

CBSE Class 12 – Economics

Model Question Paper – Set 3

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions:

1. The question paper contains two sections:
 - **Section A:** Macroeconomics
 - **Section B:** Indian Economic Development
 2. All questions are compulsory.
 3. Use proper headings, formulas and diagrams wherever required.
 4. Marks are indicated against each question.
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SECTION A – MACROECONOMICS (40 Marks)

Part A – Multiple Choice Questions (1×10 = 10 Marks)

1. National Income is:
 - (a) NNP at Market Price
 - (b) NNP at Factor Cost
 - (c) GDP at Market Price
 - (d) GNP at Market Price
2. If $MPS = 0.25$, the value of multiplier will be:
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5
3. Which of the following is an example of intermediate good?
 - (a) Bread bought by household
 - (b) Machine bought by firm

- (c) Wheat used for making flour
 - (d) Old car sold
4. Statutory Liquidity Ratio (SLR) is maintained by:
- (a) RBI
 - (b) Commercial Banks
 - (c) Government
 - (d) SEBI
5. Revenue receipts do not include:
- (a) Tax revenue
 - (b) Fees and fines
 - (c) Borrowings
 - (d) Interest receipts
6. Appreciation of domestic currency will:
- (a) Increase exports
 - (b) Decrease imports
 - (c) Increase imports
 - (d) Increase inflation
7. Which of the following causes inflationary gap?
- (a) Decrease in government spending
 - (b) Increase in taxes
 - (c) Increase in money supply
 - (d) Decrease in exports
8. Demand deposits are included in:
- (a) M1
 - (b) M4 only
 - (c) Near money
 - (d) Bonds
9. Investment multiplier depends on:
- (a) MPC
 - (b) MPS only
 - (c) Income level
 - (d) Government policy
10. Which of the following is a capital receipt?
- (a) GST
 - (b) Income tax
 - (c) Borrowing
 - (d) Dividend

Part B – Short Answer Questions (3×4 = 12 Marks)

11. Define Net Domestic Product (NDP).
12. Explain any two objectives of government budget.
13. Distinguish between Fixed and Flexible Exchange Rate.
14. Explain the concept of Marginal Propensity to Consume (MPC).

Part C – Short Answer Questions (4×3 = 12 Marks)

15. Explain problem of double counting and how it is avoided.
16. Differentiate between Direct and Indirect Taxes.
17. Explain functions of Commercial Banks.

Part D – Long Answer Questions (6×2 = 12 Marks)

18. Explain determination of equilibrium income using Savings–Investment approach with diagram.
19. Explain measures taken by government to reduce fiscal deficit.

SECTION B – INDIAN ECONOMIC DEVELOPMENT (40 Marks)

Part A – MCQs (1×10 = 10 Marks)

20. First Five Year Plan mainly focused on:
 - (a) Industry
 - (b) Agriculture
 - (c) Services
 - (d) IT
21. Operation Flood is related to:
 - (a) Wheat
 - (b) Milk
 - (c) Rice
 - (d) Oil

22. Poverty line in India is determined on the basis of:

- (a) Income only
- (b) Calorie intake
- (c) Population
- (d) Employment

23. Which sector is also known as Service sector?

- (a) Primary
- (b) Secondary
- (c) Tertiary
- (d) Foreign

24. Disinvestment means:

- (a) Purchase of shares
- (b) Sale of government shares
- (c) Increase in taxes
- (d) Nationalisation

25. Human capital formation includes:

- (a) Education
- (b) Health
- (c) Skill development
- (d) All of these

26. NABARD mainly provides credit for:

- (a) IT sector
- (b) Agriculture and rural development
- (c) Industry
- (d) Trade

27. Globalisation promotes:

- (a) Trade barriers
- (b) Free trade
- (c) Isolation
- (d) Import restrictions

28. Which reform removed industrial licensing?

- (a) Privatisation
- (b) Liberalisation
- (c) Globalisation
- (d) Planning

29. Seasonal unemployment is common in:

- (a) Agriculture

- (b) Banking
 - (c) IT
 - (d) Education
30. HDI measures:
- (a) Income only
 - (b) Education only
 - (c) Health, Education and Income
 - (d) Population
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Short Answer Questions (3×4 = 12 Marks)

- 31. Explain objectives of New Economic Policy 1991.
 - 32. What are the causes of rural poverty?
 - 33. Explain importance of small scale industries.
 - 34. Define sustainable development.
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Long Answer Questions (6×3 = 18 Marks)

- 35. Explain achievements and limitations of Green Revolution.
- 36. Discuss role of infrastructure in Indian economy.
- 37. Explain unemployment types and government measures to reduce unemployment.