



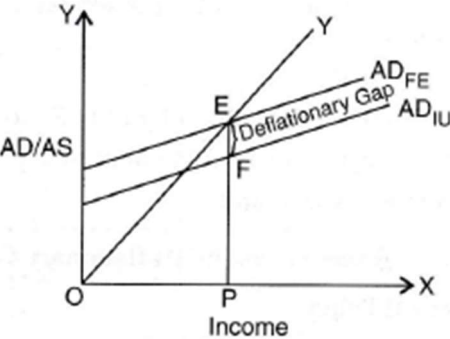
Date:11.12.24 GRADE: XII	Model-I Examination(2024-25) ECONOMICS(030)	Max marks: 80 Time: 3 Hours
-----------------------------	--	--------------------------------

General Instructions:

- I. This question paper contains two sections:
Section A- Macro Economics
Section B- Indian Economic Development
- II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.
- III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60-80 words.
- IV. This paper contains 6 Short Answer Type questions of 4 marks each to be answered in 80-100 words.
- V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

Qn.No	SECTION A- MACRO ECONOMICS	Marks allocated
1	<p>Read the following statements-Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:</p> <p>Assertion (A): Acquisition of a domestic economy by a foreign company will be recorded on the credit side of Balance of Payment Accounts.</p> <p>Reason (R): It leads to outflow of foreign exchange from the domestic economy</p> <p>Options:</p> <p>A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>C. Assertion (A) is true, but Reason (R) is false</p> <p>D. Assertion (A) is false, but Reason (R) is true.</p>	1
2	<p>Aggregate demand can be increased by:</p> <p>a. Increasing bank rate</p> <p>b. Selling government securities by Reserve Bank of India</p> <p>c. Increasing cash reserve ratio</p> <p>d. None of the above</p>	1

10	<p>Read the following statements carefully: Statement 1: Equilibrium in Balance of Payments is achieved when the net value of all the receipts and payment is zero. Statement 2: Export and import of goods and services are recorded in the Current Account of BoP. In the light of the given statements, 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</p>	1
11 (a)	<p>The statement "Domestic/household services performed by a woman may not be considered as an economic activity" is refuted with the valid reason that these services are economic activities:</p> <ul style="list-style-type: none"> • Economic activity: Domestic and household services are economic activities. • Gender inequality: The statement is an example of gender inequality, as it assumes that domestic and household services are not economic activities when performed by women. <p>(b) Compensation to victims of a cyclone should not be included in the estimation of India's national income because it is a transfer payment that does not impact the flow of goods and services.</p>	3
12 (A)	<p>'If Indian rupee value is low India will have to spend more for imports and sell its goods at a cheaper rate OR "The given statement is refuted as the Current Account Deficit (CAD) is a broader concept. CAD occurs when the foreign exchange payments on account of visible, invisibles and current transfers are in excess over the receipts of visible, invisibles and current transfers. A country may face a situation of CAD, even if the country has trade surplus, with greater negative balances on account of services and unilateral transfers</p>	3 3
13	Protecting depositors interest	4
14	<p>$C = 200 + 0.5Y$ Investment expenditure (I) = 400 crore At the equilibrium level $Y = C + I$ Substituting the values from the question: $Y = \{200 + 0.5Y\} + 400$ $Y - 0.5Y = 600$ $0.5Y = 600$ $Y = 600/0.5 = 1200$ The equilibrium level of income is Rs.1200 crores. The given income Rs.1500 crore is greater than equilibrium level of income. Therefore, the economy is not in equilibrium.</p>	4

