

KENDRIYA VIDYALAYA SANGATHAN ERNAKULAM REGION
PRE-BOARD EXAMINATION 2025-26
ECONOMICS (030)

CLASS XII

MARKS: 80

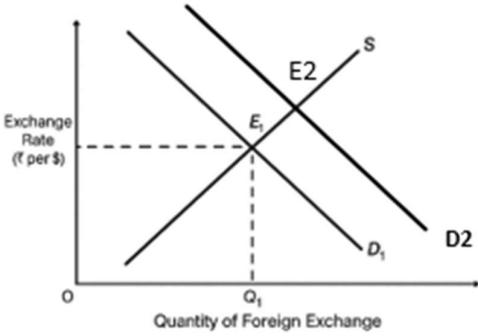
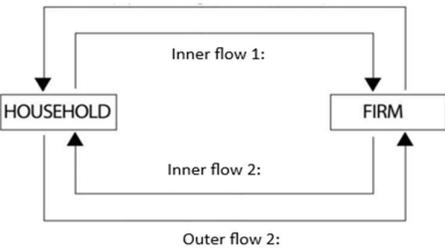
TIME: 3 Hours

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 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words

Section A – Macro Economics						
1	<p>Choose the correct statement that represents a feature of a final good.</p> <ol style="list-style-type: none"> a. It will undergo transformation at the hands of any producer. b. It will not be transformed during consumption by consumers c. These are ready for consumption or investment and do not require further processing. d. Final goods are always perishable and cannot be used more than once. 	1				
2	<p>Identify the Function of money as highlighted by the below given conversation between Ritu and a Shopkeeper</p> <p>Ritu: I really want to buy this mobile, but I don't have ₹12,000 right now. Shopkeeper: No problem! You can buy it on EMI and pay ₹2,000 every month for six months.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; padding: 5px;">a. Medium of Exchange</td> <td style="width: 50%; padding: 5px;">b. Measure of Value</td> </tr> <tr> <td style="padding: 5px;">c. Store of Value</td> <td style="padding: 5px;">d. Standard of Deferred payments</td> </tr> </table>	a. Medium of Exchange	b. Measure of Value	c. Store of Value	d. Standard of Deferred payments	1
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3	<p>Complete the flowchart by supplying the missing elements</p> <div style="text-align: center; margin: 10px 0;"> <pre> graph LR MS[MONEY SUPPLY] --- M1[M1] MS --- M2[M2] MS --- M3[M3] MS --- M4[M4] M1 --- A["(a)"] M1 --- B["(b)"] </pre> </div> <ol style="list-style-type: none"> a. (a) Currency held by the public and (b) Net Time Deposits with commercial banks b. (a) Net Demand Deposits with commercial banks and (b) Post office savings deposits c. (a) Currency held by the public and (b) Net Demand Deposits with commercial banks d. (a) Currency held by the public and Post office savings deposits 	1				

