

**BUDHA DAL PUBLIC SCHOOL PATIALA**  
**First Term Examination (18 September 2025)**

Class XII (Commerce/Humanities)  
Subject - Economics (Set - B)

M.M. 80

Time: 3hrs.

**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) : Population of a country is a stock variable.  
Reason (R) : Higher the population higher are the exports of a country.  
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. Can purchase of a new car be categorised as an intermediate good?
- Q3. National Income is always more than Domestic Income. True/ False. Give reason.
- Q4. Which of the following are covered under the domestic territory of India?  
a) State Bank of India  
b) Google office in India  
c) Office of Tata Motors in Australia  
d) Russian Embassy in India
- Q5. "Mr. Sahota borrowed funds from bank purchasing a new house." From the given statement, identify the indicated function of money.  
(a) Medium of exchange (b) Store of value  
(c) Unit of account (d) Standard of deferred payments
- Q6. Read the following statements carefully and choose the correct alternative-  
Statement 1 : RBI keeps a certain percentage of deposits as reserves to avoid too much lending to public.  
Statement 2 : The reserve deposit ratio acts as a deterrence to the amount of credit created by commercial banks.  
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
- Q7. Ms. Aarti, an economics teacher, was explaining the concept of 'sometimes commercial banks are in need of funds in emergency and this happens in times when banks suffer the 'crisis of confidence' of its depositors".  
Choose the correct alternative which specifies the function of Central Bank explained by her:  
a) Issue of currency (b) Lender of last resort  
c) Banker's bank (d) Banker to the government

B



- Q8. Suppose for a given economy:  $S = -60 + 1Y$ ;  $I = \text{Rs. } 4000 \text{ Cr.}$  (1) a)  
Equilibrium level of income would be Rs. \_\_\_\_ crore b)  
a) 4000 b) 40,000 c) 40,600 d) 60,400
- Q9. Relationship of APC and APS with National Income can be represented as: (1) Q19.  
a) Both APC and APS fall with increase in National Income  
b) Both APC and APS rise with increase in National Income.  
c) APC falls, while APC rises with increase in National Income.  
d) APC falls, while APS rises with increase in National Income.
- Q10. Reverse Repo Rate is the rate at which \_\_\_\_\_ can park their surplus funds with \_\_\_\_\_. (1)  
a) Central government, commercial banks  
b) Central bank, Central government  
c) Central Bank, Commercial banks  
d) Commercial banks, Central bank
- Q11. 'It was difficult to store wealth under barter system of exchange.' Comment. (3)
- Q12. 'Compensation to the victims of a cyclone is an example of welfare measure taken by the government.' State with valid reason should it be included/ not included in the estimation of national income of India. (3)
- Q13. Distinguish between real and nominal GDP. Which of these is a better indicator of economic welfare? (4)
- Q14. Explain 'Banker's bank' function of Central Bank. (4)
- Q15. Explain with the help of a diagram, how equilibrium level of National Income is determined by Aggregate Demand and Aggregate Supply. (4)
- Q16. Assuming that increase in investment is Rs. 100 crores and MPC is 0.8. Explain the working of multiplier. (6)
- Q17. From the following data, calculate (6)  
a) Value of Output b) Intermediate Consumption  
c) Net value added at factor cost

Particulars	Amount (Rs.) in crores
1. Purchase of raw materials from domestic market	400
2. Increase in the unsold stock	60
3. Import of raw material	120
4. Domestic sales	1200
5. Replacement of fixed capital	50
6. Power charges	20
7. Income Tax	200
8. Exports	40
9. Import of machinery	10
10. GST	30
11. Subsidy	10
12. Goods used for self consumption	

#### Part - B (Indian Economy) 40 Marks

- Q18. Assertion (A) : Prior to 1921, India was in the first stage of demographic transition. (1)  
Reason (R) : The second stage of demographic transition began after 1921.

B-2





(1)

- 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 : Occupational structure refers to the distribution of the working population across primary, secondary and tertiary sector of the economy.

Statement 2 : On the eve of independence, about 89 percent of our working population was engaged in the primary sector.

- 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. From the set of statements given in Column 1 and Column 2. Choose the correct pair of statements. (1)

Column 1

Column 2

- |   |  |
|---|--|
| (A) Surplus trade                           | (i) Used for growth & development of the country                       |
| (B) Forced commercialization of agriculture | (ii) A shift from cultivation of cash crops to subsistence cultivation |
| (C) Suez Canal                              | (iii) Opened in 1863   |
| (D) Monetary system of exchange             | (iv) A positive impact of British rule in India                        |

Alternatives-

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

Q21. Which industry was adversely affected due to partition? (1)

- a) Silk      b) Cotton      c) Jute      d) Nylon

Q22. Assertion (A) : Subsidy is important for enabling adoption of new agricultural technology. (1)

Reason (R) : Subsidy leads to wasteful consumption of resources.

- 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.

Q23. Small scale industry is \_\_\_\_\_ (capital intensive/ labour intensive) (1)

Q24. \_\_\_\_\_ means removal of entry and growth restrictions on the private sector. (1)

Q25. Name any one Navratna. (1)

Q26. Why is outsourcing good for India? (1)

Q27. Kritika and Vidisha were discussing the changes made by the government in the year 2017 in the taxation system. Kritika said that this revolutionary tax system has replaced many indirect taxes in India. Vidisha said that this system of taxation aims to subsume multiple taxes into one single tax across the country and make goods uniformly priced across India. Which tax they are discussing? (3)

- a) Value added tax      b) Goods & Service tax      c) Income tax      d) Corporate tax

28. "The minimalist tariff policy contributed to the success of industrial revolution in Great Britain". (3)  
 (Politely) refute the given statement.
29. "Under the Industrial Policy Resolution (IPR) 1946 in India, the system of industrial licensing was introduced to promote regional equality". Justify with valid arguments. (3)
30. "Industrialisation as a planning objective does a disservice with employment generation. Do you agree?" Give reason. (4)
31. "Every coin has two sides - defence once farm subsidies is one such classic example of the same." (4)  
 In light of the above statement give two arguments each in favour of and against the continuation of the farm subsidies.
32. Read the following news report and answer the following questions on the basis of same:  
 World Trade Organisation (WTO) was founded in 1995. It is expected to establish a 'rule-based trading regime' in which nations cannot place arbitrary restrictions on trade. Its purpose is to enlarge production and trade of services as well as to ensure optimum utilization of world resources and to protect the environment. WTO agreements cover trade in goods as well as services to facilitate international trade through removal of tariff as well as non-tariff barriers and provide greater market access to all member countries.
- (i) When was WTO founded? When was it founded? (2)
- (ii) What are the broad objectives of WTO? (2)
33. Critically appraise the Five Economic Policy. (6)
34. State and explain the features of Indian Economy at the time of independence. (6)