



केन्द्रीय विद्यालय संगठन, नई दिल्ली

**KENDRIYA VIDYALAYA SANGATHAN,
NEW DELHI-110016**

Sample Question Papers (Term 1)

CLASS - XII (2021-22)

ECONOMICS

आंचलिक शिक्षा एवं प्रशिक्षण संस्थान

विवेकानन्द नीडं के पास, नाका चंदाबानी ,ग्वालियर-४७४००२

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CLASS - XII (2021-22)
TERM-WISE CURRICULUM
ECONOMICS (Code No. 030)

SECTION	<u>TERM 1- MCQ BASED QUESTION PAPER</u>	MARKS	PERIODS
	Theory: 40 Marks Time: 90 minutes		
A	Introductory Macro Economics		
	1. Money and Banking	06	08
	2. Government Budget and the Economy	06	15
	3. Balance of Payments	06	07
	SUB TOTAL	18	30
B	Indian Economic Development		
	4. Development Experience (1947-90) and Economic Reforms since 1991: (i) Indian Economy on the eve of Independence (ii) Indian Economy (1950-90) (iii) Liberalisation, Privatisation and Globalization : An Appraisal	12	28
	5. Current challenges facing Indian Economy (i) Poverty (ii) Human Capital Formation (iii) Rural development	10	17
	SUB TOTAL	22	45
	TOTAL	40	75
C	Project Work (Part 1)	10	
GRAND TOTAL		50	

Students would prepare only ONE project in the entire academic session, which is divided into 2 terms - Term I and Term II.

Term 1

Part A: Introductory Macroeconomics

Unit 2: Money and Banking (8 Periods)

Money - meaning and supply of money - Currency held by the public and net demand deposits held by commercial banks.

Money creation by the commercial banking system.

Central bank and its functions (example of the Reserve Bank of India): Bank of issue, Govt. Bank, Banker's Bank, Control of Credit

Unit 4: Government Budget and the Economy (15 Periods)

Government budget - meaning, objectives and components.

Classification of receipts - revenue receipts and capital receipts; classification of expenditure – revenue expenditure and capital expenditure.

Measures of government deficit - revenue deficit, fiscal deficit, primary deficit their meaning.

Unit 5: Balance of Payments (7 Periods)

Balance of payments account - meaning and components;

Foreign exchange rate - meaning of fixed and flexible rates and managed floating.

Part B: Indian Economic Development

Unit 6: Development Experience (1947-90) and Economic Reforms since 1991(28 Periods)

A brief introduction of the state of Indian economy on the eve of independence.

Indian economic system and common goals of Five Year Plans.

Main features, problems and policies of **agriculture** (institutional aspects and new agricultural strategy), **industry** (IPR 1956; SSI – role & importance) and **foreign trade**.

Economic Reforms since 1991:

Features and appraisals of liberalisation, globalisation and privatisation (LPG policy);

Concepts of demonetization and GST

Unit 7: Current challenges facing Indian Economy (17 Periods)

Poverty- absolute and relative; Main programmes for poverty alleviation: A critical assessment;

Human Capital Formation: How people become resource; Role of human capital in economic development;

Rural development: Key issues - credit and marketing - role of cooperatives; agricultural Diversification

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior**

Sample Question Paper No.1

I-Term Exams-2021-22

Class- XII

Subject- Economics

Time: 90 minutes

Maximum Marks: 40

GENERAL INSTRUCTIONS:

1. There are 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.

Q.NO.	QUESTIONS SECTION A (20 out of 24 questions are to be attempted)
1	Primary deficit in a government budget will be zero, when- a) Revenue deficit is zero b) Fiscal deficit is zero c) Total borrowings is equal to interest payments d) Net interest payment is zero

2	<p>An Indian company located in India invests in a company located abroad .This transaction is entered in India’s Balance of payment account on:-</p> <p>a) Credit side of current account b) Debit side of current account c) Credit side of capital account d) Debit side of capital account</p>
3	<p>The central bank can increase availability of credit by -</p> <p>a) Raising repo rate b) Raising reserve repo rate c) Buying government securities d) Selling government securities</p>
4	<p>If the price of 1 US dollar has fallen from ₹ 70 to ₹ 60 then Indian currency has -</p> <p>a) Depreciated b) Appreciated c) Devaluated d) None of the above</p>
5	<p>Read the following statements carefully and choose the correct alternative from the following:</p> <p>Statement 1 – Demonetization was the step taken by the Government of India in order to tackle the problems of corruption, black money, terrorism and circulation of fake currency in the Indian Economy.</p> <p>Statement 2 – The demonetization policy will help India to become corruption-free. Those indulging in taking bribe will refrain from corrupt practices as it will be hard for them to keep their unaccounted cash.</p> <p>Alternatives:-</p> <p>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</p>

6	<p>When commercial banks need more funds in order to be able to create more credit, they may go to market for such funds or go to the central bank; Central Bank provides them funds through various instruments. This role of RBI that of being ready to lend to banks at all times is an important function of the central bank ,and due to this central bank is said to be the-</p> <p>a) Lender of the last resort b) Custodian of Cash Reserves c) Clearing house function d) Both (b) and (c)</p>
7	<p>‘Under which system, the exchange rates are determined by the market forces of demand and supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range’.</p> <p>a) Fixed Exchange Rate b) Flexible Exchange Rate c) Managed Floating Exchange Rate d) Both (a) and (c)</p>
8	<p>Read the following statements carefully and choose the correct alternative from the following:-</p> <p>Statement 1 – The revenue expenditures are those expenditures of government which neither cause increase in government assets nor any reductions in the government liabilities.</p> <p>Statement 2 – The revenue expenditures is spent on the acquisition of assets, repayment of borrowings and granting of loans and advances.</p> <p>Alternatives:-</p> <p>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</p>

9	<p>Mr.Ravinrda, an economics teacher, was explaining the concept of ‘Balance Of Payments. He was explaining that The balance of payments of a country is a systematic record of all economic transactions between its residents and residents of the foreign countries during a given period of time.</p> <p>Here economic transactions includes-</p> <ul style="list-style-type: none"> i. Export and Import of Goods (Merchandise Transactions or Visible Trade) ii. Export and Import of Services (Non-Merchandise Transactions or Invisible Trade) iii. Unilateral or Unrequested Transfers to and from abroad. iv. Foreign Investment (Investments to and from abroad) <p>Identify the correct alternatives from the following:</p> <p>Alternatives:-</p> <ul style="list-style-type: none"> a) i,iii and iv b) ii, iii,and iv c) i, ii,iii and iv d) i,ii and iii
10	<p>The percentage of demand deposits which the commercial banks are legally required to maintain as their liquid assets is called:</p> <ul style="list-style-type: none"> a) Statutory liquidity Ratio b) Deposit ratio c) Cash Reserve ratio d) Legal reserve ratio
11	<p>Which of the following does not reflect positive impact of Inward-looking Trade strategy on the domestic industry-</p> <ul style="list-style-type: none"> a) It helped to save foreign exchange by reducing import of goods. b) It created a protected market and large demand for domestically produced goods. c). It led to growth of inefficient public monopolies d) It helped to build a strong industrial base in our country which directly lead to economic growth

12	<p>Which of the following economist estimated per capita income during colonial period</p> <p>a) William Digby b) Findley Shirras c) Dada Bhai Naoroji d) All of these</p>
13	<p>Green revolution is related with _____ (Fill in the blank with correct alternative)</p> <p>a) Modern technology. b) Better irrigation facilities c) HYV seeds d) All of the above.</p>
14	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1 – Based on the new official poverty line, in 2011-12, poverty rate in India is estimated to be 21.9 per cent.</p> <p>Statement 2 – In India, poverty line is fixed based on private consumption expenditure, we consider not only food items but non-food items as well.</p> <p>Alternatives:-</p> <p>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</p>
15	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – Human capital formation is not required for effective use of physical capital.</p> <p>Statement 2 – Investment in education, in health, on the job training, migration and information are the sources of human capital formation as this expenditure increases efficiency of human resources.</p>

	<p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>																				
16	<p>Legally stipulated maximum size beyond which no individual farmer can hold any land is called_____ (Fill in the blank with correct alternative)</p> <p>a) Land Ceiling.</p> <p>b) Land consolidation</p> <p>c) Abolition of Intermediaries</p> <p>d) Tenancy reforms</p>																				
17	<p>From the following given sets of statements in column I and II, choose the correct pair of statements-</p> <table border="1" data-bbox="256 1129 1453 1474"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>NRI deposits</td> <td>i</td> <td>Are a part of current account of BOP</td> </tr> <tr> <td>B</td> <td>Unilateral Transactions</td> <td>ii</td> <td>Excess of Exports of goods over the imports of goods</td> </tr> <tr> <td>C</td> <td>Trade Surplus</td> <td>iii</td> <td>Are a part of capital account of BOP</td> </tr> <tr> <td>D</td> <td>Borrowings</td> <td>iv</td> <td>Recorded as a positive item in the BOP account</td> </tr> </tbody> </table> <p>Alternatives:-</p> <p>a) A-i</p> <p>b) B-ii</p> <p>c) C-iii</p> <p>d) D-iv</p>		Column I		Column II	A	NRI deposits	i	Are a part of current account of BOP	B	Unilateral Transactions	ii	Excess of Exports of goods over the imports of goods	C	Trade Surplus	iii	Are a part of capital account of BOP	D	Borrowings	iv	Recorded as a positive item in the BOP account
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23	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – In the first seven five-year plans of India, the trade was commonly called an ‘inward looking’ trade strategy.</p> <p>Statement 2 – Imports were protected by the imposition of tariff and quotas which protect the domestic firms from foreign competition.</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>
24	<p>Occupational structure of India in colonial period was completely different from the present systems. Consider the following statements-</p> <ol style="list-style-type: none"> 1. There were hardly any service sectors in the colonial period. 2. The regional variations were not visible in the colonial era. 3. Agricultural sector accounted for the largest share of work force. <p>Select the incorrect ones.</p> <p>a) Only 3</p> <p>b) Only 1</p> <p>c) All of these</p> <p>d) 1 and 2</p>
	<p>(SECTION B)</p> <p>20 out of 24 are to be attempted</p>
25	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Rent received by an Indian real estate company from Google in New York would be recorded on credit side of capital account.</p> <p>Reason(R) – Capital account of BOP records all those transactions, between residents of a country</p>

	<p>and rest of the world, which causes a change in the assets or liabilities of the residents of the country or its government.</p> <p>From the given alternatives choose the correct one:</p> <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>
26	<p>Supply of money refers to-</p> <p>a) currency held by the public</p> <p>b) currency held by Reserve Bank of India</p> <p>c) currency held by the public and demand deposits with the commercial banks</p> <p>d) currency held by Reserve Bank of India and demand deposits with commercial bank</p>
27	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – The land reforms helped in establishing a relationship between the farmers and the government.</p> <p>Reason(R) – Land reforms ensured that the farmers benefitted from their own labor and promoted equality of wealth</p> <p>From the given alternatives choose the correct one:</p> <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>

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28	<p>Diversification of agriculture implies-</p> <p>a) Shift of workforce from agriculture to other allied activities and change in cropping pattern</p> <p>b) Commercialization of agriculture.</p> <p>c) Use of modern technology</p> <p>d) None of these</p>																				
29	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Expenditure on education is the most effective way of enhancing and enlarging the productive workforce in the country</p> <p>Reason(R) – Monetary benefits of education far exceed the cost of education</p> <p>From the given alternatives choose the correct one:</p> <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>																				
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Alternatives:

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

31

Incidence of Poverty, by Social Groups,
1993-4 and 2004-5
(per cent)

Year	Rural			Urban		
	SC	ST	All	SC	ST	All
1993-4	48.3	52.0	37.3	48.8	40.1	32.4
2004-5	36.8	47.7	28.3	39.8	33.9	25.7

Source: India Human Development Report 2011, p. 116.

Figure showing Incidences of Poverty, by Social Groups

On the basis of the given diagram, identify that during 1993-94 to 2004-05, which social group in urban area experienced higher reduction in poverty?

- a) Schedule Caste(SC)
- b) Schedule Tribe(ST)
- c) Both SC and ST
- d) None of the above

FOR VISUALLY CHALLENGED CANDIDATES:

Which of the following is not a major reason for the lack of effectiveness of targeted anti-poverty programs?

