

**DIRECTORATE OF EDUCATION, GNCT OF DELHI**  
**PRACTICE PAPER - 1**  
**CLASS XII**  
**ECONOMICS (030)**  
**TERM - (2023–24)**

**TIME: 3 HOURS**

**Max Marks – 80**

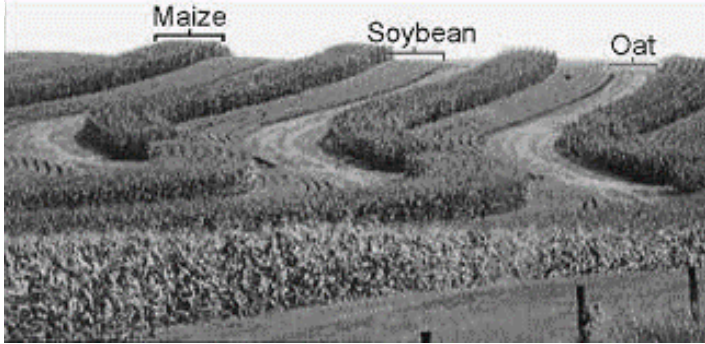
**GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:  
     Section A – Macro Economics  
     Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains four Short Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains six Short Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains four Long 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:  <b>Statement 1:</b> At break-even point, consumption is equal to investment.  <b>Statement 2:</b> Consumption is a positive function of income.            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>Which of the following is true, if <math>GDP &gt; GNP</math>?</p> <p>a) Depreciation <math>&lt; 0</math>            b) NFIA <math>&gt; 0</math>            c) Net Indirect Tax <math>&lt; 0</math>            d) NFIA <math>&lt; 0</math></p>	1
3	<p>The value of _____ can be negative.            (Choose the correct alternative to fill up the blank)</p> <p>a) Marginal Propensity to Consume            b) Average Propensity to Consume            c) Marginal Propensity to Save            d) Average Propensity to Save</p>	1
4	<p>As per the Reserve Bank of India (RBI) press report, dated 22nd June, 2022:            "Net foreign portfolio investments recorded an outflow of US\$ 15.2 billion mainly from the equity market."            The above transaction will be recorded in the _____ account on _____ side of Balance of payments account of India.            (Choose the correct alternative to fill up the blanks)</p> <p>a) current, credit            b) current, debit            c) capital, debit            d) capital, credit</p>	1

5	<p>“Barter system posed a problem of double coincidence of wants which increased manifold in large economies.”</p> <p>On the basis of the given statement, identify the function performed by money:</p> <p>a) Medium of exchange b) Store of Value c) Unit of account d) Means of standard of deferred payments</p>	1
6	<p>If in an economy, commercial banks are able to lend ₹ 80 out of every ₹ 100 of the demand deposits with them, then which of the following is true, given that RR = Reserve Ratio, CM = Credit Multiplier?</p> <p><b>Alternatives: -</b></p> <p>a) RR = 20% , CM = 20 b) RR = 80% , CM = 20 c) RR = 20% , CM = 5 d) RR = 80% , CM = 5</p>	1
7	<p>Which of the following is not a component of aggregate demand?</p> <p>a) Consumption b) Investment c) Saving d) Exports</p>	1
8	<p>Identify the correct reason(s) that may affect the supply for foreign exchange in an economy.</p> <p>I. Imports of visibles II. Exports of invisibles III. Remittances by residents working abroad IV. Purchase of assets abroad</p> <p><b>Alternatives: -</b></p> <p>a) I and II b) II and III c) III and IV d) I and IV</p>	1
9	<p>Suppose for a given economy: -</p> <p>(i) APS = 0.35 (ii) Y = 1200, then what will be the level of consumption? (Choose the correct alternative)</p> <p><b>Alternatives: -</b></p> <p>a) 420 b) 780 c) 750 d) 550</p>	1
10	<p>Current account surplus indicates that: - (Choose the correct alternative)</p> <p><b>Alternatives: -</b></p> <p>a) Imports exceed exports b) Borrowings are greater than investments c) Balance of trade is in surplus d) Exports exceed imports</p>	1

