

MID TERM EXAMINATION (2025-2026)

CLASS - XII

SUBJECT-ECONOMICS

Time: 3 hours

M.M.: 80

General Instructions:

- This question paper contains two sections;  
Part A : Introductory Macroeconomics  
Part B : Indian Economic Development
- Question No. 1-10 and 18-27 are very short answer questions carrying 1 one mark each. They are required to be answered in one sentence.
- Question No. 11-12 and 28-29 are short answer questions carrying 3 marks each and have to be answered in 30-40 words.
- Question No. 13-15 and 30-32 are short answer questions carrying 4 marks each and have to be answered in 60-80 words each.
- Question No. 16-17 and 33-34 are long answer questions carrying 6 marks each and have to be answered in 100-120 words.
- Answers should be brief and to the point and the above word limit be adhered to as far as possible.

PART - A [INTRODUCTORY MACROECONOMICS]

- Q1 From the following, identify the correct reasons that may affect the supply of foreign exchange in an economy. [1]  
I Purchase of land in England by an Indian      II Foreign tourists visiting Taj Mahal  
III Donation of \$500 million from Microsoft      IV Indian students going to Australia for studies
- a) I and II      b) II and IV      c) II and III      d) I and IV
- Q2 If Nominal National Income is ₹ 500 crores and price index is 125, the real national income is [1]  
a) 100 crores      b) 250 crores      c) 400 crores      d) 600 crores
- Q3 Read the following statements carefully and choose the correct alternatives given below: [1]  
Statement 1: A foreigner working in International labour Organisation located in India is a normal resident of India..  
Statement 2: Increase in National income does not always imply increase in domestic income as well.
- Alternatives:  
a) Statement 1 is true and statement 2 is false  
b) Statement 1 is false and statement 2 is true  
c) Both the statements 1 and 2 are true.  
d) Both the statements 1 and 2 are false.
- Q4 Suppose, following data is presented for an imaginary economy: [1]

Year	Visible Exports	Visible Imports
2011	180	160
2021	380	260

- Identify, which of the following statement about the period 2011 to 2021 is correct?
- a) Improvement in balance of trade      b) Increase in trade deficit  
c) Improvement in balance of invisible items      d) Deterioration of balance of trade

Which of the following pair correctly identifies a Stock and a Flow from the given images?

[1]



Alternatives:

- a) Piggy Bank (Stock) & Pay Slip (Flow)
- b) Piggy Bank (Flow) & Water used per day (Stock)
- c) Pay Slip (Stock) & Water tank (Flow)
- d) Water tank (Flow) & Water used per day (Stock)

- Q6 Which of the following component(s) is / are not included in money supply? [1]
- a) Currency with private individuals
  - b) Currency with business firms
  - c) Stock of gold with RBI
  - d) All of these

OR

Suppose that the Balance of Trade (BOT) of a nation, exhibits a surplus of ₹ 20,000 crores. The import of merchandise of the nation is half of the exports of merchandise to the rest of the world.

- The value of exports would be \_\_\_\_\_ crores.
- a) ₹ 30,000
  - b) ₹ 40,000
  - c) ₹ 24,000
  - d) ₹ 35,000

- Q7 Darshit Chauhan is the member of the 'Advisory Committee to the finance Minister of India'. The Finance Minister is concerned about the rising revenue deficit in the budget. Suggest what can be done to control the rising revenue deficit of the government? [1]
- a) The government should reduce administrative expenses.
  - b) The government should increase the burden of subsidy.
  - c) The government can decrease the tax rates.
  - d) None of these

- Q8 Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : Fiscal Deficit is zero in case there is no provision for borrowing in the government budget.

Reason (R) : Higher Revenue Deficit always leads to higher Fiscal Deficit

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]

- Q9 Read the following statements carefully and choose the correct alternatives given below: [1]
- Statement 1: Export of financial services by India will be recorded on credit side of current account
- Statement 2: Foreign Direct Investments in India will be recorded on credit side of capital account

Alternatives:

- a) Statement 1 is true and statement 2 is false  
 b) Statement 1 is false and statement 2 is true  
 c) Both the statements 1 and 2 are true.  
 d) Both the statements 1 and 2 are false.