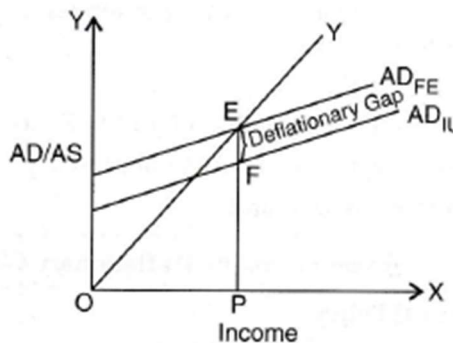
15 (A)	<p>Through Ujjwala Yojana government is trying to reduce gap between the rich and the poor. Government sells LPG gas at a higher rate to those can afford it . Revenue so collected is used by provide LPG gas connection free of cost and also at subsidized rates to the families below the poverty line . This reduces disposable income of the rich and increases that of the poor , reducing the gap between the two.</p> <p style="text-align: center;">OR</p> <p>(B) Government Budget is defined as a statement of planned receipts and planned expenditure of the government during a fiscal year: Its major components are: Revenue Receipts: the receipts which neither create a liability nor lead to reduction in assets. Capital Receipts : the receipts which either create a liability or lead to reduction in assets. (iii) Revenue Expenditure: the expenditure which does not lead to any creation of assets or reduction in liabilities iv. Capital expenditures : the expenditure which leads to creation of assets or reduction in liabilities.</p>	4 4
16 (A)	<p>Deflationary Gap refers to Aggregate Demand falling short of Aggregate Supply at the full employment level of income. It is called deflationary because it brings in deflationary tendencies.</p> <div style="text-align: center;">  </div> <p>(B) Open market operation is the policy that focuses on increasing and decreasing the stock of liquidity (or cash balances) with the people as well as with the Commercial Banks, through sale and purchase of securities by the Central Bank. During the situations of Deflationary Gap, when cash balances need to be increased (to stimulate the level of Aggregate Demand), the Central Bank starts buying securities. Purchase of securities injects purchasing power into the money market. Cash balances of the Commercial banks start picking up. This enhances their capacity to create credit. Consequent upon the greater flow of credit flow' in the economy, Aggregate Demand</p>	3+3 3+3

is increased Deflationary gap is corrected.

- (C) Margin requirements are the difference between the current value of a security offered for a loan and the value of the loan granted. When the central bank increases margin requirements, it
- (D) reduces the credit creation capacity of commercial banks and the money supply in the economy. This helps to combat excess demand. .

OR

Inflationary Gap occurs when $AD > AS$ corresponding to full employment level. This inflationary gap, i.e., excess of aggregate demand causes inflation in the economy and price levels tend to rise. In the above figure, $AD_{FE} = AD$ at full employment level $AD_{AE} = AD$ above full employment level The point E is the equilibrium point where $AD = AS$. But the excess demand (current) of AD_{AE} , aggregate demand FP is more than the aggregate supply in the economy. This difference of actual aggregate demand and supply

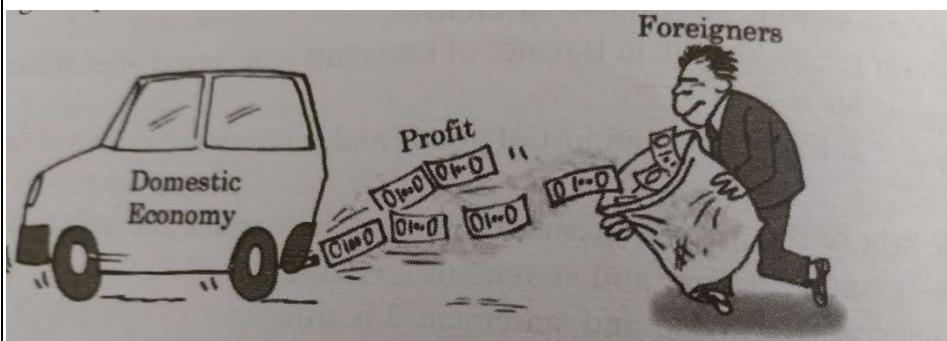


i.e., EF is the Inflationary Gap.


The bank rate plays a role in correcting deficient demand by increasing the demand for credit, which in turn increases aggregate demand

- 17 (a) Interpret the given picture on account of domestic and national income.

3+3



17 (b)	OR a $NNPMP = \text{Private Final Consumption Expenditure} + \text{Government final consumption expenditure} + \text{Gross domestic fixed capital formation} + \text{Change in Stock} + \text{Net Exports} + \text{Net Indirect Taxes} - \text{Consumption of Fixed Capital} - \text{Net factor income to abroad} = 8\,000 + 3\,000 + 400 + 50 + 100 + -60 - 40 - 80 = \text{Rs.}11\,530 \text{ crores}$ Gross National Disposable Income = $NNPMP + \text{Net current transfers from abroad} + \text{Consumption of Fixed Capital} = 11\,530 + 100 + 40 = \text{Rs.}11\,670 \text{ crores}$	3+3
Section -B Indian Economic Development		
18	Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below” Assertion (A): Airport Authority of India has given the status of Maharatnas. Reason (R): Hindustan Aeronautics Limited has given the status of Navratnas. 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 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.	1
19	-----was formed on the proposal of Zia-ur-Rahman, the former President of Bangladesh. a. G-8 or G-7 b. ASEAN c. BRICS d. SAARC	1
20	The motive of British Government behind de-industrialisation was:. a. To get raw material from India at cheap rate b. To sell British manufactured goods in Indian market at high prices. c. To focus on development of agriculture. d. To get finished products from India at cheap rate Alternatives: a. i and ii b. ii and iv c. only iii d. only iv	1

