



**INDIAN SCHOOL AL WADI AL KABIR**  
**DEPARTMENT OF COMMERCE**  
**ASSESSMENT 1 -XII 2025-26**  
**ECONOMICS (030)**

**Date: 28/09/2025**

**Time: 3 hours**

**Marks:**

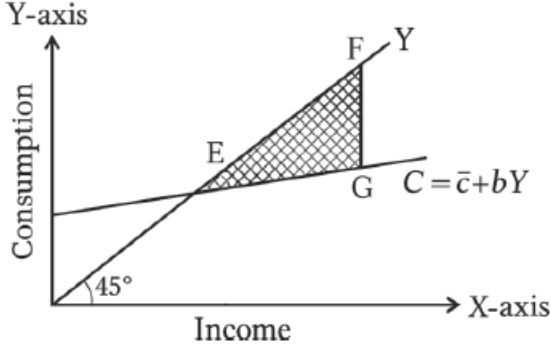
**80**

***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 type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

Q. NO	SECTION A – MACRO ECONOMICS	MARKS
1	<p>Ms. Aruna, a teacher, was explaining in her class about various types of deposits with the commercial banks. She quoted that- “These deposits form a part of M1 measure of money supply and are payable on demand by the commercial banks.” Identify the type of deposits she was explaining about and choose the correct alternative:</p> <ul style="list-style-type: none"><li>i. Demand deposits</li><li>ii. Time deposits</li><li>iii. Post office deposits</li></ul> <p><b>Alternatives:</b></p> <ul style="list-style-type: none"><li>a. Only (i)</li><li>b. Only (ii)</li><li>c. (i) and (ii)</li></ul>	1

	d. (i), (ii) and (iii)	
2	<p>SLR is a percentage of a bank's deposits that must be kept in liquid assets like cash, gold or government approved securities. It is used to control credit creation by banks.</p> <p>What is the impact of decreasing SLR during deflation?</p> <ol style="list-style-type: none"> <li>Reduces the lending capacity of banks</li> <li>Increases the lending capacity of banks</li> <li>Stabilizes money supply in the economy</li> <li>Decrease liquidity in the market</li> </ol>	1
3	<p>Intermediate goods play a vital role in the production process but are excluded from national income calculations. Which of the following qualifies as an intermediate good in the context of economic activity?</p> <ol style="list-style-type: none"> <li>Machinery used in the production of goods</li> <li>Fertilizer purchased by a farmer for agricultural production</li> <li>A car purchased by a household for personal use</li> <li>Food served in a restaurant for direct consumption</li> </ol>	1
4	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> In case of public goods no one can be excluded from enjoying the benefits.</p> <p><b>Reason (R):</b> Public goods are non-rivalrous and non-excludable in nature.</p> <p><b>Alternatives:</b></p> <ol style="list-style-type: none"> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</li> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</li> <li>Assertion (A) is true but Reason (R) is false</li> <li>Assertion (A) is false but Reason (R) is true</li> </ol>	1
5	<p>In the following questions, there are two statements given. Choose the correct answer out of the following choices.</p> <p><b>Statement 1:</b> In a two-sector economy, consumption expenditure and investment expenditure are the two components of A.D</p> <p><b>Statement 2:</b> Aggregate demand curve always starts from point of origin with positive slope.</p> <ol style="list-style-type: none"> <li>Statement 1 is true and Statement 2 is false</li> <li>Statement 1 is false and statement 2 is true</li> <li>Both statement 1 and 2 are true</li> <li>Both statement 1 and 2 are false</li> </ol>	1
6	Identify, what does the shaded area (EFG), in the given figure indicate?	1

	 <p>I. Consumption &gt; Income  II. Savings = Zero  III. Consumption &lt; Income  IV. Saving &lt; Zero  <b>Alternatives:</b>  a. I and II  b. II and III  c. III and IV  d. I and IV</p>	
7	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> Borrowings undertake to finance revenue deficit in the present, further increases it in the future.</p> <p><b>Reason (R):</b> Revenue expenditure does not create assets for the government</p> <p><b>Alternatives:</b></p> <p>(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 but Reason (R) is false  (d) Assertion (A) is false but Reason (R) is true</p>	1
8	<p>In order to tackle the problem of rising general price level in an economy, government may come up with a surplus budget to achieve the budget objective of -----</p> <p>i. Reallocation of resources  ii. Price stability  iii. Redistribution of income</p> <p><b>Alternatives:</b></p> <p>a. (i) only  b. (ii) only  c. Only (iii)</p>	1