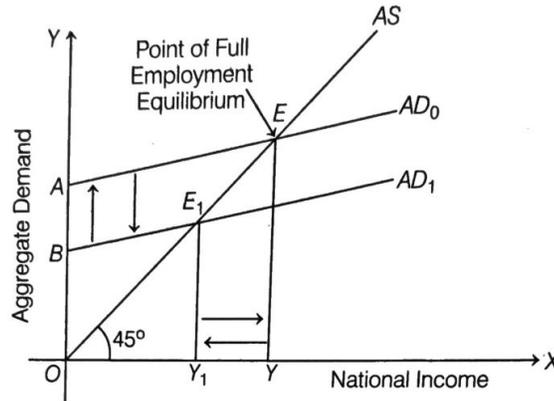
4	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Assertion (A): Consumption function shows a rate of change of consumption as income changes.</p> <p>Reason (R): The most important determinant of consumption demand is household income</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true 	1										
5	<p>Graphically the aggregate demand function can be obtained by vertically adding the _____ & _____ function.</p> <ol style="list-style-type: none"> Consumption and Investment Consumption and Income Income and Savings Savings and Investment <p style="text-align: center;">OR</p> <p>When aggregate demand is greater than aggregate supply, inventories _____.</p> <ol style="list-style-type: none"> fall rise do not change first fall, then rise 	1										
6	<p>Read the following statements carefully:</p> <p>Statement 1: Value of investment multiplier varies between Zero and Infinity</p> <p>Statement 2: The maximum value of investment multiplier can be infinity when the MPC is assumed to be 1</p> <p>In light of the given statements, choose the correct option from the following</p> <ol style="list-style-type: none"> Statement I is true and statement II is false Statement I is false and statement II is true Both the statements are true Both the statements are false 	1										
7	<p>Identify the correctly matched pair</p> <table border="1" data-bbox="298 1520 1239 1703"> <thead> <tr> <th>Column I</th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>a. Revenue Expenditure</td> <td>i. Increases liabilities</td> </tr> <tr> <td>b. Revenue Receipt</td> <td>ii. Reduces assets</td> </tr> <tr> <td>c. Capital Expenditure</td> <td>iii. Reduces liabilities</td> </tr> <tr> <td>d. Capital Receipt</td> <td>iv. Increases assets</td> </tr> </tbody> </table> <p>a. a - i. b. b – ii c. c – iii d. d – iv</p>	Column I	Column II	a. Revenue Expenditure	i. Increases liabilities	b. Revenue Receipt	ii. Reduces assets	c. Capital Expenditure	iii. Reduces liabilities	d. Capital Receipt	iv. Increases assets	1
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8	<p>If government expenditure = ₹9,00,000 and government receipts = ₹7,50,000, then the budget shows:</p>	1										

	<p>a. Surplus of ₹1,50,000 b. Deficit of ₹1,50,000 c. Balanced budget d. Capital deficit</p>	
9	<p>The current account of BoP does not include transactions related to: (i) Financial assets (ii) Unilateral transfers (iii) Export and import of invisible items (iv) Foreign investment</p> <p>a. (i), (ii) & (iv) b. (ii) & (iii) c. (i) & (iv) d. (iii) only</p>	1
10	<p>Identify the possible cause for movement of exchange rate from E1 to E2 as represented in the following diagram</p>  <p>a. Increase in export of goods and services by Indians b. Increase in the number of foreign tourists to India c. Increase in investments by Indians abroad d. All the above</p>	1
11	<p>a. The production of a perfume involves several stages: A chemical company produces essential oils, a fragrance manufacturer blends these oils to create perfume essence, a cosmetic company bottles, brands, and sells the final perfume in the market. To calculate national income, an economist has to add the value of output produced by these three producers. Defend or refute the statement with valid reasons.</p> <p style="text-align: center;">OR</p> <p>b. Complete the following circular flow diagram provided the inner flow involves the flow of Money and the outer flow is the flow of real things.</p> 	3

17 (i) The ‘Saving and Investment’ approach derived from the ‘Aggregate demand and Aggregate Supply’ approach of income determination. Explain the validity of this statement using a diagram. 6

OR

(ii) Identify the situation represented in the below given diagram and highlight any two qualitative measures adopted by RBI to correct the situation. 6



Section B: Indian Economic Development

18 Government of India set up Karve committee in the year 1955. The purpose of this committee was to 1

- a. review the policy of industrial licensing
- b. study the possibility of using small-scale industries to promote rural development
- c. devise the strategy of Green Revolution to improve agriculture
- d. None of the above

OR

The policy of industrial licensing aimed at

- a. hindering the industrial growth
 - b. promoting industry in backward regions
 - c. promoting regional disparity
 - d. attracting foreign investments.
- 1

19 Identify the correctly matched pair from the following 1

Column I	Column II
a. Financial Sector Reforms	i. Simplification of tax procedures
b. Foreign Exchange Reforms	ii. Devaluation of Rupee
c. Trade and Investment policy Reforms	iii. Deregulation of industries
d. Tax Reforms	iv. Removal of Export Duties

