



**PREBOARD EXAMINATION (2021-22)**

**TERM I - SET A**

**SUBJECT: ECONOMICS**

**MAX. MARKS: 40**

**GRADE: XII**

**MAX TIME: 90 MINS**

**Name:**

**Section:**

**Roll No:**

**Set:**

**GENERAL INSTRUCTIONS:**

1. There are a total 60 questions in this paper out of which 50 questions are to be attempted.
2. This paper is divided into three Sections:
  - a. Section A – Contains 24 questions. Attempt any 20 questions.
  - b. Section B – Contains 24 questions. Attempt any 20 questions.
  - c. Section C – Contains 12 questions. Attempt any 10 questions.
3. All questions carry equal marks.
4. There is no negative marking.

**SECTION A (20 questions out of 24 questions are to be attempted)**

1. What items are not included in  $M_1$  measure of supply?
  - a. Currency and coins with public
  - b. Inter-bank deposits
  - c. Other deposits with RBI
  - d. Net demand deposits with banks
2. Under Statutory Liquidity Ratio, commercial banks are required to keep a fraction of \_\_\_\_\_ in the form of liquid assets.
  - a. Total deposits
  - b. Term deposits
  - c. Total demand and term deposits
  - d. Current deposits
3. Deposit creation by banks comes to an end when \_\_\_\_\_.
  - a. fresh deposits with banks become zero
  - b. legal reserve ratio becomes zero
  - c. money multiplier becomes zero
  - d. total reserves equal initial deposits
4. Statement 1: All financial institutions are banks  
Statement 2: The main function of banks is to accept deposits and advance loans
  - 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
5. Which of the following is not a part functions performed by the central bank?
  - a. Credit creation
  - b. Performing the clearing house function
  - c. Ensuring the compliance of commercial banks towards directives say CRR and SLR
  - d. Lender of last resort
6. Which of the following statement is not true for fiscal deficit?
  - a. represents the borrowing of the government.
  - b. is the difference between total expenditure and total receipts of the government.

- c is the difference between total expenditure and total receipts other than borrowing
- d increases the future liability of the government
7. Statement 1: GST is an indirect tax.  
Statement 2: The burden of indirect tax can be shifted to others
- 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
8. Choose the correct option from given below:
- a Non-tax revenues of the government are non-recurring in nature      b Borrowings from rest of the world are revenue receipts
- c During inflationary gap, government prepares deficit budget      d Recovery of loans from rest of the world is capital receipt
9. Increase in the value of foreign commodities in term of domestic currency as planned by the government refers to
- a Revaluation      b Devaluation
- c Either (a) or (b)      d Cannot predict the impact of the above situation
10. Statement 1: Managed floating exchange rate system is a hybrid system of exchange rate used by most of the countries in recent time.  
Statement 2: Excessive fluctuation in exchange rate system is checked by the central authority under dirty floating exchange rate.
- 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
11. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I.
- | Column I                      | Column II                                  |
|-------------------------------|--|
| a. External Assistance        | (i) Current account of BoP                 |
| b. Foreign direct investment  | (ii) Credit item of capital account of BoP |
| c. Export and import of goods | (iii) Debit item of capital account of BoP |
| a A-(i), B-(iii) C- (ii)      | b A-(ii), B- (iii), C-(i)                  |
| c A-(i), B(ii), C-(iii)       | d A- (iii) B-(i) C- (ii)                   |
12. At the state of equilibrium in balance of payments, there is be deficit in either of the accounts. Deficit in which account will be considered as better?
- a Current account      b Capital Account
- c Both (a) or (b)      d Neither (a) or (b)
13. The US \$ exchange rate for rupee is Rs. 80 now, as compared to Rs. 63 previously. This shows that the value of rupee has \_\_\_\_\_.
- a Depreciated      b Appreciated
- c Devalued      d Revalued
14. During the outbreak of the second wave of Covid-19 in the country, India received medical equipments from many countries. On which account and which side, it will be recorded?

- 15 State the correct combination between the following columns:

a	A- (ii), B- (iv), C- (iii), D- (i)	b	A- (i), B-(iv), C- (iii), D (ii)
c	A- (ii), B-(iv), C-(i), D –(iii)	d	A- (iii), B-(iv), C –(i), D – (ii)

- 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, but 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.