11	<p>‘Balance of Trade and Balance of current account are one and the same.’</p> <p>Do you agree with the given statement? Give valid reason(s) in support of your answer.</p>	3																					
12	<p>(A) On the basis of the given data, estimate the value of Domestic Income:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>S. No.</th> <th>Items</th> <th>Amount (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>i</td> <td>Depreciation</td> <td>50</td> </tr> <tr> <td>ii</td> <td>Domestic sales</td> <td>500</td> </tr> <tr> <td>iii</td> <td>Change in stock</td> <td>(-)50</td> </tr> <tr> <td>iv</td> <td>Exports</td> <td>30</td> </tr> <tr> <td>v</td> <td>Single use producer goods</td> <td>200</td> </tr> <tr> <td>vi</td> <td>Net Indirect Taxes</td> <td>20</td> </tr> </tbody> </table> <p style="text-align: center;"><b>OR</b></p> <p>(B) State the meanings of the following:            (i) Depreciation                      (ii) Final goods              (iii) National income</p>	S. No.	Items	Amount (₹ in crore)	i	Depreciation	50	ii	Domestic sales	500	iii	Change in stock	(-)50	iv	Exports	30	v	Single use producer goods	200	vi	Net Indirect Taxes	20	3      3
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13	<p>For a hypothetical economy which is in equilibrium, calculate marginal propensity to save from the following data: -</p> <p>I. National Income = 2500            II. Autonomous Investment = 500            III. Autonomous Consumption = 250</p>	4																					
14	<p>(A) "In an economy, ex-ante saving is more than ex-ante investment." Elaborate the possible impact of the same, on the level of output, income and employment.</p> <p style="text-align: center;"><b>OR</b></p> <p>(B) “With an objective to reduce inflation, Reserve Bank of India may try to demotivate the commercial banks from borrowing from it.”            Discuss the rationale behind the step taken by the Reserve Bank of India.</p>	4   4																					
15	Elaborate the ‘Government’s Bank’ function performed by the Reserve Bank of India.	4																					
16	<p>(A) On the basis of the given information, calculate the value of:            (i) Fiscal deficit            (ii) Revenue deficit</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>S.No.</th> <th>Items</th> <th>(₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Revenue Receipts</td> <td>25</td> </tr> <tr> <td>(ii)</td> <td>Capital Expenditure</td> <td>15</td> </tr> <tr> <td>(iii)</td> <td>Revenue Expenditure</td> <td>30</td> </tr> <tr> <td>(iv)</td> <td>Non-debt capital receipts</td> <td>30</td> </tr> <tr> <td>(v)</td> <td>Interest Payments</td> <td>6</td> </tr> </tbody> </table> <p>(B) Why must public goods be provided by the government?  <b>OR</b></p>	S.No.	Items	(₹ in crore)	(i)	Revenue Receipts	25	(ii)	Capital Expenditure	15	(iii)	Revenue Expenditure	30	(iv)	Non-debt capital receipts	30	(v)	Interest Payments	6	3 2         1			
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	(C) Explain the redistribution of income objective of Government Budget. (D) 'Under the <i>Ujjwala</i> Scheme, the Government provides free LPG connections to the economically backward section of the society.'  Identify and discuss the nature of the government expenditure indicated in the given statement.	3   3
17	(a) Giving valid reasons, explain how the following would be treated while estimating national income? (i) Gifts received from abroad. (ii) Profits earned by a branch of Deutsche bank in India. (b) "Refrigerator purchased by a household is a capital good." Do you agree with the given statement? Give valid reasons for your answer.	   3  3
<b>SECTION B – INDIAN ECONOMIC DEVELOPMENT</b>		
18	Identify the incorrect statement about economic reforms of 1991: - a) Rupee was devalued to replenish the foreign exchange reserves b) License system was abolished for most products except a few. c) Private firms were brought under government control. d) Tax rates were reduced.	    1
19	Identify which of the following is not an economic group? a) BRICS b) SAARC c) ASEAN d) NATO	    1
20	Which of the following will be included in the major reforms in agricultural sector? (Choose the correct alternative to fill up the blank) I. Introduction of High Yielding Varieties (HYV) II. Land ceiling III. Use of Organic Fertilizers and Pesticides IV. Abolishment of zamindari system <b>Alternatives: -</b> a) I, II, IV b) I, II, III c) II, III, IV d) I, III, IV	         1
21	Study the following picture and answer the given question: -  	

