

PREMIUM MOCK TEST 03

ECONOMICS (030)

CLASS XII BOARD EXAM 2026

MM – 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 Question type questions of 1 Marks each
- (iii) This paper contains 4 Shorts Answer Question type questions of 3 Marks each to be answered in 60 to 80 words.
- (iv) This paper contains 6 Short Answer Question type question of 4 Marks each to be answered in 80 to 100 words.
- (v) This paper contains 4 Long Answer Question types question of 6 Marks each to be answered in 100 to 150 words.

SECTION A – MACRO ECONOMICS

Q.1) Identify the correct sequences of alternative given in Column II by matching them with respective items in Column I: (1)

Column I	Column II
A. Ex-ante saving B. Multiplier C. Aggregate supply D. MPC=0.8	(i) Planned output (ii) $\Delta Y/\Delta I$ (iii) Multiplier =5 (iv) Desired saving

Alternatives:

- a) A-(iii), B-(ii), C-(iv), D-(i)
- b) A-(iv), B-(ii), C-(i), D-(iii)
- c) A-(iv), B-(i), C-(ii), D-(iii)
- d) A-(ii), B-(iv), C-(i), D-(iii)

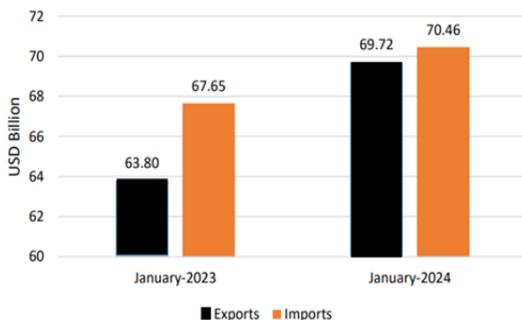
Q.2) An Indian real estate company receives rent from Google in New York. This transaction would be recorded on _____ side of _____ account (1)

- a) Credit, Current
- b) Credit, Capital
- c) Debit, Capital
- d) Debit, Current

Q.3) Based on the given diagram:

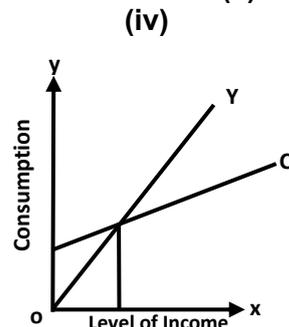
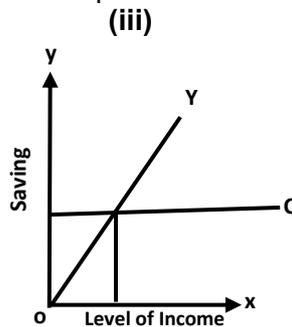
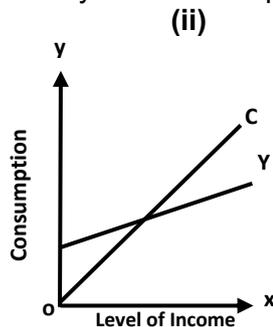
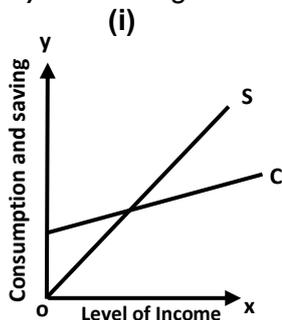
The trade under current account during January 2024 reflects a _____ of USD _____ billion. (Choose the correct option to fill up the blank) (1)

Overall Trade (Merchandise + Services)



- a) surplus, 0.74
- b) surplus, 3.85
- c) deficit, 0.74
- d) deficit, 3.85

Q.4) From the given diagrams, identify the correct option which represent break-even point. (1)



- a) (i)
- b) (ii)
- c) (iii)
- d) (iv)

Q.5) Maximum Credit that the commercial banks can legally create depends on their. (1)

- a) Gold reserve
- b) Cash reserve with RBI
- c) Statutory liquidity ratio
- d) Term deposits

Q.6) Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: (1)

Assertion (A): The government can reduce the deflationary gap by purchasing government securities in the open market.

