

**SPECTRA PRACTICE PAPER (2025-26)**  
**CLASS-XII**  
**SUBJECT-ECONOMICS (030)**

**M.M-80**

**TIME-3 Hrs.**

**GENERAL INSTRUCTIONS:**

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

**MACRO ECONOMICS**

1.	A factory's machinery is valued at ₹5 crore. During the year, machines worth ₹50 lakh are produced. Which is stock and which is flow? a) ₹5 crore = stock, ₹50 lakh = flow b) ₹5 crore = flow, ₹50 lakh = stock c) Both are stock d) Both are flow	(1)
2.	A bank 'run' occurs when a large number of customers of a bank withdraw their deposits simultaneously. This can cause a bank to become insolvent if they cannot pay back all the depositors. <b>Which of the following facts about a bank make a bank run possible?</b> (a) Banks hold only about 15 per cent of their deposits as cash. The rest of the deposits are given out as loans. (b) Banks have to pay a specific amount to the person in whose name a cheque has been issued. (c) Banks charge a higher interest rate on loans than what they offer on deposits. (d) Banks pay an amount to account holders as interest on deposits.	(1)
	Read the following statements and answer Q 3 and Q4 : I. Mr. X, an Indian citizen, has been working in Canada for the last 2 years and sends money back home. II. Ms. Y, an American citizen, works in India for 4 years in an MNC. III. Mr. Z, an Indian student, goes to the USA for a 2-year MBA program.	
3.	Who among them is treated as a "normal resident" of India?	(1)
4.	Whose income will be included in India's Domestic Income and in India's National Income?	(1)

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5.	From the following data calculate <b>fiscal deficit</b> .	(1)																					
	<table border="1"> <thead> <tr> <th>S no.</th><th>Items</th><th>₹ in Billions</th></tr> </thead> <tbody> <tr> <td>i.</td><td>Capital receipt</td><td>20</td></tr> <tr> <td>ii.</td><td>Revenue expenditure</td><td>100</td></tr> <tr> <td>iii.</td><td>Interest payment</td><td>10</td></tr> <tr> <td>iv.</td><td>Borrowings</td><td>45</td></tr> <tr> <td>v.</td><td>Tax revenue</td><td>20</td></tr> <tr> <td>vi.</td><td>Non tax revenue</td><td>5</td></tr> </tbody> </table>	S no.	Items	₹ in Billions	i.	Capital receipt	20	ii.	Revenue expenditure	100	iii.	Interest payment	10	iv.	Borrowings	45	v.	Tax revenue	20	vi.	Non tax revenue	5	
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6.	A country allows its currency to fluctuate within a narrow band around a central parity but can intervene occasionally. Which system does this describe?	(1)																					
7.	An Indian company purchases new machinery worth \$10 million from Germany. This transaction will appear in India's BoP as: a) Current Account – credit b) Capital Account – inflow c) Current Account – debit d) Capital Account – debit	(1)																					
8.	<p><b>Assertion (A):</b> Disinvestment is a non-debt creating capital receipt.</p> <p><b>Reason (R):</b> Disinvestment do not cause any debt burden as they arise because of liquidation of past investments.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true but Reason (R) is false</p> <p>(d) Assertion (A) is false but Reason (R) is true</p>	(1)																					
9.	<p>“The Cabinet led by Prime Minister has decided that the Central Government will provide free food grains to 81.35 crore (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1st January, 2024.”</p> <p><b>Based on this statement, identify the budgetary objective the government is trying to achieve and choose the correct option:</b></p> <p>(a) Reallocation of resources</p> <p>(b) Economic stability</p> <p>(c) Redistribution of income</p> <p>(d) Economic instability</p>	(1)																					
10.	Exports of COVID-19 vaccines manufactured in India has led to (a) inflow of Indian currency (b) outflow of foreign currency (c) inflow of foreign currency and employment generation (d) outflow of foreign currency and employment generation	(1)																					


