

Directorate of Education, GNCT of Delhi
Mid Term Examination Practice Paper
Session: 2025-26
CLASS – XII
ECONOMICS (CODE :030)

M.M. – 80

GENERAL INSTRUCTIONS:

- I. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.
- III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.
- IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.
- V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

Q. No.	SECTION A – MACRO ECONOMICS	Marks
1	<p>Identify the incorrect feature(s) of money supply (M1) from the following:</p> <p>(i) It is measured at a point of time. (ii) It does not include stock of money held by the government. (iii) It is always the currency in the hands of the Central Bank of a nation.</p> <p>Alternatives:</p> <p>(A) (i) and (ii) (B) (ii) and (iii) (C) (ii) only (D) (iii) only</p>	[1]
2	<p>Which of the following is not a function of a commercial bank?</p> <p>A) Accept Deposits B) Issue Of Currency C) Giving Loan D) Create Credit</p>	[1]
3	<p>Identify the correct equation from the following:</p> <p>(A) $GDP_{MP} = NNP_{FC} + \text{Depreciation}$ (B) $NDP_{FC} = NNP_{FC} + \text{Net Indirect Taxes}$ (C) $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$ (D) $NNP_{FC} = NDP_{MP} + \text{Depreciation}$</p>	[1]
4	<p>Read the following statements carefully:</p> <p>Statement 1: Economic territory and political frontier of a nation are one and the same thing. Statement 2: American Embassy in India is a part of the economic territory of India.</p> <p>In the 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]
5	<p>Read the following statements carefully: -</p> <p>Statement 1: Money is a commodity which is generally accepted as a medium of exchange. Statement 2: Money solved the problem of double coincidence of wants.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p>	[1]

- (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.
- 6 Identify which of the following statements is incorrect with reference to an economy. [1]
 (A) Excess of Gross National Product (GNP) over Gross Domestic Product (GDP) is possible.
 (B) Excess of Gross Domestic Product (GDP) over Gross National Product (GNP) is possible.
 (C) Equality between Gross National Product (GNP) and Gross Domestic Product (GDP) is possible.
 (D) Sum of Gross National Product (GNP) and Gross Domestic Product (GDP) is always equal to zero (0).
- 7 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]
Assertion (A): Real Gross Domestic Product is a better indicator of economic growth of a nation as compared to Nominal Gross Domestic Product.
Reason (R): Real Gross Domestic Product measures the value of goods and services at current year prices.
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.
- 8 From the items given in Column-I and Column-II, choose the correct pair. [1]
- | Column-I | Column-II |
|----------------------------------|--|
| (a) Income from Property | (i) Old age pension |
| (b) Income from Entrepreneurship | (ii) Profit |
| (c) Mixed Income | (iii) Rent free accommodation from an employer |
| (d) Compensation of Employees | (iv) Interest from capital |
- Options:**
 (A) (a) – (i)
 (B) (b) – (ii)
 (C) (c) – (iii)
 (D) (d) – (iv)
- 9 Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: [1]
Assertion (A): Public goods are those goods that are collectively consumed by the public.
Reason (R): Public goods are excludable and rivalrous in nature.
Options:
 (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.
- 10 The budget under, which the government may spend an amount equal to the revenue it collects is referred as _____ Budget. [1]
 (Choose the correct option to fill up the blank)
 (A) Surplus
 (B) Deficit
 (C) Balanced
 (D) Deflationary

- 11 Explain any two precautions pertaining to the Expenditure Method of estimation of National Income in a country. [3]
- 12 “The government generally levies higher Goods and Services Tax (GST) on socially undesirable products like cigarettes, tobacco, liquor etc.” Identify and explain the indicated government budget objective in the above statement. [3]

OR

Two friends Ramesh (a software engineer) and Pihu (a bakery owner) are discussing their contribution to the nation’s economy through tax payments. Ramesh earns ₹ 8,00,000 per year, which makes him liable to pay income tax. Pihu pays Goods and Service Tax (GST) on the sale of cakes and pastries.

On the basis of the given text, identify whether Ramesh is paying a direct tax or an indirect tax.

Explain valid differences between two types of taxes.

- 13 Justify the following statements with valid arguments: [4]
- Money supply in an economy is an example of a stock variable.
 - The Central Bank provides several Banking services to the government.

OR

Assuming for a hypothetical economy, Central Bank increases the Reserve Ratio from 8% to 10% and the total primary deposits stand at ₹ 5,000. Explain the effect of rise in Reserve Ratio on credit creation by commercial banks.

- 14 On the basis of the following hypothetical data: (in ₹ crore) [4]

Year	Nominal GDP	Nominal GDP (adjusted to base year prices)
2020 – 21	6000	8000
2022 – 23	8000	12000

Calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022 – 23 using 2020 – 21 as the base year.