- (A) Lack of proper implementation
- (B) Lack of right targeting
- (C) Overlapping of schemes
- (D) All the above.

32	<p>What were the causes of higher infant motility rate during the British period?</p> <p>a) Poor health care</p> <p>b) Lack of education</p> <p>c) Traditional outlook of society</p> <p>d) All of above</p>
33	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – The major policy initiatives i.e. land reforms and green revolution helped India to become self-sufficient in food grains production</p> <p>Reason(R) – The proportion of people depending on agriculture did not decline as expected</p> <p>From the given alternatives choose the correct one:</p> <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>
34	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – Rural development is an action plan for complete and comprehensive development of rural area.</p> <p>Statement 2 – National Bank for Agriculture and Rural Development (NABARD) was set up to coordinate the activities of all institutions involved in the rural financing system.</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>

35	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 –The monetary policy is the policy formulated by central bank of a country.</p> <p>Statement 2 – Central Bank is an institution that accepts deposits and provides loans to the public</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>
36	<p>Arrange the following event in the correct chronological order: (Choose the correct arrangements)</p> <p>i. LPG Policy</p> <p>ii. Indian Planning Commission constituted</p> <p>iii. Implementation of Goods and services Tax</p> <p>iv. Establishment of WTO</p> <p>Alternatives:</p> <p>a) ii,i,iv,iii</p> <p>b) i,iv,iii,ii</p> <p>c) ii,iii,iv,i</p> <p>d) iii,iv,ii,i</p>
37	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Depreciation of domestic currency leads to rise in exports</p> <p>Reason(R) – Depreciation of domestic currency makes domestic goods relatively cheaper, which leads to increase in exports</p> <p>From the given alternatives choose the correct one:</p> <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>
38	<p>Demand deposits include :</p> <p>a) Chequeable deposits</p> <p>b) Deposits which can be withdrawn on demand</p> <p>c) Fixed deposits for a period</p> <p>d) Both (a) and (b)</p>
39	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment</p> <p>Reason(R) – The institutional credit arrangement continues to be inadequate as they have failed to cover the entire rural farmers of the country</p> <p>From the given alternatives choose the correct one:</p> <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>

40	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Diversification of crops shifted from single cropping system to multiple cropping.</p> <p>Reason(R) – It increases the risk of market raised due to price fluctuation</p> <p>From the given alternatives choose the correct one:</p> <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>
41	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – Credit creation process increases the money supply in economy</p> <p>Reason(R) – Through the credit creation process commercial banks can distribute loans many times as compare to their primary deposits</p> <p>From the given alternatives choose the correct one:</p> <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>

42

Educational Attainment in India

Sl.No.	Particulars	1990	2000	2011	2017-18
1.	Adult Literacy Rate (per cent of people aged 15+)				
	1.1 Male	61.9	68.4	79	82
	1.2 Female	37.9	45.4	59	66
2.	Primary completion rate (per cent of relevant age group)				
	2.1 Male	78	85	92	93
	2.2 Female	61	69	94	96
3.	Youth literacy rate (per cent of people aged 15+ to 24)				
	3.1 Male	76.6	79.7	90	93
	3.2 Female	54.2	64.8	82	90

What was the percentage change in Adult Literacy Rate (Male) in the year 2017-18 as compared to the year 1990- (approximately)

- a) 32.5
- b) 24.5
- c) 74.2
- d) Insufficient data is given

FOR VISUALLY CHALLENGED CANDIDATES:

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

Statement – 1 Poverty is that situation in which an individual fails to earn income sufficient to buy his minimum means of subsistence

Statement – 2 Definition of poverty line varies country to country

Alternatives:-

- 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

43

A new business venture intends to spend a huge amount towards ‘expenditure on migration’ on their workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation.

Spot which of the following does not directly contributes to the process of human capital

	<p>formation:-</p> <p>a) adds skills and expertise</p> <p>b) improves efficiency</p> <p>c) ensures gender equity</p> <p>d) increases output productivity</p>
44	<p>If balance of trade is showing a deficit of ₹ 400 Cr. and value of imports is ₹ 1100 Cr. than the value of exports would be: -</p> <p>a) ₹ 200 Cr.</p> <p>b) ₹ 500 Cr.</p> <p>c) ₹ 700 Cr.</p> <p>d) ₹ 900 Cr.</p>
45	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – Absolute poverty refers to a situation when a person fails to reach this minimum consumption level</p> <p>Statement 2 – The average per capita daily requirement of 2100 calories in rural areas and 2400 calories in urban area.</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>
46	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – India’s current account balance (CAB) recorded a surplus of US\$ 19.8 billion (3.9% of GDP) in Q1 of 2020-2021.</p> <p>Reason(R) – There has been a steeper decline in merchandise imports relative to exports in past few years.</p>

	<p>From the given alternatives choose the correct one:</p> <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>																				
47	<p>Identify the incorrect statement from the following:</p> <p>a) ‘Inward looking’ trade strategy is technically known as ‘import substitution’. Import substitution means substituting imports with domestic production</p> <p>b) Imports were protected by the imposition of tariff and quotas which protect the domestic firms from foreign competition</p> <p>c) Inward-looking Trade strategy helped to build a strong industrial base in our country which directly lead to economic growth</p> <p>d) Inward-looking Trade strategy was unsuccessful to create a protected market and large demand for domestically produced goods</p>																				
48	<p>Match the situations given in Column I with their respective implications given in Column II:</p> <table border="1" data-bbox="256 1333 1453 1806"> <thead> <tr> <th></th> <th>Column I</th> <th></th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Insufficient man power planning</td> <td>i</td> <td>reduced in per capita economic growth</td> </tr> <tr> <td>B</td> <td>Low level of educational standards</td> <td>ii</td> <td>Imbalance between demand and supply of human resource</td> </tr> <tr> <td>C</td> <td>Increasing population</td> <td>iii</td> <td>Brain Drain</td> </tr> <tr> <td>D</td> <td>Migration</td> <td>iv</td> <td>Mismatch between required skill and academic standards</td> </tr> </tbody> </table>		Column I		Column II	A	Insufficient man power planning	i	reduced in per capita economic growth	B	Low level of educational standards	ii	Imbalance between demand and supply of human resource	C	Increasing population	iii	Brain Drain	D	Migration	iv	Mismatch between required skill and academic standards
	Column I		Column II																		
A	Insufficient man power planning	i	reduced in per capita economic growth																		
B	Low level of educational standards	ii	Imbalance between demand and supply of human resource																		
C	Increasing population	iii	Brain Drain																		
D	Migration	iv	Mismatch between required skill and academic standards																		

Alternatives:-

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

SECTION C

10 out of 12 questions are to be attempted

Q.No. 49 – 54 are to be answered on the basis of the following data:

बजट का सार Budget at a Glance

(₹ करोड़) (In ₹ crore)

		2019-2020 वास्तविक Actuals	2020-2021 बजट अनुमान Budget Estimates	2020-2021 संशोधित अनुमान Revised Estimates	2021-2022 बजट अनुमान Budget Estimates
1. राजस्व प्राप्तियां	1. Revenue Receipts	1684059	2020926	1555153	1788424
2. कर राजस्व (केंद्र को निवल)	2. Tax Revenue (Net to Centre)	1356902	1635909	1344501	1545396
3. कर-भिन्न राजस्व	3. Non Tax Revenue	327157	385017	210652	243028
4. पूंजी प्राप्तियां	4. Capital Receipts	1002271	1021304	1895152	1694812
5. ऋणों की वसूली	5. Recovery of Loans	18316	14967	14497	13000
6. अन्य प्राप्तियां	6. Other Receipts	50304	210000	32000	175000
7. उधार और अन्य देयताएं ¹	7. Borrowings and Other Liabilities ¹	933651	796337	1848655	1506812
8. कुल प्राप्तियां (1+4)	8. Total Receipts (1+4)	2686330	3042230	3450305	3483236
9. कुल व्यय (10+13)	9. Total Expenditure (10+13)	2686330	3042230	3450305	3483236
10. राजस्व खाते पर जिसमें से	10. On Revenue Account of which	2350604	2630145	3011142	2929000
11. ब्याज भुगतान	11. Interest Payments	612070	708203	692900	809701
12. पूंजी परिसंपत्तियों के सृजन हेतु सहायता अनुदान	12. Grants in Aid for creation of capital assets	185641	206500	230376	219112
13. पूंजी खाते पर	13. On Capital Account	335726	412085	439163	554236

49

The value of non-tax revenue receipts has ----- between 2019-20 (Actual) and 2020-21 (Budgeted Estimate).

- a) risen by ₹ 57860 Cr
 b) fallen by ₹ 57860 Cr
 c) fallen by ₹ 336867 Cr
 d) risen by ₹ 336867 Cr

50

What will be the value of fiscal deficit in 2021-22 (Budgeted Estimate)-

- a) ₹ 933651 Cr
 b) ₹ 1506812 Cr
 c) ₹ 796337 Cr
 d) ₹ 1140576 Cr

51	<p>Identify the Incorrect formula to calculate Primary Deficit-</p> <p>a) Total expenditure - Total Receipt (other than borrowings)-Interest Payments</p> <p>b) Borrowings- Interest Payments</p> <p>c) Fiscal Deficit - Interest Payments</p> <p>d) Total expenditure - Total Receipts-Interest Payments</p>
52	<p>Find out incorrect statement from the following :</p> <p>a) A zero primary deficit indicates that interest payment on past loan has forced the government to borrow.</p> <p>b) Fiscal deficit shows the borrowing requirements of the government.</p> <p>c) Fiscal deficit is the sum of primary deficit and interest payments.</p> <p>d) A zero primary deficit indicates the zero fiscal deficit.</p>
53	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – Revenue and Capital receipts are increasing but borrowings and other liabilities are reducing</p> <p>Statement 2 – Grants in aid for creation of capital assets increased from 2019 to 2021</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>
54	<p>Identify which of the following is not an example of non-tax revenue for the government:</p> <p>a) Fees, Fines & Penalties</p> <p>b) Goods & Services Tax</p> <p>c) Escheat</p> <p>d) Special Assessments</p>

	<p>Q.No. 55-60 are to be answered on the basis of the following data:</p> <p>It is 30 years since the path-breaking economic liberalization of 1991, when forced by a grave fiscal and balance of payments crisis; the PV Narasimha Rao government announced a series of reforms to usher in free markets. Successive governments have built on those reforms, but a lot more needs to be done if India is to achieve its full potential.</p> <p>In figures, liberalization has been a runaway success. GDP rose from slightly less than Rs 6 lakh crore to around Rs 200 lakh crore now. Foreign investment grew more than 300 per cent in just the first 15 years.</p> <p>The biggest issue was jobs. Hard to believe as it may appear, all this growth has not spurred the job market. Reserve Bank of India figures for the first decade of liberalization show that growth in non-farm jobs was just 3.05 per cent, while the growth the previous decade during the supposedly slow 'socialist' era was better, at 3.67 percent. The news only gets worse – in the last decade (2010-18), the growth has slowed down to a flat 2 per cent -- and that is a figure before absolute devastation struck in the form of the corona virus pandemic last year.</p>
55	<p>“PV Narasimha Rao government announced a series of reforms to usher in free markets.”</p> <p>Which among the following was not part of the economic reforms of 1991?</p> <p>a) Land reforms</p> <p>b) Tax reforms</p> <p>c) Foreign exchange reforms</p> <p>d) Fiscal reforms</p>
56	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – New Economic Policy is to expand the economic wings of the country.</p> <p>Statement 2 – New Economic Policy is also known as the LPG Model of growth</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>

57	<p>Read the following statements - Assertion (A) and Reason (R):</p> <p>Assertion (A) – India faced a grave fiscal and balance of payments crisis during the 1990s</p> <p>Reason(R) – Government of India announced a series of reforms to overcome that crisis</p> <p>From the given alternatives choose the correct one:</p> <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>
58	<p>“In figures, liberalization has been a runaway success.” Which among the following is not true regarding the statement?</p> <p>a) GDP rose from slightly less than Rs 6 lakh crore to around Rs 200 lakh crore now.</p> <p>b) Foreign investment grew more than 300 per cent.</p> <p>c) The growth of job creation in the non-farm sector has increased from the pre-reform period.</p> <p>d) All the successive governments literally followed those reforms.</p>
59	<p>Read the following statements carefully and choose the correct alternatives given below:-</p> <p>Statement 1 – After 1991, Indian economy has become a more vibrant economy.</p> <p>Statement 2 – Overall level of economic activity has trended up as indicated by GDP growth. Post LPG policies, the growth of GDP shot up to as high as 8 per cent per annum.</p> <p>Alternatives:-</p> <p>a) Both the statements are true.</p> <p>b) Both the statements are false.</p> <p>c) Statement 1 is true and Statement 2 is false</p> <p>d) Statement 2 is true and Statement 1 is false</p>

60

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

Assertion (A) – The growth in non-farm jobs was just 3.05 per cent during the reform period, while the growth the previous decade during the supposedly slow 'socialist' era was better, at 3.67 percent.

