

SPECTRA PRACTICE PAPER 2024-25
SUBJECT-ECONOMICS (030)
Class-XII

Time-3 hrs.

M.M-80

GENERAL INSTRUCTIONS:

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

MACRO ECONOMICS

1.	<p>Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Post offices are not banks as they do not perform the function of lending although they accept deposits from the public.</p> <p>Reason (R): A financial institution can be banking institution only when it performs both the functions of accepting deposits and advancing loans.</p> <p>Alternatives:</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 and 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>Read the following statements carefully:</p> <p>Statement 1: Ceteris Paribus, Devaluation of domestic currency leads to an increase in National Income of a nation.</p> <p>Statement 2: Devaluation of domestic currency refers to reduction in the value of domestic currency with respect to foreign currency, under the fixed exchange rate system.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <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>	(1)
3.	<p>Suppose for a given economy, $S = -60 + 0.1Y$</p> <p>$I = ₹ 4,000$ crore (Where S = Saving Function, Y = National Income and I = Investment Expenditure) Equilibrium level of Income would be ₹ _____ crore.</p>	(1)
4.	<p>Exports of COVID-19 vaccines manufactured in India has led to</p> <p>(a) inflow of Indian currency</p>	(1)

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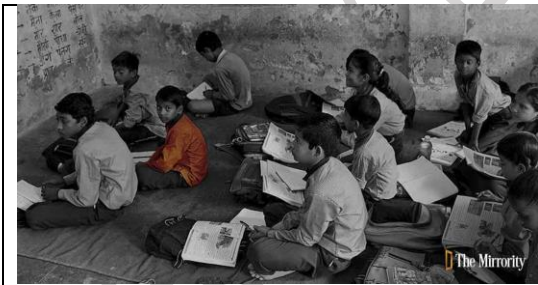

	(b) outflow of foreign currency (c) inflow of foreign currency and employment generation (d) outflow of foreign currency and employment generation	
5.	In an economy breakeven point and equilibrium point may lie at the same level of income, if ex-ante investments are _____ (fill up the blank with correct answer)	(1)
6.	Read the following figure carefully and choose the correct pair from the alternatives given below: <div style="text-align: center;"> </div> <p>Alternatives:</p> <p>(a) Output, Production (b) Value added, Production (c) Output, Disposition (d) Wealth, Development</p>	(1)
7.	Let us assume that the foreign exchange rate of the Indian rupee is speculated to rise in the coming months. This may lead to many investors holding on to their reserves of US dollars. Which of the following things will this result in? P: Rise in demand of US dollars Q: Rise in the supply of US dollars R: An actual depreciation of INR S: Fall in demand of INR (a) Only P and S (b) Only Q and R (c) Only P, Q, and R (d) Only P, R, and S	(1)
8.	“The Cabinet led by Prime Minister has decided that the Central Government will provide free food grains to 81.35 crore (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1st January, 2024.” Based on this statement, identify the budgetary objective the government is trying to achieve and choose the correct option: (a) Reallocation of resources (b) Economic stability (c) Redistribution of income (d) Economic instability	(1)

