



**FIRST TERM EXAMINATION (2021-22)**

**Subject: ECONOMICS**

**Max. Marks: 40**

**Grade: XII**

**Max Time: 90 mins**

Name:

Section:

Roll No:

**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 Which of the following systems is followed by RBI for issuing currency?
  - a. Simple deposit system
  - b. Minimum reserve system
  - c. Proportionate system
  - d. Fixed fiduciary issue system
2. When face value of money is equal to intrinsic value of money, it is called:
  - a. Credit money
  - b. Full bodied money
  - c. Fiat money
  - d. Fiduciary money
3. A change from Rs. 60 = 1\$ to Rs 62 = 1\$ indicates that Dollar has \_\_\_\_\_.
  - a. Appreciated
  - b. Depreciated
  - c. Neither (I) nor (ii)
  - d. Either (I) or (ii)
4. Transactions that take place to cover deficit or surplus are called \_\_\_\_\_ transactions.
  - a. Accommodating
  - b. Autonomous
  - c. Current account
  - d. Above the line
5. Initial deposits made by the people from their own resources are called \_\_\_\_\_.
  - a. Time deposits
  - b. Secondary deposits
  - c. Primary deposits
  - d. None of these
6. Identify which of the following statement is true relating to deficit in balance of trade account
  - a. Payments of the country exceed receipts of the country.
  - b. Payments and receipts of the country are balanced.
  - c. Import of the goods exceeds export of the goods.
  - d. Payment of the country are less than receipts of the country.
7. Direct taxes are \_\_\_\_\_.
  - a. Imposed on every member of the society
  - b. Helpful in reducing inequalities of income
  - c. Inflationary in nature
  - d. Helpful in reducing consumption of harmful commodities

8 Identify the correct pair from the column I and II.

	Column I		Column II
A	Capital account	(i)	Autonomous transactions
B	Current account	(ii)	Visible and Invisible goods
C	Accommodating Items	(iii)	Made for the purpose of profit.
D	Borrowing from Abroad	(iv)	Cannot be recorded in BOP

- a A - (i)
  - b B – (ii)
  - c C - (iii)
  - d D - (iv)
- 9 Indian rupee has appreciated in terms of British pound because of.....
- a Falling demand of pounds
  - b Shortage of pounds
  - c More supply of Indian rupees
  - d Less demand for Indian rupees
10. Indian economy suffered from low demand during pandemic. To save the economy finance minister decided to take loans from the Central Bank to inject money in the economy. Where will you record this transaction in the government's accounts book?
- a As capital receipt
  - b As revenue receipt
  - c As planned receipt
  - d As unilateral payment
11. Lower Repo Rate will lead to .....
- a decrease in money supply
  - b increase in money supply
  - c the same supply of money in the economy
  - d decrease in money demand
- 12 Which of the following tools are used by the central bank to control the flow of money in the domestic economy?
- a Fiscal tools
  - b Quantitative monetary tools
  - c Qualitative monetary tools
  - d Both (b) and (c)
13. The primary deficit in a government budget will be zero, when \_\_\_\_\_
- a Revenue deficit is zero
  - b Net interest payments are zero
  - c Fiscal deficit is zero
  - d Fiscal deficit is equal to interest payment
- 14 A government expenditure budget shows primary deficit of Rs.4400 crore. The government expenditure on the interest payment is Rs. 400crore. How much is the fiscal deficit?
- a Rs. 4800
  - b Rs. 4000
  - c Rs.4600
  - d None of these
- 15 How much educational cess has been imposed by the government on all union taxes?
- a 1%
  - b 2%
  - c 4 %
  - d 5%
- 16 Which of the following makes goods more expensive and discourage its import?
- a. Restrictions
  - b. Quotas
  - c. Tariffs
  - d. Penalties
- 17 India entered the -----stage of Demographic Transition after the year 1921.
- a Forth
  - b Second
  - c Third
  - d First
- 18 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Economic and social equality was considered as the principal goal of planning.  
Reason (R): Real income of the people decreased due to high rate of inflation.

- 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.
- 19 Covid vaccination is a type of
- a Preventive medicine      b Curative medicine
- c Social literacy      d Treatment during pandemic
- 20 Legally stipulated maximum size beyond which no individual farmer can hold any land:
- a Tenancy reforms      b Land consolidation
- c Abolition of Intermediaries      c Land Ceiling
- 21 Poverty alleviation Programmes are implemented with the help of which of the following programme from 1990 onwards?
- a Swarna Jayanti Gram Samriddhi Yojana      b MGNREGA
- c Jan Dhan Yojana      d Self Help Group
- 22 .....five-year plan recognised the importance of human capital?
- a Seventh      b Third
- c Eight      d Sixth
- 23 Which of the following is the poverty determination measure?
- a Head Count Ratio      b Sen Index
- c Poverty Gap Index      d All of these
- 24 Statement 1: The concept of Relative poverty is used to measure the total number of people living below poverty line.
- Statement 2: Extent of poverty is more in rural areas as compared to urban areas.
- a Both statements are true      b. Both statements are false
- c Statement 1 is true and Statement 2 is false      d. Statement 2 is true and Statement 1 is false

