

Roll Number		
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SET A



INDIAN SCHOOL MUSCAT
PRE-BOARD EXAMINATION
TERM I
ECONOMICS (030)

CLASS: XII

Time Allotted: 90 min.

02.11.2021

Max. Marks: 40

General Instructions:

- There are a total 60 questions in this paper out of which 50 questions are to be attempted.
- 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.
- All questions carry equal marks.
- There is no negative marking.

SECTION A

(20 questions out of 24 questions are to be attempted)

- Supply of money refers to
 - Currency held by the public
 - Currency held by Reserve Bank of India
 - Currency held by the public and demand deposits with the commercial banks
 - Currency held by Reserve Bank of India and demand deposits with commercial bank
- In order to encourage investment in the economy Central Bank may
 - Reduce Cash Reserve Ratio
 - Increase Cash Reserve Ratio
 - Sell Government securities in open market
 - Increase bank rate
- Which of the following is/are example of fiat money?
 - Notes and Coins
 - Debit cards
 - Credit cards
 - All of these
- The money accepted by trust between the lender and borrower is called
 - Fiat money
 - Plastic money
 - Fiduciary money
 - Credit money
- What will be LRR if initial deposits of 10,000 crores creates total deposits of 1,00,000 crores.
 - 20 %
 - 25 %
 - 10 %
 - 40 %

- If Legal reserve ratio is 25% and initial deposits are 2000 crores what will be the total credit creation?
 - 8000
 - 10,000
 - 5000
 - 6000
- Which of the following is not example of non-tax revenue receipts?
 - Fee and Fines
 - Interest Receipts
 - Profit and Dividend
 - Penalties
- Name the budget in which Government's total expenditure are greater than its total receipts.
 - Deficit budget
 - Surplus budget
 - Revenue deficit
 - Capital deficit
- Revenue deficit is calculated by
 - Revenue Expenditure – Tax receipts
 - Revenue Expenditure – Non Tax receipts
 - Revenue Expenditure – Tax receipts – Non Tax receipts
 - Revenue Expenditure + Revenue Receipts
- BOP is an accounting statement that shows systematic records of all economic transactions between _____ and _____.
 - Government, public
 - Agriculture, industry
 - A country, rest of the world
 - Industry, services sector
- _____ account cause a change in the asset and liability of the resident of a country
 - Balance of payments account
 - Current account
 - Capital account
 - None of these
- In the foreign exchange market, 'Spot market' deals with
 - Current transactions
 - Future transactions
 - Current as well as future transactions
 - Transactions meant for future delivery
- "India would be a socialist society with a strong public sector but also with private property and democracy." The and the Directive Principles of the Indian Constitution reflected this outlook. Fill in the blank with correct option given below:
 - 'Industrial Policy Resolution' of 1948
 - 'Industrial Policy Resolution' of 1956
 - 'Industrial Policy Resolution' of 1991
 - 'Industrial policy resolution' of 2014
- Which among the following was not the part of broad category of goals of five year planning in India?
 - Growth
 - Modernisation
 - Job creation
 - Equity

15. The share of different sectors of the economy to the gross domestic product of the economy during an accounting year is called:
 (a) Occupational change (b) Structural change
 (c) Sectoral composition (d) GDP composition change
16. Among the notable estimators — Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai — it was, whose estimates during the colonial period was considered very significant.
 (a) William Digby (b) Dadabhai Naoroji
 (c) Findlay Shirras (d) V. K. R. V. Rao
17. Which among the following is not true about Goods and Services Tax?
 (a) To simplify and introduce a unified direct tax system
 (b) To generate additional revenue for the government
 (c) Reduce tax evasion
 (d) Create 'one nation, one tax and one market'
18. This is one of the important outcomes of the globalisation process. In, a company hires regular service from external sources, mostly from other countries, which was previously provided internally or from within the country (like legal advice, computer service, advertisement, security — each provided by respective departments of the company).
 (a) Disinvestment (b) Privatisation (c) Globalisation (d) Outsourcing
19. The need for 'Privatisation' arises because of:
 (a) Poor performance of private sector
 (b) Poor performance of public sector
 (c) Lack of foreign exchange reserves
 (d) Rise in the number of entrepreneurs
20. Which year is described as a "Year of Great Divide"?
 (a) 1921 (b) 1931 (c) 1911 (d) 1941
21. India adopted the Economic System.
 (a) Capitalist (b) Mixed (c) Socialist (d) Communist
22. When was Indian Planning Commission constituted?
 (a) August 6, 1952 (b) August 15, 1947
 (c) March 15, 1950 (d) April 1, 1997
23. When was NITI Aayog established?
 (a) 1991 (b) 2001 (c) 2011 (d) 2015
24. Which of the following statement about India's demographic profile under the colonial rule is incorrect?
 (a) Life expectancy during the British rule was low
 (b) Frequent famines and recurring epidemics led to high mortality rate
 (c) Female literacy rate was about 7 percent during British rule
 (d) Health care services were adequate and available to all.