- (i) Introduction of second phase of green revolution
- (ii) Setting up of Karve Committee for encouraging rural development
- (iii) Setting up of Planning Commission
- (iv) Introduction of the New Economic Policy

- |   |            |   |             |
|---|------------|---|-------------|
| a | First Plan | b | Second Plan |
| c | Third Plan | d | Fourth Plan |

- a Green Revolution failed to bring productivity spurt in fruits and vegetables crop
- b White Revolution is associated with milk
- c Golden Revolution enhanced the productivity of fruits and vegetables
- d None of these

- 21 \_\_\_\_\_ was the predecessor organisation to World Trade Organisation (WTO)
- a International Bank for Reconstruction and Development (IBRD)      b International Monetary Fund (IMF)
- c Reserve Bank of India (RBI)      d General Agreement on Tariffs and Trade (GATT)
- 22 “In the measurement of poverty two distinct problems must be faced, viz. (i) Identifying the poor among the total population, and (ii) Constructing an index of poverty using the available information on the poor”
- Identify the correct combination used for addressing the problem i) and ii) respectively.
- a Head Count Ratio and Poverty Line      b Poverty line and Head Count Ratio
- c Sen Index and Poverty line      d Sen Index and Head Count Ratio
- 23 Statement 1: Traditionally most credit needs of the farmers were met through institutional sources.
- Statement 2: ‘Kudumbashree’ was started in 1995 in Kerala as a small savings bank for poor women to encourage savings.
- 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
- 24 Which of the given statement is incorrect with regard to the role of Information Technology (IT) in rural development?
- a It has ushered in a knowledge economy      b Government can predict the areas of food insecurity by using appropriate software tools
- c Provides information regarding prices, weather and soil conditions for growing different crops      d Results in an equitable distribution of resources

**SECTION B (20 questions out of 24 questions are to be attempted)**

- 25 If the total deposits created by commercial banks is Rs. 10,000 crores and legal reserve requirements is 40%, then amount of initial deposits will be \_\_\_\_\_
- a Rs. 2,000 crores      b Rs. 3,000 crores
- c Rs. 4000 crores      d Rs. 14000 crores
- 26 Assertion (A): Higher Cash Reserve Ratio implies higher capacity of the commercial banks to create credit.
- Reasoning (R): Credit multiplier is the reciprocal of cash reserve ratio.
- 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, but 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.

- 27 Assertion (A): Demonetisation removes the legal tender status of currency making it an unacceptable mode of payment.  
Reasoning (R) ): The intrinsic value of currency notes is very less than the actual denominated value.
- 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, but 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.
- 28 Recently the Union Government introduced Ujjawala Yojana which provides free LPG connection to the women in rural area. Which of the following objective of government budget is fulfilled in this case?
- a Reducing inequality of income and wealth      b Reallocation of resources
- c Economic growth      d Economic stability
- 29 Assertion (A): Appreciation of domestic currency means a rise in price of domestic currency.  
Reasoning (R ): Appreciation leads to increase in exports.
- 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, but 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.
- 30 Assertion (A): Make in India campaign initiated by the government leads to rise in foreign exchange rate.  
Reasoning (R ): Inflow of foreign exchange improves the trade deficit of the country.
- 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, but 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.
- 31 Identify the correctly matched pair form Column I to Column II:
- | Column I   | Column II                              |
|--|--|
| A. Increase of foreign exchange reserve from \$ 700 to \$ 900 millions | (i) Debit side of Capital Account      |
| B. Dasault Ltd invested in Reliance Defence                            | (ii) Credit side of capital account    |
| C. India gave a line of credit to Ghana                                | (iii) Credit side of capital account   |
| D. India borrowed \$ 200 million from the World Bank                   | (iv) Debit side of the capital account |
- a A- (i)      b B- (ii)
- c C- (iii)      d D- (iv)
- 32 If trade deficit shows a balance of Rs. (-) 1500 crores and export of goods is Rs. 5500 crores, value of import of goods will be

- 33 Assertion (A) : The economic condition of farmers under the British rule improved a lot.

- 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, but 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.

- 35 Select the correct combination between the following columns:

a            A- (ii), B- (i), C- (iv), D (iii)                  b            A- (iii), B- (i), C – (iv), D – (ii)

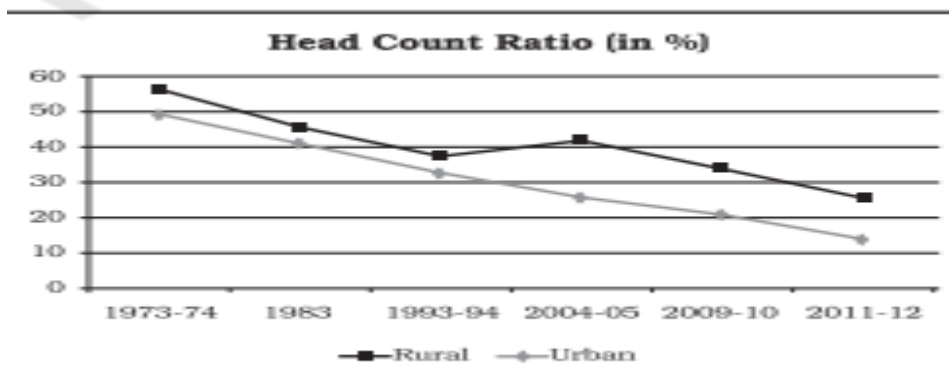
c            A- (iv), B-(i), C- (iii), D- (ii)                      d            A- (ii), B- (iii), C- (i) D- (iv)

