



**PRE-BOARD EXAMINATION (2021-22)**

**TERM I - SET B**

**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. Which items are not included in M1?
  - a Interbank deposits
  - b Other deposits with RBI
  - c Net demand deposits with banks
  - d Currency and coins with public
2. In which of the following categories are the economic transactions of Balance of Trade recorded?
  - a Visible items
  - b Invisible items
  - c Capital transfers
  - c All the above
3. Read the following statements carefully and choose the correct alternatives given below:  
Statement 1: Direct taxes cannot be shifted to another person. The final burden falls on the same person  
Statement 2: Fees and Fines are the examples of direct taxes.
  - 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
4. Read the following statements carefully and choose the correct alternatives given below:  
Statement 1: When balance of payments is adverse, the government should drastically devalue rupee.  
Statement 2- Depreciation of a currency has the same effect on exports as devaluation of currency.
  - 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. What is high powered money?
  - a Coins and notes with the people.
  - b Cash with the people and cash reserves with the commercial banks.
  - c Cash reserves with the commercial banks
  - d Cash reserves with RBI.
6. Read the following statements carefully and choose the correct alternatives given below:  
Statement 1- Commercial banks can create credit based on their cash reserves.  
Statement 2-Increase in Repo Rate restricts credit creation capacity of the commercial banks.

- a Both the statements are true  
c Statement 1 is true, and Statement 2 is false
- b Both the statements are false.  
d Statement 2 is true, and Statement 1 is false
7. The main objective of government budget is:  
a To alter distribution of income  
c Both A and B  
b To adjust income and expenditure policies  
d None
8. Spot market is that market where:  
a Only current transactions are handled  
c Instant rate of exchange is determined  
b Forward rate of exchange is determined  
d Both (i) and (iii)
9. Indian rupee has depreciated in terms of US dollar because of.....  
a Rising demand for dollars  
c More supply of Indian rupees  
b Shortage of dollars  
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  
c As planned receipt  
b As revenue receipt  
d As unilateral payment
11. -----refers to the pressure exercised by the central bank on the commercial bank to be restricted in lending during inflation and liberal in lending during deflation.  
a Margin Requirement  
c CRR  
b Open Market Operations  
d Moral Suasion
12. Other things remaining the same, when in a country market price of foreign currency falls, national income is likely  
a To rise  
c To rise and fall both  
b To fall  
d Not affected
13. The primary deficit in a government budget will be zero, when \_\_\_\_\_  
a Revenue deficit is zero  
c Fiscal deficit is zero  
b Net interest payments are zero  
d Fiscal deficit is equal to interest payment
14. Read the following statements carefully and choose the correct alternatives given below:  
Statement 1: When the price of a foreign currency rises, its supply also rises.  
Statement 2: When the price of a foreign currency falls tourism from the home country increases.  
a Both the statements are true  
c Statement 1 is true, and Statement 2 is false  
b Both the statements are false  
d Statement 2 is true, and Statement 1 is false
15. Identify the correct pair from the column I and II.

	Column I		Column II
A	Commercialisation of agriculture	(a)	Monopoly control of Britain
B	Industrial development during British rule	(b)	Payment of land revenue in cash
C	Foreign trade on the eve of independence	(c)	Rising share of Indian products
D	Infrastructure on the eve of independence	(d)	Served the British interest

- a 1-(a)  
c 3- (c)  
b 2- (b)  
d 4-(d)
16. What kind of tax is GST?  
a Direct tax  
c Depends on the type of goods and services  
b Indirect tax  
d None of the above



- 26 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below  
 Assertion: A country with trade deficit cannot have current account surplus in its Balance of Payments.  
 Reason: Surplus in current account can arise when the deficit on trade account is less than the surplus on account of invisibles.
- a Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion.      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 Assertion is false, but Reason is true.
- 27 Read the following statements carefully and choose the correct alternatives given below:  
 Statement 1: Credit card is not a form of money.  
 Statement 2: All financial institutions are treated as banking institutions.
- a Both the statements are false      b Both the statements are true  
 c Statement 1 is true, and Statement 2 is false      d Statement 2 is true, and Statement 1 is false
- 28 Assuming CRR is 4% banking system can create credit up to -----times.  
 a 40      b 10  
 c 4      d 25
- 29 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below  
 Assertion (A): A country always tries to balance its BOP.  
 Reason (R): Balance BOP indicates stable economic relations with the rest of the world.
- a Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion.      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 Assertion is false, but Reason (R) is true.
- 30 A government budget shows a Primary Deficit of Rs 6,900crores. The revenue expenditure on interest payment is Rs 400crores. How much is the Fiscal Deficit?  
 a Rs 7,300 crores      b Rs 6,500 crores  
 c Rs 6,900      d Rs 400 crores
- 31 Suppose that the Balance of Trade (BOT) of a nation, exhibits a surplus of ₹ 20,000 crores. The import of merchandise of the nation is half of the exports of merchandise to the rest of the world. The value of exports would be ₹ \_\_\_\_\_ crores.  
 (Fill up the blank with correct alternative)  
 a 30,000      b 40,000  
 c 24,000      d 35,000
- 32 Demand Deposits does not include \_\_\_\_\_ and \_\_\_\_\_.  
 (Fill up the blank with correct alternative)  
 i. Saving account deposits  
 ii. Fixed deposits  
 iii. Current Account Deposits  
 iv. Post Office Savings Bank
- a i and ii      b ii and iii  
 c i and iii      d i and iv

