

**GREENWOOD PUBLIC SCHOOL**  
Sector-9, Gurugram  
Half Yearly Examination

(2025-2026)

Name:  
Class: XII

Subject: Economics (030)  
Date: 08.09.2025

Time: 3 Hrs.

M.M: 80

**General Instructions:**

1. This question paper contains 34 questions of two sections: Macroeconomics and Indian Economy.
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

**Part A: Macroeconomics**

- Q 1. Match the column 1 with column 2 and choose the correct alternatives given blow. (1)

S. No.	Column- 1	S. No.	Column- 2
(i)	Scholarship to student	(a)	Included in domestic income (iii)
(ii)	GDP at Market Price	(b)	Not Include depreciation and net indirect taxes (iv)
(iii)	Wages paid to foreign workers in India	(c)	Not included in national income (i)
(iv)	Net National Product at Factor Cost (NNPFC)	(d)	Includes depreciation and net indirect taxes (ii)

- (a) i (a), ii (b), iii (c), iv (d)  
(C) i (d), ii (c), iii (b), iv (a)

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

- Q 2. Which of the following is considered a leakage in the circular flow? (1)

- (A) Government spending  
(C) Imports

- (B) Investment  
(D) Income from production

- Assertion (A) and Reason (R). Question No. 3 & 4. Choose one of the correct alternatives given below.

- (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 and Reason (R) is false  
(D) Assertion (A) is false but Reason (R) is true

- Q 3. Assertion (A): Value of intermediate goods is excluded from national income to avoid double counting. (1)

Reason (R): Final goods include the value of intermediate goods already.

Q 4. Assertion (A): High Cash Reserve Ratio (CRR) reduces the lending capacity of commercial banks. (1)

Reason (R): A higher CRR means banks have to keep more money with the RBI.

Q 5. If leakages exceed injections in an economy, the national income will: (1)  
 (A) Increase (B) Stay the same (C) Decrease (D) Double

Q 6. If Gross National Product at Market Price is ₹5,000 crore. Depreciation is ₹300 crore, and Net Indirect Taxes are ₹200 crore, what is NNP at Factor Cost? (1)  
 (A) ₹4,500 crore (B) ₹4,800 crore (C) ₹4,700 crore (D) ₹5,100 crore

Q 7. High-powered money includes: (1)  
 (A) Only coins (B) Currency with the public  
 (C) Currency held by public + Cash reserves of banks (D) Fixed deposits

Q 8. Which of the following is included in narrow money (M1)? (1)  
 (A) Time deposits with banks (B) Currency held by public and demand deposits  
 (C) Post office savings (D) Shares and debentures

Q 9. Which of the following is included in national income? (1)  
 (A) Transfer payments (B) Sale of old goods  
 (C) Imputed rent of owner-occupied houses (D) Winning from lottery

Q 10. Find net value added at market price (1)

S.No.	Items	₹ (in crores)
i.	Output sold (units)	800
ii.	Price per unit of output	20
iii.	Excise	1600
iv.	Import duty	400
v.	Net change in stock	(-) 500
vi.	Depreciation	1000
vii.	Intermediate cost	8000

(A) ₹5,500 crore (B) ₹6,500 crore (C) ₹7,500 crore (D) ₹8,500 crore

Q 11. Can a country have a high GDP but low per capita income? Explain how. (3)

OR

A farmer produces wheat worth ₹1,00,000. He uses ₹30,000 worth of it for self-consumption. Will the entire production be included in national income? Why or why not?

Q 12. (a) Calculate LRR, if initial deposit of ₹ 200 crores lead to creation of total deposits of ₹1600 crores. (3)

(b) Bring out the role of Central Bank as the controller of money supply or credit.

Q 13. "Managing the government's banking transactions is a key RBI role. Like individuals, businesses and banks, governments need a banker to carry out their financial transactions in an efficient and effective manner, including the raising of resources from the public." (4)

In the light of the above statement, explain the function performed by the Central Bank.

OR

Currency is issued by the Central Bank, yet we say that commercial banks create money. Explain. How is this money creation by commercial banks likely to affect the national income?

Q 14. Solve the problems mentioned below: (4)

1. Differentiate between quantitative and qualitative instruments of credit control. 2
2. Calculate the money multiplier and total deposits if the initial deposit is ₹1,000 crore and the Legal Reserve Ratio (LRR) is 20%. 1
3. If total deposits created are ₹10,000 crore, and LRR is 10%, calculate the initial deposit. 1

Q 15. Distinguish between GDP and GNP. Which one is a better indicator of economic welfare? Explain. (4)

OR

If depreciation increases significantly while gross income remains the same, what happens to net national income? Why?

Q 16. What are the difficulties in the measurement of National Income in a country like India? (6)

Q 17. Calculate:- (a) GDP at market price (b) GNP at factor cost from the following data. (6)

S.No.	Items	₹ (in crores)
i.	Intermediate consumption	
	(a) Primary Sector	500
	(b) Secondary Sector	400
	(c) Tertiary Sector	300
ii.	Value of output:	
	(a) Primary Sector	1000
	(b) Secondary Sector	900
	(c) Tertiary Sector	70
iii.	Compensation of employees	400
iv.	Net factor income from abroad	(-) 20
v.	Consumption of fixed capital	40
vi.	Net indirect taxes	10
vii.	Net-current transfers to abroad	(-) 15

(c) Explain the term "Resident of India". Explain who all are not including under the category of normal resident?

