <p>(a) Export and import of services such as of banking          (b) Expenditure by the tourists          (c) Interest and dividend payments between the countries          (d) All of these</p>	1																				
11	<p>Giving reasons, state which of the following transaction will be recorded in current account or capital account of BoP. Also indicate credit side or debit side of the transactions.</p> <p>(i) Sale of machinery to rest of the world.          (ii) International purchase of financial assets.          (iii) Borrowings from abroad.          (iv) Remittances from India to Bhutan.</p>	3																				
12	<p>(A) Find out Gross Domestic Capital Formation' from the following data:</p> <table data-bbox="131 1192 1226 1585"> <thead> <tr> <th data-bbox="131 1192 1088 1228">Items</th> <th data-bbox="1088 1192 1226 1228">(` in crore)</th> </tr> </thead> <tbody> <tr> <td data-bbox="131 1228 1088 1270">(i) Net imports</td> <td data-bbox="1088 1228 1226 1270">(-10)</td> </tr> <tr> <td data-bbox="131 1270 1088 1312">(ii) National income</td> <td data-bbox="1088 1270 1226 1312">770</td> </tr> <tr> <td data-bbox="131 1312 1088 1354">(iii) Private final consumption expenditure</td> <td data-bbox="1088 1312 1226 1354">600</td> </tr> <tr> <td data-bbox="131 1354 1088 1396">(iv) Consumption of fixed capital</td> <td data-bbox="1088 1354 1226 1396">60</td> </tr> <tr> <td data-bbox="131 1396 1088 1438">(v) Factor income from abroad</td> <td data-bbox="1088 1396 1226 1438">10</td> </tr> <tr> <td data-bbox="131 1438 1088 1480">(vi) Government final consumption expenditure</td> <td data-bbox="1088 1438 1226 1480">200</td> </tr> <tr> <td data-bbox="131 1480 1088 1522">(vii) Net factor income to abroad</td> <td data-bbox="1088 1480 1226 1522">20</td> </tr> <tr> <td data-bbox="131 1522 1088 1564">(viii) Net current transfers to abroad</td> <td data-bbox="1088 1522 1226 1564">30</td> </tr> <tr> <td data-bbox="131 1564 1088 1585">(ix) Net indirect taxes</td> <td data-bbox="1088 1564 1226 1585">70</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>(B) What lower the significance of GDP as index of welfare?</p>	Items	(` in crore)	(i) Net imports	(-10)	(ii) National income	770	(iii) Private final consumption expenditure	600	(iv) Consumption of fixed capital	60	(v) Factor income from abroad	10	(vi) Government final consumption expenditure	200	(vii) Net factor income to abroad	20	(viii) Net current transfers to abroad	30	(ix) Net indirect taxes	70	3
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13	<p>Given below is the consumption function in an economy:</p> $C = 100 + 0.5Y$ <p>With the help of a numerical example show that in this economy as income increases APC will decrease.</p>	4																				

14	<p>(A) Do you think tackling slowdown in industrial production (due to low investment) should be the priority of the Government in India rather than the high rate of inflation?</p> <p style="text-align: center;">OR</p> <p>(B) 'Credit creation is related to the reserve deposit ratio'. Justify the given statement, using a hypothetical example.</p>	4 4																					
15	"Commercial Banks create money in the Economy." Comment.	4																					
16	<p>(A) From the following data about government budget, find:</p> <p>(i) Fiscal Deficit  (ii) Capital Expenditure  (iii) Total Expenditure  (iv) Interest Payment</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>S.No.</th> <th>Items</th> <th>(₹in lakh)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Tax Revenue</td> <td>50</td> </tr> <tr> <td>(ii)</td> <td>Borrowings</td> <td>100</td> </tr> <tr> <td>(iii)</td> <td>Revenue Deficit</td> <td>30</td> </tr> <tr> <td>(iv)</td> <td>Capital receipts net of borrowings</td> <td>140</td> </tr> <tr> <td>(v)</td> <td>Primary Deficit</td> <td>80</td> </tr> <tr> <td>(vi)</td> <td>Non-tax revenue</td> <td>30</td> </tr> </tbody> </table> <p>(B) Can there be a Fiscal Deficit without a Revenue Deficit?</p> <p style="text-align: center;">OR</p> <p>(C) Would you always justify depreciation of Indian currency as it leads to rise in exports?</p> <p>(D) Government has raised its expenditure on free services like education and health to the poor. Explain the economic value it reflects.</p>	S.No.	Items	(₹in lakh)	(i)	Tax Revenue	50	(ii)	Borrowings	100	(iii)	Revenue Deficit	30	(iv)	Capital receipts net of borrowings	140	(v)	Primary Deficit	80	(vi)	Non-tax revenue	30	4 2 3 3
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17	<p>(A) What precautions are necessary while estimating national income by value added or product method?</p> <p>(B) How should the following treated while estimating national income? You must give reason in support of your answer.</p> <p>(i) Bonus paid to employees.                      (ii) Addition to stocks during a year,  (iii) Purchase of taxi by a taxi driver.</p>	3 3																					