- 33 Arrange the following events in chronological order in context of Indian economy and choose the correct alternative
- Establishment of TISCO
  - First census data collected during British India
  - Opening of the Suez Canal
  - Introduction of the railway by the British
- ii,iv,iii,i
  - iv,ii,iii,i
  - iv,iii,ii,i
  - i,,ii,,iii,,iv
- 34 During the British colonial rule, the various social development indicators were not quite encouraging. The female literacy level was at a negligible low of about..... (Fill up the blanks with correct answers)
- 7 percent
  - 8 percent (c) (d)
  - 10 percent
  - 16 percent
- 35 Read the following statements carefully and choose the correct alternatives given below:  
Statement 1 – The minimum calorie intake is higher in rural areas.  
Statement 2 – There are more hard- working male population in urban areas.
- Both the statements are true.
  - Both the statements are false
  - Statement 1 is true, and Statement 2 is false
  - Statement 2 is true, and Statement 1 is false
- 36 Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below  
Assertion (A): Consumption is a preferred parameter to measure poverty line.  
Reason (R): Data on the distribution of income is not available.
- Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
  - Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A).
  - Assertion (A) is true, but Reason (R) is false.
  - Assertion is false, but Reason (R) is true.
- 37 Match the following Column-I Column-II
- |                       |   |
|-----------------------|---|
| (A) Rythu Bazar       | (1) Planned investment in Horticulture became highly productive |
| (B) Operation Flood   | (2) A farmers' market in Tamil Nadu                             |
| (C) Uzhavar Sandies   | (3) A vegetable and fruit market in Andhra Pradesh              |
| (D) Golden revolution | (4) World's biggest Dairy development program                   |
- A (2), B (4), C (3) D (1)
  - A (3), B (4), C (1), D (2)
  - A (2), B (1), C (3) D (4)
  - A (3), B (4), C (2), D (1)
- 38 Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:  
Assertion (A) Human capital of a nation is raised when skill and expertise of people rises.  
Reason(R) Raising population is an impediment to the process of human capital formation of India.
- Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of Assertion.
  - Both Assertion (A) and Reason (R) are true, and Reason is not the correct explanation of Assertion
  - Assertion is true, but Reason is false.
  - Assertion is false, but Reason is true.
- 39 Choose the correct alternative showing chronological order of the following events.  
(i) Swarnajayanti Gram Rozgar yojana.

- (ii) Deendayal Antayodaya yojana. National Rural Livelihood mission.
- (iii) Pradhanmantri Jandan yojana.
- (iv) Swarn Jayanti Shahri yojana.

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

40 From the given set of events, choose the correct pair of statement from the Column I and corresponding relevant fact given in column II:

(a) Organic Farming	(i) Process involves assembling, storage, packing and distribution of different agricultural activities
(b) Agricultural Marketing	(ii) Shift of workforce from agriculture to other allied activities
(c) Diversification	(iii) System enhances the ecological balance.

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

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

Assertion (A): Gains of migration are greater than the migration, leading to human capital formation.  
Reasoning(R): Migration contributes to human capital formation as it facilitates utilization of inactive skills of people

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

42 Identify the correct sequence of alternatives given in columns 1 by matching them with respective items in column 2.

(a) Partial convertibility	(i) Encourages competitiveness.
(b) Non-tariff barriers.	(ii) Regulated and controlled by the RBI.
(c) Financial Sector.	(iii) Sale and purchase of foreign currency. Add the market price.
(d) Reduction in tariffs.	(iv) Quota barriers

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

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

Statement 1: The emergence of Self-Help Groups (SHG's) ensured the reduction in the fissures of the formal credit system.

Statement 2: The borrowings from SHGs mainly confined to consumption purposes by its members.

- 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

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

Assertion (A): There is a need to increase expenditure on education.

Reason (R): The government is not meeting the recommended level of expenditure on education.

- 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.
- 45 Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:  
 Assertion (A): Skill India programme launched by the government is an attempt to increase human capital formation.  
 Reasoning (R): Skill is an important element of human capital.
- a Both Assertion (A) and Reason (R) are true, and Reason is not the correct explanation of Assertion.      b Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of Assertion.
- c Assertion (A) is true, but Reason is false.      d Assertion (A) is false, but Reason is true.
- 46 From the following statements given in Column I and Column II, choose the correct pair of statements:

Column I	Column II
a) People who are always poor	i) Relative Poverty
b) Compares the income with minimum consumption requirement	ii) Churning Poor
c) Compares the income of different people for identifying poverty	iii) Chronic Poor
d) People who regularly move in and out of poverty	iv) Absolute Poverty