- 15 Discuss briefly the following functions of a Central Bank: [2]
- Banker’s bank [2]
 - Lender of last resort [2]

- 16 (A) [4]
- Suppose there are only three firms in an imaginary economy, viz. X, Y and Z. During a year, the following transactions took place in the economy:
 - Firm X sold goods worth ₹ 20,000 to Firm Y and ₹ 12,000 to Firm Z.
 - Firm Y sold goods worth ₹ 11,000 to Firm X and ₹ 35,000 to Firm Z.
 - Firm Z sold goods worth ₹ 57,000 to households for final consumption.

On the basis of the given transactions, calculate the value of Gross Domestic Product at Market Price (GDPMP) in the economy.

- Elaborate the likely impact of construction of two new Express Highways on the Gross Domestic Product (GDP) and Welfare in an economy. 2

OR

(B)

- (I) How will you treat the following while estimating National Income? Give reasons for your answer.

- Salaries received by non - residents Indian working in Russian Embassy in India. 1
- Profits earned by an Indian bank from its branches abroad. 1
- Entertainment tax received by the government. 1

- (II) From the following data about a firm X for the year 2000 - 01, calculate the net value added at a market price during that year. 3

Particulars	(in Crore)
Sales	90
Closing stock	25
Opening stock	15
Indirect Tax	10
Depreciation	20

Intermediate consumption	40
Purchase of Raw material	15
Rent	5

17 Read the following text carefully : -

The Union Budget 2025-26 introduces a series of measures aimed at strengthening the Micro, Small, and Medium Enterprises (MSME) sector. It recognizes the role of MSMEs as one of the key engines in India's journey of development, along with agriculture, investment and exports. As a vital contributor to India's industrial landscape, the MSME sector plays a crucial role in manufacturing sector, exports and employment generation. The new budgetary provisions aim to build on this strong foundation by fostering innovation, enhancing competitiveness and ensuring better access to resources. Furthermore, the Government's ongoing initiatives like the Udyam registration portal, PM Vishwakarma, PMEGP, SFURTI, and the Public Procurement Policy continue to demonstrate a combined effort towards integrating and empowering MSMEs.

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

- (a) "MSMEs play a pivotal role in the India's journey of development" Do you agree with the given statement? Give valid reason in support of your answer. 3
- (b) Explain key measures initiated by the Government for strengthening MSMEs. 3

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18 Read the following statements carefully: [1]

Statement 1: Under the colonial rule, basic infrastructure (like railways, post and telegraph etc.) was developed.

Statement 2: The real motive behind the infrastructural development in India was to strengthen the British interests.

In the light of the given statements, choose the correct alternative from the following:

- (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.

19 Identify which of the following alternatives indicate the incorrect components combination of Agriculture Marketing System: [1]

- (A) Assembling, Storage, Processing, Packaging
 (B) Production, Assembling, Processing, Grading
 (C) Assembling, Processing, Packaging, Transportation
 (D) Processing, Packaging, Grading, Distribution

20 Land reforms refer to reforms relating to _____. [1]

- A) Land Revenue
 B) Ownership Of Holdings
 C) Size Of Holdings
 D) All of the above

21 Which is the apex institute at the national level which provides re - finance facilities to institutions engaged in providing rural credit? [1]

- A) SIDBI
 B) NABARD
 C) SBI
 D) RBI

22 Identify from the following alternatives the incorrect objectives of regulated agriculture market: [1]

- (i) To make the marketing system efficient and effective for farmers to get best price of their products.
 (ii) To discourage improvement of marketing infrastructure for farmers.
 (iii) To prevent exploitation of farmers.
 (iv) To discourage farmers from improving quality and quantity of their produce.

Alternatives:

- (A) (i) and (ii)
- (B) (i) and (iii)
- (C) (iii) and (iv)
- (D) (ii) and (iv)

23 During the British rule, India's foreign trade had various features except _____. [1]
(Choose the correct alternative to fill in the blank)

- (A) Restrictive policies of commodity production, trade and tariff
- (B) British monopoly over India's exports and imports
- (C) Free trade from India to the rest of the world
- (D) Large export surplus

24 Modernization is an important economic planning objective that focuses on _____. [1]
(Choose the correct alternative to fill in the blank)

- (i) Adoption of innovative technology
- (ii) Equal distribution of income and wealth
- (iii) Bringing positive changes in the social outlook

Alternatives:

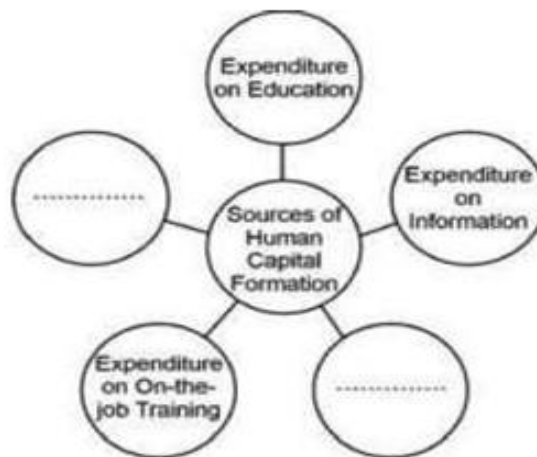
- (A) Only (i)
- (B) (i) and (ii)
- (C) (i) and (iii)
- (D) (i), (ii) and (iii)

25 _____ farming is a system that is helpful in restoring, maintaining and enhancing the ecological balance. [1]

(Choose the correct alternative to fill in the blank)

- (A) Conventional
- (B) Organic
- (C) Chemical
- (D) Multi-layered

26 Identify the sources of Human Capital Formation and choose the correct alternative to fill in the blanks. [1]



Alternatives:

- (A) Expenditure on Health and Expenditure on Schools.
- (B) Expenditure on Technology and Expenditure on Knowledge.
- (C) Expenditure on Migration and Expenditure on Knowledge.
- (D) Expenditure on Health and Expenditure on Migration.

27 Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: [1]

Assertion (A): In the recent past, Indian economy has been facing the problem of jobless growth.

Reason (R): Jobless growth refers to a situation where an economy is able to produce more goods and services without generating additional employment.

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.

- 28 (A) Elaborate the reasons owing to which the private sector was regulated under the Industrial Policy Resolution, 1956. [3]

OR

- (B) Discuss any two salient features of Indian industrial sector during the period of 1950-1990. [3]

- 29 ‘Compared to women, more men are found working in India. It has been observed that for every 100 urban females, only about 15 work. In rural areas, for every 100 rural women, only about 25 work.’ [3]

Discuss the above statement giving valid reasons.

- 30 (A) [3]
- (i) “National Education Policy 2020 of India stresses a lot on in-service teachers' training.” In the light of the given statement, state and explain any two advantages of such on-the-job trainings in upliftment of education sector of any nation. [3]
- (ii) Define Casual Wage Labourer. [1]

OR

- (B) [3]
- (i) Elaborate any two reasons owing to which lesser number of women are found in regular salaried employment. [3]
- (ii) Define worker-population ratio. [1]

- 31 Giving valid reasons, state whether the following statements are true or false. [2]
- i. India followed unbalanced growth during the colonial rule. [2]
- ii. The economic policies implemented in India between 1950–1990’s sought to promote regional equality. [2]

- 32 State, with valid reasons whether, the following statements are true or false: [2]
- i. Higher productivity and production are the outcome of investment in human resources. [2]
- ii. Rising population does not affect the quality of human capital formation. [2]

- 33 (A) [3]
- (i) ‘India can transform itself knowledge-based economy by using information technology.’ Justify the given statement. [3]
- (ii) Explain the role of affordable healthcare facilities in promoting human capital in a country. [3]

OR

- (B) [3]
- (i) Trace the relationship between Human capital and Economic growth. [3]
- (ii) Medhya and Danish both had their own farms. Medhya invested in a few agricultural courses, learnt modern farming techniques and trained her labourers on best practices related to soil fertility, crop management, pest control etc. Whereas, Danish invested heavily in, by purchasing advanced farming machinery, irrigation systems, and high quality seeds.

Do you agree that, Danish had made investment in human capital? Give valid reason in support of your answer. [3]

- 34 Read the following text carefully :

With the July 1991 budget, there was a clear switch in favour of a move towards an outward-oriented, market-based economy. The liberalisation steps initiated in the budget were very comprehensive although the pace remained gradual and there were occasional hiccups. The 1991 reforms did away with import licensing on all but a handful of intermediate inputs and capital goods.

Consumer goods, accounting for approximately 30% of tariff lines, remained under

licensing, only a decade later, after a successful challenge by India's trading partners at the World Trade Organisation (WTO), were these goods freed of licensing.

Today, except for a handful of goods that are disallowed on environmental/health/safety grounds, all goods may be imported without a license or other restrictions.

With the removal of licensing, the tariff rates became effective restrictions on imports.

Therefore, a major task of the reforms has been to lower the tariff rates. Tariff reductions have been mainly confined to non-agricultural, industrial goods.

Therefore, the liberalization applies strictly to these goods. The reduction in tariffs has been achieved through a gradual compression of the tariff rates. A simultaneous rationalization of the tariff structure through a reduction in the number of tariff bands helped in this direction.

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

(i) "The trade liberalization reforms initiated in 1991 budget were very comprehensive." [3]

Justify the given statement explaining any two trade reforms introduced in 1991.

(ii) State any two areas in which tariff reductions were introduced. [3]