



विद्या सर्वार्थ साधिका

ANANDALAYA
PERIODIC TEST- 1
Class: XII

Subject: Economics (030)

Date : 18-07-2025

M.M: 40

Time: 1 hour 30 mins.

General Instructions:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 10 Multiple Choice Questions of 1 mark each.
3. This paper contains 2 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 3 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 2 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION A – MACRO ECONOMICS

1. The Reserve Bank of India can increase the money supply in the economy by _____. (1)
(A) demonetisation of currency (B) buying government bonds
(C) increasing the cash reserve ratio (D) persuading banks to discourage loans
2. Identify the incorrect feature(s) of the Money Supply in an economy, from the following: (1)
(i) It is measured during a period of time.
(ii) It includes stock of money held by the government of a nation.
(iii) It always represents the currency held with Central Bank of the Nation.
(A) (i) only (B) (ii) and (iii) (C) (i) and (ii) (D) (i), (ii) and (iii)
3. If in an economy, the value of Net Factor Income from Abroad is ₹ 200 crores and the value of Factor Income to Abroad is ₹ 40 crores. Identify the value of factor income from abroad. (1)
(A) ₹ 200 crores (B) ₹ 160 crores (C) ₹ 240 crores (D) ₹ 40 crores
4. $GDP_{FC} - Depreciation =$ _____. (1)
(A) NDP_{FC} (B) NDP_{MP} (C) NNP_{FC} (D) NNP_{MP}
5. 'The Central Bank provides several banking services to the government.' Justify. (3)
6. Gauhar has recently completed her fashion designing studies and started a boutique. To produce dresses for sale, she purchased various materials, including a sewing machine, fabric, buttons. These items are essential for producing the dresses. (3)
Classify the material purchased by Gauhar as Final or Intermediate goods, giving valid reasons in support of the classifications.
7. (a) Distinguish between stock and flow variables with suitable examples. (2)
(b) 'Disposition phase of circular flow of income involves flow of factor income, which comprises of rent, wages, interest and profits from firms to households,' Defend or refute the statement, giving valid reasons in support of your answer. (2)
8. Explain the process of credit creation by commercial banks with the help of a numerical example. (6)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

9. From the following statements regarding Goods and Services tax (GST) identify the incorrect statement. (1)
- (A) It ensures uniformity of tax rates across all states.
 - (B) It ensures better tax compliance and tax collection.
 - (C) All types of direct and indirect taxes have been subsumed by it.
 - (D) It is imposed on the supply of goods and services.

10. (A): Excessive regulation of permit license raj prevented certain private firms from becoming more efficient. (1)
- (R): Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness.
- (A) Both (A) and (R) are true and (R) is the correct explanation of (A).
 - (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
 - (C) (A) is true, but (R) is false.
 - (D) (A) is false, but (R) is true.

For questions 11 and 12, read the following statements and choose one of the correct alternatives given below:

- (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.
11. Statement 1: Outsourcing is one of the important outcomes of the globalisation process. (1)
- Statement 2: Owing to globalisation, many Indian companies have expanded their operations abroad.
12. Statement 1: The most important contribution of the British rule was to introduce railways. (1)
- Statement 2: During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly.
13. Identify, which of the following statement is incorrect about the financial sector reforms introduced in 1991. (1)
- (A) Enabled the establishment of private sector banks, Indian as well as foreign
 - (B) Foreign investment limit in banks was raised to around 74%
 - (C) Foreign Institutional Investors were allowed to invest in Indian financial markets
 - (D) Change in the role of the Reserve Bank of India (RBI) from facilitator to regulator
14. In the post-independence era, the policymakers of India adopted an economic system that fundamentally implies the coexistence of _____ and _____. (1)
- (A) small and large-scale industries
 - (B) small and medium-scale industries
 - (C) public and private sector
 - (D) private and foreign sector
15. ‘Agricultural sector seems to be adversely affected by the reform process.’ Elucidate the given statement. (4)

16. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

By the time India won its independence the impact of the two century long British colonial rule was already showing on all aspects of the Indian economy. The agricultural sector was already saddled with surplus labour and extremely low productivity. The industrial sector was crying for modernization, diversification, capacity building and increased public investment. Foreign trade was oriented to feed the industrial revolution in Britain.

- (a) What was the main reason for stagnation in agriculture during British rule? (1)
- (b) Which industry received the major setback during the colonial rule? (1)
- (c) Foreign trade was oriented to feed the industrial revolution in Britain as India became an _____ of primary products and an _____ of finished consumer goods. (1)
- (d) “The demographic conditions during the British rule exhibited all features of a backward economy.” In the light of the above statement, state any two features of the demographic condition on the eve of Independence. (1)

17. Read the following text carefully and answer the given questions on the basis of the same and common understanding:

The Green Revolution in India began in the mid-1960s marking a transition from traditional agriculture in India to high-yielding varieties of seeds and the associated modern agricultural techniques. The need for introduction of Green Revolution in India arose due to a shortage of food-grains in the post-independent period.

The government in the post-independent India wanted to ensure self-dependence in terms of food-grain production. Such efforts coincided with the development of high-yielding varieties of seeds of wheat developed by Dr. Norman Borlaug and his associates in Mexico. These seeds also necessitated changes in farming techniques such as the addition of fertilizers, pesticides and better irrigation facilities. High yielding varieties of seeds were first introduced in India in the states of Punjab, Haryana and parts of western Uttar Pradesh.

In the early period of the green revolution in India, the focus was to acclimatize the new system with the more resource-intensive agricultural methods. The argument for introducing the new crop varieties was to increase agricultural production in terms of higher crop yields. The seeds introduced during the early period of the green revolution in Punjab were not high-yielding by themselves. These high yields were possible due to the seeds being highly responsive to certain inputs such as irrigation water and fertilizers.

The green revolution in India, thus, necessitated a resource-intensive process whereby, those who could make significant capital investments could benefit, whereas, those others became more marginalized in regions affected by practices of the green revolution in India. On one hand, the results derived from the green revolution helped farmers to increase their yield and income and on the other hand, it helped the government to procure and preserve more food grains through agencies like Food Corporation of India. These food grain reserves were helpful in creation of buffer stocks in India, which helped in the situations of adversities.

- (a) Who developed high-yielding varieties of seeds of wheat? Name the country where it was invented. (1)
- (b) Explain any one risk associated with Green Revolution. (1)
- (c) ‘The Green Revolution resulted in marketed surplus and it also helped the government to procure and preserve more food grains.’ Justify. (2)
- (d) How did the government ensure that the small farmers also benefit from the green revolution? (2)