No. of Printed Pages - 11

Class XII
Post Mid-Term Examination 2025-26
Sub: Economics (030)
Set B1

Time: 3 hours **Max Marks: 80**

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.

Q.No.	SECTION A – MACRO ECONOMICS	Marks
1	On the basis of the following hypothetical data, the percentage change in Real Gross Domestic Product (GDP) in the year 2022-23, using 2020-21 as the base year is ………………….	1

Year	Nominal GDP	Nominal GDP adjusted to base year prices
2020-21	3,000	5,000
2022-23	4,000	6,000

(a) 35%
(b) 20%
(c) 15%
(d) 10%

Q.No.		Marks
2	Choose the correct alternative to complete the given schedule:	1

Round I	Deposits	Loans (90%)	Reserve Ratio (10%)
I	2,000	1,800	200
II	(i)	(ii)	180
III	…	…	…
IV	…	…	…
Total	(iii)	(iv)	2,000

	Alternatives: (a) 2,000, 1,620, 20,000, 18,000 (b) 1,800, 180, 2,000, 18,000 (c) 1,620, 180, 2,000, 18,000 (d) 1,800, 1,620, 20,000, 18,000	
3	Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** Money Supply (M_1) in India does not include demand deposits with commercial banks. **Statement 2:** Money Supply (M_1) refers to assets available with the commercial banks during a particular period of time. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false.	**1**
4	Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: The value of APC can never be zero or negative. **Reason (R):** Average Propensity to Consume is independent of level of income. Alternatives: (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 and 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.	**1**
5	Match the statements given under A with the correct options given under B:	**1**

Column B	**Column B**
(i) Interest paid on national debt	(a) Revenue Receipt
(ii) Repayment of loans	(b) Capital Expenditure
(iii) Dividends paid to the government by State Bank of India	(c) Capital Receipt
(iv) Funds raised from the public in the form of National Saving Certificates	(d) Revenue Expenditure

	(a) i-(a), ii-(b), iii-(d), iv-(c) (b) i-(c), ii-(d), iii-(b), iv-(a) (c) i-(d), ii-(b), iii-(a), iv-(c) (d) i-(b), ii-(c), iii-(a), iv-(d)	
6	State true or false with valid reason. 'The Government Budget of a country cannot have fiscal deficit without the existence of revenue deficit.'	**1**
7	Suppose that, the Balance of Trade of a nation exhibits a deficit of Rs. 50,000 crore. The import of visible items are five times of the exports of visible items. The value of imports of visible items would be Rs. ………….. (a) Rs. 20,000 crores (b) Rs. 35,000 crores (c) Rs. 41,500 crores (d) Rs. 62,500 crores	**1**
8	'Many large MNCs have shifted their investment from China have started their production in India.' It will lead to …………….. & ……………. (a) Increase in demand of foreign currency; Appreciation of domestic currency (b) Increase in supply of foreign currency; Depreciation of domestic currency (c) Increase in supply of foreign currency; Appreciation of domestic currency (d) Decrease in demand of foreign currency; Depreciation of domestic currency	**1**
9	'As per the National Stock Exchange (NSE) data, there was net selling off worth Rs. 309 crore by Foreign Institutional Investors over the period of one month.' The above-mentioned transaction will be recorded on ……. side of ……. account of Balance of Payments of India. (a) Debit, Current (b) Credit, Capital (c) Credit, Current (d) Debit, Capital	**1**
10	Identify which of the following is not one of the merits of fixed exchange rate system.	**1**