Q10 Identify the correct pair from the following Column I and Column II and choose the correct alternative: [1]

- Column I**  
 A. Lender of last resort  
 B. Central Bank  
 C. Open market operations

- Column II**  
 (i) Currency authority of the country  
 (ii) Sale and purchase of securities by the RBI  
 (iii) Persuasion and pressure exercised by the RBI on commercial banks to regulate the supply of credit  
 (iv) Central bank

- a) A – (iii), B – (iv), C – (i), D – (ii)  
 c) A – (ii), B – (i), C – (iv), D – (iii)

- b) A – (iii), B – (i), C – (iv), D – (ii)  
 d) A – (iv), B – (i), C – (ii), D – (iii)

Q11 Giving reasons, state how the following are treated while estimating National income of a country: [3]  
 (i) Expenditure by a firm on payment of fees to a chartered accountant.  
 (ii) Dividend received by an Indian from his investment in shares of a foreign company.  
 (iii) Compensation given by an Insurance company to an injured worker.

OR

Calculate Value of output using given information:

Particulars	Amount (₹ in crores)
NVA at FC	200
Intermediate Cost	75
GST	20
Subsidies	5
Depreciation	10

Q12 “Reserve Bank of India (RBI) imposes ₹ 25 lakh penalty on Axis Bank for violating KYC rules.” - September 1, 2020 [3]

Identify and explain the function performed by RBI in the above news headline.

Q13 “The process of credit creation by commercial banks comes to an end when the total of required reserves become equal to the initial deposits”. With the help of numerical example prove that the given statement is true. [4]

Q14 Mr. Spector, a normal resident of XYZ country, took a \$1 million loan from an overseas bank to expand his manufacturing business. During the same year, the Government of XYZ country borrowed \$5 billion from an international financial institution to cover the Balance of Payments (BoP) deficit prevailing in the country.”

Mishika, an economics student, read the above information and identified both the transactions cited, as autonomous transactions in the BoP account of XYZ country. Do you agree with Mishika's identification of the underlying concept? Give arguments in support of your answer.

OR

‘Many large Multinational Corporations (MNC's) have recently shifted their investments from China and have started their production in India, thereby boosting the Make in India plans of the Government.’

Assuming other factors remain constant, how might this shift impact foreign exchange rates in the context of the Indian economy? Discuss. [4]

Q15(A) Categorise the following into Revenue expenditure and Capital expenditure. Give reasons for your answer.

- (i) Economic assistance given by the government according to Ladli scheme.  
 (ii) Expenditure on the construction of computer lab in the school.

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 In which sub account and on which side of balance of payments account 'Exports of merchandise' will be recorded? Give reasons. [2+2]

Q16(A) On the basis of the given information, calculate the values of the following:

S.No.	Items	(₹) in crores
1.	Capital expenditure	30
2.	Revenue Receipt	20
3.	Revenue Deficit	20
4.	Interest Payments	10
5.	Non – debt creating capital receipts	50% of Revenue Receipts

(B) 'Under the 'Ayushman Bharat Scheme', the government provides free medicines to the economically backward section of the society.' Identify and explain the objective of the government budget behind this. Also, Identify the nature of the government expenditure indicated in the given statement. [3+3]

OR

(A) The Finance Minister announces the budget in a government press conference.



**Budget Highlights**

- ₹ 80,000 crore to be raised through disinvestment in PSUs.
- ₹ 1,20,000 crore expected from Income tax
- ₹ 60,000 crore in loan repayment from states
- ₹ 40,000 crore from sale of government land.

Based on the budget highlights shown in the image, list down the capital receipt items.

(B) "Through its budgetary policy, the government allocates resources as per the requirements of the country."