11.	<p>The Government of India has been borrowing heavily from the market to fund its rising expenditure. As a result, private companies report that interest rates have increased, making it more costly for them to borrow for investment.</p> <p>a) Identify and explain the economic concept reflected in this situation. (Government Budget)</p> <p>b) State one possible long-term implication of this situation on the country's economic growth.</p>	(3)														
12.	<p>Calculate the value of <b>NVA at FC</b> using the given data:</p> <table><tr><th>Items</th><th>Amount (₹)</th></tr><tr><td>Sale of rice in the market</td><td>580</td></tr><tr><td>Purchase of tractor and thrasher</td><td>400</td></tr><tr><td>Procurement of rice by the government</td><td>20</td></tr><tr><td>Self-consumption of rice during the year</td><td>15</td></tr><tr><td>Expenditure of running and maintenance of tractor and thrasher</td><td>20</td></tr><tr><td>Fertiliser subsidies received from the government</td><td>3</td></tr></table>	Items	Amount (₹)	Sale of rice in the market	580	Purchase of tractor and thrasher	400	Procurement of rice by the government	20	Self-consumption of rice during the year	15	Expenditure of running and maintenance of tractor and thrasher	20	Fertiliser subsidies received from the government	3	(3)
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13.	<p>A commercial bank receives a fresh deposit of ₹20,000. The bank is required to keep 10% of all deposits as cash reserve.</p> <p>(a) Identify the economic procedure being applied here.</p> <p>(b) Explain step-by-step how this procedure works in the banking system.</p>	(4)														
14.	<p><b>Read the following and answer the given questions :</b></p> <p>The government budgeted 1.75 lakh crores from stake sale in PSU and financial institutions, including 2 PSU banks and one general insurance company, in the next fiscal year beginning April 1. For the fiscal year 2021-22, out of the total ₹ 1.75 lakh crores, ₹ 1 lakh cr. is to come from selling government stake in public sector banks and financial institutions. ₹ 75,000 crores would come as CPSE disinvestment receipts.</p> <p>Unveiling the disinvestment/ strategic disinvestment policy, Finance Minister Nirmala Sitharaman said four sectors - atomic energy, space and defence, transport and telecommunications, power, petroleum, coal and other minerals.</p> <p>— The Economic Times, 2 February, 2021</p> <p>i) Identify the following as revenue receipts or capital receipts. <b>Give reasons.</b></p> <p>(a) Sale of shares held by government in a PSU.</p> <p>(b) Profit earned through public sector undertakings like Indian Railways.</p> <p>(ii) There is no future obligation to return the amount in case of revenue receipts. State whether true or false with <b>valid explanation.</b></p>	(2+2)														
15.	<p><b>Read the following and answer the given questions:</b></p> <p>The current Covid-19 crisis may lead to a decline of 5.4 per cent in the per capita income of Indians in FY21 to ₹1.43 lakh, higher than the nominal GDP decline of 3.8 per cent, a report by the economists' arm of top lender State Bank of India said.</p> <p>- The Economic Times, 23 June, 2020</p> <p>(a) Nominal GDP can never be less than real GDP. State whether true or false with reason.</p> <p>(b) If the real GDP is ₹300 and nominal GDP is ₹330, calculate the value of Price Index.</p>	(4)														

