



Delhi Public School, Howrah

Periodic Test III - (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:

- This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
- This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
- This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
- This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

PART - A MACROECONOMICS

- | | | |
|----|--|---|
| 1. | Which organisation is accountable for calculating the Gross Domestic Product of India?
A. Indian Statistical Institute.
B. Reserve Bank of India.
C. National Statistical Office.
D. Ministry of Commerce and Industry. | 1 |
| 2. | Read the following statements - Assertion (A) and Reason (R): Choose the correct alternative among those given below.
Assertion (A): Purchase of second-hand machinery from abroad is not recorded in BOP.
Reason(R): Sales and purchase of second –hand goods from abroad are not included in the estimation of NI.
A. Both A and R are true and R is the correct explanation of A.
B. Both A and R are true but R is not the correct explanation of A.
C. A is true but R is false.
D. A is false but R is true. | 1 |
| 3. | See the picture below and answer the question that follows:
<p>At the breakeven point, the value of Income (Y) and Consumption (C) is:
A. Income (Y) > Consumption (C)
B. Income (Y) < Consumption (C)
C. Income (Y) = Consumption (C)
D. There is no direct link between Income (Y) and Consumption (C)</p> | 1 |

4.	<p>According to 'Pradhan Mantri Garib Kalyan Anna Yojana': During the period May-November 2021, more than 1.35 crore people would be provided 5 kg free wheat/rice per person/month along with 1 kg free whole chana to each family per month to safeguard the interest of poor section during Covid-19 pandemic. Which objective does the government aim to satisfy with this?</p> <p>A. Economic Stability. B. Reallocation of Resources. C. Economic Growth. D. Reducing inequalities in income and wealth.</p>	1										
5.	<p>Read the following statements carefully and choose the correct alternative: Statement 1: Fiscal deficit is always greater than primary deficit. Statement 2: Fiscal deficit indicates borrowing requirements of the government.</p> <p>A. Both the statements are true. B. Both the statements are false. C. Statement 1 is false, but statement 2 is true. D. Statement 2 is false, but statement 1 is true.</p>	1										
6.	<p>Read the following statements - Assertion (A) and Reason (R): Choose the correct alternative among those given the below. Assertion (A): In the process of development, construction of dams, new schools, new plants, and repayment of loans is essential. Reason (R): Capital expenditure creates the assets of the government and causes reduction in the liabilities of the government.</p> <p>A. Both A and R are true and R is the correct explanation of A. B. Both A and R are true but R is not the correct explanation of A. C. A is true but R is false. D. A is false but R is true.</p>	1										
7.	<p>Even if investment falls to zero, national income does not fall to zero because of _____.</p> <p>A. Autonomous consumption. B. Induced investment. C. Autonomous investment. D. Investment Multiplier.</p>	1										
8.	<p>"Mr. Rabish deposits Rs.5000 in his bank account per month. On 15th of July 2024 he withdrew an amount of Rs.1000. Now total deposit in his bank account Rs.50000". On the basis of the given statement, identify the flow concept from the following options:</p> <p>A. Withdrawal of Rs.1000. B. Total deposit of Rs.50000. C. Rs.5000 per month deposit in bank. D. Savings of Rs.50000 in his account.</p>	1										
9.	<p>From the set of statements given in column I and column II, choose the correct pair of statements:</p> <table border="1" data-bbox="217 1131 705 1305"> <thead> <tr> <th>Column A</th> <th>Column B</th> </tr> </thead> <tbody> <tr> <td>(a) Payments of salaries</td> <td>(i) Capital Expenditure</td> </tr> <tr> <td>(b) Giving loan to Nepal</td> <td>(ii) Revenue Expenditure</td> </tr> <tr> <td>(c) Getting grants from IMF</td> <td>(iii) Capital Receipts</td> </tr> <tr> <td>(d) Providing free covid vaccine to public</td> <td>(iv) Revenue Receipts</td> </tr> </tbody> </table> <p>A. a-i B. b-ii C. c-iii D. d-iv</p>	Column A	Column B	(a) Payments of salaries	(i) Capital Expenditure	(b) Giving loan to Nepal	(ii) Revenue Expenditure	(c) Getting grants from IMF	(iii) Capital Receipts	(d) Providing free covid vaccine to public	(iv) Revenue Receipts	1
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10.	Keeping other factors constant, if the Public consumes Rs.50,000 amount less and Government spends Rs.50,000 amount more, it indicates A. Savings are unchanged. B. Increase in saving. C. Decrease in saving. D. Saving is finished.	1
11.	State whether the following statements are true or false, with valid reasons: (i) High tax on higher income groups aims to achieve the "reallocation of resources" objectives of government budget. (ii) "Borrowings" are a revenue receipt of the government.	3
12. A	Should the following be treated as normal resident of India? Give reason for your answer. i) Foreigner working in Indian embassy in Taiwan. ii) Indian working in Asian Development bank in Philippines. iii) Indian student in UK who has been living there for five years.	3
12. B	OR Giving valid reasons explain which of the following will not be included in the estimation of the National Income of India? i) Purchase of shares of X Ltd. by an investor in the National Stock Exchange. ii) Salaries paid by the French Embassy, New Delhi to the local workers of the housekeeping department. iii) Compensation paid by the Government of India to the victims of floods.	
13	Explain the meaning of under employment equilibrium. Illustrate two measures by which full employment equilibrium can be reached.	4
14.	As per recent data, annual inflation rate in India rose to 5.49% in September 2024 from 3.65% in the previous months. Mr.Shaktikanta Das, the governor Of the Reserve Bank of India and Monetary Policy Committee (MPC) member said that "India cannot take another risk about inflation". In the light of given statement, suggest two monetary policy instruments that would be used by RBI to control inflation.	4
15.	The fiscal deficit target for 2023-2024 has been set at 5.9% of GDP in Union budget. What major steps should be taken by government to achieve this target? OR State by providing valid reasons whether the following transactions will be recorded on the debit or credit side of BOP. a. Loan from IMF to cover the deficit of BOP b. Indian Government repays loan taken from IMF. c. Purchase of shares of Infosys by a Japanese resident. d. Export of Jute to Sri Lanka.	4
16.A	How does a central bank control the availability of credit by open market operation?	6
16.B	What role does RBI play in determining the credit creation power of the banking system? Use a numerical illustration to justify.	

