



Delhi Public School, Howrah

PERIODIC TEST I - (2024-2025)

Class-XII

Care must be taken not to write anything on the question paper. All the questions must be attempted in the correct sequence.

SUBJECT: ECONOMICS (CODE-030)

Time Allowed - 3 Hours

Maximum Marks - 80

General Instructions:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

PART –A MACROECONOMICS

1.	Mention the statement which is true among the following – a) Fiscal deficit refers to the difference between total receipts and total expenditure. b) Fiscal deficit refers to the sum of interest payments and primary deficit. c) Primary deficit refers to the difference between interest payments and total receipts. d) Primary deficit refers to the difference between interest payments and revenue deficit.	1
2.	A business organisation located within India gets a loan from a foreign-based company. This transaction is recorded in the _____ of _____ account within the Balance of Payment account of India. a) Debit side, current b) Credit side, current c) Debit side, capital d) Credit side, capital	1
3.	Pick out the direct taxes combination from the following – a) Wealth tax and excise duty b) Service tax and excise duty c) Income tax and service tax d) Income tax and wealth tax	1
4.	Statement I: The primary deficit is zero when the fiscal deficit is equal to the interest payment. Statement II: When a government spends more than it can collect as revenue, it incurs a budget deficit. Choose the correct option from the options given below: a) Statement I is true and II is false. b) Statement II is true and I is false. c) Both the statements are true. d) Both the statements are false.	1
5.	If a country has a trade deficit of ₹1000 crores and imports products ₹2000 crores, the country's exports will be worth ₹ _____.	1

- a) ₹2000 billion
- b) ₹1000 billion
- c) ₹1500 billion
- d) ₹3000 billion

6. Money supply in India may increase if, _____.

1. Reserve Bank of India injects more money in circulation.
2. The commercial banks expand their credit operation.
3. Tax rates are reduced by the Central Government.
4. Reserve Bank of India increases the Bank Rate.

Which of the above given statements are correct?

- a) 1,2 and 3 are correct
- b) 2,3 and 4 are correct
- c) 1,3 and 4 are correct
- d) 1,2 and 4 are correct

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7. As per the government budget if the interest payments are estimated at ₹10,000 crores, which is 40% of the primary deficit then the fiscal deficit is _____.

- a) ₹11500 cr
- b) ₹25000 cr
- c) ₹35000 cr
- d) ₹10000 cr

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8. Choose one of the correct alternatives given below.

Assertion (A): Defence services expenditure is a revenue expenditure.

Reason (R): Defence services expenditure is a revenue expenditure because it neither creates any asset nor reduces any liability of the government.

Alternatives:

- (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.

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9. Match the following:

Column A	Column B
A. 1/LRR	1. Creation of demand deposit with the help of initial deposit
B. Margin requirement	2. Currency +Demand deposit + Other deposit
C. Credit creation	3. Difference between value of security and loan granted against it
D. Money supply	4. Money Multiplier

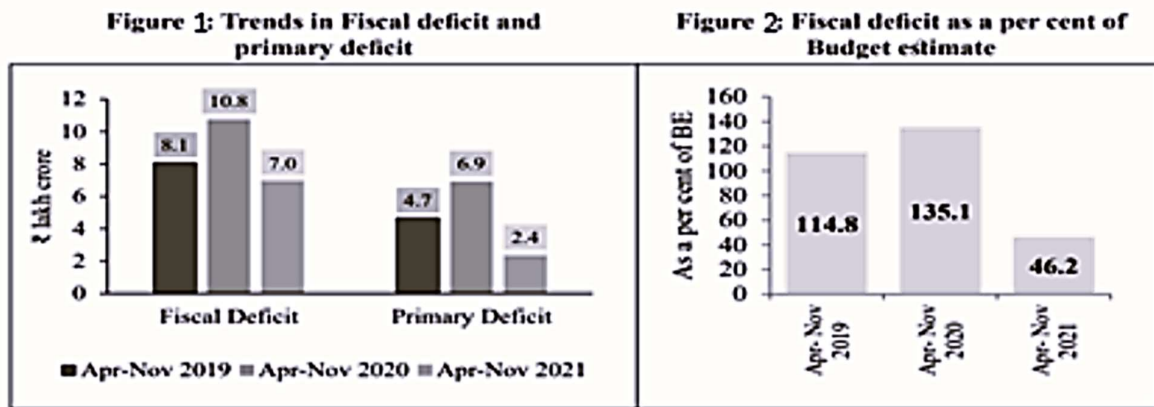
- a) A-4,B-3,C-2,D-1
- b) A-3,B-4,C-1,D-2
- c) A-4,B-3,C-1,D-2
- d) A-2,B-1,C-4,D-3

