No. of printed pages: 7

CLASS - XII
POST MID-TERM EXAMINATION (2025-2026)
ECONOMICS (030)
SET A1

Time Allowed: 3 hours Max. Marks: 80

General Instructions:

1. ***This question paper contains two sections:***
   Section A – Introductory Macroeconomics
   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 60-80 words***
4. ***This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80-100 words.***
5. ***This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100-150 words.***

Q. NO.	QUESTIONS	MARKS
	SECTION A: INTRODUCTORY MACROECONOMICS	
1	Import of machinery by India will be recorded in the ______ account of BOP on the ________ side. (a) Current, debit (b) Current, credit (c) Capital, debit (d) Capital, credit	1
2	If legal reserve requirement is 10% and total deposits created are Rs. 3 lakhs, estimate the value of primary deposits. (a) Rs. 30 lakhs (b) Rs. 30,000 (c) Rs. 100 (d) Rs. 3.3 lakhss	1
3	Consider these statements: I. Grants given by the Centre to states for building schools are Revenue Expenditure. II. Grants received by the Centre from foreign countries for infrastructure projects are Revenue Receipts. Which of these is correct? (a) Only I (b) Only II (c) Both I and II (d) Neither I nor II	1
4	An increase in demand for foreign currency leads to:	1

	(a) Rise in exchange rate & appreciation of domestic currency (b) Fall in exchange rate & appreciation of domestic currency (c) Rise in exchange rate & depreciation of domestic currency (d) Fall in exchange rate & depreciation of domestic currency	
5	In an economy, autonomous investment is Rs. 360 and the MPS is 0.3. If the equilibrium level of income is Rs. 1400, then find the value of autonomous consumption.	1
6	Under credit multiplier, deposit creation comes to an end when: (a) Fresh deposits with banks become zero. (b) Legal reserve ratio becomes zero. (c) Money multiplier becomes zero. (d) Total reserves equal initial deposits	1
7	The balance of trade shows a deficit of Rs. 1,200 lakh and the exports of merchandise are one-fourth of the imports of merchandise. Find the value of imports and exports. (a) M =1,600, X = 400 (b) M = 400, X = 1,600 (c) M =1,200, X = 800 (d) M = 800, X = 1,200	1
8	If revenue receipts of the government amount to Rs. 600 crores and its revenue expenditure is twice of its revenue receipts, calculate the revenue deficit. (a) Rs. 300 crores (b) Rs. 1,200 crores (c) Rs. 600 crores (d) Rs. 1,800 crores	1
9	Operating surplus = Income from _____ + Income from ______.	1
10	What will happen to the exchange rate when foreign institutional investors remain net sellers in the Indian capital markets? (a) Fall (b) Rise (c) Remain constant (d) First fall, then rise	1
11	*"All paper notes in India carry the signature of the RBI Governor, assuring the public of their authenticity."* Identify the relevant function of RBI depicted in the above statement.	3
12	In an economy, the equilibrium level of income falls short by ₹600 crores. (a) Calculate the additional investment required to achieve the equilibrium level of income if 75% of the increased income is spent on consumption. (b) Define aggregate demand. OR In an economy where households spend three-fourths of their additional income, autonomous consumption is ₹200 crores, planned investment is ₹120 crores, and the government undertakes a project that raises total investment by ₹80 crores. (a) Determine the initial equilibrium level of income before the government project.	2 1 1

	(b) Compute the rise in national income due to this change in investment. What is the value of the increased national income?	2
13	*Govt. raises its expenditure on producing public goods.* Identify and explain the objective behind this government's budgetary policy.	4
14	Will the following be included in the national income of a country? Give reasons: (a) *Payment of bonus by a firm* (b) *Purchase of goods by foreign tourists* (c) *Subsidized lunch served to workers in a factory* (d) *Payment of interest on loan taken by an employee from his employer* OR In an economy, there are three firms – A, B and C. During the year, A sold goods worth ₹500 crore. B sold goods worth ₹600 crore, of which ₹200 crore were purchased from A. C sold goods worth ₹400 crore, of which ₹100 crore were purchased from B. Additionally, A has an unsold stock of ₹50 crore at the end of the year. Calculate: (a) Value added by each firm. (b) Gross Domestic Product at market prices	4 3 1
15	The Finance Ministry of India is reviewing the country's finances for the current year. The economy's GDP stands at ₹1,00,000 crore. Officials report that the government is spending more on current operations than it earns in revenue, the excess amounting to 1.5% of GDP, largely due to rising expenditure on welfare schemes and subsidies. At the same time, the government plans to spend ₹20,000 crores to build infrastructure like roads, bridges and public utilities. Funds from disinvestment of public sector companies provide ₹6,000 crores, while repayments of earlier loans and sale of government assets add another ₹4,000 crores. Since this is insufficient, the government has to rely on borrowings to complete its projects. Another concern is interest payments on existing debt, which amount to 40% of the shortfall between current expenditure and receipts. The Finance Ministry wants to understand the overall fiscal position of the government and its implications for borrowing and future expenditure. Based on the above, answer the following questions: (a) "Officials report that the government is spending more on current operations than it earns in revenue" represents _________ (revenue/fiscal) deficit. (b) Measure the primary deficit of the economy.	 1 3
16	Discuss the concept of deficient demand with the help of a graph. Mention its reasons, impacts and the fiscal measures to correct it. OR Answer the following questions:	6

