



ANANDALAYA
PERIODIC TEST- 2
Class : XII

Subject : Economics (030)
Date : 18-09-2025

M.M : 80
Time : 3 hours

General Instructions:

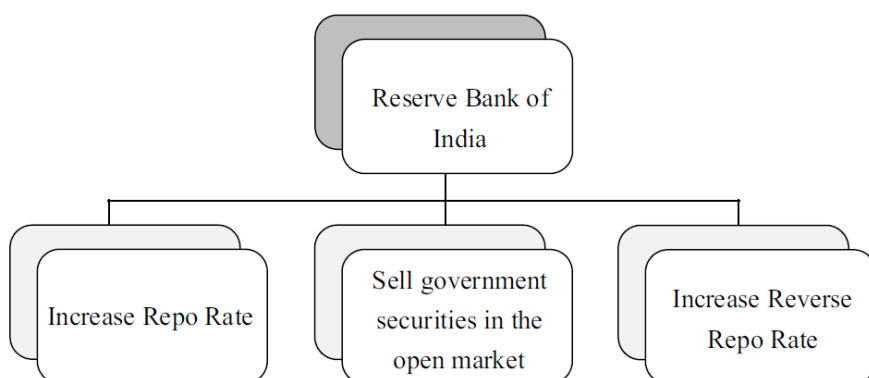
1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains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

SECTION A: MACRO ECONOMICS

1. If $GDP_{MP} = ₹ 1,000$ and Subsidies = ₹50, then GDP_{FC} will be ₹ _____. (1)
(A) 1,050 (B) 950 (C) 1,000 (D) 900
2.

Components	Amount (in ₹ crore)
Currency held by the Public	320
Net Demand Deposits with Commercial Banks	260
Net Time Deposits with Commercial Banks	200
- On the basis of the given information, Money Supply (M1) would be ₹ _____ crore.
(A) 780 (B) 875 (C) 580 (D) 320
3. Suppose in an economy there exist autonomous investments, which are independent of the level of income. Graphically, the autonomous investments curve would be _____. (1)
(A) a straight line parallel to y-axis (B) a straight line parallel to x-axis
(C) an upward sloping straight line (D) a downward sloping straight line
4. In an imaginary economy, maintaining a Legal Reserve Ratio of 20% with primary deposits of ₹ 1,000, the total derivative deposits created by banks would be ₹ _____. (1)
(A) 3,000 (B) 1,000 (C) 7,000 (D) 5,000
5. Which of the following is not a component of Domestic Income? (1)
(A) Net factor income from abroad (B) Mixed Income
(C) Compensation of employees (D) Operating Surplus
6. Which of the following is an example of intermediate product? (1)
(A) Purchase of pulses by consumers (B) Machine purchase by a firm
(C) Wheat used by a flour mill (D) Wheat used by households
7. The scenario which would lead to an increase in GDP, but might not necessarily improve overall welfare? (1)
(A) Reduction in income inequality
(B) Rapid growth of the financial sector
(C) Expansion of environmentally harmful industries
(D) Increased government investment in education and healthcare

8. Under the Keynesian theory, 'Reference Line' is a straight line passing through the origin drawn at an angle of _____. (1)
 (A) 25° (B) 45° (C) 55° (D) 75°
9. As the Marginal Propensity to Save (MPS) increases, the value of the investment multiplier _____. (1)
 (A) increases (B) decreases (C) becomes zero (D) does not change
10. In a two-sector economy, Aggregate Demand can be determined by adding _____. (1)
 (A) Autonomous Consumption, Induced Consumption and Induced Investment
 (B) Autonomous Consumption, Autonomous Investment and Induced Investment
 (C) Autonomous Consumption and Autonomous Investment
 (D) Autonomous Consumption, Induced Consumption and Autonomous Investment
11. Study the image given below showing the steps taken by the Reserve Bank of India (RBI) in a particular situation and answer the questions that follow: (3)



