



Delhi Public School, Howrah

PERIODIC TEST II - (2024-2025)

Class-XII

Care must be taken not to write anything on the question paper. All the questions must be attempted in the correct sequence.

SUBJECT: ECONOMICS (CODE-030)

Time Allowed - 3 Hours

Maximum 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 type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

PART -A

MACROECONOMICS

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| 1. | A Farmer grows sugarcane of ₹500 in his farm. The sugar factory owner purchases these sugarcanes and produce the sugar of ₹750. The sweet shop purchases this sugar to produce sugar candy of ₹ 1200 and sells these to the consumer. What is the total value added in the Journey of sugar candy? a. ₹ 500 b. ₹ 1200 c. ₹ 750 d. ₹ 2450 | 1 |
| 2. | Suppose in an economy GDP at Market Price in a particular fiscal year was ₹4000 crores, National Income was ₹2500 crores, Net Factor Income paid by the economy to Rest of the World was ₹400 crore and value of the Net Indirect Taxes is ₹450 crore. What will be the value of consumption of fixed capital for the economy? a. ₹ 550cr b. ₹ 575cr c. ₹650 cr d. ₹ 750 cr | 1 |
| 3. | Two friends Akash and Amit were discussing about the features of central bank. “This features saves the commercial banks from possible breakdown. “ The above mentioned statement was given by Akash. Identify the feature was he taking about. a. Banker’s bank b. Lender of the last resort c. Controller of credit d. Financial advisor | 1 |

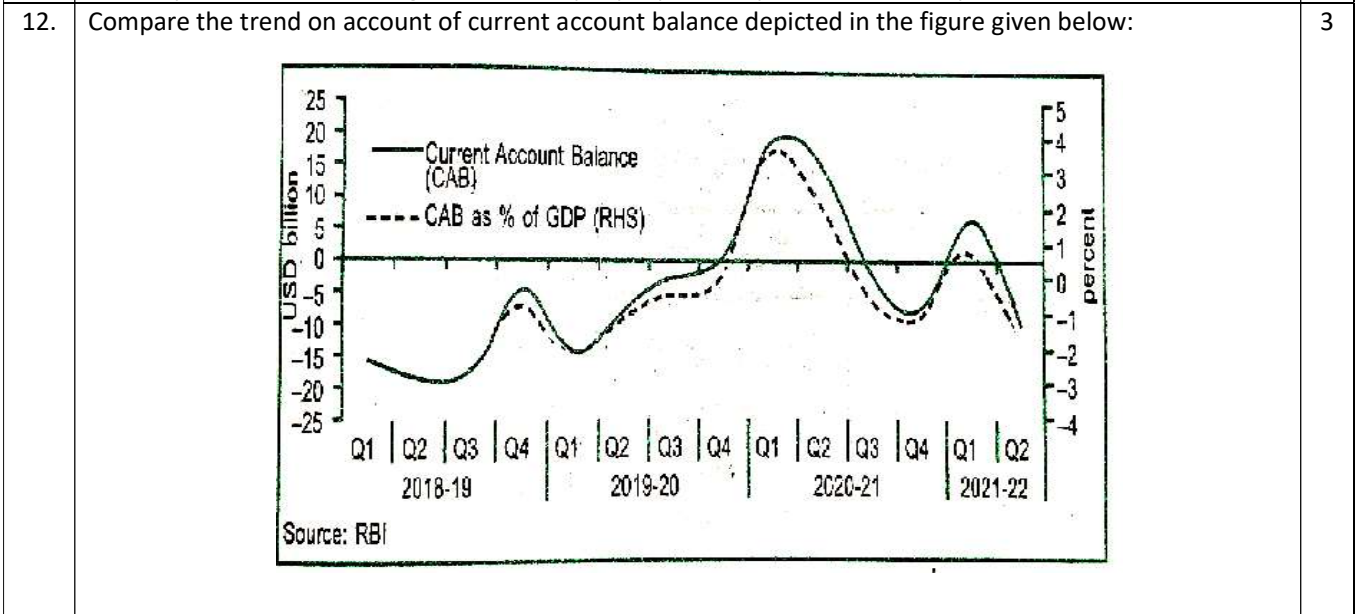
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| 4. | <p>Given are two statements. Choose the correct alternative from the following options. Statement 1: A fall in SLR increases money supply on the economy. Statement 2: Fall in SLR enhances capacity of the commercial banks to create credit. Choose the correct alternative:</p> <ol style="list-style-type: none"> Both statements are true. Both statements are false. Statement 1 is true and Statement 2 is false. Statement 1 is false and Statement 2 is true. | 1 |
| 5. | <div style="display: flex; align-items: center; justify-content: center; gap: 20px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Business fixed investment</div> + <div style="border: 1px solid black; padding: 5px; text-align: center;">Government fixed investment</div> + <div style="border: 1px solid black; padding: 5px; text-align: center;">Investment on residential construction</div> = <div style="border: 1px solid black; width: 100px; height: 50px; margin-left: 20px;"></div> </div> <p>Choose the correct option to fill the empty box given above.</p> <ol style="list-style-type: none"> Gross domestic capital formation. Gross domestic fixed capital formation. Final consumption expenditure. Net domestic capital formation. | 1 |
| 6. | <p>Which statement is correct for the government budget from the below-given option?</p> <ol style="list-style-type: none"> The budget is the estimated statement for the expected annual expenses and income. The detail of expenditure and revenue for a financial year. According to 5-year plan, it is the complete detail of achievements received by the government. Economy's Balance of Payment status. | 1 |
| 7. | <p>A government budget shows primary deficit of Rs.4,400cr. The revenue expenditure on interest payment is Rs. 400 cr. How much is the fiscal deficit?</p> <ol style="list-style-type: none"> ₹4000 crores ₹4400 crores ₹4800 crores ₹17600 crores | 1 |
| 8. | <p>Choose one of the correct alternatives given below. Assertion (A): 'HCI Tech acquires Australian IT Firm DWS for \$ 115.8 million'. It will be recorded on the debit side of BOP account. Reason (R): It leads to out flow of foreign exchange for the domestic country. Alternatives:</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 |

