



ST. VIVEKANAND MILLENNIUM SCHOOL

HMT Township, Pinjore
Half Yearly Examination, 2025

ROLL NO.

Subject: ECONOMICS (030)

LEVEL I

Class: XII

General Instructions:

- I. This question paper contains 34 questions. All questions are compulsory.**
- II. This question paper contains two sections:
Section A – Macro Economics
Section B - Statistics**
- III. This paper contains 20 Multiple Choice Type Questions of 1 mark each.**
- IV. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.**
- V. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.**
- VI. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.**

SECTION A
MACRO ECONOMICS

1. Read the following statements carefully: 1

Statement 1: Devaluation of currency is said to occur when the exchange rate is decreased under the Fixed Exchange Rate System.

Statement 2: Under the Floating Exchange Rate System, competent authorities do not maintain foreign exchange reserves.

In light of the given statements, choose the correct option 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

2. Identify the correct equation from the following: 1
- 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) $NNP_{FC} = NDP_{MP} + \text{DEPRECIATION}$
3. Export of Covid vaccines, manufactured in India has led 1
to _____
- a) Inflow of Indian currency
 - b) Outflow of Indian currency
 - c) Inflow of foreign currency and employment generation
 - d) Outflow of Indian currency and employment generation
4. Which of the following are not included in “RESIDENTS” in BOP 1
transactions.
- a) Firms
 - b) Foreign military personnel
 - c) Government agencies
 - d) Individuals
5. Change in stock is negative when: 1
- a) Closing stock > opening stock
 - b) Closing stock < opening stock
 - c) Closing stock = opening stock
 - d) Opening stock = 0
6. If in an economy, the value of Net factor income from abroad is Rs 1
200 crore and value of Factor income to abroad is Rs 40 crore. Identify
the value of factor income from abroad.
- a) Rs 200 crores
 - b) Rs 160 crore

- c) Rs 240 crore
- d) Rs 180 crore

7. Price of one currency in relation to another currency determined by market forces, is known as: 1
- a) Equilibrium Price
 - b) Fixed Exchange rate
 - c) Foreign Exchange rate
 - d) Flexible Exchange rate
8. Which of the following leads to unexpected obsolescence? 1
- a) Natural calamities
 - b) Change in demand
 - c) Change in technology
 - d) Both (b) and (c)
9. If \$1 = Rs 80.50, then \$_____ would be needed to exchange Rs 2,00,000. 1
- a) 2,484
 - b) 2844
 - c) 2448
 - d) 2882
10. Which of the following is not included in compensation of employees? 1
- a) Wages and salaries in cash
 - b) Wages and salaries in kind
 - c) Employees contribution to social security schemes
 - d) Employer's contribution to social security schemes
11. Distinguish between fixed exchange rate system and flexible exchange rate system. 3

12. a) On the basis of the data given below for an imaginary economy, estimate the **Net Domestic Product at Factor Cost (NDP_{FC})**.

S. No.	Items	Amount (₹ crore)
(i)	Gross Domestic Fixed Capital Formation	200
(ii)	Exports	50
(iii)	Government Final Consumption Expenditure	320
(iv)	Consumption of Fixed Capital	35
(v)	Household Final Consumption Expenditure	470
(vi)	Inventory Investment (Net)	40
(vii)	Imports	60
(viii)	Net Indirect Taxes	50
(ix)	Net Factor Income from Abroad	20

	<p>On the basis of the data given above for an imaginary economy, estimate the Net Domestic Product at Factor Cost (NDP_{FC}).</p> <p style="text-align: center;">OR</p> <p>What is meant by problem of double counting? How this problem can be avoided?</p>	3
13.	<p>State the meaning of:</p> <ul style="list-style-type: none"> a) Gross Investment b) Final Goods c) Consumption goods d) Depreciation 	1 1 1 1
14.	<p>What is foreign exchange rate? Describe any three sources of supply of foreign exchange.</p>	4
15.	<p>What is Balance of Payment? Explain the concept of ‘deficit’ in the Balance of Payments.</p> <p style="text-align: center;">OR</p> <p>1Q: Difference between Balance of Trade and Current A/c Balance.</p> <p>2Q: State, giving valid reasons, whether the following statements are true or false:</p> <ul style="list-style-type: none"> a) Capital account in Balance of Payments records only the exports and imports of goods and services. b) Borrowings from abroad are recorded in the capital account of the balance of Payments on the debit side. 	4 2 1 1
16.	<p>Distinguish between:</p> <ul style="list-style-type: none"> a) Intermediate goods and Final goods b) Autonomous Transactions and Accommodating Transactions <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> a) Explain Two sector model of circular flow of Income. 	6

