



SAMPLE PAPER 2 2024-25

Class 12 - 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 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. **Statement I:** Balance on Trade Account is the difference between value of exports of goods and imports of goods. [1]
Statement II: Balance on Current Account is the sum total of balance of trade and balance on invisibles.
a) Both the statements are true. b) Statement I is true and statement II is false.
c) Statement II is true and statement I is false. d) Both the statements are false.
2. Money Supply does not include money held by: [1]
a) Reserve Bank of India b) Commercial Banks
c) All of these d) Government
3. When planned savings exceed planned investment, the level of income and employment will tend to _____. [1]
a) Remain constant b) Rise
c) Fall d) None of these
4. Before the Bretton Woods standard system, exchange rates were pegged against _____. [1]
a) Either gold and silver b) any precious metal
c) gold d) silver
5. Consumption Curve makes an intercept on the Y-axis. It indicates that: [1]
a) Both Consumption is positive when income is zero and Saving is negative when income is zero b) Saving is negative when income is zero
c) Consumption is positive when income is zero d) Saving is positive when income is zero

6. The effects of excess demand in an economy are: [1]
- | | |
|---|---|
| a) Increase in Price Level but no change in Output and Employment | b) Increase in Output, Employment and Price Level |
| c) Increase in Output but no change in Employment and Price Level | d) Decrease in Output, Employment and Price Level |
7. In a two sector economy and without any indirect tax and subsidy, aggregate supply and _____ are always equal. [1]
- | | |
|----------------------------------|--------------------------------|
| a) Aggregate Demand | b) National Income |
| c) Average Propensity to Consume | d) Marginal Propensity to save |
8. A car running between Delhi and Agra at a speed of 120 km/h includes: [1]
- | | |
|-------------------------------------|-------------------------|
| a) Only flow variables | b) free variables |
| c) Both a stock and a flow variable | d) Only stock variables |
9. Demand Deposits include _____. [1]
(Choose the correct alternative to fill up the blank)
- | | |
|--|--|
| a) Currency and coins held with the public | b) Current Account Deposits and Fixed Deposits |
| c) Savings Account Deposits and Current Account Deposits | d) Other deposits with the Government |
10. Exchange rate for currencies is determined by supply and demand in system of: [1]
- 
- | | |
|------------------------|--------------------|
| a) Flexible | b) Govt. regulated |
| c) Fixed exchange rate | d) Constant |
11. Distinguish between Gross Domestic Product at Market Price and Net Domestic Product at Market Price. [3]
12. Classify whether the following transactions are to be accounted in the current account or capital accounts of India's BOP. [3]
- Purchase of TISCO shares by a foreign resident
 - Sale of Indian Sarees in Germany
 - Infosys borrowing from a US Bank
 - Money sent by an Indian to her friend in Canada
 - Purchase of Land in England
 - Gifts received from a relative in USA.

OR

Why are foreign exchange rate and demand for foreign exchange inversely related? Explain.

13. As per the following news published in The Economic Times on 26th December, 2021: Reserve Bank of India has sold government securities worth ₹ 8,710 crore in the secondary market, over the last four weeks, to drain [4]

out excessive liquidity.

Identify the likely cause and the consequences behind this type of action plan of the Reserve Bank.

14. Using the Saving and Investment approach explain how is the equilibrium level of national income determined? [4]
Also, explain what will happen if the equilibrium condition is not fulfilled.

OR

There is an increase in investment of Rs 100 crore in an economy. Marginal Propensity to Consume is 1. What can you say about total increase in the income?

15. Reserve Bank of India undertakes the important function of managing the government's banking transactions. [4]
Discuss the above stated function performed by the Reserve Bank of India.
16. **Answer the following questions:** [6]

- (a) i. How will you treat the following while estimating national income? Give reason : [3]
(a) Services rendered by the housewives
(b) Money received by an individual resident from his son working abroad
(c) Salaries to foreign technical specialist
(d) Vegetables grown in your kitchen garden
- ii. Given the following data, find Net Value Added at Factor Cost by Sambhav (a burner) [3]
producing Wheat:

S.No.	Items	Amount (in ₹ crores)
(i)	Sale of wheat by the farmer in the local market	6,800
(ii)	Purchase of Tractor	5,000
(iii)	Procurement of wheat by the Government from the farmer	200
(iv)	Consumption of wheat by the farming family during the year	50
(v)	Expenditure on the maintenance of existing capital stock	100
(vi)	Subsidy	20

(b) **OR**

- i. Find Net Value Added at Factor Cost. [3]

S.no.	Items	(Rs. In lakhs)
(i)	Durable use Producer Goods with a Life Span of 10 Years	10
(ii)	Single-use Producer Goods	5
(iii)	Sales	20
(iv)	Unsold Output Produced During the Year	2
(v)	Taxes on Production	1

- ii. Calculate National Income from the following. [3]

S.no.	Contents	(Rs. in arab)
(i)	Net Change in Stocks	50
(ii)	Government Final Consumption Expenditure	100