16.	In recent years, India has experienced rising inflation due to increasing food and fuel prices. At the same time, industries are demanding cheaper loans to boost investment and employment. a) Which type of monetary policy should the RBI adopt in such a situation? Justify your answer. b) Suggest three specific monetary policy tools/measures the RBI can use to balance the goals of controlling inflation and supporting growth.			(3+3)																																																																		
17.	<b>Find NNP at FC and factor income from abroad.</b> <table><tr><td>1.</td><td>Net imports</td><td>15000</td></tr><tr><td>2.</td><td>Consumption of fixed capital</td><td>5000</td></tr><tr><td>3.</td><td>Government final consumption expenditure</td><td>38000</td></tr><tr><td>4.</td><td>Non institutional private final consumption expenditure</td><td>12000</td></tr><tr><td>5.</td><td>Subsidies</td><td>2000</td></tr><tr><td>6.</td><td>Rent</td><td>7000</td></tr><tr><td>7.</td><td>Factor income to abroad</td><td>12000</td></tr><tr><td>8.</td><td>Royalty</td><td>4500</td></tr><tr><td>9.</td><td>Corporation Tax</td><td>3000</td></tr><tr><td>10.</td><td>Household final consumption expenditure</td><td>30000</td></tr><tr><td>11.</td><td>Net factor income to abroad</td><td>6000</td></tr><tr><td>12.</td><td>Interest</td><td>8500</td></tr><tr><td>13.</td><td>Dividend</td><td>12000</td></tr><tr><td>14.</td><td>Wages and salaries in kind</td><td>5000</td></tr><tr><td>15.</td><td>Wages and salaries in cash</td><td>15000</td></tr><tr><td>16.</td><td>Income of self employed</td><td>20000</td></tr><tr><td>17.</td><td>Net domestic fixed capital formation</td><td>15000</td></tr><tr><td>18.</td><td>Inventory investment</td><td>5000</td></tr><tr><td>19.</td><td>Contribution to social security scheme by employer</td><td>5000</td></tr><tr><td>20.</td><td>Contribution to social security scheme by employee</td><td>15000</td></tr><tr><td>21.</td><td>Savings of private corporate sector</td><td>2000</td></tr><tr><td>22.</td><td>Indirect tax</td><td>5000</td></tr></table>			1.	Net imports	15000	2.	Consumption of fixed capital	5000	3.	Government final consumption expenditure	38000	4.	Non institutional private final consumption expenditure	12000	5.	Subsidies	2000	6.	Rent	7000	7.	Factor income to abroad	12000	8.	Royalty	4500	9.	Corporation Tax	3000	10.	Household final consumption expenditure	30000	11.	Net factor income to abroad	6000	12.	Interest	8500	13.	Dividend	12000	14.	Wages and salaries in kind	5000	15.	Wages and salaries in cash	15000	16.	Income of self employed	20000	17.	Net domestic fixed capital formation	15000	18.	Inventory investment	5000	19.	Contribution to social security scheme by employer	5000	20.	Contribution to social security scheme by employee	15000	21.	Savings of private corporate sector	2000	22.	Indirect tax	5000	(6)
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18.	Taxes that are levied on any Intra-State purchase are? (a) IGST (b) CGST and SGST (c) SGST (d) CGST			(1)																																																																		
19.	Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below: <b>Assertion (A):</b> The 12th Five Year Plan tried to raise India's Gross Enrolment Ratio in higher education to 25.2% by 2017-18 and to 30% by 2020-21. <b>Reason (R):</b> The quality of the population ultimately decides the growth rate of the country. <b>Alternatives:</b> (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)			(1)																																																																		

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20.	Government of India has allowed oil marketing public sector undertakings to fix their own price for petrol and diesel. Which economic reform is the reason for this change in government policy?	(1)
21.	Read the following statements carefully and identify the false statement with respect to the Pradhan Mantri Jan Dhan Yojana: (a) It promotes habit of saving among masses. (b) Government uses it for direct benefit transfers under various schemes. (c) Each account holder is entitled to ₹ 5,00,000 accidental insurance and ₹ 30,000 life insurance. (d) It ensures financial inclusion of every account holder.	(1)
22.	On the eve of Independence, India's demographic condition was characterised by which of the following statement? (a) Low level of literacy, low mortality rates and high life expectancy. (b) High level of literacy, high mortality rates and low life expectancy. (c) Low level of literacy, high mortality rates and high life expectancy. (d) Low level of literacy, high mortality rates and low life expectancy.	(1)
23.	'Under IPR 1956, the private sector was kept under state control through licensing system? The objective of such policy was (a) To promote regional equality (b) To ensure that production exceeds what the economy required. (c) To ensure that private sector enterprises should not create monopoly. (d) Both (a) and (c)	(1)
24.	<b>C. Rajagopalachari, a founder of the Swatantra Party, coined the term 'permit-license raj' to encapsulate the party's frustrations with Nehru's policies, writing in his magazine Swarajya:</b> "I want the corruptions of the Permit/Licence Raj to go... I want real, equal opportunities for all and no private monopolies created by the Permit/Licence Raj." How were these private monopolies indulging in the corruption that C. Rajagopalachari talks about? (a) They led to lobbying and personal benefits for big industrial houses. (b) They continued to function even when running into losses. (c) They exploited the people by grossly increasing prices. (d) They could not compete with international products.	(1)
25.	Identify the correct statement from the following: (a) Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade. (b) Effective trade policies of commodity production, trade and tariff pursued by the colonial government favourably affected the structure, composition and volume of India's foreign trade. (c) Liberal policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.	(1)

