Delhi Public School, Howrah

PERIODIC TEST II - (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-Assertion (A) and Reason (R). Choose one of the correct alternatives given below. 1

Assertion (A): An increase in Legal Reserve Deposit Ratio increases the credit creation power of the commercial banks.
Reason (R): Credit creation = Primary deposits × 1/Legal Reserve Ratio.
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.

2. Mr Sagnik an Indian citizen is planning to invest in shares of foreign companies. He thought of investing an amount of Rs. 500cr. Investments by him will be recorded on which side of BOP account? 1
A. Credit side of current account.
B. Debit side of current account.
C. Credit side of capital account.
D. Debit side of capital account.

3. Two friends Akash and Amit were discussing about the features of central bank. "This features depicts that it serves commercial banks by holding their cash reserves." The above mentioned statement was given by Akash, identify the feature was he taking about. 1
A. Banker's bank
B. Lender of the last resort
C. Controller of credit
D. Financial advisor

4. Given are two statements. Choose the correct alternative from the following options. 1

Statement 1: Net Demand Deposits (and not Gross Demand Deposits) of Commercial Banks are included in Money Supply.

Statement 2: Inter-Bank Deposits are the deposits held by banks on behalf of other banks and do not belong to the public.

A. Both statements are true.
B. Both statements are false.
C. Statement 1 is true and Statement 2 is false.
D. Statement 1 is false and Statement 2 is true.

5. Given are two statements. Choose the correct alternative from the following options. 1

Statement 1: In the context of equilibrium desired investment expenditure is assumed to be autonomous.

Statement 2: Autonomous investment is income inelastic.

A. Both are correct.
B. Both are incorrect.
C. Statement 1 is correct and statement 2 is incorrect.
D. Statement 1 is incorrect and statement 2 is correct.

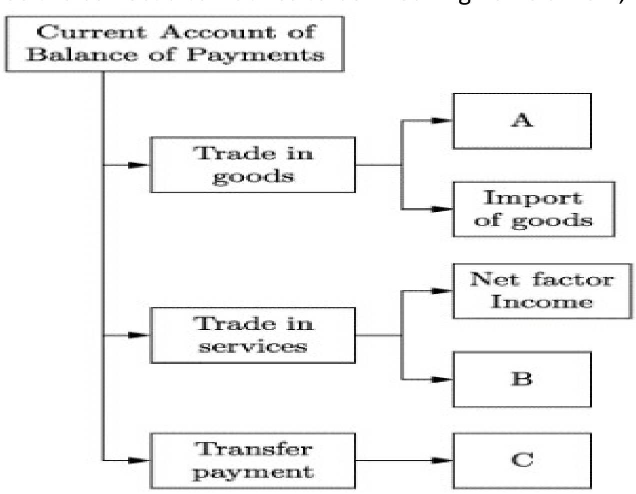
6. Which of these can be said as an exception to the consequences of the government budget on the nation's economy? 1

A. Improves resource allocation.
B. Implementation of government assistance programmes.
C. Improves access to basic goods.
D. Increasing aggregate fiscal discipline problems.

7. Which of the following is not a fiscal deficit implication? 1

A. It determines the entire borrowing needs of the government.
B. It raises the government's obligation.
C. It raises foreign dependency.
D. Repayments of various loans, coupled with an interest, significantly reduce the fiscal deficit.

