केंद्रीय विद्यालय संगठन,अहमदाबाद संभाग **(SET- A)**

Kendriya Vidyalaya Sangathan, Ahmedabad Region

कक्षा बारहवीं प्री-बोर्ड II परीक्षा 2025-26

Pre-Board II Examination 2025-26 for Class XII

SUBJECT: ECONOMICS (030)

M.M. – 80 MARKS **TIME: 03:00 HOURS**

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.
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

1 From the given alternatives choose the correct one: 1

Assertion(A) At the break-even level of income, the value of Average Propensity to Consume is Zero.

Reason(R) Sum of Average Propensity to Consume and Average Propensity to Save is always equal to one.

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.

2 State Bank of India receives a deposit of Rs 100000 and the reserve requirement is 10%. If the bank decides to hold reserves equal to 25% of the deposit instead of the required amount, how much excess reserve does the bank hold? 1

(a) 20000 (b) 10000 (c) 15000 (d) 25000

3 What is the value of Investment multiplier, when C= -100+0.8Y 1

(a) 3 (b) 8 (c) 5 (d) 2

4 A Decrease in the value of US Dollar in terms of Indian Rupee 1

(a) Increase in foreign exchange rate that result in decreased export
(b) Decrease in foreign exchange rate that result in Increased export
(c) Increase in foreign exchange rate that results in decreased import
(d) Decrease in foreign exchange rate that result in Increased import

5 Ms Shweta, a teacher, was explaining in her class about various types of deposits with the commercial banks, she quoted that – 1

"These deposits form a part of M1 measure of money supply and are payable on demand by the commercial bank:

Identify the type of deposits she was explaining about and choose the correct alternative

(1) Demand Deposits (2) Time Deposits (3) Post Office Deposits Alternative:
(a) Only (i) (b) Only (ii) (c) (i) and (ii) (d) (i) (ii) and (iii)

6 In order to tackle the problem of rising general price level in an economy, government may come up with a surplus budget to achieve the budget objective of _____ 1

(i) Reallocation of resources
(ii) price stability
(iii) redistribution of income

Alternative:
(a) Only (i) (b) Only (ii)
(c) Only (iii) (d) (i) and (iii)

7 _____ formulates the Fiscal Policy in the economy: - 1

(a) International Monetary Fund (b) Central Bank
(c) Central Government (d) Commercial Bank

8 Statement 1: Mixed income of self-employed is the income of own account. 1

Statement 2: Mixed income of self-employed is not included in the estimation of National income

In the light of the given alternatives, 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.

9 Which of the following does not explain the concept of depreciation? - 1

(a) An annual allowance for wear and tear of a capital goods.
(b) Cost of the capital good (minus scrap value) divided by number of years of its useful life
(c) Unexpected or sudden destruction or disuse of capital as can happen with accidents, natural calamities etc.
(d) Maintenance and replacement cost of existing capital goods etc.

10 If the borrowing, interest payment and revenue expenditure are 3000, 1000 and 4000 respectively. What is the fiscal deficit: - 1

(a) 8000 (b) 5000 (c) 3000 (d) 2000

11 Many goods and services which may contribute to welfare, but are not included in estimating Gross Domestic Product. "Do you agree with the given statement? Give valid reason in support of your answer 3

OR

Using a suitable numerical example, distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product.

12 Elaborate the 'Banker's Bank and 'Supervisor function performed by the Reserve Bank of India. 3

13 What are the fiscal measures to correct excess and deficit demand? 4

14 Giving the following data estimate the values of (i) Revenue Deficit (ii) Fiscal Deficit 2+2

S.NO.	PARTICULAR	Rs Crore
1	TAX REVENUE	1000
2	NOT-TAX REVENUE	150
3	NET BORROWINGS BY GOVERNMENT	780

4	DISINVESTMENT PROCEEDS	50
5	REVENUE EXPENDITURE	1500
6	CAPITAL EXPENDITURE	480

OR

Classify the following statements into revenue receipts and capital receipts give valid reasons in support of your answer 2

1. Sale of shares of a public sector undertaking to a private company 2
2. Dividend paid to the government by the state bank of India

15 "Under the flexible exchange rate system, the Central Bank does not intervene in the foreign exchange market. Justify the statement, giving valid arguments. 4

OR

Explain the impact of home currency depreciation on the exports of a nation.