	d. (i) and (iii)																												
9	<p>What is the basis of the difference between the concepts of market price (MP) and factor cost (FC)</p> <ol style="list-style-type: none"> <li>Net Indirect Taxes</li> <li>Indirect Taxes</li> <li>Direct Taxes</li> <li>Subsidies</li> </ol>	1																											
10	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> Income from self-consumption is to be included in National Income.</p> <p><b>Reason (R):</b> A house owner living in his own house is assumed to be paying rent to himself for using up the factor services.</p> <p><b>Alternatives:</b></p> <ol style="list-style-type: none"> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</li> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</li> <li>Assertion (A) is true but Reason (R) is false</li> <li>Assertion (A) is false but Reason (R) is true</li> </ol>	1																											
11	<ol style="list-style-type: none"> <li>Suppose initial fresh deposits with the banks = Rs 50,000 and LRR is 20%. How much would be the total money creation in the economy?</li> <li>Explain the role of Repo rate in reducing money supply.</li> </ol>	3																											
12	<ol style="list-style-type: none"> <li>What is the relationship between: Marginal Propensity to consume (MPC) and Marginal Propensity to save (MPS). Explain</li> <li>Can APC be greater than 1? Explain with example.</li> </ol>	3																											
13	<p>Calculate Gross National Product at Market Price (GNP<sub>mp</sub>):</p> <table border="1"> <thead> <tr> <th>Sr. No</th><th>Items</th><th>Rs in Crores</th></tr> </thead> <tbody> <tr> <td>1</td><td>Rent</td><td>100</td></tr> <tr> <td>2</td><td>Net Current Transfers to the Rest of the World</td><td>30</td></tr> <tr> <td>3</td><td>Social Security Contributions by Employers</td><td>47</td></tr> <tr> <td>4</td><td>Mixed Income</td><td>600</td></tr> <tr> <td>5</td><td>Gross Domestic Capital Formation</td><td>140</td></tr> <tr> <td>6</td><td>Royalty</td><td>20</td></tr> <tr> <td>7</td><td>Interest</td><td>110</td></tr> <tr> <td>8</td><td>Compensation of Employees</td><td>500</td></tr> </tbody> </table>	Sr. No	Items	Rs in Crores	1	Rent	100	2	Net Current Transfers to the Rest of the World	30	3	Social Security Contributions by Employers	47	4	Mixed Income	600	5	Gross Domestic Capital Formation	140	6	Royalty	20	7	Interest	110	8	Compensation of Employees	500	4
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	9	Net Domestic Capital Formation	120																						
	10	Net Factor Income from Abroad	(-)10																						
	11	Net Indirect Tax	150																						
	12	Profit	200																						
14	What is meant by aggregate demand? State its components.			4																					
15	a. Two friends Ramesh (a software engineer) and Pihu (a bakery owner) are discussing their contribution to the nation's economy through tax payments. Ramesh earns Rs 8,00,000 per year, which makes him liable to pay income tax. Pihu pays GST on the sale of cakes and pastries. On the basis of the given tax, identify whether Ramesh is paying a direct tax or an indirect tax. Explain valid difference between two types of taxes b. "Under Zero Defect, Zero Effect Scheme, the government of India provides up to 80% subsidy to Mini, Small and Medium Enterprises (MSME)." Identify and explain the objectives of government budget, highlighted in the above text.			4																					
16	Explain how is equilibrium level of income and employment established through AD and AS approach?			6																					
17	a.From the following data about a government budget , find out: i. Revenue deficit ii. Fiscal deficit iii. Primary deficit <table border="1"><thead><tr><th></th><th></th><th>Rs in Crores</th></tr></thead><tbody><tr><td>i</td><td>Plan capital expenditure</td><td>120</td></tr><tr><td>ii</td><td>Revenue expenditure</td><td>100</td></tr><tr><td>iii</td><td>Non-planned capital expenditure</td><td>80</td></tr><tr><td>iv</td><td>Revenue receipts</td><td>70</td></tr><tr><td>v</td><td>Capital receipts net of borrowings</td><td>140</td></tr><tr><td>vi</td><td>Interest payments</td><td>30</td></tr></tbody></table> b. Classify the following into revenue and capital receipts. Give reasons: i. Sale of share of a PSU ii. Profit and Dividend received from public sector undertakings. iii. Cash grants in aid from foreign countries and international organisations. iv. Recovery of loan					Rs in Crores	i	Plan capital expenditure	120	ii	Revenue expenditure	100	iii	Non-planned capital expenditure	80	iv	Revenue receipts	70	v	Capital receipts net of borrowings	140	vi	Interest payments	30	6
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	<b>SECTION B – INDIAN ECONOMIC DEVELOPMENT</b>											
18	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> During the Colonial Rule, India’s exports exceeded imports, which resulted in a surplus of the balance of trade.</p> <p><b>Reason (R):</b> Trade Surplus was used for the development of the Indian economy.</p> <p><b>Alternatives:</b></p> <ul style="list-style-type: none"><li>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</li><li>b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</li><li>c. Assertion (A) is true but Reason (R) is false.</li><li>d. Assertion (A) is false but Reason (R) is true.</li></ul>	1										
19	<p>Arrange the following events in chronological order and choose the correct alternative:</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>a. First official census</td><td>i. 1869</td></tr><tr><td>b. Year of great divide</td><td>ii. 1853</td></tr><tr><td>c. Opening of Suez Canal</td><td>iii. 1921</td></tr><tr><td>d. Introduction of Railways in India by the British</td><td>iv. 1881</td></tr></table> <p><b>Alternatives:</b></p> <ul style="list-style-type: none"><li>(a) a-i, b-ii, c-iii, d- iv</li><li>(b) a- ii, b- iv, c- ii d- i</li><li>(c) a-iv, b-iii, c-i, d- ii</li><li>(d) a- iii, b- iv, c- ii d- i</li></ul>	Column I	Column II	a. First official census	i. 1869	b. Year of great divide	ii. 1853	c. Opening of Suez Canal	iii. 1921	d. Introduction of Railways in India by the British	iv. 1881	1
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20	<p>The shackles of agriculture during the colonial rule were permanently broken by the Green Revolution that resulted from the application of ---</p> <ul style="list-style-type: none"><li>1. High Yielding Varieties (HYV)</li><li>2. Mechanization of Agriculture</li><li>3. Chemical Fertilizers and Pesticides</li><li>4. Organic Fertilizers and Pesticides</li></ul> <p><b>Alternatives:</b></p> <ul style="list-style-type: none"><li>a. 1, 2, 4</li><li>b. 1, 2, 3</li><li>c. 2, 3, 4</li><li>d. 1, 3, 4</li></ul>	1										
21	<p>Which of the following statements about the land ceiling policy is true?</p> <ul style="list-style-type: none"><li>a) It led to equity in agricultural sector.</li><li>b) Many land lords were able to escape the legislation.</li><li>c) The implementation of the legislation was challenged by some tenants.</li><li>d) It was successful in West Bengal and Kerala because it met no</li></ul>	1										

