



SAMPLE PAPER 3 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:** External assistance is recorded in the capital account of the Balance of Payments. [1]
Statement II: The Central Bank may finance a deficit in balance of payments by reducing reserves of foreign currency.
a) Both the statements are false. b) Both the statements are true.
c) Statement II is true and statement I is false. d) Statement I is true and statement II is false.
2. Who regulates money supply in India? [1]
a) Planning Commission b) Reserve Bank of India
c) Commercial Banks d) Government of India
3. If $APC = 0.6$, $APS =$ _____ [1]
a) 2.4 b) 1
c) 0.4 d) -0.4
4. Due to fall in the value of Indian currency (₹) in the foreign exchange market, the Reserve Bank of India decides to buy Indian currency (₹). [1]
This type of action by the Central Bank is possible under _____ exchange rate system.
a) Fixed b) Managed floating
c) Fixed floating d) Flexible
5. 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 _____. [1]
a) 0.8 b) 0.4

c) 0.2

d) 0.6

6. If in an economy, actual aggregate demand falls short of demand required to maintain the full employment level, [1]
such a situation would be known as _____.

a) Excess demand

b) Full employment equilibrium

c) Inflationary gap

d) Deflationary gap

7. Complete the flow $\Delta I \rightarrow \Delta Y \rightarrow \Delta C \rightarrow$ _____. [1]

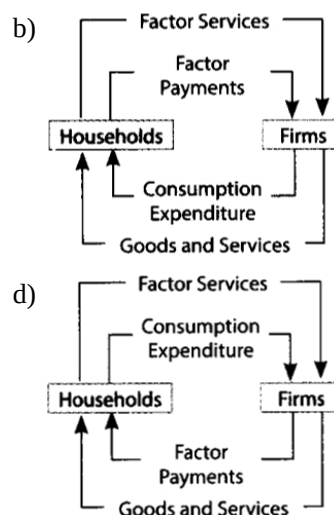
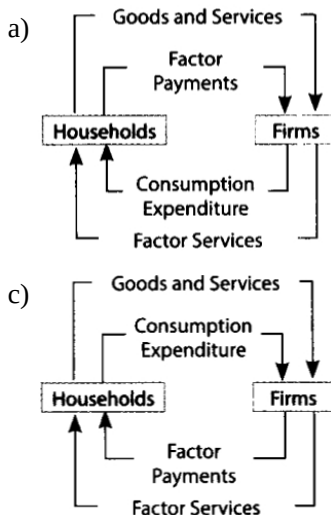
a) ΔD

b) ΔC

c) ΔS

d) ΔY

8. Circular Flow of Income is correctly represented in the diagram: [1]



9. Value of Money Multiplier _____ with an increase in Cash Reserve Ratio. [1]

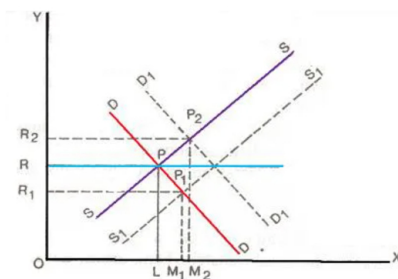
a) Rise

b) Increases

c) Remains unchanged

d) Decreases

10. The equilibrium exchange rate is determined at the point where the [1]



a) Demand for and Supply of foreign exchange has maximum gap

b) Demand for and Supply of foreign exchange has normal gap

c) Demand for and Supply of foreign exchange has minimum gap

d) Demand for and Supply of foreign exchange is equal

11. **National income is always greater than domestic income.** Do you agree with the given statement? Support your answer with a valid reason. [3]

12. State on which side of capital account/current account will the following transactions be recorded and why: [3]

i. Interest on loan received from Nepal

ii. Import of mobile phones from China

OR

How can Reserve Bank of India helps in bringing down the foreign exchange rate which is very high?

13. Discuss briefly, how the government can control the situation of deflation using the following: [4]
- a. Taxation Policy
 - b. Government Expenditure Policy
14. Suppose the following information is given about a hypothetical economy: [4]
- $C = 200 + 0.75 Y$ (where, C = Consumption and Y = Income)
- $I_0 = 300$ (I_0 = Autonomous Investment)
- Calculate the following on the basis of the given information:
- a. Equilibrium Level of Income
 - b. Aggregate Demand at Equilibrium Level of Income
 - c. Marginal Propensity to Save

OR

Define aggregate demand. State its components.