- a A-3, B-4, C-1, D-2      b A-2, B-3, C-4, D-1
- c A-1, B-3, C-2, D-4      d A-1, B-2, C-3, D-4
- 47 -----is the portion of agricultural produce, which is sold in the market by the farmers, after meeting their self-consumption requirements.  
 (Fill in the blank with correct alternative)
- a Trade Surplus      b Marketable Surplus
- c Producer Surplus      d Consumer Surplus
- 48 Read the following statements carefully and choose the correct alternatives given below:  
 Statement 1: Elementary education takes a major share of total education expenditure.  
 Statement 2: 'Expenditure per student' in tertiary education is higher than that of elementary.
- 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

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

Q.no 49 – 54 are to be answered based on the following information:

Owing to globalisation, you might find many Indian companies have expanded their wings to many other countries. For example, ONGC Videsh, a subsidiary of the Indian public sector enterprise, Oil and Natural Gas Corporation engaged in oil and gas exploration and production has projects in 16 countries. Tata Steel, a private company established in 1907, is one of the top ten global steel companies in the world which have operations in 26 countries and sell its products in 50 countries. It employs nearly 50,000 persons in other countries. HCL Technologies, one of the top five IT companies in India has offices in 31 countries and employs about 15,000 persons abroad. Dr Reddy's Laboratories, initially was a small company supplying pharmaceutical goods to big Indian companies, today has manufacturing plants and research centres across the world.

- 49 Read the following statements -Assertion (A) and Reason (R). From the given alternatives choose the correct on

Assertion (A) – New Economic Policy (NEP), 1991 was focused on liberalization, privatization and globalization

Reason (R) – The policy was necessary because of the crisis in the economy in 1991.

- 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

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

Statement 1-The Central Public Sector Enterprises are designated with different status.

Statement 2 -The government partly privatised Public Sector Enterprises through Disinvestments.

- 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

- 51 Read the following statements -Assertion (A) and Reason (R). From the given alternatives choose the correct on

Assertion (A): Under NEP, role of RBI shifted from that of facilitator to a regulator.

Reason (R): Now, market forces decide interest rate structure, volume, and the pattern of investment.

- 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 What was the one major proposal of new industrial policy (1991)? (Choose the correct alternative)
- a NRI's will not be allowed for capital investment in India  
b Facility of FDI up to 51 percent in high priority industries.  
c Import restrictions on technical knowhow for one year.  
d Abolition of industrial licensing except for five industries.

- 53 Which of the following is the strategy to promote globalization of the Indian economy?

- a Partially convertibility  
b Reduction in tariffs  
c Increase in equity limit of foreign investment  
d All of these

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

Statement 1 Globalization is the outcome of privatization and liberalization.

Statement 2 Economic reforms made India an emerging power in the world economy.

- 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

Q.no 55 – 60 are to be answered based on the following information

The Reserve Bank of India unexpectedly cut its key deposit rate, for the second time in three weeks, to discourage banks from parking idle funds with it and spur lending instead, to revive a flagging economy amid the coronavirus lockdown. “The surplus liquidity in the banking system has risen significantly in the wake of government spending and the various liquidity enhancing measures undertaken by the RBI,” he added. “In order to encourage banks to deploy these surplus funds in investments and loans in productive sectors of the economy, it has been decided to reduce the fixed-rate reverse repo rate.”



- 55 Cut in Repo rate by RBI is likely to..... the demand for goods and services in the economy.  
(Choose the correct alternative)
- |                     |  |
|---------------------|--|
| a Increase          | b Decrease                                 |
| c Make no change in | d Increase for some time and then decrease |
- 56 Money supply refers to the total \_\_\_\_\_ of money in circulation in the economy which can be directly used for transactions
- |                |         |
|----------------|---------|
| a Depreciation | b Flow  |
| c Stock        | d Value |
- 57 The monetary policy generally targets to ensure.....
- |                                  |   |
|----------------------------------|---|
| a Price stability in the economy | b Employment generation in the country.       |
| c Stable foreign relations.      | d Greater tax collections for the government. |
- 58 Which of the following is the fiscal measure taken by the government of India to correct COVID-19 pandemic?
- |                                  |                     |
|----------------------------------|---------------------|
| a Cut in Repo rate by the RBI    | b Decrease in taxes |
| c Increase in public expenditure | d Both (b) and (c)  |
- 59 What does the 'bank rate' mean?
- |   |  |
|---|--|
| a Rate at which banks borrows from the RBI for short term | b Rate at which banks borrows from the RBI for long term |
| c Rate at which banks deposit excess funds with the RBI.  | d Rate at which banks lend funds to the public.          |
- 60 Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below.
- Assertion(A): To boost the falling demand in the economy, reserve bank of India recently reduced repo rate and bank rate.
- Reason(R): Decrease in repo rate and bank rate causes decrease in rate of interest which leads to rise in demand for credit.
- |   |   |
|---|---|
| a Both (A) and (R) are true and (R) is the correct explanation of (A) | b Both (A) and (R) are true and (R) is not the correct explanation of (A) |
| c (A) is true but (R) is false  | d (A) is false but (R) is true  |

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