

**BUDHA DAL PUBLIC SCHOOL PATIALA**  
**First Term Examination (18 September 2025)**  
**Class XII (Commerce/Humanities)**  
**Subject - Economics**  
**(Set - A)**

Time: 3hrs.

M.M. 80

**GENERAL INSTRUCTIONS:**

1. This question paper contains two sections:  
Section A – Macro Economics  
Section B – Indian Economy
2. Marks are indicated against each question.

**Part - A (Macro Economics) 40 Marks**

**Q1.** Assertion (A) : Service of a teacher is a flow concept. (1)  
Reason (R) : Services of a teacher are related to a period of time.  
a) Both (A) & (R) are true and (R) is the correct explanation of (A).  
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).  
c) (A) is true, (R) is false.  
d) (A) is false, (R) is true.

**Q2.** Expenditure on maintenance of machinery is an intermediate expenditure. True/False. Give reason. (1)

**Q3.** All purchases by a production unit from other production units are intermediate products. True/ False. Give reason. (1)

**Q4.** Japanese Embassy in India is part of domestic territory of: (1)  
a) India      b) Japan      c) International Area      d) Both (a) and (b)

**Q5.** "Money is an asset which can be stored for use in future". In the light of given statement, identify the function of money. (1)  
(a) A measure of value      (b) A standard of deferred payment  
(c) A store of value      (d) A medium of exchange

**Q6.** "Reserve Bank of India imposes Rs. 25 lakh penalty on Axis Bank for violating KYC rules" - September 1, 2020. Which of the following functions, RBI has performed while doing this? (1)  
a) Banker to the government      b) Banker's bank and supervisor  
c) Custodian of FOREX      d) Controller of money supply

**Q7.** Read the following statements carefully and choose the correct alternative- (1)  
Statement 1 : The value of money multiplier is determined by the reserve ratio prevailing in the monetary system.  
Statement 2 : The process of credit creation is directly related to the value of reserve ratio.  
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

A - 1

Q8. Read the following statements carefully and choose the correct alternative- (1)

Statement 1 : The consumption curve is an upward sloping straight line curve due to the direct relationship between income and consumption and the assumption of constant Marginal Propensity to consumer.

Statement 2 : Aggregate Demand Curve and Consumption Curve are parallel to each other.

- Both statements are true
- Both statements are false
- Statement 1 is true and statement 2 is false
- Statement 1 is false and statement 2 is true

Q9. If in an economy, the value of investment multiplier is 4 and Autonomous consumption is Rs. 30 crores, the relevant consumption function would be : (1)

- $C = (-) 30 + 0.25 Y$
- $C = 30 - 0.75 Y$
- $C = 30 + 0.75 Y$
- $C = 30 - 0.25 Y$

Q10. During deflation, it is advisable to: (1)

- lower the bank rate and purchase of securities in the open market
- increase the bank rate and purchase of securities in the open market
- lower the bank rate and sale of securities in the open market
- increase the bank rate and sale of securities in the open market

Q11. "In a country, routine economic operations rely on a stable medium to facilitate transactions for maintaining smooth economic activities". Identify and explain the indicated function of money. (3)

Q12. Domestic/ household services performed by a woman may not be considered as an economic activity. Defend/refute the given statement with valid reason. (3)

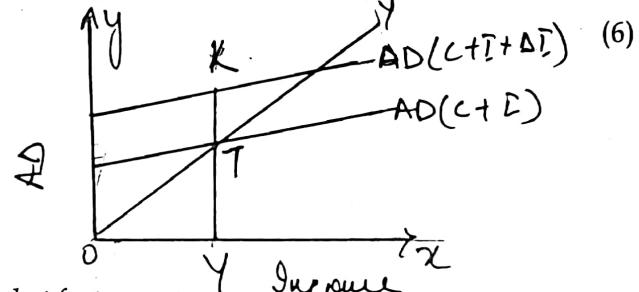
Q13. Explain 'Externalities' as a limitation of GDP as an index of welfare. Give suitable example. (4)

Q14. Discuss the function of Central Bank as 'Banker, Agent and Advisor' to the government. (4)

Q15. Explain the working of investment multiplier with the help of a numerical example. (4)

Q16. In the figure, what does 'KT' represent?

State and explain any two fiscal and two monetary measures to correct the situation.



