



ST. MARGARET SR. SEC. SCHOOL
SAMPLE QUESTION PAPER MID TERM EXAMINATION 2024-25
ECONOMICS – CLASS XII

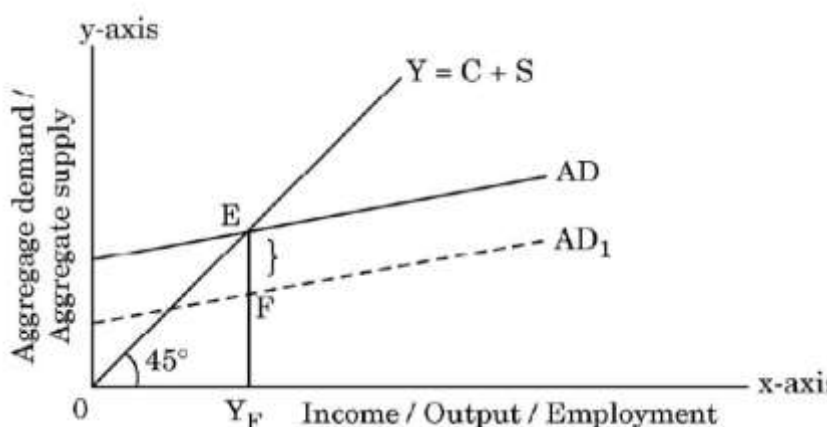
Time: 3 Hrs


M.M: 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.

Q.No.	SECTION A – MACRO ECONOMICS	Marks
1.	Identify which of the following is not a feature of national income- (a) National income is a macroeconomic concept. (b) It is a stock concept as it is measured at a particular point of time. (c) National income is a realised flow of goods and services. (d) Indirect taxes are deducted while estimation of national income.	1
2.	Identify, which of the following statements is not true about Aggregate Demand in an economy- (a) Aggregate Demand refers to the total money value of all the final goods and services that all the sectors of an economy are planning to buy. (b) Aggregate Demand equals aggregate expenditure on final goods in an economy. (c) In a closed economy, aggregate demand has four components. (d) Aggregate Demand depends on national income in an economy.	1
3.	Given below are two statements: Statement I: Value added and value of output are one and the same thing. Statement II: Value added refers to the market value of all goods and services produced during a given accounting year. In the light of the above statements, choose the most appropriate answer from the options: (a) Both Statement I and Statement II are correct. (b) Both Statement I and Statement II are incorrect. (c) Statement I is correct but Statement II is incorrect. (d) Statement I is incorrect but Statement II is correct.	1
4.	If the Marginal Propensity to Consume and the Average Propensity to Consume is 0.6. Assuming that consumption at a zero level of national income equals ₹ 100 crore, the equation of the saving function would be: (a) $S = 100 + 0.6 Y$ (b) $S = -100 + 0.4 Y$ (c) $S = 100 + 0.4 Y$ (d) $S = -100 + 0.4 Y$	1
5.	National currency i.e., all the coins and notes that is declared by law to be used to make payments for debt and financial obligations is referred to as (a) Money Supply (b) Legal tender money (c) Non-legal tender money (d) Bank Money	1