15. Define Reverse Repo Rate. Discuss briefly, how this instrument helps in controlling credit creation by commercial banks. [4]
16. Calculate from the following: [6]
- a. Net Domestic Product at Factor Cost and
 - b. Private Income

Items	(Rs.in Crore)
Domestic product accruing to government	300
Wages and salaries	1000
Net current transfers to abroad	(-) 20
Rent	100
Interest paid by the production units	130
National debt interest	30
Corporation tax	50
Current transfer by government	40
Contribution to social security schemes by employers	200
Dividends	100
Undistributed profits	20
Net factor income to abroad	0

OR

In a single day Raju, the barber, collects Rs 500 from haircuts; over this day, his equipment depreciates in value by Rs 50. of the remaining Rs 450, Raju pays sales tax worth Rs 30, takes home Rs 200 and retains Rs 220 for improvement and buying of new equipment. Based on this information, complete Raju's contribution to the following measures of income

- a. Gross Domestic Product at market price
- b. NNP at market price
- c. NNP at factor cost

17. Classify the following taxes into direct and indirect tax. Give reasons for your answer. [6]

- i. Corporation tax
- ii. Entertainment tax
- iii. Excise duty
- iv. Income tax

OR

i. In the recent times, the Government of India has incurred a lot of expenditure on acquisition of indigenous defence items under **Make-in-India** programme.

Identify and discuss the two types of budget expenditures which may be undertaken by the Government as suggested in the above statement.

ii. State any two examples of revenue expenditure of the Government.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. India entered the _____ stage of Demographic Transition after the year 1921. [1]

- a) second
- b) fourth
- c) third
- d) first

19. Pakistan is ahead of India in the case of _____. [1]

(Choose the correct alternative to fill up the blank)

- a) Per capita income
- b) Access to sanitation facilities
- c) HDI value
- d) Life expectancy at birth

20. Which of the following is not the feature of economic policies pursued under economic planning of India till 1991? [1]

- a) Land reforms
- b) Unrestricted flow of foreign capital
- c) Import substitution
- d) Self-reliance

21. Which is the apex institute at the national level which provides re-finance facilities to institutions engaged in providing rural credit? [1]



- a) NBAARD
- b) DABARD
- c) NABADR
- d) NABARD

22. **Assertion (A):** World Trade Organisation (WTO) established in 1995, as a successor organisation to General Agreement on Trade and Tariff (GATT). [1]

Reason (R): GATT was established in 1948 with 23 countries as the global trade organisation to administer all

multilateral trade agreements by providing equal opportunities to all countries in the international market for trading purposes.

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

23. If ____ capital represents production capacity of a nation, ____ capital is the cause that designs machines. [1]

- a) Physical, Financial b) Financial, Human
c) Physical, Human d) Human, Physical

24. Introduction of Economic Reforms in China took place in the year _____. [1]
(Choose the correct alternative.)

- a) 1978 b) 1988
c) 1980 d) 1991

25. The Chipko Movement, which aimed at protecting forest in the _____. [1]

- a) Kerala b) Himalayas
c) Maharashtra d) Karnataka

26. **Statement I:** During the colonial period, balance of trade remained unfavourable. [1]
Statement II: There was a large export surplus during the colonial period.

- a) Both the statements are true. b) Both the statements are false.
c) Statement II is true, but statement I is false d) Statement I is true, but statement II is false.

27. Which of the following are not matched correctly? [1]

Column I	Column II
(A) Marketed Surplus	(I) Large increase in production of food grains resulting from use of HYV seeds
(B) Green Revolution	(II) Portion of agricultural produce which is sold in the market by the farmers
(C) HYV Seeds	(III) Raised agricultural yield per acre to incredible heights
(D) Land Reforms	(IV) Change in the ownership of landholdings

- a) (I) and (II) b) (I), (II) and (IV)
c) (III) and (IV) d) (II) and (IV)

28. State any two advantages of Mini-hydel Plants. [3]

OR

Is environmental crisis a recent phenomenon? If so, why?

29. The nature of work in urban areas is different from rural areas. Justify the given statement with a valid explanation. [3]

30. Discuss briefly the rationale behind the **License Raj** under the Industrial Policy Resolution, 1956. [4]

31. Agriculture sector appears to be adversely affected by the economic reform process. [4]
Explain the given statement.

OR

Elaborate how the economic reforms process of India impacted the following:

i. Agriculture sector

ii. Industrial sector

32. i. Explain, how does **Investment in Human Capital** contributes to growth of an economy. [4]
ii. State the meaning of Agricultural Marketing.
33. i. Distinguish between **Green Revolution** and **Golden Revolution**. [6]
ii. State any three limitations of organic farming.

OR

What strategy would you suggest for rural development?

34. Compare and contrast India and China's sectoral contribution towards GDP. [6]

OR

Briefly discuss the various development strategies pursued by China.

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