	resistance.	
22	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> Government decided to develop Navratnas as global players in their respective areas of industrialization.</p> <p><b>Reason (R):</b> Navratnas were highly efficient profit-making PSUs and were revenue generators for the government.</p> <p><b>Alternatives:</b></p> <ol style="list-style-type: none"> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</li> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</li> <li>Assertion (A) is true but Reason (R) is false.</li> <li>Assertion (A) is false but Reason (R) is true.</li> </ol>	1
23	<p>Consider the following statements relating to Foreign Sector Reforms and mark the correct combination:</p> <ol style="list-style-type: none"> <li>It falls under the category of Liberalisation.</li> <li>Liberalisation of trade policy was a major reform undertaken.</li> <li>Devaluation of Indian rupee was another major reform.</li> </ol> <ol style="list-style-type: none"> <li>Only 1</li> <li>Only 1 and 2</li> <li>All of the above</li> <li>None of the above</li> </ol>	1
24	<p>Before introducing new technology, a firm provides the basic skills to the workers regarding its usage.</p> <p>This is which source of human capital formation?</p> <ol style="list-style-type: none"> <li>Study programs for adults</li> <li>On the job training</li> <li>Expenditure on information</li> <li>Investment in education</li> </ol>	1
25	<p>Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:</p> <p><b>Assertion (A):</b> Brain drain reduces the quality of human capital.</p> <p><b>Reason (R):</b> Imbalance between demand and supply of human resources of different categories have led to waste age of resources</p> <p><b>Alternatives:</b></p> <ol style="list-style-type: none"> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</li> <li>Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</li> <li>Assertion (A) is true but Reason (R) is false.</li> <li>Assertion (A) is false but Reason (R) is true.</li> </ol>	1
26	<p>Which of the following was not the benefit accruing from Golden Revolution?</p> <ol style="list-style-type: none"> <li>Increase in the income of the farmers</li> </ol>	1

