

محدرسة دلهي الخاصة ذ.م.م DELHI PRIVATE SCHOOL L.L.C. Affiliated to C.B.S.E., DELHI

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PREBOARD EXAMINATION (2021-22) TERM I - SET A

	: ECONOMICS			MAX. MARKS: 40
GRADE:	XII			MAX TIME: 90 MINS
Name:	Section:	Ro	ll No:	Set:
GENERAI	L INSTRUCTIONS:			
1	There are a total 60 questions in this paper out of	of whi	ich 50 questions a	are to be attempted.
2	This paper is divided into three Sections:			
	• a. Section A – Contains 24 questions. Attem	pt any	y 20 questions.	
	• b. Section B – Contains 24 questions. Attem	pt any	y 20 questions.	
	• c. Section C – Contains 12 questions. Attem	pt any	10 questions.	
3	All questions carry equal marks.			
4	There is no negative marking.			
	SECTION A (20 questions out of 24 q	uesti	ons are to be atte	empted)
1	What items are not included in M_1 measure of s	upply	?	
	a. Currency and coins with public	b	Inter-bank depo	
	c. Other deposits with RBI	d	Net demand dep	posits with banks
2.	Under Statutory Liquidity Ratio, commercial bands in the form of liquid assets.	ınks a	re required to kee	ep a fraction of
	a Total deposits	b	Term deposits	
	c Total demand and term deposits	d	Current deposit	S
3.	Deposit creation by banks comes to an end whe	n	·	
	a. fresh deposits with banks become zero	b	legal reserve rat	tio becomes zero
	c. money multiplier becomes zero	d	total reserves ed	qual initial deposits
4.	Statement 1: All financial institutions are banks			
	Statement 2: The main function of banks is to a	ccept	-	
	a Both the statements are true.	b	Both the statem	ents are false.
	c Statement 1 is true, and Statement 2 is false	d	Statement 2 is t false	rue, and Statement 1 is
5.	Which of the following is not a part functions p	erforn		l bank?
	a. Credit creation	b	-	clearing house function
	c. Ensuring the compliance of commercial	d	Lender of last re	<u> </u>
	banks towards directives say CRR and			
	SLR			
6.	Which of the following statement is not true for	fisca	l deficit?	
	a represents the borrowing of the	b	is the difference	e between total expenditure

and total receipts of the government.

government.

	С	is the difference between total expenditure and total receipts other than borrowing	d	increases the future liability of the government			
7.	Stat	tement 1: GST is an indirect tax.					
	Stat	ement 2: The burden of indirect tax can be sl	hifted	d to others			
	a	Both the statements are true.	b	Both the statements are false.			
	c	Statement 1 is true, and Statement 2 is	d	Statement 2 is true, and Statement 1 is			
		false		false			
8	Cho	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	Incr	rease in the value of foreign commodities in	erm	1			
		government refers to					
	a	Revaluation	b	Devaluation			
	c	Either (a) or (b)	d	Cannot predict the impact of the above situation			
10.	Stat	Statement 1: Managed floating exchange rate system is a hybrid system of exchange rate used by					
		most of the countries in recent time.					
	Stat	Statement 2: Excessive fluctuation in exchange rate system is checked by the central authority					
		er 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	d	Statement 2 is true, and Statement 1 is			
		false		false			
11.	Ider	ntify the correct sequence of alternatives give	en in				
		ns in Column I.	711 111	Column is by matering them with respective			
		Column I		Column II			
		a. External Assistance	(i)	Current account of BoP			
		b. Foreign direct investment	_ ` ′	Credit item of capital account of BoP			
		c. Export and import of goods		i) 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 t	he state of equilibrium in balance of paymen	ts. th	ere 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.				, , , , ,			
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					
		-	1.	Anna			
	a	Depreciated	b	Appreciated			
1.4	c	Devalued	d	Revalued			
14		ring the outbreak of the second wave of Covi ipments from many countries. On which acco		•			

- Capital account, credit side a
- Capital account, debit side c
- Current account, credit side b
- d Current account, debit side
- State the correct combination between the following columns: 15

Column I	Column II
A. 1850	(i) Establishment of TISCO
B. 1921	(ii) British introduced railways in India
C. 1907	(iii) First railway bridge linking
	Bombay with Thane
D. 1854	(iv) The year of Great Divide

- A- (ii), B- (iv), C- (iii), D- (i) a
- 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)
- 16 Assertion (A): Nearly 75 % of workforce was engaged in agriculture.