- 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

- a Both Assertion and Reason are true, and Reason is the correct explanation of Assertion.
- b Both Assertion and Reason are true, and Reason is not the correct explanation of Assertion
- c Assertion is true, but Reason is false
- d Assertion is false but Reason is true

- 39 c National Urban Livelihood Mission d Prime Minister's Rozgar Yojana  
\_\_\_\_\_ five year plan recognized the importance of Human capital.
- a Third b Sixth  
c Seventh d Eighth
- 40 Assertion (A): High level of human capital implies not only high earning potential but also a change in the social and economic outlook.  
Reasoning (R): It transforms the way of thinking and allow an individual to make well-informed and rational decisions.
- a Both Assertion and Reason are true, and Reason is the correct explanation of Assertion. b Both Assertion and Reason are true, and Reason is not the correct explanation of Assertion  
c Assertion is true, but Reason is false d Assertion is false but Reason is true
- 41 Assertion (A): Physical capital and human capital do not depreciation with time.  
Reasoning (R): Depreciation can be reduced in human capital through education and health care expenditure.
- a Both Assertion and Reason are true, and Reason is the correct explanation of Assertion. b Both Assertion and Reason are true, and Reason is not the correct explanation of Assertion  
c Assertion is true, but Reason is false d Assertion is false but Reason is true
- 42 Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I
- | COLUMN I  | COLUMN II |
|---|-----------|
| A. Study Group formed by Planning Commission for poverty                            | (i)2005   |
| B. Task Force on Projections of the Minimum Needs and Effective Consumption Demands | (ii)1962  |
| C. Mahatma Gandhi National Rural Employment Guarantee Act                           | (iii)2014 |
| D. Jan Dhan Yojana  | (iv)1979  |
- Choose the correct alternatives:
- a A(ii), B- (iii), C- (iv), D-(i) b A- (iii) B- (ii), C- (i), D- (iv)  
c A- (i), B- (ii), C- (iii), D- (iv) d A- (ii), B- (iv), C- (i), D- (iii)
- 43 In the year \_\_\_\_\_ Indian government made free and compulsory education for age group of 6-14 years.
- a 2001 b 2009  
c 2003 d 2007
- 44 Assertion (A) Indian government took various measures to improve agricultural marketing.  
Reason (R) Farmers were often forced to sell at low prices due to lack of required market information.
- a Both Assertion and Reason are true, and Reason is the correct explanation of Assertion. b Both Assertion and Reason are true, and Reason is not the correct explanation of Assertion  
c Assertion is true, but Reason is false d Assertion is false but Reason is true

- 45 Study the above diagram which shows trends in urban and rural poverty in India from 1973-74 to 2011-12 and tick the incorrect statement:



- a The fall in percentage of rural poor from 1973-74 to 2011-12 is 22 %.
- b The gap between rural and urban poor has widened from 1973-74 to 2011-12
- c The increase in urban poverty can be a spill over of rural poverty
- d a) Where rural poverty stands at 25% in 2011-12, Urban poverty is 12%.

- 46 Assertion (A): Self-help groups largely focus on rural poor  
Reason (R): Rural people have no sustainable access to formal banking system.  
Choose the correct option:

- 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.
- c Assertion (A) is true, but Reason (R) is false.
- d Assertion (A) is false, but Reason (R) is true.

- 47 The government uses \_\_\_\_\_ as a proxy for income of households to identify the poor.

- a Quarterly per capital expenditure
- b Monthly per capita expenditure
- c Monthly per capita income
- d Both (b) and (c)

- 48 Assertion (A): The government increased the equity limit of foreign investment.  
Reasoning (R): With the increase in equity limit, foreign investment both direct and indirect were reduced.

- 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.

### SECTION C (10 questions out of 12 questions are to be attempted)

Read the following news report and answer the following questions on the basis of the same. The fiscal deficit in the 10 months to end January stood at Rs. 12.34 lakh crore or 66.8 % of the revised budget target for the whole of fiscal year, government data showed on Friday. Net tax receipts were Rs. 11.02 crore lakh crores, while total expenditure was Rs. 25.17 lakh crore, the data showed. On February 1, the government revised its fiscal deficit target for the current year that runs through March to 9.5 % of GDP instead of its original target of 3.5 % of GDP as the coronavirus pandemic lead to lower tax collection and higher spending.





- 58 Assertion (A): Industrial sector performed poorly during the reform period.  
Reasoning (R ): Inadequate investment in infrastructure and cheaper imports resulted in poor performance
- |   |  |
|---|--|
| 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 is false.   | d Assertion (A) is false, but Reason (R) is true.  |
- 59 Foreign direct investment does not include
- |   |   |
|---|---|
| a Investment made by foreigners by way of their business establishments in India. | b Investment made by foreign banking and non-banking institutions in Indian Companies |
| c Both (a) and (b)  | d None of the above   |
- 60 Which of the given taxes has been subsumed under the GST?
- |              |                    |
|--------------|--------------------|
| a Luxury tax | b Income tax       |
| c Profit tax | d All of the above |

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