Do you agree with the given statement? Support your answer with the valid reasons. [3+3]

Q17(A) Calculate (a) Net National Product at Market Price, and

(b) Gross Domestic Product at Factor Cost from the given data:

Particulars	(₹) in crores
(i) Rent and Interest	6000
(ii) Wages and Salaries	1800
(iii) Undistributed Profit	400
(iv) Net Indirect Taxes	100
(v) Subsidies	20
(vi) Corporation tax	120
(vii) Net factor income to abroad	70
(viii) Dividend	80
(ix) Consumption of fixed capital	50
(x) Social security contribution by employees	200
(xi) Mixed income	1000

(B) 'Positive and negative externalities are limitations of GNP as an indicators of welfare'.  
 Comment. [4+2]

**PART - B | INDIAN ECONOMIC DEVELOPMENT**

Identify which of the following statement is correct.

- a) British colonial rule made India net importer of raw material [1]
- b) The real motive behind infrastructure development by the Britishers was to serve people of India.
- c) India generated large export surplus during the British rule.
- d) Indian handicrafts industry enjoyed worldwide reputation under the British rule.

Q19

Read the following statements carefully and choose the correct alternatives given below:

**Statement 1:** The emergence of Self Help groups (SHGs) ensured the reduction in the fissures of the formal credit system.

**Statement 2:** The borrowings from SHGs mainly confined to consumption purposes by its members.

**Alternatives:**

- a) Statement 1 is true and statement 2 is false
- b) Statement 1 is false and statement 2 is true
- c) Both the statements 1 and 2 are true.
- d) Both the statements 1 and 2 are false.

[1]

Q20

From the set of the events given in Column I and the corresponding year in Column II, choose the incorrect pair:

<u>Column I</u>	<u>Column II</u>
A. Introduction of railways in India	(i) 1850
B. First official Census of India	(ii) 1881
C. Opening of Suez Canal	(iii) 1869
D. Incorporation of TISCO	(iv) 1807

a) A – (i)                      b) B – (ii)                      c) C – (iii)                      D – (iv)

[1]

Q21

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

**Assertion (A) :**            **The main purpose of land ceiling was to reduce the concentration of ownership of landholdings in few hands.**

**Reason (R) :**            **The performance of Indian government on land ceiling has been disappointing.**

**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]

Q22

Which of the following is a function of NABARD?

- a) Guidance to all concerned on matters relating to rural credit.
- b) To take appropriate measures to improve the credit delivery system.
- c) Development of cooperative credit institutions.
- d) Training and Professionalisation of cooperatives

[1]

OR

Expenditure on preventive medicine means expenditure on:

- a) medical intervention during illness
- b) vaccination
- c) Spread of healthy literacy
- d) Both (a) and (b)

Q23

Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I: [1]

**Column I**

- A. Government
- B. Karve Committee
- C. Inward looking trade strategy
- D. Licensing policy of the government

**Column II**

- (i) Policy of reliance on import substitution
- (ii) Enhance bargaining power of the small holders
- (iii) Aimed at promoting regional equality
- (iv) 1955

- a) A – (ii), B – (i), C – (iv), D – (iii)
- c) A – (ii), B – (iv), C – (i), D – (iii)

- b) A – (iv), B – (iii), C – (ii), D – (i)
- d) A – (iii), B – (iv), C – (i), D – (ii)

Q24 Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : Nationalisation of commercial banks marked the beginning of social banking in rural areas.  
Reason (R) : Farmers can avail the benefits of institutional credit without any collateral.