- c) A is true but R is false. d) A is false but R is true.
23. The _____ Amendment of the Constitution of India made Free and compulsory education a fundamental right for all children in the age group of 6-14 years. [1]
- a) 86th b) 70th
c) 42th d) 75th
24. _____ the density _____ is the availability of land for agriculture for meeting needs of environment in terms of natural surroundings [1]
- a) Less, Less b) Less, Higher
c) Higher, Higher d) Higher, Less
25. A UN Conference on Climate Change, held in _____ in 1997, resulted in an international agreement to fight global warming which called for reductions in emissions of greenhouse gases by industrialised nations. [1]
- a) China b) USA
c) Japan d) Brazil
26. **Statement I:** Besides land settlement systems introduced by the colonial government, low levels of technology, lack of irrigation facilities and negligible use of fertilisers, all added up to aggravate the plight of the farmers and contributed to the dismal level of agricultural productivity. [1]
Statement II: During the British colonial period, there was a relatively higher yield of food crops in certain areas of the country due to commercialisation of agriculture.
- a) Both the statements are false. b) Statement II is true, but statement I is false.
c) Statement I is true, but statement II is false. d) Both the statements are true.
27. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I: [1]
- | Column I | Column II |
|----------------------|--|
| (a) Land Ceiling | (i) Increase in production of food grain using high yielding variety seeds |
| (b) Land reforms | (ii) Portion of agricultural produce sold in the market |
| (c) Green Revolution | (iii) Fixing the maximum limit of land holding for an individual. |
| (d) Marketed Surplus | (iv) Change in the ownership of land (land to tillers) |
- a) (a) - (ii), (b) - (iv), (c) - (i), (d) - (iii) b) (a) - (i), (b) - (ii), (c) - (iii), (d) - (iv)
c) (a) - (iii), (b) - (i), (c) - (iv), (d) - (ii) d) (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)
28. List some of the priority environmental issues of India today. [3]
OR
Explain how the use of Non-conventional sources of energy can have a favourable impact on the environment?
29. State with valid reason whether the following statement is true or false: [3]
Self employed workers are different from hired workers.
30. What are different types of growth strategies? [4]
31. Why were reforms introduced in India? [4]
- OR

How is RBI controlling the commercial banks?

32. Is rapidly growing population a constraint in the process of human capital formation? Explain. [4]

33. **Answer the following questions:** [6]

(a) i. It has been realised that agricultural finance is not available in sufficient quantity at right time and at reasonable rate of interest. As an agriculturist, suggest any two measures to make the existing system of agricultural finance serve fully the needs of agriculture effectively. [3]

ii. Micro-credit programmes have helped to fill in the gaps in the formal credit system. Justify the given statement. [3]

(b) **OR**

i. State and elaborate whether the following statements are true or false, with valid arguments: [3]

i. Organic Farming has essentially become the need of the hour.

ii. In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources.

ii. What are the limitations of rural credit in India? [3]

34. **Read the following text carefully and answer the questions given below:** [6]

The Impact of COVID-19 on South Asian Economies - Pakistan

EARLY IMPACT OF THE PANDEMIC On February 26, 2020, Pakistan confirmed its first two cases of COVID-19. The pandemic could not have come at a worse time: the economy was growing at a tepid rate, jobs were hard to come by, and high inflation continued to erode the purchasing power of millions of households. As the case count grew, fear that the virus would spread rapidly across the country led to a vociferous “lockdown versus livelihoods” debate. Khan made a public case for protecting livelihoods and argued against a countrywide lockdown. Nevertheless, provincial governments began to issue their own lockdown orders, shutting down all nonessential businesses. The enforcement of these orders brought Pakistan’s economy to a standstill by the end of March.

Early estimates predicted that the economy would lose between 12 and 18 million jobs during the lockdown. The World Bank predicted that the country would enter its first recession in decades. Consequently, on March 24, 2020, Khan announced a stimulus package to prop up the economy and pave the way for a quick recovery. Totalling Rs.1.2 trillion (about 3 percent of GDP), the stimulus included an Rs.200 billion fund to protect laborers, Rs.150 billion to expand the country’s existing cash transfer program to poor families, and another Rs. 100 billion for pandemic-related emergencies.

The biggest success of the stimulus was the rapid expansion of the country’s cash transfer mechanism. More than 15 million families received funds through the program, ensuring that millions of citizens did not fall into extreme poverty. The State Bank also played a key role in supporting the economy, extending credit to small- and medium-sized businesses and protecting millions of jobs in the formal economy. The cumulative support provided by the central bank reached Rs. 1.3 trillion by October 2020. It also sharply cut interest rates from 13.25 percent to 9 percent in April 2020 and pushed them down to 7 percent by the end of June.

As its domestic economy struggled, Pakistan had to pause its USD 6 billion fiscal stabilization program (which had started in 2019) and seek emergency relief from the IMF. By mid-April, the IMF also approved a USD 1.39 billion loans to alleviate the economic pain from the pandemic. In the following months, the World Bank provided USD 505 million in low-interest, soft loans; the Asian Development Bank approved a USD 500 million emergency loan; and the Asian Infrastructure Investment Bank approved a USD 250 million loans. Nevertheless, by December 2020, debt relief program talks with the IMF stalled as the Khan government resisted the demands

and restrictions posed by the IMF. These included demands to increase energy tariffs and to sustainably reduce debt in the power sector, among others.

Questions:

- i. Discuss the projected impact of the countrywide lockdown on Pakistan's economy.
- ii. Analyse the implications of the pandemic on the domestic economy of Pakistan.

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