	(c) Compensation of Employees + Operating Surplus + Mixed Income of Self Employed + Net factor income from abroad (d) Compensation of Employees + Operating Surplus + Mixed Income of Self Employed- Depreciation + Net Indirect Taxes + Net factor income from abroad																					
12.	 <p>In the given figure, what does the gap 'EF' represent? (Choose the correct alternative)</p> <p>(a) Deflationary gap (b) Inflationary gap (c) Excess demand (d) Full employment equilibrium</p>	1																				
13.	<p>Complete the table:</p> <table border="1" data-bbox="239 963 1356 1254"> <thead> <tr> <th>Producer</th> <th>Value of Output</th> <th>Intermediate Consumption</th> <th>Value Added</th> </tr> </thead> <tbody> <tr> <td>Farmer</td> <td>1000</td> <td>-</td> <td>1000</td> </tr> <tr> <td>Baker</td> <td>___(i)___</td> <td>1000</td> <td>1000</td> </tr> <tr> <td>Retail Seller</td> <td>2,200</td> <td>___(iii)___</td> <td>200</td> </tr> <tr> <td>Total</td> <td>___(ii)___</td> <td>3,000</td> <td>___(iv)___</td> </tr> </tbody> </table> <p>Alternatives: (a) 2000, 5200, 2000, 2000 (b) 2000, 5200, 2000, 2200 (c) 1000, 3000, 3000, 2200 (d) 2000, 5200, 3000, 2000</p>	Producer	Value of Output	Intermediate Consumption	Value Added	Farmer	1000	-	1000	Baker	___(i)___	1000	1000	Retail Seller	2,200	___(iii)___	200	Total	___(ii)___	3,000	___(iv)___	1
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14.	Saving and consumption curves are complementary to each other. Justify the given statement, giving valid reasons in support of your answer.	3																				
15.	<p>On the basis of the given data, calculate the value of Domestic Income:</p> <table border="1" data-bbox="239 1523 1324 1948"> <thead> <tr> <th>Items</th> <th>Amount (₹ In crores)</th> </tr> </thead> <tbody> <tr> <td>Units sold in the domestic market</td> <td>1500</td> </tr> <tr> <td>Price per unit of output</td> <td>2</td> </tr> <tr> <td>Production for self-consumption</td> <td>110</td> </tr> <tr> <td>Consumption of fixed capital</td> <td>70</td> </tr> <tr> <td>Intermediate cost</td> <td>1100</td> </tr> <tr> <td>Decrease in stock</td> <td>20</td> </tr> <tr> <td>Goods and service tax</td> <td>50</td> </tr> <tr> <td>Net factor income to abroad</td> <td>50</td> </tr> <tr> <td>Subsidies</td> <td>30</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Explain circular flow of income in a two-sector economy.</p>	Items	Amount (₹ In crores)	Units sold in the domestic market	1500	Price per unit of output	2	Production for self-consumption	110	Consumption of fixed capital	70	Intermediate cost	1100	Decrease in stock	20	Goods and service tax	50	Net factor income to abroad	50	Subsidies	30	3
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16.	Explain Banker to government function of central bank.	4																				

	OR	
	(a) Define money multiplier. (b) "There exists an inverse relationship between Reserve Ratio and the amount of money creation." Do you agree? Explain with the help of a numerical example.	1 3
17.	Identify and differentiate between goods that remain within the production boundary and those that cross the production boundary, using examples. OR Interpret the given image and discuss the concern that implies that GDP and welfare may not be directly related.	4 4
		
18.	"Reserve Bank of India modifies interest rates to control mounting domestic demand." State and discuss any two monetary policy measures in the light of the given statement to combat the given situation.	4
19.	Money has overcome a lot of limitations of barter exchange and performs various functions. Explain the function of money that has overcome the problem of double coincidence of wants.	4
20.	Equilibrium level of income can be determined where aggregate demand is equal to aggregate supply. Discuss. OR (a) Justify the following statement with valid argument: 'Excess demand leads to change in the level of output, income and employment.' (b) Explain any two reasons behind the situation of excess demand in a two-sector economy.	6 4 2
21.	Read the following text carefully and answer the questions on the basis of the same and common understanding: One thing people want to know about an economy is whether its total output of goods and services is growing or shrinking. But because GDP is collected at current, or nominal, prices, one cannot compare two periods without making adjustments for inflation. To determine "real" GDP, its nominal value must be adjusted to take into account price changes to allow us to see whether the value of output has gone up because more is being produced or simply because prices have increased. A statistical tool called the price deflator is used to adjust GDP from nominal to constant prices. GDP is important because it gives information about the size of the economy and how an economy is performing. The growth rate of real GDP is often used as an indicator of the general health of the economy. In broad terms, an increase in real GDP is interpreted as a sign that the economy is doing well. When real GDP is growing strongly, employment is likely to be increasing as companies hire more workers for their factories and people have more money	