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

25. Assertion(A): Commercial Bank contribute to Quantum of money supply in the economy through credit creation
 Reason(R): As they have the note issuing authority.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
26. Assertion(A): Repo rate is fixed by Reserve Bank of India while Reverse Repo rate is fixed by commercial banks themselves
 Reason(R): Both Repo Rate and Reverse Repo Rate are decided by the Reserve Bank of India as it is an apex bank
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
27. Assertion(A): The monetary policy is the policy formulated by central bank of a country
 Reason(R): The policy measures involve measures taken by the central bank to regulate the supply of money, availability and cost of credit in the economy.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
28. Assertion(A): An increase in CRR results in decrease in the value of multiplier
 Reason(R): Banks lend money many times more than their cash reserves.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
29. Assertion(A): Government budget is an annual estimated statement of revenue and expenditure during coming fiscal year.
 Reason(R): Through government budget, it tries to reduce the regional variations.

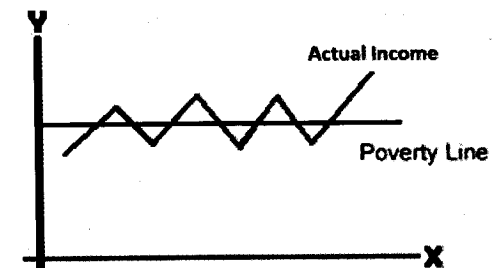
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
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 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
30. Assertion(A): Revenue budget of Government represents non-debt creating incomes.
 Reason(R): Government budget is majorly comprised of receipts and expenditures on various account.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
31. Assertion(A): Disinvestment of PSUs is a source of income of government.
 Reason(R): Disinvestment is an excellent tool for covering the loss of PSUs
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
32. Assertion(A): Rent received by an Indian real estate company from Google in New York would be recorded on credit side of capital account.
 Reason(R): 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
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
33. From the following given sets of statements in column I and II, choose the correct pair of statements.

Column – I	Column – II
A. Visible Export > Visible Import	1. Balance of Trade
B. Visible Export = Visible Import	2. Surplus Balance of Trade
C. Visible Export < Visible Import	3. Balance in balance of Trade
D. Visible Export - Visible Import	4. Deficit in balance of Trade

Codes

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

34. Assertion(A): Managed Floating exchange rate system is a hybrid system of exchange rate used by the most of the countries in recent time.
 Reason(R): Excessive fluctuation in exchange rate system is checked by the central authority under dirty floating exchange rate.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
35. Assertion(A): Demand for foreign exchange and exchange rate moves in the same direction.
 Reason(R): When exchange rate rises domestic goods becomes cheaper in international market.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
36. Assertion(A): Forward market refers to a market in which transaction are settled on a future date at a rate agreed upon today.
 Reason(R): Such transactions are entered into gain by the changes in foreign exchange rate.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
37. Identify the type of poverty in the given diagram.



- (a) Usual poor (b) Churning poor (c) Casual poor (d) Occasional poor

38. Assertion(A): The average per capita daily requirement of 2400 calories in rural areas and 2100 calories in urban area.
Reason(R): Because rural area people do more labor in comparison to urban areas. That's why more calories are required in rural areas.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true
39. Assertion(A): Absolute poverty is prevalent in developed economies.
Reason(R): Most developed economies are industrialised economies.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true
40. Assertion(A): National Food for Work Programme was launched in 2004 with the objective of creating self-employment opportunities in the rural areas.
Reason(R): This programme was incorporated in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true
41. Assertion(A): Expenditure on education is the most effective way of enhancing and enlarging the productive workforce in the country.
Reason(R): Monetary benefits of education far exceed the cost of education.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true

42. Match the concept given in Column – I with their respective explanation in Column – II:

Column – I	Column – II
A. Physical Capital	i. Facilitates fuller/better utilization of the skills
B. Brain Drain	ii. Sum total of skill and expertise of all types of those persons who are engaged in the process of production.
C. Human Capital	iii. A problem related to human capital formation in India
D. Migration	iv. Tangible in nature

Alternatives: (Choose the correct alternative)

- A -- (i), B -- (iii), C -- (iv), D -- (ii)
 - A -- (ii), B -- (iv), C -- (i), D -- (iii)
 - A -- (i), B -- (ii), C -- (iv), D -- (iii)
 - A -- (iv), B -- (iii), C -- (ii), D -- (i)
43. Mr. Raman has started a new business venture, he intends to spend a huge amount towards 'on-the-job training' of his workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation.
Which of the following does not directly contribute to the process of human capital formation by Mr. Raman? -
- Adds skills and expertise
 - Improves efficiency
 - Ensures gender equity
 - Increases output productivity
44. Assertion(A): Human capital formation gives birth to innovation, invention and technological improvements.
Reason(R): Human capital formation generates a change in the emotional and material environments of growth.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true
45. Assertion(A): Measures were taken by government to improve agriculture marketing.
Reason(R): Farmers while selling the product were not earning profit.
- Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - Assertion(A) is true but Reason(R) is false
 - Assertion(A) is false but Reason(R) is true

46. Assertion(A): Rural economic development is essential for economic development.
Reason(R): Rural development creates opportunities in rural areas for education.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
47. Assertion(A): Diversification of crops shifted from single cropping system to multiple cropping.
Reason(R): It increases the risk of market that arise due to price fluctuation.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
48. Assertion(A): Long term credit are required for purchasing machinery and constructing fences etc.
Reason(R): These are taken for 12 months to 5 years.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true

SECTION C

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

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

Fiscal deficit can prove inflationary if deficit is financed by printing of new currency as it will increase the money supply and purchasing power in the economy. It will further worsen the situation if new money is used to finance the current consumption expenditure of the government. However, if the increase in money supply leads to increased supply of goods and services or new money is used for infrastructural activities or other capital projects, then fiscal deficit will not prove to be inflationary.