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18	<p>Choose the correct alternative showing chronological order of the following events:</p> <ul style="list-style-type: none"><li>(i) Twelfth Five Year Plan</li><li>(ii) Establishing of NITI Aayog</li><li>(iii) Introduction of economic reforms in India</li><li>(iv) Setting of Commission for Planning</li></ul> <p>Choose the correct alternative:</p> <table border="0"><tr><td>(a) (ii), (iv), (iii), (i)</td><td>(b) (iv), (iii), (i), (ii)</td></tr><tr><td>(c) (i), (iv), (ii), (iii)</td><td>(d) (iii), (i), (ii), (iv)</td></tr></table>	(a) (ii), (iv), (iii), (i)	(b) (iv), (iii), (i), (ii)	(c) (i), (iv), (ii), (iii)	(d) (iii), (i), (ii), (iv)	1
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(c) (i), (iv), (ii), (iii)	(d) (iii), (i), (ii), (iv)					
19	<p>Which of the following is not the reason for stagnation of agriculture sector during the colonial rule?</p> <ul style="list-style-type: none"><li>(a) Zamindari system</li><li>(b) Duty free exports to Great Britain</li><li>(c) Investment in agriculture for the production of cash crops</li><li>(d) Small and fragmented landholdings</li></ul>	1				
20	<p>Which of the following is the correct statement with respect to National Bank for Agricultural and Rural Development (NABARD)?</p> <ul style="list-style-type: none"><li>(a) It serves as an apex funding agency for the institutions providing credit in rural areas</li><li>(b) It takes appropriate measures to improve the credit delivery system</li><li>(c) Both (a) and (b)</li><li>(d) None of these</li></ul>	1				
21	<table border="0" style="width: 100%;"><tr><td style="text-align: center;"> Image A</td><td style="text-align: center;"> Image B</td><td style="text-align: center;"> Image C</td><td style="text-align: center;"> Image D</td></tr></table> <p>Which of the following is the logo of the apex institution handling rural credit in India?</p> <ul style="list-style-type: none"><li>(a) Image A</li><li>(b) Image B</li><li>(c) Image C</li><li>(d) Image D</li></ul>	 Image A	 Image B	 Image C	 Image D	1
 Image A	 Image B	 Image C	 Image D			
22	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.</p> <p>Assertion (A): Government has decided to develop Navratnas as global players in their respective areas of industrialisation.</p> <p>Reason (R): Navratnas were highly efficient profit making PSUs and were revenue generators for the government.</p> <p>Alternatives:</p> <ul style="list-style-type: none"><li>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</li><li>(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</li></ul>	1				

	(c) Assertion (A) is true but Reason (R) is false (d) Assertion (A) is false but Reason (R) is true	
23	Micro Credit programmes play a crucial role in the development of rural economy because: (i) they help in women empowerment (ii) they increase the reach of the formal credit system (iii) credit is made available at concessional rates of interest  Alternatives: (a) Only (i) (b) Only (ii) (c) (ii) & (iii) (d) (i) & (iii)	1
24	Which of these programs were initiated by the Government of India for rural development? (a) National Rural Livelihood Mission (b) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (c) Pradhan Mantri Gram Sadak Yojna (d) All of the above	1
25	To analyse a performance of the economies of India, China and Pakistan, which of the following is correct? (a) China achieved a breakthrough in GDP growth in early 1980s (b) With NEP in place, India experienced a rebound in its GDP growth (c) Economic reforms in Pakistan were almost similar to that in India (d) All of these	1
26	 <p>Choose the correct alternative to be filled in given blank. (a) Labour supply (b) Labour force (c) Participation rate (d) Workforce</p>	1

27	<p>Identify and match the correct sequence of alternatives of organisations given in Column I with the respective functions in Column II:</p> <table border="1"><thead><tr><th></th><th>Column I</th><th></th><th>Column II</th></tr></thead><tbody><tr><td>A.</td><td>WTO</td><td>I.</td><td>Provides short term loans to BoP problem</td></tr><tr><td>B.</td><td>RBI</td><td>II.</td><td>Is a multilateral trade negotiating body</td></tr><tr><td>C.</td><td>IMF</td><td>III.</td><td>Facilitate lending for reconstruction and development</td></tr><tr><td>D.</td><td>IBRD</td><td>IV.</td><td>Is the Central Bank of India</td></tr></tbody></table> <p>Alternatives:</p> <table><tbody><tr><td>(a) A-(ii), B-(i),C-(iii),D-(iv)</td><td>(b) A-(ii), B-(iv),C-(iii),D-(i)</td></tr><tr><td>(c) A-(ii), B-(iii),C-(iv),D-(i)</td><td>(d) A-(ii), B-(iv),C-(i),D-(iii)</td></tr></tbody></table>		Column I		Column II	A.	WTO	I.	Provides short term loans to BoP problem	B.	RBI	II.	Is a multilateral trade negotiating body	C.	IMF	III.	Facilitate lending for reconstruction and development	D.	IBRD	IV.	Is the Central Bank of India	(a) A-(ii), B-(i),C-(iii),D-(iv)	(b) A-(ii), B-(iv),C-(iii),D-(i)	(c) A-(ii), B-(iii),C-(iv),D-(i)	(d) A-(ii), B-(iv),C-(i),D-(iii)	1
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28	<p>(A)</p>  <p>Name and explain the three indicators of HDI which the different parameters in the picture are related to.</p> <p>OR</p> <p>(B) Indicate the volume and direction of trade at the time of Independence.</p>	3 3																								

