

**D.A.V. INSTITUTIONS, CHHATTISHGARH**  
**PRACTICE PAPER - 5 (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)**

**1x10=10**

1. Read the following statements carefully:

Statement 1: A tax system that is progressive applies higher tax rates to higher levels of income. Statement 2:

A regressive tax is one where the average tax burden decreases with income.

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

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

**Assertion (A):** Highway and road works announced in Kerala, Tamil Nadu, West Bengal and Assam in budget 2021.

**Reason (R):** Such announcement will increase revenue expenditure of the government.

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

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

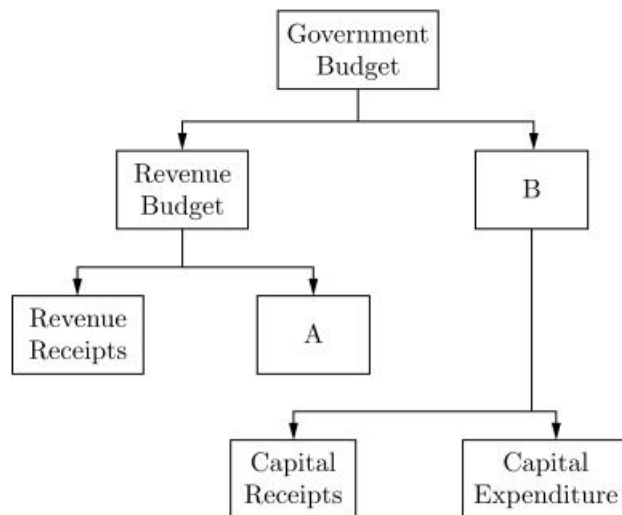
**Assertion (A):** Buying foreign goods is expenditure from our country and it becomes the income of that foreign country.

**Reason (R):** The purchase of foreign goods or imports decreases the domestic demand for goods and services in our country.

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

4. Read the following figure carefully and choose the correct pair from the alternatives given below:



- (a) A - Revenue expenditure; B - Fiscal deficit
- (b) A - Revenue expenditure; B - Fiscal budget
- (c) A - Capital budget; B - Revenue expenditure
- (d) A - Revenue expenditure; B - Capital budget

5. A large fiscal deficit implies\_\_\_\_\_.

- (a) Large amount of borrowings
- (b) Very small amount of savings
- (c) Small amount of borrowings
- (d) No borrowings

or

While financing a deficit, under which measure government can print more currency?

- (a) Disinvestment
- (b) By issuing bonds
- (c) Deficit financing
- (d) None of these

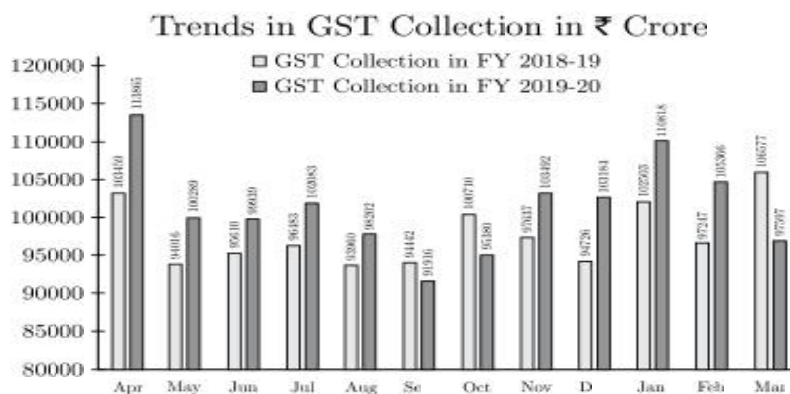
6. Read the following statements carefully:

Statement 1: Balance of Payment (BoP) is a narrower concept.