Reason(R) – Policies adopted by the governments during reform periods resulted in jobless growth.

From the given alternatives choose the correct one:

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.

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior**

Sample Question Paper-1- Marking Scheme

Class- XII (Subject- Economics)

Q.No	Answer	Q.No	Answer	Q.No	Answer
1	c)	21	c)	41	a)
2	d)	22	c)	42	a)
3	d)	23	d)	43	c)
4	b)	24	d)	44	c)
5	a)	25	d)	45	c)
6	a)	26	c)	46	a)
7	c)	27	a)	47	d)
8	c)	28	a)	48	d)
9	c)	29	a)	49	a)
10	a)	30	c)	50	b)
11	c)	31	a) /d) for VH Q	51	d)
12	d)	32	d)	52	d)
13	d)	33	b)	53	a)
14	a)	34	a)	54	b)
15	d)	35	c)	55	a)
16	a)	36	a)	56	a)
17	d)	37	a)	57	a)
18	b)	38	d)	58	c)
19	b)	39	b)	59	a)
20	d)	40	c)	60	a)

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Sample Question Paper No.2**

ECONOMICS (CLASS 12)

Time: 90 minutes

Maximum Marks: 40

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:

Section A – Contains 24 questions. Attempt any 20 questions.

Section B – Contains 24 questions. Attempt any 20 questions.

Section C – Contains 12 questions. Attempt any 10 questions.

3. All questions carry equal marks.

Directions (Q. Nos. 1-24): This section consists of 24 multiple choice questions with overall choice to attempt any 20 questions. In case more than desirable number of questions are attempted, only first 20 will be considered for evaluation.

1. When government spends more than it collects by way of revenue, it incurs:

- (a) Budget surplus
- (b) Budget deficit
- (c) Capital expenditure
- (d) Revenue expenditure

2. Which of the following is the objective of government budget?

- (a) Distribution of income and wealth
- (b) Economic Stability
- (c) GDP growth
- (d) All of these

3. Who regulates money supply in India?

- (a) Government of India
- (b) Reserve bank of India
- (c) Commercial bank
- (d) NITI Ayog

4. Import of Petroleum from Iran will be mentioned:

- (a) Credit side of Capital Account
- (b) Debit side of Capital Account
- (c) Credit side of Current Account
- (d) Debit side of Current Account

5. Which one of the following is an example of indirect tax?

- (a) Income tax
- (b) Wealth tax
- (c) Goods and Service Tax
- (d) None of these

6. The percentage of demand deposits which the commercial banks are legally required to maintain as their liquid assets is called:

- (a) Statutory liquidity Ratio
- (b) Deposit ratio
- (c) Cash Reserve ratio
- (d) Legal reserve ratio

7. Change in market rate from 1\$ = 71.49 INR to 72.82 is called as _____.

- (a) Appreciation
- (b) Depreciation
- (c) Revaluation
- (d) Devaluation

8. Capital receipt is that receipt of the government which:

- (a) Only creates a liability
- (b) Only reduces the assets
- (c) Creates liability and Reduces assets
- (d) Reduce liability and Creates assets

9. Under the Balance of Payments structure of a nation, the two main categories of accounts for the classification of the transactions are _____ and ____.

- (i) Current account
- (ii) Unilateral transfer account
- (iii) Capital account
- (iv) Loan account

Identify the correct alternatives from the following:

- (a) i and ii
- (b) i and iii
- (c) iii and iv
- (d) iv and i

10. Which of the following is not the function of Central bank?

- (a) Bank facilities to government
- (b) Lending to commercial bank
- (c) Banking facilities to Public
- (d) Issuing Note

11. Green revolution is related with _____.

- (a) Modern technology
- (b) Better irrigation facilities
- (c) HYV seeds
- (d) All of the above

12. In which year NITI ayog was established in place of Planning Commission?

- (a) 2014
- (b) 2015
- (c) 2016
- (d) 2017

13. The strategy to earn foreign exchange by promoting domestic exports and making domestic industry competitive in the international market is called:

- (a) Export promotion
- (b) Import substitution
- (c) Export liberalization
- (d) Import restriction

14. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): National Food for work programme was launched in 2004 with the objective of creating self-employment opportunities in rural areas.

Reason (R): This Programme was incorporated in Mahatma Gandhi National Rural Employment Guarantee ACT (MGNREGA) in 2005.

- (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.

15. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): Literacy is a powerful instrument of socio-economic change

Reason (R): Empowerment of women helps to reduce gender disparity.

- (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.

16. Green revolution resulting from:

- (I) Improvement in Irrigation facilities
- (II) Increase in Productivity
- (III) Increase in production
- (IV) Increase in GDP

Choose the correct option from the following:

- (a) I, II and III
- (b) I, III, and IV
- (c) I, II, III and IV
- (d) II, III and IV

17. National Bank for Agriculture and Rural Development is a _____.

- (a) Commercial Bank
- (b) Cooperative bank
- (c) An apex bank set up for rural and agricultural credit
- (d) Subsidiary of State Bank of India

18. If Legal Reserve Ratio is 20% and Primary deposit is Rs. 1000. How much credit can be created by a commercial bank?

- (a) Rs. 2500
- (b) Rs. 4000
- (c) Rs. 5000
- (d) Rs. 2000

19. Which of the following is not a reason of poverty in India?

- (a) Low rate of growth
- (b) Inflation
- (c) Inadequacy of capital
- (d) Human Capital Formation

20. Demand deposits include?

- (a) Saving account deposits and fixed deposits
- (b) Saving account deposits and current account deposits
- (c) Current account deposits and fixed deposits
- (d) All type of deposits

21. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): subsidy is important for enabling adoption of new agriculture technology.

Reason (R): Subsidy leads to wasteful consumption of resources.

- (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.

22. What was the motive behind the de-industrialization by the colonial Govt. in India?

- (a) To get raw material from India at cheap rate
- (b) To sell British manufactured goods in Indian market at high-rate prices
- (c) Both (a) and (b)
- (d) None of above

23. Liberalisation implies:

- (a) Greater role of public sector
- (b) Reduction in governments control over the private sector
- (c) Free economy with no controls
- (d) None of these

24. Which statement is not correct about the demographic condition of India on the eve of Independence?

- (I) Literacy rate was approximately 16%.
- (II) Life expectancy was approximately 49 Years.
- (III) Infant Mortality Rate was 218.
- (IV) Female literacy rate was more than male literacy.

Choose the correct option from the following.

- (a) Only (IV)
- (b) Only (I) and (IV)
- (c) Only (II) and (IV)
- (d) Only (I) and (III)

SECTION B

Directions (Q. Nos. 25-48): This section consists of 24 multiple choice questions with overall choice to attempt any 20 questions. In case more than desirable number of questions are attempted, only first 20 will be considered for evaluation.

25. A budget is balanced one when:

- (a) Total expenditure = total receipts
- (b) Revenue expenditure + Capital Expenditure = Revenue Receipt + Capital Receipts
- (c) Both (a) and (b)
- (d) None of these

26. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): Appreciation of domestic currency means a rise in the price of domestic currency

Reason (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, 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.

27. Money that is issued by the authority of the government is called:

- (a) Full bodied money
- (b) Credit Money
- (c) Fiat Money
- (d) Fiduciary Money

28. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): Margin requirement is a qualitative tool for controlling credit creation process.

Reason (R): Margin requirement changes the availability of supply of money in economy.

- (a) Both (A) & (R) both are true and (R) is correct explanation of (A)
- (b) Both (A) & (R) both are true and (R) is not correct explanation of (A)
- (c) (A) is true but (R) is false
- (d) (A) is false but (R) is true

29. When was RBI established and who is the Current Governor of RBI in India?

- (a) 1949, Urjit Patel
- (b) 1935, Shaktikant Das
- (c) 1949, Nirmala Sitharaman
- (d) 1991, Manmohan Singh

30. Which of the following is not a source of Human Capital Formation?

- (I) Expenditure of Education
- (II) Expenditure on Health
- (III) Expenditure on Election
- (IV) Expenditure on migration
- (V) Expenditure on Road Construction
- (VI) Expenditure on Information

Choose the correct option from the following:

- (a) Only (III) and (VI)
- (b) Only (V) and (VI)
- (c) (III), (V) and (VI)
- (d) Only (III) and (V)

31. Who was the Architect of India's Five Year Planning”?

- (a) Jawaharlal Nehru
- (b) Dr. Manmohan Singh
- (c) P. C. Mahalanobis
- (d) Narendra Modi

32. Suppose the balance of trade (bot) exhibits a surplus of Rs.20000 Cr the import of merchandise of the nation which is half of the merchandise to the rest of the world. The value of exports would be _____ crores:

- (a) 30,000
- (b) 40,000
- (c) 24,000
- (d) 35,000

Q.33. On the basis of above mentioned information answer the following questions.

Particulars	1951	1981	1991	2001	2016-17
Real Per Capita income	7651	12174	15748	203095	77659
Crude Death Rate	25.1	12.5	9.8	8.1	6.3
Infant Mortality Rate	146	110	80	63	33
Literacy Rate	16.67	43.57	52.21	65.20	76

The infant mortality rate (as per given data) has decreased by _____ (approximately) between 1951 and 2016-17.

- (a) 7739
- (b) 7912
- (c) 82.23
- (d) 91.10

34. Arrange the following event in the correct chronological order:

- (i) TISCO
- (ii) Suez Canal
- (iii) Introduction of Railways
- (iv) Year of Great Divide

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

35. Match the following:

Column A	Column B
A. Relative Poverty	1. Jawahar Rozgar Yojana
B. PAP	2. 100 days of guaranteed employment
C. Trickle	3. Automatic percolation of growth
D MGNREGA	4. Comparison of different groups

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

Q36. Statement I: Subsidies do not add any burden on the financial health of a nation.

Statement II: Complete removal of subsidies may violate the aim of equitable distribution of income.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement I is true and statement II is false.
- (d) Statement II is true and statement I is false.

37. Find out incorrect statement from the following:

- (a) A government budget is an estimation of income and expenditure for current year
- (b) A government budget is an estimation of receipts and expenditure for next financial year.
- (c) Capital receipts decreases assets of the government necessarily.
- (d) Subsidies are not treated as capital expenditure of the government.

38. Inward looking trade strategy aimed at _____.

- (a) Self reliance
- (b) Import substitution
- (c) Imports promotion
- (d) Equity

39. Goods and Services Tax Act came into effect from _____.

- (a) July 2016
- (b) July 2017
- (c) July 2018
- (d) July 2019

40. The Industrial Policy Resolution 1956 classified industries into _____ categories.

- (a) 1
- (b) 2
- (c) 3
- (d) 4

41. What is the average calorie requirement in India in urban areas (per person per day)?

- (a) 2000 cal / person / day
- (b) 2100 cal / person / day
- (c) 2300 cal / person / day
- (d) 2400 cal / person / day

42. Which of the following is not a source of Human Capital Formation?

- (a) Saving
- (b) Training
- (c) Education
- (d) Health

43. Concept of Micro-credit directly applied to-

- (a) Credit provision made for small farmers.
- (b) Credit provision made for SHG to its members.
- (c) Credit provision made for large farmers.
- (d) None of the above

44. Golden Revolution' is associated with

- (a) Agriculture
- (b) Sericulture
- (c) Pisciculture
- (d) Horticulture

45. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): Diversification of crops has shifted from single cropping to multiple cropping.

Reason (R): Fluctuation in the price of agricultural produce causes marketing risk for farmers.

Options:

- (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

46. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): An increase in CRR results in decrease in the value of multiplier

Reason(R): Value of CRR and Value of Credit Multiplier are inversely related.

Options:

- (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.