17.A On the basis of given information, calculate National Income.

Particulars	Rs. In crores
1. Private final consumption expenditure	220
2. Net domestic capital formation	110
3. Depreciation	30
4. Government purchase of goods and services	500
5. Export	100
6. Import	80
7. Indirect taxes	50
8. Subsidies	40
9. Net Factor income Paid to abroad	30
10. Business Fixed investment	20

17.B What is the difference between "Gross National Product (GNP)" and "Net National Product (NNP)"? How is NNP derived from GNP?

PART-B
INDIAN ECONOMIC DEVELOPMENT

18. The BRICS encompasses roughly 30% of the global landmass and constitutes 45% of the world's population. South Africa is recognized as the foremost economy within the African continent, whereas Brazil, India, and China are positioned among the top ten nations worldwide concerning population, land area, nominal gross domestic product (GDP), and purchasing power parity. The five founding member states collectively possess a nominal GDP of US\$28 trillion, representing approximately 27% of the global gross product. Their aggregate GDP, calculated on the basis of purchasing power parity (PPP), is approximately reached to the amount of US\$ 65 trillion, which constitutes 33% of the global GDP PPP. The 2024 BRICS summit was held from 22th to 24th October 2024. Which country hosted the 2024 BRICS Summit?

- A. India, Mumbai.
- B. Russia, Kazan.
- C. India, Lucknow.
- D. China, Beijing

19. Match the situations given in Column I with their respective implications given in Column II and choose the correct alternative:

Column I		Column II	
a	Land Reforms	i.	Portion of agricultural produce sold in the market.
b	Green Revolution	ii.	Using small scale industries to promote rural development.
c	Marketed Surplus	iii.	Increase in production of food grains using HYV seeds.
d	Karve Committee	iv.	Change in the ownership of land.