Q17. From the following data, calculate Net value added at factor cost. (6)

Particulars	Amount (Rs.) in crores
1. Total sales	1000
2. Decrease in stock	70
3. Production for self consumption	120
4. Purchase of raw materials	300
5. Exports	150
6. Electricity charges	50
7. Income Tax	20
8. Goods & Service tax	70
9. Subsidy	40

A-2

Part - B (Indian Economy) 40 Marks

Q18. Assertion (A) : The tillers of the soil viewed agriculture merely as a source of subsistence. (1)  
Reason (R) : The tillers of the soil accumulated resources to invest in agriculture while the owners of the soil showed keen interest in the same.  
a) Both (A) & (R) are true and (R) is the correct explanation of (A).  
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).  
c) (A) is true, (R) is false.  
d) (A) is false, (R) is true.

Q19. Read the following statements carefully and choose the correct alternative- (1)  
Statement 1 : Railways were introduced in India in 1821.  
Statement 2 : Introduction of railways is considered as one of the most important contributions of the British in India.  
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

Q20. Identify the correct sequence of alternatives given in Column 1 by matching them with respective items in Column 2. (1)

Column 1	Column 2
(A) Semi feudal economy	(i) An intermediary between the government and the peasant
(B) Zamindar	(ii) 1869
(C) Productivity of land	(iii) The mixture of feudalistic and capitalist modes of production
(D) Opening of Suez Canal	(iv) Output per hectare of land

Alternatives-

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

Q21. The first official census was conducted in the year \_\_\_\_\_. (1)  
a) 1891    b) 1921    c) 1781    d) 1881

Q22. \_\_\_\_\_ enhances the bargaining power of the small land owners (consolidation of holdings/ co-operative farming) (1)

Q23. Assertion (A) : The goal of equitable distribution of land was fully served by abolition of intermediaries in the post independence India. (1)  
Reason (R) : Big landlords challenged the land ceiling legislation, delaying the implementation and subsequently escaping from the legislation.  
a) Both (A) & (R) are true and (R) is the correct explanation of (A).  
b) Both (A) & (R) are true and (R) is not the correct explanation of (A).  
c) (A) is true, (R) is false.  
d) (A) is false, (R) is true.

Q24. \_\_\_\_\_ refers to the reduction in the value of domestic currency by the government. (1)

Q25. Name any one Maharatna. (1)

Q26. Which industries are exclusively reserved for the public sector? (1)

A - 3

Q27. Which of the following statements correctly represents actions taken by the government towards liberalisation? (3)

P) Laying high tariffs to discourage import and promoting the consumption of domestic goods and services.  
Q) Devaluation of the rupees to encourage inflow of foreign exchange.  
R) Allowing for private banks to make decisions independent of the RBI restrictions.  
S) Fixing prices of certain industrial goods in order to support increased consumption of these goods to boost the manufacturing industry.

a) P and Q only    b) P and R only    c) Q and R only    d) Q and S only

Q28. Discuss briefly the rationale behind choosing 'self reliance' as a planning objective for the Indian economy. (3)

Q29. 'Suez Canal was used as a highway between India and Britain'. Justify the given statement with valid arguments. (3)

Q30. What is the meaning of import substitution? Explain how import substitution can protect the domestic industries? (4)

Q31. "Smart scale industries require a shield against large scale industries." In the light of given statement, elaborate the steps initiated by the government in this direction. (4)

**Q32. Read the following news report and answer the following questions on the basis of same:**  
The process of globalisation through liberalisation and privatisation policies has produced positive and negative results both for India and other countries. It is argued that globalisation should be seen as an 'opportunity' for the developing countries, in terms of becoming important players in the international arena. On the other hand, it is argued that globalisation is a strategy of the developed countries to expand their markets in other countries. It is held that the market driven globalisation has widened the economic disparities among the nations and the people by further compromising the welfare and the identity of the people belonging to the poor countries. Further, it has increased the income and quality of consumption of only high-income groups, with the growth concentrating only in select areas in the service sector like IT, telecommunication etc.

(i) What do you understand by the term globalisation? (2)  
(ii) What are the positive and negative impacts of globalization? (2)

Q33. "During the colonial period the agricultural sector showed massive stagnation." In light of the above statement state and explain the condition of Indian agriculture on the eve of independence. (6)

Q34. What kind of reforms were undertaken in the industrial and the financial sector to liberate the Indian Economy? (6)