	(a) State how RBI can use the tools of repo rate and legal reserve ratio in order to control inflationary tendencies in an economy. (b) What is frictional unemployment? Why does it arise?	4 2
17	Answer the following questions: (a) State true or false, giving reason - A current account surplus means that the country has a favourable trade balance. (b) Examine how the exchange rate might respond when domestic investors suddenly move a significant portion of their funds abroad to seek higher returns. Give reasons and illustrate with a diagram. OR Answer the following questions: (a) State true or false, giving reason - Disequilibrium in BOP may be caused by either autonomous or accommodating transactions. (b) Analyze the likely effect on the exchange rate when interest payments on the country's foreign loans increase sharply. Give reasons and illustrate with a diagram.	2 4 2 4
	SECTION B: INDIAN ECONOMIC DEVELOPMENT	
18	Which of these programs were initiated by the Government of India for rural development? (a) National Rural Livelihood Mission (b) Mahatma Gandhi National Rural Employment Guarantee Act (c) Pradhan Mantri Gram Sadak Yojna (d) All of the above	1
19	On the eve of independence, what was the actual growth rate of the per capita income? (a) 0.28% (b) 0.7% (c) 0.5% (d) 1.8%	1
20	Which of the following is false regarding disguised unemployment? (a) Mounting pressure of population in rural areas with no alternative employment (b) Marginal productivity of worker is high (c) Feature of agrarian economy (d) More people are engaged than required	1
21	State the year in which NABARD was established.	1
22	Import substitution could be justified due to which of the following reasons: 1. Indian industries were at an infant stage and needed protection. 2. Indian policy makers were cautious about sovereignty and economic independence of the nation. 3. We already had a strong industrial base and there was no need of imports. 4. Indian industries were not in a position to compete with technologically advanced countries. ***Options:*** (a) Only 1 (b) 1,2 and 3 only	1

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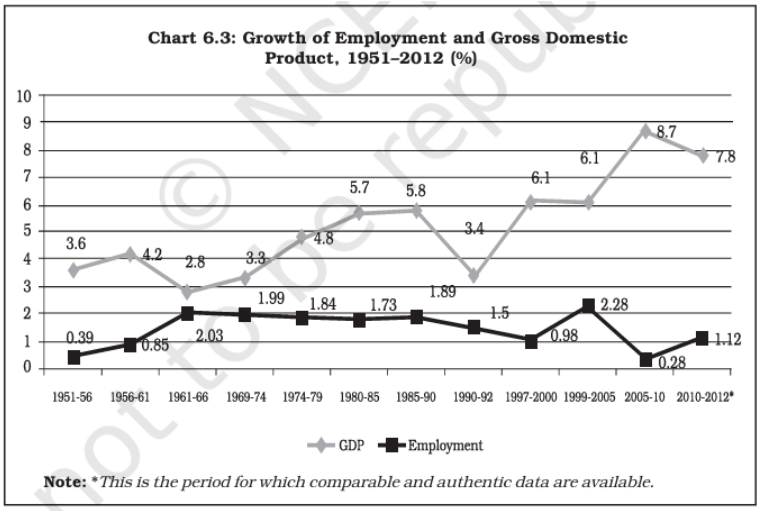
<tr><td></td><td>(c) 1,2 and 4 only
(d) 1 and 4 only</td><td></td></tr>
<tr><td>23</td><td>Which agency is responsible for implementing the rules and regulations for technical education?</td><td>1</td></tr>
<tr><td>24</td><td>Arrange the marketing processes in order:
1. Grading the produce as per quality
2. Gathering the produce after harvesting
3. Processing the produce
4. Packing the produce
(a) 1,2,3,4
(b) 2,3,1,4
(c) 1,3,2,4
(d) 3,1,2,4</td><td>1</td></tr>
<tr><td>25</td><td>Read the following two statements and choose the correct alternative from below:
Assertion (A): After the New Economic Policy announced in 1991, domestic competition has increased.
Reason (R): Industrial sector reforms abolished industrial licensing for all the projects, except for a short list of industries.
(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 and Reason (R) is false.
(d) Assertion (A) is false and Reason (R) is true.</td><td>1</td></tr>
<tr><td>26</td><td>The graph depicts ____________ growth in India from 1990s characterized by the widening gap between growth rates of GDP and employment. (one word answer)