49. Fiscal deficit equals:
(a) Primary deficit minus interest payments
(b) Primary deficit plus interest payments
(c) Total budget expenditure minus total budget receipts
(d) Primary deficit divided by interest payments
50. In a government budget revenue deficit is ₹50,000 crores and borrowings are ₹75,000 crores. How much is fiscal deficit?
(a) ₹50,000 (b) ₹25,000 (c) ₹75,000 (d) ₹1,25,000

51. Which of the following developments can occur in an economy due to deficit financing?
A. Rise in Inflation
B. Rise in government budget
C. Increase in money supply
D. Improvements in current account deficit

Select the correct answer using the codes given below:

- (a) (A) and (B) only (b) (A), (C) and (D)
(c) (B) and (D) only (d) (A), (B) and (C)
52. Which of the following is not a measure to reduce fiscal deficit?
(a) Reduction in taxes (b) Disinvestment
(c) Reduction in subsidies (d) Deficit financing
53. Assertion (A): Fiscal deficit is greater than budgetary deficit.
Reason (R): Fiscal deficit is the borrowing from the RBI plus other liabilities of the Government to meet its expenditure.
(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.
54. Assertion (A): The fiscal deficit in the economy will be zero if there is no provision for borrowing in the budget.
Reason (R): Fiscal deficit is equal to total borrowing requirement of the economy.
(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.

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

While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. One such risk was the possibility that it would increase the disparities between small and big farmers—since only the big farmers could afford the required inputs, thereby reaping most of the benefits of the green revolution. Moreover, the HYV crops were also more prone to attack by pests and the small farmers who adopted this technology could lose everything in a pest attack. Fortunately, these fears did not come true because of the steps taken by the government. The government provided loans at a low interest rate to small farmers and subsidised fertilisers so that small farmers could also have access to the needed inputs. Since the small farmers could obtain the required inputs, the output on small farms equalled the output on large farms in the course of time. As a result, the green revolution benefited the small as well as rich farmers.

55. The nation had immensely benefited from the green revolution, which among the following is not the benefit of the green revolution?
- Marketable surplus was generated
 - Maintaining the buffer stock of food grains was possible for the government
 - The disparities between large and small farmers increased
 - Country became self-reliant regarding food grain production
56. 'HYV' here means:
- Highly volatile yields
 - High yielding varieties
 - Human immunodeficiency virus
 - High yearly variable seeds
57. Assertion (A): Subsidies were, needed to encourage farmers.
Reason (R): Any new technology is looked upon as being risky by farmers
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion (A) is true but Reason (R) is false.
 - Assertion (A) is false but Reason (R) is true.
58. Which of the following is not a consequence of green revolution?
- Substantial rise in crop production
 - Change in outlook of farmers
 - Preference for subsistence farming
 - Substantial rise in gross area under cultivation.
59. Assertion (A): Policy initiatives like land reforms and green revolution helped India to become self-sufficient in food grains production
Reason (R): The proportion of people depending on agriculture did not decline as expected after the green revolution.
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion (A) is true but Reason (R) is false.
 - Assertion (A) is false but Reason (R) is true.
60. While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. Which among the following was the risk involved in adopting the green revolution?
- Decrease in the disparities among the big and small farmers
 - HYV crops were more prone to attack by pests
 - Government provided low-cost loans to get farm inputs
 - Subsidies for fertilisers were provided

End of the Question Paper

Roll Number		
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SET B



INDIAN SCHOOL MUSCAT
PRE-BOARD EXAMINATION
TERM I
ECONOMICS (030)

CLASS: XII

Time Allotted: 90 min.

02.11.2021

Max. Marks: 40

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(20 questions out of 24 questions are to be attempted)

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- In the foreign exchange market, 'Spot market' deals with
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- What will be LRR if initial deposits of 10,000 crores creates total deposits of 1,00,000 crores.
 - 10 %
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 - 40 %
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- The share of different sectors of the economy to the gross domestic product of the economy during an accounting year is called:
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- Which year is described as a "Year of Great Divide"?
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 - 1911
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 - 1921
- Which of the following statement about India's demographic profile under the colonial rule is incorrect?
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- This is one of the important outcomes of the globalisation process. In, a company hires regular service from external sources, mostly from other countries, which was previously provided internally or from within the country (like legal advice, computer service, advertisement, security — each provided by respective departments of the company).
 - Disinvestment
 - Privatisation
 - Outsourcing
 - Globalisation
- _____ account cause a change in the asset and liability of the resident of a country
 - Balance of payments account
 - Capital account
 - Current account
 - None of these
- The money accepted by trust between the lender and borrower is called
 - Fiat money
 - Plastic money
 - Fiduciary money
 - Credit money
- BOP is an accounting statement that shows systematic records of all economic transactions between _____ and _____.
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 - Government, public
 - Agriculture, industry
 - Industry, services sector
- In order to encourage investment in the economy Central Bank may
 - Reduce Cash Reserve Ratio
 - Increase Cash Reserve Ratio
 - Sell Government securities in open market
 - Increase bank rate