9.	Which statement/s describe normal residents of India correctly? (I) Foreign students studying in India. (II) Local employees working in foreign embassies located in their (India) country. (III) An American working in UNO office located in India. (IV) Indian official working in Indian embassy in USA. (a) (I), (II) (III) and (IV) (b) (II) and (IV) (c) (II), (III) and (IV) (d) (III) and (IV)	(1)																								
10.	Find the missing figures and choose the correct alternative: <table border="1"><thead><tr><th>Round</th><th>Deposits</th><th>Loans (80%)</th><th>Reserve Ratio (20%)</th></tr></thead><tbody><tr><td>I</td><td>1,000</td><td>800</td><td>200</td></tr><tr><td>II</td><td>800</td><td>....(i)....</td><td>160</td></tr><tr><td></td><td>..</td><td>..</td><td>..</td></tr><tr><td></td><td>..</td><td>..</td><td>..</td></tr><tr><td>Total</td><td>...(ii)...</td><td>...(iii)...</td><td>...(iv)...</td></tr></tbody></table> Alternatives: (a) 640,1000,4000,5000 (b) 960,5000,4000,1000 (c) 640,4000,1000,5000 (d) 640,5000,4000,1000	Round	Deposits	Loans (80%)	Reserve Ratio (20%)	I	1,000	800	200	II	800(i)....	160		Total	...(ii)...	...(iii)...	...(iv)...	(1)
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11.	"Disposition Phase of circular flow of income involves flow of factor income, which comprises of rent, wages, interest and profits from firms to households." Defend or refute the statement, giving valid reasons in support of your answer.	(3)																								
12.	According to RBI data, M3 money supply rose 6.7% in the first five months compared with same period of last year, the highest growth in seven years. — The Hindu, 23 June, 2020 Answer the following questions: (i)'Money supply is a flow variable.' Do you agree with given statement? Elucidate. (ii)What is High Powered Money? (iii)'M3 is the most liquid measure.' Comment with reason.	(3)																								
13.	Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.	(4)																								
14.	Read the following and answer the given questions: The RBI raised the repo rate for the fourth time in a row. The RBI's Monetary Policy Committee decided to raise the policy rate by 30 basis points. The new repo rate stands at 5.9%, while the reverse repo rate continues to stand at 3.35%. Commercial banks borrow money from the central bank when there is a shortage of funds. With the surge in the repo rate, it will become costlier for the people to borrow money from the banks.	(2+2)																								

	<p>(i) 'Repo rate helps in controlling credit creation. Justify the given statement with valid explanation.</p> <p>(ii) Distinguish between repo rate and reverse repo rate.</p>																												
15.	<p>Read the following and answer the given questions:</p> <p>The government had sharply raised the fiscal deficit target for FY22 in the budget presented on February 1, as the Covid-19 pandemic dented revenues and expenditure ballooned to contain its impact.</p> <p>- The Economic Times, 31 March, 2021</p> <p>(i) In government budget, primary deficit is ₹ 40,000 crore and interest payment is ₹ 20,000 crore. How much is fiscal deficit?</p> <p>(ii) What is the significance of fiscal deficit?</p>	(2+2)																											
16.	<p>Read the following and answer the given questions:</p> <p>"Rupee appreciates over 4% against dollar so far in 2020-21."</p> <p>The rupee is likely to average around 73.50-74 in the financial year 2021-22, as despite a vaccine, the Corona Virus hysteria persists and may continue to grapple the foreign exchange market, experts said.</p> <p>- The Economic Times, 29 March, 2021</p> <p>(i) In case of appreciation, more ₹ will have to be paid to exchange one dollar. State whether the statement is true or false. Give reasons.</p> <p>(ii) Considering the above news, what will be the impact on demand for American goods in India?</p>	(3+3)																											
17.	<p>(I) On the basis of the given data, estimate the value of Domestic income:</p> <table border="1"> <thead> <tr> <th>S. No.</th><th>Items</th><th>Amount (₹ in crore)</th></tr> </thead> <tbody> <tr> <td>i.</td><td>Household Consumption Expenditure</td><td>600</td></tr> <tr> <td>ii.</td><td>Gross Fixed Capital Formation</td><td>200</td></tr> <tr> <td>iii.</td><td>Change in stock</td><td>40</td></tr> <tr> <td>iv.</td><td>Government Final Consumption Expenditure</td><td>200</td></tr> <tr> <td>v.</td><td>Net Exports</td><td>(-)40</td></tr> <tr> <td>vi.</td><td>Net Indirect Taxes</td><td>120</td></tr> <tr> <td>vii.</td><td>Net Factor Income From Abroad</td><td>20</td></tr> <tr> <td>viii.</td><td>Consumption of Fixed Capital</td><td>40</td></tr> </tbody> </table> <p>(II) "The public investment on the construction of a multi-lane flyover may reduce traffic congestion." On the basis of the above statement, discuss its likely impact on Gross Domestic Product (GDP) and welfare in an economy.</p>	S. No.	Items	Amount (₹ in crore)	i.	Household Consumption Expenditure	600	ii.	Gross Fixed Capital Formation	200	iii.	Change in stock	40	iv.	Government Final Consumption Expenditure	200	v.	Net Exports	(-)40	vi.	Net Indirect Taxes	120	vii.	Net Factor Income From Abroad	20	viii.	Consumption of Fixed Capital	40	(3+3)
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INDIAN ECONOMIC DEVELOPMENT																													
18.	<p>The shackles of agriculture during the colonial rule were permanently broken by the Green Revolution that resulted from the application of ____</p> <p>I. High Yielding Varieties (HYV)</p> <p>II. Mechanization of Agriculture</p> <p>III. Chemical Fertilizers and Pesticides</p> <p>IV. Organic Fertilizers and Pesticides Alternatives:</p> <p>(a) I, II, IV</p> <p>(b) I, II, III</p> <p>(c) II, III, IV</p>	(1)																											