- a. a – i b. b – ii c. c – iii d. d – iv

20	<p>Read the following statements carefully</p> <p>Statement 1: Both the physical and human capital formation are outcomes of conscious investment decisions.</p> <p>Statement 2: Human capital formation is partly a social process and partly a conscious decision of the possessor of the human capital.</p> <ol style="list-style-type: none"> Statement I is true and statement II is false Statement I is false and statement II is true Both the statements are true Both the statements are false 	1
21	<p>The terms Human Capital and Human Development sound similar, but there is a clear distinction between them. Identify the statement that highlights this distinction.</p> <ol style="list-style-type: none"> Human capital is broader than human development. Human capital treats human beings as a means to increase productivity Both a & b None of the above 	1
22	<p>To ensure fair prices for both farmers and consumers, the government introduced Rythu Bazars in _____.</p> <ol style="list-style-type: none"> Punjab Andhra Pradesh Haryana Maharashtra 	1
23	<p>The process that includes all the activities from sowing till the sale of the final produce in the market is known as:</p> <ol style="list-style-type: none"> Agricultural marketing Agricultural processing Agricultural development Agricultural production 	1
24	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Assertion (A): Female work participation rate is high in urban areas than in rural areas.</p> <p>Reason (R): Lesser women are found working in regular salaried employment as women lack mobility due to social constraints.</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true 	1
25	<p>Mini hydel plants promote sustainable development because</p> <ol style="list-style-type: none"> they do not change the land use pattern in areas where they are located they need large scale transmission towers and cables to avoid transmission loss. they are unable to generate enough power to meet the local demands. All the above 	1

26	<p>The problem of ozone depletion is caused by high levels of _____</p> <ol style="list-style-type: none"> ultraviolet (UV) radiation chlorine and bromine compounds Both a & b production of phytoplankton 	1
27	<p>Among India, China and Pakistan, _____ has the lowest contribution of agriculture sector to GVA.</p> <ol style="list-style-type: none"> India China Pakistan Both a & c 	1
28	<p>‘Small loans provided by microcredit institutions help rural women start businesses like tailoring, poultry, and handicrafts.’ Explain the concept of microcredit and highlight its importance in fulfilling the credit needs of the poor.</p>	3
29	<p>a) Define the liberty indicator. Give some examples of liberty indicators.</p> <p style="text-align: center;">OR</p> <p>b) China introduced the One-Child Policy to control its rapidly growing population. Over time, it led to both positive and negative outcomes. Validate the statement.</p>	3 3
30	<p>India’s economic growth since 1991 has been largely driven by the service sector. Do you agree with this statement? Support your answer with suitable reasons.</p>	4
31	<p>Classify the following workers into self-employed, casual wage labourers, and regular salaried employees. Also, write a short note explaining each category.</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div>	4
32	<p>a) Give reasons for the slow growth and reemergence of poverty in Pakistan.</p> <p style="text-align: center;">OR</p> <p>b) China’s rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate</p>	4 4

33	<p>Government seeks to identify 100 products in local manufacturing push NEW DELHI: To drive self-sufficiency, the commerce department is identifying 100-odd products for a local manufacturing push where domestic players depend on imports currently, a top official said Monday. The swadeshi initiative is expected to see products from across sectors - engineering goods, chemicals, plastics and pharma - being identified for possible import substitution. "We have identified around 100 products with large imports that also have large domestic capacity. We want to see if capacity utilisation can be increased and we can reduce dependency on unessential imports," commerce secretary Sunil Barthwal told reporters here. Source: https://timesofindia.indiatimes.com/ Dated: Sep 16, 2025</p> <p>(i) In the context of economic planning, discuss the need for adopting self-reliance as a key planning objective in a developing country like India. 3</p> <p>(ii) Discuss the meaning and any two importance of import substitution in promoting self-reliance. 3</p>	
34	<p>a) (i) Argue in favour of the need for different forms of government intervention in education and health sectors 3 (ii) Explain the relevance of intergenerational equity in the definition of sustainable development. 3</p> <p style="text-align: center;">OR</p> <p>b) (i) Discuss the need for promoting women's education in India. 3 (ii) Correction for environmental damages involves opportunity costs — explain. 3</p>	