	<p>b) Give reasons and categorize the following in to Stock and Flow</p> <ol style="list-style-type: none"> 1. Capital 2. Saving 3. Wealth 	
17.	<p>Case Study: GDP Deflator and Price Trends in the Indian Economy (2024–25)</p> <p>The GDP Deflator is one of the most comprehensive measures used to assess the level of price change or inflation in an economy. Unlike the Consumer Price Index (CPI) or Wholesale Price Index (WPI), which are based on fixed baskets of goods, the GDP deflator covers all goods and services produced within a country during a particular year. Hence, it gives a broader and more realistic picture of price changes.</p> <p>In 2024–25, India’s GDP deflator indicated moderate inflation of around 3.5%, suggesting that while prices were rising, they were relatively stable compared to the previous year. The Real National Income (income adjusted for inflation) grew steadily, showing that the Indian economy’s output expanded in real terms. Meanwhile, Nominal National Income (income measured at current market prices) showed a higher growth rate, partly due to the effect of rising prices.</p> <p>This difference between nominal and real income helps economists understand how much of the growth is due to actual increase in production and how much is merely a reflection of price rise. For instance, even if nominal income grows sharply, if the GDP deflator shows high inflation, the real purchasing power of the economy might not improve.</p> <p>During this period, India witnessed stable growth in services and manufacturing, moderate global oil prices, and strong agricultural output. These factors kept inflation in check, helping</p>	

<p>policymakers maintain a balance between economic growth and price stability.</p>	1
<p>Q1. What does the GDP Deflator measure in an economy?</p>	2
<p>Q2. Why is the GDP Deflator considered a better indicator of overall inflation than the Consumer Price Index (CPI)?</p>	3
<p>Q3. Explain how the difference between Real National Income and Nominal National Income helps in understanding the true growth of an economy.</p>	



SECTION B
INDIAN ECONOMY

SECTION B INDIAN ECONOMY	
<p>18. Assertion (A): On the eve of Independence, India was an agrarian economy with nearly 75% of population depending on agriculture.</p> <p>Reason (R): The British introduced modern methods of irrigation, improved seeds and fertilizers on a large scale which led to high agricultural productivity.</p> <p>Options:</p> <p>(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.</p>	1
<p>19. The First Five-Year Plan (1951–56) focused mainly on:</p> <p>(a) Industry (b) Agriculture (c) Infrastructure (d) Trade</p>	1
<p>20. _____ refers to contracting out some of its activities to a third party which were earlier performed by the organisation.</p> <p>a) Globalisation b) Privatisation c) Liberalisation d) Outsourcing</p>	1
<p>21. From the set of events given in column I and the corresponding year in column II, choose the incorrect pair:</p>	1
COLUMN I	COLUMN II

	<p>A. Introduction of Railways in India i) 1850</p> <p>B. Incorporation of TISCO ii) 1807</p> <p>C. First official census of India iii) 1881</p> <p>D. Opening of Suez Canal iv) 1869</p> <p>Alternatives:</p> <p>a) A – (i)</p> <p>b) B – (ii)</p> <p>c) C – (iii)</p> <p>d) D – (iv)</p>							
22.	<p>When was the planning commission set up?</p> <p>A)1949</p> <p>B)1950</p> <p>C)1956</p> <p>D)1850</p>	1						
23.	<p>Which of the following is not a benefit of demonetisation in India?</p> <p>a) Control over corruption</p> <p>b) Counterfeiting use of high denomination notes for illegal activities</p> <p>c) Control on black money</p> <p>d) More demanding customers</p>	1						
24.	<p>Choose the correct pair of statements given in columns I and II below:</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;">Column I</td> <td style="text-align: center; width: 50%;">Column II</td> </tr> <tr> <td>A. Subsidies that can be imported</td> <td>i) Maximum quantity of goods</td> </tr> <tr> <td>B. Karve Committee, 1955</td> <td>ii) small scale industries to promote rural development</td> </tr> </table>	Column I	Column II	A. Subsidies that can be imported	i) Maximum quantity of goods	B. Karve Committee, 1955	ii) small scale industries to promote rural development	1
Column I	Column II							
A. Subsidies that can be imported	i) Maximum quantity of goods							
B. Karve Committee, 1955	ii) small scale industries to promote rural development							