	(d) I, III, IV	
19.	<p>Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): In the first seven five-year plans, trade in India was characterised by an 'inward looking trade strategy' which is called 'import substitution'.</p> <p>Reason (R): The policy's aim was to protect the domestic industries from foreign competition in the form of tariffs and quotas.</p> <p>Alternatives:</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 and 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)
20.	<p>Which one of the following statements is correct?</p> <p>A. The expansion of the public sector has been a necessary and constructive development and a strong public sector is needed along with the capitalist market</p> <p>B. There are several reasons for the state to embrace a much larger role</p> <p>C. In India, state intervention through public finance policy has to play an important role</p> <p>D. Keynesian economics states that the state has to ensure full employment</p> <p>Choose the correct answer from the options given below:</p> <p>(a) A and B only</p> <p>(b) A, B and C only</p> <p>(c) A and C only</p> <p>(d) A, B, C and D</p>	(1)
21.	<p>_____ was setup in 1974 by the Indian government to address two major environmental concerns viz. water and air pollution. (Choose the correct option to fill up the blank)</p> <p>(a) State Pollution Control Board</p> <p>(b) Central Pollution Control Board</p> <p>(c) Brundtland Commission</p> <p>(d) Montreal Protocol</p>	(1)
22.	<p>Read the following statements carefully:</p> <p>Statement 1: The British policies led to the collapse of India's world-famous handicraft industries.</p> <p>Statement 2: During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly.</p> <p>In light of the given statements, choose the correct option from the following:</p> <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>	(1)
23.	<p>Due to the recent efforts of which international body the Indian government, initiated the modernization of informal sector?</p> <p>(a) World Bank</p> <p>(b) WTO</p> <p>(c) International Labour Organisation</p> <p>(d) G-20</p>	(1)

24.	Identify the correct combination of the 'Goals of Indian Five-Year Plans': (a) Growth, Equality, Modernisation, Self-Reliance (b) Development, Equality, Modernisation, Sustainability (c) Good Health, Education, Modernisation, Sustainability (d) Growth, Equity, Modernisation, Self-Reliance	(1)																				
25.	Small Finance Banks had mobilised deposits of ₹ 82,488 crores and extended credit of ₹ 90,576 crores to small and marginal farmers and Micro, Small and Medium Enterprises (MSMEs) by the end of FY 2019-20. How will it affect the economy? (a) Growth of MSMEs and agriculture sector become faster (b) Financial inclusion of people (c) Economic strengthening of rural areas (d) All of these	(1)																				
26.	From the set of the events given in column I and corresponding facts given in Column II, choose the correct pair of statements: <table><tr><th></th><th>Column I</th><th></th><th>Column II</th></tr><tr><td>A.</td><td>Adoption of mixed economic system</td><td>I.</td><td>The common development policy of India and China</td></tr><tr><td>B.</td><td>Introduction of economic reforms in China</td><td>II.</td><td>Imposed by World Bank</td></tr><tr><td>C.</td><td>Great Leap Forward Campaign</td><td>III.</td><td>Focussed on massive industrialization</td></tr><tr><td>D.</td><td>First Five Year Plan of Pakistan</td><td>IV.</td><td>Announced in 1953</td></tr></table>		Column I		Column II	A.	Adoption of mixed economic system	I.	The common development policy of India and China	B.	Introduction of economic reforms in China	II.	Imposed by World Bank	C.	Great Leap Forward Campaign	III.	Focussed on massive industrialization	D.	First Five Year Plan of Pakistan	IV.	Announced in 1953	(1)
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27.	Study the following picture and answer the given question :  Women in rural households take up bee activities as an entrepreneurial activity. Such kind of activities may be envisaged under _____ as diversification activity. (a) Animal husbandry (b) Horticulture (c) Fisheries (d) Poultry	(1)																				
28.	From the following table,calculate the missing figures: <table><tr><th>Region</th><th>Estimated Population (in cr)</th><th>Estimated no. of workers(in cr)</th><th>Workforce participation rate(%)</th></tr><tr><td>Rural</td><td>140</td><td>70</td><td>(a)</td></tr><tr><td>Urban</td><td>(b)</td><td>40</td><td>80</td></tr><tr><td>Total</td><td></td><td></td><td>(c)</td></tr></table>	Region	Estimated Population (in cr)	Estimated no. of workers(in cr)	Workforce participation rate(%)	Rural	140	70	(a)	Urban	(b)	40	80	Total			(c)	(3)				
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Rural	140	70	(a)																			
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Total			(c)																			