Statement 2: Balance of Trade refers to the net difference between export and import 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



7. On the basis of the given bars, identify the percentage change in the collection of GST in February 2019-20

- (a) Negative
- (b) 8.5%
- (c) 8.10%
- (d) 8.20%

8. Flow of Goods and Services and factors of production across different sectors in a barter economy is known as:

- (a) Monetary Flow
- (b) Circular flow
- (c) Capital Flow
- (d) Real flow

or

Final goods refer to those goods which are used either for \_\_\_\_\_ or for \_\_\_\_\_.

- (a) consumption; resale
- (b) consumption; investment
- (c) resale; further production
- (d) resale; investment

9. Current account is in 'Balance' when \_\_\_\_\_.

- (a) Receipts on current account < payments on current account

- (b) Receipts on current account > payments on current account
- (c) Receipts on current account = payment on current account
- (d) None of these

**or**

Other things remaining the same, when foreign currency becomes cheaper, the effect on national income is likely to be:

- (a) Negative
- (b) Positive
- (c) No effect
- (d) Positive and negative both

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

Statement 1: If in an economy, the estimated receipts of the government during a year are lesser than the estimated expenditure, the budget will be called deficit budget.

Statement 2: Revenue expenditure is the expenditure which either creates any asset or reduces any liability.

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

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

**3 x 2 = 6**

**11.** “Foreign Institutional Investors (FIIs) remained net seller in the Indian capital markets over the last few weeks”.

—The Economic Times

State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy.

**12.** Calculate intermediate consumption from the following:

		(₹ in lakhs)
(i)	Value of output	2,000
(ii)	Depreciation	40
(iii)	Subsidy	10
(iv)	Sales tax	30
(v)	Net Value Added at factor cost	1,600

**or**

If the Real GDP is ₹300 and Nominal GDP is ₹330, calculate the Price Index (base = 100).

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

**4 x 3 = 12**

13. Explain the concept of 'Excess demand 'with the help of a diagram.

14. Explain the concept of 'deficient demand 'with the help of a suitable diagram.

**or**

Explain any one fiscal and two monetary measures to correct the deflationary gap.

15. Explain the concept and working of multiplier with the help of a suitable schedule.

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

**6 x 2 = 12**

16. (a) Distinguish between stock and flow variables with suitable examples.

(b) Calculate Gross Domestic Product at factor cost from the following data:

		(₹ in crores)
(i)	Gross national product at factor cost	3,750
(ii)	Compensation of employees	2,000
(iii)	Net exports	(—)50
(iv)	Profit	700
(v)	Net domestic capital formation	1,000
(vi)	Opening stock	150
(vii)	Closing stock	200
(viii)	Gross fixed capital formation	1,050
(ix)	Interest	600
(x)	Rent	400
(xi)	Factor income from abroad	20

**or**

Explain the precautions that should be taken while estimating national income by value added method.

17. Read the following text carefully and discuss briefly the relevant function of the Central Bank, indicated.

The Reserve Bank of India (RBI) is the central bank of India whose primary function is to manage and govern the financial system of the country. It is a statutory body established in the year 1935 under the Reserve Bank of India Act, 1934. The central bank regulates the issue and supply of the Indian rupee. It also looks after the central

government's money. The central bank plays the role of the bankers' bank and regulates the banking sector. It also plays an important role in India's development story by supporting the government in its developmental projects and policies.

### Section B -Indian Economic Development

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

1 x 10=10

18. Jobless growth leads to unemployment because:

- (a) GDP growth is slow
- (b) Labour refuses to migrate
- (c) Growth is due to technology
- (d) Labour is very expensive

or

Due to the recent efforts of which international body the Indian government, initiated the modernization of informal sector?

- (a) WTO
- (b) World Bank
- (c) G-20
- (d) International Labour ganisation

19. Sex ratio of India in (2015) was\_\_\_\_\_.

- (a) 947
- (b) 950
- (c) 941
- (d) 929

20. Read the following statements carefully:

Statement 1: Rythu Bazar is a fruit market in Gujarat.

Statement 2: Uzhavar Sandies is a farmers market in Andhra Pradesh.

