✓ 08.07.25.

Delhi Public School, Howrah

PERIODIC TEST I - (2025-2026)

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**	
1.	Read the following statements carefully: Statement 1: 'Standard of Deferred Payments' function of money has led to the emergence of "financial market". Statement 2: 'Transfer of Value' function of money has enhanced mobility of capital across different countries. In the light of the given statements, choose the correct alternative from the following: A. Statement 1 is false and statement 2 is true. B. Statement 1 is true and statement 2 is false. C. Both statements 1 and 2 are false. D. Both statements 1 and 2 are true.	1
2.	What does the primary deficit in the sub context of the government budget relate to – A. Interest payment requirement B. Borrowing requirement C. (B) less (A) D. (A) plus (B)	1
3.	If indeed the deposits made by banks are ₹ 10,000 crore and legitimate reserve requirements are 40%, then the amount of initial deposits will be _____________. A. ₹ 4000 crore B. ₹ 14000 crore C. ₹ 3000 crore D. ₹ 2000 crore	1

4.	A commercial organization created in India by a foreign-based corporation is granted a loan. In the English language, India's Balance of Payments account contains a record of this transaction, which is named "____. A. On the debit side, the current account balance. B. From a credit standpoint, the current. C. On the negative side of the ledger, the capital. D. Credit-related capital	1
5.	At what point the primary deficit under the government budget tends to be zero? A. When the revenue deficit tends to be zero. B. When the net interest payment is zero. C. Fiscal deficit = interest payment. D. Zero fiscal deficit.	1
6.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below. Assertion (A): Foreign Direct Investment (FDI) is recorded in the capital account of the Balance of Payments. Reason (R): FDI represents inflows and outflows of capital across international borders. 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.	1
7.	If the sum of visible imports exceeds the sum of invisible exports, the balance of payments is said to be in deficit on which basis? A. International trade deficit. B. Capital account. C. Accounts due and receivable. D. There is no way to determine.	1
8.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below. Assertion (A): Central bank provides loans to the commercial banks in the situation of financial distress. Reason (R): Central bank can order the government to help the bank facing the financial crisis. 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

9.	"Prior to 1991, the central government owned 100% of the shares of public sector undertakings. Consequently it started selling its shares to general public and financial institutions". This situation is known as A. Plan expenditure B. Disinvestment of PSUs C. Borrowing D. Mismanagement	1
10.	Choose the correctly matched pair from the given alternative:	1

Column A	Column B
i. Surplus budget	a. Used to correct inflation
ii. Deficit budget	b. Budget expenditure= Budget receipt
iii. Balanced budget	c. Revenue deficit and fiscal deficit
iv. Types of deficit budget	d. Used by under developed countries

A. i-a
B. ii –b
C. iii- c
D. iv- d

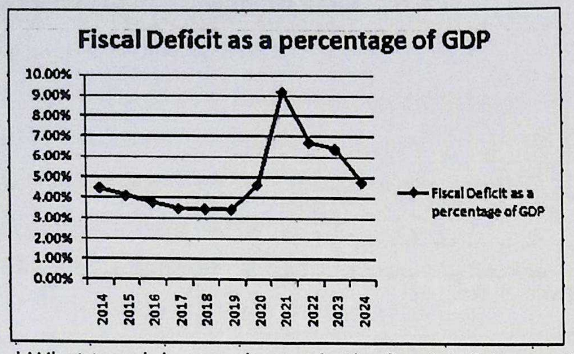
11.	Differentiate between a Banking Institution and a Financial Institution.	3
12.	Read the following passage and answer the questions given below:	3

The Russia-Ukraine conflict, which began in 2022, led to significant global economic disruptions. Sanctions imposed on Russia by Western nations caused a sharp decline in the Russian ruble, as international trade and financial transactions with Russia were restricted. The conflict also disrupted global supply chains, particularly in energy and food markets. Oil and gas prices surged due to Russia being a major energy supplier, while wheat and sunflower oil exports from both Russia and Ukraine were severely affected. For oil-importing countries like India, rising crude oil prices increased the import bill, worsening the current account deficit. Additionally, uncertainty in global markets led to capital outflows from emerging economies, further impacting exchange rates and foreign exchange reserves.

i. Explain the impact of rising oil prices on the Balance of Payments of oil-importing countries like India.

ii. Suggest two measures by which oil-importing countries can take to manage rising crude oil prices.

iii. How can countries reduce their dependence on external energy sources to avoid such shocks in the future?