	b. Increase in production of milk and related products c. Increase in production and exports of fruits and vegetables d. Employment for women in rural areas	
27	Read the following statements carefully and choose the correct alternative from the following: <b>Statement 1:</b> The various institutional sources used to exploit small farmers by lending them credit at high interest rates. <b>Statement 2:</b> National Bank for Agricultural and Rural Development is the Apex Bank which works for the expansion of rural credit. <b>Alternatives:</b> (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 2 is true and Statement 1 is false.	1
28	a. What role did the government play in ensuring that the green revolution benefited small farmers as well? b. "Policy of import substitution can protect the domestic industry from foreign competition.". Do you agree? Give reasons in support of your answer.	3
29	Discuss any three measures initiated by the government to improve Agricultural marketing in India.	3
30	Read the following statements carefully. Write True / False with a reason. a. Vocationalisation of education is an essential ingredient of human capital formation. b. Rising population is a serious roadblock in the process of human capital formation in India.	4
31	<b>Read the following case study paragraph carefully and answer the questions on the basis of the same.</b> The adoption of a socialist framework as the national objective necessitated that industries of strategic importance and those serving public utility functions remain under the public sectors control. Additionally, industries deemed essential and requiring significant investment were also to be managed by the public sector. To implement this vision effectively, the Government of India classified industries into three categories. This classification aimed to ensure the governments active involvement, either directly or indirectly, in guiding industrial development and fostering economic growth in alignment with socialist principles. a. 'Under IPR 1956, the private sector was kept under state control through licensing system.' The objective of such policy was----- i. To promote regional equality ii. To ensure that production exceeds what the economy required	4



	<p>iii. To ensure that private sector enterprise should not create monopoly</p> <p>iv. Both (a) and (c)</p> <p>b. Read the following statements carefully and choose the correct alternative:  <b>Statement 1:</b> Under IPR 1956, First category comprised industries exclusively owned by state.  <b>Statement II:</b> Second category comprised of Industries where state will supplement private sector.  <b>Alternatives:</b>  a. Both the statements are true.  b. Both the statements are false  c. Statement I is true, Statement II is false  d. Statement II is true, Statement I is false  c. How do small scale industries promote rural development? Explain.</p>	
32	<p>“It is the process of hiring regular service from external sources, mostly from other countries, which was previously provided internally or form within the country”.</p> <p>Identify the concept discussed in the given para. State the advantages of the concept identified</p>	4
33	<p>a) What is Agricultural Diversification? Write its different forms.  b) ‘Agricultural Diversification is helpful to farmers’ Do you agree? Explain.</p>	6
34	<p><b>Read the following case study paragraph carefully and answer the questions on the basis of the same.</b></p> <p>The economic liberalisation in India refers to the opening of the country's economy to the world with the goal of making the economy more market and service-oriented and expanding the role of private and foreign investment. Indian economic liberalisation was part of a general pattern of economic liberalisation occurring across the world in the late 20th century. Although some attempts at liberalisation were made in 1966 and the early 1980s, a more thorough liberalisation was initiated in 1991. The reform was prompted by a balance of payments crisis that had led to a severe recession and also as per structural adjustment programs for taking loans from IMF and World Bank. Through reform, India overcame its worst economic crisis in the remarkably short period of two years. Specific changes included reducing import tariffs, deregulating markets, and reducing taxes, which led to an increase in foreign investment and high economic growth in the 1990s and 2000s. From 1992 to 2005, foreign investment increased 316.9%, and India's gross domestic product (GDP) grew from \$266 billion in 1991 to \$2.3 trillion in 2018 According to one study, wages rose on the whole, as well as wages as the labor-to-capital relative share. As an effect of the liberalisation in 1991, Poverty reduced from 36 percent in 1993-94 to 24.1 percent in 1999-00. India</p>	6

	<p>also increasingly integrated its economy with the global economy. The ratio of total exports of goods and services to GDP in India approximately doubled from 7.3 percent in 1990 to 14 percent in 2000. This rise was less dramatic on the import side but was significant, from 9.9 percent in 1990 to 16.6 percent in 2000. Within 10 years, the ratio of total goods and services trade to GDP rose from 17.2 percent to 30.6 percent. Liberalisation policies of Indian government have been criticized for increasing inequality and concentration of wealth. The reforms have also been criticised for worsening rural living standards and unemployment and increasing farmer suicides.</p> <p style="text-align: right;">(Source: Wikipedia)</p> <p>a) State the meaning of liberalisation and what steps were taken to liberalized Indian economy?</p> <p>b) Justify the following statement with valid explanation:  “Liberalisation enabled sufficient economic development opportunities and world’s fastest growing economy”.</p>	
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