	<p>(a) Statement 1 is true and statement 2 is false</p> <p>(b) Statement 1 is false and statement 2 is true</p> <p>(c) Both statements 1 and 2 are true</p> <p>(d) Both statements 1 and 2 are false</p>	
27	<p>Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below".</p> <p>Assertion : A major change occurred after 1969 when india adopted social banking and multi-agency approach to adequately meet the needs of rural credit.</p> <p>Reason : Self-help groups have emerged to fill the gap in the formal credit system in rural areas.</p> <p>A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>B. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)</p> <p>C. Assertion (A) is true, but Reason (R) is false</p> <p>D. Assertion (A) is false, but Reason (R) is true.</p>	1
28	<p>Interpret the given picture on account of current environmental challenges</p> 	3
29	<p>(A) Infrastructure development</p> <p>The government has built infrastructure like warehouses, cold storage facilities, and roads to help farmers sell their products at better prices. The government also provides subsidized transportation for farmers through railways.</p> <p>(B) Co-operative agricultural marketing societies</p> <p>The government has established co-operative marketing societies to provide farmers with access to fair prices. Collective sales give farmers more bargaining power.</p> <p>OR</p>	3 3

	<p>Credit is important for rural development because it can help break the cycle of low capital, low productivity, and low savings. Credit can help farmers in many ways, including:</p> <ul style="list-style-type: none"> • Increasing agricultural productivity Credit can help farmers buy improved seeds, fertilizers, equipment, and organic pesticides. • Increasing income Credit can help farmers increase their income. • Commercializing farming Credit can help farmers commercialize their farming by providing funds for commercial farming. • Meeting expenses Credit can help farmers meet expenses like the education of their children, marriages, and deaths. • Long-term investments Credit can help farmers make long-term investments like land leveling, fencing, sinking wells, and acquiring heavy machinery. 	
30	<p>a. The correct answer is – The statement “Green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during time of shortage” is justified because the Green Revolution in India, which began in the mid-1960s, resulted in a significant increase in agricultural production</p> <p>b. No, India's first official census was not undertaken in 1850, but rather in 1881: 1881: The first synchronous census in India, conducted across the entire Indian subcontinent 1865–75: A systematic census was taken during this period</p>	4
31	In the 1993-94 the sector that showed progress was the primary sector followed by service and secondary sector. In the year 2011-12 service sector was leading while primary and secondary sectors showed the same trends.	4
32	<p>(A) Yes, the inward-looking trade strategy, also known as import substitution, was adopted by India in the first seven Five-Year plans to replace imports with domestic production. The policy aimed to boost domestic production and protect domestic goods from international competition</p> <p>(B) Yes, the government should continue with agricultural subsidies in India because they are important for small and marginal farmers, and for a number of other reasons:</p>	4 4

	<ul style="list-style-type: none"> • Support for poor farmers Most farmers in India are poor and cannot afford the inputs they need without subsidies. • Improve food security Subsidies can help small farmers increase production, which can improve food security for the country. • Encourage sustainable farming Subsidies can encourage farmers to adopt environmentally-friendly practices. • Support farmers in economic difficulty Subsidies can help farmers who are facing economic difficulties due to market fluctuations or changes in government policies. • Inducements for modernizing agriculture Subsidies can be essential for modernizing agriculture. 	
33		2+2+2
(A)	<p>The worker-population ratio (WPR) is the percentage of a population that is employed and contributing to the production of goods and services. It is calculated by dividing the total workforce by the total population and multiplying by 100.</p> <p>The WPR is an indicator of a country's employment level at a given time. A higher WPR means that more people are engaged in productive activities.</p> <p>Some factors that can affect the WPR include:</p> <ul style="list-style-type: none"> • Reference period The period of time used to determine a person's activity status can vary. For example, the current weekly status (CWS) is based on the previous 7 days, while the usual activity status is based on the previous 365 days. • Gender bias Women who are not perceived as working or who do not consider their work to be employment may be undercounted. • Armed forces Some countries include members of the armed forces in the population base, but exclude them from employment data. • Seasonal workers Employment ratios can vary throughout the year as seasonal workers enter and leave the workforce. <p>Mention any two advantages of organic farming. State and discuss any two principal causes of environmental degradation</p> <p style="text-align: center;">OR</p>	3+3
(B)	<p>"Yes, India has failed to implement the recommendations of the Education Commission of 1964–1966, also known as the Kothari Commission, for several reasons, including:</p> <ul style="list-style-type: none"> • Insufficient funding 	