	<p>in their pockets. When GDP is shrinking, as it did in many countries during the recent global economic crisis, employment often declines. In some cases, GDP may be growing, but not fast enough to create a sufficient number of jobs for those seeking them. But real GDP growth does move in cycles over time. Economies are sometimes in periods of boom, and sometimes in periods of slow growth or even recession (with the latter often defined as two consecutive quarters during which output declines).</p> <p>It is also important to understand what GDP cannot tell us. GDP is not a measure of the overall standard of living or well-being of a country. Although changes in the output of goods and services per person (GDP per capita) are often used as a measure of whether the average citizen in a country is better or worse off, it does not capture things that may be deemed important to general well-being. So, for example, increased output may come at the cost of environmental damage or other external costs such as noise. Or it might involve the reduction of leisure time or the depletion of non-renewable natural resources. The quality of life may also depend on the distribution of GDP among the residents of a country, not just the overall level.</p> <p>(a) Nominal GDP is GDP measured at current year prices and is a better measure of economic growth of a country. Do you agree? Give reasons in support of your answer.</p> <p>(b) GDP is not a measure of the overall standard of living or well-being of a country. Defend or refute the statement, giving reasons in support of your answer.</p>	<p>3</p> <p>3</p>
SECTION B - INDIAN ECONOMIC DEVELOPMENT		
22.	<p>In China, reforms were introduced in phased manner. In the second and later phases, reforms were introduced in _____ sector. (Choose the correct alternative to fill up the blank)</p> <p>(a) Agriculture (b) Industrial (c) Foreign Trade (d) Demographic</p>	1
23.	<p>Read the following statements carefully: Statement 1: India announced its First Five Year Plan in 1951. Statement 2: India, Pakistan and China adopted economic planning as the core development strategy. In light of the given statements, choose the correct alternative from the following:</p> <p>(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.</p>	1
24.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): India is often called as the 'outsourcing hub' of the world. Reason (R): Availability of skilled manpower is one of the prime factors responsible for the status gained by India at the international platform.</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