47. Which of the following is an example of preventive medicine?

- (a) Spread of health literacy
- (b) Vaccination
- (c) Medical intervention during illness
- (d) All of these

48. If _____ capital represents production capacity of a nation, then _____ capital is the cause that designs machines. (Fill up the blank with correct answer)

- (a) Physical, Financial
- (b) Financial, Human
- (c) Physical, Human
- (d) Human, Physical

SECTION – C

Directions (Q. Nos. 49-60): This section consists of 12 multiple choice questions with overall choice to attempt any 10 questions. In case more than desirable number of questions are attempted, only first 10 will be considered for evaluation.

Note: Q.49 to 54 are to be answered on the basis of extract given.

If a shirt costs \$8 in the US and Rs 400 in India, the rupee-dollar exchange rates should be Rs 50. To see why, at any rate higher than Rs 50, say Rs 60, it costs Rs 480 per shirt in the US but only Rs 400 in India. In that case, all foreign customers would buy shirts from India. Similarly, any exchange rate below Rs 50 per dollar will send all the shirt business to the US. Next, suppose that prices in India rise by 20 % while prices in the US rise by 50 %. Indian shirts would now cost Rs 480 per shirt while American shirts cost \$12 per shirt. For these two prices to be equivalent, \$12 must be worth Rs 480, or one dollar must be worth Rs 40. The dollar, therefore, has depreciated.

49. What will be effect on exports if there is fall in foreign exchange rate of Indian rupee?

- (a) Increase
- (b) Decrease
- (c) No change
- (d) May increase or decrease

50. If the exchange rate of rupee is has been decreased by the government, it is called?

- (a) Depreciation
- (b) Appreciation
- (c) Devaluation
- (d) Revaluation

51. If the exchange rate is determined by market forces, it is called?

- (a) Flexible exchange rate system
- (b) Fixed exchange rate system
- (c) Both A & B
- (d) None of these

52. If dollar devalued in terms of rupee, it will lead to more.....from US.

- (a) Exports
- (b) Imports
- (c) Gifts
- (d) None of these

53. Which of following is correct with Managed Floating?

- (a) It is fully flexible exchange rate system
- (b) It is fully fixed exchange rate system
- (c) It is neither completely flexible nor completely fixed.
- (d) None of above.

54. As a result of Currency Depreciation of a country the Imports will _____.

- (a) Increase
- (b) Decrease
- (c) Remains unchanged
- (d) None of these

Note: Q.55 to 60 are to be answered on the basis of extract given.

Read the following text and answer the given questions from 55 to 60.

During the colonial period, the occupational structure of India, i.e., distribution of working persons across different industries and sectors, showed little sign of change. The agricultural sector accounted for the largest share of the workforce, which usually ~~stood~~ ^{stood} at a height of 70- 75 per cent while the manufacturing and the services sectors accounted for only 10 and 15-20 per cent respectively. Another striking aspect was the growing regional variation. Parts of the then Madras Presidency (comprising areas of the present-day states of Tamil Nadu, Andhra Pradesh, Kerala and Karnataka), Bombay and Bengal witnessed a decline in the dependence of the workforce on the agricultural ~~str~~ ^{sector} with a commensurate increase in the manufacturing and the services sectors. However, there had been an increase in the share of the workforce in agriculture during the same time in states such as Orissa, Rajasthan and Punjab.

55. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): During the colonial period, the occupational structure of India showed little sign of change.

Reason (R): There was no significant economic growth recorded during colonial rule. Write the correct answer from the following:

- (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 ~~explan~~ ^{explanation} of Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.

56. Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:

Assertion (A): Parts of the Madras Presidency, Bombay and Bengal witnessed a rise in the dependence of the workforce on the agricultural sector during colonial rule.

Reason (R): These regions shown commensurate increase in the manufacturing and services sector.

Options:

- (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.

57. “States such as Orissa, Rajasthan and Punjab experienced an increase in the share of the workforce in agriculture during the colonial rule due to growth of the industrial and service sector.” This statement is _____.

- (a) True
- (b) False
- (c) None of the A and B
- (d) Partially true

58. Which among the following is component of the structural composition of an economy?

Agriculture and related activities

- (b) Manufacturing
- (c) Services
- (d) All of above

59. Occupational structure refers to:

- (a) Distribution of workforce in Rich and poor
- (b) Distribution of national income
- (c) Distribution of workforce among different sectors of the economy
- (d) all of these

60. Developing countries feel cheated by the WTO. The reason is _____.

- (a) They are forced to open their markets for developed countries
- (b) All developed countries are not agreed to give free labour flow.
- (c) Only option A is true
- (d) Option A and B are true

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Marking Scheme- Sample Question Paper No.2**

QN. NO.	ANSWER	QN. NO.	ANSWER	QN. NO.	ANSWER
1	b	21	c	41	b
2	d	22	c	42	a
3	b	23	b	43	b
4	d	24	c	44	d
5	c	25	c	45	b
6	d	26	c	46	a
7	b	27	c	47	b
8	c	28	a	48	c
9	b	29	b	49	a
10	c	30	d	50	c
11	d	31	c	51	a
12	b	32	b	52	b
13	b	33	a	53	c
14	d	34	b	54	b
15	a	35	c	55	a
16	c	36	d	56	d
17	c	37	b	57	b
18	c	38	b	58	d
19	d	39	b	59	c
20	b	40	c	60	d

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Sample Question Paper No.3**

CLASS: XII

SUB: ECONOMICS

MM: 40 MARKS

TIME: 90 MINUTES

General Instructions:

1. There are a total of 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 out of 24 questions are to be attempted)	
1.	<p>The part of LRR kept by the banks themselves is called:</p> <p>(a) SLR (b) CRR (c) Reverse Repo Rate (d) None of the above</p>
2.	<p>An Indian company located in India invests in a company located abroad. This transaction is entered in India's balance of payments account on:</p> <p>a) Credit side of current account b) Debit side of current account c) Credit side of capital account d) Debit side of capital account</p>
3.	<p>The second stage of demographic transition began after _____.</p> <p>a) 1921 b) 1947 c) 1881 d) 1932</p>
4.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Repayment of loans by government is the capital expenditure of government. Reason (R): Capital Expenditure of government leads to creation of assets or reduction in liabilities.</p> <p>Alternatives:</p> <p>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</p>

	<p>Assertion(A) (c) Assertion (A) is true but Reason(R) is false. (d) Assertion (A) is false but Reason(R) is true.</p>
5.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Occupational structure indicates GDP derived from different sectors. Reason (R): Occupational structure shows employment of people in different sectors. 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.</p>
6.	<p>Which of the following statement is false?</p> <p>a) Current account of BOP records export and import of goods and services only b) Foreign investments are also the part of BOT. c) Import of Machinery is the component of capital account of BOP d) All of the above.</p>
7.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: Planning Commission formed study group in 1962 to measure poverty. Statement 2: Study group explained the concept of jail cost of living. Alternatives: 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</p>
8.	<p>Credit creation by commercial banks is determined by:</p> <p>(a) CRR (b) SLR (c) Initial Deposits (d) All of the above</p>
9.	<p>Identify which of the following statements is true?</p> <p>a) Fiscal Deficit is difference between planned revenue expenditure and planned revenue receipts. b) Fiscal Deficit difference between total planned expenditure and total planned receipts. c) Primary Deficit is the difference between total planned receipt and interest payments. d) Fiscal Deficit is the sum of primary deficit and interest payment.</p>
10.	<p>Which of the following is not true for small scale industries?</p> <p>a) SSI is labour intensive and therefore, employment oriented. b) SSI needs small investment and is therefore, equity oriented. c) SSI is capital intensive and therefore, increases productivity. d) SSI shows location flexibility and is therefore, equality oriented.</p>

11.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: Disinvestment means selling equity of Public Sector Undertakings (PSUs). Statement 2: Granting special status to PSUs like <i>Navratnas</i> helped these undertakings to grow. Alternatives: 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</p>										
12.	<p>The infant mortality rate under the British rule was _____ per thousand.</p> <p>a) 215 b) 214 c) 218 d) 112</p>										
13.	<p>Identify the correct pair from Column I and Column II and choose the correct alternative:</p> <table border="1" data-bbox="147 722 1479 984"> <thead> <tr> <th data-bbox="147 722 477 758">Column I</th> <th data-bbox="477 722 1479 758">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="147 758 477 835">A. Usually poor</td> <td data-bbox="477 758 1479 835">i) These are the people who sometimes have little more money but usually are unable to fulfill their basic needs.</td> </tr> <tr> <td data-bbox="147 835 477 913">B. Churning poor</td> <td data-bbox="477 835 1479 913">ii) These are the people who do not usually have sufficient money to fulfill their basic needs.</td> </tr> <tr> <td data-bbox="147 913 477 949">C. Occasionally poor</td> <td data-bbox="477 913 1479 949">iii) These people regularly move in and out of poverty.</td> </tr> <tr> <td data-bbox="147 949 477 984">D. Always poor</td> <td data-bbox="477 949 1479 984">iv) These people reside in rural areas.</td> </tr> </tbody> </table> <p>a) A – i) b) B – ii) c) C – iii) d) D – iv</p>	Column I	Column II	A. Usually poor	i) These are the people who sometimes have little more money but usually are unable to fulfill their basic needs.	B. Churning poor	ii) These are the people who do not usually have sufficient money to fulfill their basic needs.	C. Occasionally poor	iii) These people regularly move in and out of poverty.	D. Always poor	iv) These people reside in rural areas.
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D. Always poor	iv) These people reside in rural areas.										
14.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: Higher the primary deposits more will be credit creation, keeping other factors constant. Statement 2: Legal Reserve Ratio is one of the other factors which are assumed to be constant. Alternatives: 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</p>										
15.	<p>Primary Deficit is borrowing requirements of government for making _____.</p> <p>a) Interest Payments b) Other than interest payments c) All types of payments d) Some specific payments</p>										

16.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): India's current account balance recorded a surplus of US\$ 19.8 billion (3.9% of GDP) in Q1 of 2020-21.</p> <p>Reason (R): There has been a steeper decline in merchandise imports relative to exports in past few years.</p> <p>Alternatives:</p> <p>(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.</p>
17.	<p>India's first Industrial Policy Resolution was initiated in:</p> <p>a) 1956 b) 1951 c) 1948 d) 1947</p>
18.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): India is the favourite destination of outsourcing.</p> <p>Reason (R): India has abundance of labour available at higher wage rate.</p> <p>Alternatives:</p> <p>(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.</p>
19.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Money kept with RBI is the part of money supply in India.</p> <p>Reason (R): RBI supply money in India.</p> <p>Alternatives:</p> <p>(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.</p>
20.	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1: Purchase of machinery from Germany will be recorded on the debit side of BOP.</p> <p>Statement 2: Any transaction that causes a country to lose foreign exchange is recorded on the debit side and thus is given a negative sign.</p> <p>Alternatives:</p> <p>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</p>

21.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): National Food for Work Programme was merged with Mahatma Gandhi National Rural Employment Guarantee Programme.</p> <p>Reason (R): MGNREGA provide guaranteed employment of minimum of 100 days of work to adult member in rural areas.</p> <p>Alternatives:</p> <p>(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.</p>										
22.	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1: Suez Canal is a natural canal.</p> <p>Statement 2: It increased trade between India and Britain.</p> <p>Alternatives:</p> <p>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</p>										
23.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Government should reduce subsidies to curb revenue deficit.</p> <p>Reason (R): Providing subsidies on LPG cylinder is a part of revenue expenditure.</p> <p>Alternatives:</p> <p>(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.</p>										
24.	<p>Identify the correct pair from Column I and Column II and choose the correct alternative:</p> <table border="1" data-bbox="142 1388 1479 1581"> <thead> <tr> <th data-bbox="142 1388 570 1430">Column I</th> <th data-bbox="570 1388 1479 1430">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="142 1430 570 1465">A. Privatization</td> <td data-bbox="570 1430 1479 1465">i) Removing trade barriers</td> </tr> <tr> <td data-bbox="142 1465 570 1501">B. Disinvestment</td> <td data-bbox="570 1465 1479 1501">ii) Includes strategic and minority sale</td> </tr> <tr> <td data-bbox="142 1501 570 1537">C. Globalization</td> <td data-bbox="570 1501 1479 1537">iii) It is an outcome of outsourcing.</td> </tr> <tr> <td data-bbox="142 1537 570 1581">D. Outsourcing</td> <td data-bbox="570 1537 1479 1581">iv) Get the work done by employees in the organization itself.</td> </tr> </tbody> </table> <p>a) A – i) b) B – ii) c) C – iii) d) D – iv</p>	Column I	Column II	A. Privatization	i) Removing trade barriers	B. Disinvestment	ii) Includes strategic and minority sale	C. Globalization	iii) It is an outcome of outsourcing.	D. Outsourcing	iv) Get the work done by employees in the organization itself.
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SECTION B
(20 out of 24 questions are to be attempted)