14. India adopted the Economic System.
(a) Capitalist (b) Socialist (c) Communist (d) Mixed
15. Among the notable estimators — Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai — it was, whose estimates during the colonial period was considered very significant.
(a) William Digby (b) V. K. R. V. Rao
(c) Dadabhai Naoroji (d) Findlay Shirras
16. When was NITI Aayog established?
(a) 1991 (b) 2001 (c) 2015 (d) 2011
17. Which among the following was not the part of broad category of goals of five year planning in India?
(a) Job creation (b) Growth (c) Modernisation (d) Equity
18. Which of the following is/are example of fiat money?
(a) Debit cards (b) Credit cards
(c) Notes and Coins (d) All of these
19. “India would be a socialist society with a strong public sector but also with private property and democracy.” The and the Directive Principles of the Indian Constitution reflected this outlook. Fill in the blank with correct option given below
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(b) ‘Industrial Policy Resolution’ of 1956
(c) ‘Industrial Policy Resolution’ of 1991
(d) ‘Industrial policy resolution’ of 2014
20. Name the budget in which Government’s total expenditure is greater than its total receipts.
(a) Surplus budget (b) Revenue deficit
(c) Capital deficit (d) Deficit budget
21. When was Indian Planning Commission constituted?
(a) August 6, 1952 (b) August 15, 1947
(c) March 15, 1950 (d) April 1, 1997
22. If Legal reserve ratio is 25% and initial deposits are 2000 crores what will be the total credit creation?
(a) 10,000 (b) 5000 (c) 8000 (d) 6000
23. Which among the following is not true about Goods and Services Tax?
(a) To generate additional revenue for the government
(b) Reduce tax evasion
(c) Create ‘one nation, one tax and one market’
(d) To simplify and introduce a unified direct tax system

24. The need for ‘Privatisation’ arises because of:
(a) Lack of foreign exchange reserves
(b) Rise in the number of entrepreneurs
(c) Poor performance of private sector
(d) Poor performance of public sector

SECTION B

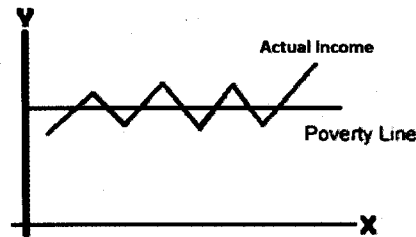
(20 questions out of 24 questions are to be attempted)

25. Assertion(A): Demand for foreign exchange and exchange rate moves in the same direction.
Reason(R): When exchange rate rises domestic goods becomes cheaper in international market.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Assertion(A) is true but Reason(R) is false
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(d) Assertion(A) is false but Reason(R) is true
26. Assertion(A): Government budget is an annual estimated statement of revenue and expenditure during coming fiscal year.
Reason(R): Through government budget, it tries to reduce the regional variations.
(a) Assertion(A) is true but Reason(R) is false
(b) Assertion(A) is false but Reason(R) is true
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(d) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
27. Mr. Raman has started a new business venture, he intends to spend a huge amount towards ‘on-the-job training’ of his workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation.
Which of the following does not directly contributes to the process of human capital formation by Mr. Raman? -
(a) Ensures gender equity (b) Increases output productivity
(c) Adds skills and expertise (d) Improves efficiency
28. Assertion(A): Absolute poverty is prevalent in developed economies.
Reason(R): Most developed economies are industrialised economies.
(a) Assertion(A) is true but Reason(R) is false
(b) Assertion(A) is false but Reason(R) is true
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(d) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)

29. Assertion(A): Commercial Bank contribute to Quantum of money supply in the economy through credit creation
Reason(R): As they have the note issuing authority.

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

30. Identify the type of poverty in the given diagram.



- (a) Usual poor (b) Casual poor (c) Churning poor (d) Occasional poor

31. Assertion(A): An increase in CRR results in decrease in the value of multiplier
Reason(R): Banks lend money many times more than their cash reserves.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
32. Assertion(A): Rural economic development is essential for economic development.
Reason(R): Rural development creates opportunities in rural areas for education.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Assertion(A) is true but Reason(R) is false
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(d) Assertion(A) is false but Reason(R) is true
33. Assertion(A): National Food for Work Programme was launched in 2004 with the objective of creating self-employment opportunities in the 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 the Assertion(A)
(b) Assertion(A) is false but Reason(R) is true

- (c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(d) Assertion(A) is true but Reason(R) is false
34. Assertion(A): Rent received by an Indian real estate company from Google in New York would be recorded on credit side of capital account.
Reason(R): 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
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
35. Assertion(A): Repo rate is fixed by Reserve Bank of India while Reverse Repo rate is fixed by commercial banks themselves
Reason(R): Both Repo Rate and Reverse Repo Rate are decided by the Reserve Bank of India as it is an apex bank
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Assertion(A) is false but Reason(R) is true
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(d) Assertion(A) is true but Reason(R) is false
36. Assertion(A): Long term credit are required for purchasing machinery and constructing fences etc.
Reason(R): These are taken for 12 months to 5 years.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
37. Match the concept given in Column – I with their respective explanation in Column – II:

Column – I	Column – II
A. Physical Capital	i. Facilitates fuller/better utilization of the skills
B. Brain Drain	ii. Sum total of skill and expertise of all types of those persons who are engaged in the process of production.
C. Human Capital	iii. A problem related to human capital formation in India
D. Migration	iv. Tangible in nature

Alternatives: (Choose the correct alternative)