Reasoning (R): Bombay and Bengal witnessed a decline in the workforce dependent on agriculture.

- Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A)
- Assertion (A) is true, but Reason (R) is c false
- Both Assertion (A) and Reason (R) are b true, but Reason (R) is not the correct explanation of Assertion (A)
- Assertion (A) is false, but Reason (R) is true.
- 17 Arrange the following events in chronological order in context on Indian Economy:
 - Introduction of second phase of green revolution (i)
 - (ii) Setting up of Karve Committee for encouraging rural development
 - Setting up of Planning Commission (iii)
 - Introduction of the New Economic Policy (iv)
 - (iii), (i), (ii), (iv)

(iii), (ii), (i), (iv)

(i), (ii), (iii), (iv) c

- d (i), (iv), (ii), (iii)
- The Mahalanobis model was adopted in Indian Planning in: 18
 - First Plan a

b Second Plan

Third Plan

- d Fourth Plan
- 19 Identify the incorrect statement. (Choose the correct alternative)
 - Green Revolution failed to bring productivity spurt in fruits and vegetables crop
- White Revolution is associated with milk b

Substituting fertiliser subsidies with

agricultural subsidies as the former was

benefitting fertiliser industry and not the

- Golden Revolution enhanced the productivity of fruits and vegetables
- None of these d
- Which of the following alternative(s) explain the debate regarding the provision of subsidies 20 during 1960's and 1970's?
 - Substituting fertiliser subsidies with seed subsidies as the former was benefitting big farmers than small farmers.
- target group. All of the above

b

- Shifting agricultural subsidies from production to consumption and thus benefit the prospective consumers

21		was the predecessor organisation to World Trade Organisation (WTO)						
	a	International Bank for Reconstruction	b	International Monetary Fund(IMF)				
		and Development (IBRD)						
	c	Reserve Bank of India (RBI)	d	General Agreement on Tariffs and Trade (GATT)				
22	"In	the measurement of poverty two distinct pro	blem	s must be faced, viz.(i) Identifying the poor				
	amo	among the total population, and (ii) Constructing an index of poverty using the available						
	info	information on the poor"						
	Ider	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						
		nen to encourage savings.		C I				
	a	Both the statements are true.	b	Both the statements are false.				
	c	Statement 1 is true, and Statement 2 is	d	Statement 2 is true, and Statement 1 is				
		false		false				
24	Whi	Which of the given statement is incorrect with regard to the role of Information Technology (IT)						
	in rı	in rural development?						
	a	It has ushered in a knowledge economy	b.	Government can predict the areas of food				
				insecurity by using appropriate software				
		Dusyidas information recording union	٦	tools Pagette in an aguitable distribution of				
	С	Provides information regarding prices, weather and soil conditions for growing	d.	Results in an equitable distribution of resources				
		different crops		resources				
		SECTION B (20 questions out of	ք 24 ո	uestions are to be attempted)				
25	If t		_	es 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	Ass	ertion (A): Higher Cash Reserve Ratio impli	ies hig	gher capacity of the commercial banks to				
	crea	create credit.						
	Rea	Reasoning (R): Credit multiplier is the reciprocal of cash reserve ratio.						
	a	Both Assertion (A) and Reason (R) are	b	Both Assertion (A) and Reason (R) are				
		true, and Reason (R) is the correct		true, but Reason (R) is not the correct				
		explanation of Assertion (A)		explanation of Assertion (A)				
	c	Assertion (A) is true, but Reason (R) is	d	Assertion (A) is false, but Reason (R) is				
		false		true.				