29	<p><i>Read the following case study carefully and answer the questions 1-2 on the basis of same:</i></p> <p>Human capital is a set of a person's abilities and skills, having a direct impact on one's economic and social activity potential. The definitions of human capital usually emphasise the individual's education, skills, abilities and knowledge that increase the productivity of his economic activity, however, the content of the concept is much broader. Human capital includes both technical and social skills. The concept of "human resources" is also widely exploited, and refers to the number and the proportion of working age people in the society</p> <p>(1) Write two observations on the significance of human capital in GDP growth of a country.</p> <p>(2) Human capital formation increases the efficiency of physical capital. How?</p>	1.5 + 1.5																																							
30	Evaluate the various factors that led to the rapid growth in economic development in China.	4																																							
31	<p>(A) <i>Answer the followings:</i></p> <p>I. 'Information technology plays a very significant role in achieving sustainable development and food security' —comment.</p> <p>II. 'In recent times the Indian economy has experienced the problem of casualisation of the workforce. This problem has been aggravated by the outbreak of COVID-19.'</p> <p>Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement.</p> <p style="text-align: center;">OR</p> <p>(B) Do you think that during 1950-2010, employment generated in the country is commensurate with the growth of GDP in India? How?</p>	2  2  4																																							
32	<p>Compare and analysis the trends (from 1990-2012) of gross domestic product and growth of employment from the following chart:</p> <div data-bbox="415 1346 1166 1810" data-label="Figure"> <table border="1"> <caption>Growth of Employment and Gross Domestic Product, 1951-2012 (%)</caption> <thead> <tr> <th>Period</th> <th>GDP (%)</th> <th>Employment (%)</th> </tr> </thead> <tbody> <tr><td>1951-56</td><td>3.6</td><td>0.39</td></tr> <tr><td>1956-61</td><td>4.2</td><td>0.85</td></tr> <tr><td>1961-66</td><td>2.8</td><td>2.03</td></tr> <tr><td>1966-74</td><td>3.3</td><td>1.99</td></tr> <tr><td>1974-79</td><td>4.5</td><td>1.84</td></tr> <tr><td>1980-85</td><td>5.7</td><td>1.73</td></tr> <tr><td>1985-90</td><td>5.8</td><td>1.89</td></tr> <tr><td>1990-92</td><td>3.4</td><td>1.5</td></tr> <tr><td>1997-2000</td><td>6.1</td><td>0.98</td></tr> <tr><td>1999-2005</td><td>6.1</td><td>2.28</td></tr> <tr><td>2005-10</td><td>8.7</td><td>0.28</td></tr> <tr><td>2010-2012</td><td>7.8</td><td>1.12</td></tr> </tbody> </table> </div>	Period	GDP (%)	Employment (%)	1951-56	3.6	0.39	1956-61	4.2	0.85	1961-66	2.8	2.03	1966-74	3.3	1.99	1974-79	4.5	1.84	1980-85	5.7	1.73	1985-90	5.8	1.89	1990-92	3.4	1.5	1997-2000	6.1	0.98	1999-2005	6.1	2.28	2005-10	8.7	0.28	2010-2012	7.8	1.12	4
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33	<p>(A) While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.</p> <p>(B) State the meaning of import substitution. Explain how import substitution can protect the domestic industries.</p> <p style="text-align: center;">OR</p> <p>(C) Discuss briefly the rationale behind implementation of land reforms in post-independence era.</p> <p>(D) Do you think the Navratna policy of the government has helped in improving the performance of public sector undertakings in India? How?</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p>
34	<p><i>Read the following case study carefully and answer the questions 1-2 on the basis of same:</i></p> <p>The ideology of sustainable development refers to the process of development in a sustainable way. Sustainable development in the words of <b>Baylis</b> and <b>Smith</b> is "economic and social development that meets the needs of the present without compromising the ability of future generations to meet their own needs; programmes which maintain an appropriate balance between economic development, social development, and environmental protection. In practice, this is a contested concept, in that groups with differing political, economic, social, and environmental perspectives disagree about its exact meaning. Though there were few discussions about the importance of the environment in the era of Aristotle and Montesquieu but as the development activities of those days were not identical to these days, the environment had not degraded as it is today and hence importance of sustainable development was not realised. It is only after the two world wars, people have started realising the environmental degradation and started working towards its protection both nationally and internationally. The concept and importance of sustainable development was even realised much later in the 1980s.</p> <p style="text-align: center;"><i>—Pankaj Bora, MAI Sarma, Sustainable Development and Indum Mamfestos: Study of haves and have-nots, 2011</i></p> <p>(1) Discuss the concept of sustainable development in the context of resource endowment and environment.</p> <p>(2) According to Brundtland Commission, how present generation can protect the future generation?</p>	<p>4</p> <p>2</p>