25.	The British rulers consciously and deliberately destroyed the handicrafts industry with a motive of converting India to (a) exporter of raw materials and importer of finished products (b) importer of raw materials and importer of finished products (c) exporter of raw materials and exporter of finished products (d) importer of raw materials and exporter of finished products	1																																																
26.	Identify, which of the following was not a basic objective of demonetisation in India? (a) eliminating counterfeit currency (b) improving tax compliance (c) destroying the black economy (d) curbing the use of high denomination notes by the terrorists and smugglers	1																																																
27.	Air India return to TATA Group can be marked as a _____ deal. (a) Liberalisation (b) Globalisation (c) Privatisation (d) Minority Sale	1																																																
28.	In order to bring equity in agriculture, land reforms were introduced by the government after the Britishers left the sector in a disguised state, and steps taken were: I. Abolition of the Zamindari system II. Green revolution III. Land ceiling Alternatives: (a) Only I (b) Only II (c) I and III (d) I,II and III	1																																																
29.	The British followed a policy of deindustrialization. Discuss briefly the objective behind such policy being enforced by the colonial government. OR "Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector." Do you agree with the given statement? Quote valid arguments in favour of your answer.	3 3																																																
30.	Discuss any two merits and demerits of the Green Revolution in the agricultural sector in the Indian Economy. OR Government introduced a set of stabilisation and structural reforms to solve the economic crisis. State the key initiatives and objectives of these policies adopted by the Government of India.	3 3																																																
31.	On the basis of the given data: Some Selected Indicators of Human Development, 2017-2019 <table border="1"> <thead> <tr> <th>Item</th> <th>India</th> <th>China</th> <th>Pakistan</th> </tr> </thead> <tbody> <tr> <td>Human Development Index (Value)</td> <td>0.645</td> <td>0.761</td> <td>0.557</td> </tr> <tr> <td>Rank (based on HDI)</td> <td>130</td> <td>87</td> <td>154</td> </tr> <tr> <td>Life Expectancy at Birth (years)</td> <td>69.7</td> <td>76.9</td> <td>67.3</td> </tr> <tr> <td>Mean years of Schooling (% aged 15 and above)</td> <td>6.5</td> <td>8.1</td> <td>5.2</td> </tr> <tr> <td>Gross National Income per capita (PPP US\$)</td> <td>6,661</td> <td>16,057</td> <td>5,005</td> </tr> <tr> <td>Percentage of People living Below Poverty Line (National)</td> <td>21.9*</td> <td>1.7**</td> <td>24.3*</td> </tr> <tr> <td>Infant Mortality Rate (per 1000 live births)</td> <td>29.9</td> <td>7.4</td> <td>57.3</td> </tr> <tr> <td>Maternal Mortality Rate (per 1 lakh births)</td> <td>133</td> <td>29</td> <td>140</td> </tr> <tr> <td>Population using at least basic Sanitation (%)</td> <td>60</td> <td>75</td> <td>60</td> </tr> <tr> <td>Population using at least basic drinking Water Source (%)</td> <td>93</td> <td>96</td> <td>91</td> </tr> <tr> <td>Percentage of Undernourished Children</td> <td>37.9</td> <td>8.1</td> <td>37.6</td> </tr> </tbody> </table> <p>Note: * for the year 2011; for the years 2015. Source: Human Development Report 2019 and 2020.</p>	Item	India	China	Pakistan	Human Development Index (Value)	0.645	0.761	0.557	Rank (based on HDI)	130	87	154	Life Expectancy at Birth (years)	69.7	76.9	67.3	Mean years of Schooling (% aged 15 and above)	6.5	8.1	5.2	Gross National Income per capita (PPP US\$)	6,661	16,057	5,005	Percentage of People living Below Poverty Line (National)	21.9*	1.7**	24.3*	Infant Mortality Rate (per 1000 live births)	29.9	7.4	57.3	Maternal Mortality Rate (per 1 lakh births)	133	29	140	Population using at least basic Sanitation (%)	60	75	60	Population using at least basic drinking Water Source (%)	93	96	91	Percentage of Undernourished Children	37.9	8.1	37.6	
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	(a) Identify one income indicator and one health indicator, each. (b) Compare India and China on the basis of any one of the indicator identified above in part (a).	2 2
32.	"Post-1947 India and Pakistan adopted similar developmental strategies for their respective development paths. Do you agree with the given statement? Give valid reason for your answer.	4
33.	(a) Railways is considered as one of the most important contributions of Britishers in India. Justify the given statement. (b) "The industrial sector performed poorly in the reform period." Defend or refute the statement, giving reasons in support of your answer.	3 3
34.	<p>Read the following text carefully and answer the questions on the basis of the same:</p> <p>INDUSTRIAL POLICY RESOLUTION (30th April, 1956)</p> <p>After considering all aspects of the problem in consultation with the Planning Commission, the Government of India have decided to classify industries into three categories, having regard to the part which the State would play in each of them.</p> <p>In the first category will be industries the future development of which will be the exclusive responsibility of the State. The second category will consist of industries which will be progressively state-owned and in which the State will, therefore, generally take the initiative in establishing new undertakings, but in which private enterprise will also be expected to supplement the efforts of the State. The third category will include all the remaining industries, and their future development will, in general, be left to the initiative and enterprise of the private sector.</p> <p>(a) Outline and discuss the classification of industries as per IPR 1956. (b) "During the period of 1950-90, Government of India controlled the industrial sector through a strict licensing system." Justify the given statement with valid arguments.</p>	3 3