8. Choose the correct alternatives to be filled in given blanks A, B and C. 1



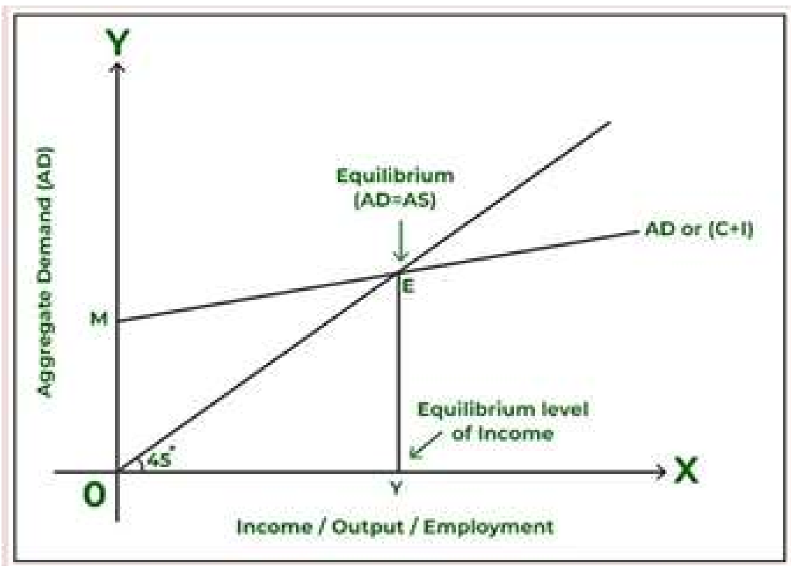
A. A - Export of goods, B - Gifts, remittances and grants, C - Net non-factor income.
B. A - Gifts, remittances and grants, B - Export of goods, C - Net non-factor income.
C. A - Net non-factor income, B - Export of goods, C - Gifts, remittances and grants.
D. A - Export of goods, B - Net non-factor income, C - Gifts, remittances and grants.

9. Match the columns and choose the correct alternative: 1

	Column – I		Column – II
i.	Tax on the incomes of firms	a	Paper tax
ii.	Duties levied on goods produced within the country	b	Corporation tax
iii.	Tax imposed on goods	c	Tariff
iv.	Wealth tax and gift tax	d	Excise duty

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

10. Look at the following diagram and answer the questions below: 1



What happens when AS is perfectly inelastic in the short run?

A. When AS is perfectly inelastic in the short run, any increase in AD leads only to an increase in prices, not output.
B. When AS is perfectly inelastic in the short run, any increase in AS leads only to an increase in prices, not output.
C. When AS is perfectly inelastic in the short run, any increase in AD leads to an increase in both prices and output.
D. When AS is perfectly inelastic in the short run, any increase in AD leads only to an increase in output, not price.

11. The Ministry of Finance has released official FAQs following the 56th GST Council meeting, confirming revised GST rates and compliance clarifications. The changes come into effect from September 22, 2025 (except for tobacco-related products, which will be notified separately). 3
For foreign investors and multinational businesses operating in India, the updates carry significant implications for imports and refunds. Justify.

12A How will you treat the following while estimating domestic product of India? Give reasons. 3

a. Rent received by a resident Indian from his property in Singapore.
b. Profits earned by a branch of an American Bank in India.
c. Salaries paid to Koreans working in Indian embassy in Korea.

OR

12B In single day Billu, the barber collects Rs. 500 from haircuts; over this day his equipment's depreciates in value by Rs. 50 of the remaining Rs. 450, Billu pays Sales Tax worth Rs. 30, takes home Rs. 200 and retains Rs. 220 for improvement and buying of new equipment. He further pays Rs. 20 as Income Tax from his income. Based on this information, complete Billu's contribution to the following measures of income:

a. GDP
b. NNP_{mp}
c. NNP_{fc}

13A Explain how the economy achieves an equilibrium level of income using Consumption + Investment (C+I) approach. 4

OR

13B Measure the level of ex-ante aggregate demand when autonomous investment and consumption expenditure (A) is ₹50 crores, and MPS is 0.2 and level of income (Y) is ₹4000 crores. State whether the economy is in equilibrium or not (cite reasons).

