

PRINCIPAL SAAB
Periodic Assessment 1 (PA-1) — Sample Paper
Class XII | Economics (030) | Periodic Assessment 1 | Session 2026-27

Time: 40 minutes | Maximum Marks: 25 | Question Paper

This is a Periodic Assessment (PA-1) style practice paper for Class 12 Economics, covering Introductory Macroeconomics Unit 1 (National Income and Related Aggregates) — which also includes the basic concepts of final, intermediate and capital goods, stocks and flows, and gross investment and depreciation — together with Indian Economic Development Chapter 1 (Indian Economy on the Eve of Independence) and Chapter 2 (Indian Economy 1950-1990). Time: 40 minutes. Maximum Marks: 25. Every question is tagged with its book and chapter, so you can skip a chapter your school has not covered yet. Money and Banking is not included in this paper.

Periodic Assessment pattern — school pattern se thoda alag ho sakta hai.

How the marks are split: Section A has 5 questions of 1 mark each, Section B has 4 questions of 2 marks each, Section C has 3 questions of 3 marks each, and Section D is one case-based question of 3 marks. In the tags below, Macro means Introductory Macroeconomics and IED means Indian Economic Development.

Section A — Multiple Choice Questions (1 mark each)

- Q1. [Macro Ch 1] Flour bought by a bakery to bake bread for sale is classified as:(a) Final good(b) Intermediate good(c) Capital good(d) Consumption good
- Q2. [Macro Ch 1] Which of the following is a stock variable?(a) Income of a household during a year(b) Investment made during a year(c) Wealth held by a household on 31 March(d) Depreciation charged during a year
- Q3. [Macro Ch 1] If Gross Domestic Product at Market Price is Rs 4,000 crore, depreciation is Rs 300 crore and net indirect taxes are Rs 200 crore, then Net Domestic Product at Factor Cost equals:(a) Rs 3,500 crore(b) Rs 3,700 crore(c) Rs 3,900 crore(d) Rs 4,100 crore
- Q4. [IED Ch 1] The main aim of British colonial economic policy in India was to:(a) Develop India's modern industrial base(b) Make India a supplier of raw materials and a market for British manufactured goods(c) Achieve self-sufficiency in food grains(d) Promote heavy machine-building industries
- Q5. [IED Ch 2] The Industrial Policy Resolution 1956 classified industries into:(a) Two categories(b) Three categories(c) Four categories(d) Five categories

Section B — Very Short Answer Questions (2 marks each)

- Q6. [Macro Ch 1] Distinguish between gross investment and net investment, and state the relationship between them. (1 + 1)
- Q7. [Macro Ch 1] A firm's value of output is Rs 80 lakh and its purchase of intermediate goods is Rs 52 lakh. Calculate its gross value added at market price. In one line, state why intermediate purchases are subtracted. (1 + 1)
- Q8. [IED Ch 1] Give any two reasons for the decline of India's handicraft industry during British rule. (1 + 1)
- Q9. [IED Ch 2] State any two goals of India's Five Year Plans and briefly explain any one of them. (1 + 1)

Section C — Short Answer Questions (3 marks each)

- Q10. [Macro Ch 1] From the following data, calculate National Income (Net National Product at factor cost) by the income method. Show your working. Compensation of employees Rs 1,200 crore; Rent Rs 250 crore; Interest Rs 180 crore; Profit Rs 370 crore; Mixed income of the self-employed Rs 600 crore; Net factor income from abroad Rs (–)40 crore; Consumption of fixed capital Rs 150 crore; Net indirect taxes Rs 220 crore.
- Q11. [Macro Ch 1] In 2024-25 a country's nominal GDP was Rs 6,600 crore and its real GDP (at 2011-12 base-year prices) was Rs 5,500 crore.(a) Calculate the GDP deflator. (1)(b) State what this value tells you about the general price level. (1)(c) Will a rise in nominal GDP always mean that people are better off? Give one reason. (1)
- Q12. [IED Ch 2] Explain India's industrial policy between 1956 and 1990 under the following three heads, one point each: (1 + 1 + 1)(a) the three-fold classification of industries under the Industrial Policy Resolution 1956;(b) industrial licensing;(c) the protection given to small-scale industry.

Section D — Case-Based Question (3 marks)

Read the following case and answer the questions that follow.

Ravi runs a flour mill. During the year he buys wheat worth Rs 40 lakh from farmers, all of which is used up in production during the same year. He sells flour worth Rs 55 lakh during the year, and flour worth Rs 10 lakh is lying unsold in his warehouse at the end of the year. During the same year Ravi also buys a new grinding machine for Rs 12 lakh. Depreciation on all his machinery for the year is Rs 5 lakh.

- Q13. [Macro Ch 1]
- Calculate the mill's gross value added at market price. (1)
 - Calculate the mill's net value added at market price. (1)

- Ravi says the Rs 12 lakh grinding machine should be subtracted as an intermediate cost. Do you agree? Give a reason.
(1)

More PA-1, unit test and half-yearly papers for every class are collected on the Unit Test Practice 2026-27 hub. The Class 12 Economics chapter notes for these chapters are being finalised and will be linked here once they are published.

Kaizen: One honest 40-minute attempt, marked strictly against the answer key, tells you more about your preparation than a whole evening of re-reading the chapter. Attempt the paper first, then open the key.