</td><td>1</td></tr>
<tr><td>27</td><td>Which approach was adopted by India in 1969 to meet the needs of rural credit?
(a) Social banking
(b) Multi-agency
(c) Both a and b
(d) None of these</td><td>1</td></tr>
</table>

28	Explain any three industrial sector reforms that were undertaken as part of economic reforms in India. OR Explain industrial policy resolution of 1956.	3
29	*Public investment in health and education is essential for human capital formation and economic growth.* Do you agree? Give reasons.	3
30	After 1949, China adopted a centrally planned system under Mao Zedong. The government controlled all resources, industries and agriculture. In 1958, Mao launched a policy to rapidly transform China from an agrarian economy into an industrial one. The policy emphasized collective farming through communes, large-scale production and rural industrialization. However, poor planning, forced collectivization and natural calamities caused massive economic and social problems. During the Great Proletarian Cultural Revolution, Mao attempted to remove capitalist and traditional influences. Schools and universities were closed, intellectuals faced persecution and political turmoil disrupted economic progress. After Mao's death in 1976, Deng Xiaoping introduced market-oriented reforms. Private enterprise was permitted, Special Economic Zones (SEZs) were created, and agriculture was decentralized through the Household Responsibility System. China gradually moved toward a mixed economy, achieving rapid growth while maintaining political control. Based on the above, answer the following questions: (a) Name the policy discussed above that was implemented in 1958. (b) In which year was the Great Proletarian Cultural Revolution implemented? (c) *Economic reforms in China were introduced in phases.* State any two reforms that were implemented in the later phases.	 1 1 2
31	Interpret the given picture on account of current environmental challenges. 	4

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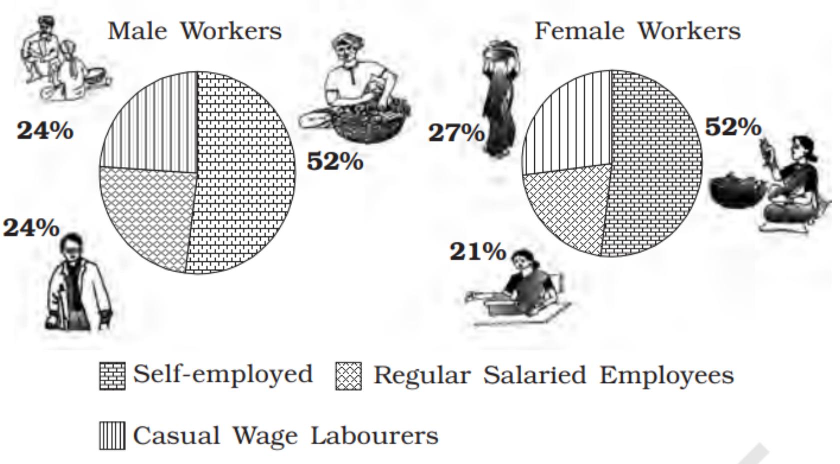
<tr><td>32</td><td>Is it necessary to generate employment in the formal sector rather than in the informal sector? Why?
OR
Analyze the distribution of employment by gender as given below.

</td><td>4</td></tr>
<tr><td>33</td><td>(a) What is agricultural marketing?
(b) State any two problems facing the above system.
(c) Explain the role of cooperative marketing in agricultural marketing system.</td><td>1
2
3</td></tr>
<tr><td>34</td><td>Answer the following questions:
(a) “India, China and Pakistan have travelled more than seven decades of developmental path with varied results.” Explain the given statement with valid arguments.
(b) Why are regional and economic groupings like SAARC, BRICS etc. formed by countries?
OR
Answer the following questions:
(a) What similar development strategies have India and Pakistan followed for their respective developmental paths?
(b) Compare and contrast the development of India, China and Pakistan with respect to some human development indicators.</td><td>3
3
3
3</td></tr>
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