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

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
- c Economic growth

28

30

31

- b Reallocation of resources
- d Economic stability

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

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

Identify the correctly matched pair form Column I to Column II:

Column I	Column I	I
A. Increase of foreign exchange reserve	(i)	Debit side of Capital Account
from \$ 700 to \$ 900 millions		
B. Dasault Ltd invested in Reliance	(ii)	Credit side of capital account
Defence		-
C. India gave a line of credit to Ghana	(iii)	Credit side of capital account
	(iv)	Debit side of the capital account
D. India borrowed \$ 200 million from the		-
World Bank		

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

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

a Rs. 6000 crores

c

Rs. 4000 crores

- b Rs. 7000 crores
- d None of the above

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

Reasoning (R): Commercialisation of agriculture took place under the British rule.

- a Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A)
- 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.

Both Assertion (A) and Reason (R) are

- 34. Land reform measures were successful in which of the given states?
 - a Punjab and Haryana

- b Maharashtra and West Bengal
- c Uttar Pradesh and Madhya Pradesh
- d Kerala and West Bengal
- 35 Select the correct combination between the following columns:

Column I	Column II
A. Licensing on production capacities	(i) Stabilisation measures
B. Correcting the BoP situation and	(ii) Globalisation
bringing inflation under control.	
C. Increasing efficiency and international	(iii) MRTP Act, 1969
competitiveness	
D. Integrating national economy with the	(iv) Structural Measures
world economy	

- 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)
- Read the following statement and choose the correct alternatives given below:

Statement 1: Poverty is also explained by general, economy-wide problems, such as low capital formation, lack of infrastructure and lack of demand

Statement 2: Since Poverty is multidimensional thus poverty line is a good way to measure incidence of poverty.

- 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

Assertion (A): Government policies have failed to addresss the vast majority of vulnerable people who are living on or just above the poverty line.

Reasoning (R): High growth alone is not sufficient to reduce poverty. Without the active participation of the poor, successful implementation of any programme is not possible.

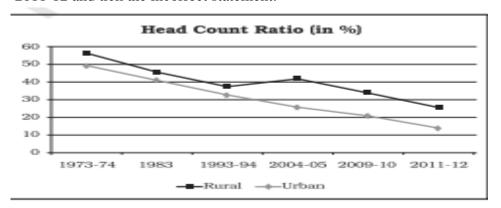
- a Both Assertion and Reason are true, and Reason is the correct explanation of Assertion.
- b Both Assertion and Reason are true, and Reason is not the correct explanation of Assertion
- c Assertion is true, but Reason is false
- d Assertion is false but Reason is true

The financial assistance is given to the urban poor in the form of interest subsidy on the bank loans under:

- a Rural Employment Generation Programme
- b Swarna Jayanti Shahri Rozgar Yojana

c	National Urban Livelihood Mission		d	Prime Minister's Rozgar Yoja	ana
	• •	ed the in	-	rtance of Human capital.	
a	Third		b	Sixth	
c	Seventh		d	Eighth	
Asse	ertion (A): High level of human capita	ıl implie	s no	t only high earning potential by	ut also a
char	age in the social and economic outlool	k.			
	soning (R): It transforms the way of rational decisions.	thinking	anc	d allow an individual to make w	vell-informed
a	Both Assertion and Reason are true	, and	b	Both Assertion and Reason ar	e true, and
	Reason is the correct explanation of	•		Reason is not the correct expl	
	Assertion.			Assertion	
c	Assertion is true, but Reason is falso	e	d	Assertion is false but Reason	is true
	ertion (A): Physical capital and human				15 11 41 61
	soning (R): Depreciation can be reduced	-		•	d health care
	enditure.	ceu III III	ıma	in capital unough education and	i ileaitii care
-		and	h	Dath Assertion and Dassen or	no toma and
a	Both Assertion and Reason are true	•	b	Both Assertion and Reason ar	
	Reason is the correct explanation of			Reason is not the correct expl	anation of
	Assertion.			Assertion	
c	Assertion is true, but Reason is falso		d	Assertion is false but Reason	
	tify the correct sequence of alternativ	es given	in (Column II by matching them w	ith respective
term	as in Column II			COLUMNIU	
Α	COLUMN I			COLUMN II	
	Study Group formed by Planning mmission for poverty			(i)2005	
	Task Force on Projections of the			(ii)1962	
	nimum Needs and Effective			(11)1502	
Co	nsumption Demands				
	Mahatma Gandhi National Rural			(iii)2014	
Em	ployment Guarantee Act				
D.	Jan Dhan Yojana			(iv)1979	
G1					
	ose the correct alternatives:		h	A (;;;) D (;;) C (;) D	(iv)
a	A(ii), B- (iii), C- (iv), D-(i)		b	A- (iii) B- (ii), C- (i), D- (
c	A- (i), B- (ii), C- (iii), D- (iv)		d	A- (ii), B- (iv), C- (i), D-	(iii)
		made fre	ee ar	nd compulsory education for ag	ge group of 6-
14 y	ears.		_		
a	2001		b	2009	
c	2003		d	2007	
Asse	Assertion (A) Indian government took various measures to improve agricultural marketing.				
Reas	son (R) Farmers were often forced to	sell at lo	w p	rices due to lack of required ma	arket
info	rmation.				
a	Both Assertion and Reason are true	, and	b	Both Assertion and Reason ar	e true, and
	Reason is the correct explanation of	:		Reason is not the correct expl	
	Assertion.			Assertion	-
c	Assertion is true, but Reason is falso	e	d	Assertion is false but Reason	is true
C	rassertion is true, out iveason is faisi	_	u	1 10001 tion to raise but Reason	15 11 11 11