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

- 25 The government budget of a hypothetical economy presents the following information. Calculate Primary deficit.
- Revenue expenditure = Rs. 70,000 crores
  - Borrowings = Rs. 15000 crores
  - Revenue receipts = Rs. 50,000 crores
  - Interest Payments = Rs. 25% of revenue deficit
- a Rs. 20000 crores      b Rs. 5000 crores
- c Rs. 10000 crores      d Rs. 15000 crores
- 26 If rupee depreciates at a faster than desired by the government, the RBI is advised to
- a sell dollars in the foreign exchange market.      b purchase dollars in the foreign exchange market
- c print more currency notes.      d raise tariffs on imports.

27 From the set of statements given in Column I and Column II, choose the correct pair of statements:

	Column I		Column II
A	Export of software to France	i	Debit side of current account
B	Import of Machinery from China	ii	Capital Account of Balance of Payments
C	Remittances to relative staying abroad	iii	Debit side of Current Account of BOP
D	Investment by Apple phones in India	iv	Credit side of Current Account of BOP

- a C-iii                                  b B-iv  
c D-1                                      d A-ii

28 Read the following statements carefully and choose the correct alternatives given below:

Statement 1: Currency devaluation by the government is a measure to correct adverse balance of payment.

Statement 2: Only inflow of foreign exchange can correct adverse BOP situation.

- a Statement 1 is true, and Statement 2 is false.      b Both the statements are false.  
c Both the statements are true.                              d Statement 2 is true, and Statement 1 is false

29 From the set of statements given in Column I and Column II, choose the correct pair of statements:

	Column I		Column II
(a)	SLR	(i)	Fixed by the commercial bank
(b)	Primary deposits	(ii)	Derivative Deposits
(c)	Commercial bank	(iii)	Advisor to the government
(d)	Central bank	(iv)	Provides 'clearing house' facility

- a   b-i                                  b   a-ii  
c   c-iii                                d   d-iv

30 Statement 1: Money is a commodity

Statement 2: Money supply does not include money held by government and banking system.

- 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

31 If a bank maintains a cash reserve ratio of 5%, with a cash base of Rs. 1,000 crore the bank creates a total credit of the value of:

- a Rs. 5,000 crore.
- b Rs. 10,000 crore
- c Rs. 2000 crore
- d Rs. 80,000 crore

32 Other things remaining unchanged, when in a country, price of foreign currency rises, national income is \_\_\_\_\_ and when price of foreign currency falls, national income is -----

- a likely to fall, likely to rise                      b likely to rise, likely to fall  
c Likely to rise and fall both                      d Not affected

33 Read the following statements Assertion (A) and Reason (R). Choose one of correct alternatives given below:

Assertion (A): India could not develop a sound industrial base under the colonial rule.

Reason (R): The colonial government reduced India to the status of a mere exporter of important raw materials for the upcoming modern industries in Britain.

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

34 Read the following statements carefully and choose the correct alternatives given below:

Statement 1: The major policy initiatives i.e., land reforms and green revolution helped India to become self-sufficient in food grains production.

Statement 2: The proportion of people depending on agriculture did not decline as expected

- 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

35 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below

Assertion (A): The opening of the economy has led to a rapid increase in foreign direct investment and foreign exchange reserves.

Reason (R): India is one of the largest foreign exchange reserve holders in the world.

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

36 Read the following statements Assertion (A) and Reason (R). Choose one of correct alternatives given below:

Assertion (A): The policy of 'land to the tiller' is based on the idea that the cultivators will take more interest they will have more incentive in increasing output if they are the owners of the land.

Reason(R): Ownership of land enables the tiller to make profit from the increased output.

- 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

37 Read the following statements - Assertion (A) and Reason (R):

Assertion: (A): Scholars were critical of India, being a member of the WTO.

Reasoning (R): A major volume of international trade occurs among the developed nations.

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

38 Read the following statements - Assertion (A) and Reason (R):

Assertion (A): According to human capital, human being are ends in themselves.

Reasoning (R): Human capital considers education and health as means to increase labour productivity.