	(a) Ensures stability in exchange rate (b) Possibility of over or under valuation of foreign currency (c) Prevents speculations in foreign exchange market (d) Coordination of macroeconomic policies becomes convenient	
11	'The Government of India issued a large number of treasury bills to meet its short-term financial requirements. These were managed and facilitated by the Reserve Bank of India.' In the context of the above statement, identify and explain the function of the Central Bank.	**3**
12	For a hypothetical economy, the government incurs an additional investment expenditure of Rs 2,000 crores. Explain the working process of the increase in investment on the National Income, assuming that the ratio of Marginal Propensity to Consume (MPC) & Marginal Propensity to Save (MPS) is 4:1. **OR** (a) For a hypothetical economy, assuming there is an increase in Marginal Propensity to Consume (MPC) from 75% to 90% and change in investment to be Rs. 1,000 crore. Calculate the increase in income due to change in Marginal Propensity to Consume (MPC). (b) Suppose consumption function for an economy C = 80 + 0.75Y & the investment expenditure is Rs. 200 crore. Estimate the value of equilibrium level of income. Also, find the find the values of Consumption & Saving at equilibrium level of income.	**3** **1.5** **1.5**
13	From the following data, calculate: (a) GDPmp by Income Method (b) Closing Stock	**2** **2**

S.No.	Items	Amount (Rs. In crores)
(i)	Private final consumption expenditure	450
(ii)	Rent	120
(iii)	Government final consumption expenditure	50
(iv)	Indirect Taxes	60
(v)	Interest	150
(vi)	Mixed Income of self employed	20
(vii)	Consumption of fixed capital	30
(viii)	Opening Stock	10
(ix)	Gross fixed capital formation	300
(x)	Compensation of employees	200

(xi)	Net Exports	(-) 10
(xii)	Net factor income from abroad	(-) 10
(xiii)	Subsidies	10
(xiv)	Profit	250

OR

From the following data, calculate:

(a) Gross Domestic Capital Formation 2
(b) Operating Surplus 2

S.No.	Items	Amount (Rs. In crores)
(i)	National Income	22,100
(ii)	Wages & Salaries	12,000
(iii)	Private final consumption expenditure	7,200
(iv)	Net Indirect Taxes	700
(v)	Gross Domestic Capital Formation	**?**
(vi)	Consumption of fixed capital	500
(vii)	Government final consumption expenditure	6,100
(viii)	Mixed income	4,800
(ix)	Operating Surplus	**?**
(x)	Net Exports	3,400
(xi)	Rent	1,200
(xii)	Net Income from abroad	(-)150

14 From the following data relating to government budget, calculate: **4**

(i) Revenue Deficit
(ii) Primary Deficit

S.No.	Items	Rs. In Crores
1	Tax Receipts	1,200
2	Revenue Expenditure	3,700
3	Non-Tax Receipts	2,000
4	Recovery of loans	145
5	Capital expenditure	500
6	Disinvestment	120
7	Interest payments	500

Read the following passage and the answer Q.No. 15 on the basis of the same.

The GST reforms, which kicked in from Monday (September 22, 2025), will lead to a saving of 13% in the household bills for groceries and daily essentials.

15 (i) (ii) (iii)	Many items that were earlier taxed at 12 % or 18 % or 28 % were moved to lower slabs (5 %) or made exempt / zero-rated. At the same time, a 40 % slab was introduced for “super luxury / sin” goods. According to government estimates, stationery, clothing, footwear and medicines purchases would bring in savings in the range of 7-12%, while the savings would go up to 18% in the case of individual health and life insurance policies. The restructured GST rate will make everyday items cheaper, thereby positively affecting the lives of the poor, middle and new middle class. Prime Minister Narendra Modi on Monday said the next generation GST reforms will boost savings and directly benefit every section of society, as he asserted that it is imperative to walk on the path of self-reliance to achieve the collective goal of Viksit Bharat by 2047. As part of the reform, industries such as automobiles, consumer durables, and FMCG were expected to benefit from increased demand, while others (states, or sectors dependent on indirect tax revenue) would face challenges. Some states expressed concern of significant revenue loss due to the cuts, and demanded compensation or central support. Identify and explain the government budget objective pursued through recent GST cuts on essentials. If the government transfers funds to compensate states for GST revenue losses, then these funds are recorded as …………… in government budget. *(fill in the blanks) (Capital expenditure/ Revenue expenditure*) ‘The government simplified the GST by removing 12% and 28% slabs and adding a 40% slab for luxury goods.’ This reform can be seen as: (a) An increase in the direct tax base (b) A step toward a more progressive indirect tax structure (c) Replacement of GST with customs duties (d) Increase in direct transfer payments	**2** **1** **1**
16	‘In July 2025, India’s Wholesale Price Index (WPI) inflation turned negative due to a fall in overall demand and reduced consumer spending.’ (a) Identify and explain the given situation in the above statement with a diagram. (b) State its effect on output, employment & general price level. (c) Discuss any 2 quantitative monetary measure to tackle the above situation.	**3+1+2**
17	(a) Equilibrium rate of exchange is determined when the demand for foreign exchange is equal to its supply.’ Explain the above statement with the help of a suitable diagram. (b) ‘A country deliberately keeps the value of its currency low under the managed floating system.’ Discuss briefly how will it affect the exports of the country.	**4** **2**