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10.	<p>Read the Case study given below and answer the following questions.</p> <p>The central bank of India, RBI is the apex association that controls the entire money related market. One of its critical limits is to stay aware of the hold of new exchange and keep up with the save of foreign trade. In like manner, it intercedes in the new exchange market to settle the outrageous difference the new transformation scale. As such, the public bank's should control a country's economy through monetary methodology; if the economy is moving steadily or moving backward, there are steps that the public bank can take to help the economy. These methods, whether or not they are asset purchases or printing more money, all incorporate mixing more cash into the economy. The essential natural market monetary projection occurs and money will deteriorate.</p> <p>RBI uses which of the following tools to maintain the flow of money in domestic economy?</p> <p>a) Quantitative measures b) Qualitative measures c) Fiscal measure d) Both (a) and (b)</p>	1
11.	<p>Why is only a fraction of deposits kept as Cash Reserves?</p> <p style="text-align: center;">OR</p> <p>Reverse repo rate plays a significant role in controlling money supply. Defend or refute</p>	3
12.	<p>When the price of a foreign currency falls, the supply of that foreign currency also falls. Explain why?</p>	3
13.	<p>As per the following news published in The Economic Times on 26th December, 2021: 'Reserve Bank of India has sold government securities worth ₹ 8,710 crores in the secondary market, over the last four weeks, to drain out excessive liquidity'.</p> <p>Identify the likely cause and the consequences behind, this type of action plan of the Reserve Bank.</p>	4
14.	<p>Are the following entered</p> <p>(i) on the credit side or the debit side in the current account or capital account in the Balance of Payments account? You must give reasons for your answer.</p> <p>(a) Investments from abroad. (b) Transfer of funds to relatives abroad.</p> <p style="text-align: center;">OR</p> <p>State whether the following statements are true or false. Give reasons for your answer.</p> <p>(i) Excess of foreign exchange receipts over foreign exchange payments on account of accommodating transactions equals deficit in the Balance of Payments. (ii) Export and import of machines are recorded in Capital Account of Balance of Payments account.</p>	4
15.	<p>Is the following a revenue receipt or a capital receipt in the context of government budget and why?</p> <p>a) Tax receipts b) Disinvestment c) Expenditure on scholarships d) Expenditure on building a bridge</p>	4
16.	<p>"Indian investors lend abroad."</p> <p>(i) In which sub-account and on which side of the Balance of Payments Accounts such lending is recorded? Give reasons.</p> <p>(ii) Explain the impact of this lending on market exchange rate.</p>	6

17. a) Compare the trends depicted in the figures given below:

6



Source: CGA Monthly Accounts

b) Elaborate the objective of 'allocation of resources' in the Government budget.

OR

Distinguish between the following with suitable examples.

- Revenue receipts and Capital receipts of the government,
- Direct and Indirect taxes

PART-B

INDIAN ECONOMIC DEVELOPMENT

18. Given below are the two statements:

Statement 1- Devaluation was adopted under fiscal reforms

Statement 2- Determination of exchange value was left on free play under reforms of 1991

- Both are correct.
- Both are incorrect.
- Statement 1 is correct and statement 2 is incorrect.
- Statement 1 is incorrect and statement 2 is correct.

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19. Choose the correctly matched pair from the following:


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	Column A		Column B
A	First census in Independent India	1	1895
B	Life expectancy under British rule	2	85 YEARS
C	Introduction of railways by Britishers	3	1881
D	Introduction of modern postal system in India	4	1854

- A-1
- B-2
- C-3
- D-4

20.	<p>Choose one of the correct alternatives given below: Assertion (A): Every year government fixes a target for disinvestment of Public Sector Enterprises (PSEs). Reason (R): Disinvestment is an excellent tool for discarding the loss incurring Public Sector Enterprises (PSEs). Alternatives:</p> <ol style="list-style-type: none"> 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 (A) is false but Reason (R) is true. 	1
21.	<p>Arrange the following event in the correct chronological order:</p> <ol style="list-style-type: none"> Defining year to mark demographic transition First Official census Planning Commission Suez Canal <ol style="list-style-type: none"> IV, II, I, III I, IV, III, II II, III, IV, I III, IV, II, I 	1
22.	<p>_____ is the present CEO of NITI Aayog.</p> <ol style="list-style-type: none"> Mr Amitabh Kant Mr Sakti Kanta Das Mr Narendra Modi Mr B.V.R Subrahmanyam 	1
23.	<p>Read the following hypothetical text and answer the given questions: The performance of Indian economy during the period of first seven five year plans (1950-1990) was satisfactory if not very impressive. On the eve of independence, India was an industrially backward country, but during this period of first seven five year plans our industries became far more diversified, with the stress being laid on the public investments in the industrial sector. The policy of import substitution led to protection of the domestic industries against the foreign producers but we failed to promote a strong export surplus. Although public sector expanded to a large extent but it could not bring desired level of improvement in the secondary sector. Excessive government regulations prevented the natural trajectory of growth of entrepreneurship as there was no competition, no innovation and no modernization on the front of the industrial sector. Many Public Sector Undertakings (PSU's) incurred huge losses due to operational inefficiencies, red-tapism, poor technology and other similar reasons. These PSU's continued to function because it was difficult to close a government undertaking even it is a drain on country's limited resources. On the Agricultural front, due to the measures taken under the Green Revolution, India more or less became self-sufficient in the production of food grains. So the needs for reform of economic policy was widely felt in the context of changing global economic scenario to achieve desired growth in the country. Which of the following was not a reason for the public sector to play a major role in the initial phase of Indian Economic Planning?</p> <ol style="list-style-type: none"> Private entrepreneurs lacked sufficient capital for investment. Government aimed at social welfare. The market was big enough to encourage private industrialists for investment. The government wanted to protect the indigenous producers from the foreign competition. 	1
24.	<p>Read the following statements – Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain. Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade.</p>	1