- a Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of Assertion.      b Both Assertion (A) and Reason (R) 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 NITI Aayog was established in the year -----.
- a 1991      b 2001
- c 2014      d 2015
- 40 Read the following statements- Assertion (A) and Reason (R). Choose the correct alternatives given below:
- Assertion (A): One of the pillars of IPR 1956 was to check concentration of economic power in few individuals, groups, or business houses.
- Reason(R): It established the public sector as epicenter of industrialization.
- a Both (A) and (R) are true (R) is correct explanation of (A)      b Both (A) and (R) are true (R) is not correct explanation of (A)
- c (A) is true (R) is false.      d (A) is false (R) is true.
- 41 Read the following statements carefully and choose the correct alternatives given below:
- Statement 1-Human Capital Formation gives birth to innovation, invention, and technological improvements.
- Statement 2- There exists an inverse correlation between infrastructural growth and national income.
- 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
- 42 Read the following statements- Assertion (A) and Reason (R). Choose the correct alternatives given below
- Assertion (A): Urban poverty is a spillover of rural poverty.
- Reason (R): People migrate to those areas which offer better opportunities of employment. It may help people shift above the poverty line.
- 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.
- 43 The objective of the mid-day meal scheme is.....?
- a to boost universalization of primary education      b to boost nutritional status of children in schools
- c To increase enrollment, attendance, and retention.      d to boost universalization of upper primary level of education
- 44 Which of the following programme is also known as National Rural Livelihoods Mission (NRLM)
- a Swarna Jayanti Shahari Rozgar Yojana (SJSRY)      b Swarna Jayanti Gram Swarozgar Yojana
- c Prime Minister Rozgar Yojana (PMRY)      d Rural Employment Guarantee Programme



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

The budget is not merely a statement of receipts and expenditures. Since Independence, with the launching of the Five-Year Plans, it has also become a significant national policy statement. The budget, it has been argued, reflects and shapes, and is, in turn, shaped by the country's economic life.

Although the budget document relates to the receipts and expenditure of the government for a particular financial year, the impact of it will be there in subsequent years. There is a need to have two accounts- those that relate to the current financial year and those that concern the assets and liabilities of the government.

- 49 Read the following statements carefully and choose the correct alternatives given below:  
Statement1: Increased expenditure by government on public goods increases their availability to the people of the country.  
Statement2: Any such expenditure raises welfare of the people.
- 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.
- 50 The gap between the haves and have nots is increasing in the society. Suggest a budgetary measure to the government by which it can reduce the inequality in income distribution.
- a Increase indirect taxes                      b Decrease government expenditure  
c Follow progressive taxation                  d Reduce subsidies.
- 51 Read the following statements- Assertion (A) and Reason (R). Choose the correct alternatives given below:  
Assertion (A): Capital expenditure increases the liabilities of the government.  
Reason (R): Borrowing is a liability.
- 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.
- 52 Read the following statements carefully and choose the correct alternatives given below:  
Statement1--Non-debt creating capital receipts give rise to debt.  
Statement2--They are not borrowings.
- 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.
- 53 Identify the expenditure of the government:
- (i) 10% shares purchased by the government in a private company.  
(ii) Pension paid to retired government employees
- a (a) Revenue (b) Revenue                      b (a) Capital (b)Capital  
c (a) Capital (b) Revenue                      d (a) Revenue (b) Capital
- 54 Identify the non-tax revenue from the following statement.  
It refers to claim of the government on the property of a person who dies without leaving behind any legal heir or a will.
- a Special Assessment                      b Escheats  
c Forfeitures                      c Fees

After forty years of planned development, India has been able to achieve a strong industrial base



and became self-sufficient in the production of food grains. Nevertheless, a major segment of the population continues to depend on agriculture for its livelihood. In 1991, a crisis in the balance of payments led to the introduction of economic reforms in the country. The economy was facing problems of declining foreign exchange, growing imports without matching rise in exports and high inflation. India changed its economic policies in 1991 due to a financial crisis and pressure from international organisations like the World Bank and IMF.

- 55 New Economic Policy of India was launched in the year 1991 under the leadership of  
 a P. V. Narasimha Rao b Atal Bihari Bajpayi  
 c Sharad Pawar d None of these
- 56 Read the following statements carefully and choose the correct alternatives given below  
 Statement 1: Under financial sector reforms foreign investment limit in banks was raised  
 Statement 2: Foreign Institutional Investors are not allowed to invest in Indian financial markets.  
 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
- 57 Read the following statements carefully and choose the correct alternatives given below:  
 Statement 1: After liberalization Indian economy has become market-based economy.  
 Statement 2: The state only supports the market to perform efficiently.  
 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
- 58 To protect domestic industries, India was following a regime of quantitative restrictions. Under this system:  
 Statement 1: Import licensing was abolished to encourage domestic industries.  
 Statement 2: Export duties have been increased to safeguard domestic industries.  
 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
- 59 Since 1991, Agriculture sector has been experiencing several policy changes:  
 Assertion: Indian farmers now have to face increased international competition.  
 Reason: There has been a shift from production for the domestic market towards production for the export market.  
 a Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of Assertion b Both Assertion (A) and Reason (R) are true, and Reason is not the correct explanation of Assertion.  
 c Assertion (A) is true, but Reason is false. d Assertion (A) is false, but Reason is true.
- 60 Read the following statements- Assertion (A) and Reason (R). Choose the correct alternatives given below:  
 Assertion (A): After financial reforms, financial sector was allowed to take decisions on many matters without consulting the RBI  
 Reason (R): One of the major aims of financial sector reforms was to reduce the role of RBI from regulator to facilitator of financial sector.  
 a Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of Assertion b Both Assertion (A) and Reason (R) are true, and Reason is not the correct explanation of Assertion.  
 c Assertion (A) is true, but Reason is false. d Assertion (A) is false, but Reason is true.

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