	<p>Rural households take up various activities for stabilization of income. One such kind of activity as shown in the picture is known as _____.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) Crop rotation b) Multiple cropping c) Horticulture d) Poultry</p>	1
	<p><b><u>For visually impaired candidates in lieu of Q21</u></b></p> <p>Rural households take up various activities for stabilization of income. Such kind of activity where more than one crop are grown on the fields is known as _____.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) Crop rotation b) Multiple cropping c) Horticulture d) Poultry</p>	1
22	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below.</p> <p><b>Assertion (A):</b> India could not develop a sound industrial base under the colonial rule. <b>Reason (R):</b> No modern industrial base was allowed to come up by the British.</p> <p><b>Alternatives: -</b></p> <p>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, but Reason (R) is <i>not</i> 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.</p>	1
23	<p>In China, in order to attract foreign investors, _____ were set up.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) Commune System b) Great Leap Forward c) Dual Pricing policy d) Special Economic Zones</p>	1
24	<p>_____ was set up in 1982 as an apex body to coordinate the activities of all institutions involved in the rural financing system.</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) National Bank for Agriculture and Rural Development (NABARD) b) Regional rural banks (RRBs) c) Self Help Groups (SHGs) d) Cooperative societies</p>	1
25	<p>Infant Mortality Rate is categorized as a _____</p> <p>(Choose the correct alternative to fill up the blank)</p> <p>a) Economic indicator b) Liberty indicator c) Health indicator d) Demographic indicator</p>	1

26	<p>Read the following statements carefully: -</p> <p><b>Statement 1:</b> Disguised unemployment is a feature of urban sector.</p> <p><b>Statement 2:</b> Participation rate in urban sector is better than rural sector.</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																				
27	<p>From the given column I and corresponding facts given in Column II, choose the incorrect pair of statements:</p> <table border="1" data-bbox="310 621 1346 840"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td><b>A</b></td> <td>India</td> <td><b>(i)</b></td> <td>Demonetization in 2016</td> </tr> <tr> <td><b>B</b></td> <td>China</td> <td><b>(ii)</b></td> <td>Massive industrialization</td> </tr> <tr> <td><b>C</b></td> <td>Great leap forward</td> <td><b>(iii)</b></td> <td>1991</td> </tr> <tr> <td><b>D</b></td> <td>Pakistan</td> <td><b>(iv)</b></td> <td>Remittances from middle east</td> </tr> </tbody> </table> <p><b>Alternatives: -</b></p> <p>a) A - I  b) B - II  c) C - III  d) D - IV</p>		Column I		Column II	<b>A</b>	India	<b>(i)</b>	Demonetization in 2016	<b>B</b>	China	<b>(ii)</b>	Massive industrialization	<b>C</b>	Great leap forward	<b>(iii)</b>	1991	<b>D</b>	Pakistan	<b>(iv)</b>	Remittances from middle east	1
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28	<p>(A) “The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy.”</p> <p>List any three policies of the British government to defend the above statement.</p> <p style="text-align: center;"><b>OR</b></p> <p>(B) “The export surplus did not result in any flow of gold or silver into India.”</p> <p>Justify the above statement with valid explanation.</p>	3  3																				
29	<p>How is human development a broader term as compared to human capital formation? Explain.</p>	3																				
30	<p>“While looking at various economic policies that Pakistan adopted, you will notice many similarities with India.”</p> <p>Justify the given statement with valid arguments in support of your answer.</p>	4																				
31	<p>(A) State and elaborate whether the following statements are true or false, with valid arguments:</p> <p>(i) Diversification of agriculture increases risk for farmers.  (ii) Organic farming is better than conventional agriculture.</p> <p style="text-align: center;"><b>OR</b></p> <p>(B) “Informalization of work force is a growing concern in India.” Discuss.</p>	2 2  4																				

