ANGEL'S PUBLIC SCHOOL

Strive for Perfection

HALF YEARLY EXAMINATION
(SAMPLE PAPER)

SESSION 2026 – 27
SUBJECT : ECONOMICS

TIME : 03 HRS | **GRADE – XII** | **M.M:80**

General Instructions:

(a) This question paper contains two sections:
  (i) Section A: Macroeconomics (40 Marks)
  (ii) Section B: Indian Economic Development (40 Marks)

(b) This paper contains 20 Multiple Choice Questions of 1 mark each (Q1 to Q10 and Q18 to Q27).

(c) Short Answer Questions (SA-I) of 3 marks each (Q11-Q12 and Q28-Q29) should be answered in 60 to 80 words.

(d) Short Answer Questions (SA-II) of 4 marks each (Q13-Q15 and Q30-Q32) should be answered in 80 to 100 words.

(e) Long Answer Questions (LA) of 6 marks each (Q16-Q17 and Q33-Q34) should be answered in 100 to 150 words.

SECTION – A MACROECONOMICS (40)

1. Which of the following is a stock variable?

(a) National Income (b) Distance between Delhi and Mumbai

(c) Investment (d) Interest on capital

2. If the Marginal Propensity to Save (MPS) is 0.25, the value of the investment multiplier (K) will be:

(a) 2 (b) 3 (c) 4 (d) 5

3. Money supply includes:

(a) Total stock of money held by the government (b) Total stock of money held by the banking system

(c) Total stock of money held by the public (d) All of the above

4. Read the following statements carefully:

Statement 1: Purchase of a car by a taxi driver is treated as an intermediate good.

Statement 2: Final goods are those which have crossed the boundary line of production.

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

(a) Statement 1 is true and Statement 2 is false. (b) Statement 1 is false and Statement 2 is true.

(c) Both statements are true. (d) Both statements are false.

5. When the Aggregate Demand is less than Aggregate Supply at full employment level, it results in:

(a) Inflationary Gap (b) Deflationary Gap

(c) Full employment equilibrium (d) None of these

6. The primary function of money that solves the problem of "lack of double coincidence of wants" is:

(a) Store of value (b) Measure of value

(c) Medium of exchange (d) Standard of deferred payment

7. High Powered Money consists of:

(a) Currency held by the public and demand deposits

(b) Currency held by the public and cash reserves of banks

(c) Demand deposits and time deposits

(d) Currency held by the public, cash reserves of banks, and other deposits with the RBI

8. Identify the correct equation:

(a) $NNP_{FC} = GDP_{MP}$ - {Depreciation} + NFIA - NIT

(b) $NNP_{FC} = GDP_{MP}$ + {Depreciation} - NFIA + NIT

(c) $NNP_{FC} = GDP_{MP}$ - {Depreciation} - NFIA - NIT

(d) $NNP_{FC} = GDP_{MP}$ - {Depreciation} + NFIA + NIT

9.Assertion (A): The Central Bank acts as a lender of last resort to commercial banks.

Reason (R): When commercial banks face a financial crisis and fail to get funds from other sources, they approach the Central Bank for financial assistance.

(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.

10. At zero level of income, consumption expenditure is always:

(a) Zero (b) Negative (c) Positive (d) Equal to income

11. Distinguish between final goods and intermediate goods. Give suitable examples. (3)

OR

Explain the concept of 'Real GDP' and 'Nominal GDP'. Which of these is a better indicator of economic welfare and why?

12. Explain how 'Repo Rate' can be used by the Central Bank to control the situation of excess demand in an economy. (3)

13. From the following data, calculate the value of investment multiplier (K) and change in income (Δ Y) if an additional investment of ₹500 crores is made: (4)

Consumption function: $C = 100 + 0.8Y$

14. Describe the three-phase circular flow of income in a simple two-sector economy. (4)

15. Explain the components of Aggregate Demand in an open economy. (4)

OR

What is meant by Deficient Demand? Explain its two major causes and any one fiscal measure to correct it.