25.	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1: Poverty line in India is defined in terms of monetary value of the minimum nutritional (calorific) requirements of an individual in a day.</p> <p>Statement 2: The definition of poverty line in monetary terms has not changed over the years.</p> <p>Alternatives:</p> <p>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</p>
26.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain.</p> <p>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> <p>Alternatives:</p> <p>(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.</p>
27.	<p>To reduce credit availability in the economy, the Central Bank may _____.</p> <p>a) buy securities in the open market b) sell securities in the open market c) reduce reserve ratio d) Reduce Repo rate.</p>
28.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Export of sugar is recorded in the Capital account.</p> <p>Reason (R): 'Atmanirbhar Bharat' will decrease imports of foreign goods.</p> <p>Alternatives:</p> <p>(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.</p>
29.	<p>Which of the following is not a self-employment programme?</p> <p>a) Rural Employment Generation Programme b) Prime Minister's Rozgar Yojana c) Swarna Jayanti Shahari Rozgar Yojana d) Mahatma Gandhi National Rural Employment Guarantee Act</p>

30.	<p>Surplus in BOP arises when:</p> <p>a) Autonomous payments > Autonomous receipts b) Accommodating receipts > Accommodating payments c) Accommodating receipts < Accommodating payments d) Autonomous payments < Autonomous receipts</p>										
31.	<p>Match the following Column I and Column II and choose the correct alternative.</p> <table border="1" data-bbox="151 394 1479 579"> <thead> <tr> <th>Column I</th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A. Capitalism</td> <td>i) The contribution made by each sector of the economy.</td> </tr> <tr> <td>B. Planning Commission</td> <td>ii) Benefitted the big farmers.</td> </tr> <tr> <td>C. Structural Composition</td> <td>iii) Prime Minister is the Chairperson</td> </tr> <tr> <td>D. Subsidies</td> <td>iv) Also called the Market economy</td> </tr> </tbody> </table> <p>a) A – iii), B – i), C – ii), D – iv) b) A – iv), B – iii), C – i), D – ii) c) A – ii), B – iii), C – i), D – iv) d) A – i), B – iv), C – iii), D – ii)</p>	Column I	Column II	A. Capitalism	i) The contribution made by each sector of the economy.	B. Planning Commission	ii) Benefitted the big farmers.	C. Structural Composition	iii) Prime Minister is the Chairperson	D. Subsidies	iv) Also called the Market economy
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32.	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1: Government of India adopted ‘Trickle Down Approach’ to alleviate poverty to Benefit the last man at the bottom of the pyramid.</p> <p>Statement 2: Empirical data over the years have shown that trickle-down theory did not yield Desired results in India.</p> <p>Alternatives:</p> <p>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</p>										
33.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): British rulers followed discriminatory tariff policy wherein Indian imports were made tariff free and heavy tariffs were imposed on the export of Indian handicrafts.</p> <p>Reason (R): This facilitated trade and resulted in huge inflows of funds in India.</p> <p>(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.</p>										
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D. CRR	iv) Repurchase Rate										

35.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Money Multiplier refers to the process of creation of credit by the commercial bank.</p> <p>Reason (R): Money creation by commercial bank raises the National Income.</p> <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>										
36.	<p>Identify the correct pair from Column I and Column II and choose the correct alternative:</p> <table border="1" data-bbox="147 615 1479 804"> <thead> <tr> <th data-bbox="147 615 810 653">Column I</th> <th data-bbox="810 615 1479 653">Column II</th> </tr> </thead> <tbody> <tr> <td data-bbox="147 653 810 690">A. Indian Oil Corporation Limited</td> <td data-bbox="810 653 1479 690">i) Navratnas</td> </tr> <tr> <td data-bbox="147 690 810 728">B. Mahanagar Telephone Nigam Limited</td> <td data-bbox="810 690 1479 728">ii) Miniratnas</td> </tr> <tr> <td data-bbox="147 728 810 766">C. Airport Authority of India</td> <td data-bbox="810 728 1479 766">iii) Maharatnas</td> </tr> <tr> <td data-bbox="147 766 810 804">D. Hindustan Aeronautics Limited</td> <td data-bbox="810 766 1479 804">iv) Navratnas</td> </tr> </tbody> </table> <p>a) A – i); b) B – ii); c) C – iii); d) D – iv</p>	Column I	Column II	A. Indian Oil Corporation Limited	i) Navratnas	B. Mahanagar Telephone Nigam Limited	ii) Miniratnas	C. Airport Authority of India	iii) Maharatnas	D. Hindustan Aeronautics Limited	iv) Navratnas
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37.	<p>If Japanese import more goods from India:</p> <p>a) India’s BOP will improve</p> <p>b) Japan’s BOP will deteriorate</p> <p>c) India’s BOP will deteriorate</p> <p>d) both a) and b)</p>										
38.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Globalization aimed at transforming the world towards greater interdependence and integration.</p> <p>Reason (R): Globalization reduces the trade and tariff barriers between the countries.</p> <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>										
39.	<p>Read the following statements carefully and choose the correct alternatives given below:</p> <p>Statement 1: Rent received by an Indian real estate company from Google in New York would be recorded on credit side of capital account.</p> <p>Statement 2: Capital account of BOP records all those transactions between residents of a country and rest of the world which causes a change in the assets or liabilities of the residents of the country or its government.</p> <p>Alternatives:</p>										

	<p>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</p>										
40.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Repo Rate is fixed by the RBI, while Reverse Repo Rate is fixed by the commercial banks themselves. Reason (R): Both Repo Rate and Reverse Repo Rate are fixed by the RBI, as it is the apex bank. 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.</p>										
41.	<p>Match the following Column I and Column II and choose the correct alternative.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Column I</th> <th style="text-align: center;">Column II</th> </tr> </thead> <tbody> <tr> <td>A. Trade Deficit</td> <td>i) Cause of BOP imbalance</td> </tr> <tr> <td>B. Merchandise</td> <td>ii) Export of goods < Import of goods</td> </tr> <tr> <td>C. Autonomous items</td> <td>iii) Foreign institutional investment</td> </tr> <tr> <td>D. Portfolio investment</td> <td>iv) Export and import of goods</td> </tr> </tbody> </table> <p>a) A – i), B – iii), C – iv), D – ii) b) A – ii), B – iv), C – i), D – iii) c) A – iv), B – iii), C – i), D – ii) d) A – i), B – ii), C – iv), D – iii)</p>	Column I	Column II	A. Trade Deficit	i) Cause of BOP imbalance	B. Merchandise	ii) Export of goods < Import of goods	C. Autonomous items	iii) Foreign institutional investment	D. Portfolio investment	iv) Export and import of goods
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42.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: Deficit in BOP was one of the reasons for implementing New Economic Policy 1991. Statement 2: Industrial Licensing did not allow private sectors to compete. Alternatives: 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</p>										
43.	<p>Match the following Column I and Column II and choose the correct alternative.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Column I</th> <th style="text-align: center;">Column II</th> </tr> </thead> <tbody> <tr> <td>A. Money Supply</td> <td>i) Exclusive right for issuing currency notes</td> </tr> <tr> <td>B. Quantitative Methods</td> <td>ii) Aimed at influencing the quantity/total volume of credit in an economy</td> </tr> <tr> <td>C. Bank of Issue</td> <td>iii) Deal with allocation of credit among alternative uses</td> </tr> <tr> <td>D. Qualitative Methods</td> <td>iv) Stock of money in circulation in a country at a particular point of time</td> </tr> </tbody> </table> <p>a) A – iii), B – i), C – ii), D – iv) b) A – iv), B – ii), C – i), D – iii) c) A – ii), B – iii), C – i), D – iv) d) A – i), B – iv), C – iii), D – ii)</p>	Column I	Column II	A. Money Supply	i) Exclusive right for issuing currency notes	B. Quantitative Methods	ii) Aimed at influencing the quantity/total volume of credit in an economy	C. Bank of Issue	iii) Deal with allocation of credit among alternative uses	D. Qualitative Methods	iv) Stock of money in circulation in a country at a particular point of time
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44.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: All coins are issued by the Ministry of Finance in India Statement 2: All currency notes except Rs. 1 note are issued by the RBI. Alternatives: 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</p>
45.	<p>Which five-year plan was launched after the initiation of reforms in India? a) Seventh b) Eighth c) Ninth d) Tenth</p>
46.	<p>_____ shows gender biasedness in Indian society at the time of independence. a) Mortality rate b) Literacy rate c) Death rate d) Life expectancy</p>
47.	<p>Read the following statements carefully and choose the correct alternatives given below: Statement 1: Buying foreign goods is expenditure from our country and it becomes the income of that foreign country. Statement 2: The purchase of foreign goods or imports decreases the domestic demand for goods and services in our country. Alternatives: 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</p>
48.	<p>Which scheme was started in 1993 to create self-employment opportunities for educated unemployed youth in rural areas and small town? a) Prime Minister's Rozgar Yojana b) Swarnajayanti Gram Swarozgar Yojana c) Sampoorna Gramin Rozgar Yojana d) Minimum Needs Programme</p>

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

CASE STUDY 1

Read the following case study and answer the questions 49 – 54.

Finance Minister Nirmala Sitharaman has pegged fiscal deficit for the coming year 2021-22 at 6.8% of GDP and aims to bring it back below the 4.5% mark by 2025-26. The original fiscal deficit target for 2020-21 was 3.5%. However, in reality, the deficit shot up to a high of 9.5% of GDP due to the double impact of the COVID-19 pandemic- low revenue flows due to the lockdown and negative economic growth clubbed with the high government spending to provide essential relief to the vulnerable sections of the society, as well as a stimulus package aimed at reviving domestic demand.

49.	<p>Deficit budget refers to a situation when:</p> <p>(a) government's budget expenditure is less than its budget receipts (b) government's budget expenditure is more than its budget receipts (c) government's budget expenditure is equal to its budget receipts (d) government's budget receipts are more than its budget expenditure</p>
50.	<p>Fiscal deficit is equal to:</p> <p>(a) Total expenditure - Total receipts other than borrowings (b) Capital expenditure – Capital receipts (c) Revenue expenditure – Revenue receipts (d) Revenue expenditure + Capital expenditure – Revenue receipts</p>
51.	<p>Fiscal deficit is financed through:</p> <p>(a) Borrowings (b) Tax revenue receipts (c) Disinvestment (d) All of the above</p>
52.	<p>If fiscal deficit is ₹4000 crore and interest payments is ₹500 crore, then primary deficit is:</p> <p>(a) ₹4,500 crore (b) ₹ 3,500 crore (c) ₹ 5,000 crore (d) ₹ 4,200 crore</p>
53.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Primary deficit is the difference between fiscal deficit and interest payments made by the government. Reason(R): Primary deficit indicates borrowing requirements of the government.</p>

	<p>Alternatives:</p> <p>(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.</p>
54.	<p>Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Interest received on loan given by the Central Government to state government is a revenue receipt. Reason(R): Revenue receipts neither create any liability nor reduce assets of the government.</p> <p>Alternatives:</p> <p>(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.</p>
	<p style="text-align: center;"><u>CASE STUDY 2</u></p> <p><i>Read the following case study and answer the questions 55 – 60.</i></p> <p>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 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.</p> <p>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 were widely felt in the context of changing global economic scenario to achieve desired growth in the country.</p>
55.	<p>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> <p>a) Private entrepreneurs lacked sufficient capital for investment. b) Government aimed at social welfare. c) The market was big enough to encourage private industrialists for investment. d) The government wanted to protect the indigenous producers from the foreign competition.</p>
56.	<p>During the initial stages of planning, special concession was given to the industries producing goods to be used as substitutes for imported goods. This strategy was named as:</p>