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

21. Along with horticultural crops, golden revolution caused an increase in the production of\_\_\_\_\_.

- (a) milk
- (b) honey
- (c) livestock
- (d) dry fruits

or

Small Finance Banks had mobilised deposits of 82,488 crores and extended credit of 90,576 crores to small and marginal farmers and Micro, Small and Medium Enterprises (MSMEs) by the end of FY 2019-20. How will it affect the economy?

- (a) Economic strengthening of rural areas
- (b) Financial inclusion of people
- (c) Growth of MSMEs and agriculture sector become faster
- (d) All of these

22. From the given image, it is clear that outsourcing from India is not always an advantage for developed countries.



Select the reason(s) for the same.

- (a) Leads to managerial interference
- (b) Leads to unemployment in their country
- (c) Neither (a) nor (b)
- (d) Both (a) and (b)

23. Whose estimates of national income were considered very significant?

- (a) RC Desai
- (b) Dadabhai Naoroji
- (c) VKRV Rao
- (d) William Digby

or

The Tata Iron and Steel Company (TISCO) was incorporated in\_\_\_\_\_.

- (a) 1870
- (b) 1807
- (c) 1930
- (d) 1907

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

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.

Alternatives:

- (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

**25.** 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:

	Column I		Column II
A.	Economic reforms in China	(i)	1988
B.	Great Leap Forward Campaign	(ii)	1968
C.	Great Proletarian Cultural Revolution	(iii)	Between 1980 - 1984
D.	Special Economic Zones	(iv)	1975

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

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

Statement 1: Environment is able to perform its functions easily as long as the demand on these functions is within its carrying capacity.

Statement 2: The Environment (Protection) Act was in passed 1990.

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

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

Assertion (A): Disguised unemployment is present in India.

Reason (R): Agricultural productivity at the margin is close to zero. 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



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

**3 x 2 = 6**

28. Elaborate the exploitative nature of the colonial government in India with the help of suitable examples.
29. Why were the benefits of Green Revolution restricted to few states and few crops in initial stages of planning?

**or**

How did the government promote regional equality in industrial development?

**Short Answer Questions (Q30 to Q32)**

**4 x 3 = 12**

30. The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution.

Place of Residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

31. Evaluate the role of the rural banking system in India.

**or**

“Is it possible to develop Information Technology as an alternate livelihood option”? Give reasons.

32. Enlist all the factors involved in the introduction of the economic reforms by way of the announcement of the New Economic Policy (NEP).

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

**6 x 2 = 12**

33. Suggest measures to make the rural areas in India more vibrant (Include two success stories of rural development experiments carried out in India).

or



(a) Interpret the given picture on account of current environmental challenges.

(b) What do you mean by biocomposting? How is it helpful in promoting sustainable development?

**34.** Read the following text carefully and answer the given questions on the basis of the same and common understanding: The China-Pakistan Economic Corridor (CPEC) has deepened the decades-long strategic relationship between the two nations. But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its debt-trap diplomacy to gain access to strategic assets of Pakistan.

The foundations of CPEC, part of China's Belt and Road Initiative, were laid in May 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan's economy. Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC's early harvest projects met this need, leading to a dramatic increase in Pakistan's power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralysed its country's economy. Years later, China's influence in Pakistan has increased at an unimaginable pace.

**China as Pakistan's Largest Bilateral Creditor:** China's ability to exert influence on Pakistan's economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad's largest creditor. According to documents released by Pakistan's Finance Ministry, Pakistan's total public and publicly guaranteed external debt stood at \$44.35 billion in June 2013, just 9.3 per cent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 per cent - \$24.7 billion - of its total external debt to China, according to International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding north-south connectivity to improve the efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (PoK). These investments were critical in better integrating the country's ports, especially Karachi, with urban centers in Punjab and Khyber-Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the long-term socio-economic welfare of Pakistani citizens.

- (a) Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan.
- (b) Analyse the implication of bilateral 'debt-trap' situation of Pakistan vis-a-vis the Chinese economy.