16. Given the following data, calculate National Income NNP_{FC} by: (6)

(a) Income Method and (b) Expenditure Method:

S.No.	Items	Amount (in ₹ Crores)
(i)	Private Final Consumption Expenditure.	2,000
(ii)	Compensation of Employees	1,200
(iii)	Government Final Consumption Expenditure	600
(iv)	Operating Surplus	800
(v)	Net Domestic Capital Formation	400
(vi)	Mixed Income of Self-Employed	400
(vii)	Net Exports	(-) 50
(viii)	Net Factor Income from Abroad (NFIA)	20
(ix)	Net Indirect Taxes (NIT)	120

17. (a) Explain the "Credit Creation" function of commercial banks using a hypothetical numerical example. (4)

(b) Distinguish between Central Bank and Commercial Bank based on their primary objectives. (2)

<u>SECTION – B</u> (INDIAN ECONOMIC DEVELOPMENT) [40]

18. The main reason for stagnation in the agricultural sector during the British rule was: (1)

(a) Lack of irrigation facilities
(b) Land settlement system (Zamindari system)
(c) Commercialization of agriculture
(d) Low level of technology

19. The Planning Commission was set up in India in the year: (1)

(a) 1947 (b) 1950 (c) 1951 (d) 1956

20. Which of the following elements is considered a source of human capital formation? (1)

(a) Expenditure on health
(b) Expenditure on education
(c) On-the-job training
(d) All of the above

21. Under the New Economic Policy of 1991, 'Devaluation of Currency' was a part of: (1)

(a) Fiscal Policy reforms
(b) Foreign Exchange reforms
(c)Trade and Investment Policy reforms
(d) Industrial Sector reforms

22. Assertion (A): General Agreement on Tariffs and Trade (GATT) was replaced by the World Trade Organization (WTO) in 1995.

Reason (R) : WTO was established to expand bilateral trade agreements only. (1)

(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.

23. Institutional sources of rural credit do NOT include: (1)

(a) Commercial Banks
(b) Regional Rural Banks (RRBs)
(c) Money lenders
(d) NABARD

24. Industrial Policy Resolution (IPR) 1956 classified industries into how many categories? (1)

(a) Two (b) Three (c) Four (d) Five

25. "Carrying out activities via internet/telecom channels from an external entity" refers to: (1)

(a) Privatization (b) Liberalization (c) Outsourcing (d) Disinvestment

26. Land ceiling refers to: (1)

(a) fixing rural land prices

(b) fixing the maximum size of land which could be owned by an individual

(c) giving land to the highest bidder

(d) legalizing zamindari

27. Human Development Index (HDI) is a measure of: (1)

(a) economic growth only

(b) achievements in key dimensions of human development

(c) increase in physical assets

(d) industrial expansion

28. Briefly outline the state of India's industrial sector on the eve of independence. (3)

29. What is organic farming? State any two benefits of organic farming over conventional farming. (3)

OR

Explain the role of 'Self Help Groups' (SHGs) in meeting the credit requirements of rural households.

30. "Human capital and economic growth go hand-in-hand." Defend or refute the statement with valid reasons. (4)

31. Why was it considered necessary to introduce economic reforms in India in 1991? State any four reasons. (4)

OR

Critically evaluate the performance of the industrial sector in the post-liberalization period since 1991.

32. Explain the concept of 'Diversification of Agricultural Activities' and its importance for rural sustainability. (4)

33. (a) Discuss the goals of equity and modernization as pursued by Indian planners during 1950–1990. (4)

(b) What was the "Green Revolution"? Why was it implemented? (2)

34. Read the following passage carefully and answer the questions that follow:

In its Budget presentation, the Ministry of Finance announced a dual strategy for economic revival. Under Scheme A, the government allocated ₹50,000 crore toward the **National Skill Development Mission** and the upgradation of rural healthcare infrastructure, emphasizing preventative medicine and clean water access. Concurrently, under Scheme B, ₹50,000 crore were allocated to build a **high-speed freight corridor** and purchase automated heavy machinery for public sector manufacturing units.

An independent economic report published three years later revealed that regions which aggressively implemented Scheme A saw a 14% rise in labor productivity and a significant surge in tech-based startups. Conversely, regions that relied solely on Scheme B reported underutilized machinery due to a lack of technical expertise among local operators, alongside high rates of workforce absenteeism due to seasonal illnesses.

1. Identify and explain the two economic concepts highlighted in Scheme A and Scheme B. (2)
2. "Physical capital is a passive factor of production." Evaluate this statement in light of the failure of Scheme B in certain regions. (2)
3. State and briefly explain any two **sources** of Human Capital Formation implemented under Scheme A that led to a rise in labor productivity. (2)