	(d) Restrictive policies of commodity production, trade and tariff pursued by the colonial government favourably affected the structure, composition and volume of India's foreign trade.	
26.	<p><b>'In India, agricultural subsidies have always been a topic of debate among the economic thinkers!'</b></p> <p>Identify, which of the following statement is not an argument in favour of continuation of the agricultural subsidies in India.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> <li>(a) Subsidies encourage farmers to adopt newer technologies.</li> <li>(b) Subsidies help farmers to face the uncertainties of future.</li> <li>(c) Subsidies aim to reduce the inequalities between rich and poor farmers.</li> <li>(d) Subsidies mainly benefits the fertiliser industry and big farmers.</li> </ul>	(1)
27.	<p>In urban areas with high population density, what challenge is often associated with housing and living conditions?</p> <ul style="list-style-type: none"> <li>(a) Difficulty in accessing essential services due to congested living conditions</li> <li>(b) Inadequate housing and overcrowding, leading to slum settlements</li> <li>(c) Limited open spaces and recreational areas, affecting quality of life</li> <li>(d) High home ownership rates, leading to limited rental options</li> </ul>	(1)
28.	<p>The policy of liberalisation changed the role of Reserve Bank of India (RBI) from 'a regulator' to 'facilitator' in the financial sector. Defend or refute the given statement with valid arguments.</p> <p style="text-align: center;"><b>OR</b></p> <p>Every year, the government fixes the target for disinvestment of PSE's. Do you think selling a part of the properties of the government companies is the best way to improve their efficiency? Explain giving reasons.</p>	(3)
29.	<p><b>Read the following and answer the given questions :</b></p> <p>A country's growth is directly related with economic empowerment of all its communities and social groups. Education is one of the foremost potent drivers towards economic empowerment.</p> <p>Government initiative is critical in improving the capacity of education system. Governments have big spending budgets as compared to non-public players. However, government spending has been low across India and must increase.</p> <ul style="list-style-type: none"> <li>a) "Education is the core element of skill formation." Comment.</li> <li>b) State the two ways in which governments make expenditure on education.</li> </ul>	(1+2)
30.	<p>Read the following and answer the given questions:</p> <p>To make India a globally competitive economy, there must be a larger focus on exporting to the most demanding markets. A stronger participation of Indian Micro, Small and Medium Enterprises (MSMEs) in the global market can accelerate such a growth. The MSME sector in India is the backbone of our country's economic structure and without this the country cannot progress. With over 63 million, MSME units, this sector covers 80% of the industries. This sector accounts for 31% of GDP and 45% of total exports. The MSME's should work towards becoming a part of global value chains .</p> <ul style="list-style-type: none"> <li>a) State the feature of MSMEs.</li> <li>b) Identify the contribution of MSME based on above text.</li> </ul>	(4)



31.	 <p>The Government of India promotes electric vehicles (EVs) through subsidies and tax rebates. However, a large share of electricity used to charge EVs still comes from coal-based power plants.</p> <p>a) Do you think this policy ensures sustainable development? Justify your answer. b) Suggest two steps that could make this policy more environmentally sustainable.</p>	(2+2)
32.	<p>Read the situations below and identify the most suitable <b>source of human capital formation</b> for each. Give reasons for your choice.</p> <p>a) A coastal state invests in building cyclone shelters, trains volunteers in disaster management, and conducts regular evacuation drills in schools. b) A state government collaborates with private firms to set up technology parks where young engineers are hired, mentored by senior experts, and encouraged to work on live projects. c) Families from drought-prone areas send their children to stay with relatives in cities where they can attend better schools and also work part-time to support themselves. d) An NGO conducts workshops in villages on financial literacy, explains how to open bank accounts, and spreads awareness about government pension schemes.</p>	(4)
33.	<p>a) Explain how the introduction of GST has changed the pattern of indirect taxation in India. Critically evaluate whether GST has been able to achieve the objective of "One Nation, One Tax."</p> <p>b) Demonetisation was aimed at curbing black money and promoting a digital economy. Discuss any two economic benefits and two limitations of this step in the context of India's growth and development.</p>	(2+4)
34.	<p><b>Read the following and answer the given questions:</b></p> <p>India's foreign trade has witnessed a major transformation since independence. Over the years, India has diversified both its exports and imports. Today, petroleum products, engineering goods, chemicals, and IT services form a large share of exports, while imports include crude oil, gold, electronics, and defence equipment.</p> <p>a) With valid reasoning, explain how the composition of India's exports and imports reflects the structural changes in the Indian economy. b) Despite diversification, India continues to face a persistent trade deficit. State and explain the reasons responsible for this situation.</p>	(3+3)

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