

PREMIUM MOCK TEST 02

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) Deflationary Gap refers to the gap by which _____ falls short of the Aggregate Demand required to establish full employment equilibrium. (Choose the correct option to fill up the blank) **(1)**

- a) ex-ante Aggregate Demand
- b) ex-post Aggregate Demand
- c) ex-ante Aggregate Supply
- d) ex-post Aggregate Supply

Q.2) “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 the aforesaid statement, identify the budgetary objective the government is trying to achieve and choose the correct option: **(1)**

- a) Reallocation of resources
- b) Economic stability
- c) Redistribution of income
- d) Economic instability

Q.3) Read the following statements carefully and choose the correct alternatives **(1)**

Statement 1: Balance of payment is an accounting statement which records all the economic transaction that take place between the residents of a country during a given period of time.

Statement 2: Current account of balance of payment records all the transactions that relate to assets or liabilities

- a) Both the statement are true
- b) Both the statement are false
- c) Statement 1 is true but Statement 2 is false
- d) Statement 2 is true but Statement 1 is false

Q.4) Which of the following can be used to correct inflationary gap under Monetary Policy? **(1)**

- a) Increase in taxation
- b) Reduce availability of credit
- c) Cut in government expenditure
- d) None of these

Q.5) Ms. Sakshi, an economics teacher, was explaining the concept of minimum percentage of the total deposits to be kept by any commercial bank with the central bank of the country as per norms and statute prevailing in the country.

From the following, choose the correct alternative which specific towards the concept explanation by her? (1)

- a) Cash reserve ratio
- b) Repo rate
- c) Bank rate
- d) Statutory liquidity ratio

Q.6) For the given Consumption function, $C = 205 + 0.9 Y$, the value of investment multiplier would be _____ (Choose the correct alternative to fill up the blank) (1)

- a) 0.09
- b) 10.0
- c) 0.9
- d) 9.0

Q.7) In the context of Current Account transactions of Balance of Payment, identify the incorrect statement from the following: (Choose the correct option) (1)

- a) Export of goods and services are recorded as credit items.
- b) Import of goods and services are recorded as debit items.
- c) All transfer payments are recorded as debit items.
- d) All transfer receipts are recorded as debit items.

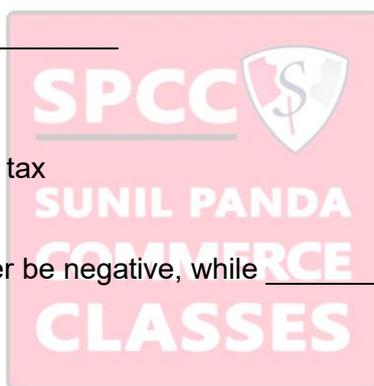
Q.8) $NDP_{fc} = GDP_{mp}$ _____ (1)

Fill in the blank with correct option

- a) + Depreciation – Net indirect tax
- b) – Depreciation – Net indirect tax
- c) – Depreciation + NFIA – Net indirect tax
- d) + Depreciation + Net indirect tax

Q.9) The value of _____ can never be negative, while _____ can have a value equal to one (1)

- a) APS, APC
- b) MPC, APS
- c) APC, APS
- d) MPS, APC



Q.10) In a hypothetical economy, the following data is given (1)

Merchandise export	100
Merchandise imports	90
Tourism	70
Net remittance from abroad	-20

The value of balance on current account would be _____ (1)

- a) 100
- b) 70
- c) 80
- d) 60

Q.11) Explain with reasons whether the following transaction will be recorded on debit or credit side of balance of payments

- a) Export of jute to SriLanka (1)
- b) Sale of machinery to abroad (1)
- c) Remittance received from a relative in America (1)

OR

- a) Define managed floating exchange rate (1.5)
- b) Write any 2 merits and demerits of fixed exchange rate (1.5)