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 %.

46

47

48

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

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

The government uses ______as a proxy for income of households to identify the poor.

d

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

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

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.

49	deficit is also known as borrowings of the government.						
	a	Fiscal	b	Primary			
	c	Revenue	d	None of these			
50	Dividends received from PSUs are a part of the government						
	a	Non-tax revenue receipts	b	Revenue receipts			
	c	Capital receipts	d	Capital expenditure			
51	The	fiscal deficit in 10 months to end January	stood a	at Rs. 12.34 lakh crore. Primary deficit is at			
	Rs.	11.23 lakh crore, then the interest payment	s are				
	a	1.12 lakh crore	b	23.57 lakh crore			
	c	1.13 lakh crore	d	1.11 lakh crore			
52	Exp	Expenditure on collection of taxes is					
	a	Revenue expenditure	b	Capital expenditure			
	c	Revenue receipts	d	Capital receitps			
53	Whi	ich of the following is a measure to finance	reven	ue deficit?			
	a	Borrowings from the rest of the world	b	Cut in subsidies			
	c	Disinvestment	d	All of these			
54	Stat	ement 1: Deficit budget is not desired durin	ng peri	ods of inflation.			
	Statement 2: Surplus budget is not desired during periods of depression.						
	a	Both the statements are true.	b	Both the statements are false.			
	c	Statement 1 is true, and Statement 2 is	d	Statement 2 is true, and Statement 1 is			
		false		false			
	Whi	While some tentative measures to open India's market were taken in the 1980s, a severe balance					
	of payments crisis finally forced the country's policymakers to act in early 1991. India's						
	prob	problems were structural and fundamental changes to the import-substituting industrialization					
	strat	strategy were long overdue and clearly in India's best economic interest. The compelling power					
	of c	of crisis finally propelled systemic change. The strategy of reforms introduced in India in July					
	199	1991 presented a mixture of macroeconomic stabilization and structural adjustment.					
	Under Singh's leadership, India devalued the rupee and moved toward a flexible exchange rate						
		and current account convertibility. It extensively dismantled the license raj that had blocked					
	imports and made exports uncompetitive, while unshackling constraints on domestic investment						
	that limited competition. It also took steps to open the economy to foreign investment. In 1999,						
	the reform of India's <u>trade policy</u> received another boost when a World Trade Organization ruling						
		nired it to dismantle remaining quantitative					
	_	-					
55	Whi	ich of the following is a cause for the introd					
	a	Mounting fiscal deficit	b	Balance of Payments crisis			
	c	Fall in foreign exchange reserves	d	All of these			
56	Con	traction of public sector is a measure of					
	a	Liberalisation	b	Privatisation			
	c	Globalisation	d	None of the above			
57		barriers refer to barriers on i	import				
	a	Tariff	b	Non- tariff			
	c	Trade	d	Non- trade			

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

b

d

Income tax

All of the above

Luxury tax

Profit tax

a

c