OR

(a) Find net value added at market price:

S.No.	Items	₹ (in crores)
i.	Fixed capital good with a life span of 5 years	15
ii.	Raw materials	6
iii.	Sales	25
iv.	Net change in stock	(-) 2
v.	Taxes on production	1

(b) Find net national product at market price:

S.No.	Items	₹ (in crores)
i.	Personal taxes	200
ii.	Wage and salaries	1200
iii.	Undistributed profit	50
iv.	Rent	300
v.	Corporation tax	200
vi.	Private income	2000
vii.	Interest	400
viii.	Net indirect tax	300
ix.	Net factor income to abroad	20
x.	Profit	500
xi.	Social security contributions by employers	250

**PART B: INDIAN ECONOMY**

- Q 18. Which statement is true? (1)
- (A) Elementary education takes a major share of education expenditure  
 (B) Per-student expenditure is higher in tertiary education  
 (C) Share of higher education (colleges, polytechnics) is the least  
 (D) All of the above
- Q 19. Which of the following was a major characteristic of the Indian economy on the eve of independence? (1)
- (A) High industrial development  
 (B) Self-sufficient economy  
 (C) Backward and stagnant economy  
 (D) Export surplus
- Q 20. Which one of the following was not a consequence of the British policies in India? (1)
- (A) Deindustrialisation  
 (B) Increase in foreign trade  
 (C) Increase in agricultural productivity  
 (D) Drain of wealth
- Q 21. Which model influenced India's economic planning during 1951-1990? (1)
- (A) Capitalist Model  
 (B) Gandhian Model  
 (C) Soviet Model  
 (D) Free Market Model
- Q 22. The Industrial Policy Resolution of 1956 emphasized the role of: (1)
- (A) Private sector only  
 (B) Foreign companies  
 (C) Public sector in industrial development  
 (D) Agriculture over industry
- Q 23. Land reforms in India mainly included: (1)
- (A) Green Revolution  
 (B) Land ceiling and abolition of intermediaries  
 (C) Increase in import duties  
 (D) Free trade
- Q 24. The main reason behind the 1991 economic reforms was: (1)
- (A) Rising exports  
 (B) High industrial growth  
 (C) Balance of payments crisis  
 (D) High agricultural output
- Q 25. Which of the following was not an objective of the 1991 economic reforms? (1)
- (A) Increase government control  
 (B) Improve efficiency  
 (C) Attract foreign investment  
 (D) Make Indian economy competitive

26. The primary difference between human capital and physical capital is: (1)  
(A) Human capital cannot be built (B) Physical capital is intangible  
(C) Human capital is embodied in people (D) Both are the same
- Q 27. Which of the following sectors was the most neglected during British rule in India? (1)  
(A) Agriculture (B) Industry (C) Infrastructure (D) Education and Health
- Q 28. What was the nature and direction of India's foreign trade under British rule? (3)

**OR**

What was de-industrialisation in the context of pre-independence India?

- Q 29. Rural households in Village X rely predominantly on agriculture. However, repeated crop failures and limited access to markets have made farming unsustainable. Recently, a self-help group (SHG) in the village began training members in honey production and beekeeping. (3)

**Answer the following:**

1. Analyze how adopting beekeeping (a non-farm activity) can help stabilize rural incomes in Village X.
  2. Discuss two potential challenges this SHG might face in promoting beekeeping.
  3. Recommend two interventions the government could implement to support this diversification successfully.
- Q 30. What were the main objectives of India's Five-Year Plans from 1950 to 1991? (4)
- Q 31. What role did the MRTP Act play, and how was it amended in 1991? (4)

**OR**

How did financial sector reforms change banking?

- Q 32. Case-Based Question: Strengthening Rural Livelihoods via Credit & Diversification (4)

**Read the case carefully and answer the following questions.**

In many rural areas of India, farmers face irregular income due to seasonal agriculture, unpredictable rainfall, crop failures, and volatile market prices. Traditionally, they rely on informal moneylenders who charge exorbitantly high interest rates, trapping farmers in cycles of debt. Recognizing these challenges, the government introduced formal *credit institutions* such as **Regional Rural Banks** and **NABARD** to provide lower-cost loans.

Simultaneously, policymakers emphasized **diversification of rural livelihoods**—encouraging non-farm activities like **animal husbandry, horticulture, fisheries, and handicrafts**—to provide alternative income sources and reduce dependence on agriculture.

Questions (Short-Answer Format)

1. Identify two challenges rural farmers face as outlined in the case.
  2. Explain how formal credit systems help alleviate these challenges.
  3. Illustrate the benefits of diversifying livelihoods beyond agriculture.
  4. Mention one institution established for rural credit, as referred to in the case.
- Q 33. "Evaluate the role of human capital formation in India's economic development. In your answer, discuss its main sources, highlight the challenges it faces, and suggest measures the government can take to strengthen it." (6)
- Q 34. "Critically evaluate the impact of the Liberalisation, Privatisation, and Globalisation (LPG) reforms introduced in India after 1991. In your answer, outline the reasons behind these reforms, discuss their main features, analyze their positive outcomes and challenges, and conclude with your personal viewpoint on their overall success." (6)