Reason (R): The Central Bank purchases government securities in the open market to increase the lending capacity of commercial banks.

Options:

- 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.

Q.7) If an economy, the value of investment multiplier is 4 and Autonomous Consumption is ₹30 Crore, the relevant consumption function would be: (1)

- a) $C = 30 + 0.75Y$
- b) $C = -30 + 0.25Y$
- c) $C = 30 - 0.75Y$
- d) $C = 30 - 0.25Y$

Q.8) Suppose in an economy there exist autonomous investments, which are independent of the level of income. Graphically, the autonomous investments curve would be _____. (1)
(Choose the correct alternative to fill in the blank)

- a) a straight line parallel to y-axis
- b) a straight line parallel to x-axis
- c) an upward sloping straight line at x-intercept, in the positive quadrant
- d) a downward sloping straight line at y-intercept

Q.9) Read the following statements carefully (1)

Statement 1 – Depreciation is a flow concept

Statement 2 – Net change in stock is a stock concept

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 Statement 1 and 2 are True
- d) Both Statement 1 and 2 are False

Q.10) Read the following statements carefully:

Statement 1: Borrowings by a nation from the World Bank to finance Balance of Payment (BOP) deficit will be recorded in the capital account.

Statement 2: Autonomous transactions are independent of the condition of Balance of Payment (BOP) account.

In light of the given statements, choose the correct alternative from the following: (1)

- 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.

Q.11) Distinguish between autonomous and accommodating transactions in Balance of Payments Accounts. (3)

OR

Define appreciation of domestic currency and its impact on export & imports

Q.12) Calculate National Income: (3)

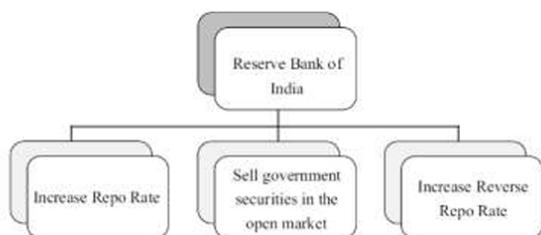
Particulars	Amount
Rent	60
Interest	40
Profits net of corporate profit tax	20
Corporate profit tax	5
Net factor income received from abroad	(-)5
Compensation of employees	600
Indirect taxes	80
Subsidies	10
Dividend	7

Q.13) In an economy, with every increase in income, 10 percent of the rise in income is saved. Suppose a fresh investment of 120 crores takes place in the economy.

Calculate the following

- (i) change in the income;
- (ii) Change in consumption (4)

Q.14) Study the following image: (4)



- (i) Identify the indicated situation.
- (ii) Explain any two steps which may be taken by RBI to correct the situation.

Q.15) Read the following text carefully, discuss briefly the relevant functions of the Central Bank indicated: The modern banking system is two tiered. This means that at the bottom there are commercial banks i.e. the banks that we interact with on a day-to-day basis. They are then managed by a central bank which

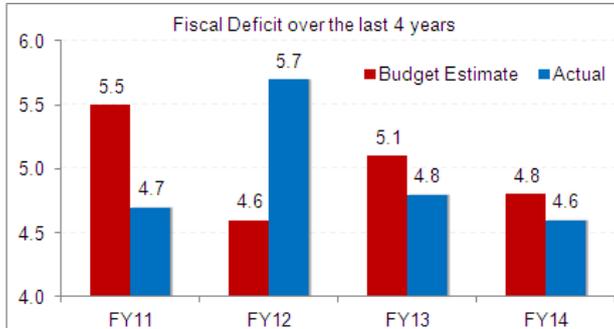
forms the next level in the hierarchy. The modern banking system provides Central Banks with considerably more rights and responsibilities

- i) Banker's bank (2)
- ii) Lender the last resort (2)

OR

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)