16 How will you treat the following while estimating the National Income of India? Give Reason.

(i) Rent earned by an Indian resident from his building in Japan. 2

(ii) Profits earned by a branch of a British Bank in India. 2

(iii)Calculate the Operating Surplus 2

S.NO.	PARTICUALR	Rs Crore
1	COMPENSATION OF EMPLOYEE	110
2	NET INDIRECT TAX	150
3	DEPRICIATION	50
4	NET FACTOR INCOME FROM REST OF THE WORLD	155
5	INCOME FROM ENTREPRENEURSHIP AND PROPERTY FROM REST OF THE WORLD	75
6	GROSS DOMESTIC PRODUCT AT MARKET PRICE	1050
7	MIXED INCOME OF SELF-EMPLOYED	500

OR

Calculate the Closing Stock, National Income and Government Final Consumption Expenditure: - 2+2+2

S.NO.	PARTICULAR	Rs in crore
1	PRIVATE FINAL CONSUMPTION EXPENDITURE	900
2	NET DOMESTIC FIXED CAPITAL FORMATION	2100
3	NET FACTOR INCOME TO ABORAD	40
4	NET NATIONALPRODUCT AT MARKET PRICE	5230
5	NET INDIRECT TAXES	150
6	OPENING STOCK	100
7	GROSS DOMESTIC CAPITAL FORMATION	2800
8	CONSUMPTION OF FIXED CAPITAL	550
9	NET EXPORT	700

17 Describe the situation of deficit aggregate demand at full employment level. Explain how monetary policy measures can control this situation. 6

SECTION B: INDIAN ECONOMIC DEVELOPMENT

18 **From the given alternatives choose the correct one:** 1

Assertion(A) Human Capital is not traded in the market however its services are traded.

Reason(R) Human capital is intangible in nature.

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.

19 The government of India enacted the right to Education Act to make free education a fundamental right of all children in the age group 1
(a) 6-14 (b) 6-12 (c) 5-18 (d) 6-19

20 _____ is a process, which includes all the activities from sowing till sale of the final produce in the market. 1
(a) Rural Development (b) Self Help Groups
(c) Organic Farming (d) Agricultural Marketing

21 India entered the _____ stage of Demographic Transition after the year 1921 1
(a) Second (b) Fourth (c) First (d) Fifth

22 Statement 1: Dual price policy in China was an attempt to encourage industrialisation 1
Statement 2: Special Economic Zones has been an attempt to attract foreign capital in the country
(a) Both the statement are true
(b) Both the statement are false
(c) Statement 1 is true and statement 2 is false
(d) Statement 1 is false and statement 2 is true

23 Choose the correct alternative showing chronological order of the following events. 1
1. One child policy 2. Economic reforms in Pakistan
3. New economic policy in India 4. Commune system in agriculture in China
Alternatives –
(A) 2, 4, 3, 1 (B) 4, 2, 1, 3 (C) 3, 4, 1, 2 (D) 4, 1, 2, 3

24 **Read the following statements - Assertion (A) and Reason (R):** 1
Assertion (A): In India, financial sector is regulated and controlled by the Reserve Bank of India.
Reason (R): Prior to liberalization, tax structure was quite complex and tax rates were quite high.
From the given alternatives choose the correct one:
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 statements given in Column I and Column II, choose the correct pair of statements:

A	UTSOURCING	I	AN IMPORTANT OUTCOME OF THE PROCESS OF LIBERALISATION
B	FOREIGN EXCHANGE REFORMS	II	INITIATED WITH THE DEVALUATION OF THE INDIAN RUPEE AGAINST FOREIGN CURRENCY
C	GST	III	A DIRECT TAX
D	CONTRACTION OF PUBLIC SECTOR	IV	A MEASURE OF PRIVATISATION

(a)A-(I) (b) B-(II) (b) C-(III) (b) D-(IV)

26 On the eve of independence, India was net exporter of 1

(a) Primary Product (b) Industrial Products
(c) Capital goods (d) All of these

27 1

Identify the issue depicted in the given image.

(a) Demographic dividend (b) Exponential population growth
(c) Aging of population (d) None of these

28 "Import substitution is a good way of protecting the domestic industry." Justify the statement. 3

OR

While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in light of this fact.

29 What do you mean by Organic Farming? Write its benefits. 3

30 "Recently the Government of India has taken numerous steps towards increasing the farmer's income through agricultural diversification." 4
In light of the above statement, explain the need and advantage of diversification in agriculture.

OR

"The Prime Minister urged to increase the rural income by increasing non-farm activities.: Explain how non-farm activities can lead to rise in income of people in rural sector?

31 "If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment. "Discuss the rationale of the given statement with valid reason. 4

OR

'Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities.'
In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides.

32

COUNTRY	1980-907	2015-17
INDIA	5.7	7.3
CHINA	10.3	6.8

On the basis of the data given in above table:
A analyse the GDP indicator with respect to India and China 2
B. State the reason behind GDP growth of India during the 2015-17. 2

33 "Infrastructure and other resources developed by British government during colonial period their own benefit but it will be positive impact on the Indian economy." Justify the statement. 6

OR

"Five Year Plan is vital instrument for achieve specific objectives of economic development in India after the independence." Elaborate the statement with objectives of Five-Year Plan.

34 The environment performs several crucial functions that support life on Earth. These functions include:

- Provision of Essential Resources: The environment provides us with essential resources such as air, water, food, and minerals that are necessary for human survival.
- Regulation of Climate: The environment regulates the Earth's climate, which is essential for maintaining life-supporting conditions.
- Supports Biodiversity: The environment supports a wide range of plant and animal species, maintaining ecosystem balance and promoting biodiversity.
- Waste Management: The environment helps to break down and recycle organic waste, reducing the impact of pollution.

Challenges Facing the Environment Despite its importance, the environment faces numerous challenges, including:

- Climate Change: Global warming and climate change are significant threats to the environment, causing rising sea levels, more frequent natural disasters, and altered ecosystems.
- Pollution: The release of pollutants into the air, water, and soil harms the environment and human health.
- Deforestation and Land Degradation: The clearance of forests and degradation of land reduce biodiversity, increase greenhouse gas emissions, and disrupt ecosystems.
- Overexploitation of Resources: The overuse of natural resources, such as water and minerals, can lead to their depletion and harm the environment.

Importance of Environmental Conservation Given the importance of the environment and the challenges it faces, conservation efforts are essential to protect and sustain the environment. This can be achieved through:

- Sustainable Practices: Adopting sustainable practices, such as reducing energy consumption and using renewable energy sources, can help reduce the impact of human activities on the environment.
- Conservation of Natural Resources: Conserving natural resources, such as water and forests, is crucial for maintaining ecosystem balance and promoting biodiversity.
- Reducing Pollution: Implementing policies and practices to reduce pollution can help protect the environment and human health.
- Environmental Education and Awareness: Educating people about the importance of environmental conservation and promoting awareness about environmental issues can inspire individuals to take action to protect the environment.

(A). "The environment performs various activities which support and affect the life. "In this context explain the various function of the environment. 3

(B). "Environment is important element of the human being, despite of the importance of environment facing various challenges." Elaborate the statement with challenges facing to maintain the environment. 3