32	<div data-bbox="570 155 1170 491" data-label="Image"> </div> <p data-bbox="269 495 1386 562">Identify the situation depicted in the given image. Suggest the impact of the indicated situation, on the world.</p> <p data-bbox="269 611 846 642"><b><u>For visually impaired candidates in lieu of Q32</u></b></p> <p data-bbox="269 688 1089 720">State any four advantages of using non-conventional sources of energy.</p>	4   4
33	<p data-bbox="269 785 1325 816">(A) “Industrial policy resolution 1956 was a milestone towards industrialization of India.”</p> <p data-bbox="334 831 1084 863">Justify the statement, giving reasons in support of your answer.</p> <p data-bbox="269 869 1377 936">(B) “Equity, not equality is necessary for economic development.” Do you agree? Give reasons in support of your answer.</p> <p data-bbox="818 978 863 1010" style="text-align: center;"><b>OR</b></p> <p data-bbox="269 1014 1360 1125">(C) “In the first seven plans, trade was characterized by what is commonly called an inward-looking trade strategy.” In the light of the given statement, discuss the tools used by the Indian government to protect domestic industries from foreign competition.</p> <p data-bbox="269 1167 1333 1241">(D) “While subsidies encourage farmers to use new technology, they are a huge burden on government finances.”</p> <p data-bbox="383 1255 1078 1287">Discuss the usefulness of subsidies in the light of this fact.”</p>	3 3  3  3
34	<p data-bbox="285 1346 703 1377">Read the following text carefully: -</p> <p data-bbox="285 1423 1382 1587">The fisheries sector in India stands as a significant component of the economy, not only driving growth but also serving as a lifeline for a substantial segment of the population. Recognised as a powerful generator of income and employment, the evolution of Indian fisheries encompasses environmental, technological, economic, and social factors, reflecting a dynamic process shaped over centuries.</p> <p data-bbox="285 1593 1382 1791">The sector serves as a robust source of livelihood, employment, and entrepreneurship, impacting more than 2.8 crore fishermen and fish farmers at the primary level, with additional employment opportunities along the value chain. India, the world's third largest fish producing country, commands an 8% share in global fish production. Moreover, on a global scale, India secures the second position in aquaculture production, solidifying its standing as a leading shrimp producer and exporter.</p> <p data-bbox="285 1797 1382 1925">In recent years, India's fisheries sector has witnessed a significant infusion of investments. The commitment to holistic development of this sector is evident through initiatives such as the Blue Revolution Scheme, Fisheries and Aquaculture Infrastructure Development Fund (FIDF), Pradhan Mantri Matsya Sampada Yojana, and the Rs 6,000 crore</p>	

	<p>Sub scheme under PMMSY, announced in the Union Budget 2023-24. The flagship scheme, Pradhan Mantri Matsya Sampada Yojana (PMMSY), implemented since 2020-21, represents the highest ever investment in the country's fisheries and aquaculture sector.</p> <p>This strategic investment is yielding impressive outcomes, with projects worth Rs 14,656 crore approved under PMMSY in the last three years alone. The sector's resilience and transformative growth are further underscored by the record national fish production, which has experienced a remarkable 81% increase since 2013-14, touching an all-time high of 162.48 lakh tones at the end of 2021-22. With provisional figures anticipating the production to surpass 174 lakh tones in 2022-23, the Indian fisheries sector not only honours its rich historical legacy but also charts a course of innovation and prosperity in the contemporary era.</p> <p style="text-align: right;"><i>Source: Employment News, 9<sup>th</sup> -15<sup>th</sup> Dec, 2023</i></p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(i) Why is fisheries sector considered a significant component of the Indian economy?</p> <p>(ii) Which schemes have been implemented by the Government of India for the upliftment of fisheries? What are its major features?</p>	
		2
		4