29.	'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 traditional methods for replacement of the chemical pesticides.	(3)															
30.	<p>Read the following and answer the given questions:</p> <p>The economy of the People's Republic of China is a market economy including economy plans through the industrial policies and five-year strategic plans. The economy is dominated by the state-owned enterprises. The economy consists of a large domestic private sector and openness to foreign companies in a system known as socialist market economy. In terms of purchasing power parity, China has been the world's largest economy since 2014. It is the second largest nominal GDP since 2010 and is affected by market exchange rate fluctuations. China is the world's largest exporter of commodities and manufacturing economy. It is also the fastest growing consumer market in the world and the second largest importer of commodities.</p> <p>(I) What was the aim of Great Leap Forward campaign? (II) Fertility Rate is highest in China in comparison to India and Pakistan. True or false. Give reasons.</p>	(4)															
31.	<p>Read the following case study :</p> <p>Online websites (like Flip kart and Amazon) delivering to Uttar Pradesh had to file a VAT declaration and mention the registration number of the delivery truck. Tax authorities could sometimes seize goods if the documents were not produced.</p> <p>Again, these e-commerce brands were treated as facilitators or mediators by states like Kerala, Rajasthan, and West Bengal which did not require them to register for VAT.</p> <p>All these differential treatments and confusing compliances have been removed under GST.</p> <p>With reference to text explain advantages and disadvantages of implementing GST?</p>	(4)															
32.	<p>Study the following pictures and explain in brief with reference to human capital formation.</p> <div style="display: flex; justify-content: space-around;">   </div>	(4)															
33.	<p>Answer the following questions on the basis of given data:</p> <p style="text-align: center;">Employment pattern (status wise) 1972-2012(in%)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Status</th><th>1972-73</th><th>2011-12</th></tr> </thead> <tbody> <tr> <td>Self employed</td><td>61.4</td><td>52.0</td></tr> <tr> <td>Regular salaried employees</td><td>15.4</td><td>18.0</td></tr> <tr> <td>Casual wage labourers</td><td>23.2</td><td>30.0</td></tr> <tr> <td>Total</td><td>100.0</td><td>100.0</td></tr> </tbody> </table> <p>(a) Analyse the trend in the employment pattern on the basis of the above table.</p>	Status	1972-73	2011-12	Self employed	61.4	52.0	Regular salaried employees	15.4	18.0	Casual wage labourers	23.2	30.0	Total	100.0	100.0	(2+4)
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	(b) In recent times the Indian Economy has experienced the problem of Casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19! Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement.	
34.	<p>(i)'Under the Industrial Policy Resolution (IPR) 1956 in India, the system of industrial licensing was introduced to promote regional equality.' Justify the given statement with valid arguments.</p> <p>(ii)Discuss briefly the estimates made by notable scholars regarding the national income and per capita income during the colonial rule in India.</p> <p>OR</p> <p>(i)'During the colonial period, India's foreign trade was characterized by a large export surplus, however, this did not result in any flow of gold or silver into India.' Justify the given statement with valid arguments.</p> <p>(ii)Explain the rationale behind choosing 'Self-reliance' as a central planning objective in India's development strategy.</p>	(3+3)