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| 9. | Match the following: | | 1 |
| | Column A | Column B | |
| | A. Revenue deficit | a. Dividend | |
| | B. Indirect Taxes | b. Burden cannot be shifted | |
| | C. Reallocation of resources | c. Revenue Expenditure – Revenue Receipts | |
| | D. Direct Taxes | d. Tax concessions or subsidies | |
| E. Non- tax Revenue | e. GST | | |
| a. A-e,B-d,C-a,D-b,E-c b. A-b,B-d,C-c,D-e,E-a c. A-c,B-e,C-d,D-b,E-a d. A-d,B-e,C-a,D-b,E-c | | | |

10. Read the Case study given below and choose the correct option from the following:
 In the modern world, government aims at maximizing the welfare of the people and the country. It requires various infrastructure and economic welfare activities. These activities require huge govt. spending through appropriate planning and policy. Budget provides a solution to all these concerns. Budget is prepared by the government at all levels. Estimated expenditure and receipts are planned as per the objectives of the government. In India, budget is prepared by the parliament on such a day as the president may direct. The parliament approves the budget before it can be implemented. The receipts and expenditures as shown in the budget are only the estimated values for the upcoming fiscal year, and not the actual figure. Which of the following is not an objective of the govt. budget?

- Reallocation of resources.
- Re distribution of income.
- Reducing expenditure.
- Economic stability.

11. Suppose all the customers of a commercial bank demand for their deposits at the same time then how does central bank help commercial bank in this situation?
 OR
 How improvement in banking habits of the people pushes up credit availability from the commercial bank?



13. Giving reasons, state whether the following statements are true or false:

- A fall in the price of 1 \$ from ₹ 50 to ₹40 means depreciation of the Indian currency.
- Both depreciation and devaluation of domestic currency have the same meaning.
- Depreciation of domestic currency encourages exports.
- Appreciation of domestic currency discourages imports.