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

38. Assertion(A): Manage Floating exchange rate system is a hybrid system of exchange rate used by the most of the countries in recent time.
Reason(R): Excessive fluctuation in exchange rate system is checked by the central authority under dirty floating exchange rate.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - (b) Assertion(A) is true but Reason(R) is false
 - (c) Assertion(A) is false but Reason(R) is true
 - (d) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
39. Assertion(A): Revenue budget of Government represents non-debt creating incomes.
Reason(R): Government budget is majorly comprised of receipts and expenditures on various account.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - (c) Assertion(A) is true but Reason(R) is false
 - (d) Assertion(A) is false but Reason(R) is true
40. Assertion(A): The monetary policy is the policy formulated by central bank of a country
Reason(R): The policy measures involve measures taken by the central bank to regulate the supply of money, availability and cost of credit in the economy.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - (b) Assertion(A) is true but Reason(R) is false
 - (c) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - (d) Assertion(A) is false but Reason(R) is true
41. Assertion(A): Forward market refers to a market in which transaction are settled on a future date at a rate agreed upon today.
Reason(R): Such transactions are entered into gain by the changes in foreign exchange rate.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - (c) Assertion(A) is true but Reason(R) is false
 - (d) Assertion(A) is false but Reason(R) is true

42. Assertion(A): Disinvestment of PSUs is a source of income of government.
Reason(R): Disinvestment is an excellent tool for covering the loss of PSUs

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

43. From the following given sets of statements in column I and II, choose the correct pair of statements.

Column – I	Column – II
A. Visible Export > Visible Import	1. Balance of Trade
B. Visible Export = Visible Import	2. Surplus Balance of Trade
C. Visible Export < Visible Import	3. Balance in balance of Trade
D. Visible Export - Visible Import	4. Deficit in balance of Trade

Codes

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

44. Assertion(A): Diversification of crops shifted from single cropping system to multiple cropping.
Reason(R): It increases the risk of market that arise due to price fluctuation.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 - (b) Assertion(A) is true but Reason(R) is false
 - (c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 - (d) Assertion(A) is false but Reason(R) is true
45. Assertion(A): The average per capita daily requirement of 2400 calories in rural areas and 2100 calories in urban area.
Reason(R): Because rural area people do more labor in comparison to urban areas. That's why more calories are required in rural areas.
- (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)

- (b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
46. Assertion(A): Expenditure on education is the most effective way of enhancing and enlarging the productive workforce in the country.
 Reason(R): Monetary benefits of education far exceed the cost of education.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (b) Assertion(A) is true but Reason(R) is false
 (c) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (d) Assertion(A) is false but Reason(R) is true
47. Assertion(A): Measures were taken by government to improve agriculture marketing.
 Reason(R): Farmers while selling the product were not earning profit.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
48. Assertion(A): Human capital formation gives birth to innovation, invention and technological improvements.
 Reason(R) : Human capital formation generates a change in the emotional and material environments of growth.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true

SECTION C

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

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

Fiscal deficit can prove inflationary if deficit is financed by printing of new currency as it will increase the money supply and purchasing power in the economy. It will further worsen the situation if new money is used to finance the current consumption expenditure of the government. However, if the increase in money supply leads to increased supply of goods and services or new money is used for infrastructural activities or other capital projects, then fiscal deficit will not prove to be inflationary.

49. Which of the following is not a measure to reduce fiscal deficit?
 (a) Reduction in taxes (b) Disinvestment
 (c) Reduction in subsidies (d) Deficit financing
50. Assertion (A): The fiscal deficit in the economy will be zero if there is no provision for borrowing in the budget.
 Reason (R): Fiscal deficit is equal to total borrowing requirement of the economy.
 (a) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (c) Assertion (A) is true but Reason (R) is false.
 (d) Assertion (A) is false but Reason (R) is true.
51. Fiscal deficit equals:
 (a) Primary deficit minus interest payments
 (b) Total budget expenditure minus total budget receipts
 (c) Primary deficit divided by interest payments
 (d) Primary deficit plus interest payments
52. Assertion (A): Fiscal deficit is greater than budgetary deficit.
 Reason (R): Fiscal deficit is the borrowing from the RBI plus other liabilities of the Government to meet its expenditure.
 (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 false but Reason (R) is true.
 (d) Assertion (A) is true but Reason (R) is false.
53. In a government budget revenue deficit is ₹50,000 crores and borrowings are ₹75,000 crores. How much is fiscal deficit?
 (a) ₹75,000 (b) ₹50,000 (c) ₹25,000 (d) ₹1,25,000
54. Which of the following developments can occur in an economy due to deficit financing?
 A. Rise in Inflation
 B. Rise in government budget
 C. Increase in money supply
 D. Improvements in current account deficit
 Select the correct answer using the codes given below:
 (a) (A) and (B) only (b) (A), (C) and (D)
 (c) (A), (B) and (C) (d) (B) and (D) only

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

While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. One such risk was the possibility that it would increase the

disparities between small and big farmers—since only the big farmers could afford the required inputs, thereby reaping most of the benefits of the green revolution. Moreover, the HYV crops were also more prone to attack by pests and the small farmers who adopted this technology could lose everything in a pest attack. Fortunately, these fears did not come true because of the steps taken by the government. The government provided loans at a low interest rate to small farmers and subsidised fertilisers so that small farmers could also have access to the needed inputs. Since the small farmers could obtain the required inputs, the output on small farms equalled the output on large farms in the course of time. As a result, the green revolution benefited the small as well as rich farmers.

55. Assertion (A): Policy initiatives like land reforms and green revolution helped India to become self-sufficient in food grains production

Reason (R): The proportion of people depending on agriculture did not decline as expected after the green revolution.