- (I) Identify the indicated situation in which Reserve Bank of India (RBI) takes the above-mentioned steps.
- (II) How does the Central Bank control the credit by increasing Repo Rate?
12. Determine the level of equilibrium level of income from the following data: (3)
 (a) Planned investment = ₹ 100 crore
 (b) $C = 50 + 0.50 Y$
13. Elaborate the 'Banker's Bank and Supervisor' function of the Reserve Bank of India (RBI). (4)
14. On the basis of the given data, estimate the value of Domestic Income (NDP_{FC}): (4)
- | Sr. No. | Items | Amount (₹ in crore) |
|---------|---|---------------------|
| i. | Household Consumption Expenditure | 800 |
| ii. | Gross Business Fixed Capital Formation | 150 |
| iii. | Gross Residential Construction Investment | 120 |
| iv. | Government Final Consumption Expenditure | 170 |
| v. | Excess of Imports over Exports | 20 |
| vi. | Inventory Investment | 140 |
| vii. | Gross Public Investment | 500 |
| viii. | Net Indirect Taxes | 70 |
| ix. | Net Factor Income from Abroad | (-) 50 |
| x. | Consumption of Fixed Capital | 40 |

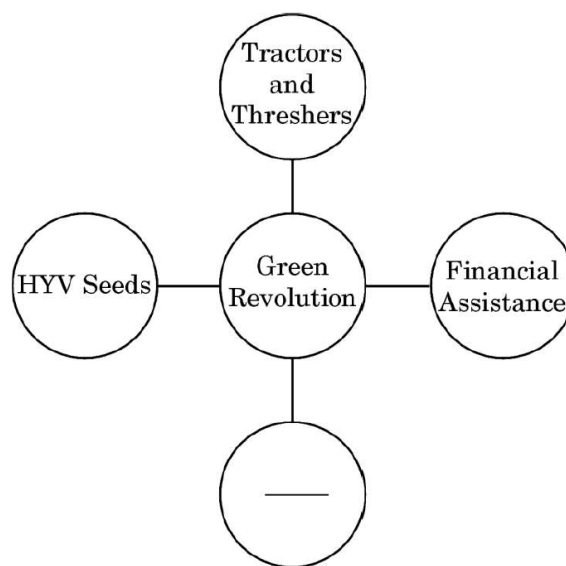
OR

- (B) Ms. Sapna is a government employee and earns a handsome salary every month. Additionally, she earns rental income from a property she owns. Occasionally, she receives cash transfers from her family members abroad.
Classify, Ms. Sapna's income as factor income or transfer income, giving valid reasons in support of your answer. Also state of the two, factor income and transfer income, which one is included in the National Income.
15. If in an economy: Marginal Propensity to Consume (MPC) = 0.8
Change in initial investment (ΔI) = ₹ 4,000 crores,
Find the value of:
(I) Investment multiplier (K)
(II) Change in final income (ΔY) (4)
16. "Saving curve can be derived from the consumption curve" (6)
Justify the statement, citing valid steps with the help of a well-labelled diagram.
17. Read the following text carefully:
The Gross Domestic Product deflator or Price Index, is an important indicator of inflation. It represents the ratio of the total value of goods and services produced by an economy in a specific year at current prices to the prices that were in effect during a designated base year.
This ratio highlights the proportion of GDP growth that can be attributed to rising prices instead of an actual increase in production levels. The GDP price deflator indicates the difference between nominal GDP and real GDP. Nominal GDP differs from real GDP as the former doesn't include inflation, while the latter does. The GDP deflator automatically adjusts for changes in consumption habits and introduction of new products and services. This feature enables it to reflect shifts in investment and consumption trends.
For the GDP deflator, the 'basket' for each year consists of all goods produced domestically, weighted according to the market value of total consumption for each item.
- On the basis of the given text and common understanding, answer the following questions:
- (I) Elaborate how Real Gross Domestic Product is different from Nominal Gross Domestic Product. (3)
- (II) If Nominal Gross Domestic Product (GDP) is ₹ 840 crores and GDP deflator is 120, then the Real Gross Domestic Product (GDP) will be _____. (2)
- (III) Statement 1: Real GDP is always less than Nominal GDP. (1)
Statement 2: Real GDP is estimated on the basis of current year prices.
(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.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. _____ is the measure being taken to create orderly and transparent marketing conditions. (1)
(A) Cooperative marketing (B) Assurance of Minimum Support Price
(C) Provision of infrastructural development (D) Regulation of markets
19. From the set of terms given in Column I and corresponding facts given in Column II, choose the correct pair of statements. (1)
- | Column I | Column II |
|------------------------------|--|
| (a) Animal Husbandry | i Instability in income |
| (b) Fisheries | ii Mixed crop-livestock farming system |
| (c) Horticulture | iii India is the second-largest producer of fruits and vegetables in the world |
| (d) Agro-processing industry | iv Iron and steel industry |
- (A) a-i (B) b-ii (C) c-iii (D) d-iv