13.	Analyse the following graph and answer the following questions:  i.What trend do you observe in the fiscal deficit over the given years? ii.Why might the fiscal deficit have increased in the third year? iii. Suggest two ways to reduce the fiscal deficit.		4
14.	Read the following passage and answer the questions given below: Once there was a goldsmith named Lala in a village. In this village, people used gold and other precious metals in order to buy goods and services. In other words, these metals were acting as money. People in the village started keeping their gold with Lala for safe-keeping. In return for keeping their gold, Lala issued paper receipts to people of the village and charged a small fee from them. Slowly, over time, the paper receipts issued by Lala began to circulate as money. This means that instead of giving gold for purchasing wheat, someone would pay for wheat or shoes or any other good by giving the paper receipts issued by Lala. Thus, the paper receipts started acting as money since everyone in the village accepted these as a medium of exchange. Now, let us suppose that Lala had 100 Kgs of gold, deposited by different people and he had issued receipts corresponding to 100 kgs of gold. At this time Ramu comes to Lala and asks for a loan of 25 kgs of gold. Can Lala give the loan? The 100 kgs of gold with him already has claimants. However, Lala could decide that everyone with gold deposits will not come to withdraw their deposits at the same time and so he may as well give the loan to Ramu and charge him for it. If Lala gives the loan of 25 kgs of gold, Ramu could also pay Ali with these 25 kgs of gold and Ali could keep the 25 kgs of gold with Lala in return for a paper receipt. In effect, the paper receipts, acting as money, would have risen to 125 kgs now. It seems that Lala has created money out of thin air! The modern banking system works precisely the way Lala behaves in this example. Identify the instrument(s) which is/are used by modern banking system from the above passage and explicate its mechanism.		4
15.	How does government reallocate the resources and redistribute the income through Budget?		4
16.	Read the following passage and answer the following questions: The Education Budget plays a crucial role in enhancing access to quality education and promoting skill development. By allocating funds for schools, higher education institutions, vocational training programs, and digital learning initiatives, it addresses both foundational and advanced learning needs. Skill development programs, supported through targeted schemes, aim to equip individuals with industry-relevant skills, boosting employability and economic productivity. An education focused budget fosters human capital development, bridges skill gaps, and prepares the workforce for emerging challenges in a rapidly evolving global economy. In the 2023 budget, the government allocated ₹1.12 lakh crore for education and skill development programs. This includes initiatives like "Digital India for Education" and "Vocational training for Youth". (i) Why is investment in education and skill development important for economic growth? (ii) How does this expenditure contribute to long-term development? (iii) Suggest one way to ensure efficient use of allocated funds.		6

	OR A Green Budget for renewable energy prioritizes investments and policies that accelerate the transition to sustainable energy sources. It includes financial incentives such as subsidies, tax benefits, and funding for research and development of solar, wind, and other renewable energy technologies. By allocating resources toward green infrastructure and clean energy initiatives, such a budget helps reduce carbon emissions, combat climate change, and promote energy security. A Green Budget not only fosters environmental sustainability but also creates green jobs and positions the economy for long-term growth in a low-carbon future. The government allocated ₹35,000 crore in the budget to promote renewable energy projects, including solar power and wind energy initiatives. (i) How does investing in renewable energy contribute to sustainable development? (ii) What are the long-term economic benefits of such investments? (iii) Explain how this expenditure aligns with global environmental goals.	
17.	State whether the following statements are true or false. Give reasons to support your answer. (i) Current account of Balance of Payment account records only export and import of goods and services. (ii) Foreign investments are recorded in the capital account of Balance of Payments. (iii) Excess of foreign exchange receipts over foreign exchange payments on account of accommodating transactions equals deficit in the Balance of Payments. (iv) Export and import of machines are recorded in capital account of Balance of Payments account. (v) Difference between value of exports and imports of goods and services are called Balance of Trade. (vi) External assistance is not recorded in Balance of Payments account.	6
	PART-B **(INDIAN ECONOMIC DEVELOPMENT)**	
18.	The person who made the most notable attempt to calculate India's national income during the British rule in India, on the eve of Indian independence was __________. A. O Hume B. Dadabhai Naoroji C. Surendra Nath Bonnerji D. Mahatma Gandhi	1
19.	Mention the correct statement about the industrial sector in the Indian economy on the eve of Independence. A. Exporting of raw materials to Britain was reduced by India. B. India had to face the ultimate shortage of goods which were produced in the country itself. C. Reduced the rate of growth of the industrial sector in India. D. The goods in India that were imported by Britain were of cheap quality.	1
20.	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
21.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct answer from the alternatives given below: Assertion (A): India followed an import substitution policy between 1950 and 1990. Reason(R): The government imposed high import tariffs and restrictions to protect domestic industries from foreign competition. 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) are is true.	1