	‘OR (a) ‘Har Ghar Swadeshi’ campaign has been launched by the government to promote Indian-made products across the country, leading to a reduced preference for foreign products.’ Presuming other factors being constant, discuss the effects of the given statement on foreign exchange rates with reference to Indian Economy with the help of a suitable diagram. (b) What are official reserve transactions? Explain their importance in the Balance of Payments.	**4** **2**
	SECTION B – INDIAN ECONOMIC DEVELOPMENT	
18	Read the following statement: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: **Assertion (A)**: Devaluation of Indian rupee in 1991 resulted in the inflow of foreign exchange. **Reason (R):** Devaluation of Indian rupee was a step to get more foreign investments. Alternatives: (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 and 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.	**1**
19	What kind of tariff policy was needed to protect domestic producers from foreign competition, after independence? (a) Low import tariffs, reduced import quota (b) Low import tariffs, increased import quota (c) High import tariffs, reduced import quota (d) High import tariffs, increased import quota	**1**
20	Which of the following statements is true with respect to state of education in India? (a) Expenditure per student at tertiary level is higher than that of elementary level of education. (b) In 2007, the government of India enacted the Right to Education Act. (c) No education cess has been imposed by the government of India. (d) The Education Commission (1964-66) has recommended that at least 4% of GDP should be spent on education.	**1**

21	Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** Opening of Suez Canal helped in establishing the British monopoly control over India's foreign trade. **Statement 2:** India suffered from large trade deficit during the colonial rule. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false.	**1**
22	State one example of emerging alternative channels available for agriculture marketing in India.	**1**
23	Arrange the following events in chronological order and choose the correct answer from the given alternatives: (i) Operation Flood (ii) Jan-Dhan Yojana (iii) Nationalization of banks (iv) Establishment of NABARD Alternatives: (a) (i), (ii), (iii), (iv) (b) (ii), (iii), (i), (iv) (c) (iii), (i), (iv), (ii) (d) (iv), (ii), (iii), (i)	**1**
24	'It has emerged as a successful sustainable livelihood option & needs to be encouraged. It contributes nearly one-third of the value of agricultural output & 6% of GDP of India.' Identify this Non-farm activity. (a) Horticulture (b) Fisheries (c) Animal Husbandry (d) Dairying	**1**
25	Identify which of the following alternatives indicate the incorrect components combination of Agriculture Marketing System? (a) Assembling, Storage, Processing, Packaging (b) Production, Assembling, Processing, Grading	**1**

	(c) Assembling, Processing, Packaging, Transportation (d) Processing, Packaging, Grading, Distribution	
26	Read the following statements carefully and choose the correct alternative from the following: **Statement 1:** There has always been fluctuations in the growth of the GDP, but employment grew at the rate of more than 12% during 1950-2010. **Statement 2:** Indian economy has witnessed unprecedented shift of the workforce from formal to informal sector. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false.	**1**
27	In an economy, labour force is equal to work force when: (a) Growth rate of population is less than growth rate of employment (b) Growth rate of population is more than growth rate of employment (c) There is no unemployment (d) None of these	**1**
28	'Navratna policy has facilitated the maintenance, promotion & disinvestment of Public sector Undertakings (PSUs)'. Justify the given statement with valid explanation. **OR** 'Goals of equity was fully served by abolition of intermediaries in agriculture in the post independent period of India. Do you agree with the given statement? Give reasons.	**3** **3**
29	Explain the need for different forms of government intervention in education & health sectors.	**3**
30	i. Study & analyze the following table given below showing status wise trends in employment from 1972-73 to 2017-18. ii. What do these trends suggest about the structural transformation in the Indian labour market?	**3+1**

