No. of printed pages: 7

CLASS - XII
POST MID-TERM EXAMINATION (2025-2026)
ECONOMICS (030)
SET A2

Time Allowed: 3 hours Max. Marks: 80

General Instructions:

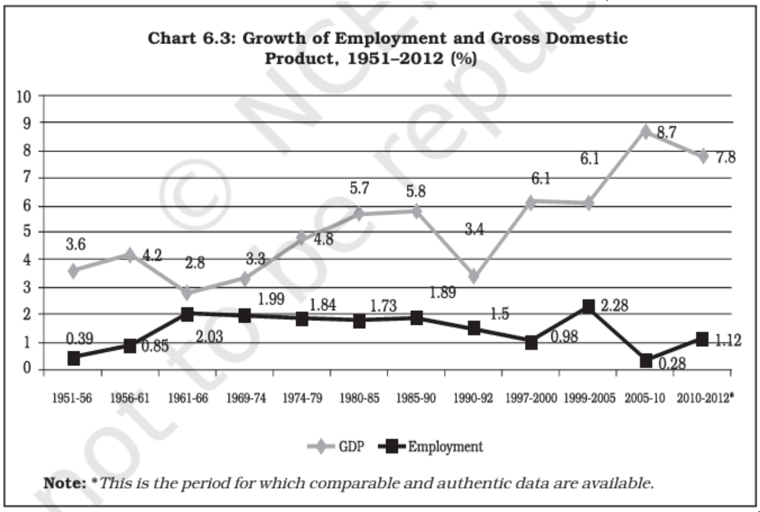
1. ***This question paper contains two sections:***
   Section A – Introductory Macroeconomics
   Section B – Indian Economic Development
2. ***This paper contains 20 multiple choice questions of 1 mark each.***
3. ***This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60-80 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, credit (b) Current, debit (c) Capital, credit (d) Capital, debit	1
2	Under credit multiplier, deposit creation comes to an end when: (a) Legal reserve ratio becomes zero. (b) Money multiplier becomes zero. (c) Total reserves equal initial deposits. (d) Fresh deposits with banks become zero.	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	A decrease in demand for foreign currency leads to: (a) Rise in exchange rate & appreciation of domestic currency	1

	(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. 390 and the MPS is 0.4. If the equilibrium level of income is Rs. 1400, then find the value of autonomous consumption.	1
6	If legal reserve requirement is 10% and total deposits created are Rs. 2 lakhs, estimate the value of primary deposits. (a) Rs. 20 lakhs (b) Rs. 20,000 (c) Rs. 100 (d) Rs. 1 lakh	1
7	The balance of trade shows a deficit of Rs. 1,500 lakh and the exports of merchandise are half of the imports of merchandise. Find the value of imports and exports. (a) M = 2,000, X = 1,000 (b) M = 3,000, X = 1,500 (c) M = 1,500, X = 750 (d) M = 1,000, X = 500	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. 1,800 crores (b) Rs. 600 crores (c) Rs. 1,200 crores (d) Rs. 300 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) Rise (b) Fall (c) Remain constant (d) First fall, then rise	1
11	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. (b) Compute the rise in national income due to this change in investment. What is the value of the increased national income?	 2 1 1 2

12	*"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
13	*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
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 – X, Y, and Z. During the year, X sold goods worth ₹700 crore. Y sold goods worth ₹500 crore, of which ₹250 crore were purchased from X. Z sold goods worth ₹600 crore, of which ₹150 crore were purchased from Y. Additionally, X has an unsold stock of ₹80 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 govt. decides to give budgetary incentives to investors for making investments in the country.* Identify and explain the objective behind this government's budgetary policy.	4
16	Answer the following questions: (a) State true or false, giving reason - A current account surplus means that the country has a favourable trade balance.	 2

	(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.	4 2 4
17	Discuss the concept of excess demand with the help of a graph. Mention its reasons, impacts and the fiscal measures to correct it. OR Answer the following questions: (c) State how RBI can use the tools of repo rate and legal reserve ratio in order to control deflationary tendencies in an economy. (d) What is frictional unemployment? Why does it arise?	6 4 2
SECTION B: INDIAN ECONOMIC DEVELOPMENT		
18	Operation Flood is related to ________. (a) Milk cooperatives (b) Fruits cooperatives (c) Cereals cooperatives (d) None of the above	1
19	Who was the economist who took the action for calculating the national income of India before independence? (a) Surendra Nath Banerjee (b) Jawaharlal Nehru (c) Mahatma Gandhi (d) Dadabhai Naoroji	1
20	Female worker participation rate is? (a) Higher in rural areas than urban areas (b) Lower in rural areas than urban areas (c) Lower in both the areas (d) Higher in both the areas	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. Indian industries were not in a position to compete with technologically advanced countries. 4. We already had a strong industrial base and there was no need of imports. ***Options:*** (a) Only 1 (b) 1,2 and 3 only (c) 1,2 and 4 only	1

	(d) 1 and 4 only	
23	Which agency is responsible for implementing the rules and regulations for school education curriculum?	1
24	Arrange the marketing processes in order: 1. Packing the produce 2. Grading the produce as per quality 3. Processing the produce 4. Gathering the produce after harvesting (a) 4,3,2,1 (b) 2,3,1,4 (c) 1,3,2,4 (d) 3,1,2,4	1
25	Read the following two statements and choose the correct alternative from below: **Assertion (A):** Under the Financial Sector Reforms, financial sector was allowed to take decisions after consulting RBI. **Reason (R):** The role of RBI was reduced from regulator to facilitator of financial sector. (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.	1
26	The graph depicts ____________ growth in India from 1990s characterized by the widening gap between growth rates of GDP and employment. *(one word answer)*  	1
27	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	1
28	*Public investment in health and education is essential for human capital formation and economic growth.* Do you agree? Give reasons.	3

29 Explain any three trade sector reforms that were undertaken as part of economic reforms in India. — 3

OR

Discuss the significance of inward-looking trade strategy adopted in India post- independence. How was it implemented?

30 Analyze the distribution of workforce in rural and urban areas by industry as given below. — 4

Industrial Category	*Place of Residence*	
	Rural	*Urban*
Primary Sector	59.8	6.6
Secondary Sector	20.4	34.3
Tertiary / Service Sector	19.8	59.1
Total	**100.0**	**100.0**

OR

You are residing in a village. If you are asked to advise the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment?

31 Interpret the given picture on account of current environmental challenges. — 4

32 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
33	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.	 3 3 3 3
34	(a) What is agricultural diversification? (b) State any two benefits of agricultural diversification. (c) State any three problems associated with the fishing community of India.	1 2 3