14. Read the following passage and answer the questions given below: 4

In 2022, the Indian rupee depreciated significantly, crossing ₹80 per US dollar. The key factors behind this depreciation included a sharp increase in global crude oil price due to geopolitical tensions (such as the Russia-Ukraine conflict), capital outflows from emerging markets, and a strong US dollar supported by rising interest rates in the United States. The depreciation of the rupee had both positive and negative effects on the Indian economy. While it made imports like crude oil, electronics, and machinery more expensive, it benefited exporters as their goods became more competitive in global markets. The Reserve Bank of India (RBI) intervened in the foreign exchange market to stabilize the rupee by selling foreign exchange reserves.

a. Outline currency depreciation and explain its main causes in the context of the Indian rupee in 2022.
b. Explain one positive and one negative effect of rupee depreciation on the Indian economy.
c. How did the Reserve Bank of India (RBI) attempt to stabilize the rupee, and what are the potential risks of this approach?

15. "The central government relies on RBI just like, general public relies on commercial banks". Identify and explain the function of RBI. 4

16. Read the following statement and answer the questions given below: 6

An economy is facing persistent unemployment despite sufficient productive capacity. Businesses are reluctant to expand production, and Aggregate Demand is significantly lower than Aggregate Supply.

a. Why is the economy experiencing unemployment despite having sufficient capacity?
b. What policy measures can the government take to address this issue? Explain.

17A Calculate the National Income (NI) by income and expenditure method from the following information. 6

S.No.	Items	Rs. In Crore
1	Government Final Consumption Expenditure	100
2	Subsidies	10
3	Rent, Interest, Royalty and Profit	375
4	Wages and salaries	600
5	GST	60
6	Private Final Consumption Expenditure	800
7	Gross Domestic Capital Formation	120
8	Social Security Contribution by Employer	55
9	Net Factor Income Paid to Abroad	30
10	Consumption of Fixed Capital	10
11	Net Imports	-70
12	Change in Stock	50

OR

17B a. "In the estimation of Gross Domestic Product (GDP) using expenditure method, focus lies only on expenditure by the residents of the country." Do you agree with the given statement? Give valid reasons to support your answer.

b. GDP as an index of welfare may understate or overstate welfare.' Explain the statement using examples of a positive and a negative externality.

PART-B

INDIAN ECONOMIC DEVELOPMENT

18. Given are two statements. Choose the correct alternative from the following options. 1

Statement 1: India followed an import substitution policy between 1950 and 1990.
Statement 2: The government imposed high import tariffs and restrictions to protect domestic industries from foreign competition.

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.

19 Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below. 1

Assertion (A): The British introduced modern railways in India for the benefit of Indian people.
Reason (R): The railway network was primarily developed to facilitate British economic and administrative interests. 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

20. Choose the correctly matched pair from the following: 1

Column I	Column I
a. From 1990s	i. The growth rate of agricultural sector decelerated to about 3% p.a.
b. After 1989	ii. A major change occurred when India adopted social banking.
c. 1995	iii. 1995 A thrift and credit society was started in Kerala.
d. 2010	iv. By March end more than seven lakh SHG's been credit linked.

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

21. Identify the correct statement about the industrial sector in the Indian economy on the eve of Independence. 1

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.

22. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below. 1

Assertion (A): The land reforms helped in establishing a relationship between the farmers and the government.

Reason (R): Land reforms ensured that the farmers benefitted from their own labour and promoted equality of wealth.

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. Both Assertion (A) and Reason (R) is false.
D. Assertion (A) is false but Reason (R) is true.

23. Consider the following statement with respect to Indian Industries and mention the correct combination. 1

I) Industrial Policy resolution was adopted in 1956.
II) Karve Committee was set up in favour of small-scale industries.
III) In 1991, Industrial Licensing policy was abolished for the improvement of Industries.