	<p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</p> <p>c) Assertion (A) is true but Reason (R) is false.</p> <p>d) Assertion (A) is false but Reason (R) is true.</p>	
25.	<p>_____ refers to increase in the country's capacity to provide the output of the foods and services within the country.</p> <p>a) Self-reliance</p> <p>b) Modernization</p> <p>c) Growth</p> <p>d) Equity</p>	1
26.	<p>Identify the option which is/are not true in the context of demographic condition of India during the British rule?</p> <p>(i) High Birth Rate</p> <p>(ii) Low Death Rate</p> <p>(iii) Low Infant Mortality Rate</p> <p>(iv) High life expectancy</p> <p>a) (i) and (ii)</p> <p>b) (ii), (iii) and (iv)</p> <p>c) (i) and (iii)</p> <p>d) (i), (ii) and (iii)</p>	1
27.	<p>India which appears to have been pushed back to being the world's 6th biggest economy in 2020 , will again overtake the UK to become the fifth largest in 2025 and ace to the third spot by 2030 , a think tank said on Saturday . India had overtaken the UK in 2019 to become 5th largest economy in the world but has been relegated to 6th spot in 2020</p> <p>Source: The Economic Times</p> <p>Which of the following is referred as the Think Tank of India?</p> <p>a) Niti Ayog of India</p> <p>b) national development council</p> <p>c) NABARD</p> <p>d) IDBI</p>	1
28.	<p>"Agriculture sector appears to be adversely affected by the economic reform process." Explain the given statement.</p>	3
29.	<p>What do you understand by the drain of Indian wealth during the colonial period?</p> <p style="text-align: center;">OR</p> <p>Discuss the economic features of Indian economy prior to the advent of the British rule?</p>	3
30.	<p>"Atamnirbhar Bharat" had been at the roots of the Indian planning process in the form of "Self-reliance" as an objective of the planning process. Do you agree with the given statement? Justify the rationale of the given statement.</p> <p style="text-align: center;">OR</p> <p>Discuss briefly any two major steps taken by the Government of India on "Financial Sector" front under the Economic Reforms of 1991.</p>	4

31.	<p>Interpret the following picture on account of Five Year Plan.</p> 	4
32.	<p>Analyse the significance of the following date in the light of Indian economic development. “8 November 2016 “</p>	4
33.	<p>Read the following text carefully and answer the given questions :</p> <p>While the beginning of the current economic liberalization policy in India could be traced to the period much earlier than the 1990s, the explicit acceptance and implementation of the economic liberalization program during mid-1991 by Indian government could be seen as the starting point of the new reform program, and its subsequent change of approach and priorities about its governance. It was based on the belief that economic globalization/liberalization worked toward the integration of national economies into the international economy through trade, direct foreign investment, short-term capital flows, international flow of workers and humanity, and flow of technology. But in the process of liberalizing the economy, the state’s role has transformed in prioritizing a strong military, police and legal structures, and functions to protect private property rights and ensure proper functioning of markets. If the markets do not exist in the areas of land, water, education, health care, social security, and so on, the state must take initiative in creating a market. After creating such markets, the state should keep its activities to bare minimum without interfering with the functions of the market for it to perform efficiently .Such thinking based on Neoliberalism(Neoliberalism refers to a political ideology that espouses economic liberalism as a means of promoting economic development and securing political liberty.) started occupying the minds, in a measured manner, in the policy circle worldwide during the 1970s, which led to a major shift in the political–economic practices, and started moving toward deregulation, privatization, and withdrawal of state from many areas of social security, for efficient governance, based on market economy.</p> <p>a. Why were reforms introduced in India?</p> <p>b. Those public sector undertakings which are making profits should be privatised. Do you agree with this view? Why?</p>	6
34.	<p>Read the following case study paragraph carefully and answer the questions based on the same.</p> <p>A plan spells out how the resources of a nation should be use. It should have some general goals as well as specific objectives which are to be achieved within a specified period. In India plans were of five years duration and were called five-year plans (we borrow this from the former Soviet Union, the pioneer in national planning). Our plan documents up to the year 2017, not only specify the objectives to be attained in the five years of a plan but also what is to be achieved over a period of twenty years. This long-term plan is called ‘perspective plan’. The five-year plans were supposed to provide the basis for the perspective plan.</p> <p>a) Explain growth with equity as a planning objective.</p> <p>b) Mention the achievements and failures of planning from 1950-1990.</p>	6