Q.12) On the basis of the given data, estimate the value of Net Value Added at Factor Cost (NVAFC): (3)

S.No.	Particulars	Amount (in ₹ crore)
i	Sales	1000
ii	Change in stock	150
iii	Purchase of raw material	300
iv	Gross Investment	100
v	Net Investment	80
vi	Net Indirect Taxes	20

Q.13) Assume the following for a hypothetical economy:

(i) Autonomous Consumption Expenditure (C) = ₹ 25 crore

(ii) Marginal Propensity to Save (MPS) = 0.1

(iii) Level of Income (Y) = ₹ 2,000 crore

(iv) Autonomous Investment (I) = ₹ 25 crore

Is the economy in equilibrium situation? Justify your answer with valid calculations. (4)

OR

a) Describe the adjustment mechanism, if ex-ante savings are less than ex-ante investments. (2)

b) "In an economy ex-ante Aggregate Demand is more than ex-ante Aggregate Supply" (2)

Elaborate the possible impact of the same, on the level of output, income and employment.

Q.14) a) Define Gross Domestic Product (GDP) deflator and discuss its importance.

b) State and discuss any two precautions to be considered while estimating national income by Expenditure Method. (4)

Q.15) Define inflationary gap and how it is corrected through (4)

a) Cash reserve ratio

b) Open market operation

Q.16) (a) "Tax revenue collection of the government may be categorized under two heads." State and explain the two heads of tax revenue. (3)

(b) "Under the Ayushman Bharat Scheme, the government provides free medical treatment to the poorer section of the society."

Identify and explain the nature of budget expenditure and its objective, indicated in the given statement. (3)

OR

a) (i) "The Union Budget 2023 – 24 had proposed an allocation of ₹ 22,138 crore to the Micro, Small and Medium Enterprise (MSME) Ministry."

Identify and explain the objective that the government is trying to achieve with the proposed expenditure.

(ii) State the formulae for calculating fiscal deficit and revenue deficit. (3)

b) On the basis of the given information, calculate the value of:

(i) Fiscal deficit

(ii) Primary deficit

S.No.	Particulars	Amount (in ₹ crore)
i	Revenue Receipts	20
ii	Capital Expenditure	15
iii	Revenue Deficit	10
iv	Non-debt creating capital receipts	50% of revenue receipts
v	Interest Payments	4

(3)

Q.17) a) Differentiate between stock variables and flow variables with suitable example. (3)

b) Whether the following items will be included or not included in national income, give reasons, (3)

i) free meals to employees

ii) Expenditure incurred by normal Resident on foreign travel

iii) medical facilities to government employees

SECTION B – INDIAN ECONOMIC DEVELOPMENT

- Q.18)** Central Pollution Control Board set up in _____ to control _____ pollution (1)
- a) 1974, Air & Water
 - b) 1984, Air & Water
 - c) 1991, Air & Noise
 - d) 1951, Water & Noise

- Q.19)** Read the following statements carefully:
Statement-1: Hired workers may be regular salaried workers or casual workers.
Statement-2: Regular salaried employment is a major source of employment in rural areas in India.
In the light of the given statements, choose the correct option 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.20)** Which of the following statements correctly represents actions taken by the government towards Liberalisation? (1)
- P: Levying high tariffs to discourage import and promoting the consumption of domestic goods and services
Q: Devaluation of the rupees to encourage inflow of foreign exchange
R: Allowing for private banks to make decisions independent of the RBI restrictions.
S: Fixing prices of certain industrial good in order to support increased consumption of these goods to boost the manufacturing industry.
- a) P and Q only
 - b) P and R only
 - c) Q and R only
 - d) Q and S only

- Q.21)** From the set of events/ system given in column I and corresponding relevant fact given in column II, about China, choose the correct pair of statement. (1)

Column I	Column II
A. Great Leap Forward	(i) Cultivating land collectively
B. Commune system	(ii) Opening of the industries in their homes
C. Proletarian cultural revolution	(iii) Students were sent to work and learn from the country side
D. Economic reforms in China	(iv) 1988