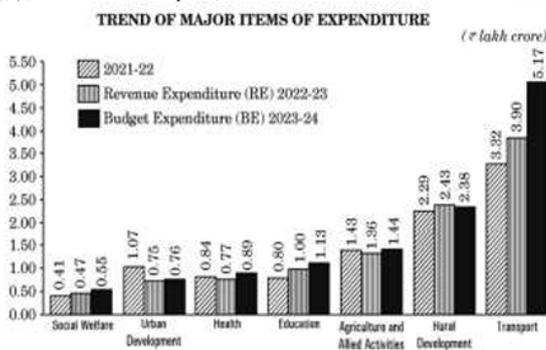
Q.16) a) Compare the trends depicted in the figure given below: (3)



b) Define Effective Demand. Explain the adjustment mechanism to attain the level of Effective Demand, if ex-ante Aggregate Demand is more than ex-ante Aggregate Supply. (3)

OR

- a) Distinguish between Revenue receipts and Capital receipts with example (3)
- b) Study the following chart carefully and analyse the changing trends in the government expenditure on: (3)
 - (I) Transport
 - (II) Rural Development



Q.17) a) Explain "Externalities" as a limitation of Gross Domestic Product as an index of welfare of a country. (3)

b) Explain the problem of double counting and how to avoid this? (3)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

Q.18) Arrange the following events in chronological order and choose the correct alternative: (1)

- i) Establish of People's Republic of China
- ii) Creation of Pakistan
- iii) First Five-Year Plan of India
- iv) First Five-Year Plan of China

Alternatives:

- a) (i), (iv), (ii), (iii)
- b) (iii), (ii), (i), (iv)
- c) (ii), (i), (iii), (iv)
- d) (iv), (iii), (ii), (i)

Q.19) From the set of terms given in Column I and corresponding facts given in Column II, choose the correct pair of statements: (1)

	Column I		Column II
(a)	Animal Husbandry	i.	Instability in income
(b)	Fisheries	ii.	Mixed crop-livestock farming system
(c)	Horticulture	iii.	India is the second-largest producer of fruits and vegetables in the world
(d)	Agro-processing industry	iv.	Iron and steel industry

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

Q.20) Identify the correct sequences of alternative given in Column II by matching them with respective items in Column I: (1)

Column I	Column II
A. Zamindari system of land revenue B. Stagnant economy C. Backward Economy D. Occupational Structure	(i) One in which per capita income is very low. (ii) The distribution of working population across different sectors of the economy (iii) It worked through the system of middlemen (iv) One which shows little or no growth in national income

Alternatives:

- (a) A-(iii), B-(iv), C-(i), D-(ii)
- (b) A-(iv), B-(ii), C-(i), D-(iii)
- (c) A-(iv), B-(i), C-(ii), D-(iii)
- (d) A-(ii), B-(iv), C-(i), D-(iii)

Q.21) Read the following statements: Assertion (A) and Reason (R). choose one of the correct alternatives given below: (1)

Assertion (A): Lesser women are found in regular salaried employment

Reason (R): Regular salaried employment do not require skills and high level of literacy.

- 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 and 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

Q.22) Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

Assertion (A): Human capital formation increases the rate of participation of population to economic activities and leads to economic growth.

Reason (R): Rate of participation of people refers to the percentage of people engaged in production process of a country. (1)

Alternative:

- 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.

Q.23) Rank India, Pakistan and China in terms of better value of human development index. (1)

- a) 1st Pakistan, 2nd China, 3rd India

- b) 1st Pakistan, 2nd India, 3rd China
- c) 1st China, 2nd Pakistan, 3rd India
- d) 1st China, 2nd India, 3rd Pakistan

Q.24) _____ committee was set up for the development and promotion of small-scale industries in India. (1)

- a) Karve
- b) Tapas Majumdar
- c) Mahalanobis
- d) TRYSEM

Q.25) From the following terms given in Column-I, match the correct pair of meaning given in Column-II: (1)