Trends in Employment (Status-wise)

Status	1972-73	1993-94	2011-12	2017-18
Self employed	61.4	54.6	52.0	52.2
Regular salaried employee	15.4	13.6	18.0	22.8
Casual Workers	23.2	31.8	30.0	25.0
Total	100	100	100	100

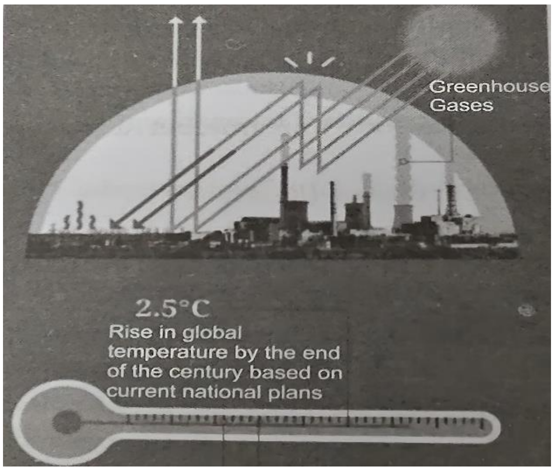
31

(a) 'The supply-demand reversal of environmental resources account for the current environmental crisis.' Justify the statement with valid reasons. **2**

(b) Discuss any two serious adverse environmental consequences of development in India. **2**

OR

(a) Identify & explain the situation depicted in the picture given below on account of current environmental challenges. Discuss its harmful effects. **2**



(b) State and discuss any two strategies involved in attaining sustainable development in India. **2**

Read the following passage and the answer Q.No. 32 on the basis of the same.

Market reforms have been given much of the credit for China's spectacular growth performance. China's reform process systematically has played a key role in transforming China into a modern economic state, deploying unlimited supplies of labor and combining it with a variety of initiatives in a pragmatic, non-ideological way to promote public and private investment and create productive employment in agricultural, manufacturing, and service sectors. In contrast, India's reforms have been sporadic and are still a work in progress. The record-breaking expansion of China's financial system in fostering investments was initially overlooked, but has attracted considerable attention in recent years. Market reforms have been given much of the credit for China's spectacular growth. India's 1991 economic reforms were less dramatic but were also credited with India shedding its slow rate of growth, and joining the ranks of

	fast-growing economy. India and China have also undergone socio-economic transformations in recent times. Over the years both the countries have followed their respective developmental paths & experienced differing results in the sphere of economic growth & human development. As China moved from medium to higher human development category, India remained at lower level of medium human development group.	
32 (a)	, Discuss any two factors that led to the rapid growth in economic development in China.	**2**
(b)	State any two human development health indicators in which China has progressed faster than India.	**1**
(c)	In the last five decades, China's growth is contributed by the …………… sector & the……….. sector & India's growth is driven by …………. sector. (fill in the blanks)	**1**
33 (a)	'The expansion & promotion of the rural banking sector has taken a back seat after reforms.' In the context of the above statement, critically evaluate the role of rural banking system in the process of rural development in India.	**4**
(b)	Discuss how Cooperative Marketing is beneficial to the farmers?	**2**
	OR	
(a)	'Self-Help groups provide the stimulus to socio-economic development in rural areas.' Justify the given statement with valid reasons.	**3**
(b)	Explain the different policy instruments initiatives taken by the government in developing rural markets.	**3**
34 (a)	On the basis of the data given below, compare & discuss the shift in output & employment sector-wise in India & China:	**4**

Sectoral Share of Employment & GVA (%) in 2018-19

Sector	Contribution to GVA		Distribution of workforce	
	India	**China**	**India**	**China**
Agriculture	16	7	43	26
Industry	30	41	25	28
Service	54	52	32	46
Total	**100**	**100**	**100**	**100**

Source: HDI Report 2019, Key indicators of Asia & Pacific,2019

(b)	State & explain the reasons for slow growth & re-emergence of poverty in Pakistan.	**2**