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

56. While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. Which among the following was the risk involved in adopting the green revolution?

- (a) Decrease in the disparities among the big and small farmers
- (b) Government provided low cost loans to get farm inputs
- (c) HYV crops were more prone to attack by pests
- (d) Subsidies for fertilisers were provided

57. 'HYV' here means:

- (a) Highly volatile yields
- (b) High yielding varieties
- (c) Human immunodeficiency virus
- (d) High yearly variable seeds

58. The nation had immensely benefited from the green revolution, which among the following is not the benefit of the green revolution?

- (a) Marketable surplus was generated
- (b) The disparities between large and small farmers increased
- (c) Maintaining the buffer stock of food grains was possible for the government
- (d) Country became self-reliant regarding food grain production

59. Assertion (A): Subsidies were needed to encourage farmers.

Reason (R): Any new technology is looked upon as being risky by farmers

- (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.

60. Which of the following is not a consequence of green revolution?

- (a) Preference for subsistence farming
- (b) Substantial rise in crop production
- (c) Change in outlook of farmers
- (d) Substantial rise in gross area under cultivation.

End of the Question Paper

Roll Number

SET C



INDIAN SCHOOL MUSCAT
PRE-BOARD EXAMINATION
TERM I
ECONOMICS (030)

CLASS: XII

Time Allotted: 90 min.

02.11.2021

Max. 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 questions out of 24 questions are to be attempted)

1. Which year is described as a “Year of Great Divide”?
 - (a) 1931
 - (b) 1911
 - (c) 1921
 - (d) 1941
2. Among the notable estimators — Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai — it was, whose estimates during the colonial period was considered very significant.
 - (a) V. K. R. V. Rao
 - (b) William Digby
 - (c) Dadabhai Naoroji
 - (d) Findlay Shirras
3. _____ account cause a change in the asset and liability of the resident of a country
 - (a) Balance of payments account
 - (b) Current account
 - (c) Capital account
 - (d) None of these
4. Which of the following is not example of non-tax revenue receipts?
 - (a) Fee and Fines
 - (b) Interest Receipts
 - (c) Profit and Dividend
 - (d) Penalties
5. The money accepted by trust between the lender and borrower is called
 - (a) Fiat money
 - (b) Plastic money
 - (c) Credit money
 - (d) Fiduciary money

6. Supply of money refers to
 - (a) Currency held by the public
 - (b) Currency held by the public and demand deposits with the commercial banks
 - (c) Currency held by Reserve Bank of India
 - (d) Currency held by Reserve Bank of India and demand deposits with commercial bank
7. The need for ‘Privatisation’ arises because of:
 - (a) Lack of foreign exchange reserves
 - (b) Rise in the number of entrepreneurs
 - (c) Poor performance of private sector
 - (d) Poor performance of public sector
8. When was Indian Planning Commission constituted?
 - (a) March 15, 1950
 - (b) August 6, 1952
 - (c) August 15, 1947
 - (d) April 1, 1997
9. BOP is an accounting statement that shows systematic records of all economic transactions between _____ and _____.
 - (a) Government, public
 - (b) Agriculture, industry
 - (c) Industry, services sector
 - (d) A country, rest of the world
10. If Legal reserve ratio is 25% and initial deposits are 2000 crores what will be the total credit creation?
 - (a) 10,000
 - (b) 5000
 - (c) 6000
 - (d) 8000
11. In order to encourage investment in the economy Central Bank may
 - (a) Increase Cash Reserve Ratio
 - (b) Sell Government securities in open market
 - (c) Reduce Cash Reserve Ratio
 - (d) Increase bank rate
12. The share of different sectors of the economy to the gross domestic product of the economy during an accounting year is called:
 - (a) GDP composition change
 - (b) Occupational change
 - (c) Structural change
 - (d) Sectoral composition
13. Which among the following is not true about Goods and Services Tax?
 - (a) To generate additional revenue for the government
 - (b) To simplify and introduce a unified direct tax system
 - (c) Reduce tax evasion
 - (d) Create ‘one nation, one tax and one market’

14. In the foreign exchange market, 'Spot market' deals with
 (a) Current transactions
 (b) Future transactions
 (c) Current as well as future transactions
 (d) Transactions meant for future delivery
15. Revenue deficit is calculated by
 (a) Revenue Expenditure – Tax receipts
 (b) Revenue Expenditure – Tax receipts – Non Tax receipt
 (c) Revenue Expenditure – Non Tax receipts
 (d) Revenue Expenditure + Revenue Receipts
16. Which of the following is/are example of fiat money?
 (a) Debit cards (b) Credit cards
 (c) Notes and Coins (d) All of these
17. What will be LRR if initial deposits of 10,000 crores creates total deposits of 1,00,000 crores.
 (a) 20 % (b) 10 % (c) 25 % (d) 40 %
18. Which of the following statement about India's demographic profile under the colonial rule is incorrect?
 (a) Life expectancy during the British rule was low
 (b) Frequent famines and recurring epidemics led to high mortality rate
 (c) Health care services were adequate and available to all.
 (d) Female literacy rate was about 7 percent during British rule
19. India adopted the Economic System.
 (a) Capitalist (b) Socialist (c) Mixed (d) Communist
20. Which among the following was not the part of broad category of goals of five year planning in India?
 (a) Job creation (b) Growth (c) Modernisation (d) Equity
21. Name the budget in which Government's total expenditure are greater than its total receipts.
 (a) Surplus budget (b) Revenue deficit
 (c) Deficit budget (d) Capital deficit
22. "India would be a socialist society with a strong public sector but also with private property and democracy." The and the Directive Principles of the Indian Constitution reflected this outlook. Fill in the black with correct option given below:
 (a) 'Industrial Policy Resolution' of 1956
 (b) 'Industrial Policy Resolution' of 1948
 (c) 'Industrial Policy Resolution' of 1991
 (d) 'Industrial policy resolution' of 2014

23. This is one of the important outcomes of the globalisation process. In, a company hires regular service from external sources, mostly from other countries, which was previously provided internally or from within the country (like legal advice, computer service, advertisement, security — each provided by respective departments of the company).