A. Only I
B. Only II and III
C. None of the above
D. All of the above.

24. ______________ refers to a situation when the farmers are compelled to sell the produce just after harvest even in low prices. 1

A. Surplus sale
B. Distress sale
C. Commercial farming
D. Subsistence farming

25. What was the amount received by India as a loan from the International Monetary Fund (IMF) in 1980s? 1

A. $ 6 billion
B. $ 6.5 billion
C. $ 7 billion
D. $ 8 billion

26. Point out the indicator which is absent as a determining factor for an economically strong nation. 1

A. Commendable literacy rate.
B. Significant lower risks of death from chronic diseases.
C. Significant proportion of workers or labourers directly involved in the primary industrial sectors to earn their livelihood.
D. Improved figures of income per capita.

27. Read the following statement given below and choose the correct alternative 1
Statement 1: Causality between human capital and economic growth flows in either direction.
Statement 2: Only employed people have the right to get education and lead a healthy life.

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.

28. 3

Educational Attainment in India

Sl.No.	Particulars	1990	2000	2011	2017-18
1.	Adult Literacy Rate (per cent of people aged 15+)				
	1.1 Male	61.9	68.4	79	82
	1.2 Female	37.9	45.4	59	66
2.	Primary completion rate (per cent of relevant age group)				
	2.1 Male	78	85	92	93
	2.2 Female	61	69	94	96
3.	Youth literacy rate (per cent of people aged 15+ to 24)				
	3.1 Male	76.6	79.7	90	93
	3.2 Female	54.2	64.8	82	90

Analyze the trend in adult literacy rates for males and females from 1990 to 2017-18. What does this indicate about gender disparity in literacy?

29A Critically analyse the choice of a mixed economy for India, considering its strengths and weaknesses in achieving developmental goals of growth, equity, and self-reliance in the 1950-90 period. 3

OR

29B How did the policies of the period aim to achieve both "growth" (increase in GDP) and "modernization" (structural transformation) simultaneously? Were these goals always compatible? Explain.

30. State giving valid reasons, whether the followings statements are true or false: 4
   a. There is no difference between workforce and labour force.
   b. Lower employment among women in India points to our economic and social backwardness.

31. Interpret the following picture by explaining its positive and negative effects. 4

32A Elucidate the role of multinational companies in rural development. 4

OR

32B Mention some obstacles that hinder the mechanism of agricultural marketing and create a need for the government to interfere in this sector.

33. Read the following case study carefully and answer the questions that follow. 6
In alignment with the National Education Policy (NEP) 2020 and the vision of the Hon'ble Prime Minister for a 'Digital India, the Ministry of Education (MoE) is implementing the Automated Permanent Academic Account Registry (APAAR) ID system for students. This initiative aims to create a seamless, lifelong digital identity for every student, promoting transparency, accountability, and efficiency in academic record management.
   a. How does the "One Nation, One Student ID" vision of APAAR contribute to the goals outlined in the National Education Policy 2020?
   b. Compare and contrast the benefits of a digital, centralized academic account (APAAR) with traditional methods of managing student records in India.

34A Read the following case study and answer the questions given below:
Rohit, a 26-year-old software engineer, lost his full-time job during the pandemic. To sustain himself, he started working as a freelance web developer on various online platforms. Though he earns a decent income, he does not receive any employee benefits such as job security, health insurance, or retirement savings. Many young professionals like Rohit are now part of the growing gig economy, working as freelancers, contract workers, or temporary employees.
   a. What is the gig economy, and how does it impact employment patterns?
   b. What are the advantages and disadvantages of working in the gig economy?
   c. Suggest two measures the government can take to provide security to gig workers.

OR

34B Megha, a postgraduate in Economics, has been struggling to find a job for over a year. Despite her qualifications, she is unable to get employment in her field. Many of her classmates have taken jobs that do not match their educational qualifications, working in sectors unrelated to their studies. At the same time, companies complain about the lack of skilled workers in the market. 6
   a. What type of unemployment is Megha facing? Explain its causes.
   b. How does a skill gap contribute to unemployment despite job opportunities?
   c. Suggest two policies the government can implement to reduce educated unemployment.