	<p>C. Import substitution new technology Policy</p> <p>D. Quota</p> <p>Options:</p> <p>a) A – i</p> <p>b) B – ii</p> <p>c) C – iii</p> <p>d) D - iv</p>	<p>iii) To encourage farmers to adopt new technology</p> <p>iv) To protect domestic firms</p>	
25.	<p>_____ was the predecessor organisation to World Trade Organisation (WTO).</p> <p>a) International Bank for Reconstruction and Development</p> <p>b) International Monetary Fund</p> <p>c) Reserve Bank Of India</p> <p>d) General Agreement on Tariff and Trade</p>		1
26.	<p>China's demographic problem of 4 – 2 - 1, resulted in a higher proportion of elderly individuals compared to the younger population. This was primarily due to implementation of _____.</p> <p>a) Great Leap Forward Campaign</p> <p>b) Great Proletarian Cultural Revolution</p> <p>c) One child Norm</p> <p>d) Special Economic zones</p>		1
27.	<p>Mao initiated the 'Great Leap Forward' in the year _____.</p> <p>a) 1951</p> <p>b) 1955</p> <p>c) 1958</p> <p>d) 1962</p>		1
28.	<p>Why were economic reforms introduced in India?</p>		3

29.	<p>What was the important implication of the ‘one child norm’ in China?</p> <p style="text-align: center;">OR</p> <p>What were the main reasons for stagnation of Agriculture on the eve of independence?</p>	3
30.	<p>Explain the trade and investment policy reforms introduced by Government of India during the economic reform process of 1991.</p>	4
31.	<p>What was the Great Leap Forward Campaign of China as initiated in 1958. Was it successful or not? Justify your answer.</p> <p style="text-align: center;">OR</p> <p>Explain the demographic conditions of Indian economy on the eve of independence.</p>	4
32.	<p>What is Green Revolution and what were the important effects of Green Revolution.</p>	4
33.	<p>Distinguish between:</p> <ul style="list-style-type: none"> a) Tariff and Non-Tariff Barriers b) Bilateral and Multilateral Trade c) Strategic and Minority Sale <p style="text-align: center;">OR</p> <p>I. Why did RBI have to change its Role from controller to facilitator of financial sector in India during 1991?</p> <p>II. Explain Industrial Policy Resolution, 1956</p>	<p>2</p> <p>2</p> <p>2</p> <p>3</p> <p>3</p>

34. Case Study: Globalisation and outsourcing in India

In the post-1991 era, India's economy witnessed rapid globalisation, opening the doors for foreign trade, investment, and technology transfer. Globalisation refers to the process of integrating the domestic economy with the global economy, allowing the free flow of goods, services, capital, and ideas across borders.

One significant outcome of globalisation in India has been the growth of outsourcing, particularly in the Information Technology (IT) and Business Process Outsourcing (BPO) sectors. Companies in developed countries, facing high labor costs, began outsourcing software development, customer support, and data processing work to India, which offered skilled labor at lower costs.

This trend created millions of employment opportunities, contributed to foreign exchange inflows, and helped India establish itself as a global IT hub. Major IT cities like Bangalore, Hyderabad, Pune, and Gurgaon became centers of technological innovation and service exports.

However, globalisation and outsourcing also posed challenges. Increased dependency on foreign markets made India vulnerable to global economic fluctuations. Rapid urbanization and concentration of outsourcing industries in select cities led to regional disparities and rising income inequality. Additionally, some sectors of the domestic economy, like traditional manufacturing, faced stiff competition from imports.

Economists argue that while globalisation has boosted India's growth, balanced policies are needed to ensure equitable development, environmental sustainability, and protection for vulnerable sectors.

Q1. Define globalisation.

Q2. State two benefits of outsourcing for India's economy.	2
Q3. Explain how outsourcing has contributed to India's foreign exchange earnings and employment growth.	3