(a) Disinvestment (b) Privatisation (c) Globalisation (d) Outsourcing

24. When was NITI Aayog established?
 (a) 1991 (b) 2015 (c) 2001 (d) 2011

SECTION B

(20 questions out of 24 questions are to be attempted)

25. Match the concept given in Column – I with their respective explanation in Column – II:

Column – I	Column – II
A. Physical Capital	i. Facilitates fuller/better utilization of the skills
B. Brain Drain	ii. Sum total of skill and expertise of all types of those persons who are engaged in the process of production.
C. Human Capital	iii. A problem related to human capital formation in India
D. Migration	iv. Tangible in nature

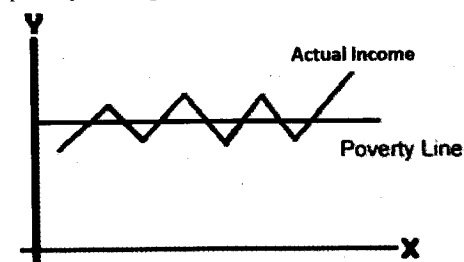
Alternatives: (Choose the correct alternative)

- (a) A -- (i), B -- (iii), C -- (iv), D -- (ii)
 (b) A -- (ii), B -- (iv), C -- (i), D -- (iii)
 (c) A -- (i), B -- (ii), C -- (iv), D -- (iii)
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26. Assertion(A): Demand for foreign exchange and exchange rate moves in the same direction.
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27. Assertion(A): Commercial Bank contribute to Quantum of money supply in the economy through credit creation
Reason(R): As they have the note issuing authority.
(a) Assertion(A) is true but Reason(R) is false
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31. Assertion(A): Repo rate is fixed by Reserve Bank of India while Reverse Repo rate is fixed by commercial banks themselves
Reason(R): Both Repo Rate and Reverse Repo Rate are decided by the Reserve Bank of India as it is an apex bank
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is false but Reason(R) is true
(d) Assertion(A) is true but Reason(R) is false

32. Assertion(A): Diversification of crops shifted from single cropping system to multiple cropping.
Reason(R): It increases the risk of market that arise due to price fluctuation.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Assertion(A) is true but Reason(R) is false
(c) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(d) Assertion(A) is false but Reason(R) is true

33. Identify the type of poverty in the given diagram.



- (a) Churning poor (b) Occasional poor
(c) Usual poor (d) Casual poor
34. Assertion(A): Government budget is an annual estimated statement of revenue and expenditure during coming fiscal year.
Reason(R): Through government budget, it tries to reduce the regional variations.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
35. Assertion(A): The monetary policy is the policy formulated by central bank of a country
Reason(R): The policy measures involve measures taken by the central bank to regulate the supply of money, availability and cost of credit in the economy.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Assertion(A) is true but Reason(R) is false
(c) Assertion(A) is false but Reason(R) is true
(d) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)

36. Assertion(A): Rural economic development is essential for economic development.
Reason(R): Rural development creates opportunities in rural areas for education.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
37. Mr. Raman has started a new business venture, he intends to spend a huge amount towards 'on-the-job training' of his workers before putting them to work. It exhibits the right step in the direction of Human Capital Formation.
Which of the following does not directly contributes to the process of human capital formation by Mr. Raman: -
(a) Increases output productivity (b) Adds skills and expertise
(c) Improves efficiency (d) Ensures gender equity
38. Assertion(A): Rent received by an Indian real estate company from Google in New York would be recorded on credit side of capital account.
Reason(R): 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
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is false but Reason(R) is true
(d) Assertion(A) is true but Reason(R) is false
39. Assertion(A): An increase in CRR results in decrease in the value of multiplier
Reason(R): Banks lend money many times more than their cash reserves.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
40. Assertion(A): Forward market refers to a market in which transaction are settled on a future date at a rate agreed upon today.
Reason(R): Such transactions are entered into gain by the changes in foreign exchange rate.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
41. Assertion(A): National Food for Work Programme was launched in 2004 with the objective of creating self-employment opportunities in the 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 the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is false but Reason(R) is true
(d) Assertion(A) is true but Reason(R) is false
42. Assertion(A): Measures were taken by government to improve agriculture marketing.
Reason(R): Farmers while selling the product were not earning profit.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
43. Assertion(A): Revenue budget of Government represents non-debt creating incomes.
Reason(R): Government budget is majorly comprised of receipts and expenditures on various account.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true
44. Assertion(A): Expenditure on education is the most effective way of enhancing and enlarging the productive workforce in the country.
Reason(R): Monetary benefits of education far exceed the cost of education.
(a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
(b) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
(c) Assertion(A) is true but Reason(R) is false
(d) Assertion(A) is false but Reason(R) is true