Alternative:

- a) A-(i)
 - b) B-(ii)
 - c) C-(iii)
 - d) D-(iv)
- Q.22)** 'Expenditure on health' is one of the sources of Human Capital Formation where, _____ is one of the most suitable curative measures. (Choose the correct alternative to fill in the blank) (1)
- a) Vaccination
 - b) Medical intervention during illness
 - c) Spread of health awareness
 - d) Provision of clean drinking water

- Q.23)** Which of the following is not a benefit of organic farming? (1)
- a) Improves soil health
 - b) Attractive returns on investment
 - c) Greater import possibilities
 - d) Higher Nutritional value

Q.24) Read the following statements carefully: (1)

Statement 1: The British policies led to the collapse of India's world-famous handicraft industries.

Statement 2: During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly.

In light of the given statements, choose the correct option 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.

Q.25) Read the following statements carefully: Assertion (A) and Reason (R). Choose the correct option from those given below:

Assertion (A): Prior to economic reforms, public investment in social infrastructure by China resulted in better Human Development Indicators (HDI).

Reason (R): China is ahead of India and Pakistan on many Human Development Indicators (HDI). (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.26) _____ account for second major source of employment in rural areas, while _____ account for second major source of employment in Urban areas. (1)

- a) Regular salaried employees, casual workers
- b) Casual workers, self employed
- c) Self-employed, Regular salaried employees
- d) Casual workers, Regular salaried employees

Q.27) The extent of constitutional protection of the independence of the Judiciary and the Rule of Law, is an example of _____ indicator. (Choose the correct alternative to fill in the blank) (1)

- a) economic growth
- b) liberty
- c) human destruction
- d) human values

Q.28) Defend or refute the following statement with valid explanation: (3)

Disguised unemployment is a common form of unemployment in rural India.

OR

Critically evaluate the role of rural banking system in the process of rural development in India. (3)

Q.29) Interpret the given Picture on account of current environment challenges and how to prevent it (3)



Q.30 (I) "India has been a part of many regional and global economic groupings such as G20, SAARC, BRICS etc." In the light of the given statement, briefly explain the importance of regional and global economic groupings.

(II) Define 'Special Economic Zone'. (4)

Q.31 "Despite being the main occupation of about 85% of the country's population during British rule, agricultural sector continued to experience stagnation" Briefly explain any two reasons responsible for the backwardness of Indian agriculture on the eve of independence. (4)

Q.32 What are the function of world trade organisation (4)

OR

"Economic reforms of 1991 changed the structure of the financial sector in India to a large extent." Justify the given statement, highlighting any two reforms introduced in the financial sector. (4)

Q.33 Explain the following terms

a) The Government of India has adopted various strategies to ensure that the future generations should have the same quality of life as the present generation.

In the light of the given statement, briefly discuss any two strategies. (3)

b) Briefly explain the following objectives of Indian Economic Planning. (3)

a) Self Reliance

b) Equity

OR

a) "A sound agricultural marketing system works as the backbone of any agro-system of any nation."

Justify the above statement by listing any two steps taken by the Indian government in this direction. (3)

b) (i) Define agricultural marketing. (3)

(ii) Discuss briefly the importance of micro-credit programmes in rural development.

(iii) Enlist any two problems faced by farmers in the initial years of organic farming.

Q.34 Read the following text carefully: (6)

The need for eco-friendly agriculture in India

A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth. This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long term vision of eco-friendly agriculture. Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India. Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term. It also accelerates land degradation and desertification by destroying the natural soil properties. Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon. On the basis of the given text and common understanding, answer the following questions:

(a) Explain any two problems associated with the usage of chemical fertilizers.

(b) Discuss briefly the economic rationale behind the government's move to promote organic farming.

(c) State the meaning of green growth.