	<p>(a) Inward looking trade strategy (b) Outward looking trade strategy (c) Export promotion strategy (d) None of these</p>
57.	<p>Marketed surplus refers to the</p> <p>(a) Portion of agriculture produce which is sold by the government (b) Portion of agriculture produce which is sold by the farmers (c) Earnings of the farmers which is left with the farmers (d) Portion of agricultural product which is left with the farmers</p>
58.	<p>Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:</p> <p>Assertion (A): Five-year plans give a big push to the basic and capital goods industries. Reason (R): Indian economy is now ranked as the eleventh largest industrial economy in the world. Select the correct alternative from the following:</p> <p>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.</p>
59.	<p>Before the advent of Green Revolution in 1960's, India was primarily dependent on _____ for the supply of food grains.</p> <p>a) United States of America (USA) b) Britain (United Kingdom) c) Mexico a) Union of Soviet Socialist Republics (USSR)</p>
60.	<p>Read the following statements – assertion (A) and reason. Choose one of the correct alternatives given below:</p> <p>Assertion (A): Many public sector undertakings incurred huge losses due to operational inefficiencies. Reason (R): Red-tapism was one of the reasons for continuation of such enterprises. Select the correct alternative from the following:</p> <p>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.</p>

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Marking Scheme- Sample Question Paper No.3**

Q. No.	Answer	Q. No.	Answer
1.	a)	31.	b)
2.	d)	32.	a)
3.	a)	33.	c)
4.	a)	34.	b)
5.	d)	35.	b)
6.	d)	36.	d)
7.	c)	37.	d)
8.	d)	38.	a)
9.	d)	39.	d)
10.	c)	40.	d)
11.	a)	41.	b)
12.	c)	42.	a)
13.	a)	43.	b)
14.	a)	44.	a)
15.	b)	45.	b)
16.	a)	46.	b)
17.	c)	47.	a)
18.	c)	48.	a)
19.	d)	49.	b)
20.	a)	50.	a)
21.	b)	51.	a)
22.	d)	52.	b)
23.	a)	53.	c)
24.	b)	54.	a)
25.	c)	55.	c)
26.	a)	56.	a)
27.	b)	57.	b)
28.	d)	58.	c)
29.	d)	59.	a)
30.	d)	60.	a)

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Sample Question Paper No.4**

CLASS: XII

SUBJECT: ECONOMICS

Time: 90 minutes

Maximum Marks: 40

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)

(Attempt any 20 out of 24 questions).

- 1- **Primary deficit in government budget is:**
 - (a) Revenue expenditure – Revenue receipts.
 - (b) Revenue deficit – Interest Payment.
 - (c) Fiscal deficit – Interest Payment.
 - (d) Total deficit – Total Receipts.

- 2- **Current account of BoP records.**
 - (a) Exports and import of goods
 - (b) Exports and import of services
 - (c) Unilateral transfers from and to foreigners
 - (d) All of these

3- **The ratio of total deposit that a commercial bank has to keep with RBI is called....**

- (a) Deposit ratio
- (b) Statutory liquidity ratio
- (c) Cash reserve ratio
- (d) Legal reserve ratio

4- **Identify which of the following is not an example of 'invisible item' under Current Account of the Balance of Payments transactions:**

- (a) Air and sea transport
- (b) Postal and courier services
- (c) Education-related travel
- (d) Merchandise linked transactions

5- **Supply of money refers to....**

- (a) Currency held by the public
- (b) Currency held by Reserve Bank of India
- (c) Currency held by the public and demand deposits with commercial bank
- (d) Currency held in the government account

6- **WTO was established in 1995 as a successor to....**

- (a) General agreements on trade and tariff (GATT)
- (b) General agreements on trade and transformation (GATT)
- (c) General agreements on tariffs and transformation (GATT)
- (d) General agreement on tariffs and travel (GATT)

7- **Two friends Ram and Shyam were discussing the exchange rate systems. 'Under this system, the exchange rates are determined by the market forces of demand and supply. However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range'.**

The above-mentioned statement was given by Ram, identify the type of exchange rate system was he talking about?

- (a) Fixed Exchange Rate
- (b) Floating Exchange Rate
- (c) Managed Floating Exchange Rate
- (d) Managed Fixed Exchange Rate

8- In the history of demographic transition, which year is regarded as the year of great divide?

- (a) 1901
- (b) 1921
- (c) 1947
- (d) 1950

9- Who described 17th century Bengal is richer than Egypt in terms of production and exports of cottons, silks, rice, sugar, butter, wheat, vegetables, grains, fowls, ducks and geese etc.

- (a) British Traveller – Charies Davenant
- (b) French Traveller – Bernier
- (c) Aberdeen (U.K.) Traveller – Findlay Shirras
- (d) Indian Economist – R.C. Desai

10- During the initial stages of planning, special concessions were given to the industries producing goods to be used as substitutes for imported goods. This strategy was named as....

- (a) Inward looking trade strategy
- (b) Outward looking trade strategy
- (c) Export promotion strategy
- (d) None of these

- 11- **Which organization collects data on poverty in India?**
- (a) NITI Aayog
 - (b) Sample Registration System
 - (c) Revenue and expenditure Dept. of Ministry of Finance
 - (d) National Sample Survey Organisation
- 12- **Identify which of the following is not an example of 'invisible item' under Current Account of the Balance of Payments transactions:**
- (a) Air and sea transport
 - (b) Postal and courier services
 - (c) Education-related travel
 - (d) Merchandise linked transactions
- 13- **Which of the following highlights the importance of human capital formation in an economy?**
- a) It leads to research and innovation
 - b) It makes growth process inclusive
 - c) It enhances the productivity of resources
 - d) All of the above
- 14- **Which of the following was not the reason for the introduction of new economic policy 1991?**
- a) High debt burden
 - b) Payment of international transactions were greater than the receipts
 - c) Backwardness of agriculture
 - d) Poor performance of public sector in the economy

- 15- **Disinvestment by the government means:**
- a) Selling of its buildings.
 - b) Selling of shares of public enterprises held by it.
 - c) Selling of its fixed capital assets.
 - d) All of the above
- 16- **Planning Commission of India which was formed in 1950, is now replaced by.... in February 2015.**
- a) Niti Aayog
 - b) National food commission
 - c) Election Commission
 - d) Finance Commission
- 17- **Which of the following is not a quantitative method of credit control?**
- a) Open market operation
 - b) Bank rate policy
 - c) Legal reserve requirements
 - d) Marginal requirements
- 18- **In flexible exchange rate system when the value of domestic currency decreases, in term of foreign currency it is called...**
- a) Devaluation
 - b) Revaluation
 - c) Appreciation
 - d) Depreciation

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

Statement 1: Capital receipts of the government leads to decrease in assets or increase in liabilities

Statement 1: Tax and non tax receipts are the two sources of capital receipts.

Alternatives:

- 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

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

Statement 1: Central bank as a banker to the government, works as a custodian of cash reserves of commercial banks.

Statement 2: The central bank acts as a clearing house for transfer and settlement of mutual claims of commercial banks.

Alternatives:

- 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.

21- **Which of the following is not the benefit of GST?**

- a) It has created the common market
- b) Reduced cascading effect of taxation
- c) Made tax compliance easier
- d) Reduced inflation rate.

22- **Who is the first person to discuss the concept of poverty line in pre-independent India?**

- a) Jawahar Lal Nehru
- b) Mohan Das Karamchand Gandhi
- c) Lal Bahadur Shastri
- d) Dadabhai Naoroji

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

Statement 1: India adopted Socialist Economy.

Statement 2: In a mixed economy major economic decisions are left to free play of market forces.

Alternatives:

- 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- **The monetary policy generally targets to ensure:**

- a) Stable foreign relations.
- b) Employment generation in the country.
- c) Price stability in the economy.
- d) Greater tax collections for the government.

(Section-B)

(20 out of 24 questions are to be attempted)

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

Assertion (A): Green Revolution helped India to achieve self sufficiency in food grain production and permanently broke the agricultural stagnation.

Reason (R): Prices of food crops declined as a result of enormous market surplus which enabled the government to strengthen their buffer stocks.

From the given alternatives choose the correct one:

Alternatives:

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

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

Assertion (A): Demonetization removes the legal tender status of currency making it unacceptable mode of payment.

Reason (R): The intrinsic value of currency notes is very less than the actual denominated value.

From the given alternatives choose the correct alternative:

Alternatives:

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

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

Assertion (A): Industrial sector performed poorly during the Reform period.

Reason (R): Inadequate investment in infrastructure and cheaper imports resulted in poor performance.

From the given alternatives choose the correct.

Alternatives:

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

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

Assertion (A): Acquisition of a domestic (Indian) company by a foreign (Australian) company will be recorded on the credit side of Balance of Payment Account.

Reason (R): It leads to outflow of foreign exchange from the domestic economy.

From the given alternatives choose the correct.

Alternatives:

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

29- **A plan should have some well specified goals. Which of the following is incorrect with regard to the goals of five year plans in India?**

- a) An increase in the country's capacity to produce goods and services
- b) Change in the socio economic Outlook
- c) Building an industrial economy with widening wage parities
- d) Ensuring the fruits of development is reaped by all.

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

Assertion (A): Credit creation is inversely related to the Legal Reserve Ratio.

Reason (R): LRR is fixed by the market forces of demand and supply.

From the given alternatives choose the correct one

Alternatives:

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

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

Assertion (A): Agriculture sector experienced an increase in growth during the Reform period.

Reason (R): Decline in public sector Investment and removal of fertilizer subsidy adversely affected the state of agriculture

From the given alternatives choose the correct one

Alternatives:

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

32- **Those terms which are undertaken for consideration of profit and the cause of BOP imbalance are called.....**

- a) Accommodating items
- b) Autonomous items
- c) Both (a) and (b)
- d) None of the above

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

Assertion (A): The Average per capita daily requirement of 2400 calories in rural areas and 2100 calories in urban areas.

Reason (R): Because rural areas people do more labor in comparison to urban areas. That's why more calories are required in rural areas.

From the given alternatives choose the correct one

Alternatives:

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

34- **Identify the statement which is not true in the context of the agricultural sector of India during the British rule.**

- a) Commercialisation of agriculture helped farmers economically.
- b) Agricultural sector was stagnant.
- c) Farmers use old and outdated techniques of production.
- d) Terms of revenue settlement are also responsible for the backward state of agriculture.

35- Match the following:

Column-I	Column-II
A. Import of furniture	(i) Credit side, Current Account
B. Investment done abroad	(ii) Debit side, Current Account
C. Withdrawal from official foreign	(iii) Credit side, Capital Account
D. Dividend received from investment done abroad	(iv) Debit side, Capital Account

Alternatives:

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

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

Assertion (A): Globalization is the outcome of Liberalization and Privatization.

Reason (R): As an outcome of Globalization developing countries like India has become the outsourcing destination.

From the given alternatives choose the correct one

Alternatives:

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

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

Assertion (A): Supply of money is a flow variable.

Reason (R): It is measured at a point of time.

From the given alternatives choose the correct one Alternative:

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

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

Statement 1: Absolute poverty refers to a situation when a person fails to reach this minimum consumption level.

Statement 2: The people who never move above the poverty line are called occasional poor.

Alternatives:

- 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.

39- **Which of the following is not a source of demand of foreign exchange?**

- a) Export of goods and services
- b) Higher studies abroad
- c) Import of goods and services
- d) Foreign travel

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

Assertion (A): During British rule, there was a huge export surplus due to excess exports.

Reason (R): The British government maintained monopoly control over India's foreign trade and used this export surplus for India's development.

From the given alternatives choose the correct one

Alternatives:

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

- 41- **The balance of trade shows a deficit of Rs. 300 crore. The value of export is Rs. 500 crore. Find the value of imports.**
- a) Rs. 800 Crore
 - b) Rs. 200 Crore
 - c) Rs. 300 Crore
 - d) Rs. 500 Crore
- 42- **Arrange the following events in chronological order in context of Indian economy:**
- i) Introduction of second phase of Green Revolution.
 - ii) Setting up of Karva committee for encouraging rural development.
 - iii) Setting up of Planning Commission.
 - iv) Introduction of new economic policy.
- (a) ii, iii, i, iv
 - (b) iii, ii, i, iv
 - (c) i, ii, iii, iv
 - (d) iv, ii, i, iii
- 43- **Read the following statements: Assertion (A) and Reason (R)**
- Assertion (A):** Human capital formation is an important determinant of economic growth of a nation.
- Reason (R)** Human capital formation leads to better utilisation of resources which enhances their skill and productivity
- From the given alternatives choose the correct one
- Alternatives:**
- (a) Both Assertion (A) and Reason (R) are true, (R) is the correct explanation of (A).
 - (b) Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A).
 - (c) Assertion (A) is true and Reason (R) is false.
 - (d) Assertion (A) is false and Reason (R) is true.