	<p>The commission's main recommendation was to increase education spending to 6% of GDP, but the government has not allocated enough funds.</p> <ul style="list-style-type: none"> • Lack of political will <p>While successive administrations have recognized the importance of education, they have not made it a top priority.</p> <ul style="list-style-type: none"> • Poor quality of education <p>The commission recommended improving teacher preparation and curriculum creation, but the quality of education in India remains poor due to inadequate teacher preparation and outdated curricula.</p> <ul style="list-style-type: none"> • Disparities in education <p>There are disparities in education levels between urban and rural areas.</p> <ul style="list-style-type: none"> • Low literacy rates <p>India still has a large number of illiterate people, and the female literacy rate is lower than the male literacy rate.</p> <p>(C) Yes, human capital formation contributes to innovation, invention, and technological improvements:</p> <ul style="list-style-type: none"> • Investing in education and research <p>Investing in education and research can lead to the production of high-quality items at lower costs, which supports economic growth.</p> <ul style="list-style-type: none"> • Developing a qualified workforce <p>A well-trained workforce is more likely to spur innovation at companies. Firms that provide even minimal training to employees are more likely to introduce new products and processes.</p> <ul style="list-style-type: none"> • Absorbing new technologies <p>Human capital creates the ability to absorb new technologies. Human capital reduces the adoption lags of new technologies and increases the intensity of use of technologies.</p> <ul style="list-style-type: none"> • Contributing to economic growth <p>When human capital increases in areas such as science, education, and management, it leads to increases in innovation, social well-being, equality, increased productivity, and improved rates of participation.</p>	
34	<ul style="list-style-type: none"> • The China-Pakistan Economic Corridor (CPEC) has several economic advantages for Pakistan, including: • Economic diversification: CPEC promotes economic diversification by encouraging collaboration in sectors such as health, technology, and green development. • Infrastructure development: CPEC has led to the construction of hundreds of miles of highways and railways, as well as the development of economic zones and gas pipelines. The Orange Line Metro Train system in Lahore is a notable example of an urban project that came out of CPEC. • Increased electricity generation: CPEC has increased Pakistan's capacity for generating electricity, including the inauguration of the country's first solar power plant in 2015. The Karot Hydropower Project, which began commercial operations in 2022, aims to reduce carbon emissions 	3+3

annually.

- **Regional economic hub:** The development of Gawadar port is expected to make Pakistan a hub for regional economic activity.
- **Lower cost of doing business:** CPEC aims to reduce the cost of doing business in Pakistan.
- **Foreign investment:** CPEC is expected to encourage foreign investment in Pakistan.

B. Pakistan's debt to China has implications for both countries, including:

- **Pakistan's economic stability**

Pakistan's debt to China has increased significantly in recent years, and the country is concerned about becoming trapped in China's "debt-trap" policy:

- **Debt levels:** Pakistan owes over 72% of its external bilateral debt to China. In 2016, Pakistan's debt to China was \$7.6 billion, but by 2022 it had increased to \$26.5 billion.
- **Economic challenges:** Pakistan's debt has been exacerbated by recent crises, such as the COVID-19 pandemic, rising commodity prices, and Russia's invasion of Ukraine.
- **IMF warnings:** The IMF has warned Pakistan not to use bailout packages to repay Chinese debts.

- **China's economic interests**

China has a vested interest in Pakistan's economic stability, as Pakistan holds important geostrategic significance for China.

- **China's debt trap diplomacy**

China has been accused of using debt trap diplomacy to expand its global influence.

- **China's loan packages**

China's loan packages don't require economic and institutional reforms, which could make Pakistan more dependent on China