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| 14. | <p>"Foreign Institutional Investors (FIIs) remained net seller in the Indian capital markets over the last few weeks". -The Economic Times. State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy.</p> <p style="text-align: center;">OR</p> <p>'Many large Multinational Corporations (MNCs) have recently shifted their investments from China and have started their production in India, thereby boosting the Make in India plans of the Government'. Presuming other factors being constant, discuss the effects of the given statement on Foreign Exchange rates with reference to the Indian Economy.</p> | 4 |
| 15. | Why is income method not used as the primary method for measuring National income? | 4 |
| 16. | <p>a. How will Goods and Services Tax (GST) be a comprehensive indirect tax? Explain. b. "National highway is a private good because it is funded by taxes." Defend or refute the given statement with valid arguments.</p> | 6 |
| 17. | <p>From the following data calculate GNP at FC by (a) Income method (b) Expenditure method.</p> <ul style="list-style-type: none"> i. Net domestic capital formation 500 Cr ii. Compensation of employees 1850 Cr iii. Consumption of fixed capital 100 Cr iv. Govt. final consumption expenditure 1100 Cr v. PVT. final consumption expenditure 2600 Cr vi. Rent 400 Cr vii. Dividend 200 Cr viii. Interest 500 Cr ix. Net Exports (—) 100 x. Profits 1100 Cr xi. NFIA (—) 50 Cr xii. Net Indirect taxes 250 Cr <p style="text-align: center;">OR</p> <p>Explain which of the following will be included in National Income or not. Give reasons to support your answer.</p> <ul style="list-style-type: none"> i. Appreciation in the value of shares. ii. Expenditure by government on providing free education. iii. Payment of interest by a bank to an individual. iv. Computers installed in an office. v. Mobile sets purchased by a mobile dealer. vi. Expenditure on maintenance of an office building. | 6 |
| PART-B INDIAN ECONOMIC DEVELOPMENT | | |
| 18. | <p>Given are two statements. Choose the correct alternative from the following options. Statement 1: The introduction of the expensive system of electric telegraph in India served the purpose of maintaining law and order. Statement 2: The inland waterways in India, at times, proved uneconomical.</p> <ul style="list-style-type: none"> a. Both the statements are correct. b. Both the statements are incorrect. c. Statement 1 is correct and statement 2 is incorrect. d. Statement 1 is incorrect and statement 2 is correct. | 1 |

19. Choose the correctly matched pair from the following:

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| | Column A | | Column B |
|---|----------------|---|----------|
| A | WTO | 1 | 1999 |
| B | GATT | 2 | 1960 |
| C | GST | 3 | 2018 |
| D | Demonetisation | 4 | 2016 |

- a. A-1
- b. B-2
- c. C-3
- d. D-4

20. Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

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Assertion (A): Socialism appeal to Jawaharlal Nehru for India.

Reason (R): Jawaharlal Nehru was in favour of kind of socialism in Soviet Union.

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 but 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.

21. Choose the correct alternative from the following by arranging the given event in chronological order:

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(i) Constitution of Karve Committee.

(ii) Establishment of Planning Commission.

(iii) Beginning of First Five Year Plan.

(iv) Establishment of NITI Aayog.

- a. (i), (ii), (iv), (iii)
- b. (ii), (i), (iii), (iv)
- c. (ii), (iii), (iv) (i)
- d. (iii), (ii), (i), (iv)

22. Read the following statements about sustainability and choose the correct option from the following:

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I. It describes a process or situation that can last endlessly.

II. Natural resources must be used in a way that does not result in ecological debts due to overexploitation of the Earth's carrying and productive capacities.

III. Keeping the whole natural capital base above its current level is crucial for long-term sustainability.

Options:

- a. Only I
- b. Only II
- c. Only II & III
- d. I, II & III

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| 23. | <p>Read the following hypothetical text and answer the given questions.</p> <p>Human capital formation takes place in one's life when she/he is unable to decide whether it would maximize her/his earnings. Children are given different types of school education and health care facilities by their parents and society. Moreover, the human capital formation at this stage is dependent upon the already formed human capital at the school level. Human capital formation is partly a social process and partly a conscious decision of the possessor of the human capital.</p> <p>Which of the following does not correctly differentiate between the physical and human capital?</p> <ol style="list-style-type: none"> Human capital is intangible whereas physical capital is tangible. Human capital can cope up with the changing technology whereas physical cannot. Human capital generates both personal and societal benefits whereas physical capital generates only personal benefit. Human capital gets obsolete with time whereas physical capital does not. | 1 |
| 24. | <p>Read the following statements –</p> <p>Assertion: A significant drawback of the new industrial sector was the very limited area of operation of the public sector.</p> <p>Reason: There was hardly any capital goods industry to help promote further industrialization in India.</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Both assertion and reason are true, and reason is the correct explanation of assertion. Both assertion and reason are true, but reason is not the correct explanation of assertion. Assertion is true, but reason is false. Assertion is false but reason is true. | 1 |
| 25. | <p>'In India, agricultural subsidies have always been a topic of debate among the economic thinkers.'</p> <p>Identify, which of the following statements is not an argument in favour of continuation of the agricultural subsidies in India.</p> <ol style="list-style-type: none"> Subsidies encourage farmers to adopt newer technologies. Subsidies help farmers to face the uncertainties of future. Subsidies aim to reduce the inequalities between rich and poor farmers. Subsidies mainly benefits the fertilizer industry and big farmers. | 1 |
| 26. | <p>'In the Swadeshi Movement against the British, started in 1905, Indians started ditching British goods for Indian products.'</p> <p>Which of the following would have been the likely impact of the movement?</p> <p>(i) Rise in import of raw materials (ii) Fall in import from Britain (iii) Rise in production of goods in India (iv) Rise in export tariffs</p> <p>Options:</p> <ol style="list-style-type: none"> (i) and (iii) (i) and (iv) (ii) and (iii) (ii) and (iv) | 1 |
| 27. | <p>Ms Ramanpreet has started a new business venture. She intends to spend a huge amount towards 'on the-job training' of her workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation. Spot which of the following does not directly contributes to the process of human capital formation by Ms Ramanpreet.</p> | 1 |

- a. Adds skills and expertise
- b. Ensures gender equity
- c. Improves efficiency
- d. Increases output productivity

28. In your view, is it essential for the government to regulate the fee structure in education and health care institutions? If so, why? 3

29. Why should migration and social medicine be viewed as investments in human capital? Justify with reasons. 3

OR

Why is unemployment highest among the educated youth?

30. Compare and analyse the growth of GDP and major sectors in pre-reforms period and post reform period. 4

Growth of GDP and Major Sectors (%)

| Sector | 1980-91 | 2007-2012 | 2012-2013 | 2013-2014 | 2014-15 |
|-------------|---------|-----------|-----------|-----------|---------|
| Agriculture | 3.6 | 3.2 | 1.5 | 4.2 | -0.2 |
| Industry | 7.1 | 7.4 | 3.6 | 5 | 7.0 |
| Service | 6.7 | 10 | 8.1 | 7.8 | 9.8 |
| Total | 5.6 | 8.2 | 5.6 | 6.6 | 7.4 |

Source: Economic Survey for various years. Ministry of Finance, Government of India

31. Interpret the following picture on account of SHGs. 4



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| 32. | <p>Give an account of how moneylenders kept the small and marginal farmers in a debt-trap at the time of independence.</p> <p style="text-align: center;">OR</p> <p>Explain why after the initiation of reforms, the growth rate of agriculture sector decelerated to about 3% per annum during 1991-2012.</p> | 4 |
| 33. | <p>Read the following case study carefully and answer the questions that follow.</p> <p>Blessed with a varying climate and soil conditions, India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. These crops play a vital role in providing food and nutrition, besides addressing employment concerns. Horticulture sector contributes nearly one-third of the value of agriculture output and six per cent of Gross Domestic Product of India. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables. Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas.</p> <p>a. How the term 'Golden Revolution' is different from 'Green Revolution'?</p> <p>b. How horticulture as an alternative source of employment improves the economic condition of farmers?</p> | 6 |
| 34. | <p>a. 'Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities.' In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides.</p> <p>b. How have people tried to prevent indiscriminate cutting of trees? Discuss the two movements started by them for achieving the objective.</p> <p style="text-align: center;">OR</p> <p>a. Why does the present world stand at the threshold of an environmental crisis?</p> <p>b. Elaborate the function of Pollution Control Board in India to address the environmental concerns in India.</p> | 6 |