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]

Q25 Under which revolution, India emerged as the second largest producer of fruits and vegetables in the world? [1]

- a) Green Revolution.
- b) Operation flood
- c) Golden Revolution.
- d) None of these

Q26 "In India, National Education Policy 2020 has stressed a lot on in-service training of the teachers". Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement. [1]

- a) Expenditure on Education
- b) Expenditure on Information
- c) Expenditure on On-the-Job training
- d) Expenditure on Migration

Q27 \_\_\_\_\_ was the predecessor organisation to World Trade Organisation. [1]

- a) International Bank for Reconstruction and Development (IBRD)
- b) International Monetary Fund (IMF)
- c) Reserve Bank of India (RBI)
- d) General Agreement on Tariff and Trade (GATT)

Q28



Analyse the given image and state the policy that involves provision of protection to domestic industries from foreign competition as indicated. Also explain how the stated policy can help protect the domestic industries. [3]

Q29“ During the colonial period, a number of socio-economic indicators were in a dilapidated state.” List any three such indicators that led to the worsening of India’s demographic profile.

"The pre-independent India's occupational structure experienced growing regional variation." Justify the above statement with valid explanation. [3]

Q30 State whether the following statements are true or false with valid reasons: [4]  
a) Human Capital and Human Development are similar terms.  
b) In India, higher education takes a major share of total education expenditure.

Q31 Gujarat has around 18, 536 village level cooperative societies, which have 33, 65442 dairy farmers. These numbers indicate the trust and involvement of dairy farmers in the Cooperative setup and are the reasons for continuous improvement in the quality of raw milk and final product of the cooperatives. - The FNB news.com, 19 April, 2021  
In the light of the above news report, explain how the Cooperative Agricultural Marketing is beneficial for farmers. [4]

Q32 "Organic farming is the need of the hour to promote sustainable development but, has its own limitations". Elaborate any two advantages and limitations each of organic farming in the light of the above statement. [4]

OR

- (a) "Self-Help Groups provide stimulus to socio-economic development in rural areas". Justify the given statement with valid explanation.  
(b) "Information technology plays a very significant role in achieving sustainable development and food security". Comment. [2+2]

Q33(a) The process of globalisation through liberalisation and privatisation has produced positive, as well as, negative results for India."

- Do you agree with the given statement? Give valid explanation in support of your answer.  
(b) "The Government of India was compelled to introduce the economic reforms of 1991." State any two reasons behind the introduction of Economic Reforms of 1991. [4+2]

OR

- (a) Does modernisation as a planning Objective Create Contradiction in the light of employment generation? Explain.  
(b) When and why was Green Revolution implemented? How did it benefit the farmers? [3+3]

Q34 Read the following case study carefully and answer the questions that follow.

The National Education Policy (NEP) 2020, asserts that education is fundamental for achieving full human potential, providing universal access to quality education and leadership on the global stage in terms of economic growth social justice and equality. Thus, it presents the best way forward for developing and optimizing India's resources.

To attain the goals of education, NEP 2020 unequivocally endorses a substantial increase in public investment in education by both the Central government and all State governments. This is considered extremely critical for achieving the high-quality and equitable public education system that is truly needed for India's future progress and growth. To achieve this, they need to increase the public investment in Education sector to reach 6% GDP at the earliest.

One of the primary goals of the schooling system must be ensure that children are enrolled in and are attending school. As per the 75<sup>th</sup> round household survey by NSSO in 2017-18, the number of out of school children in the age group of 6 to 7 years in 3.22 crore. With a goal to achieve 100% Gross Enrolment Ratio in preschool to secondary level by 2030, it will be a top priority to bring these children back into the educational fold as early as possible, and to prevent further students from dropping out. For the same two initiatives that will be undertaken are to provide.

- effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12.

- regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support.

Source: <http://www.education.gov.in/sites/uploadfiles/mhrd/files/NEPFinalEnglish.pdf>  
(adapted & modified)

On the basis of the given text and common understanding answer the following questions:

- a) "Education is considered fundamental for achieving full human potential". *Explain the reason*
- b) Discuss the importance of increasing public expenditure in education. Justify the given statement with valid arguments.
- c) State any two main initiatives that may be implemented to tackle school dropouts and avert additional students from leaving school.

[6]

**BEST OF LUCK**