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

Assertion: Development of railways enhanced commercialization of agriculture.

Reason: The British government developed infrastructure in India to serve their own colonial interests.

From the given alternatives choose the correct one

Alternatives:

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

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

Assertion (A): Expenditure on education and health are key determinants of human capital formation.

Reason (R): Human capital formation is an ongoing and continuous process.

From the given alternatives choose the correct one

Alternatives:

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

- 46- **Who advocated that India would be truly independent only when the poorest of its people become free of human suffering?**
- (a) Mahatma Gandhi
 - (b) Indira Gandhi
 - (c) Jawahar lal Nehru
 - (d) Subhash Chandra Bose

- 47- **Calculate the legal reserve ratio if the initial deposits of rupees 10,000 crore lead to a creation of total deposits of rupees 50,000 crore.**
- (a) 50%
 - (b) 20%
 - (c) 5%
 - (d) None of the above

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

Assertion (A): India's foreign trade was restricted only to Great Britain.

Reason (R): India became an exporter of primary products like jute, Indigo etc.

From the given alternatives choose the correct one

Alternatives:

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

(Section-C)

Q. No. 49-54 are to be answered on the basis of the following passage:

Rural Development is the key issue with the government. Without the development of rural areas India cannot increase its growth to desired level. Rural developments do not mean only to develop its agriculture marketing and credit but also to develop education, training, and infrastructure in rural areas. The government has launched many programs especially for the provision of credit and marketing facilities. The farmers often have shortage of funds. Farmers generally go to non- institutional sources for their short term and long term loans. But farmers are generally exploited. To help them government started provided loan through commercial banks and an apex bank named NABARD was established in 1982.

Government is also making efforts to improve agricultural marketing by removing the role of intermediaries where farmers can directly sell their produce to seller without involving any commission agent or middlemen.

49- **Name the Non-Institutional sources of credit:**

- (a) Landlords
- (b) Moneylenders
- (c) Traders and commission agents
- (d) All of above

50- **NABARD is established in which year?**

- (a) 1882
- (b) 1982
- (c) 1950
- (d) 1991

51- **Non-farm activities are promoted by government for:**

- (a) Regular income to farmer
- (b) Addressing the problem of disguised unemployment
- (c) Reducing pressure on land
- (d) All of the above

52- **Match the following:**

Revolution		Related product
A. Green revolution	(i)	Milk production
B. White revolution	(ii)	Fish production
C. Golden revolution	(iii)	Food grains
D. Blue revolution	(iv)	Horticulture development

A – iv B – iii C – ii D – i

A – ii B – i C – iv D – iii

A – iii B – i C – iv D – ii

A – iii B – i C – ii D – iv

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

Assertion (A): Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment.

Reason (R): The institutional credit arrangement continues to be inadequate as they have failed to cover the entire rural farmers of the country.

From the given alternatives choose the correct one

Alternatives:

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

54- **The main objective of the Sansad Adarsh Gram Yojana (SAGY) as introduced by the government of India in 2014 is....**

- a) Opening up of schools and hospitals across the state
- b) Provision of loans at lower rate of interest
- c) Identify and develop one village from their constituencies
- d) None of the above.

Q.No. 55-60 are to be answered on the basis of the following passage:

Budgetary deficit must be financed by either borrowing, taxation or printing money. Government have mostly relied on the borrowing, giving rise to what is called government debt, if the government continues to borrow year after year, then interest payment increases and these further increase the debt. Also government borrowing from the people reduces the saving available to the private sector. This reduces capital formation and growth. These debts increases the burden on future generation as the debts raised today are required to be paid off in future.

55- **Budgetary deficits can be financed through.....**

- (a) Taxation
- (b) Borrowings
- (c) Printing Money
- (d) All of the above

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

Assertion (A): Budgetary deficits financed through monetising of debts leads to fall in purchasing power of money.

Reason (R): Availability of more money in the economy then required leads to rise in price levels.

From the given alternatives choose the correct one

Alternatives:

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

- 57- **In a government budget, non-debt creating capital receipt is Rs. 200, revenue receipts are Rs. 1,500, and borrowings are Rs. 150 while capital receipts and revenue receipts are respectively Rs. 250 and Rs. 300. What will be the fiscal deficit in this case?**
- (a) Rs. 150
 - (b) Rs. 300
 - (c) Rs. 500
 - (d) Can't be determined
- 58- **Which of the following measures of meeting deficit in the budget leads to an increase in money supply in the economy?**
- (a) Disinvestment
 - (b) Loan from World Bank
 - (c) Deficit financing
 - (d) All of the above
- 59- **Rahul dies without a legal heir. His property stands transferred to the government. The income under this head will be referred to as....**
- (a) Special Assessment
 - (b) Escheat
 - (c) Excise Duty
 - (d) None above
- 60- **Choose the correct option from given below:**
- (a) Non-tax revenue of the government is non-recurring in nature.
 - (b) Borrowings from the rest of the world are revenue receipts.
 - (c) During the inflationary gap the government prepares a deficit budget.
 - (d) Recovery of loans from the rest of the world is revenue receipt.
-

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Marking Scheme- Sample Question Paper No.4**

Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS
1	C	16	A	31	D	46	C
2	D	17	D	32	B	47	B
3	C	18	D	33	A	48	D
4	D	19	C	34	A	49	D
5	C	20	D	35	A	50	B
6	A	21	D	36	A	51	D
7	C	22	D	37	D	52	C
8	B	23	B	38	C	53	B
9	B	24	C	39	A	54	C
10	A	25	A	40	C	55	D
11	D	26	A	41	A	56	A
12	D	27	A	42	B	57	A
13	D	28	C	43	A	58	D
14	C	29	C	44	A	59	B
15	B	30	C	45	B	60	C

**Kendriya Vidyalaya Sangathan,
Zonal Institute of Education and Training, Gwalior
Sample Question Paper No.5**

ECONOMICS (CLASS 12)

TERM 1

Time: 90 minutes

Maximum Marks: 40

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 out of 24 questions are to be attempted.

- 1. The balance of trade shows a deficit of `5,000 crores and the value of imports are `9,000 crores. What is the value of exports?**
 - (A) 5,000 crores**
 - (B) 4,000 crores**
 - (C) 3,000 crores**
 - (D) 1,000 crores**
- 2. Fiscal deficit is equal to excess of total expenditure over the sum of _____.**
 - (A) Revenue receipts and capital expenditure**
 - (B) Revenue receipts and capital receipts**
 - (C) Revenue expenditure and capital expenditure**
 - (D) Revenue expenditure and capital receipts**
- 3. Identify the correct sequence of items in Column B matching them to the items in Column A.**

Column A <ol style="list-style-type: none">1. Import of machinery from Germany2. Service of customer care exported to Australia3. Saudi Aramco invested in the oil field of Ratnagiri4. Oxygen cylinders given by France	Column B <ol style="list-style-type: none">a. Invisible Itemb. Income from abroadc. Visible Itemd. Unilateral Transfer
--	--

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

4. Read the following statements carefully and choose the correct alternative from the following.

Statement 1: The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy.

Statement 2: India's economy under the British colonial rule remained fundamentally agrarian.

Alternatives:

- (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. In pre-independent India, _____ was the first to discuss the concept of a Poverty Line.

- (A) Dadabhai Naoroji
- (B) Jawaharlal Nehru
- (C) Both (A) and (B)
- (D) None of these

6. Read the following statements carefully and choose the correct alternative from the following.

Statement 1: Capital account of BoP records exports and imports of visible and invisible items and unilateral transfers.

Statement 2: Current Account of BoP records capital transfer such as loans and investments between one country and the rest of the world

Alternatives:

- (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.

7. Tax reforms are concerned with the reforms in the government's taxation and public expenditure policies, which are collectively known as its _____.

- (A) Monetary policy
- (B) Fiscal policy
- (C) Supply side policy
- (D) None of these

8. Which crop was benefitted most by green revolution?

- (A) Wheat
- (B) Tea
- (C) Cotton
- (D) Oil seeds

9. Radhika and Siya went to the village for their project work assigned by their Economics teacher. In the village while looking at the conditions of poor people, Radhika said to Siya that these people are so poor that they are not able to access even basic necessities of life. They are also not able to meet the average per capita daily requirement. Identify the type of poverty which Radhika was talking about to Siya.

- (A) Relative
- (B) Absolute
- (C) Both (A) and (B)
- (D) None of these

10. Identify the notable economist who estimated India's per capita income during the colonial period.

- (A) Dadabhai Naoroji
- (B) William Digby
- (C) Findlay Shirras
- (D) All of the above

11. Read the following statements carefully and choose the correct alternative from the following.

Statement 1: At the time of independence, moneylenders and traders exploited small and marginal farmers and landless labourers.

Statement 2: The Green Revolution was a harbinger of major changes in the credit system.

Alternatives:

- (A) Both the statements
- (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

12. What will be the total money created in an economy, when the LRR is 20%, and initial deposit is 10,000.

- (A) 10,000
- (B) 50,000
- (C) 20,000
- (D) 15,000

13. Identify the objective of government budget which states that "there is no fluctuation in price level in economy".

- (A) Re-distribution of income and wealth
- (B) Re-allocation of resources
- (C) Economic growth
- (D) Economic stability

14. Read the following statements carefully and choose the correct alternative from the following.

Statement 1: Economic growth means the increase in real national income of a country.

Statement 2: The contribution of the educated person to economic growth is more than that of an illiterate person.

Alternatives:

- (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.

15. Read the following statements carefully and choose the correct alternative from the following.

Statement 1: Flexible exchange rate is determined by the market forces.

Statement 2: Under fixed exchange rate system, the central authority or government maintains their exchange rate fixed either against gold or some other currency.

Alternatives:

- (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.

16. What percentage of India's share in World Trade has been targeted in Foreign Trade Policy, 2004-2009?

- (A) 1 percent
- (B) 2 percent
- (C) 1.5 percent
- (D) 2.5 percent

17. Balance of Payments of a country is a systematic record of all _____ transactions between its residents and residents of foreign countries.

- (A) Non-economic
- (B) Economic
- (C) Productive
- (D) Non-productive

18. When the number of poor is estimated as the proportion of people below the poverty line, it is known as _____.

- (A) Mortality Rate
- (B) Head Count Ratio
- (C) Poverty Ratio
- (D) Poverty Line

19. Under NEP 1991, structural reform policies are _____ measures.

- (A) Short-term
- (B) Long-term
- (C) Medium-term
- (D) None of these

20. Identify the function performed by central bank as a banker to the government.

- (A) It receives deposits from the government.
- (B) It collects cheques and drafts deposited in the government account.
- (C) It provides cash to the government.
- (D) All of the above

21. It is essential to develop proper storage facilities for agricultural produce in _____ areas.

- (A) Rural
- (B) Urban
- (C) Semi-urban
- (D) Semi-rural

22. Investment from abroad is recorded as a _____ item, whereas investment to abroad is recorded as a _____ item BoP.

- (A) Credit, Debit
- (B) Debit, Credit
- (C) Export, Import
- (D) Import, Export

23. Liberalisation measures were introduced in 1980s in areas of:

- (A) Industrial licensing
- (B) Export-import policy
- (C) Technology upgradation
- (D) All of the above

24. In a class, Manoj, Mary and Muhammad read out a line that due to Covid – 19 the capital and revenue expenditure of the government was more than the capital and revenue receipts it earned. Manoj said that the government has a fiscal deficit, Mary said that it was a Revenue deficit and Muhammad said that it is difficult to say that as the data is inadequate. Identify who is right.

- (A) Manoj is right.
- (B) Mary is right.
- (C) Muhammad is right.
- (D) All of them are wrong.

SECTION-B

20 out of 24 questions are to be attempted.

25. If the total deposits created by commercial banks is ` 12,000 crores and legal reserve requirements is 25%, then initial deposits will be _____.

- (A) 5,000 crores
- (B) 3,000 crores
- (C) 6,000 crores
- (D) 4,000 crores

26. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Invisible items are all those types of services which are exported and imported.

Reason (R): Unilateral transfer refers to one sided transfer from one country to other. These are not trading transactions.

From the given alternatives choose the correct one.

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.

27. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): India's agricultural sector, on the eve of independence, exhibited the characteristics

which pointed to the backwardness of India's agriculture as well as its stagnation.

Reason (R): Systematic de-industrialization is the term that describes the status of industrial sector during the British rule.

From the given alternatives choose the correct one.

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.

28. Identify the correct sequence of items in Column B by matching them to those in Column A.

S.No.	Column A	Column B
1.	Poverty	a. It refers to the minimum nutritional calories requirement for rural and urban people.
2.	Poverty Line	b. It means the inability to arrange for the basic human needs
3	Absolute Poverty	c. It refers to a state in which an individual is unable to fulfill even the basic necessities of life.
4.	Relative Poverty	d. It refer to poverty of people in Comparison to other people, region or nations

(A) 1-a, 2-c, 3-d, 4-b

(B) 1-b, 2-c, 3-d, 4-a

(C) 1-c, 2-a, 3-b, 4-d

(D) 1-c, 2-b, 3-a, 4-d

29. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Under economic planning a central authority defines a set of targets to be achieved within a specified period of time.

Reason (R): Socialism is an economic system in which major economic decisions are taken by the market forces.

From the given alternatives choose the correct one.

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.

30. Which of the following is not the part of M2?

(A) Currency with the public

(B) Deposits with the Banks

(C) Deposits with the Post Office

(D) None of the above

31. Read the following statements and select the correct alternatives from the following:

Statement 1: Absolute poverty can be defined as the number of people who are living below the poverty line.

Statement 2: Relative poverty can be defined as poverty of people when they are considered poor by comparing with other people or nation.

Alternatives:

(A) Both the statements are true.

(B) Both the statements are false.

(C) Statement 1 is true but statement 2 is false.

(D) Statement 1 is false but statement 2 is true.

32. Identify the incorrect statement from the following.

(A) The rate at which one currency is exchanged for another is called Foreign Exchange Rate.

(B) The system of exchange rate in which exchange rate is officially declared and fixed by the government is called fixed exchange rate system.

(C) Fixed exchange rate is determined by the forces of demand and supply in the market.

(D) None of the above

33. Read the following statements carefully and choose the correct alternatives given below.

Statement 1: The National Food for Work Programme was launched in most backward districts of the country.

Statement 2: Poverty can effectively be eradicated only when the poor start contributing to growth by their active involvement in the growth process.

Alternatives:

(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.

34. The poor are identified on the basis of:

- (A) Occupation
- (B) Ownership of assets
- (C) Both (A) and (B)
- (D) None of these

35. Seema, Saroj and Saloni were discussing about Central Bank's functions. Seema said that the central bank is the government's bank, Saroj said that the central bank issues currency notes other than the 1 note and coins; and Saloni said that the central bank acts as a regulator of the commercial banks with its credit control policies. Who is correct among the three of them?

- (A) Seema only
- (B) Saroj and Saloni only
- (C) Seema and Saloni only
- (D) All of them.

36. Read the following statements carefully and choose the correct alternatives given below.

Statement 1: Human capital formation increases productivity of physical capital.

Statement 2: By enhancing productive capacities of the labour force, human capital formation induces greater employment.

Alternatives:

- (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.

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

Assertion (A): Surplus in the current account arises when debit items are more than credit items.

Reason(R): Deficit in the current account indicates net outflow of foreign exchange.

From the given alternatives choose the correct one.

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.

38. Growth of GDP and Major Sectors (in %)

Sector	1980-91	1992-2001	2002-07	2007-12	2012-13	2013-14	2014-15
Agriculture	3.6	3.3	2.3	3.2	1.5	4.2	-0.2*
Industry	7.1	6.5	9.4	7.4	3.6	5	7.0*
Services	6.7	8.2	7.8	10	8.1	7.8	9.8*
Total	5.6	6.4	7.8	8.2	5.6	6.6	7.4

Note: *Data pertaining to Gross Value Added (GVA). The GVA is estimate from GDP by adding subsidies on production and subtracting indirect taxes. On the basis of the information given above, identify which sector has recorded a high growth rate during 2013–14.

- (A) Agriculture
- (B) Manufacturing
- (C) Tertiary
- (D) None of these

39 Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Investment in education is considered as one of the most important sources of human capital formation.

Reason (R): Expenditure regarding on-the-job training is a source of human capital formation. From the given alternatives choose the correct one.

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.

40. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): As a custodian of the cash reserves of the commercial banks, the central bank maintains the cash reserves of the commercial banks.

Reason (R): As banker to the banks, the central bank acts as the lender of the last resort. From the given alternatives choose the correct one.

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.

41. Medium-term credit loans are required for_____.

- (A) Purchasing machinery
- (B) Constructing fences
- (C) Digging wells
- (D) All of the above

42. An Indian company located in India invests in a company located abroad. This transaction is entered in India's balance of payments account on:

- (A) Credit side of current account.
- (B) Debit side of current account.
- (C) Credit side of capital account.
- (D) Debit side of capital account.

43. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Diversification of crop production implies production of diverse variety of crops rather than one specialised crop.

Reason (R): Diversification of production activity implies a shift from crop farming to other areas of production activity employment.

From the given alternatives choose the correct one.

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.

44. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Liberalisation implied a substantial shift in the role of the RBI from a regulator to a facilitator of the financial sector.

Reason (R): Privatisation is the general process of involving the private sector in the ownership or operation of a state-owned enterprise.

From the given alternatives choose the correct one.

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.

45. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): The basic objectives of rural development are to generate alternative means of livelihood in the rural areas.

Reason (R): Rural development is a process whereby the standard of living of rural people, especially poor people, rises continuously.

From the given alternatives choose the correct one.

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.

46. _____ poverty is defined as the minimum income needed in order to maintain the average standard of living in society.

(A) Absolute

(B) Relative

(C) Chronic

(D) None of these

47. Identify the incorrect statement from the following.

- (A) Greater dependence on agriculture as suggested by occupational structure on the eve of independence implied lesser availability of land per head for the farming population.
- (B) Demographic conditions during the British rule exhibited all features of a stagnant and backward economy.
- (C) Development of infrastructure is a precondition to the economic and social development of a country.
- (D) None of the above.

48. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Import of Steel by a steel company is reflected in the current account of balance of payments.

Reason (R): Export and import of goods and invisibles are recorded in current account of balance of payments.

From the given alternatives choose the correct one.

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.

SECTION-C

Q. no. 49-54 are to be answered on the basis of the following data:

Agriculture in India has not reached its total potential. It is observed that the following measures can be undertaken to reach the maximum potential of the agricultural production:

- (I) The supply of finance should be fully institutionalised and dependence on private sources for credit should be eliminated.
- (II) The interest rate should be low in general. The banks should charge different rates for different uses.
- (III) The basis of credit should not be mortgage of any security. Production or productivity of land should be the basis for the approval of loans.
- (IV) The conditions of repayment of loans should be different so as to suit different circumstances.
- (V) It should be ensured that finance is used for production. Loans can be given in the form of goods like seeds, fertilisers, etc.
- (VI) There should be adequately trained and devoted personnel to manage the financial institutions. The persons should have full knowledge of agriculture and interest of farmers. The person should be able to guide the farmers on how to use the loan systematically.

49. The agricultural financial institutions should be _____.

- (A) Institutionalised
- (B) Privatised
- (C) Liberalised
- (D) All of these

50. Choose the correct alternative given below from the following statements – Assertion (A) and Reason (R)

Assertion (A): The interest rate on loans should be low and it should be different for different uses.

Reason (R): High interest rate and large amount of mortgage as security makes it difficult for farmers to borrow loans.

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.

51. The conditions of loans and their repayment needs to be _____.

(A) Same

(B) Different

(C) Without Conditions

(D) Personal

52. Read the following statements and select the correct alternative from the following:

Statement 1: The financial institutes need to have trained staff and devoted personnel.

Statement 2: There should be full knowledge of agriculture with the financial institutes.

Alternatives:

(A) Both the statements are true.

(B) Both the statements are false.

(C) Statement 1 is true but Statement 2 is false.

(D) Statement 1 is false but statement 2 is true.

53. Which among the following are the institutional sources of finance for agriculture?

(A) Commercial Bank

(B) Land development Banks

(C) Traders and Commission agents

(D) Both (A) and (B)

54. Choose the correct alternatives given below from the following statements – Assertion (A) and Reason (R):

Statement 1: As compared to demand for rural credit, the volume of rural credit in the country is not sufficient.

Statement 2: Institutional sources are not able to provide adequate credit to the all rural farmers of the country.

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 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 reasons (R) is true.

Q.No. 55-60 are to be answered on the basis of the following passage:

The Goods and Services Tax, (GST) is proposed to be a comprehensive indirect tax levy on the manufacture, sale and consumption of goods and services at the national level. It will replace all indirect taxes levied on goods and services by the Indian Central and State governments. GST which is a value added tax will be levied at all points in the supply chain but credit will be allowed for the taxes paid on inputs (used in making the supply) acquired. One of the primary objectives of GST was to remove the cascading effect of taxes. GST is game-changing reform for the Indian Economy, as it will bring the net appropriate price of the goods and services. The various factors that have impacted Indian economy is:

(i) Increases competitiveness: GST has removed the cascading effect of taxes, i.e., tax on tax. It is helpful in the reduction of cost of product. So, there is a scope to increase production, hence, competition increases.

(ii) Simple tax structure: Calculation of taxes under GST is simpler. Instead of multiple taxation under different stages of supply chain, GST is a one single tax. This saves money and time.

(iii) Economic Union of India: GST made the trade easier between two states or two countries. Goods can be easily transported from one place to another under the new regime. This encourages businesses to have a PAN India presence.

(iv) Uniform Tax Regime: GST being a single tax, it has made it easier for the taxpayer to pay taxes uniformly. Previously, there used to be multiple taxed at every stage of supply chain, where the taxpayer would get confused, which was a disadvantage.

(v) Greater Tax Revenues: As GST has increased the tax base, there is increase in tax revenue. The total gross GST revenue collected in the month of January, 2019 is ` 1,02,503 crore of which CGST is ` 17,763 crore, SGST is ` 24,826 crore, IGST is ` 51,225 crore (including ` 24,065 crore collected on imports) and Cess is ` 8,690 crore (including ` 902 crore collected on imports). January 2019 collections are 14% above the January 2018 collections of ` 89,825 crore.

(vi) Increase in Exports: Exports are considered 'zero-rated supplied' under GST, i.e., no tax is levied on input tax side or the output side, which leads to reduction in the cost of product leading to increase the competitiveness towards the international market.

55. _____ has increased due to GST?

- (A) Imports
- (B) Exports
- (C) Both (A) and (B)
- (D) None of these

56. Read the following statements carefully and choose the correct alternatives given below.

Statement 1: One of the primary objectives of GST was to remove the cascading effect of taxes.

Statement 2: Under GST, the tax levy is only on the net value added at each stage of the supply chain.

Alternatives:

- (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 - Assertion (A) and Reason (R).

Assertion (A): GST made the trade easier between two states or two countries.

Reason (R): GST has helped in widening the tax base in India.

From the given alternatives choose the correct one.

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.

58. In the light of the given text and common knowledge, identify the incorrect statement.

- (A) A single indirect tax system reduces the need for multiple documentation for the supply of goods.
- (B) Introducing GST has also led to an increase in consumption and indirect tax revenues.
- (C) Calculation of taxes under GST is simpler.
- (D) None of the above

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

Statement 1: GST being a single tax, it has made it easier for the taxpayer to pay taxes uniformly.

Statement 2: GST is a direct tax.

Alternatives:

- (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.

60. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): GST was brought in as a revolutionary change and India's biggest tax system.

Reason (R): The biggest benefit of GST was that it opened up entire India as a single unified market.

From the given alternatives choose the correct one.

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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Marking Scheme- Sample Question Paper No.5**

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	B	21	A	41	D
2	B	22	A	42	D
3	D	23	D	43	B
4	A	24	A	44	B
5	A	25	B	45	A
6	B	26	B	46	B
7	B	27	B	47	D
8	A	28	C	48	A
9	B	29	C	49	A
10	D	30	D	50	A
11	A	31	A	51	B
12	B	32	C	52	A
13	D	33	A	53	D
14	A	34	C	54	A
15	A	35	D	55	B
16	C	36	A	56	A
17	B	37	D	57	B
18	B	38	A	58	D
19	B	39	B	59	C
20	D	40	B	60	B