- | Column-I | Column-II |
|---------------------------------|--|
| (a) Human Development Indicator | (i) Rule of Law |
| (b) Demographic Indicator | (ii) Constitutional Protection |
| (c) Special Economic Zone | (iii) Generation of additional economic activities |
| (d) Commune System | (iv) Collective industrialisation |
- a) (a) – (i)
 - b) (b) – (ii)
 - c) (c) – (iii)
 - d) (d) – (iv)

Q.26) “Assuming in a hypothetical economy, Real Gross Domestic Product recorded a growth rate of 9% during a fiscal year. However, the economy faced a significant challenge in terms of creating an adequate number of employment opportunities.” Identify the situation indicated in the given statement and choose the correct option (1)

- a) Casualisation of workforce
- b) Informalisation of workforce
- c) Formalisation of workforce
- d) Jobless growth

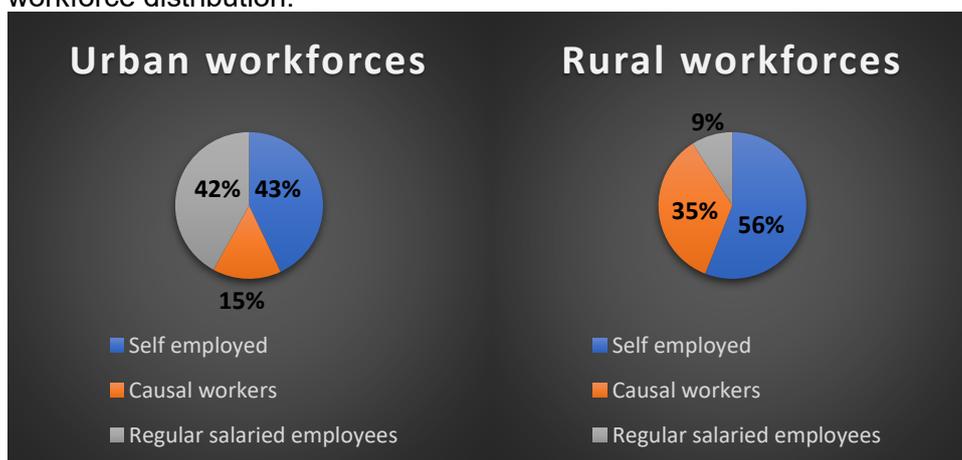
Q.27) Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:

Assertion (A): The Education Commission (1964–66) had recommended that at least 4 % of Gross Domestic Product (GDP) be spent on education.

Reason (R): The Union and State Governments, have been stepping up expenditures in the education sector over the years to fulfil the objective of attaining cent per cent literacy. (1)

- 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.

Q.28) The following diagram shows distribution of workforce in India. Analyse and compare the nature of workforce distribution. (3)



OR

Define the following

(3)

- a) Job less growth
- b) Worker Population Ratio

Q.29) Interpret the given picture on account of current environment challenges. And how to prevent it? (3)



Q.30) 'The reform process implemented in the late 1970s, commonly known as China's open door policy, encompassed a wide range of reforms across sectors like agriculture, investment, industry etc. These reforms played a pivotal role in driving the rapid growth of the Chinese economy over subsequent decades.' In the light of the given text, discuss any two reforms responsible for the rapid economic growth of China. (4)

Q.31) Discuss the following as a source of human capital formation

- a) Expenditure on "On the Job Training"
- b) Expenditure on Migration

(2)

(2)

Q.32) India is often called as 'Outsourcing Destination' of the world, Discuss the prime reasons for this name given to India. (4)

(4)

OR

Discuss "Human Development index & Any three of its indicators

(4)

Q.33) "The demographic condition during the British rule exhibited all features of a backward Indian economy." Do you agree? Give reasons in support of your answer. (4)

(4)

Q.34) a) what are the different policy instrument introduced by the government to improve agriculture marketing. (3)

(3)

b) Discuss briefly, how institutional reforms (land reforms) have played a significant role in transforming Indian agriculture. (3)

(3)

OR

a) Explain any two functions of environment

(4)

b) Discuss the role played by horticulture in the direction of rural development in India

(2)