45. From the following given sets of statements in column I and II, choose the correct pair of statements.

Column – I	Column – II
A. Visible Export > Visible Import	1. Balance of Trade
B. Visible Export = Visible Import	2. Surplus Balance of Trade
C. Visible Export < Visible Import	3. Balance in balance of Trade
D. Visible Export - Visible Import	4. Deficit in balance of Trade

Codes

- (a) (A) –2, (B) – 3, (C) -- 4, (D) –1
 (b) (A) –1, (B) – 2, (C) -- 3, (D) --4
 (c) (A) –3, (B) – 4, (C) -- 1, (D) --2
 (d) (A) –4, (B) – 2, (C) -- 1, (D) –3
46. Assertion(A): Human capital formation gives birth to innovation, invention and technological improvements.
 Reason(R): Human capital formation generates a change in the emotional and material environments of growth.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
47. Assertion(A): Manage Floating exchange rate system is a hybrid system of exchange rate used by the most of the countries in recent time.
 Reason(R): Excessive fluctuation in exchange rate system is checked by the central authority under dirty floating exchange rate.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is not the correct explanation of the Assertion(A)
 (b) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)
 (c) Assertion(A) is true but Reason(R) is false
 (d) Assertion(A) is false but Reason(R) is true
48. Assertion(A): The average per capita daily requirement of 2400 calories in rural areas and 2100 calories in urban area.
 Reason(R): Because rural area people do more labor in comparison to urban areas. That's why more calories are required in rural areas.
 (a) Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of the Assertion(A)

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

SECTION C

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

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

Fiscal deficit can prove inflationary if deficit is financed by printing of new currency as it will increase the money supply and purchasing power in the economy. It will further worsen the situation if new money is used to finance the current consumption expenditure of the government. However, if the increase in money supply leads to increased supply of goods and services or new money is used for infrastructural activities or other capital projects, then fiscal deficit will not prove to be inflationary.

49. Assertion (A): The fiscal deficit in the economy will be zero if there is no provision for borrowing in the budget.
 Reason (R): Fiscal deficit is equal to total borrowing requirement of the economy.
 (a) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (c) Assertion (A) is true but Reason (R) is false.
 (d) Assertion (A) is false but Reason (R) is true.
50. Which of the following is not a measure to reduce fiscal deficit?
 (a) Disinvestment (b) Reduction in subsidies
 (c) Deficit financing (d) Reduction in taxes
51. In a government budget revenue deficit is ₹50,000 crores and borrowings are ₹75000 crores. How much is fiscal deficit?
 (a) ₹50, 000 (b) ₹75, 000 (c) ₹25, 000 (d) ₹1,25, 000
52. Which of the following developments can occur in an economy due to deficit financing?
 A. Rise in Inflation
 B. Rise in government budget
 C. Increase in money supply
 D. Improvements in current account deficit
 Select the correct answer using the codes given below:
 (a) (A) and (B) only (b) (A), (C) and (D)
 (c) (A), (B) and (C) (d) (B) and (D) only

53. Fiscal deficit equals:

- (a) Primary deficit minus interest payments
- (b) Primary deficit plus interest payments
- (c) Total budget expenditure minus total budget receipts
- (d) Primary deficit divided by interest payments

54. Assertion (A): Fiscal deficit is greater than budgetary deficit.

Reason (R): Fiscal deficit is the borrowing from the RBI plus other liabilities of the Government to meet its expenditure.

- (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.

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

While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. One such risk was the possibility that it would increase the disparities between small and big farmers—since only the big farmers could afford the required inputs, thereby reaping most of the benefits of the green revolution. Moreover, the HYV crops were also more prone to attack by pests and the small farmers who adopted this technology could lose everything in a pest attack. Fortunately, these fears did not come true because of the steps taken by the government. The government provided loans at a low interest rate to small farmers and subsidised fertilisers so that small farmers could also have access to the needed inputs. Since the small farmers could obtain the required inputs, the output on small farms equalled the output on large farms in the course of time. As a result, the green revolution benefited the small as well as rich farmers.

55. Which of the following is not a consequence of green revolution?

- (a) Preference for subsistence farming
- (b) Substantial rise in crop production
- (c) Change in outlook of farmers
- (d) Substantial rise in gross area under cultivation.

56. While the nation had immensely benefited from the green revolution, the technology involved was not free from risks. Which among the following was the risk involved in adopting the green revolution?

- (a) Decrease in the disparities among the big and small farmers
- (b) Government provided low cost loans to get farm inputs
- (c) Subsidies for fertilisers were provided
- (d) HYV crops were more prone to attack by pests

57. Assertion (A): Subsidies were needed to encourage farmers.

Reason (R): Any new technology is looked upon as being risky by farmers

- (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. Assertion (A): Policy initiatives like land reforms and green revolution helped India to become self-sufficient in food grains production

Reason (R): The proportion of people depending on agriculture did not decline as expected after the green revolution.

- (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.

59. The nation had immensely benefited from the green revolution, which among the following is not the benefit of the green revolution?

- (a) Marketable surplus was generated
- (b) The disparities between large and small farmers increased
- (c) Maintaining the buffer stock of food grains was possible for the government
- (d) Country became self-reliant regarding food grain production

60. 'HYV' here means:

- (a) Highly volatile yields
- (b) High yielding varieties
- (c) Human immunodeficiency virus
- (d) High yearly variable seeds

End of the Question Paper