22.	Consider the following statements with respect to Industrial Deregulation and state the correct combination I) Restrictions imposed by Licensing policy was removed. II) Price fixation and controls were removed. III) Private sector was not allowed to enter the public space. A. Only I B. I and II C. Only III D. I, II and III	1
23.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct answer from the alternatives given below: **Assertion (A):** Industries were reclassified into three categories, viz., Schedule A, Schedule B, and Schedule C in Industrial Policy Resolution (IPR) 1956. **Reason (R):** The system of Industrial Licensing was used for all types of industries after the IPR 1956. 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.	1
24.	With reference to Industrial sector, state the correct combination of statements. 1. British wanted to reduce India to a mere supplier of raw materials. 2. India was a market for British finished goods. 3. Improvement was the basis of Indian Economy due to the improvement of Industries. A. 1 only B. 1 and 2 only C. 1 and 3 only D. 3 only	1
25.	IBRD was another name for which of the following institution? A. Reserve Bank of India B. Federal Reserve C. World Bank D. Swiss National Bank	1
26.	Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I and choose the correct alternative:	1

Column – I	Column – II
a) Last year of first five-year plan	I) 1961
b) Begining of third five-year plan	ii) 1956
c) Gree Revolution	iii) 1955
d) Karve Committee	iv) 1960

Options:

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

27.	Read the following statements carefully: Statement 1: The License-Permit Raj led to rapid industrialization in India. Statement 2: Excessive government control and bureaucratic delays created inefficiencies and slowed down industrial growth. In the light of the given statements, choose the correct alternative from the following: A. Statement 1 is true and statement 2 is false. B. Statement 1 is false and statement 2 is true. C. Both statements 1 and 2 are true. D. Both statements 1 and 2 are false.	1
28.	a. What objectives did the British intend to achieve through their policies of infrastructure development in India? OR b. Critically appraise some of the shortfalls of the industrial policy pursued by the British colonial administration.	3
29.	Interpret the given picture on account of development experiences in India.	3

30.	a. Do you think the Navratna Policy of the government helps in improving the performance of public sector undertakings in India? How? OR b.Agriculture sector appears to be adversely affected by the reform process. Why?	4
31.	Why is it challenging for planners to balance different goals in a five-year plan?	4
32.	Study the following table and answer the questions given below:	4

Table 3.1

Growth of GDP and Major Sectors (in %)

Sector	1980-91	1992-2001	2002-07	2007-12	2012-13	2013-14	2014-15
Agriculture	3.6	3.3	2.3	3.2	1.5	4.2	-0.2*
Industry	7.1	6.5	9.4	7.4	3.6	5	7.0*
Service	6.7	8.2	7.8	10	8.1	7.8	9.8*
Total	5.6	6.4	7.8	8.2	5.6	6.6	7.4

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

Highlight the trend in the growth rate of the Agriculture sector from 1980-81 to 2014-15. What observations can be made from the above table?

33.	i. While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in light of this face. ii. Despite the implementation of green revolution, 65 per cent of our population continued to be engaged in the agriculture sector till 1990. Justify.	3 3
34.	a. Read the following text carefully and answer the given questions : Power sector reforms in many Indian states led to do away with the supply of electricity at subsidised rates and steep rise in power tariff. This has affected workers engaged in small industries. Powerloom textile industry in Andhra Pradesh is an example. Since the wages of the powerloom workers are linked to the production of cloth, power cut means cut in wages of weavers, who were already suffering from hike in tariff. A few years ago, this led to a crisis in the livelihood of the weavers and 50 powerloom workers committed suicide in a small town called 'Siricilla' in Andhra Pradesh. i. How did power sector reforms impact small industries in India? ii. What were the consequences of power sector reforms for power loom workers in Andhra Pradesh? OR b. Owing to globalisation, you might find many Indian companies have expanded their wings to many other countries. For example, ONGC Videsh, a subsidiary of the Indian public sector enterprise, Oil and Natural Gas Corporation engaged in oil and gas exploration and production has projects in 16 countries. Tata Steel, a private company established in 1907, is one of the top ten global steel companies in the world which have operations in 26 countries and sell its products in 50 countries. It employs nearly 50,000 persons in other countries. HCL Technologies, one of the top five IT companies in India has offices in 31 countries and employs about 15,000 persons abroad. Dr Reddy's Laboratories, initially was a small company supplying pharmaceutical goods to big Indian companies, today has manufacturing plants and research centres across the world. Source: www.rediff.com accessed on 14.10.2014. i. How has globalization contributed to the expansion of Indian companies abroad? ii. Give examples of Indian companies that have expanded internationally and explain their global presence.	3 3 3 3