- A. a-i
- B. b-ii
- C. c-iii
- D. d-iv

20.	<p>Read the following statements - Assertion (A) and Reason (R): Choose the correct alternative among those given the below.</p> <p>Assertion (A): In order to attract foreign investors, Special Economic Zones (SEZs) were set up. Reason (R): SEZ is a geographical reason that has economic laws different from the country's typical economic laws. Usually, the goal is to increase foreign investment.</p> <p>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.</p>	1										
21.	<p>What does the term "employment participation rate" indicate?</p> <p>A. The percentage of total population that is of working age. B. The percentage of working -age population that is employed or actively seeking employment. C. The percentage of employed individuals who are satisfied with their current job. D. The percentage of job available in a specific industry within a region.</p>	1										
22.	<p>Study both the statements and choose the correct alternative among those given the below.</p> <p>Statement I: The SHGs promote thrift in small proportions by a minimum contribution from each member. Statement II: From the pooled money, credit is given to the needy members to be repayable in small instalments at reasonable interest rates.</p> <p>A. Both Statement I and Statement II are true. B. Both Statement I and Statement II are false. C. Statement I is true and Statement II is false. D. Statement I is false and Statement II is true.</p>	1										
23.	<p>On the basis of the information given below, answer the following question</p> <table border="1" data-bbox="182 784 1005 859"> <thead> <tr> <th>Employed</th> <th>Frictional unemployed</th> <th>Structurally unemployed</th> <th>Cyclically unemployed</th> <th>Not in labour force</th> </tr> </thead> <tbody> <tr> <td>1,70,000</td> <td>10,000</td> <td>5,000</td> <td>5,000</td> <td>1,00,00 0</td> </tr> </tbody> </table> <p>The number of labour force in the above country is _____.</p> <p>A. 1,80,000 B. 1,90,000 C. 1,95,000 D. 2,00,000</p>	Employed	Frictional unemployed	Structurally unemployed	Cyclically unemployed	Not in labour force	1,70,000	10,000	5,000	5,000	1,00,00 0	1
Employed	Frictional unemployed	Structurally unemployed	Cyclically unemployed	Not in labour force								
1,70,000	10,000	5,000	5,000	1,00,00 0								
24.	<p>Read the following statements - Assertion (A) and Reason (R): Choose the correct alternative among those given the below.</p> <p>Assertion (A): More proportion of male workforce employed in primary sector as compared to proportion of female workforce. Reason (R): Male workforce get opportunities in both secondary and service sector.</p> <p>A. 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.</p>	1										
25.	<p>Choose the correct alternatives which list the events of China in Chronological order:</p> <p>(i) Special Economic Zones (ii) Great Proletarian Cultural Revolution (iii) Commune System (iv) Establishment of People's Republic of China</p> <p>A. (ii),(iv),(iii),(i) B. (iv),(iii),(ii),(i) C. (ii),(iv),(i),(iii) D. (iv),(i),(ii),(iii)</p>	1										

26. Identify the incorrect statement from the following:
- Diversification in agriculture sector provides sustainable livelihood options to rural population.
 - Diversification includes change in cropping pattern, shift of workforce from agriculture to other allied activities and non-agriculture sector
 - Objective of investment in new agricultural avenues (non-farm activities) increases financial risks for the rural population.
 - Diversification reduces the proportion of unemployed population in the rural areas to considerable limits.

1

27. Read the following statements - Assertion (A) and Reason (R): Choose the correct alternative among those given the below:
- Assertion (A): Animal husbandry is the part of diversification of productive activities in rural area Reason (R): It provides stable employment opportunities in off season.
- Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Assertion (A) is false but Reason (R) is true.
 - Assertion (A) is true but Reason (R) is false.

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28. "India compelled to adopt New economic Policy in 1991 due to emergence of economic crisis in the 1980s". Defend or refute the statement with valid reasons.

3



3

Interpret the above picture and explain the importance and consequences of the policy depicted.

30. Analyzing the given data in the table and point out probable reasons of the following:
- Men- women difference in worker population ratio. .
 - Rural – Urban difference in women participation ratio.