20. _____ implies shedding of the ownership or management of a government owned enterprise. (1)
 (A) Liberalisation (B) Privatisation (C) Globalisation (D) Nationalisation
21. A: Human capital treats human beings as a means to an end (increase in productivity). (1)
 R: Human Capital Formation decreases by way of investments in education and health.
 (A) Both (A) and (R) are true and (R) is the correct explanation of (A).
 (B) Both (A) and (R) are true and (R) is not the correct explanation of (A).
 (C) (A) is true but (R) is false.
 (D) (A) is false but (R) is true.
22. 'Expenditure on health' is one of the sources of Human Capital Formation where, _____ is one of the most suitable curative measures. (1)
 (A) Vaccination (B) Medical intervention during illness
 (C) Spread of health awareness (D) Provision of clean drinking water
23. Study the given image carefully and answer the question that follows: (1)



- Identify, which of the following factors is an essential requirement for the implementation of Green Revolution.
- (A) Regular use of chemical fertilizers (B) Use of natural manures
 (C) A lesser requirement for irrigation facilities (D) Traditional seeds
24. Identify the correct combination of the 'Goals of Indian Five-Year Plans'. (1)
 (A) Growth, Education, Modernisation, Self-Reliance
 (B) Development, Equality, Modernisation, Sustainability
 (C) Good Health, Education, Modernisation, Sustainability
 (D) Growth, Equity, Modernisation, Self-Reliance
25. Identify the classification that falls outside the purview of the Industrial Policy Resolution, 1956. (1)
 (A) Public-private industrial partnership (B) Multinational corporations
 (C) Public sector industries (D) Privately owned industries
26. Occupational structure refers to _____. (1)
 (A) size of labour force in a country
 (B) number of people living in a country
 (C) distribution of workforce among different sectors of an economy
 (D) nature of different occupations
27. Which one of the following organisations regulates the health sector in India? (1)
 (A) UGC (B) ICMR (C) AICTE (D) RBI

28. Distinguish between physical capital and human capital. (3)
29. How does investment in education contribute to human capital formation? Explain briefly. (3)
30. “The Government of India was compelled to introduce the economic reforms of 1991.” Elaborate any four reasons behind the introduction of Economic Reforms of 1991. (4)
31. Discuss any three measures initiated by the government to improve Agricultural marketing in India. (4)
32. ‘Subsidies in the agricultural sector have been a debated question for long.’ Validate the given statement by citing any two arguments in favour of and two arguments against subsidies. (4)
33. (I) ‘Under the colonial regime, basic infrastructure did develop. However, the real motive behind this development was not to provide basic amenities to the people but to subserve various colonial interest.’ Justify the statement by giving any three reasons for infrastructural development by the British. (3)
(II) Discuss briefly the rationale behind choosing 'Self-reliance' as a central planning objective in India's development strategy. (3)

34. Read the following text carefully.

Organic farming is a method of agriculture that relies on techniques such as crop rotation, green manure, compost, and biological pest control. It avoids the use of synthetic fertilizers, pesticides, genetically modified organisms, and growth hormones. In India, the demand for organic produce has grown in recent years, both in domestic and international markets. Farmers are increasingly shifting to organic practices due to rising health awareness, environmental concerns, and better price realization. However, organic farming has its own set of challenges — including lower yield in the initial years etc.

Despite the limitations, organic farming contributes significantly to sustainable development by preserving soil health, conserving water, and reducing pollution. Government initiatives like Paramparagat Krishi Vikas Yojana (PKVY) and the National Programme for Organic Production (NPOP) have been introduced to promote organic farming practices in India.

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

- (I) Define organic farming. (1)
- (II) Identify any one government initiative that has been introduced to promote organic farming practices in India. (1)
- (III) Which of the following is not an advantage of organic farming? (1)

(A) Cheap inputs	(B) High nutritional value
(C) Greater possibilities for import	(D) Safety of environment.
- (IV) Suppose you are a small farmer in rural India. State any three challenges you are likely to face while shifting to organic farming. (3)