4

Worker – Population ratio in India (2017-2018)

Sex	Worker – Population ratio in India		
	Total	Rural	Urban
Men	52.1	51.7	53.0
Women	16.5	17.5	14.2
Total	34.7	35.0	33.9

31. Group the following features pertaining to the economies of India China and Pakistan under three heads:
- One Child Norm
 - Low literacy rate
 - high degree of urbanization
 - Mixed economy
 - Very high literacy rate
 - Large population
 - High density of population
 - Growth due to manufacturing sector
 - Growth due to service sector

4

	<p style="text-align: center;">OR</p> <p>Read the following case study carefully and answer the questions that follows: India and Pakistan have very much in common, however, at present Indian economy seems to be in the lead. As a growing focus on solving poverty in developed countries this year, we provide suggestions for policy makers of poorer countries based on our analysis. India's higher savings rate, lower population growth and superior productivity are also factors that contributed to its economic growth. In contrast, Pakistan's related economic torpor can be attributed to its political instability, which hinders any long run economic development plans. Furthermore, Pakistan has a lower saving rate, high population growth and inferior productivity. For these reasons, India has experienced significantly higher levels of economic growth than Pakistan for both countries the political and economic components affecting economic growth were examined. However, these two factors are not equal in magnitude. ----Terry Qi, India versus Pakistan and evolution of long run Economic growth with respect to Solow growth model, 2020.</p> <p>i. Write three observations on the common success stories of India and Pakistan. ii. Write three observations pointing through common failures of India and Pakistan.</p>	
32.	<p>"If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment." Discuss the rationale of the given statement with valid reasons.</p>	4
33.	<p>Read the following text carefully and answer the given questions on the basis of the same and common understanding: Now a days, privatization is being seen as a solution towards the problems of public enterprises as these enterprises on being transferred from the public to the private hands will become less politicized which as a result will help in ceasing the administrative corruption. It will also help in increasing the tax revenue from profit and strengthening the public treasury. The advantages of privatization can be perceived from both microeconomic and macroeconomic impacts that privatization exerts. Globalization has intensified interdependence and competition between economies in the world market. This is reflected in interdependence in regard to trading in goods and services and in movement of capital. As a result domestic economic developments are not determined entirely by domestic policies and market conditions, rather they are influenced by both domestic and international policies and economic conditions. It is thus clear that a globalizing economy, while formulating and evaluating its domestic policy cannot afford to ignore the possible actions and reactions of policies and developments in the rest of the world. This constrained the policy options available to the government which implies loss of policy autonomy to some extent, in decision making at the national level.</p> <p>a) What, in your opinion are the advantages of privatizing public enterprises? b) Do you think there is any influence of international policies on the developmental policy of domestic economy?</p>	3 + 3
34.A	<p>Read the following statement and answer the question given below. "Human resource has made a great difference in the evolution of mankind. Human has the capacity to store and transmit knowledge which they have been doing through conversation, through songs and through elaborate lectures. But human soon found out that they need good deal of training and skill to do things efficiently. Labour skill of educated persons is more than an uneducated person and hence former is able to generate more income than the latter." In the light of the given statement, highlight and explain any four measures to transform human to human capital.</p> <p style="text-align: center;">OR</p> <p>34.B Read the following passage and answer the question given below. Both the forms of capital formation- Physical and human - are outcomes of conscious investment decisions. Decision regarding investment in physical capital is taken on the basis of one's knowledge in this regard. The entrepreneur possesses knowledge to calculate the expected rates of return to a range of investments and then rationally decides which one of the investments should be made. The ownership of physical capital is the outcome of the conscious decision of the owner — the physical capital formation is mainly an economic and technical process. A substantial part of the human capital formation takes place in one's life when she/he is unable to decide whether it would maximise her/his earnings. Children are given different types of</p>	6

school education and health care facilities by their parents and the society. The peers, educators and society influence the decisions regarding human capital investments even at the tertiary level, that is, at the college level. 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. You know that the owner of a physical capital, say a bus, need not be present in the place where it is used; whereas, a bus-driver, who possesses the knowledge and ability to drive the bus, should be present when the bus is used for transportation of people and materials. Physical capital is tangible and can be easily sold in the market like any other commodity. Human capital is intangible; it is endogenously built in the body and mind of its owner. Human capital is not sold in the market; only the services of the human capital are sold and, hence, there arises the necessity of the owner of the human capital to be present in the place of production. The physical capital is separable from its owner, whereas, human capital is inseparable from its owner. The two forms of capital differ in terms of mobility across space. Physical capital is completely mobile between countries except for some artificial trade restrictions. Human capital is not perfectly mobile between countries as movement is restricted by nationality and culture. Therefore, physical capital formation can be built even through imports, whereas human capital formation is to be done through conscious policy formulations in consonance with the nature of the society and economy and expenditure by the state and the individuals.

According to you what should be the principal objectives of education in India to achieve the goals.